

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

**Accounts for the year ended 31st March 2009**

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



LAU WAH CHING  
CERTIFIED PUBLIC ACCOUNTANT  
Unit 9, 31/F., China Merchant Tower,  
168 Connaught Road Centre, 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 2009 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 2009:

- (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 2009.

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

EFCC-2009



LAU WAH CHING  
CERTIFIED PUBLIC ACCOUNTANT  
Unit 9, 31/F., China Merchant Tower,  
168 Connaught Road Centre, Hong Kong  
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.

A handwritten signature in black ink, appearing to read 'Lau Wah Ching'.

Lau Wah Ching  
Certified Public Accountant (Practising)  
Practising Certificate No. P1217

Hong Kong  
27 October 2009.

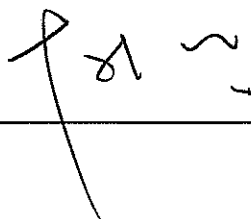
## ANNUAL FINANCIAL REPORT

NGO: THE ASSOCIATION OF EVANGELICAL FREE CHURCHES OF HONG KONG1 APRIL 2008 TO 31 MARCH 2009

	Notes	Total 2008_09 \$	Total 2007_08 \$	Remarks
<b>A. INCOME</b>				
1. Lump Sum Grant				
a. LSG(excluding Provident Fund)	1a	7,227,340.00	5,943,653.00	
b. Provident Fund	1b	670,221.00	663,952.00	
2. Special One-off Grant	1c	157,087.50	3,317,308.00	
3. Fee Income	2	148,966.20	125,395.80	
4. Central Items	3	669,706.00	213,362.00	
5. Rent and Rates	4	1,005,818.80	1,014,688.05	
6. Other Income	5	40,814.01	1,294.00	
7. Interest Received		3,579.17	28,102.44	
<b>TOTAL INCOME</b>		<u>9,923,532.68</u>	<u>11,307,755.29</u>	
<b>B. EXPENDITURE</b>				
1. Personal Emoluments	6			
a. Salaries		6,160,543.11	8,342,713.77	
b. Provident Fund	1b	474,591.66	446,650.04	
c. Allowances for ICCG		135,836.67	164,184.89	
2. Other Charges	7	566,948.54	472,522.58	
3. Central Items	3	613,128.63	206,229.99	
4. Rent and Rates	4	966,758.80	989,765.55	
<b>TOTAL EXPENDITURE</b>		<u>8,917,807.41</u>	<u>10,622,066.82</u>	
<b>C. SURPLUS/(DEFICIT) FOR THE YEAR</b>				
	8	<u>1,005,725.27</u>	<u>685,688.47</u>	

SIGNATURES

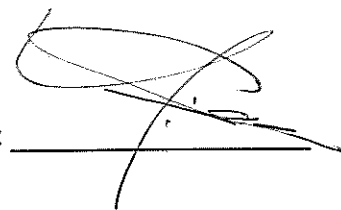
CHAIRMAN:



DATE

: 27 OCT 2009

CHIEF EXECUTIVE:



DATE

: 27 OCT 2009

ANNUAL FINANCIAL REPORT  
 NGO : THE ASSOCIATION OF EVANGELICAL FREE CHURCHES OF HONG KONG  
 For the period from 1 April 2008 to 31 March 2009

NOTES ON THE ANNUAL FINANCIAL REPORT

**1 Lump Sum Grant** This represents Lump Sum Grant (excluding Provident Fund) received for the year.

**a Lump Sum Grant (excluding Provident Fund)**

**b Provident Fund** This is Provident Fund received and contributed during the year. Details are analysed below:

<u>Provident Fund Contribution</u>	<u>Existing Staff</u>	<u>6.8% Posts</u>	<u>Total</u>
	\$	\$	\$
Subvention Received	330,832.00	339,389.00	670,221.00
Provident Fund Contribution Paid during the year	284,562.60	190,029.06	474,591.66
Surplus/(Deficit)for the Year	46,269.40	149,359.94	195,629.34
Add: Surplus/(Deficit)b/f	204,306.04	408,392.68	612,698.72
Surplus/(Deficit) c/f	<u>250,575.44</u>	<u>557,752.62</u>	<u>808,328.06</u>

**c Special One-off Grant** Return of unspent SOG by 2 resigned staff members.

**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.

**3 Central Items** These are subvented service activities which are not included in Lump Sum Grant and are subject to their own procedures as set out in other SWD's papers and correspondence with the Agency.

