

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

**Accounts for the year ended 31st March 2014**

**Lau Wah Ching**  
**Certified Public Accountant (Practising)**



LAU WAH CHING  
CERTIFIED PUBLIC ACCOUNTANT  
Rm 6, 16/F, Enterprise Square 3,  
39 Wang Chiu Road, Kowloon Bay, Hong Kong  
Tel.: 98687900 Fax : 26667355

### **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 31<sup>st</sup> March 2014 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 31<sup>st</sup> March 2014:

- (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 31<sup>st</sup> March 2014.

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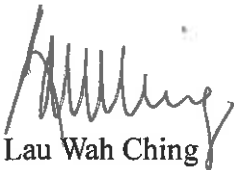
**Principal: Lau Wah Ching,**  
BA, MBA, FCCA, CICPA, CMA, ACMA, CPA(Practising)

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Tel.: 98687900 Fax : 26667355

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  
28 October 2014.

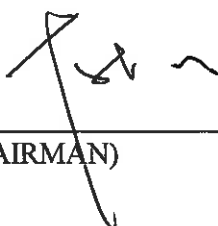
## ANNUAL FINANCIAL REPORT

**NGO: THE ASSOCIATION OF EVANGELICAL FREE CHURCHES OF HONG KONG**

**1 APRIL 2013 TO 31 MARCH 2014**

	Notes	Total 2013_14 \$	Total 2012_13 \$
<b>A. INCOME</b>			
1. Lump Sum Grant			
a. Lump Sum Grant (excluding Provident Fund)	1b	7,897,197.00	7,593,504.00
b. Provident Fund	1c	647,490.00	620,491.00
2. Special One-off Grant		0.00	0.00
3. Fee Income	2	160,992.30	146,282.40
4. Central Items	3	661,921.00	638,193.00
5. Rent and Rates	4	618,176.00	618,176.00
6. Other Income	5	306,723.30	58,576.31
7. Interest Received		127.29	107.60
<b>TOTAL INCOME</b>		<b>10,292,626.89</b>	<b>9,675,330.31</b>
<b>B. EXPENDITURE</b>			
1. Personal Emoluments			
a. Salaries		8,165,163.25	7,422,640.23
b. Provident Fund	1c	562,647.40	493,531.68
c. Allowances		110,160.00	96,356.50
Sub-total	6	8,837,970.65	8,012,528.41
2. Other Charges	7	608,130.82	789,108.29
3. Central Items	3	588,086.86	626,575.77
4. Rent and Rates	4	679,488.00	614,614.80
5. Special One-off Grant Payments	7a	0.00	0.00
<b>TOTAL EXPENDITURE</b>		<b>10,713,676.33</b>	<b>10,042,827.27</b>
<b>C. SURPLUS/(DEFICIT) FOR THE YEAR</b>	8	<b>(421,049.44)</b>	<b>(367,496.96)</b>

SIGNATURES

  
 \_\_\_\_\_  
 (CHAIRMAN)

SIGNATURES

  
 \_\_\_\_\_  
 (DIRECTOR/CHIEF SUPERVISOR  
SOCIAL SERVICE OFFICE)

DATE : 30 OCT 2014

DATE : 28-10-2014

ANNUAL FINANCIAL REPORT  
 NGO : THE ASSOCIATION OF EVANGELICAL FREE CHURCHES OF HONG KONG  
 For the period from 1 April 2013 to 31 March 2014

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 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. 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	129,985.00	517,505.00	647,490.00
Provident Fund Contribution Paid during the year	187,152.75	375,494.65	562,647.40
Surplus/(Deficit)for the Year	(57,167.75)	142,010.35	84,842.60
Add: Surplus/(Deficit)b/f	292,284.21	1,196,449.93	1,488,734.14
Surplus/(Deficit) c/f	<u>235,116.46</u>	<u>1,338,460.28</u>	<u>1,573,576.74</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 have been 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:

