

HONG KONG CHRISTIAN MUTUAL IMPROVEMENT SOCIETY
ANNUAL FINANCIAL REPORT
FOR THE PERIOD FROM 1 APRIL 2016 TO 31 MARCH 2017

Edmund Lau & Co.
Certified Public Accountants (Practising)
偉明會計師事務所

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REVIEW REPORT

TO THE BOARD OF DIRECTORS OF

HONG KONG CHRISTIAN MUTUAL IMPROVEMENT SOCIETY ("THE CORPORATION")

(incorporated in Hong Kong with liability limited by guarantee)

We have audited the financial statements of the Corporation for the year ended 31 March 2017 and have issued an unqualified auditor's report thereon dated **10 OCT 2017**

We conducted our review of the attached Annual Financial Report on pages 2 to 7 of the Corporation for the year ended 31 March 2017 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 Corporation, on which the above audited financial statements of the Corporation are based.

REVIEW CONCLUSIONS

On the basis of the results of our review and having regard to the audit procedures performed by us in relation to the audit of the financial statements of the Corporation for the year ended 31 March 2017:

- a. in our opinion the Annual Financial Report has been properly prepared from the books and records of the Corporation; and
- b. no matters have come to our attention during the course of our review, which cause us to believe that the Corporation 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 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 Tide-over Grant and Provident Fund arrangements during the year ended 31 March 2017.

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.


Edmund Lau & Co.
Certified Public Accountants (Practising)

Hong Kong, **10 OCT 2017**

HONG KONG CHRISTIAN MUTUAL IMPROVEMENT SOCIETY

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	Notes	2017 HK\$	2016 HK\$
INCOME			
1. Lump Sum Grant			
a. Lump Sum Grant (excluding Provident Fund)	1b	6,413,782.00	6,147,058.00
b. Provident Fund	1c	556,760.00	511,067.00
2. Fee Income	2	40,820.00	40,610.00
3. Central Items	3a	-	-
4. Rent and Rates	4	243,555.00	226,149.00
5. Other Income	5	956,493.19	1,203,059.30
6. Interest Received		651.14	620.98
TOTAL INCOME		<u>8,212,061.33</u>	<u>8,128,564.28</u>
EXPENDITURE			
1. Personal Emoluments			
a. Salaries	6	5,418,898.00	4,495,140.95
b. Provident Fund	1c	392,119.18	363,385.32
c. Allowances		-	-
2. Other Charges	7	1,880,734.57	1,516,447.88
3. Central Items	3b	-	-
4. Rent and Rates	4	256,188.50	228,897.00
TOTAL EXPENDITURE		<u>7,947,940.25</u>	<u>6,603,871.15</u>
SURPLUS FOR THE YEAR	8	<u>264,121.08</u>	<u>1,524,693.13</u>

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

Signed

SIU CHUANG Siu Suen Alice
Director

Date : 10 OCT 2017

Signed

LI Mui Mui
Director

Date : 10 OCT 2017

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NOTES TO THE ANNUAL FINANCIAL REPORT

FOR THE PERIOD FROM 1 APRIL 2016 TO 31 MARCH 2017

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 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 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 have been shown under 3.

Details are analysed below :

<u>Provident Fund Contribution</u>	<u>Snapshot Staff</u> HK\$	<u>6.8% and</u> <u>Other Posts</u> HK\$	<u>Total</u> HK\$
Subvention Received	200,414.00	356,346.00	556,760.00
Provident Fund Contribution Paid during the year	(153,315.00)	(238,804.18)	(392,119.18)
Surplus for the year	<u>47,099.00</u>	<u>117,541.82</u>	<u>164,640.82</u>
Add : Surplus b/f	27,896.50	519,696.17	547,592.67
Additional subvention received for previous years	-	-	-
Less : Refund to Government	-	-	-
Surplus c/f	<u><u>74,995.50</u></u>	<u><u>637,237.99</u></u>	<u><u>712,233.49</u></u>

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

	<u>2017</u> HK\$	<u>2016</u> HK\$
a. Income		
Programme Assistants (Time-limited)		
- Elderly Services	-	-
	=====	=====
b. Expenditure		
Programme Assistants (Time-limited)		
- Elderly Services	-	-
	=====	=====

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.

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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 (paragraph 2.29 of LSG Manual (October 2016)) is as follows :

	2017 HK\$	2016 HK\$
a. Fees and charges for services incidental to the operation of subvented services	956,493.19	1,203,059.30
b. Others	-	-
	<u>956,493.19</u>	<u>1,203,059.30</u>

6. PERSONAL EMOLUMENTS

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

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

<u>Analysis of Personal Emoluments</u>	<u>Number of posts</u>	<u>HK\$</u>
HK\$700,001 - HK\$800,000 p.a.	Nil	Nil
HK\$800,001 - HK\$900,000 p.a.	Nil	Nil
HK\$900,001 - HK\$1,000,000 p.a.	Nil	Nil
HK\$1,000,001 - HK\$1,100,000 p.a.	Nil	Nil
HK\$1,100,001 - HK\$1,200,000 p.a.	Nil	Nil
>HK\$1,200,000 p.a.	Nil	Nil

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7. OTHER CHARGES

The breakdown on Other Charges is as follows :

	<u>2017</u> HK\$	<u>2016</u> HK\$
(a) Utilities	49,690.20	57,495.60
(b) Food	-	-
(c) Administrative Expenses	78,265.50	64,755.80
(d) Stores and Equipment	386,004.39	73,308.27
(e) Repair and Maintenance	54,301.00	35,781.00
(f) Special Allowances	-	-
(g) Programme Expenses	1,081,690.70	1,216,254.00
(h) Transportation and Travelling	14,675.20	6,194.80
(i) Insurance	112,451.28	29,916.21
(j) Miscellaneous	103,656.30	32,742.20
Total	<u>1,880,734.57</u>	<u>1,516,447.88</u>

HONG KONG CHRISTIAN MUTUAL IMPROVEMENT SOCIETY

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

	Lump Sum Grant (LSG)	Rent and Rates	Central Items	Total
	HK\$	HK\$	HK\$	HK\$
Income				
Lump Sum Grant	6,970,542.00	-	-	6,970,542.00
Fee Income	40,820.00	-	-	40,820.00
Other Income	956,493.19	-	-	956,493.19
Interest Received	651.14	-	-	651.14
Rent and Rates	-	243,555.00	-	243,555.00
Central Items	-	-	-	-
Total Income	7,968,506.33	243,555.00	-	8,212,061.33
Expenditure				
Personal Emoluments	5,811,017.18	-	-	5,811,017.18
Other Charges	1,880,734.57	-	-	1,880,734.57
Rent and Rates	-	256,188.50	-	256,188.50
Central Items	-	-	-	0.00
Total Expenditure	7,691,751.75	256,188.50	-	7,947,940.25
Surplus / (Deficit) for the year	276,754.58	(12,633.50)	-	264,121.08
Less : Surplus of Provident Fund	(164,640.82)	-	-	(164,640.82)
	112,113.76	(12,633.50)	-	99,480.26
Surplus b/f	1,502,897.21	-	-	1,502,897.21
Add : Transfer from LSG Reserve to cover the salary adjustment for programme assistants	-	-	-	-
	1,615,010.97	(12,633.50)	-	1,602,377.47
Less : Refund to Government	-	-	-	-
Deficit met by agency	-	12,633.50	-	12,633.50
Surplus c/f	1,615,010.97	-	-	1,615,010.97