

CHRISTIAN & MISSIONARY ALLIANCE CHURCH
UNION HONG KONG LIMITED
- C & M A SOCIAL SERVICES

基督教宣道會香港區聯會有限公司
宣道會社會服務處

ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED 31 MARCH, 2017

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范 陳 會 計 師 行
FAN, CHAN & CO.
CERTIFIED PUBLIC ACCOUNTANTS
HONG KONG

REVIEW REPORT ON
THE ANNUAL FINANCIAL REPORT
TO THE BOARD OF DIRECTORS OF CHRISTIAN & MISSIONARY ALLIANCE CHURCH UNION
HONG KONG LIMITED
基督教宣道會香港區聯會有限公司

We have audited the financial statements of Christian and Missionary Alliance Church Union Hong Kong Limited - C & M A Social Services ("the Organization") for the year ended 31 March, 2017 and have issued an unqualified auditor's report thereon dated 27 October, 2017.

We conducted our review of the attached Annual Financial Report on pages 2 to 8 of the Organization 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 Organization, on which the above audited financial statements of the Organization 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 Organization 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 Organization; and
- b. no matters have come to our attention during the course of our review, which cause us to believe that the Organization 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 Provident Fund arrangements for 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.



Fan, Chan & Co.
Certified Public Accountants
Hong Kong, 27 October, 2017

ANNUAL FINANCIAL REPORT
CHRISTIAN & MISSIONARY ALLIANCE CHURCH UNION HONG KONG LIMITED
FOR THE PERIOD FROM 1 APRIL 2016 TO 31 MARCH 2017

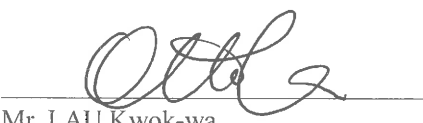
	Notes	Total 2016-17 \$	Total 2015-16 \$	Remarks
A. INCOME				
1. Lump Sum Grant				
a. Lump Sum Grant (excluding Provident Fund)	1b	16,539,995.00	15,688,875.00	
b. Provident Fund	1c	1,397,126.00	1,331,053.00	
2. Special One-off Grant		-	-	
3. Fee Income	2	305,772.10	267,443.10	
4. Central Items	3	519,815.00	490,406.00	
5. Rent and Rates	4	688,964.00	645,765.00	
6. Other Income	5	45,702.07	7,197.53	
7. Interest Received		987.53	283.35	
TOTAL INCOME		<u>19,498,361.70</u>	<u>18,431,022.98</u>	
B. EXPENDITURE				
1. Personal Emoluments				
a. Salaries		15,265,436.49	14,709,365.10	
b. Provident Fund	1c	1,129,232.95	1,065,708.77	
c. Allowances		-	6,900.00	
Sub-total	6	<u>16,394,669.44</u>	<u>15,781,973.87</u>	
2. Other Charges	7	1,325,599.67	1,067,463.82	
3. Central Items	3	477,836.50	436,193.80	
4. Rent and Rates	4	701,556.63	650,647.89	
5. Special One-off Grant Payments	7a	-	-	
TOTAL EXPENDITURE		<u>18,899,662.24</u>	<u>17,936,279.38</u>	
C. SURPLUS/(DEFICIT) FOR THE YEAR	8	<u>598,699.46</u>	<u>494,743.60</u>	

The Annual Financial Report from page 1 to 8 has been prepared in accordance with the requirements as set out in the Lump Sum Grant Manual.

SIGNATURE

SIGNATURE


 Rev. Cheung Koon Wan Gordon
 Chairman
 Date : 27 October, 2017


 Mr. LAU Kwok-wa
 General Secretary for Social Services
 Date : 27 October, 2017

ANNUAL FINANCIAL REPORT
CHRISTIAN & MISSIONARY ALLIANCE CHURCH UNION HONG KONG LIMITED
NOTES ON THE ANNUAL FINANCIAL REPORT
FOR THE PERIOD FROM 1 APRIL 2016 TO 31 MARCH 2017

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 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 should be shown under 3. Details are analysed below :

<u>Provident Fund Contribution</u>	6.8% and		<u>Total</u>
	<u>Snapshot Staff</u>	<u>Other Posts</u>	
	\$	\$	\$
Subvention Received	380,270.00	1,016,856.00	1,397,126.00
Provident Fund Contribution Paid during the Year	(377,055.00)	(752,177.95)	(1,129,232.95)
	-----	-----	-----
Surplus/ (Deficit) for the Year	3,215.00	264,678.05	267,893.05
Add : Surplus/(Deficit) b/f	10,041.70	2,921,326.68	2,931,368.38
Overpayment of Provident Fund subvention to be recovered (SWD ref.: (18) in SWD SF/SAS/4-65/31(148)II	777.00	(777.00)	0.00
Additional subvention received for previous year(s)	-	-	-
Less: Refund to Government	4,873.00	-	4,873.00
	-----	-----	-----
Surplus/(Deficit) c/f	9,160.70	3,185,227.73	3,194,388.43
	=====	=====	=====

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)).

