

ASBURY METHODIST SOCIAL SERVICE

**AUDITORS' REVIEW REPORT AND
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED 31 MARCH 2016**

麥永建、何麗賢會計師行有限公司
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**REVIEW REPORT ON THE ANNUAL FINANCIAL REPORT OF
ASBURY METHODIST SOCIAL SERVICE**

Review Report to the Management Committee of Asbury Methodist Social Service (“the Centre”)

We have audited the financial statements of the Centre for the year ended 31 March 2016 and have issued an unqualified independent auditor’s report thereon dated **14 DEC 2016**

We conducted our review of the attached Annual Financial Report on pages 2 to 10 of the Centre for the year ended 31 March 2016 in accordance with Practice Note 851 “Review of the Annual Financial Reports of Non-governmental Organizations” 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 Centre, on which the above audited financial statements of the Centre 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 Centre for the year ended 31 March 2016:

- a. in our opinion the Annual Financial Report has been properly prepared from the books and records of the Centre; and
- b. no matters have come to our attention during the course of our review, which cause us to believe that the Centre 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 31 March 2016.

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

W. K. MAK & STELLA HO CPA LIMITED
Certified Public Accountants

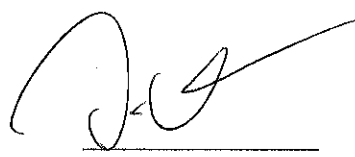
Hong Kong, **14 DEC 2016**

ANNUAL FINANCIAL REPORT
NGO : ASBURY METHODIST SOCIAL SERVICE (028)
1 APRIL 2015 TO 31 MARCH 2016

	Notes	2015 - 2016	2014 - 2015
		\$	\$
A. INCOME			
1. Lump Sum Grant			
a. Lump Sum Grant (excluding Provident Fund)	1b	14,456,618.00	12,835,234.00
b. Provident Fund	1c	989,734.00	909,432.00
2. Special One-off Grant		-	-
3. Fee Income	2	52,006.00	39,578.00
4. Central Items	3	180,000.00	353,509.00
5. Rent and Rates	4	263,282.00	257,896.00
6. Other Income	5	2,701,895.57	2,928,195.61
7. Interest Received		220.20	821.83
TOTAL INCOME		<u>18,643,755.77</u>	<u>17,324,666.44</u>
B. EXPENDITURE			
1. Personal Emoluments			
a. Salaries		12,470,326.13	11,289,510.35
b. Provident Fund	1c	721,029.26	658,474.92
c. Allowances		-	-
Sub-total	6	<u>13,191,355.39</u>	<u>11,947,985.27</u>
2. Other Charges	7	4,365,481.63	3,334,582.32
3. Central Items	3	100,125.00	343,833.00
4. Rent and Rates	4	386,751.68	386,156.64
5. Special One-off Grant Payments	7a	-	-
TOTAL EXPENDITURE		<u>18,043,713.70</u>	<u>16,012,557.23</u>
C. SURPLUS/(DEFICIT) FOR THE YEAR	8	<u>600,042.07</u>	<u>1,312,109.21</u>

The annual financial report on pages 2 to 10 were approved by the executive committee on **14 DEC 2016**


 REV. WONG YUK CHEE
 CHAIRMAN


 MS. CHUN YUK YU
 NGO HEAD

DATE : **14 DEC 2016**

DATE : **14 DEC 2016**

NOTES ON THE ANNUAL FINANCIAL REPORT

1. Lump Sum Grant

a. Basis of preparation The Annual Financial Report (AFR) is prepared on cash basis, that is, income is recognised upon receipts of cash and expenditure is recognised when expense are paid. Non-cash items like 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 post 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. 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	81,802.00	907,932.00	989,734.00
Provident Fund Contribution Paid during the Year	80,978.00	640,051.26	721,029.26
Surplus/ (Deficit) for the Year	824.00	267,880.74	268,704.74
Add : Surplus/(Deficit) b/f	733,720.64	1,523,386.17	2,257,106.81
Transfer from Snapshot Staff to 6.8% and other posts	(454,748.64)	454,748.64	-
SWD Accounting Inspection 2013-14 Adjustment	5,855.00	(5,855.00)	-
Less : Refund to Government	245,942.00	-	245,942.00
Surplus/(Deficit) c/f	39,709.00	2,240,160.55	2,279,869.55

