

**The Association of Evangelical Free
Churches of Hong Kong**

Accounts for the year ended 31st March 2013

Lau Wah Ching
Certified Public Accountant (Practising)



LAU WAH CHING
CERTIFIED PUBLIC ACCOUNTANT
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Review Report to the Executive Committee of The Association of Evangelical Free Churches of Hong Kong” (“Association”)

I conducted my review of the attached Annual Financial Report of the Association for the year ended 31st March 2013 in accordance with the Practice Note 851 "Review of the Annual Financial Reports of Non-governmental Organisations" issued by the Hong Kong Institute of Certified Public Accountants. The review includes considering the procedures and records relevant to the preparation of the Annual Financial Report and performing procedures to satisfy myself that the Annual Financial Report has been properly prepared from the books and records of the Association, on which the above audited financial statements of the Association are based.

Review conclusions

On the basis of the results of my review and having regard to the audit procedures performed by me in relation to the audit of the financial statements of the Association for the year ended 31st March 2013:

- (a) in my opinion the Annual Financial Report has been properly prepared from the books and records of the Association; and
- (b) no matters have come to my attention during the course of my review, which cause me to believe that the Association has not:
 - i. properly accounted for the receipt of Lump Sum Grant, Provident Fund, Special One-off Grant and other social welfare subventions and expenditure in respect of Funding and Services Agreement activities and support services;
 - ii. kept separate Operating Income and Expenditure Account for each subvented service unit as required by the Lump Sum Grant Manual (LSG Manual) published by the Social Welfare Department of the Government of the HKSAR;
 - iii. prepared the Annual Financial Report in accordance with the format and requirements set out in the LSG Manual; and
 - iv. employed the staff quoted in the Special One-off Grant and Provident Fund arrangements during the year ended 31st March 2013.

Principal: Lau Wah Ching,
BA, MBA, FCCA, CICPA, CMA, ACMA, CPA(Practising)

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This report is intended for filing with the Social Welfare Department of the Government of the HKSAR and should not be used for any other purpose.



Lau Wah Ching
Certified Public Accountant (Practising)
Practising Certificate No. P1217

Hong Kong
30 October 2013.

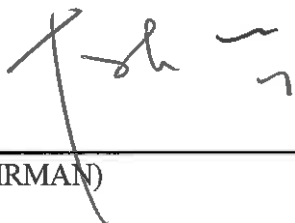
ANNUAL FINANCIAL REPORT

NGO: THE ASSOCIATION OF EVANGELICAL FREE CHURCHES OF HONG KONG

1 APRIL 2012 TO 31 MARCH 2013

	Notes	Total 2012_13 \$	Total 2011_12 \$
A. INCOME			
1. Lump Sum Grant			
a. Lump Sum Grant (excluding Provident Fund)	1b	7,593,504.00	7,157,168.00
b. Provident Fund	1c	620,491.00	580,834.00
2. Special One-off Grant		0.00	0.00
3. Fee Income	2	146,282.40	124,931.20
4. Central Items	3	638,193.00	579,839.00
5. Rent and Rates	4	618,176.00	618,176.00
6. Other Income	5	58,576.31	41,018.53
7. Interest Received		107.60	116.98
TOTAL INCOME		<u>9,675,330.31</u>	<u>9,102,083.71</u>
B. EXPENDITURE			
1. Personal Emoluments			
a. Salaries		7,422,640.23	6,935,696.49
b. Provident Fund	1c	493,531.68	434,800.47
c. Allowances		96,356.50	84,615.00
Sub-total	6	<u>8,012,528.41</u>	<u>7,455,111.96</u>
2. Other Charges	7	789,108.29	569,164.84
3. Central Items	3	626,575.77	582,317.41
4. Rent and Rates	4	614,614.80	609,810.60
5. Special One-off Grant Payments	7a	0.00	0.00
TOTAL EXPENDITURE		<u>10,042,827.27</u>	<u>9,216,404.81</u>
C. SURPLUS/(DEFICIT) FOR THE YEAR	8	<u>(367,496.96)</u>	<u>(114,321.10)</u>

SIGNATURES



 (CHAIRMAN)



 (DIRECTOR/CHIEF SUPERVISOR
 SOCIAL SERVICE OFFICE)