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 CHRISTIAN & MISSIONARY ALLIANCE CHURCH UNION HONG KONG LIMITED
 NOTES ON THE ANNUAL FINANCIAL REPORT
 FOR THE PERIOD FROM 1 APRIL 2016 TO 31 MARCH 2017

3. Central items (continued)

The income and expenditure of each of Central items are as follows:

	2016-17	2015-16
	\$	\$
a. Income		
After School Care Programme	408,750.00	399,000.00
Time-defined Subsidy Scheme for Extended Hours Service Users	27,165.00	22,506.00
Training Subsidy under Training Scheme for Child Care Supervisors and Special Child Care Workers in Pre-school Rehabilitation Services	15,000.00	-
Time-defined Subsidy Scheme for Occasional Child Care Service	68,900.00	68,900.00
Total	519,815.00	490,406.00
b. Expenditure		
After School Care Programme	413,151.50	393,811.00
Time-defined Subsidy Scheme for Extended Hours Service Users	19,448.00	16,320.00
Training Subsidy under Training Scheme for Child Care Supervisors and Special Child Care Workers in Pre-school Rehabilitation Services	41,045.00	22,050.00
Time-defined Subsidy Scheme for Occasional Child Care Service	4,192.00	4,012.80
Total	477,836.50	436,193.80

4. Rent and Rates This represents the amount paid by the 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 include programme income and all income other than recognised social welfare fee income received during the year. Non-SWD subventions and donation received have not been included as Other Income in AFR. In the 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:

	2016-17	2015-16
	\$	\$
Other Income		
(a) Fees and charges for services incidental to the operation of subvented services	-	-
(b) Others	45,702.07	7,197.53
	45,702.07	7,197.53

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CHRISTIAN & MISSIONARY ALLIANCE CHURCH UNION HONG KONG LIMITED
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- 6. Personal Emoluments** Personal Emoluments include salary, provident fund, salary-related allowances.
The analysis on number of posts with annual Personal Emoluments over \$700,000 each paid under LSG is appended below:

<u>Analysis of Personal Emoluments paid under LSG</u>	<u>No. of Posts</u>	<u>\$</u>
HK\$700,001 - HK\$800,000 p.a.	-	-
HK\$800,001 - HK\$900,000 p.a.	-	-
HK\$900,001 - HK\$1,000,000 p.a.	-	-
HK\$1,00,001 - HK\$1,100,000 p.a.	1	1,019,403.00
HK\$1,100,001 - HK\$1,200,000 p.a.	-	-
>HK1,200,000 p.a.	-	-

7. Other Charges

The breakdown on Other Charges is as follows:

	2016-17	2015-16
Other Charges	<u>\$</u>	<u>\$</u>
(a) Utilities	213,435.79	226,882.90
(b) Food	7,771.50	7,822.00
(c) Administrative Expenses	170,087.29	162,260.21
(d) Stores and Equipment	399,105.66	292,528.49
(e) Repair and Maintenance	175,335.83	161,889.63
(f) Special Allowances	-	-
(g) Programme Expenses	140,823.98	91,025.18
(h) Transportation and Travelling	29,653.50	29,586.96
(i) Insurance	180,032.62	87,018.40
(j) Miscellaneous	9,353.50	8,450.05
Total	<u>1,325,599.67</u>	<u>1,067,463.82</u>

7a. Special One-off Grant Payments

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

	2016-17	2015-16
Special one-off Grant Payments	<u>\$</u>	<u>\$</u>
(a) Voluntary Retirement Scheme	-	-
(b) Compensation Scheme	-	-
(c) Staff Training and development	-	-
(d) Other Staff-related Initiatives (Salary increment and/or PE above mid-points)	-	-
	<u>-</u>	<u>-</u>

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NOTES ON THE ANNUAL FINANCIAL REPORT
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8. Analysis of Lump Sum Grant Reserve and balances of other SWD Subventions

