

THE ASSOCIATION OF EVANGELICAL FREE CHURCHES OF HONG KONG  
EVANGELICAL FREE CHURCH OF CHINA  
EVANGEL CHILDREN'S HOME  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED 31 MARCH 2021

POON SUK CHING

CERTIFIED PUBLIC ACCOUNTANT

# Poon Suk Ching

Certified Public Accountant  
Hong Kong

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REVIEW REPORT TO THE MANAGEMENT COMMITTEE MEMBERS OF  
THE ASSOCIATION OF EVANGELICAL FREE CHURCHES OF HONG KONG  
EVANGELICAL FREE CHURCH OF CHINA  
EVANGEL CHILDREN'S HOME (The "Organisation")

I have audited the financial statements of the Organisation for the year ended 31 March 2021 and have issued an unqualified auditors' report thereon dated 15 JUL 2021


I conducted my review of the attached Annual Financial Report on pages 1 to 5 of the Organisation for the year ended 31 March 2021 in accordance with 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 ourselves that the Annual Financial Report has been properly prepared from the books and records of the Organisation, on which the above audited financial statements of the Organisation 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 Organisation for the year ended 31 March 2021:

- a. in my opinion the Annual Financial Report has been properly prepared from the books and records of the Organisation.
- b. no matters have come to my attention during the course of my review, which cause me to believe that the Organisation has not:
  - i. properly accounted for the receipt of Lump Sum Grant, Provident Fund, Tide-over 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 services 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 LSG Manual; and
  - iv. employed the staff quoted in the Tide-over Grant and Provident Fund arrangements during the year ended 31 March 2021.

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.

  
POON Suk Ching  
Certified Public Accountant  
Hong Kong, 15 JUL 2021

**ANNUAL FINANCIAL REPORT  
NGO : EVANGEL CHILDREN'S HOME**

**1 APRIL 2020 TO 31 MARCH 2021**

	Notes	Total 2020-21 \$	Total 2019-20 \$
<b>A. INCOME</b>			
<b>1. Lump Sum Grant</b>			
a. Lump Sum Grant (excluding Provident Fund)	1b	13,558,742.00	13,499,884.00
b. Provident Fund	1c	1,033,669.00	1,045,732.00
2. Fee Income	2	-	-
3. Central Items	3	350,901.00	639,375.00
4. Rent and Rates	4	208,770.00	138,438.00
5. Other Income	5	355,703.00	271,918.00
6. Interest Received		40.28	2,350.53
<b>TOTAL INCOME</b>		<b>15,507,825.28</b>	<b>15,597,697.53</b>
<b>B. EXPENDITURE</b>			
<b>1. Personal Emoluments</b>			
a. Salaries		10,677,526.94	10,498,451.28
b. Provident Fund	1b	859,402.43	1,267,291.64
c. Allowance		189,359.03	332,520.16
Sub-total	6	11,726,288.40	12,098,263.08
2. Other Charges	7	2,160,915.11	2,249,777.68
3. Central Items	3	462,753.00	527,523.00
4. Rent and Rates	4	208,770.00	217,099.00
<b>TOTAL EXPENDITURE</b>		<b>14,558,726.51</b>	<b>15,092,662.76</b>
<b>C. SURPLUS/(DEFICIT) FOR THE YEAR</b>	8	<b>949,098.77</b>	<b>505,034.77</b>

The Annual Financial Report from pages 1 to 5 has been prepared in accordance with the requirements as set out in the Lump Sum Grant Manual

SIGNATURE



CHAIRMAN  
DATE :

15 JUL 2021

SIGNATURE



NGO HEAD/HEAD OF SOCIAL WELFARE SERVICES  
DATE :

15 JUL 2021

## NOTES ON THE ANNUAL FINANCIAL REPORT

### 1. Lump Sum Grant

#### 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 Lump Sum Grant (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.

Please note that the PF received and contributed for staff under the Central Items have been shown under 3.

(LSG Circular No. 1/2001).