	<u>2008 09</u>	<u>2007 08</u>
<u>a. Income</u>	<u>£</u>	<u>£</u>
Dementia Supplement for Elderly with Disabilities	-	-
Infirmiry Care Supplement for the Aged Blind Person	-	-
Dementia Supplement for Residential Elderly Services	-	-
Infirmiry Care Supplement for Residential Elderly Services	-	-
Training subsidy Scheme	88,760.00	-
Training Subsidy-CCS/SCCW in Pre-School	60,000.00	-
Care Assistants & Programme assistants	194,642.00	194,642.00
Subsidy Scheme-ECCS	18,720.00	18,720.00
Programme worker	307,584.00	0.00
Foster Care Allowance	-	-
<b>Total</b>	<b>669,706.00</b>	<b>213,362.00</b>

<b><u>b. Expenditure</u></b>		
Dementia Supplement for Elderly with Disabilities	-	-
Infirmiry Care Supplement for the Aged Blind Person	-	-
Dementia Supplement for Residential Elderly Services	-	-
Infirmiry Care Supplement for Residential Elderly Services	-	-
Training subsidy Scheme	62,050.00	-
Training Subsidy-CCS/SCCW in Pre-School	53,220.00	-
Care Assistants & Programme assistants	201,856.63	196,827.99
Subsidy Scheme-ECCS	18,802.00	9,402.00
Programme worker	277,200.00	0.00
Foster Care Allowance	-	-
<b>Total</b>	<b>613,128.63</b>	<b>206,229.99</b>

#### 4 Rent and Rates

This represents the amount paid by Social Welfare Department.

#### 5 Other Income

These include all donations and income other than recognised social welfare fee income received during the year.

**6 Personal Emoluments**

Personal Emoluments include salary, provident fund, salary-related allowances and one-off incentives funded by SOG

Analysis of Personal Emoluments

	<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.		NIL
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**

	<u>2008-09</u>	<u>2007-08</u>
	<u>\$</u>	<u>\$</u>
<u>Other Charges</u>		
(a) Utilities	106,912.95	94,642.05
(b) Food	24,164.15	17,839.80
(c) Administrative Expenses	53,977.16	45,073.13
(d) Stores and Equipment	134,415.91	100,731.66
(e) Repair and Maintenance	123,542.40	127,393.70
(f) Special Allowances	0.00	0.00
(g) Programme Expenses	90,569.05	52,813.21
(h) Transportation and Travelling	10,342.70	7,779.30
(i) Insurance	11,577.72	9,969.73
(j) Voluntary Retirement Scheme	0.00	0.00
(k) Compensation Scheme	0.00	0.00
(l) Staff Training and Development	9,261.50	13,810.00
(m) Other Staff-related Initiatives	0.00	0.00
(n) Miscellaneous	2,185.00	2,470.00
Total	<u>566,948.54</u>	<u>472,522.58</u>

**ANNUAL FINANCIAL REPORT**  
**NGO: THE ASSOCIATION OF EVANGELICAL FREE CHURCHES OF HONG KONG**  
For the period from 1 April 2008 to 31 March 2009

