

**Association of Baptists for
World Evangelism (HK) Limited
萬國宣道浸信會有限公司**

Annual Financial Report

For the year ended 31 March 2017



Review Report

**TO THE EXECUTIVE COMMITTEE OF THE
ASSOCIATION OF BAPTISTS FOR WORLD EVANGELISM (HK) LIMITED**

萬國宣道浸信會有限公司

(incorporated in Hong Kong with limited liability by guarantee)

We have audited the financial statements of Association of Baptists for World Evangelism (HK) Limited (the "Association") for the year ended 31 March 2017 and have issued an unqualified auditor's report thereon dated 23 October 2017.

We conducted our review of the attached Annual Financial Report on pages 2 to 11 of the Association for the year ended 31 March 2017 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 Association, on which the above audited financial statements of the Association 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 Association 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 Association; and
- b. no matters have come to our attention during the course of our review, which cause us 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 Accounts 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 Provident Fund arrangements during 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.

Lo + Kwong

Lo and Kwong C.P.A. Company Limited

Certified Public Accountants (Practising)

Ng Man Li

Practising Certificate Number: P03017

Hong Kong

23 October 2017

Annual Financial Report

For the year ended 31 March 2017

	Notes	Total 2016-17 HK\$	Total 2015-16 HK\$
A. INCOME			
1. Lump Sum Grant			
a. Lump Sum Grant (excluding Provident Fund)	1	19,023,280.00	18,132,775.00
b. Provident Fund	1	1,335,118.00	1,260,821.00
2. Fee income	2	165,354.40	178,106.20
3. Central items	3	176,600.00	139,500.00
4. Rent and rates	4	1,282,674.00	1,151,149.00
5. Other income	5	2,371,192.00	1,759,374.49
6. Interest received		75.86	150.11
		24,354,294.26	22,621,875.80
B. EXPENDITURE			
1. Personal emoluments			
a. Salaries	6	18,010,046.51	15,873,779.64
b. Provident Fund	1	1,321,912.11	1,174,311.37
c. Provident Fund - OCCC Post	1	13,515.09	13,867.52
d. Relief worker		2,520.00	2,196.00
2. Other charges	7	3,434,381.43	3,166,409.18
3. Central items	3	162,655.23	236,022.09
4. Rent and rates	4	1,313,358.00	1,155,696.41
		24,258,388.37	21,622,282.21
SURPLUS FOR THE YEAR		95,905.89	999,593.59

The Annual Financial Report from pages 2 to 11 has been prepared in accordance with the requirements as set out in the Lump Sum Grant Manual.

Signed

Chairman

Signed

Chief Executive Officer

Dated this 23 October 2017

Notes to the Annual Financial Report For the year ended 31 March 2017

1. LUMP SUM GRANT

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 like depreciation, provisions and accruals have not been included in the AFR.

Lump Sum Grant (excluding Provident Fund)

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

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 Note 3. In other words, such PF should not be included here (Paragraph 3.12 of LSG Manual).

Details are analyzed below:

Provident Fund Contribution

	Snapshot staff HK\$	6.8% and other posts HK\$	Total HK\$
Subvention received	196,413.00	1,138,705.00	1,335,118.00
Provident Fund Contribution Paid during the year	(208,640.70)	(1,126,786.50)	(1,335,427.20)
(Deficit) surplus for the year	(12,227.70)	11,918.50	(309.20)
Add: (Deficit) surplus b/f as previously reported	(55,131.28)	2,370,254.14	2,315,122.86
Add: Additional subvention received for previous year	19,086.00	19,103.00	38,189.00
(Deficit) surplus c/f	(48,272.98)	2,401,275.64	2,353,002.66

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.