DATE : 30 OCT 2013

DATE : 30 OCT 2013

NOTES ON THE ANNUAL FINANCIAL REPORT

1 Lump Sum Grant

a Basic of preparation

The Annual Financial Report (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 like depreciation, provisions and accruals should not be 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 of holding against subvented posts as at 1 April 2000. 6.8% and other posts represent those staff that are employed after 1 April 2000. Please note that the PF received and contributed for staff under the Central Items should be shown under 3. In other words, such PF should not be included here (paragraph 3.12 of LSG Manual). 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	122,515.00	497,976.00	620,491.00
Provident Fund Contribution	155,331.00	338,200.68	493,531.68
Paid during the year			
Surplus/(Deficit)for the Year	(32,816.00)	159,775.32	126,959.32
Add: Surplus/(Deficit)b/f	325,100.21	1,036,674.61	1,361,774.82
Surplus/(Deficit) c/f	<u>292,284.21</u>	<u>1,196,449.93</u>	<u>1,488,734.14</u>

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.

3 Central Items

These are subvented service activities 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. The PF received and contributed for staff under the Central Items should be separately included as part of the income and expenditure of the relevant items (paragraph 3.13 of LSG Manual). The income and expenditure of each of the Central Items are as follows:

	<u>2012-13</u>	<u>2011-12</u>
	<u>₹</u>	<u>₹</u>
a. Income		
Permanent and/or Time-defined Programme Assistants/Care Assistants for Elderly	258,889.00	253,535.00
Programme Work posts extended for 1 year in 2012-2013	307,584.00	307,584.00
Time-defined Subsidy Scheme for Extended Hours Child Care Services	18,720.00	18,720.00
Training Subsidy under Training Scheme for Child Care Supervisors and Special Child Care Workers in Pre-school Rehabilitation Services Services and Rehabilitation Medical and Social Services	0.00	0.00
Time-defined Subsidy Scheme for Occasional Child Care Services	53,000.00	-
Training Subsidy Scheme for Standalone Child Care Centre (CCC), KG-cum-CCC and Residential CCC	0.00	0.00
Total	<u>638,193.00</u>	<u>579,839.00</u>

	<u>2012-13</u>	<u>2011-12</u>
	<u>₹</u>	<u>₹</u>
b. Expenditure		
Permanent and/or Time-defined Programme Assistants/Care Assistants for Elderly	286,532.92	252,239.41
Programme Work posts extended for 1 year in 2012-2013	298,092.75	302,400.00
Time-defined Subsidy Scheme for Extended Hours Child Care Services	7,140.00	12,180.00
Training Subsidy under Training Scheme for Child Care Supervisors and Special Child Care Workers in Pre-school Rehabilitation Services Services and Rehabilitation Medical and Social Services	0.00	8,364.00
Time-defined Subsidy Scheme for Occasional Child Care Services	34,810.10	-
Training Subsidy Scheme for Standalone Child Care Centre (CCC), KG-cum-CCC and Residential CCC	0.00	7,134.00
Total	<u>626,575.77</u>	<u>582,317.41</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 should not be 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 and donations received need not be included as Other Income in AFR. However, treatment of fees and charges as specified under para.2.27 to 2.28 of the LSG Manual remains unchanged (paragraph 3.9 of the Manual).

6 Personal Emoluments

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

The analysis on number of posts with annual Personal Emoluments over \$500,000 each is appended below:

Analysis of Personal Emoluments

	<u>No of Posts</u>	<u>\$</u>
HK\$500,001-HK\$600,000 p.a.		NIL
HK\$600,001-HK\$700,000 p.a.	1	618,067.50
HK\$700,001-HK\$800,000 p.a.		NIL
HK\$800,001-HK\$900,000 p.a.		NIL
HK\$900,001-HK\$1,000,000 p.a.		NIL
>HK\$1,000,000 p.a.		NIL

7 Other Charges

The breakdown on Other Charges is as follows:

<u>Other Charges</u>	<u>2012-13</u>	<u>2011-12</u>
	<u>\$</u>	<u>\$</u>
(a) Utilities	124,811.23	111,000.29
(b) Food	21,357.33	19,058.46
(c) Administrative Expenses	71,102.93	67,304.89
(d) Stores and Equipment	241,040.16	242,088.31
(e) Repair and Maintenance	192,143.84	51,780.10
(f) Special Allowances	0.00	0.00
(g) Programme Expenses	21,297.76	9,699.21
(h) Transportation and Travelling	9,077.60	10,555.20
(i) Insurance	42,757.54	30,869.38
(j) Miscellaneous	65,519.90	26,809.00
Total	789,108.29	569,164.84

7a Special One-off Grant Payments

Details of Special One-off Grant Payments are as follows:

	<u>2012-13</u>	<u>2011-12</u>
	<u>\$</u>	<u>\$</u>
Special one-off Grant Payments		
(a) Voluntary Retirement Scheme		
(b) Compensation Scheme		
(c) Staff Training and Development		
(d) Other Staff-related Initiatives		
Total	0.00	0.00

ANNUAL FINANCIAL REPORT
 NGO: THE ASSOCIATION OF EVANGELICAL FREE CHURCHES OF HONG KONG
 For the period from 1 April 2012 to 31 March 2013

8. Analysis of Reserve Fund

	Analysis of Reserve Fund				
	Lump Sum Grant (LSG)	Special One-off Grant (SOG)	Rent and Rates	Central Items	Total
	\$	\$	\$	\$	\$
Income					
Lump Sum Grant	8,213,995.00	-	-	-	8,213,995.00
Special One-off Grant	-	0.00	-	-	0.00
Fee Income	146,282.40	-	-	-	146,282.40
Other Income	58,576.31	-	-	-	58,576.31
Interest Received (Note (1))	107.60	-	-	-	107.60
Rent and Rates	-	-	618,176.00	-	618,176.00
Central Items	-	-	-	638,193.00	638,193.00
Total Income (a)	8,418,961.31	0.00	618,176.00	638,193.00	9,675,330.31
Expenditure					
Personal Emoluments	8,012,528.41	-	-	-	8,012,528.41
Other Charges	789,108.29	-	-	-	789,108.29
Rent and Rates	-	-	614,614.80	-	614,614.80
Central Items	-	-	-	626,575.77	626,575.77
Special One-off Grant Payments	-	0.00	-	-	0.00
Total Expenditure (b)	8,801,636.70	0.00	614,614.80	626,575.77	10,042,827.27
Surplus/(Deficit) for the Year (a)-(b)	(382,675.39)	0.00	3,561.20	11,617.23	(367,496.96)
Less: Surplus/(Deficit) of Provident Fund	126,959.32	-	-	-	126,959.32
	(509,634.71)	0.00	3,561.20	11,617.23	(494,456.28)
Surplus/(Deficit) b/f (Note (2))	810,988.78	0.00	6,925.40	227,410.59	1,045,324.77
	301,354.07	0.00	10,486.60	239,027.82	550,868.49
Less : Recovery of subvention surpluses of central items-programme work posts 2011/12 (33) in SF/4-55/8	-	-	-	(5,184.00)	(5,184.00)
Less : Recovery of subvention surpluses of central items-programme assistants posts 2011/12 (33) in SF/4-55/8	-	-	-	(1,295.59)	(1,295.59)
Less : Recovery of subvention surpluses of rates 2011/12 (33) in SF/4-55/8	-	-	(11,233.20)	-	(11,233.20)
Adjustment : Transfer from LSG to covering the deficit of central items-programme assistant posts 2012/13	(27,643.92)	-	-	27,643.92	0.00
Add : Refund from Government for gov't rent 2011/12 (Subvention payroll 11/2012)	-	-	1,593.00	-	1,593.00
Add : Refund from Government for other rental 2011/12 (Subvention payroll 11/2012)	-	-	1,275.00	-	1,275.00
Add : Covering the deficit 2012/13 by our Association	183,859.72	-	-	-	183,859.72
Surplus/(Deficit) c/f (Note (4))	457,569.87	0.00	2,121.40	260,192.15	719,883.42

- Notes : (1) Interest received on LSG and PF reserves, rent and rates, central items, Special One-off Grant should all be included as one item under LSG; and the item is considered as part of LSG reserve.
- (2) Accumulated balance Lump Sum Grant Surplus b/f from previous years and all interest received in previous years should be included in the surplus b/f under LSG.
- (3) Amount of LSG Reserve used to cover the salary adjustment for Programme Assistants, Care Assistants, Dementia Supplement and Infirmary Care Supplement, if any, as per Schedule of Central Items (Annex 1).
- (4) The level of LSG cumulative reserves (i.e. S) will be capped at 25% of the NGO's operating expenditure (excluding PF expenditure) for the year.