<b>a. Income</b>	<b><u>2013-14</u></b> \$	<b><u>2012-13</u></b> \$
Permanent and/or Time-defined Programme Assistants/Care Assistants for Elderly Services and Rehabilitation Medical and Social Services	275,617.00	258,889.00
Programme Work posts extended for 1 year in 2013-2014	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	60,000.00	0.00
Time-defined Subsidy Scheme for Occasional Child Care Service	0.00	53,000.00
Training Subsidy Scheme for Standalone Child Care Centre (CCC), KG-cum-CCC and Residential CCC	0.00	0.00
<b>Total</b>	<b><u>661,921.00</u></b>	<b><u>638,193.00</u></b>

<b>b. Expenditure</b>	<b><u>2013-14</u></b> \$	<b><u>2012-13</u></b> \$
Permanent and/or Time-defined Programme Assistants/Care Assistants for Elderly Services and Rehabilitation Medical and Social Services	258,772.53	286,532.92
Programme Work posts extended for 1 year in 2013-2014	297,458.23	298,092.75
Time-defined Subsidy Scheme for Extended Hours Child Care Services	2,100.00	7,140.00
Training Subsidy under Training Scheme for Child Care Supervisors and Special Child Care Workers in Pre-school Rehabilitation Services	0.00	0.00
Time-defined Subsidy Scheme for Occasional Child Care Service	29,756.10	34,810.10
Training Subsidy Scheme for Standalone Child Care Centre (CCC), KG-cum-CCC and Residential CCC	0.00	0.00
<b>Total</b>	<b><u>588,086.86</u></b>	<b><u>626,575.77</u></b>

#### **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.

## 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:

<u>Analysis of Personal Emoluments</u>	<u>No of Posts</u>	<u>\$</u>
HK\$500,001-HK\$600,000 p.a.		NIL
HK\$600,001-HK\$700,000 p.a.		NIL
HK\$700,001-HK\$800,000 p.a.	1	783,978.00
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>2013-14</u>	<u>2012-13</u>
	<u>\$</u>	<u>\$</u>
(a) Utilities	125,855.82	124,811.23
(b) Food	23,663.25	21,357.33
(c) Administrative Expenses	64,895.00	71,102.93
(d) Stores and Equipment	304,268.15	241,040.16
(e) Repair and Maintenance	44,657.00	192,143.84
(f) Special Allowances	0.00	0.00
(g) Programme Expenses	(33,009.57)	21,297.76
(h) Transportation and Travelling	8,321.60	9,077.60
(i) Insurance	57,014.57	42,757.54
(j) Miscellaneous	12,465.00	65,519.90
Total	<u>608,130.82</u>	<u>789,108.29</u>

## 7a Special One-off Grant Payments

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

	<u>2013-14</u>	<u>2012-13</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	<u>0.00</u>	<u>0.00</u>

ANNUAL FINANCIAL REPORT  
NGO: THE ASSOCIATION OF EVANGELICAL FREE CHURCHES OF HONG KONG

For the period from 1 April 2013 to 31 March 2014

**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	8,544,687.00	-	-		8,544,687.00
Special One-off Grant	-	0.00	-	-	0.00
Fee Income	160,992.30	-	-	-	160,992.30
Other Income	306,723.30	-	-	-	306,723.30
Interest Received (Note (1))	127.29	-	-	-	127.29
Rent and Rates	-	-	618,176.00	-	618,176.00
Central Items	-	-	-	661,921.00	661,921.00
<b>Total Income (a)</b>	<b>9,012,529.89</b>	<b>0.00</b>	<b>618,176.00</b>	<b>661,921.00</b>	<b>10,292,626.89</b>
<b>Expenditure</b>					
Personal Emoluments	8,837,970.65	-	-	-	8,837,970.65
Other Charges	608,130.82	-	-	-	608,130.82
Rent and Rates	-	-	679,488.00	-	679,488.00
Central Items	-	-	-	588,086.86	588,086.86
Special One-off Grant Payments	-	0.00	-	-	0.00
<b>Total Expenditure (b)</b>	<b>9,446,101.47</b>	<b>0.00</b>	<b>679,488.00</b>	<b>588,086.86</b>	<b>10,713,676.33</b>
<b>Surplus/(Deficit) for the Year (a)-(b)</b>	<b>(433,571.58)</b>	<b>0.00</b>	<b>(61,312.00)</b>	<b>73,834.14</b>	<b>(421,049.44)</b>
Less: Surplus/(Deficit) of Provident Fund	84,842.60	-	-	-	84,842.60
	(518,414.18)	0.00	(61,312.00)	73,834.14	(505,892.04)
<b>Surplus/(Deficit) b/f (Note (2))</b>	<b>457,569.87</b>	<b>0.00</b>	<b>2,121.40</b>	<b>260,192.15</b>	<b>719,883.42</b>
	(60,844.31)	0.00	(59,190.60)	334,026.29	213,991.38
Add : Covering the deficit 2013/14 by our Association	60,844.31				60,844.31
<b>Surplus/(Deficit) c/f (Note (4))</b>	<b>0.00</b>	<b>0.00</b>	<b>(59,190.60)</b>	<b>334,026.29</b>	<b>274,835.69</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 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 Programme Assistants, Care Assistants, Dementia Supplement and Infirmity 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.