Notes to the Annual Financial Report For the year ended 31 March 2017

3. CENTRAL ITEMS

These are subvented service activities which are not included in the Lump Sum Grant 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 should be 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:

	Total 2016-17 HK\$	Total 2015-16 HK\$
Income		
Time-defined Subsidy Scheme for Occasional Child Care Service	37,100.00	-
After School Care Programme - Late Afternoon Session	139,500.00	139,500.00
Total	176,600.00	139,500.00
Expenditure		
After School Care Programme - Late Afternoon Session	162,655.23	256,162.99
Enhanced After School Care Programme	-	(20,140.90)
Total	162,655.23	236,022.09

4. RENT AND RATES

This represents the amount paid by the Social Welfare Department (SWD) in respect of premises recognised by SWD. Expenditure on rent and rates in respect of premises not recognised by SWD should not be 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 need not be 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 (paragraph 2.29 of LSG Manual (October 2016)) is as follows:

	Total 2016-17 HK\$	Total 2015-16 HK\$
Other Income		
(a) Fees and charges for services incidental to the operation of subvented services	2,298,600.10	1,724,964.13
(b) Others	72,591.90	34,410.36
Total	2,371,192.00	1,759,374.49

Notes to the Annual Financial Report For the year ended 31 March 2017

6. PERSONAL EMOLUMENTS

Personal Emoluments include salary, provident fund and salary related allowances.

The analysis on number of posts with annual Personal Emoluments over HK\$700,000 each paid under LSG is appended below.

Analysis of Personal Emoluments

	No. of Posts	HK\$
HK\$700,001 - HK\$800,000 p.a.	Nil	Nil
HK\$800,001 - HK\$900,000 p.a.	Nil	Nil
HK\$900,001 - HK\$1,000,000 p.a.	2	1,804,711.63
HK\$1,000,001 - HK\$1,100,000 p.a.	Nil	Nil
HK\$1,100,001 - HK\$1,200,000 p.a.	1	1,173,759.29
> HK\$1,200,000 p.a.	Nil	Nil

7. OTHER CHARGES

The breakdown on other charges is as follows:

Other Charges	Total 2016-17 HK\$	Total 2015-16 HK\$
(a) Utilities	222,509.70	237,814.90
(b) Administrative expenses	241,268.44	245,113.49
(c) Stores and equipment	299,357.63	353,585.81
(d) Repairs and maintenance	127,042.00	244,110.60
(e) Programme expenses	2,215,840.05	1,817,164.03
(f) Transportation and travelling	15,064.60	13,887.80
(g) Insurance	213,811.68	167,202.55
(h) Miscellaneous	52,487.33	50,011.90
(i) OCCS with Family Support Activities (Time-defined 31-3-2017)	47,000.00	37,518.10
	3,434,381.43	3,166,409.18

Notes to the Annual Financial Report For the year ended 31 March 2017

8. ANALYSIS OF LUMP SUM GRANT RESERVE AND BALANCES OF OTHER SWD SUBVENTIONS

	Analysis of Reserve Fund			Total HK\$
	Lump Sum Grant HK\$	Rent and rates HK\$	Central items HK\$	
Income				
Lump Sum Grant				
a. Lump Sum Grant (excluding Provident Fund)	19,023,280.00	-	-	19,023,280.00
b. Provident Fund - Snapshot staff	196,413.00	-	-	196,413.00
c. Provident Fund - 6.8% and other posts	1,138,705.00	-	-	1,138,705.00
Fee income	165,354.40	-	-	165,354.40
Other income	2,371,192.00	-	-	2,371,192.00
Interest received (Note 1)	75.86	-	-	75.86
Rent and rates	-	1,282,674.00	-	1,282,674.00
Central items	-	-	176,600.00	176,600.00
Total income (a)	22,895,020.26	1,282,674.00	176,600.00	24,354,294.26
Expenditure				
Personal Emoluments				
a. Salaries	18,010,046.51	-	-	18,010,046.51
b. Provident Fund - Snapshot staff	208,640.70	-	-	208,640.70
c. Provident Fund - 6.8% and other posts	1,113,271.41	-	-	1,113,271.41
d. Provident Fund - OCCC staff	13,515.09	-	-	13,515.09
e. Relief works	2,520.00	-	-	2,520.00
Other charges	3,434,381.43	-	-	3,434,381.43
Rent and rates	-	1,313,358.00	-	1,313,358.00
Central items	-	-	162,655.23	162,655.23
Total expenditure (b)	22,782,375.14	1,313,358.00	162,655.23	24,258,388.37
Surplus (deficit) for the year (a) - (b)	112,645.12	(30,684.00)	13,944.77	95,905.89
Add: Deficit of Provident Fund	309.20	-	-	309.20
	112,954.32	(30,684.00)	13,944.77	96,215.09
Surplus b/f (Note 2)	4,566,349.75	30,906.56	116,769.23	4,714,025.54
Less: Refund from Government	-	11,416.00	-	11,416.00
Surplus c/f (Note 4)	4,679,304.07	11,638.56	130,714.00	4,821,656.63

