

(FOR SOCIAL WELFARE DEPARTMENT INFORMATION PURPOSE ONLY)

HONG KONG - MACAO CONFERENCE OF SEVENTH-DAY ADVENTISTS

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED 31ST MARCH, 2023

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FRANK WONG & CO.

Certified Public Accountants, Hong Kong

PARTNERS
FRANK WONG
FCCA, FCPA (Practising)
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FCCA, CPA (Practising)

合夥人：
黃潤華會計師
陳淑玲會計師



INDEPENDENT AUDITORS' ASSURANCE REPORT

To the Management Board of directors of

Hong Kong – Macao Conference of Seventh-day Adventists (“the Charity”)

We have audited the financial statements of the Charity for the year ended 31st March, 2023 in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), and have issued an unmodified auditors’ report thereon dated 3rd October, 2023.

Pursuant to the Lump Sum Grant (“LSG”) Manual issued by the Social Welfare Department of the Government of the Hong Kong Special Administrative Region (“SWD”), we have been requested to issue this assurance report in connection with the Annual Financial Report (“AFR”) of the Charity for the year ended 31st March, 2023.

Responsibilities of the Management Board of Directors

In relation to this report, the Directors are responsible for ensuring the AFR of the Charity for the year ended 31st March, 2023 is properly prepared in accordance with the relevant accounting and financial reporting requirements set out in the LSG Manual and other instructions issued by the SWD; and the use of the funds from the LSG by the Charity has complied with the purposes as specified in the LSG Manual and other instructions issued by the SWD.

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies Hong Kong Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditors’ Responsibilities

Our responsibility is to form a conclusion, based on our engagement, and to report our conclusion to you.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information and with reference to Practice Note 851 (Revised), Reporting on the Annual Financial Reports of Non-governmental Organisations issued by the HKICPA. We have planned and performed our work to obtain reasonable assurance for giving conclusion 1 and obtain limited assurance for giving conclusion 2 below.

The work undertaken in connection with this engagement is less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



FRANK WONG & CO.

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合夥人：
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INDEPENDENT AUDITORS' ASSURANCE REPORT

To the Management Board of directors of

Hong Kong – Macao Conference of Seventh-day Adventists (“the Charity”)

Auditors' Responsibilities (continued)

In relation to our conclusion 1 below, we have planned and performed such procedures as we considered necessary with reference to the procedures recommended in PN 851 (Revised), to satisfy ourselves that the AFR has been properly prepared, in all material respects, in accordance with the relevant accounting and financial reporting requirements set out in the LSG Manual and other instructions issued by the SWD.

In relation to our conclusion 2 below, we have obtained an understanding in respect of the purposes of the use of the funds as specified in the LSG Manual and other instructions issued by the SWD and obtaining an understanding of the control procedures. We are not required to perform any procedures to search for instances of the use of funds from the LSG by the Charity being non-complied with the specified purposes. Our work was limited to reporting non-compliances identified as a result of the procedures performed in relation to conclusion 2 and during the normal course of our work relating to conclusion 1. The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Conclusion

1. In our opinion, the AFR of the Charity for the year ended 31st March 2023 is properly prepared, in all material respects, in accordance with the relevant accounting and financial reporting requirements set out in the LSG Manual and other instructions issued by the SWD.
2. Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the use of the funds from the LSG by the Charity has not complied, in all material respects, with the purposes as specified in the LSG Manual and other instructions issued by the SWD.

Intended Users and Purpose

This report is intended solely for submission by the Charity to the SWD and is not intended to be, and should not be, used for any other purpose. We agree that a copy of this report may be provided to the SWD without further comment from us.

Frank Wong & Co.

Frank Wong & Co.