NGO: THE ASSOCIATION OF EVANGELICAL FREE CHURCHES OF HONG KONG  
For the period from 1 April 2013 to 31 March 2014

9. Analysis of Income and Expenditure by Programme Area and Funding and Service Agreements (including support services)

	INCOME					EXPENDITURE					Total Expenditure (2)	Surplus/ (Deficits) (1)-(2)	Remarks
	L.SG	Fee Income	Central Items	Rent and Rates	Other Income	Total Income (1)	Personal Emoluments	Other Charges	Central Items	Rent and Rates			
#2391 NIEC	4,821,003.59	62,853.00	583,201.00	618,176.00	273.00	6,085,506.59	4,918,573.46	428,750.44	556,230.76	679,488.00	6,583,042.66	(497,536.07)	
<u>Integrated Programme</u>													
#2347 VNS(ICCC)	271,996.66					271,996.66	265,980.00	6,016.66			271,996.66	0.00	
#2348 PNNS(ICCC)	351,709.30					351,709.30	345,400.00	6,309.30			351,709.30	0.00	
#2355 PNNS(ICCC)	309,589.41					309,589.41	303,280.00	6,309.41			309,589.41	0.00	
#2373 TYNS(ICCC)	308,354.30					308,354.30	302,045.00	6,309.30			308,354.30	0.00	
#2392 TYNS(ICCC)	346,089.41					346,089.41	339,780.00	6,309.41			346,089.41	0.00	
#2398 AGNS(ICCC)	272,222.60					272,222.60	265,980.00	6,242.60			272,222.60	0.00	
#7621 AGNS(ICCC)	272,222.60					272,222.60	265,980.00	6,242.60			272,222.60	0.00	
<u>OCCS</u>													
#2346 VNS		55,696.00				55,696.00		55,696.00			55,696.00	0.00	
#7513 AGNS		11,452.90				11,452.90		11,452.90			11,452.90	0.00	
#7514 PNNS		2,422.40				2,422.40		2,422.40			2,422.40	0.00	
#6244 OCCS with family support activities						0.00			29,756.10		29,756.10	(29,756.10)	
<u>ECCS</u>													
#2351 PNNS	83,759.80	28,568.00				112,327.80	109,536.00	2,791.80			112,327.80	0.00	
#2334 ECCS subsidy scheme			18,720.00			18,720.00			2,100.00		2,100.00	16,620.00	
#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			60,000.00			60,000.00					0.00	60,000.00	
Central Administration	860,249.33				306,450.30	1,166,699.63	1,158,768.79	63,278.00			1,222,046.79	(55,347.16)	
Sub-total	7,897,197.00	160,992.30	661,921.00	618,176.00	306,723.30	9,645,009.60	8,275,323.25	608,130.82	588,086.86	679,488.00	10,151,028.93	(506,019.33)	
SOG	-	-	-	-	-	0.00	-	-	-	-	-	0.00	
Interest Received	-	-	-	-	-	127.29	-	-	-	-	-	127.29	
Total	7,897,197.00	160,992.30	661,921.00	618,176.00	306,723.30	9,645,136.89	8,275,323.25	608,130.82	588,086.86	679,488.00	10,151,028.93	(505,892.04)	

