

**THE METHODIST CHURCH, HONG KONG
METHODIST EPWORTH VILLAGE COMMUNITY CENTRE,
SOCIAL WELFARE**

**AUDITORS' REVIEW REPORT AND
ANNUAL FINANCIAL REPORT
(AMENDED)**

for

THE YEAR ENDED 31 MARCH 2016

**麥永建、何麗賢會計師行有限公司
W. K. MAK & STELLA HO CPA LIMITED
CERTIFIED PUBLIC ACCOUNTANTS
HONG KONG**

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**AMENDED REVIEW REPORT ON THE ANNUAL FINANCIAL REPORT OF
THE METHODIST CHURCH, HONG KONG
METHODIST EPWORTH VILLAGE COMMUNITY CENTRE, SOCIAL WELFARE**

Review Report to the Management Committee of the Methodist Church, Hong Kong – Methodist Epworth Village Community Centre, Social Welfare (“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 **12 MAY 2017**

We conducted our review of the attached Annual Financial Report on pages 1 to 9 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, **27 OCT 2017**

THE METHODIST CHURCH, HONG KONG
METHODIST EPWORTH VILLAGE COMMUNITY CENTRE, SOCIAL WELFARE

ANNUAL FINANCIAL REPORT (AMENDED)

FOR THE YEAR ENDED 31 MARCH 2016

	Notes	2015-16 HK\$	2014-15 HK\$
A. INCOME			
1. Lump Sum Grant			
a. Lump Sum Grant (excluding Provident Fund)	1b	38,573,376.00	35,592,614.00
b. Provident Fund	1c	3,863,145.00	3,721,328.00
2. Special One-off Grant		-	-
3. Fee Income	2	5,445,327.62	4,363,985.34
4. Central Items	3	821,861.00	1,818,833.00
5. Rent and Rates	4	987,460.00	980,148.00
6. Other Income	5	172,403.20	107,170.52
7. Interest Received		794.71	992.54
TOTAL INCOME		49,864,367.53	46,585,071.40
B. EXPENDITURE			
1. Personal Emoluments			
a. Salaries		36,086,891.32	33,903,594.30
b. Provident Fund	1c	3,446,178.35	3,258,102.99
c. Allowances		196,871.62	144,801.00
Sub-total		39,729,941.29	37,306,498.29
2. Other Charges		6,830,233.39	6,982,444.21
3. Central Items		821,981.00	1,346,958.10
4. Rent and Rates		1,260,762.55	1,239,933.46
5. Special One-off Grant Payments		-	-
TOTAL EXPENDITURE		48,642,918.23	46,875,834.06
C. SUPPLUS/(DEFICIT) FOR THE YEAR		1,221,449.30	(290,762.66)

SIGNATURE

SIGNATURE



The Rev. HO Wai – yee, Winnie
CHAIRPERSON

DATE: 26-10-2017



Mrs. CHEUNG CHU Mai-lee
GENERAL SECRETARY / NGO HEAD

DATE: 26/10/17

THE METHODIST CHURCH, HONG KONG
METHODIST EPWORTH VILLAGE COMMUNITY CENTRE, SOCIAL WELFARE

NOTES ON THE ANNUAL FINANCIAL REPORT (AMENDED)

FOR THE YEAR ENDED 31 MARCH 2016

1. Lump Sum Grant

- a. Basis 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 :

	Snapshot Staff	6.8% and Other Posts	Total
	HK\$	HK\$	HK\$
Subvention Received	2,313,489.00	1,549,656.00	3,863,145.00
Provident Fund Contribution Paid during the Year	2,127,737.22	1,318,441.13	3,446,178.35
Surplus / (Deficit) for the Year	185,751.78	231,214.87	416,966.65
Add: Surplus / (Deficit) b/f Prior Year Adjustment for 2013/14 (as per SWD letter dated 11/11/2015)	936,085.80	3,232,705.67	4,168,791.47
Transfer of Surplus for non-Snapshot (as per SWD letter dated 14/4/2015)	68,651.00	(78,509.50)	(9,858.50)
Less: Refund to Government Offsetting Subventions of PF-Snapshot (as per SWD letter dated 14/4/2015)	(520,132.05)	520,132.05	-
	-	-	-
	(281,304.00)	-	(281,304.00)
Surplus / (Deficit) c/f	<u>389,052.53</u>	<u>3,905,543.09</u>	<u>4,294,595.62</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:

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FOR THE YEAR ENDED 31 MARCH 2016

Infirmity Care Supplement for Residential Elderly Services	-	-
Dementia Supplement for Day Care Centres/units for the Elderly	266,111.00	254,149.00
Foster Care Allowance/Emergency Foster Care Allowance	-	-
After School Care Programme	555,750.00	621,000.00
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 Wage 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	-	-
Programme Assistants / Care Assistant (Permanent) - Elderly Services	-	173,545.00
Regularized Programme Assistants (PA) / Care Assistants (CA)	-	770,139.00
Total	<u>821,861.00</u>	<u>1,818,833.00</u>