**NOTES ON THE ANNUAL FINANCIAL REPORT**

**8. Analysis of Reserve Fund**

	Analysis of Reserve Fund						
	Lump Sum Grant (LSG)	Special One-off Grant (SOG)	Interest Received	Sub-total LSG, SOG & Interest Received	Rent and Rates	Central Items	Total
	\$		\$		\$	\$	\$
<b>Income</b>							
Lump Sum Grant	7,897,561.00	-	-	7,897,561.00	-	-	7,897,561.00
Special One-off Grant	-	157,087.50	-	157,087.50	-	-	157,087.50
Fee Income	148,966.20	-	-	148,966.20	-	-	148,966.20
Other Income	40,814.01	-	-	40,814.01	-	-	40,814.01
Interest Received	-	-	3,579.17	3,579.17	-	-	3,579.17
Rent and Rates	-	-	-	0.00	1,005,818.80	-	1,005,818.80
Central Items	-	-	-	0.00	-	669,706.00	669,706.00
<b>Total Income</b>	(a) 8,087,341.21	157,087.50	3,579.17	8,248,007.88	1,005,818.80	669,706.00	9,923,532.68
<b>Expenditure</b>							
Personal Emoluments	6,770,971.44	-	-	6,770,971.44	-	-	6,770,971.44
Other Charges	566,948.54	-	-	566,948.54	-	-	566,948.54
Rent and Rates	-	-	-	-	966,758.80	-	966,758.80
Central Items	-	-	-	-	-	613,128.63	613,128.63
<b>Total Expenditure</b>	(b) 7,337,919.98	0.00	0.00	7,337,919.98	966,758.80	613,128.63	8,917,807.41
Surplus/(Deficit) for the Year (a)-(b)	749,421.23	157,087.50	3,579.17	910,087.90	39,060.00	56,577.37	1,005,725.27
Less: Surplus/(Deficit) of Provident Fund	195,629.34	-	-	195,629.34	-	-	195,629.34
Surplus/(Deficit) for the year	553,791.89	157,087.50	3,579.17	714,458.56	39,060.00	56,577.37	810,095.93
Surplus/(Deficit) b/f	309,834.73	215,908.00	47,852.63	573,595.36	24,941.50	28,083.07	626,619.93
	863,626.62	372,995.50	51,431.80	1,288,053.92	64,001.50	84,660.44	1,436,715.86
Less : Transfer from LSG Reserve to cover the salary adjustment for Programme Assistants (Note 1)	(7,214.63)			(7,214.63)		7,214.63	0.00
Less : Refund to Government for rent & rates 2006-2007 (72)SF/9/3XXXIV				0.00	(16.00)		(16.00)
Less : Refund to Government for rates 2007-2008 (57)SF/9/3XXXV				0.00	(27,382.50)		(27,382.50)
<b>Surplus/(Deficit) c/f</b>	856,411.99	372,995.50	51,431.80	1,280,839.29	36,603.00	91,875.07	1,409,317.36

Notes : (1) Amount of LSG Reserve used to cover the salary adjustment for Programme Assistants, Care Assistants, Dementia Supplement and Infirmary Care Supplement, if any, as per Annex 1(a).

(2) The level of cumulative reserves (i.e. S + T) 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 2008 to 31 March 2009  
NOTES ON THE ANNUAL FINANCIAL REPORT