Certified Public Accountants

Hong Kong, Date: - 3 OCT 2023

ANNUAL FINANCIAL REPORT

NGO: HONG KONG-MACAO CONFERENCE OF SEVENTH-DAY ADVENTISTS

(1 April 2022 to 31 March 2023)

	Notes	2022-23 HK\$	2021-22 HK\$
A. INCOME			
1. Lump Sum Grant			
a. Lump Sum Grant (excluding Provident Fund)	1b	17,149,680.10	16,922,035.00
b. Provident Fund	1c	1,095,977.90	1,080,022.00
2. Fee Income	2	42,624.00	30,720.00
3. Central Items	3	271,944.00	262,080.00
4. Rent and Rates	4	910,404.00	933,432.00
5. Other Income ¹	5	560,069.47	766,836.90
6. Interest Received		17,729.89	127.85
TOTAL INCOME		<u>20,048,429.36</u>	<u>19,995,253.75</u>
B. EXPENDITURE			
1. Personal Emoluments			
a. Salaries		14,459,265.39	15,061,207.43
b. Provident Fund	1c	860,001.45	826,097.12
c. Allowances		110,784.00	0.00
Sub-total	6	<u>15,430,050.84</u>	<u>15,887,304.55</u>
2. Other Charges	7	2,456,841.79	2,066,890.86
3. Central Items	3	258,108.00	247,936.00
4. Rent and Rates	4	862,958.00	822,131.00
TOTAL EXPENDITURE		<u>19,007,958.63</u>	<u>19,024,262.41</u>
C. SURPLUS/(DEFICIT) FOR THE YEAR		<u>1,040,470.73</u>	<u>970,991.34</u>

The Annual Financial Report from page 2 to 7 has been prepared in accordance with the requirements as set out in the Lump Sum Grant Manual.

SIGNATURE



CHAM CHI FAN
CHAIRMAN

DATE: 27 SEP 2023

SIGNATURE



WONG TAK LEUNG
NGO HEAD/ HEAD OF SOCIAL WELFARE SERVICES

DATE: 27 SEP 2023

NOTES ON THE ANNUAL FINANCIAL REPORT

1. Lump Sum Grant (LSG)

- a. **Basis of preparation** The Annual Financial Report (AFR) is prepared in respect of all Funding and Service Agreement (FSA) activities (including support services to FSA activities) funded by the Social Welfare Department under the Lump Sum Grant Subvention System. AFR is prepared on cash basis, that is, income is recognised upon receipt of cash and expenditure is recognised when expenses are paid. Non-cash items such as depreciation, provisions and accruals have not been included in the AFR.
- b. **Lump Sum Grant (excluding Provident Fund)** This represents LSG (excluding Provident Fund) received for the year.
- c. **Provident Fund** This is Provident Fund received and contributed during the year. Snapshot staff are defined as those staff occupying recognised or holding against subvented posts as at 1 April 2000. 6.8% and other posts represent those staff that are employed after 1 April 2000. The Provident Fund received and contributed for staff under the Central Items which are separately included as part of the income and expenditure of the relevant items have been shown under Note 3. Details are analysed below :

<u>Provident Fund Contribution</u>	<u>Snapshot Staff</u> \$	<u>6.8% and Other Posts</u> \$	<u>Total</u> \$
Subvention Received	0.00	1,095,977.90	1,095,977.90
Provident Fund Contribution Paid during the Year	0.00	860,001.45	860,001.45
Surplus/(Deficit) for the Year	0.00	235,976.45	235,976.45
<u>Add:</u> Surplus/(Deficit) b/f Additional subvention received for previous year(s)	0.00	2,304,931.49	2,304,931.49
	0.00	0.00	0.00
<u>Less:</u> Refund to Government	0.00	0.00	0.00
Surplus/(Deficit) c/f	0.00	2,540,907.94	2,540,907.94

2. **Fee Income** This represents social welfare fee income received for the year in respect of the fees and charges recognised for the purpose of subvention as set out in the LSG Manual.

