

Annual Financial Report

THE LOK SIN TONG BENEVOLENT SOCIETY, KOWLOON
– SOCIAL WELFARE SERVICE DIVISION

31 March 2020



Annual Financial Report

THE LOK SIN TONG BENEVOLENT SOCIETY, KOWLOON – SOCIAL WELFARE SERVICE DIVISION

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Review report**To the Executive Committee of The Lok Sin Tong Benevolent Society, Kowloon
- Social Welfare Service Division**

We have audited the financial statements of The Lok Sin Tong Benevolent Society, Kowloon – Social Welfare Service Division (the "Division") for the year ended 31 March 2020 and have issued an unqualified auditor's report thereon dated 29 September 2020.

We conducted our review of the attached Annual Financial Report ("AFR") on pages 2 to 10 of the Division for the year ended 31 March 2020 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 Division, on which the above audited financial statements of the Division are based.

Review conclusion

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 Division for the year ended 31 March 2018:

- a. in our opinion the Annual Financial Report has been properly prepared from the books and records of the Division; and
- b. no matters have come to our attention during the course of our review, which cause us to believe that the Division has not:
 - i. properly accounted for the receipt of Lump Sum Grant ("LSG"), Provident Fund 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 Lump Sum Grant Manual; and
 - iv. employed the staff quoted in the Provident Fund arrangements during the year ended 31 March 2020.

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.



Certified Public Accountants
Hong Kong
29 September 2020

ANNUAL FINANCIAL REPORT

NGO : THE LOK SIN TONG BENEVOLENT SOCIETY, KOWLOON

1 APRIL 2019 TO 31 MARCH 2020

	Notes	Total 2019-20 \$	Total 2018-19 \$
A. INCOME			
1. Lump Sum Grant			
a. Lump Sum Grant (excluding Provident Fund)	1b	93,579,197.00	72,413,588.00
b. Provident Fund	1c	4,717,623.00	4,407,430.00
2. Fee Income	2	7,109,920.30	7,109,788.40
3. Central Items	3	4,075,959.00	2,065,559.00
4. Rent and Rates	4	1,303,052.00	1,287,871.00
5. Other Income	5	1,304,653.70	1,686,416.30
6. Interest Received		195,703.12	216,539.24
TOTAL INCOME		112,286,108.12	89,187,191.94
B. EXPENDITURE			
1. Personal Emoluments			
a. Salaries		54,287,863.15	49,450,175.03
b. Provident Fund	1c	3,459,240.05	3,345,854.58
Sub-total	6	57,747,103.20	52,796,029.61
2. Other Charges	7	46,093,566.60	28,181,029.18
3. Central Items	3	3,524,193.44	2,065,559.00
4. Rent and Rates	4	1,669,950.00	1,620,244.00
TOTAL EXPENDITURE		109,034,813.24	84,662,861.79
C. SURPLUS FOR THE YEAR	8	3,251,294.88	4,524,330.15

The Annual Financial Report from pages 2 to 10 has been prepared in accordance with the requirements as set out in the Lump Sum Grant Manual.

Lee Yuk Pui, Kawina
Chairman

Date : 29 SEP 2020

Lau Oi Sze
Chief Executive

Date : 29 SEP 2020

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 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	1,303,085.00	3,414,538.00	4,717,623.00
Provident Fund Contribution Paid during the Year	<u>(1,329,370.80)</u>	<u>(2,129,869.25)</u>	<u>(3,459,240.05)</u>
Surplus/(Deficit) for the Year	(26,285.80)	1,284,668.75	1,258,382.95
Add: Surplus b/f	78,657.93	6,659,219.05	6,737,876.98
Adj: Surplus in 2017/18 PF (Ref: SWD SF/4-15/10)	(82,630.00)	15,948.00	(66,682.00)
Adj: Claw back to Government of PF 2016/17 (Ref: SWD SF/4-55/13 III)	<u>(746.65)</u>	<u>-</u>	<u>(746.65)</u>
Surplus c/f	<u>(31,004.52)</u>	<u>7,959,835.80</u>	<u>7,928,831.28</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 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:

	2019-20	2018-19
	\$	\$
a. Income		
Dementia Supplement for Elderly with Disabilities	-	-
Infirmity Care Supplement for the Aged Blind Persons	-	-
Dementia Supplement for Residential Elderly Services	1,573,453.00	1,609,489.00
Infirmity Care Supplement for Residential Elderly Services	633,003.00	259,593.00
Dementia Supplement for Day Care Centres / units for the Elderly	-	-
Foster Care Allowance / Emergency Foster Care Allowance	-	-
After School Care Programme - Fee Waiving Subsidy Scheme	-	-
Temporary Financial Aid	-	-
Emergency Fund	-	-
Time-defined Subsidy Scheme for Extended Hours Services Users	-	-
Training Subsidy under Training Scheme for Child Care Supervisors and Special Child Care Workers in Pre-school Rehabilitation Services	-	-
Short-term Rental Assistance	-	-
Allowances for Specific Services Arising from the Implementation of the Minimum Wage Ordinance (Overnight On-site-on-call Allowance)	-	-
Neighbourhood Support Child Care Project (NSCCP) - Contract Subsidy	-	-
NSCCP - Subsidy for Fee Reduction / Waiving	-	-
NSCCP - Subsidy for Incentive Payment	-	-
NSCCP - Rent and Rates	-	-
Training Sponsorship Scheme for Master in Occupational Therapy and Physiotherapy programmes	-	-
Training Subsidy Programme for Children on the Waiting List for Subvented Pre-school Rehabilitation Services	707,123.00	196,477.00
Financial Incentive Scheme for Mentors of Employees with Disabilities	-	-
Cash Subsidy for Integrated Support Services for Persons with Severe Physical Disabilities	-	-
Time-defined Subsidy Scheme for Occasional Child Care Service	-	-
Enhanced After School Care Programme - Fee Waiving Subsidy Scheme	-	-
Navigation Scheme for Young Persons in Care Services - Operating Expenses	-	-
Navigation Scheme for Young Persons in Care Services - Training Cost	-	-
Grant under the Pilot Scheme on On-site Pre-school Rehabilitation Services	-	-
One-off Subsidy for Enhanced Provision of Visiting Medical Officer for Residential Care Homes for the Elderly	-	-
One-off Subsidy for Enhanced Provision of Visiting Medical Practitioner Scheme for Residential Care Homes for the Persons with Disabilities	-	-
Pilot Scheme on Multi-disciplinary Outreaching Support Teams for the Elderly (MOSTE)	-	-
Child Care Training for Grand parents	-	-
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 Agents	447,070.00	-
Special Allowance for Staff of Subvented Residential Service Units in respect of COVID-19	715,310.00	-
Total :	4,075,959.00	2,065,559.00

	2019-20 \$	2018-19 \$
b. Expenditure		
Dementia Supplement for Elderly with Disabilities	-	-
Infirmity Care Supplement for the Aged Blind Persons	-	-
Dementia Supplement for Residential Elderly Services	1,573,453.00	1,609,489.00
Infirmity Care Supplement for Residential Elderly Services	633,003.00	259,593.00
Dementia Supplement for Day Care Centres / units for the Elderly	-	-
Foster Care Allowance / Emergency Foster Care Allowance	-	-
After School Care Programme - Fee Waiving Subsidy Scheme	-	-
Temporary Financial Aid	-	-
Emergency Fund	-	-
Time-defined Subsidy Scheme for Extended Hours Services Users	-	-
Training Subsidy under Training Scheme for Child Care Supervisors and Special Child Care Workers in Pre-school Rehabilitation Services	-	-
Short-term Rental Assistance	-	-
Allowances for Specific Services Arising from the Implementation of the Minimum Wage Ordinance (Overnight On-site-on-call Allowance)	-	-
Neighbourhood Support Child Care Project (NSCCP) - Contract Subsidy	-	-
NSCCP - Subsidy for Fee Reduction / Waiving	-	-
NSCCP - Subsidy for Incentive Payment	-	-
NSCCP - Rent and Rates	-	-
Training Sponsorship Scheme for Master in Occupational Therapy and Physiotherapy programmes	-	-
Training Subsidy Programme for Children on the Waiting List for Subvented Pre-school Rehabilitation Services	707,123.00	196,477.00
Financial Incentive Scheme for Mentors of Employees with Disabilities	-	-
Cash Subsidy for Integrated Support Services for Persons with Severe Physical Disabilities	-	-
Time-defined Subsidy Scheme for Occasional Child Care Service	-	-
Enhanced After School Care Programme - Fee Waiving Subsidy Scheme	-	-
Navigation Scheme for Young Persons in Care Services - Operating Expenses	-	-
Navigation Scheme for Young Persons in Care Services - Training Cost	-	-
Grant under the Pilot Scheme on On-site Pre-school Rehabilitation Services	-	-
One-off Subsidy for Enhanced Provision of Visiting Medical Officer for Residential Care Homes for the Elderly	-	-
One-off Subsidy for Enhanced Provision of Visiting Medical Practitioner Scheme for Residential Care Homes for the Persons with Disabilities	-	-
Pilot Scheme on Multi-disciplinary Outreaching Support Teams for the Elderly (MOSTE)	-	-
Child Care Training for Grand parents	-	-
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 Agents	6,960.00	-
Special Allowance for Staff of Subvented Residential Service Units in respect of COVID-19	603,654.44	-
Total :	3,524,193.44	2,065,559.00

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 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:

	2019-20	2018-19
	\$	\$
Other Income		
(a) Fees and charges for services incidental to the operation of subvented services	775,780.00	1,167,041.00
(b) Others	528,873.70	519,375.30
Total	<u>1,304,653.70</u>	<u>1,686,416.30</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 \$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	743,130.00
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	1,032,125.00
	1	1,043,487.00
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:

Other Charges	2019-20 \$	2018-19 \$
(a) Utilities	2,225,013.45	2,269,833.60
(b) Food	4,125,757.44	3,844,269.55
(c) Administrative Expenses	228,153.50	230,116.53
(d) Store and Equipment	1,061,179.65	919,364.08
(e) Repair and Maintenance	1,590,128.20	955,920.50
(f) Special Allowances	-	-
(g) Programme Expenses	902,683.36	1,278,105.76
(h) Transportation and Travelling	52,975.99	70,104.67
(i) Insurance	568,452.48	448,372.12
(j) Medical & Nursing	34,815,895.53	17,355,336.37
(k) Miscellaneous - Fixed Assets	523,327.00	809,606.00
Total	46,093,566.60	28,181,029.18

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

	Lump Sum Grant (LSG)	Rent and Rates	Central Items	Total
Income	\$	\$	\$	\$
Lump Sum Grant	98,296,820.00	-	-	98,296,820.00
Fee Income	7,109,920.30	-	-	7,109,920.30
Other Income	1,304,653.70	-	-	1,304,653.70
Interest Received (Note (1))	195,703.12	-	-	195,703.12
Rent and Rates	-	1,303,052.00	-	1,303,052.00
Central Items	-	-	4,075,959.00	4,075,959.00
Total Income (a)	106,907,097.12	1,303,052.00	4,075,959.00	112,286,108.12
Expenditure				
Personal Emoluments	57,747,103.20	-	-	57,747,103.20
Other Charges	46,093,566.60	-	-	46,093,566.60
Rent and Rates	-	1,669,950.00	-	1,669,950.00
Central Items	-	-	3,524,193.44	3,524,193.44
Total Expenditure (b)	103,840,669.80	1,669,950.00	3,524,193.44	109,034,813.24
Surplus / (Deficit) for the Year (a) - (b)	3,066,427.32	(366,898.00)	551,765.56	3,251,294.88
<u>Less</u> : Surplus of Provident Fund	(1,258,382.95)	-	-	(1,258,382.95)
	1,808,044.37	(366,898.00)	551,765.56	1,992,911.93
Surplus / (Deficit) b/f (Note (2))	15,496,149.35	(329,295.00)	-	15,166,854.35
	17,304,193.72	(696,193.00)	551,765.56	17,159,766.28
<u>Add</u> : Backpayment from Government of Rent 2018/2019	-	62,944.00	-	62,944.00
Backpayment from Government of Rate 2018/2019	-	53,922.00	-	53,922.00
Backpayment from Government of Rent 2018/2019	-	223,208.00	-	223,208.00
Backpayment from Government of Rent 2018/2019	-	2,720.00	-	2,720.00
Backpayment from Government of Rent 2018/2019	-	384.00	-	384.00
<u>Less</u> : Claw back to Government of Rate 2018/2019	-	(2,781.00)	-	(2,781.00)
Claw back to Government of Rate 2018/2019	-	(5,128.00)	-	(5,128.00)
Claw back to Government of Rate 2018/2019	-	(2,896.00)	-	(2,896.00)
<u>Adj</u> : Downward adjustments letter on 19/12/2019 under reference (27) in SWD SF/SAS/4-65/104(480)II	(89,300.32)	-	-	(89,300.32)
Training Subsidy Program subvention for 2017/18	-	-	6,075.00	6,075.00
Training Subsidy Program expenditure for 2017/18	-	-	(6,075.00)	(6,075.00)
Surplus c/f (Note (4))	17,214,893.40	(363,820.00)	551,765.56	17,402,838.96

Notes:

- (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 holding account) 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 Dementia Supplement and Infirmary Care Supplement, if any, as per Schedule of Central Items.
- (4) The level of LSG cumulative reserves (i.e. \$), less LSG Reserve kept in the holding account, will be capped at 25% of the NGO's operating expenditure (excluding Provident Fund expenditure) for the year.