Details are analysed below :

<u>Provident Fund Contribution</u>	<u>Existing Staff</u>	<u>6.8% Posts</u>	<u>Total</u>
	\$	\$	\$
Subvention Received	355,365.00	678,304.00	1,033,669.00
Provident Fund Contribution Paid during the year	360,175.67	499,226.76	859,402.43
Surplus/(Deficit) for the year	(4,810.67)	179,077.24	174,266.57
<u>Add</u> : Surplus/(Deficit) b/f	52,764.76	1,450,871.59	1,503,636.35
<u>Less</u> : Recovery of surplus	(25,868.00)	-	(25,868.00)
<u>2020 Inspection adjustment:</u>	(21,268.00)	5,415.00	(15,853.00)
<b>Surplus/(Deficit) c/f</b>	<b>818.09</b>	<b>1,635,363.83</b>	<b>1,636,181.92</b>

### 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 Lump Sum Grant Manual.

## NOTES ON THE ANNUAL FINANCIAL REPORT

### 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 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 (October 2016)). The income and expenditure of each of the Central Items are as follows:

	2020-21 \$	2019-20 \$
<b>a. Income</b>		
Allowances for Specific Services Arising from the Implementation of the Minimum Wage Ordinance (Overnight On-site-on-call Allowance)	350,901.00	348,559.00
Special Grant on Manpower Support for Residential and Home-based Care Service Units in respect of the Severe Respiratory Disease associated with a Novel Infectious Agent	-	178,964.00
Special Allowance for Staff of Subvented Residential Service Units in respect of COVID-19	-	111,852.00
Total	350,901.00	639,375.00
<b>b. Expenditure</b>		
Allowances for Specific Services Arising from the Implementation of the Minimum Wage Ordinance (Overnight On-site-on-call Allowance)	462,753.00	348,559.00
Special Grant on Manpower Support for Residential and Home-based Care Service Units in respect of the Severe Respiratory Disease associated with a Novel Infectious Agent	-	178,964.00
Special Allowance for Staff of Subvented Residential Service Units in respect of COVID-19	-	-
Total	462,753.00	527,523.00

### 4. Rent and Rates

This represents the amount paid by Social Welfare Department 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 and donations received have not been included as Other Income in AFR. In this respect, donations have been included if it is used to finance expenditure reflected in the AFR.

The breakdown on Other Income is as follows:

<b>Other Income</b>	2020-21 \$	2019-20 \$
(a) Fees and charges for services incidental to the operation of subvented services		
(b) Others	355,703.00	271,918.00
<b>Total</b>	355,703.00	271,918.00

## 6. Personal Emoluments

Personal Emoluments include salary, provident fund, 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

	No of Posts	\$
HK\$700,001 - HK\$800,000 p.a.	1	780,998.35
HK\$800,001 - HK\$900,000 p.a.	N/A	
HK\$900,001 - HK\$1,000,000 p.a.	N/A	
HK\$1,000,000 - HK\$1,100,000 p.a.	1	1,025,176.70
HK\$1,100,000 - HK\$1,200,000 p.a.	N/A	
>HK\$1,200,000 p.a.	N/A	

## 7. Other Charges

Other Charges	2020-21 \$	2019-20 \$
a. Utilities	328,078.80	373,919.50
b. Food	944,124.77	858,665.14
c. Administrative Expenses	158,749.87	252,847.60
d. Stores and Equipment *	147,354.79	173,130.51
e. Repair and Maintenance	333,569.00	343,255.00
f. Special Allowances	-	-
g. Programme Expenses	127,912.10	111,544.50
h. Transportation and Travelling	7,528.50	5,868.30
i. Insurance	104,915.88	94,542.13
j. Miscellaneous	8,681.40	36,005.00
<b>Total</b>	<b>2,160,915.11</b>	<b>2,249,777.68</b>

\* Furniture & Equipment included

## 7a. Special One-off Grant Payments

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

Special one-off Grant Payments	2020-21 \$	2019-20 \$
(a) Voluntary Retirement Scheme	-	-
(b) Compensation Scheme	-	-
(c) Staff Training and Development	-	-
(d) Other Staff-related Initiatives	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