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FOR THE YEAR ENDED 31 MARCH 2016

b. Expenditure	2015-16	2014-15
	\$	\$
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	266,111.00	254,149.00
Foster Care Allowance/Emergency Foster Care Allowance	-	-
After School Care Programme	555,870.00	621,000.00
Temporary Financial Aid	-	-
Emergency Fund	-	-
Time-defined Subsidy Scheme for Extended Hours Child Care Services	-	-
Training Subsidy under Training Scheme 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 Wage 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	-	-
Programme Assistants / Care Assistant (Permanent) - Elderly Services	-	112,527.74
Regularized Programme Assistants (PA) / Care Assistants (CA)	-	359,281.36
Total	<u>821,981.00</u>	<u>1,346,958.10</u>

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FOR THE YEAR ENDED 31 MARCH 2016

4. Rent and Rates This represents the amount paid by SWD in respect of premises recognised by SWD. Expenditures 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 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>TOTAL PE</u>
		HK\$
HK\$500,001 -HK\$600,000 p.a.	5	2,685,420.00
HK\$600,001 -HK\$700,000 p.a.	1	690,645.65
HK\$700,001 -HK\$800,000 p.a.	5	3,768,669.13
HK\$800,001 -HK\$900,000 p.a.	-	-
HK\$900,001 -HK\$1,000,000 p.a.	2	1,903,680.00
>HK\$1,000,000 p.a.	-	-

7. Other Charges The breakdown on Other Charges is as follows:

<u>Other Charges</u>	<u>2015-16</u>	<u>2014-15</u>
	HK\$	HK\$
(a) Utilities	628,326.06	635,303.97
(b) Food	1,834,384.07	1,726,971.25
(c) Administrative Expenses	409,694.77	478,771.82
(d) Stores and Equipment	517,132.71	654,107.55
(e) Repair and Maintenance	211,643.20	350,848.00
(f) Special OC Items	434,280.00	341,068.00
(g) Programme Expenses	1,769,390.58	1,599,232.12
(h) Transportation and Travelling	246,316.80	427,569.30
(i) Insurance	722,718.56	688,326.00
(j) Miscellaneous	56,346.64	80,246.20
Total	6,830,233.39	6,982,444.21

7a. Special One-off Grant Payments Details of Special One-off Grant Payments are as follows:

<u>Special one-off Grant Payments</u>	<u>2015-16</u>	<u>2014-15</u>
	HK\$	HK\$
(a) Voluntary Retirement Scheme	-	-
(b) Compensation Scheme	-	-
(c) Staff Training and Development	-	-
(d) Other Staff-related Initiatives	-	-
Total	-	-

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ANNUAL FINANCIAL REPORT (AMENDED)

FOR THE YEAR ENDED 31 MARCH 2016

8. Analysis of Reserve Fund

	Analysis of Reserve Fund				
	Lump Sum Grant (LSG)	Special One-off Grant (SOG)	Rent and Rates	Central Items	Total
	HK\$	HK\$	HK\$	HK\$	
Income					
Lump Sum Grant	42,436,521.00	-	-	-	42,436,521.00
Special One-off Grant	-	-	-	-	-
Fee Income	5,445,327.62	-	-	-	5,445,327.62
Other Income	172,403.20	-	-	-	172,403.20
Interest Received	794.71	-	-	-	794.71
Rent and Rates	-	-	987,460.00	-	987,460.00
Central Items	-	-	-	821,861.00	821,861.00
Total Income	48,055,046.53	-	987,460.00	821,861.00	49,864,367.53
Expenditure					
Personal Emoluments	39,729,941.29	-	-	-	39,729,941.29
Other Charges	6,830,233.39	-	-	-	6,830,233.39
Rent and Rates	-	-	1,260,762.55	-	1,260,762.55
Central Items	-	-	-	821,981.00	821,981.00
Total Expenditure	46,560,174.68	-	1,260,762.55	821,981.00	48,642,918.23
Surplus / (Deficit) for the Year (a) - (b)	1,494,871.85	-	(273,302.55)	(120.00)	1,221,449.30
Less : Surplus / (Deficit) of Provident Fund	416,966.65	-	-	-	416,966.65
Surplus / (Deficit) b/f	1,077,905.20	-	(273,302.55)	(120.00)	804,482.65
Adjustment (as per Centre letter dated 29/2/2012 & 26/8/2015)	5,328,993.76	-	(602,025.84)	2,596,346.33	7,323,314.25
	(197,170.00)	-	-	246,630.30	49,460.30
Less: Refund to Government (as per SWD letter dated 14/4/2015 & 31/3/2015)	6,209,728.96	-	(875,328.39)	2,842,856.63	8,177,257.20
Surplus / (Deficit) c/f	6,209,728.96	-	(905,165.63)	1,847,157.34	7,151,720.67

Notes:

- (1) All the interest received on LSG and PF reserve, 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 of 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 Infirmary Care Supplement, if any, as per Schedule of Central Items.
- (4) The level of LSG cumulative reserve (i.e. S) will be capped at 25% of the NGO's operating expenditure (excluding PF expenditure) for the year.