Schedule for Central Items
Analysis of Subvention and Expenditure for the Period from April 2019 to Mar 2020

Name of Agency: The Lok Sin Tong Benevolent Society, Kowloon

Unit Code and Name / Remittance Advice No. (Note 7)	Subvented Element	Subvention Released (Note 1)	Actual Expenditure (Note 2)	Surplus (Note 3) (a)	Surplus/(Deficit) b/f (Note 5) (b)	Surplus set off & Claw back (Note 4) (c)	Surplus/(Deficit) c/f (Note 6) (d)=(a)+(b)+(c)
		\$	\$	\$	\$	\$	\$
6351- The Lok Sin Tong Benevolent Society, Kowloon	Dementia Supplement for Elderly with Disabilities						
	Infirmary Care Supplement for the Aged Blind Persons						
	Dementia Supplement for Residential Elderly Services	1,573,453.00	1,573,453.00	-	-	-	-
	Infirmary Care Supplement for Residential Elderly Services	633,003.00	633,003.00	-	-	-	-
	Dementia Supplement for Day Care Centres / Units for the Elderly						
	Foster Care Allowance / Emergency Foster Care Allowance						
	After School Care Programme - Fee Waiving Subsidy Scheme						
	Temporary Financial Aid						
	Emergency Fund						
	Time-defined Subsidy Scheme for Extended Hours Services Users						
	Training Subsidy under Training Scheme for Child Care Supervisors and Special Child Care Workers in Pre-school Rehabilitation Services						
	Short-term Rental Assistance						
	Regularised Programme Assistants (PA) / Care Assistants (CA)	-	-	-	-	-	-
	Overnight On-site-on-call Allowance						
	Neighbourhood Support Child Care Project (NSCCP) - Contract Subsidy						
	NSCCP - Subsidy for Fee Reduction / waiving						
	NSCCP - Subsidy for Incentive Payment						
	NSCCP - Rent and Rates						
	Training Sponsorship Scheme for Master in Occupational Therapy and Physiotherapy programmes						
	Training Subsidy Programme for Children on the Waiting List for Subvented Pre-school Rehabilitation Services	707,123.00	707,123.00	-	-	-	-
	Financial Incentive Scheme for Mentors of Employees with Disabilities						
	Cash Subsidy for Integrated Support Services for Persons with Severe Physical Disabilities						
	Time-defined Subsidy Scheme for Occasional Child Care Service						
	Enhanced After School Care Programme - Fee Waiving Subsidy						
	Navigation Scheme for Young Persons in Care Services - Operating Expenses						
	Navigation Scheme for Young Persons in Care Services - Training Cost						
	Grant under the Pilot Scheme on On-site Pre-school Rehabilitation Services						
	One-off Subsidy for Enhanced Provision of Visiting Medical Officer for						
	Residential Care Homes for the Elderly	-	-	-	-	-	-
	One-off Subsidy for Enhanced Provision of Visiting Medical Practitioner						
	Scheme for Residential Care Homes for the Persons with Disabilities						
	Pilot Scheme on Multi-disciplinary Outreaching Support Teams for the Elderly (MOSTE)						
	Child Care Training for Grand parents						
	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 Agents	447,070.00	6,960.00	440,110.00	-	-	440,110.00
	Special Allowance for Staff of Subvented Residential Service Units in respect of COVID-19	715,310.00	603,654.44	111,655.56	-	-	111,655.56
Total:		4,075,959.00	3,524,193.44	551,765.56	-	-	551,765.56

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. (5) in SWD/S/104/2 Pt. 18 dated 20 July 2018.
 - 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 codes 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

Schedule for Rent and Rates

Analysis of Subvention and Expenditure for the Period from 1.4.2019 to 31.3.2020

Name of Agency: The Lok Sin Tong Benevolent Society, Kowloon

Unit Code and Name	Subvented Element	Subvention Released (Note 1)				Actual Expenditure	Surplus (Note 2)	Deficit (Note 2)
		Current Year	Claw back	Backpayment	Total			
3900 Chu Ting Cheong	Rent (Note 3)	\$ 128,852	\$ -	\$ 53,922	\$ 182,774	\$ 180,000	\$ -	\$ 51,148
	Rates	232,051	-	62,944	294,995	290,500	-	58,449
	Total:	360,903	-	116,866	477,769	470,500	-	109,597
3913 Leung Kau Kui	Rent	890,040	-	223,208	1,113,248	1,153,368	-	263,328
	Rates	19,910	2,781	-	17,129	17,200	2,710	-
	Total:	909,950	2,781	223,208	1,130,377	1,170,568	2,710	263,328
3901 Wan Lap Keung	Rent	6,418	-	2,720	9,138	9,000	-	2,582
	Rates	10,351	5,128	-	5,223	6,750	3,601	-
	Total:	16,769	5,128	2,720	14,361	15,750	3,601	2,582
3902 Chan Lai Jeong Kiu	Rent	2,148	-	384	2,532	2,532	-	384
	Rates	13,282	2,896	-	10,386	10,600	2,682	-
	Total:	15,430	2,896	384	12,918	13,132	2,682	384
Grand Total:		1,303,052	10,805	343,178	1,635,425	1,669,950	8,993	375,891

Note: 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, car park rent, management fee, building maintenance fee and Government Rent.