## 8. Analysis of Reserve Fund

	Analysis of Reserve Fund				
	Lump Sum Grant & (LSG)	Special One-off Grant (SOG)	Rent and Rates	Central Items	Total
<b>Income</b>					
Lump Sum Grant	14,592,411.00	-	-	-	14,592,411.00
Fee Income	-	-	-	-	0.00
Other Income	355,703.00	-	-	-	355,703.00
Interest Received (Note(1))	40.28	-	-	-	40.28
Rent and Rates	-	-	208,770.00	-	208,770.00
Central Items	-	-	-	350,901.00	350,901.00
<b>Total Income (a)</b>	<b>14,948,154.28</b>	<b>-</b>	<b>208,770.00</b>	<b>350,901.00</b>	<b>15,507,825.28</b>
<b>Expenditure</b>					
Personal emoluments	11,726,288.40	-	-	-	11,726,288.40
Other Charges	2,160,915.11	-	-	-	2,160,915.11
Rent and Rates	-	-	208,770.00	-	208,770.00
Central Items	-	-	-	462,753.00	462,753.00
<b>Total Expenditure (b)</b>	<b>13,887,203.51</b>	<b>-</b>	<b>208,770.00</b>	<b>462,753.00</b>	<b>14,558,726.51</b>
<b>Surplus/(Deficit) for the Year (a) - (b)</b>	<b>1,060,950.77</b>	<b>-</b>	<b>-</b>	<b>(111,852.00)</b>	<b>949,098.77</b>
Less : Surplus/(Deficit) of Provident Fund	174,266.57	-	-	-	174,266.57
	886,684.20	-	-	(111,852.00)	774,832.20
<b>Surplus/(Deficit) b/f (Note (2))</b>	<b>1,598,071.59</b>	<b>-</b>	<b>(263,699.00)</b>	<b>111,852.00</b>	<b>1,446,224.59</b>
	2,484,755.79	-	(263,699.00)	-	2,221,056.79
<b>Add:</b>					
Covid19 support b/f	10,000.00	-	-	-	10,000.00
Refund of Government Rent of 1920	-	-	34,812.00	-	34,812.00
Refund of Government Rates of 1920	-	-	43,849.00	-	43,849.00
2020 Inspection adjustment:	15,853.00	-	-	-	15,853.00
<b>Surplus/(Deficit) c/f (Note (3))</b>	<b>2,510,608.79</b>	<b>-</b>	<b>(185,038.00)</b>	<b>-</b>	<b>2,325,570.79</b>

**Notes:**

- (1) All the interest received on LSG and PF reserves, rent and rates, central items, Special One-off Grant is included as one item under LSG; and the items 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 are included in the surplus b/f under LSG.
- (3) Amount of LSG Reserve used to cover the salary adjustment for Dementia Supplement and Infirmary Care Supplement, if any, as per Schedule of Central Items.
- (4) The Level of LSG cumulative reserves will be capped at 25% of the NGO's operating expenditure (excluding PF expenditure) for that year.