THE METHODIST CHURCH, HONG KONG
METHODIST EPWORTH VILLAGE COMMUNITY CENTRE, SOCIAL WELFARE

SCHEDULE FOR CENTRAL ITEMS (AMENDED)

FOR THE YEAR ENDED 31 MARCH 2016

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	Deficit transferred to LSG	Adjusted Deficit		
					(Note 3) (b)	(Note 4) (c)	(d) = (b) - (c)		
6762 Siu Sai Wan Day Care Centre for the Elderly (DS)	Dementia Supplement for Day Care Centres/Units for the Elderly	HK\$ 266,111.00	HK\$ 266,111.00	HK\$ -	HK\$ -	HK\$ N.A.	HK\$ -	HK\$ N.A.	HK\$ N.A.
3061 After School Care Programme - Late Afternoon Session	After School Care Programme	555,750.00	555,870.00	-	(120.00)	N.A.	(120.00)	N.A.	N.A.
6398 Care Assistant for Elderly	Programme Assistants / Care Assistant (Permanent) - Elderly Services	-	-	-	-	N.A.	-	N.A.	N.A.
504S Care Assistant (CA)/Programme Assistant (PA) Posts	Regularized Programme Assistants (PA) / Care Assistants (CA)	-	-	-	-	-	-	N.A.	N.A.
TOTAL		821,861.00	821,981.00	-	(120.00)	-	(120.00)		

Notes :

1. The figures for the whole financial year are extracted from the pay list for March (Final) of the financial year.
2. Actual expenditure represents the total expenditure incurred including provident fund for the respective services after netting off programme income, if any.
3. Surplus / Deficit for each element represents the difference between subvention released and actual expenditure.
4. 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.
 - (i) Dementia Supplement for Elderly with disabilities
 - (ii) Infirmary Care Supplement for the Aged Blind Persons
 - (iii) Dementia Supplement for Residential Elderly Services
 - (iv) Infirmary care Supplement for Residential Elderly services
 - (v) Regularized Programme Assistants (PA) / Care Assistants (CA)
5. "Surplus brought forward (b/f)" means surplus, if any, arising from operations in previous years.
6. "Surplus carried forward (c/f)" means surplus brought forward plus surplus, if any, arising from operations in current year.
7. Unit code and name are extracted from the pay list from SWD.

THE METHODIST CHURCH, HONG KONG
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SCHEDULE FOR RENT AND RATES (AMENDED)

FOR THE YEAR ENDED 31 MARCH 2016

Unit Code and Name		Subvention Element	Subvention Released (Note 1)	Actual Expenditure	Surplus (Note 2)	Deficit (Note 3)
			HKD	HKD	HKD	HKD
4001	Epworth Integrated Youth Team	Rent	369,900.00	402,780.00	-	32,880.00
		Government Rent	33,480.00	49,171.26	-	15,691.26
		Rates	104,096.00	138,689.40	-	34,593.40
		Total	507,476.00	590,640.66	-	83,164.66
4020	School Social Work	Government Rent	3,888.00	6,757.98	-	2,869.98
		Rates	6,752.00	10340.6	-	3,588.60
		Total	10,640.00	17098.58	-	6,458.58
3986	Neighbourhood Elderly Centre	Rent	115,830.00	202272	-	86,442.00
		Government Rent	6,809.00	8,071.20	-	1,262.20
		Rates	13,635.00	26,932.00	-	13,297.00
		Total	136,274.00	237,275.20	-	101,001.20
4021	Home Help Service (Siu Sai Wan Centre)	Rent	92,880.00	101,136.00	-	8,256.00
		Other Rental Item	35,520.00	62,310.00	-	26,790.00
		Rates	11,254.00	9,000.00	2,254.00	-
		Total	139,654.00	172,446.00	2,254.00	35,046.00
4016	Home Help Service (Shaukeiwan Centre)	Other Rental Item	63,360.00	82,484.00	-	19,124.00
		Government Rent	16,380.00	16,380.00	-	-
		Rates	20,006.00	18,567.00	1,439.00	-
		Total	99,746.00	117,431.00	1,439.00	19,124.00
4017	Siu Sai Wan Day Care Centre for the Elderly	Other Rental Item	58,600.00	76,000.00	-	17,400.00
		Government Rent	11,520.00	18,589.00	-	7,069.00
		Rates	20,006.00	25,858.00	-	5,852.00
		Total	90,126.00	120,447.00	-	30,321.00
3985	Central Administration	Government Rent	1,295.00	2,143.80	-	848.80
		Rates	2,249.00	3,280.31	-	1,031.31
		Total	3,544.00	5,424.11	-	1,880.11
Grand Total			987,460.00	1,260,762.55	3,693.00	276,995.55

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 represents the difference between subvention released and actual expenditure.
3. Rent includes all kinds of rent such as PHE rental, carpark rent, management fee, building maintenance fee.