NOTES ON THE ANNUAL FINANCIAL REPORT

3. Central Items

These are subsidies allocated to NGOs for specified purposes on a recurrent, time-limited or one-off basis which are not included in LSG and are subject to their own procedures as set out in other SWD's papers and correspondence with the NGOs. Any surplus, which is not allowed to be offset by any deficit of another item, is subject to claw-back by SWD according to the terms and conditions of individual central items. The Provident Fund received and contributed for staff under the Central Items have been separately included as part of the income and expenditure of the relevant items (paragraph 3.14 of the LSG Manual). The income and expenditure of each of the Central Items are as follows:

	2022-23	2021-22
	\$	\$
a. Income		
After School Care Programme	271,944.00	262,080.00
Programme Assistants C&Y	-	-
Programme Assistants Elderly	-	-
Programme Worker	-	-
Total	<u>271,944.00</u>	<u>262,080.00</u>
b. Expenditure		
After School Care Programme	258,108.00	247,936.00
Programme Assistants C&Y	-	-
Programme Assistants Elderly	-	-
Programme Worker	-	-
Total	<u>258,108.00</u>	<u>247,936.00</u>

4. Rent and Rates

This represents the amount paid by SWD in respect of premises recognised by SWD. Expenditure on rent and rates in respect of premises not recognised by SWD have not been included in AFR.

5. Other Income

This includes programme income and all income other than recognised social welfare fee income received during the year. Non-SWD subventions In this donations received have not been included as Other Income in AFR. respect, donations have been included if it is used to finance expenditure reflected in the AFR.

The breakdown on Other Income is as follows:

	2022-23	2021-22
	\$	\$
Other Income		
(a) Fees and charges for services incidental to the operation of subvented services	328,089.00	376,440.00
(b) Utilised allocation under Central Items (CI) - After School Care Programme (ASCP) / Enhanced ASCP - Fee Waiving Subsidy Scheme (FWSS) which forms as part of Other Income*	258,108.00	247,936.00
(c) Reimbursement of Maternity Leave Pay (RMLP) Scheme reimbursement received	-	14,055.35
(d) Others	231,980.47	376,341.55
Sub-Total	<u>818,177.47</u>	<u>1,014,772.90</u>
Less: Utilised allocation under CI-ASCP /Enhanced ASCP - FWSS which forms as part of Other Income*	<u>(258,108.00)</u>	<u>(247,936.00)</u>
Total	<u>560,069.47</u>	<u>766,836.90</u>

*For those programmes which are regarded as FSA services/FSA-related activities only

NOTES ON THE ANNUAL FINANCIAL REPORT

6. Personal Emoluments Personal Emoluments include salary, provident fund and salary-related allowances.

The analysis on number of posts with annual Personal Emoluments over \$700,000 each paid under LSG is appended below:

Analysis of Personal Emoluments paid under LSG	No of Posts	\$
HK\$700,001 - HK\$800,000 p.a.	1	700,400.48
HK\$800,001 - HK\$900,000 p.a.		
HK\$900,001 - HK\$1,000,000 p.a.		
HK\$1,000,001 - HK\$1,100,000 p.a.	1	1,043,895.03
HK\$1,100,001 - HK\$1,200,000 p.a.		
>HK\$1,200,000 p.a.		

7. Other Charges

The breakdown on Other Charges is as follows:

	2022-23	2021-22
Other Charges	\$	\$
(a) Utilities	187,642.50	175,390.70
(b) Food	0.00	0.00
(c) Administrative Expenses	355,672.68	306,935.13
(d) Stores and Equipment	141,052.77	207,415.24
(e) Repair and Maintenance	83,189.00	89,520.00
(f) Special Allowances	0.00	0.00
(g) Programme Expenses	1,371,448.86	1,072,025.83
(h) Transportation and Travelling	18,015.10	17,392.90
(i) Insurance	266,996.30	257,393.61
(j) Miscellaneous	128,664.30	61,091.90
(k) IT System Maintenance	162,268.28	127,661.55
Sub-Total	<u>2,714,949.79</u>	<u>2,314,826.86</u>
Less: Utilised allocation under CI - ASCP/ Enhanced ASCP - FWSS* which forms as part of Other Income to The Annual Financial Fund the operating expenses of FSA-related activities	(258,108.00)	(247,936.00)
Total	<u><u>2,456,841.79</u></u>	<u><u>2,066,890.86</u></u>