	Analysis of Reserve Fund				
	Lump Sum Grant (LSG)	Special One-off Grant (SOG)	Rent and Rates	Central Items	Total
Income					
Lump Sum Grant	17,937,121.00	-	-	-	17,937,121.00
Special One-off Grant	-	-	-	-	-
Fee Income	305,772.10	-	-	-	305,772.10
Other Income	45,702.07	-	-	-	45,702.07
Interest Received (Note (1))	987.53	-	-	-	987.53
Rent and Rates	-	-	688,964.00	-	688,964.00
Central Items	-	-	-	519,815.00	519,815.00
Total Income (a)	18,289,582.70	-	688,964.00	519,815.00	19,498,361.70
Expenditure					
Personal Emoluments	16,394,669.44	-	-	-	16,394,669.44
Other Charges	1,325,599.67	-	-	-	1,325,599.67
Rent and Rates	-	-	701,556.63	-	701,556.63
Central Items	-	-	-	477,836.50	477,836.50
Special One-off Grant Payments	-	-	-	-	-
Total Expenditure (b)	17,720,269.11	-	701,556.63	477,836.50	18,899,662.24
Surplus/(Deficit) for the Year (a) - (b)	569,313.59	-	(12,592.63)	41,978.50	598,699.46
Less : Surplus/(Deficit) of Provident Fund	267,893.05	-	-	-	267,893.05
	301,420.54	-	(12,592.63)	41,978.50	330,806.41
Surplus/(Deficit) b/f (Note (2))	6,142,190.94	-	(8,381.81)	333,093.20	6,466,902.33
Less : Refund to Government	-	-	-	1,401.00	1,401.00
Transfer from LSG Reserve to cover the salary adjustment for Dementia Supplement and Infirmary Care Supplementary(Note (3))	-	-	-	-	-
Surplus/(Deficit) c/f (Note 4)	6,443,611.48	-	(20,974.44)	373,670.70	6,796,307.74

Notes:

- (1) Interest received on LSG and Provident Fund reserves, rent and rates, central items, Special One-off Grant are included as one item under LSG; and the item is considered as part of LSG reserve.
- (2) Accumulated balance of Lump Sum Grant 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. S), less LSG Reserve kept in the holding account, will be capped at 25% of the NGO's operating expenditure (excluding PF expenditure) for the year.

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CHRISTIAN & MISSIONARY ALLIANCE CHURCH UNION HONG KONG LIMITED
NOTES ON THE ANNUAL FINANCIAL REPORT
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9. Schedule for Rent and Rates
Analysis of Subvention and Expenditure

Unit Code and Name	Subvented Element	Subvention Released (Note 1)	Actual Expenditure	Surplus (Note 2)	Deficit (Note 2)
		\$	\$	\$	\$
1986 - Central Administration Office	Rent (Note 3)	3,605.00	15,312.63	-	11,707.63
	Rates	4,911.00	3,008.00	1,903.00	-
	Less: Rates concession	-	-	-	-
	Total	8,516.00	18,320.63	1,903.00	11,707.63
1986 - Central Administration Office (2015/16 Backpayment)	Rent	8,780.00	-	8,780.00	-
	Rates	-	-	-	-
	Government Rent	-	-	-	-
	Less: Rates concession	-	-	-	-
Total	8,780.00	-	8,780.00	-	
2012 - Neighbourhood Elderly Centre (Re-engineering)	Rent	589,248.00	594,288.00	-	5,040.00
	Rates	75,976.00	82,180.00	-	6,204.00
	Government Rent	6,444.00	6,768.00	-	324.00
	Less: Rates concession	-	-	-	-
Total	671,668.00	683,236.00	-	11,568.00	
	Rent	-	-	-	-
	Rates	-	-	-	-
	Government Rent	-	-	-	-
	Less: Rates concession	-	-	-	-
	Total	-	-	-	-
	Rent	-	-	-	-
	Rates	-	-	-	-
	Government Rent	-	-	-	-
	Less: Rates concession	-	-	-	-
	Total	-	-	-	-
	Grand Total	688,964.00	701,556.63	10,683.00	23,275.63

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, carpark rent, management fee, building maintenance fee , and Government Rent.

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CHRISTIAN & MISSIONARY ALLIANCE CHURCH UNION HONG KONG LIMITED
NOTES ON THE ANNUAL FINANCIAL REPORT
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10. Schedule for Central Items

Analysis of Subvention and Expenditure for the Period from 1 April 2016 to 31 March 2017