Notes:

- (1) Interest received on LSG and PF 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 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 reserve (i.e. HK\$4,679,304.07), 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.

Notes to the Annual Financial Report For the year ended 31 March 2017

9. ANALYSIS OF INCOME AND EXPENDITURE BY PROGRAMME AREA AND FUNDING AND SERVICE AGREEMENTS (INCLUDING SUPPORT SERVICES)

	LSG	Fee income	Central items	Rent and rates	Other income	Interest income	TOTAL INCOME (1)	Personal emoluments	Other charges	Central items	Rent and rates	TOTAL EXPENDITURE (2)	Surplus (Deficit) (1)-(2)
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
Unit 36 ABWE (HK) Ltd.	20,358,398.00	-	-	-	19,468.80	75.34	20,377,942.14	-	50,941.10	-	-	50,941.10	20,327,001.04
Unit 1067 Po Lam Baptist Church Bradbury Neighbourhood Elderly Centre	-	21,450.00	-	-	126,608.50	-	148,058.50	2,414,530.95	347,617.96	-	176,870.00	2,939,018.91	(2,790,960.41)
Unit 1765 Cheung Hong Baptist Church Neighbourhood Elderly Centre	-	19,325.00	-	-	435,511.00	-	454,836.00	2,893,552.24	650,160.61	-	146,180.00	3,689,892.85	(3,235,056.85)
Unit 3862 Shing Yan Christian Social Service Centre	-	25,630.00	-	1,282,674.00	1,070,195.79	-	2,378,499.79	6,221,706.87	1,101,229.65	-	717,640.00	8,040,576.52	(5,662,076.73)
Unit 3875 Lai King Bradbury Elderly Centre	-	16,150.00	-	-	352,038.80	-	368,188.80	2,510,258.55	566,408.17	-	114,860.00	3,191,526.72	(2,823,337.92)
Unit 3876 Tin Yue Baptist Church Elderly Centre	-	20,825.00	-	-	336,927.30	-	357,752.30	2,592,568.20	513,610.94	-	157,808.00	3,263,987.14	(2,906,234.84)
Unit 1068 Central Administration Unit 3016 After School Care Programme - Late Afternoon Session	-	-	-	-	30,441.81	0.52	30,442.33	2,424,129.96	195,423.00	-	-	2,619,552.96	(2,589,110.63)
Unit 6376 Time-defined scheme for Occasional Child Care Service	-	-	139,500.00	-	-	-	139,500.00	-	-	162,655.23	-	162,655.23	(23,155.23)
Unit 7711 Heng On Baptist Nursery (OCCC)	-	5,139.20	37,100.00	-	-	-	37,100.00	-	-	-	-	-	37,100.00
Unit 7755 Garden Estate Baptist Nursery (OCCC)	-	-	-	-	-	-	5,139.20	39,404.98	-	-	-	39,404.98	(34,265.78)
Unit 7711 Prosperous Garden Baptist Nursery (OCCC)	-	37,894.40	-	-	-	-	37,894.40	130,103.80	8,990.00	-	-	139,093.80	(101,199.40)
Total	20,358,398.00	165,354.40	176,600.00	1,282,674.00	2,371,192.00	75.86	24,354,284.26	19,347,993.71	3,434,381.43	162,655.23	1,313,358.00	24,258,388.37	95,905.89