	9. Analysis of Income and Expenditure by Programme Area and Funding and Service Agreements (including support services)										Surplus/ (Deficits) (1)-(2)	Remarks	
	INCOME					EXPENDITURE							
	LSG	Fee Income	Central Items	Rent and Rates	Other Income	Total Income (1)	Personal Emoluments	Other Charges	Central Items	Rent and Rates			Total Expenditure (2)
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$		
#2391 NEC	4,001,825.28	46,486.00	502,226.00	595,858.00	443.92	5,146,839.20	3,121,212.59	373,750.72	479,056.63	556,798.00	4,530,817.94	616,021.26	
<u>Rent/Rates</u>													
#6486 HFBCBCHDC				128,800.80		128,800.80				128,800.80	128,800.80	0.00	
#9039 HFCEC				93,240.00		93,240.00				93,240.00	93,240.00	0.00	
#9922 CFCNFSC				187,920.00		187,920.00				187,920.00	187,920.00	0.00	
<u>Integrated Programme</u>													
#2347 VNS(ICCC)	243,171.62					243,171.62	238,020.00	5,151.62			243,171.62	0.00	
#2348 PNNS(ICCC)	243,285.73					243,285.73	234,220.00	9,065.73			243,285.73	0.00	
#2353 SSMNS(ICCC)	220,628.34					220,628.34	215,476.72	5,151.62			220,628.34	0.00	
#2355 PNNS(ICCC)	217,219.10					217,219.10	208,153.36	9,065.74			217,219.10	0.00	
#2373 TYNS(ICCC)	201,371.08					201,371.08	196,245.00	5,126.08			201,371.08	0.00	
#2392 TYNS(ICCC)	236,496.09					236,496.09	231,370.00	5,126.09			236,496.09	0.00	
#2398 AGNS(ICCC)	190,966.58					190,966.58	185,840.00	5,126.58			190,966.58	0.00	
#7210 SSMNS(ICCC)	233,254.14					233,254.14	228,102.51	5,151.63			233,254.14	0.00	
#7621 AGNS(ICCC)	259,326.59					259,326.59	254,200.00	5,126.59			259,326.59	0.00	
<u>OCCS</u>													
#2346 VNS		32,707.20				32,707.20				32,707.20	32,707.20	0.00	
#7513 AGNS		19,347.40				19,347.40				19,347.40	19,347.40	0.00	
#7514 PNNS		18,745.60				18,745.60				18,745.60	18,745.60	0.00	
#7791 SSMNS		4,128.00				4,128.00				4,128.00	4,128.00	0.00	
<u>ECCS</u>													
#2351 PNNS		27,552.00				27,552.00				27,552.00	27,552.00	0.00	
#2354 ECCS subsidy scheme			18,720.00			18,720.00			18,802.00		18,802.00	(82.00)	
#6913 Training subsidy scheme				88,760.00		88,760.00				88,760.00	88,760.00	0.00	
#6041 Training subsidy -CCS/SCCW				60,000.00		60,000.00				60,000.00	60,000.00	0.00	
Central Administration	1,074,608.64				40,370.09	1,114,978.73	1,054,860.00	60,118.73			1,114,978.73	0.00	
Sub-total	7,227,340.00	148,966.20	669,706.00	1,005,818.80	40,814.01	9,092,645.01	6,296,379.78	566,948.54	613,128.63	966,758.80	8,443,215.75	649,429.26	
SOG						157,087.50					157,087.50	0.00	
Interest Received						3,579.17					3,579.17	0.00	
<b>Total</b>	<b>7,227,340.00</b>	<b>148,966.20</b>	<b>669,706.00</b>	<b>1,005,818.80</b>	<b>40,814.01</b>	<b>9,253,311.68</b>	<b>6,296,379.78</b>	<b>566,948.54</b>	<b>613,128.63</b>	<b>966,758.80</b>	<b>8,443,215.75</b>	<b>810,095.93</b>	

**Schedule for Central Items**  
**Analysis of Subvention and Expenditure for the Period from 1st April 2008 to 31st March 2009**

Name of Agency : THE ASSOCIATION OF EVANGELICAL FREE CHURCHES OF HONG KONG

Unit Code and Name (Note 6)	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							N.A.	N.A.
	Infirmity Care Supplement for Residential Elderly							N.A.	N.A.
	Foster Care Allowance/ Emergency Foster Care Allowance							N.A.	N.A.
	After School Care Prog.							N.A.	N.A.
	PAs/Care Assistant(Per.) - Elderly Services							N.A.	N.A.
	PAs/Care Assistant(Per.) - Rehabilitation MSS							N.A.	N.A.
	PAs/Care Ass.(Time-limited) -Family & Child Services							N.A.	N.A.
	PAs/Care Ass.(Time-limited) -Rehabilitation & MSS							N.A.	N.A.
	PAs/Care Ass.(Time-limited) -Service for Offenders							N.A.	N.A.
	PAs/Care Ass.(Time-limited) -Community Development							N.A.	N.A.
#204S CA & PA for Elderly	PAs/Care Ass.(Time-limited) -Elderly Services	194,642.00	201,856.63		7,214.63	7,214.63	0.00	0.00	0.00
#204P PW for elderly	PW.(Time-limited) -Elderly Services	307,584.00	277,200.00	30,384.00				0.00	30,384.00
#6913 Training subsidy scheme	Four-year (T/D) Training Subsidy Scheme	88,760.00	62,050.00	26,710.00				0.00	26,710.00
#6041 Training subsidy-CCS/SCCW	Training Subsidy-CCS/SCCW in Pre School Rehabilitation Service	60,000.00	53,220.00	6,780.00				0.00	6,780.00
#2334 Subsidy Scheme for ECCS	Three-year (T/D) Subsidy Scheme- Extended Hours Child Care Service	18,720.00	18,802.00		82.00			28,083.07	28,001.07
<b>TOTAL:</b>		<b>669,706.00</b>	<b>613,128.63</b>	<b>63,874.00</b>	<b>7,296.63</b>	<b>7,214.63</b>	<b>0.00</b>	<b>28,083.07</b>	<b>91,875.07</b>