Name of Agency : Christian & Missionary Alliance Church Union Hong Kong Limited

Unit Code and Name (Note 7)	Subvented Element	Subvention Released (Note 1)	Actual Expenditure (Note 2)	Surplus (Note 5) (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)		
1991- The Christian & Missionary Alliance Tuen Mun Church Family Services- Hing Yiu Services Centre	After School Care Programme	186,000.00	186,000.00	-	-	N.A.	-	-	-
3026- The Christian & Missionary Alliance Tuen Mun Church Family Services- Hing Yiu Services Centre	After School Care Programme - Late Afternoon Session	222,750.00	227,151.50	-	4,401.50	N.A.	4,401.50	5,189.00	787.50
1983 - Lei Tung Nursery School	Time-defined Subsidy Scheme for Extended Hours Child Care Service (Time-defined 31/3/2017)	-	-	-	-	N.A.	-	19,302.00	19,302.00
T148 - Lei Tung Nursery School	Subsidy Scheme for Extend Hours Service (EHS) Users (Time-defined 31/8/2018)	27,165.00	19,448.00	7,717.00	-	N.A.	-	(7,446.00)	271.00
6919 - Nursery Schools	Training Subsidy scheme for Standalonc Child Care Centre (CCC), KG-cum-CCC and Residential CCC	-	-	-	-	N.A.	-	85,830.00	85,830.00
6061 - Nursery Schools	Training Subsidy under Training Scheme for Care Centre Supervisors and Special Child Workers in Pre-school Rehabilitation Services	15,000.00	41,045.00	-	26,045.00	N.A.	26,045.00	96,950.00	70,905.00
6342 - Nursery Schools	Time-defined Subsidy Scheme for Occasional Child Care Service (Time-defined 31/3/2017)	68,900.00	4,192.00	64,708.00	-	N.A.	-	131,867.20	196,575.20
Total		519,815.00	477,836.50	72,425.00	30,446.50	-	30,446.50	331,692.20	373,670.70

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 are transferred to the Lump Sum Grant Reserve as stated in SWD's letter ref. (9) in SWD/S/104/2 pt.16 dated 20 July 2016.
 - Dementia Supplement for Edlerly with Disabilities
 - Infirmiry Care Supplement for the Aged Blind Persons
 - Denentia Supplement for Residential Elderly Services
 - Infirmiry 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 plus surplus, if any, arising from operations in current year.
- Unit codes and names 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 Infirmiry Care as allocated via SWD's letter ref SWD/S/E/RC/3 Pt. 6 dated 4 February 2016 should also be included in the income/expenditure of 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.

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CHRISTIAN & MISSIONARY ALLIANCE CHURCH UNION HONG KONG LIMITED
NOTES ON THE ANNUAL FINANCIAL REPORT
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Appendix 1

**Schedule for Investment
Analysis of Investment as at 31 March 2017**

Agency : Christian & Missionary Alliance Church Union Hong Kong Ltd.

	2017 HK\$'000	2016 HK\$'000
LSG Reserve as at 31 March	6,444	6,141


Represented by :

Investments


a. HKD Bank Account Balances	6,444	6,141
b. HKD 24-hour Call Deposits	-	-
c. HKD Fixed Deposits	-	-
d. HKD Certificate of Deposits	-	-
e. HKD Bonds (see appendix for breakdown)	-	-
	6,444	6,141

Note: The investments should be reported at historical cost.

Confirmed by:-



Rev. Cheung Koon Wan Gordon
Chairman
Date : 27 October, 2017



Mr. LAU Kwok-wa
General Secretary for Social Services
Date : 27 October, 2017

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CHRISTIAN & MISSIONARY ALLIANCE CHURCH UNION HONG KONG LIMITED
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Appendix 2

The subvented service units are as follows:

- (1) C & M A Social Services
- (2) C & M A Bradbury King Lam Neighbourhood Elderly Centre
- (3) C & M A Yau Lai Neighbourhood Elderly Centre
- (4) C & M A Cheung Hang Neighbourhood Elderly Centre
- (5) C & M A Lei Fook Neighbourhood Elderly Centre
- (6) Christian & Missionary Alliance Fu Shan Nursery School
- (7) Christian & Missionary Alliance Lei Tung Nursery School
- (8) Christian & Missionary Alliance Shatin Nursery School
- (9) Christian & Missionary Alliance South Horizons Nursery School
- (10) Christian & Missionary Alliance Tin Chung Nursery School
- (11) Christian & Missionary Alliance Plover Cove Nursery School

27 October, 2017

Private & Confidential

The Board of Directors
Christian & Missionary Alliance Church Union Hong Kong Limited
M/F., GIC Building,
Olympian City (Phase 1),
Kowloon.

Dear Sir/Madam,

Re: Christian & Missionary Alliance Church Union Hong Kong Limited
- C & M A Social Services
Management letter

We refer to our audit of the Organization for the year ended 31 March 2017.

During the course of our audit procedures, we have assessed the adequacy and effectiveness of the financial and accounting records of the Organization in relation to procedures of the Organization. In making our risk assessments, we consider internal control relevant to the Organization's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing on the effectiveness of the Organization's internal control.

We are not aware of any significant internal control weakness relevant to the audit of the financial statements that have come to our attention.

It must be appreciated that the foregoing procedures are designed primarily with a view to the expression of our opinion on the accounts of the Organization and therefore do not necessarily reveal all possible weaknesses which can only be done by a more extensive special examination.

Very truly yours,



Certified Public Accountants

Our ref: KK/WAH/OL/sn/C149