Notes to the Annual Financial Report For the year ended 31 March 2017

10. SCHEDULE FOR RENT AND RATES

Analysis of subvention and expenditure for the year:

Unit code and name	Subvented element	Subvention released HK\$	Actual expenditure HK\$	Surplus HK\$	(Deficit) HK\$
Unit 1067 Po Lam Baptist Church Bradbury Neighbourhood Elderly Centre	Rent	137,280.00	155,760.00	-	(18,480.00)
	Government				
	Rent	8,838.00	10,890.00	-	(2,052.00)
	Rates	12,152.00	10,220.00	1,932.00	-
Unit 1765 Cheung Hong Baptist Church Neighbourhood Elderly Centre	Rent	135,300.00	135,300.00	-	-
	Rates	10,880.00	10,880.00	-	-
Unit 3875 Lai King Bradbury Elderly Centre	Rent	107,580.00	107,580.00	-	-
	Rates	7,780.00	7,280.00	500.00	-
Unit 3876 Tin Yue Baptist Church Elderly Centre	Rent	139,920.00	139,920.00	-	-
	Government				
	Rent	7,452.00	8,208.00	-	(756.00)
	Rates	10,179.00	9,680.00	499.00	-
Unit 3862 Shing Yan Christian Social Service Centre	Rent	656,040.00	656,040.00	-	-
	Rates	49,273.00	61,600.00	-	(12,327.00)
	Total:	1,282,674.00	1,313,358.00	2,931.00	(33,615.00)
Unit 36 ABWE (HK) Ltd.	Rent				
	Subvention:	1,176,120.00	1,194,600.00	-	(18,480.00)
	Government				
	Rent				
	Subvention:	16,290.00	19,098.00	-	(2,808.00)
	Rates				
	Subvention:	90,264.00	99,660.00	2,931.00	(12,327.00)
	Grand-Total:	1,282,674.00	1,313,358.00	2,931.00	(33,615.00)

Notes to the Annual Financial Report For the year ended 31 March 2017

11. SCHEDULE FOR CENTRAL ITEMS

Analysis of subvention and expenditure for the year:

Unit Code (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)		
		HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	
Unit 3016	After School Care Programme - Late Afternoon Session	139,500.00	162,655.23	-	(23,155.23)	-	(23,155.23)	116,769.23	93,614.00
Unit 6376	Time-defined subsidy scheme for Occasional Child Care Service	37,100.00	-	37,100.00	-	-	-	-	37,100.00
Total		176,600.00	162,655.23	37,100.00	(23,155.23)	-	(23,155.23)	116,769.23	130,714.00

* Include surplus b/f from After School Care Programme - Enhanced

Notes to the Annual Financial Report For the year ended 31 March 2017

11. SCHEDULE FOR CENTRAL ITEMS - Continued

Notes:

1. The figures for the whole financial year are extracted from the payroll 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 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. (9) in SWD/S/104/2 Pt. 16 dated 20 July 2016:
 - (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
5. "Surplus brought forward (b/f)" means surplus, if any, arising from operation (including After School Care Programme – Enhanced) 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 codes and names are extracted from the payroll from SWD.
8. The income and expenditure for the Special one-off Subsidy for Better Care for Elderly Persons with Dementia or Requiring Infirmary 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 the respective items.
9. 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.

Notes to the Annual Financial Report For the year ended 31 March 2017

12. SCHEDULE FOR INVESTMENT

Analysis of investment as at 31 March 2017:

	HK\$
Lump Sum Grant Reserve as at 31 March 2017	4,679,304.07
Represented by:	
Investments	
a. HK\$ Bank Account Balances	4,679,304.07
b. HK\$ 24-hour Call Deposits	-
c. HK\$ Fixed Deposits	-
d. HK\$ Certificate of Deposits	-
e. HK\$ Bonds	-
	4,679,304.07

13. APPROVAL OF ANNUAL FINANCIAL REPORT

The annual financial report was approved and authorised for issue by the Board of Directors on 23 October 2017.