## Schedule for Central Items

Analysis of Subvention and Expenditure for the Period from 1.4.2020 to 31.3.2021

Name of Agency : EVANGEL CHILDREN'S HOME

Unit Code and Name (Note 6)	Subvention 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)		
		\$	\$	\$	\$	\$	\$	\$
mmnn-xxxxxxx	Dementia Supplement for Elderly with Disabilities						N.A.	N.A.
mmnn-xxxxxxx	Infirmary Care Supplement for the Aged Blind Persons						N.A.	N.A.
mmnn-xxxxxxx	Dementia Supplement for Residential Elderly Services						N.A.	N.A.
mmnn-xxxxxxx	Infirmary Care Supplement for Residential Elderly Services						N.A.	N.A.
mmnn-xxxxxxx	Foster Care Allowance/Emergency Foster Care Allowance						N.A.	N.A.
mmnn-xxxxxxx	After School Care Programme						N.A.	N.A.
mmnn-xxxxxxx	Programme Assistants/Care Assistant(Permanent);Elderly Services						N.A.	N.A.
mmnn-xxxxxxx	Programme assistants/Care Assistant (Permanent)						N.A.	N.A.
mmnn-xxxxxxx	-Rehabilitation Medical and Social Services						N.A.	N.A.
mmnn-xxxxxxx	Temporary Financial Aid						N.A.	N.A.
mmnn-xxxxxxx	Emergency Fund						N.A.	N.A.
mmnn-xxxxxxx	Extension of Time-defined Subsidy Scheme for Extended House Child Care Service (1 April 2011 to 31 March 2014)						N.A.	N.A.
mmnn-xxxxxxx	Training Subsidy Scheme for Standalone Child Care Centre (CCC), KG-cum-CCC and Residential CCC						N.A.	N.A.
mmnn-xxxxxxx	Training Subsidy under Training Scheme for Child Care Supervisors and Special Child Care Workers in Pre-school/Rehabilitation Services						N.A.	N.A.
mmnn-xxxxxxx	Programme Work posts extended for one year in 2011-12						N.A.	N.A.
mmnn-xxxxxxx	Regularized Programme Assistants (PA)/Care Assistants (CA)						N.A.	N.A.
mmnn-xxxxxxx	Subsidy under the Home Environment Improvement Scheme for the Elderly	350,901.00	350,901.00	-			N.A.	N.A.
mmnn-xxxxxxx	Overnight On-Site-on-call Allowance						N.A.	N.A.
mmnn-xxxxxxx	200-Evangel Children's Home							
mmnn-xxxxxxx	200-Evangel Children's Home Special grant for COVID-19 (cleaning and special allowance)							
mmnn-xxxxxxx	200-Evangel Children's Home Special grant for COVID-19 (staff enhance-to be clawback)							
mmnn-xxxxxxx	Neighbourhood Service Child Care Project - Contract Subsidy		111,852.00					
mmnn-xxxxxxx	Neighbourhood Service Child Care Project - Subsidy for Fee Reduction /Waiving							
Total:		350,901.00	462,753.00	-			-	-

/...Notes

## Notes:

- The figures for the whole financial year are 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 are transferred to the Lump Sum Grant Reserve as stated in SWD's letter ref. (9) in SWD/S/104/2 Pt.16 dated 20 July 2016
  - 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 plus surplus, if any, arising from operations in current year.
- Unit code and name are extracted from the payroll from SWD.
- The income and expenditure for the Special one-off Subsidy for Better Care for Elderly Persons with Dementia or Requiring Infirmary Care as allocated via SWD's letter ref SWD/S/E/RC/3 Pt. 6 dated 4 February 2016 should also be included in the income/expenditure of the respective items.
- 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.



## Schedule for Rent and Rates

Analysis of Subvention and Expenditure for the period from 1.4.2020 to 31.3.2021

Name of Agency : Evangel Children's Home

Unit Code and Name	Subvented element	Subvention Released (Note 1)	Actual Expenditure	Surplus (Note 2)	Deficit (Note 2)
		\$	\$	\$	\$
2335	Rent (Note 3)	84,238.00	84,237.84		-
	Rates	124,532.00	124,532.40		-
	Total	208,770.00	208,770.24		-
	Rent (Note 3)				
	Rates				
	Total				
	Rent (Note 3)				
	Rates				
	Total				
	Grand Total	208,770.00	208,770.24	-	-

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 2021

Agency : Evangel Children's Home

	2020-21	2019-20
LSG Reserve as at 31 March	<u>2,510,608.79</u>	<u>1,598,071.59</u>
Represented By :		
Investments		
a HKD Bank Account Balances	2,510,608.79	1,598,071.59
b HKD 24-hour Call Deposits	-	-
c HKD Fixed Deposits	-	-
d HKD Certificate of Deposits	-	-
e HKD Bonds (see appendix of breakdown)	-	-
	<u>2,510,608.79</u>	<u>1,598,071.59</u>

Note: The investments should be reported at historical cost.

Confirmed By :

  
\_\_\_\_\_  
Chairman

  
\_\_\_\_\_  
Chief Executive

Date: 15 JUL 2021

Date: 15 JUL 2021