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 have been separately included as part of 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>2015 - 2016</u>	<u>2014 - 2015</u>
	\$	\$
<u>a. Income</u>		
Dementia Supplement for Elderly with Disabilities	-	-
Infirmity Care Supplement for the Aged Blind Person	-	-
Dementia Supplement for Residential Elderly Services	-	-
Infirmity Care Supplement for Residential Elderly Services	-	-
Dementia Supplement for Day Care Centres/units for the Elderly	-	-
Foster Care Allowance / Emergency Foster Care Assistant	-	-
After School Care Programme	180,000.00	168,750.00
Regularized Programme Assistant (PA)/ Care Assistants (CA)	-	184,759.00
Temporary Financial Aid	-	-
Emergency Fund	-	-
Time-defined Subsidy Scheme for Extended Hours Child Care Services	-	-
Training Subsidy Programme for Child Care Supervisors and Special Child Care Workers in Pre-school Rehabilitation Services	-	-
Short-term Rental Assistance	-	-
One-off Supplementary Grant for Service Re-engineering Plan of the Factory Section of the Factory for the Blind	-	-
Allowances for Specific Services Arising from the Implementation of the Minimum Wages Ordinance (Overnight On-site-on-call Allowance)	-	-
Neighbourhood Support Child Care Project (NSCCP) - Contract Subsidy	-	-
NSCCP - Subsidy for Fee Reduction/waiving	-	-
Training Sponsorship Scheme for Master in Occupational Therapy and Physiotherapy Programmes	-	-
Time-defined Subsidy Scheme for Occasional Child Care Service	-	-
Training Subsidy Programme for Children on the Waiting List for Subvented Pre-school Rehabilitation Services	-	-
Financial Incentive Scheme for Mentors of Employees with Disabilities	-	-
Subsidy for Integrated Support Services for Persons with Severe Physical Disabilities	-	-
Enhanced After School Care Programme	-	-
Cluster-based Foster Home Pool	-	-
Total	<u>180,000.00</u>	<u>353,509.00</u>

	<u>2015 - 2016</u>	<u>2014 - 2015</u>
	\$	\$
<u>b. Expenditure</u>		
Dementia Supplement for Elderly with Disabilities	-	-
Infirmity Care Supplement for the Aged Blind Person	-	-
Dementia Supplement for Residential Elderly Services	-	-
Infirmity Care Supplement for Residential Elderly Services	-	-
Dementia Supplement for Day Care Centres/units for the Elderly	-	-
Foster Care Allowance / Emergency Foster Care Assistant	-	-
After School Care Programme	100,125.00	160,125.00
Regularized Programme Assistant (PA)/ Care Assistants (CA)	-	183,708.00
Temporary Financial Aid	-	-
Emergency Fund	-	-
Time-defined Subsidy Scheme for Extended Hours Child Care Services	-	-
Training Subsidy Programme for Child Care Supervisors and Special Child Care Workers in Pre-school Rehabilitation Services	-	-
Short-term Rental Assistance	-	-
One-off Supplementary Grant for Service Re-engineering Plan of the Factory Section of the Factory for the Blind	-	-
Allowances for Specific Services Arising from the Implementation of the Minimum Wages Ordinance (Overnight On-site-on-call Allowance)	-	-
Neighbourhood Support Child Care Project (NSCCP) - Contract Subsidy	-	-
NSCCP - Subsidy for Fee Reduction/waiving	-	-
Training Sponsorship Scheme for Master in Occupational Therapy and Physiotherapy Programmes	-	-
Time-defined Subsidy Scheme for Occasional Child Care Service	-	-
Training Subsidy Programme for Children on the Waiting List for Subvented Pre-school Rehabilitation Services	-	-
Financial Incentive Scheme for Mentors of Employees with Disabilities	-	-
Subsidy for Integrated Support Services for Persons with Severe Physical Disabilities	-	-
Enhanced After School Care Programme	-	-
Cluster-based Foster Home Pool	-	-
Total	<u>100,125.00</u>	<u>343,833.00</u>

4. Rent and Rates This represents the amount paid by SWD in respect of premises recognised by SWD. Expenditures on rent and rated in respect of premises not recognised by SWD have not been included in AFR.