**For those programmes which are regarded as FSA services/FSA-related activities only*

NOTES ON THE ANNUAL FINANCIAL REPORT

8. Analysis of Lump Sum Grant Reserve and balances of other SWD subventions

	Lump Sum Grant (LSG)	Holding Account (HA)	Adjustment for Utilised allocation under ASCP / Enhanced ASCP - FWSS	Rent and Rates	Central Items	Total
	\$	\$	\$	\$	\$	\$
Income						
Lump Sum Grant	18,245,658.00					18,245,658.00
Fee Income	42,624.00					42,624.00
Other Income	818,177.47		- 258,108.00			560,069.47
Interest Received (Note (1))	17,729.89					17,729.89
Rent and Rates				910,404.00		910,404.00
Central Items					271,944.00	271,944.00
Total Income (a)	19,124,189.36	0.00	(258,108.00)	910,404.00	271,944.00	20,048,429.36
Expenditure						
Personal Emoluments	15,319,266.84	110,784.00				15,430,050.84
Other Charges	2,714,949.79		(258,108.00)			2,456,841.79
Rent and Rates				862,958.00		862,958.00
Central Items					258,108.00	258,108.00
Total Expenditure (b)	18,034,216.63	110,784.00	(258,108.00)	862,958.00	258,108.00	19,007,958.63
Surplus/(Deficit) for the Year (a) - (b)	1,089,972.73	(110,784.00)	0.00	47,446.00	13,836.00	1,040,470.73
<u>Less:</u> Surplus/(Deficit) of Provident Fund	235,976.45					235,976.45
	853,996.28	(110,784.00)	0.00	47,446.00	13,836.00	804,494.28
Surplus/(Deficit) b/f (Note (2))	4,089,441.49	304,702.65	-	111,301.40	19,699.00	4,525,144.54
The <u>Add:</u> Refund from Government						
<u>Less:</u> Refund to Government						
Clawback_NEC Rates 2021/22				(85,185.00)		(85,185.00)
Clawback_SK Rates 2021/22				(26,116.00)		(26,116.00)
Transfer from LSG Reserve to cover the salary adjustment for Dementia Supplement and Infirmary Care Supplement (Note (3))						
Adjustment for utilised allocation under <u>Enhanced</u> ASCP - FWSS* (over-estimated) / under-estimated in previous year(s)						
Surplus/(Deficit) c/f (Note (4))	4,943,437.77	193,918.65	0.00	47,446.40	33,535.00	5,218,337.82

Notes:

Including an amount \$Z being the utilised allocation under CI - ASCP / Enhanced ASCP - FWSS*

* For those programmes which are regarded as FSA services/FSA-related activities only

- (1) Interest received on LSG and Provident Fund reserves, rent and rates, Central Items are included as one item under LSG; and the item is considered as part of LSG reserve.
- (2) Accumulated balance of LSG Surplus b/f from previous years (including all interest received in previous years (see (1) above) and the balance of HA should be separately reported as in the surplus b/f under LSG and HA respectively.
- (3) Amount of LSG Reserve used to cover the salary adjustment for Dementia Supplement and Infirmary Care Supplement, if any, as per Schedule for Central Items.
- (4) For NGOs without HA, separate disclosure of the movement of HA in their respective AFRs is not necessary. The level of LSG cumulative reserve (i.e. S1) will be capped at 25% of the NGO's operating expenditure (i.e. Total Expenditure (T1) excluding Provident Fund Contribution (K)) for

For NGOs with HA, with effect from 2022-23, the calculation of the annual claw-back is as

- (i) With Snapshot Staff (SS) [i.e. Position of SS as at 1 September being reported on the Agency Staff List submitted by NGO last year was greater than zero]

The level of LSG cumulative reserve (i.e. S1) will be capped at 25% of the NGO's operating expenditure (i.e. Total Expenditure (T1+T2) excluding Provident Fund Contribution (K)) for the year.