NGO: THE ASSOCIATION OF EVANGELICAL FREE CHURCHES OF HONG KONG
For the period from 1 April 2012 to 31 March 2013

	INCOME					EXPENDITURE					Surplus/ (Deficits) (1)-(2)	Remarks	
	LSG	Fee Income	Central Items	Rent and Rates	Other Income	Total Income (1)	Personal Enrolments	Other Charges	Central Items	Rent and Rates			Total Expenditure (2)
#2391 NEC	4,343,358.30	58,465.00	566,473.00	618,176.00	268.00	5,586,740.30	4,339,133.29	572,647.80	584,625.67	614,614.80	6,111,021.56	(524,281.26)	
Integrated Programme													
#2347 VNS(ICCC)	247,155.15					247,155.15	241,380.00	5,775.15			247,155.15	0.00	
#2348 PNNS(ICCC)	322,584.59					322,584.59	316,700.00	5,884.59			322,584.59	0.00	
#2355 PNNS(ICCC)	283,744.59					283,744.59	277,860.00	5,884.59			283,744.59	0.00	
#2373 TYNS(ICCC)	282,443.16					282,443.16	276,735.00	5,708.16			282,443.16	0.00	
#2392 TYNS(ICCC)	323,688.15					323,688.15	317,980.00	5,708.15			323,688.15	0.00	
#2398 AGNS(ICCC)	270,590.36					270,590.36	264,560.00	6,030.36			270,590.36	0.00	
#7621 AGNS(ICCC)	317,610.35					317,610.35	311,580.00	6,030.35			317,610.35	0.00	
OCCS													
#2346 VNS		45,075.20				45,075.20		45,075.20			45,075.20	0.00	
#7513 AGNS		6,195.20				6,195.20		6,195.20			6,195.20	0.00	
#7514 PNNS		7,456.00				7,456.00		5,219.20			5,219.20	2,236.80	
#6244 OCCS with family support activities			53,000.00			53,000.00			34,810.10		34,810.10	18,189.90	
ECCS													
#2351 PNNS	72,718.41	29,091.00				101,809.41	98,070.00	5,976.21			104,046.21	(2,236.80)	
#2334 ECCS subsidy scheme		*	18,720.00			18,720.00			7,140.00		7,140.00	11,580.00	
#6913 Training subsidy scheme for standalone child care centre(CCC)						0.00					0.00	0.00	
#6041 Training subsidy for CCS/SCCW in pre-school rehabilitation service						0.00					0.00	0.00	
Central Administration													
Sub-total	7,593,504.00	146,282.40	638,193.00	618,176.00	58,576.31	9,054,731.71	7,518,996.73	789,108.29	626,575.77	614,614.80	9,549,295.59	(494,563.88)	
SOG						0.00					0.00	0.00	
Interest Received						107.60						107.60	
Total	7,593,504.00	146,282.40	638,193.00	618,176.00	58,576.31	9,054,839.31	7,518,996.73	789,108.29	626,575.77	614,614.80	9,549,295.59	(494,456.28)	

Schedule for Central Items
Analysis of Subvention and Expenditure for the Period from 1st April 2012 to 31st March 2013

Name of Agency : **THE ASSOCIATION OF EVANGELICAL FREE CHURCHES OF HONG KONG**

Unit Code and Name (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)	Surplus c/f (Note 6) (f)=(e)+(a)-(d)
					Deficit (Note 3) (b)	Deficit transferred to LSG (Note 4) (c)	Adjusted Deficit (d)=(b)-(c)		
	Dementia Supplement for Elderly with Disabilities	\$	\$	\$	\$	\$	\$	N.A.	N.A.
	Infirmiry Care Supplement for the Aged Blind Persons							N.A.	N.A.
	Dementia Supplement for Residential Elderly							N.A.	N.A.
	Infirmiry Care Supplement for Residential Elderly							N.A.	N.A.
	Foster Care Allowance/ Emergency Foster Care Allowance							N.A.	N.A.
	After School Care Prog.							N.A.	N.A.
	PAs/Care Assistant(Per.) - Elderly Services							N.A.	N.A.
	PAs/Care Assistant(Per.) - Rehabilitation MSS							N.A.	N.A.
	PAs/Care Ass.(Time-limited) -Family & Child Services							N.A.	N.A.
	PAs/Care Ass.(Time-limited) -Rehabilitation & MSS							N.A.	N.A.
	PAs/Care Ass.(Time-limited) -Service for Offenders							N.A.	N.A.
	PAs/Care Ass.(Time-limited) -Community Development							N.A.	N.A.
#204S CA & PA for Elderly	Programme Assistants/Care Assistant (Permanent) - Elderly Services	258,889.00	286,532.92		27,643.92	27,643.92	1,295.59 (Note 9)	1,295.59	0.00
#204P PW for Elderly	Programme Work Post extended for one year in 2011-2012	307,584.00	298,092.75	9,491.25			5,184.00 (Note 10)	5,184.00	9,491.25
#2334 Subsidy Scheme for ECCS	Extension of Time-defined Subsidy Scheme for Extended Hours Child Care Service (1 April 2011 to 31 March 2014)	18,720.00	7,140.00	11,580.00				5,040.00	16,620.00
#6041 Training Subsidy-CCS/ SCCW in Pre-School Rehabilitation Service	Training Subsidy under Training Scheme for Child Care Supervisors and Special Child Care Workers in Pre-school Rehabilitation Services							78,694.00	78,694.00
#6345 Subsidy Scheme for OCCS	Time-defined Subsidy Scheme for Occasional Child Care Service	53,000.00	34,810.10	18,189.90				0.00	18,189.90
#6913 Training Subsidy-Standalone CCC	Training Subsidy Scheme for Standalone Child Care Centre (CCC), KG-cum-CCC and Residential CCC							137,197.00	137,197.00
TOTAL:		638,193.00	626,575.77	39,261.15	27,643.92	27,643.92	6,479.59	227,410.59	260,192.15