5. Other Income These 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.

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

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

<u>Analysis of Personal Emoluments</u>	<u>No of Posts</u>	<u>\$</u>
HK\$500,001 - HK\$600,000 p.a.	1	509,700.00
HK\$600,001 - HK\$700,000 p.a.	1	696,945.00
HK\$700,001 - HK\$800,000 p.a.	0	-
HK\$800,001 - HK\$900,000 p.a.	0	-
HK\$900,001 - HK\$1,000,000 p.a.	0	-
>HK\$1,000,000 p.a.	0	-

7. Other Charges

The breakdown on Other Charges is as follows:

<u>Other Charges</u>	<u>2015 - 2016</u>	<u>2014 - 2015</u>
	<u>\$</u>	<u>\$</u>
(a) Utilities	279,367.53	262,464.85
(b) Minor Purchases	6,219.80	92,234.80
(c) Administrative Expenses	190,445.76	273,638.70
(d) Stores and Equipment	85,913.78	100,795.92
(e) Repair and Maintenance	241,578.20	129,959.00
(f) Special Allowances	-	-
(g) Programme Expenses	3,402,354.36	2,333,518.00
(h) Transportation and Travelling	12,761.10	13,054.20
(i) Insurance	57,745.20	52,512.00
(j) Miscellaneous	89,095.90	76,404.85
Total	4,365,481.63	3,334,582.32

7a. Special One-off Grant Payments

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

<u>Special one-off Grant Payments</u>	<u>2015 - 2016</u>	<u>2014 - 2015</u>
	<u>\$</u>	<u>\$</u>
(a) Voluntary Retirement Scheme	-	-
(b) Compensation Scheme	-	-
(c) Staff Training and Development	-	-
(d) Other Staff-related Initiatives	-	-
	-	-

8. Analysis of Reserve Fund

	Analysis of Reserve Fund				Total
	Lump Sum Grant (LSG)	Special One-off Grant (SOG)	Rent and Rates	Central Items	
	\$	\$	\$	\$	\$
Income					
Lump Sum Grant	15,446,352.00	-	-	-	15,446,352.00
Special One-off Grant	-	-	-	-	-
Fee Income	52,006.00	-	-	-	52,006.00
Other Income	2,701,895.57	-	-	-	2,701,895.57
Interest Received (Note (1))	220.20	-	-	-	220.20
Rent and Rates	-	-	263,282.00	-	263,282.00
Central Items	-	-	-	180,000.00	180,000.00
Total Income (a)	18,200,473.77	-	263,282.00	180,000.00	18,643,755.77
Expenditure					
Personal Emoluments	13,191,355.39	-	-	-	13,191,355.39
Other Charges	4,365,481.63	-	-	-	4,365,481.63
Rent and Rates	-	-	386,751.68	-	386,751.68
Central Items	-	-	-	100,125.00	100,125.00
Special One-off Grant Payments	-	-	-	-	-
Total Expenditure (b)	17,556,837.02	-	386,751.68	100,125.00	18,043,713.70
Surplus/(Deficit) for the Year (a) - (b)	643,636.75	-	(123,469.68)	79,875.00	600,042.07
Less : Surplus/(Deficit) of Provident Fund	268,704.74	-	-	-	268,704.74
	374,932.01	-	(123,469.68)	79,875.00	331,337.33
Surplus/(Deficit) b/f (Note (2))	5,378,740.57	-	(221,018.26)	1,059,909.10	6,217,631.41
	5,753,672.58	-	(344,487.94)	1,139,784.10	6,548,968.74
Less : Refund to Government	-	-	-	(644,022.53)	(644,022.53)
Transfer from LSG Reserve to cover the salary adjustment for Dementia Supplement and Infirmiry Care Supplementary (Note (3))	-	-	-	-	-
	5,753,672.58	-	(344,487.94)	495,761.57	5,904,946.21
Add : SWD Accounting Inspection 2009-10 &10-11 Adjustment	-	-	17,452.97	331,126.60	348,579.57
SWD Accounting Inspection 2013-14 Adjustment	-	-	66,250.47	-	66,250.47
SWD Accounting Inspection 2013-14 Adjustment	-	-	-	(250.00)	(250.00)
SWD Accounting Inspection 2013-14 Adjustment	-	-	-	103,715.50	103,715.50
SWD Accounting Inspection 2013-14 Adjustment	-	-	-	157,504.39	157,504.39
Surplus/(Deficit) c/f (Note 4)	5,753,672.58	-	(260,784.50)	1,087,858.06	6,580,746.14

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 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 are included in the surplus b/f under LSG.
- (3) Amount of LSG Reserve used to cover the salary adjustment for Dementia Supplement and Infirmiry Care Supplement, if any, as per Schedule of Central Items.
- (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.