- (ii) Without SS [i.e. Position of SS as at 1 September being reported on the Agency Staff List submitted by NGO last year (which is regarded as Year 0) was zero]

For the next three years (Year 1 to Year 3), the level of LSG cumulative reserve (i.e. S1) will be capped at 25% of the NGO's operating expenditure (i.e. Total Expenditure (T1) excluding Provident Fund Contribution (K)) for the year.

From the fourth financial year (Year 4) onwards, the level of LSG cumulative reserve and HA reserve will be counted altogether and the combined reserve amount (i.e. S1+S2) will be capped at 25% of the NGO's operating expenditure (i.e. Total Expenditure (T1+T2) excluding Provident Fund Contribution (K)) for the year. In this regard, separate disclosure of the movement of HA in their respective AFRs is not necessary.

[For (4)(i) and (4)(ii) above, please also refer to SWD's letter under reference (11) in SWD/S/109/1/10 of 4 April 2022.]

For any amount above the cap, SWD would arrange the claw-back (including provisional in the following financial year) accordingly.

Schedule for Central Items

Analysis of Subvention and Expenditure for the Period from 1 April 2022 to 31 March 2023

Name of Agency : 392 Hong Kong Macao Conference of Seventh-day Adventists

Unit Code and Name / Remittance Advice No. (Note 7)	Subvented Element	Subvention Released (Note 1)	Actual Expenditure (Note 2)	Surplus (Note 3) (a)	Deficit for the Year			Surplus b/f (Note 5) (e)	Refund to Government (f)	Surplus c/f (Note 6) (g)=(e)+(a)-(d)-(f)
					Deficit (Note 3) (b)	Deficit transferred to LSG (Note 4) (C)	Adjusted Deficit (d)=(b)-(c)			
		\$	\$	\$	\$	\$	\$			
3048 C&Y	After School Care Programme	271,944.00	258,108.00	13,836.00	0.00	0.00	0.00	19,699.00	N.A	33,535.00
392S C&Y	Programme Assistants (Time-limited)	-	-	0.00	0.00	0.00	0.00	N.A	N.A	0.00
392P	Programme Worker (Time-limited)	-	-	0.00	0.00	0.00	0.00	N.A	N.A	0.00
392S Elderly	Programme Assistants (Time-limited)	-	-	0.00	0.00	0.00	0.00	N.A	N.A	0.00
	Total	271,944.00	258,108.00	13,836.00	0.00	0.00	0.00	19,699.00	N.A	33,535.00

Notes :

- The figures for the whole financial year are extracted from the payroll for March (Final) or remittance advice(s) issued by the Treasury of the financial year.
- Actual expenditure represents the total expenditure incurred including provident fund for the respective services after netting off programme income, if any.
- Surplus/Deficit for each element represents the difference between subvention released and actual expenditure.
- Deficit i.r.o. the following central items arising from salary adjustment are transferred to the Lump Sum Grant Reserve as stated in SWD's letter ref. (33) in SWD/S/104/2 Pt. 18 dated 4 March 2020.
 - Dementia Supplement for Elderly with Disabilities
 - Infirmary Care Supplement for the Aged Blind Persons
 - Dementia Supplement for Residential Elderly Services
 - Infirmary Care Supplement for Residential Elderly services
- "Surplus brought forward (b/f)" means surplus, if any, arising from operations in previous years.
- "Surplus carried forward (c/f)" means surplus brought forward less refund to Government plus surplus, if any, arising from operations in current year.
- Unit code and name / remittance advice no. are extracted from the payroll from SWD and remittance advice from the Treasury respectively.
- The central items as listed above may not be exhaustive and any relevant details of central items released and/or expended during the year, where appropriate, should also be included.
- For ASCP / Enhanced ASCP, the adjustment includes the amount of expenditure overstated/(understated) in previous year(s) after taking into account the actual claw-back amount(s) per SWD's allocation letter(s), if any