Note:

- The figures for the whole financial year can be extracted from the payroll for March (Final) 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 can be transferred to Lump Sum Grant Reserve as stated in our letter ref.(42) in SWD/S/104/2 Pt. 11 dated 25 July 2012.
 - Dementia Supplement for Elderly with Disabilities
 - Infirmiry Care Supplement for the Aged Blind Persons
 - Dementia Supplement for Residential Elderly Services
 - Infirmiry Care Supplement for Residential Elderly Services
 - Regularized Programme Assistants (PA) / Care Assistants (CA)
- "Surplus brought forward (b/f)" means surplus, if any, arising from operations in previous years.
- "Surplus carried forward (c/f)" means surplus brought forward plus surplus, if any, arising from operations in current years.
- Unit codes and names assigned by SWD should be filled, if available.
- As the above schedule may not be exhaustive in content, any relevant details in respect of central items released and/or expended during the year may also be included, where appropriate.
- Recovery of PA subvention surplus \$1295.59 (Ref: (33) in SF/4-55/8)
- Recovery of PW subvention surplus \$5184.00 (Ref: (33) in SF/4-55/8)

Schedule for Rent and Rates
Analysis of Subvention and Expenditure for the period from 1st April 2012 to 31st March 2013

Name of Agency: THE ASSOCIATION OF EVANGELICAL FREE CHURCHES OF HONG KONG

Unit Code and Name	Subvented Element	Subvention Released (Note 1)	Actual Expenditure	Surplus (Note 2)	Deficit (Note 2)
		\$	\$	\$	\$
2391 Neighbourhood Elderly Centre	Rent	529,466.00	542,086.80		12,620.80
	Rates	88,710.00	72,528.00	16,182.00	0.00
	Total:	618,176.00	614,614.80	16,182.00	12,620.80
	Total:	0.00	0.00	0.00	0.00
	Total:	0.00	0.00	0.00	0.00
	Total:	0.00	0.00	0.00	0.00
	Grand Total:	618,176.00	614,614.80	16,182.00	12,620.80

Notes:

1. The figures are to be extracted from the payroll for March plus subvention released in late March of the financial year.
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.

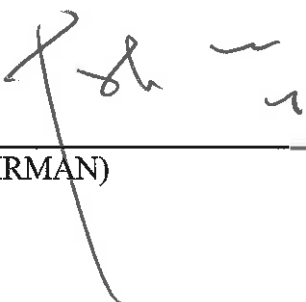
**Schedule for Investment
Analysis of Investment as at 31 March 2013**

Agency : THE ASSOCIATION OF EVANGELICAL FREE CHURCHES OF HONG KONG

	2012_13 \$	2011_12 \$
<u>LSG Reserve as at 31 March</u>	<u>457,569.87</u>	<u>810,988.78</u>
 Represented by :		
Investments		
a. HKD Bank Account Balances	457,569.87	810,988.78
b. HKD 24-hour Call Deposits	-	-
c. HKD Fixed Deposits	-	-
d. HKD Certificate of Deposits	-	-
e. HKD Bonds (see appendix for breakdown)	-	-
	<u>457,569.87</u>	<u>810,988.78</u>

Note : The investments should be reported at historical cost.

Confirmed by : -



 (CHAIRMAN)

DATE : 30 OCT 2013



 (DIRECTOR/CHIEF SUPERVISOR
SOCIAL SERVICE OFFICE)

DATE : 30 OCT 2013