**Schedule for Investment
Analysis of Investment as at 31 March, 2016**

Name of Agency : Asbury Methodist Social Service (028)

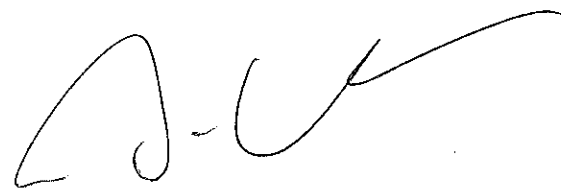
	2016 HK\$	2015 HK\$
LSG Reserve as at 31 March	5,753,672.58	5,378,740.57
Represented by :		
Investments		
a. HKD Bank Account Balances	5,753,672.58	5,378,740.57
b. HKD 24-hour Call Deposits	-	-
c. HKD Fixed Deposits	-	-
d. HKD Certificate of Deposits	-	-
e. HKD Bonds (see appendix for breakdown)	-	-
	5,753,672.58	5,378,740.57

Note : The investments should be reported at historical cost.

Confirmed By: -



REV. WONG YUK CHEE
CHAIRMAN



MS. CHUN YUK YU
NGO HEAD

Date : 14 DEC 2016

Date : 14 DEC 2016

Schedule for Central Items
Analysis of Subvention and Expenditure for the Period from 1 April 2015 to 31 March 2016

Annex 9

Name of Agency : Asbury Methodist Social Service (028)

Unit Code and Name	Subvented Element	Subvention Released (Note 1)	Actual Expenditure (Note 2)	Surplus (Note 3) (a)	Deficit for the Year		Surplus b/f (Note 4) (e)	Surplus clawback by SWD (f)	Surplus c/f (Note 5) (g)=(e)+(a)-(f)-(f)
					Deficit (Note 3) (b)	Adjusted Deficit (d)=(b)-(c)			
1043 After School Care Project	After School Care Programmes	\$ 180,000.00	\$ 100,125.00	\$ 79,875.00	\$ -	N.A.	\$ 408,996.57	-	\$ 488,871.57
028P PW Post for extended 1 year in 1.4.2013-31.3.2014	Programme Workers	-	-	-	-	N.A.	368,405.53	368,405.53	-
028S CA/PA Posts	Programme Assistants	-	-	-	-	N.A.	276,668.00	275,617.00	1,051.00
P028 Peer Counsellor	Peer Counsellor	-	-	-	-	N.A.	5,589.00	-	5,589.00
P028 Youth Ambassador	Youth Ambassador	-	-	-	-	N.A.	250.00	-	250.00
Total		180,000.00	100,125.00	79,875.00	-	N.A.	1,059,909.10	644,022.53	495,761.57

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.(64) in SWD/S/104/2 Pt 14 dated 22 July 2015.
 - Dementia Supplement for Elderly with Disabilities
 - Infirmity Care Supplement for the Aged Blind Persons
 - Dementia Supplement for Residential Elderly Services
 - Infirmity Care Supplement for Residential Elderly
- "Surplus brought forward (b/f)" means surplus, if any, arising from operations in previous years.
- "Surplus earned forward (e/f)" means surplus brought forward plus surplus, if any, arising from operations in current year.
- Unit Codes 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 Infirmity Care as allocated via SWD's letter ref SWD/S/E/RCS Pt. 4 dated 4 March 2015 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 April 2015 to 31 March 2016

Name of Agency : Asbury Methodist Social Service (028)

Unit Code and Name	Subvented Element	Subvention Released (Note 1)	Actual Expenditure	Surplus (Note 2)	Deficit (Note 2)
1165 Kwai Chung ICYSC		\$	\$	\$	\$
	PHE Rent (Note 3)	138,984.00	154,644.00	-	(15,660.00)
	Government Rent (Note3)	11,984.00	20,633.76	-	(8,649.76)
	Rates	29,531.00	47,889.60	-	(18,358.60)
	Total :	180,499.00	223,167.36	-	(42,668.36)
1050 Neighbourhood Elderly Centre (NEC)					
	PHE Rent (Note 3)	-	68,208.00	-	(68,208.00)
	Government Rent (Note3)	2,019.00	7,071.12	-	(5,052.12)
	Rates	15,964.00	15,795.20	-	168.80
	Total :	17,983.00	91,074.32	-	(73,091.32)
1045 School Social Work					
	PHE Rent (Note 3)	64,800.00	70,560.00	-	(5,760.00)
	Rates	-	1,950.00	-	(1,950.00)
	Total :	64,800.00	72,510.00	-	(7,710.00)
	Grand Total :	263,282.00	386,751.68	-	(123,469.68)

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.