Schedule for Rent and Rates

Analysis of Subvention and Expenditure for the Period from 1 April 2022 to 31 March 2023

Name of Agency : 392 Hong Kong Macao Conference of Seventh-day Adventists

Unit Code and Name	Subvented Element	Subvention Released (Note 1)	Actual Expenditure	Surplus (Note 2)	Deficit (Note 2)
3763 NEC (re-engineering)	Rent (Note 3)	283,080.00	288,390.00		5,310.00
	Rates	47,225.01	17,900.00	29,325.01	
	Total	330,305.01	306,290.00	29,325.01	5,310.00
3757 Shan King ICYC	Rent (Note3)	513,360.00	513,360.00	0.00	
	Government Rent	26,382.00	24,768.00	1,614.00	
	Rates	40,356.99	18,540.00	21,816.99	
	Total	580,098.99	556,668.00	23,430.99	0.00
	Grand Total	910,404.00	862,958.00	52,756.00	5,310.00

Notes:

1. The figures are to be extracted from the payroll for March plus subvention released in late March of the financial year. Reimbursement for rent and rates relating to previous financial year(s) (i.e. back payments) should not be included.
2. Surplus/ Deficit for each element represents the difference between subvention released and actual expenditure.
3. Rent includes all kinds of rent such as PHE rental, private rental, carpark rent, management fee, building maintenance fee and Government Rent.

[Remark: To tally with the amount shown in this schedule with that reported in Note 8 of AFR, back payments of rent and rates can be excluded from "Income" and be shown as a separate item after "Surplus/ deficit b/f" in Note 8 of AFR.]

**Schedule for the Utilisation of Reserve in Holding Account (HA) for 2022-23
and the Plan of Utilisation of HA Reserve for 2023-24**

Name of NGO : Hong Kong-Macao Conference of Seventh-day Adventists

Please submit this schedule together with the Annual Financial Report to the Finance Branch of Social Welfare Department on or before 31 October 2023.

(A) Utilisation of HA Reserve (2022-23)

		\$
(1)	Balance as at 31 March 2022 brought forward	(a) 304,702.65
(2)	Actual Expenditure	
	(i) Meeting contractual commitments towards Snapshot Staff	(b) 0.00
	(ii) Enhancing human resources management (please specify: Staff Development, Employee Benefits)	(c) 110,784.00
	(iii) Others [applicable to NGOs without Snapshot Staff] (please specify:)	(d) 0.00
	Total = (b)+(c)+(d)	(e) 110,784.00
(3)	Balance as at 31 March 2023 carried forward [i.e.=(a)-(e)]	(f) 193,918.65
(4)	No. of snapshot Staff (as at 1 September 2022)	0

(B) Plan of Utilisation of HA Reserve (2023-24)

		\$
(1)	Balance as at 31 March 2023 brought forward [i.e.(f) of Part (A)]	(a) 193,918.65
(2)	Estimated Expenditure	
	(i) Meeting contractual commitments towards Snapshot Staff	(b) 0.00
	(ii) Enhancing human resources management (please specify: Staff Development, Employee Benefits)	(c) 133,900.00
	(iii) Others [applicable to NGOs without Snapshot Staff] (please specify:)	(d) 0.00
	Total= (b)+(c)+(d)	(e) 133,900.00
(3)	Estimated balance as at 31 March 2024 carried forward [i.e. (a)-(e)]	(f) 60,018.65
(4)	Estimated no.of Snapshot Staff (by 1 September 2023)	0