**Schedule for Central Items**  
**Analysis of Subvention and Expenditure for the Period from 1st April 2013 to 31st March 2014**

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.
	Infirmity Care Supplement for the Aged Blind Persons							N.A.	N.A.
	Dementia Supplement for Residential Elderly Services							N.A.	N.A.
	Infirmity Care Supplement for Residential Elderly Services							N.A.	N.A.
	Dementia Supplement for Day Care Centre/ Units for the Elderly							N.A.	N.A.
	Foster Care Allowance/Emergency Foster Care Allowance							N.A.	N.A.
	After School Care Programme							N.A.	N.A.
	Programme Assistants/Care Assistant (permanent)-Rehabilitation Medical and social Services							N.A.	N.A.
	Temporary Financial Aid							N.A.	N.A.
	Emergency Fund							N.A.	N.A.
	Visiting Medical Practitioner Scheme							N.A.	N.A.
	Regularized Programme Assistants (PA)/ Care Assistants (CA)							N.A.	N.A.
	Subsidy under the Home Environment Improvement Scheme for the Elderly							N.A.	N.A.
	Overnight On-site-on-call Allowance							N.A.	N.A.
	Neighbourhood Support Child Care Project (NSCCP)-Contract Subsidy							N.A.	N.A.
	NSCCP-Subsidy for Fee Reduction/Waiving							N.A.	N.A.
	Financial Incentive Scheme for Mentors of Employees with Disabilities							N.A.	N.A.
	Cluster-based Foster Home Pool							N.A.	N.A.
#204S CA & PA for Elderly	Programme Assistants/Care Assistant (Permanent) - Elderly Services	275,617.00	258,772.53	16,844.47				0.00	16,844.47
#204P PW for Elderly	Programme Work Post extended for one year in 2013-2014	307,584.00	297,458.23	10,125.77				9,491.25	19,617.02
#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	2,100.00	16,620.00				16,620.00	33,240.00
#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	60,000.00		60,000.00				78,694.00	138,694.00
#6345 Subsidy Scheme for OCCS	Time-defined Subsidy Scheme for Occasional Child Care Service		29,756.10		29,756.10			18,189.90	(11,566.20)
#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
<b>TOTAL:</b>		<b>661,921.00</b>	<b>588,086.86</b>	<b>103,590.24</b>	<b>29,756.10</b>	<b>0.00</b>	<b>0.00</b>	<b>260,192.15</b>	<b>334,026.29</b>

Note:

- 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.(16) in SWD/S/104/2 Pt. 12 dated 17 July 2013.
  - 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 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 code and name are extracted from the payroll from SWD.

**Schedule for Rent and Rates**  
**Analysis of Subvention and Expenditure for the period from 1st April 2013 to 31st March 2014**

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	584,388.00		54,922.00
	Rates	88,710.00	95,100.00		6,390.00
	Total:	618,176.00	679,488.00	0.00	61,312.00
	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	679,488.00	0.00	61,312.00

**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.

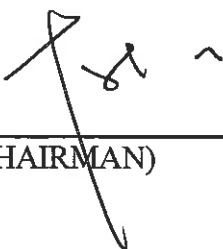
**Schedule for Investment  
Analysis of Investment as at 31 March 2014**

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

	2013_14 \$	2012_13 \$
<b><u>LSG Reserve as at 31 March</u></b>	0.00	457,569.87
 <b>Represented by :</b>		
<b>Investments</b>		
a. HKD Bank Account Balances	0.00	457,569.87
b. HKD 24-hour Call Deposits	-	-
c. HKD Fixed Deposits	-	-
d. HKD Certificate of Deposits	-	-
e. HKD Bonds (see appendix for breakdown)	-	-
	0.00	457,569.87

Note : The investments should be reported at historical cost.

**Confirmed by : -**

  
 \_\_\_\_\_  
 (CHAIRMAN)

  
 \_\_\_\_\_  
 (DIRECTOR/CHIEF SUPERVISOR  
SOCIAL SERVICE OFFICE)

DATE : 30 OCT 2014

DATE : 28-10-2014