## Note:

- The figures for the whole financial year can be 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 can be transferred to Lump Sum Grant Reserve as stated in our letter ref.(23) in SWD/S/101/2 Pt. 4 dated 16 July 2008
  - Dementia Supplement for the Aged Blind Persons
  - Infirmity Care Supplement for the Aged Blind Persons
  - Dementia Supplement for Residential Elderly Services
  - Infirmity Care Supplement for Residential Elderly Services
  - Programme Assistants (PA) / Care Assistants (CA) allocated vide our letter ref. (17) in SWD/S/203/1 Pt.8 dated 17 March 2007
- "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 codes and names assigned by SWD should be filled, if available.
- As the above schedule may not be exhaustive in content, any relevant details in respect of central items released and/or expended during the year may also be included, where appropriate.

**Schedule for Rent and Rates**  
**Analysis of Subvention and Expenditure for the period from 1st April 2008 to 31st March 2009**

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	520,938.00	523,398.00	0.00	2,460.00
	Rates	74,920.00	33,400.00	41,520.00	0.00
	Total:	595,858.00	556,798.00	41,520.00	2,460.00
8486 Hong Fook Church Bradbury Community Health Development Centre	Rent	128,800.80	128,800.80	0.00	0.00
	Rates	0.00	0.00	0.00	0.00
	Total:	128,800.80	128,800.80	0.00	0.00
9039 Hong Fook Church Elderly Centre	Rent	93,240.00	93,240.00	0.00	0.00
	Rates	0.00	0.00	0.00	0.00
	Total:	93,240.00	93,240.00	0.00	0.00
9922 Choi Fook Church Neighbourhood Family Service Centre	Rent	187,920.00	187,920.00	0.00	0.00
	Rates	0.00	0.00	0.00	0.00
	Total:	187,920.00	187,920.00	0.00	0.00
Grand Total:		1,005,818.80	966,758.80	41,520.00	2,460.00

**Notes:**

- The figures are to be extracted from the payroll for March plus subvention released in late March of the financial year.
- Surplus/Deficit for each element represents the difference between subvention released and actual expenditure.
- Rent includes all kinds of rent such as PHE rental, private rental, carpark rent, management fee, building maintenance fee and Government Rent.

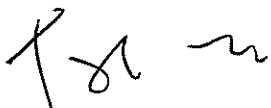
**Schedule for Investment  
Analysis of Investment as at 31 March 2009**

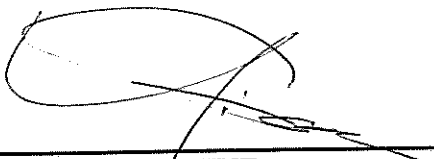
Agency : THE ASSOCIATION OF EVANGELICAL FREE CHURCHES OF HONG KONG

	2008_09 \$	2007_08 \$
<b><u>LSG Reserve as at 31 March 2009</u></b>	<u>907,843.79</u>	<u>357,687.36</u>
<b>Represented by :</b>		
<b>Investments</b>		
a. HKD Bank Account Balance	907,843.79	357,687.36
b. HKD 24-hour Call Deposits	-	-
c. HKD Fixed Deposits	-	-
d. HKD Certificate of Deposits	-	-
e. HKD Bonds (see appendix for breakdown)	-	-
	<u>907,843.79</u>	<u>357,687.36</u>

Note : The investments should be reported at historical cost.

**Confirmed by : -**

  
\_\_\_\_\_  
CHAIRMAN  
DATE : 27 OCT 2009

  
\_\_\_\_\_  
CHIEF EXECUTIVE  
DATE : 27 OCT 2009