
THE CHINESE RHENISH CHURCH
HONG KONG SYNOD
SOCIAL SERVICE DEPARTMENT
FOR THE YEAR ENDED 31 MARCH 2019

ANNUAL FINANCIAL REPORT

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**REVIEW REPORT
TO THE MANAGEMENT BOARD OF
THE CHINESE RHENISH CHURCH HONG KONG SYNOD**

Re : Social Service Department of The Chinese Rhenish Church Hong Kong Synod

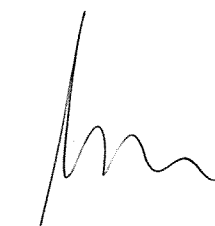
We have audited the financial statements of your Social Service Department (the "SSD") for the year ended 31 March 2019 and have issued an unqualified auditors' report thereon dated 21st October, 2019. We conducted our review of the attached Annual Financial Report on pages 2 to 5 of the SSD for the year ended 31 March 2019 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 SSD, on which the above audited financial statements 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 SSD for the year ended 31 March 2019:

- a. in our opinion the Annual Financial Report has been properly prepared from the books and records of the SSD; and
- b. no matters have come to our attention during the course of our review, which cause us to believe that the SSD has not:
 - i. properly accounted for the receipt of Lump Sum Grant, Provident Fund 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 ("SWD") 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 during the year ended 31 March 2019.

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.



W. H. Wong and Company
Certified Public Accountants

Room 6, 16/F., Enterprise Square 3,
39 Wang Chiu Road, Kowloon Bay, Hong Kong

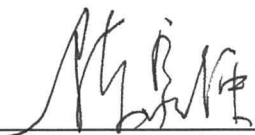
Hong Kong, 21st October, 2019.

THE CHINESE RHENISH CHURCH HONG KONG SYNOD (120)
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED 31 MARCH 2019


	Notes	2018-19 HK\$	2017-18 HK\$
A. INCOME			
1. Lump Sum Grant			
a. Lump Sum Grant (excluding Provident Fund)	1b	67,935,414.00	61,299,190.00
b. Provident Fund	1c	5,182,449.00	4,813,600.00
2. Fee Income	2	7,754,140.00	7,664,166.00
3. Central Items	3	9,898,571.00	9,750,562.00
4. Rent and Rates	4	4,889,621.00	4,595,489.00
5. Other Income	5	2,569,323.40	2,622,391.61
6. Interest Received		101,654.49	57,722.36
TOTAL INCOME		<u>98,331,172.89</u>	<u>90,803,120.97</u>
B. EXPENDITURE			
1. Personal Emoluments			
a. Salaries		61,998,275.34	56,857,978.62
b. Provident Fund	1c	4,872,745.65	4,881,961.01
c. Allowances		1,666,817.00	1,521,113.00
d. Relief Worker		246,950.66	614,230.80
e. Statutory Payment		298,351.47	47,249.21
Sub-total	6	<u>69,083,140.12</u>	<u>63,922,532.64</u>
2. Other Charges	7	13,971,200.56	12,840,225.21
3. Central Items	3	9,783,382.50	10,502,779.00
4. Rent and Rates	4	4,944,135.00	4,851,363.00
TOTAL EXPENDITURE		<u>97,781,858.18</u>	<u>92,116,899.85</u>
C. SURPLUS/(DEFICIT) FOR THE YEAR	8	<u>549,314.71</u>	<u>(1,313,778.88)</u>

The Annual Financial Report from page 2 to 5 has been prepared in accordance with the requirements as set out in the Lump Sum Grant Manual.

Approved by the Synod on **20 OCT 2019**



 Chairman of Synod



 Director of Social Service Department

THE CHINESE RHENISH CHURCH HONG KONG SYNOD (120)
 NOTES ON THE ANNUAL FINANCIAL REPORT
 FOR THE YEAR ENDED 31 MARCH 2019

1. Lump Sum Grant

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 been included in the AFR.

b. Lump Sum Grant (excluding Provident Fund)

c. Provident Fund

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

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 have been shown under Note 3. Details are analysed below:

<u>Provident Fund Contribution</u>	<u>Snapshot Staff</u> HK\$	<u>6.8% and Other Posts</u> HK\$	<u>Total</u> HK\$
Subvention Received	1,265,419.00	3,917,030.00	5,182,449.00
Provident Fund Contribution Paid during the Year	(1,310,379.53)	(3,562,366.12)	(4,872,745.65)
Surplus/(Deficit) for the Year	(44,960.53)	354,663.88	309,703.35
Add : Surplus/(Deficit) b/f	18,724.53	5,724,263.54	5,742,988.07
Additional Subvention received for previous year(s)	0.00	12,820.00	12,820.00
Less: Refund to Government	(133,197.00)	0.00	(133,197.00)
Surplus/(Deficit) c/f	<u>(159,433.00)</u>	<u>6,091,747.42</u>	<u>5,932,314.42</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 3.14 of LSG Manual (October 2016)). The income and expenditure of each of the Central Items are as follows:

<u>a. Income</u>	<u>2018-19</u> HK\$	<u>2017-18</u> HK\$
Dementia Supplement for Residential Elderly Services	5,036,143.00	4,892,292.00
Infirmity Care Supplement for Residential Elderly Services	3,807,364.00	3,278,340.00
After School Care Programme - Fee Waiving Subsidy Scheme	802,424.00	885,810.00
Time-defined Subsidy Scheme for Extended Hours Child Care Services	47,840.00	44,320.00
Time-defined Subsidy Scheme for Occasional Child Care Services	84,800.00	84,800.00
Training Subsidy under Training Scheme for Child Care Supervisors and Special Child Care Workers in Pre-school Rehabilitation Services	120,000.00	15,000.00
Training Sponsorship Scheme for Master in Physiotherapy Programmes (MPT) of The Hong Kong Polytechnic University	0.00	270,000.00
Enhanced Provision of Visiting Medical Officer	0.00	280,000.00
Total	<u>9,898,571.00</u>	<u>9,750,562.00</u>

THE CHINESE RHENISH CHURCH HONG KONG SYNOD
NOTES ON THE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED 31 MARCH 2019

	2018-19	2017-18
b. Expenditure	<u>HK\$</u>	<u>HK\$</u>
Dementia Supplement for Residential Elderly Services	5,036,143.00	5,749,302.00
Infirmiry Care Supplement for Residential Elderly Services	3,807,364.00	3,636,260.00
After School Care Programme	695,835.50	774,017.00
Time-defined Subsidy Scheme for Extended Hours Child Care Services	31,040.00	43,200.00
Time-defined Subsidy Scheme for Occasional Child Care Services	-	-
Training Subsidy under Training Scheme for Child Care Supervisors and Special Child Care Workers in Pre-school Rehabilitation Services	15,000.00	-
Training Sponsorship Scheme for Master in Physiotherapy Programmes (MPT) of The Hong Kong Polytechnic University	135,000.00	270,000.00
Enhanced Provision of Visiting Medical Officer	63,000.00	30,000.00
Total	<u>9,783,382.50</u>	<u>10,502,779.00</u>
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 <u>not</u> 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 have <u>not</u> been 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 is as follows:	
Other Income	2018-19	2017-18
	<u>HK\$</u>	<u>HK\$</u>
(a) Fees and charges for services incidental to the operation of subvented services	2,569,323.40	2,622,391.61
(b) Others	-	-
Total	<u>2,569,323.40</u>	<u>2,622,391.61</u>
6. Personal Emoluments	Personal Emoluments include salary, provident fund and salary-related allowances. The analysis on number of posts with annual Personal Emoluments over \$700,000 each paid under LSG is appended below:	
	Analysis of Personal Emoluments paid under LSG	
	<u>No. of Posts</u>	<u>HK\$</u>
HK\$700,001 - HK\$800,000 p.a.	5	3,713,562.00
HK\$800,001 - HK\$900,000 p.a.	2	1,727,793.52
HK\$900,001 - HK\$1,000,000 p.a.	1	966,878.24
HK\$1,000,001 - HK\$1,100,000 p.a.	-	-
HK\$1,100,001 - HK\$1,200,000 p.a.	1	1,189,171.40
>HK\$1,200,000 p.a.	1	1,249,171.40
7. Other Charges	The breakdown on Other Charges is as follows:	
	2018-19	2017-18
Other Charges	<u>HK\$</u>	<u>HK\$</u>
(a) Utittities	2,300,332.57	2,236,243.52
(b) Food	3,794,570.47	3,459,090.07
(c) Administrative Expenses	261,349.02	289,954.02
(d) Stores and Equipment	1,405,196.23	1,524,244.72
(e) Repair and Maintenance	933,417.83	892,830.54
(g) Programme Expenses	2,120,234.84	1,862,151.23
(h) Nursing Necessity, VMO Charges and P. T. Service	1,427,181.15	1,021,064.30
(i) Transportation and Travelling	149,663.57	120,619.75
(j) Insurance	1,240,210.91	1,091,001.59
(k) Staff Development, Awards & Welfare	187,642.11	197,052.00
(l) Miscellaneous	151,401.86	145,973.47
Total	<u>13,971,200.56</u>	<u>12,840,225.21</u>

THE CHINESE RHENISH CHURCH HONG KONG SYNOD
NOTES ON THE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED 31 MARCH 2019

8. Analysis of Lump Sum Grant Reserve and balances of other SWD subventions

	Lump Sum Grant (LSG)	Rent and Rates	Central Items	Total
	HK\$	HK\$	HK\$	HK\$
Income				
Lump Sum Grant	73,117,863.00	-	-	73,117,863.00
Fee Income	7,754,140.00	-	-	7,754,140.00
Other Income	2,569,323.40	-	-	2,569,323.40
Interest Received (Note (1))	101,654.49	-	-	101,654.49
Rent and Rates	-	4,889,621.00	-	4,889,621.00
Central Items	-	-	9,898,571.00	9,898,571.00
Total Income (a)	83,542,980.89	4,889,621.00	9,898,571.00	98,331,172.89
Expenditure				
Personal Emoluments	69,083,140.12	-	-	69,083,140.12
Other Charges	13,971,200.56	-	-	13,971,200.56
Rent and Rates	-	4,944,135.00	-	4,944,135.00
Central Items	-	-	9,783,382.50	9,783,382.50
Total Expenditure (b)	83,054,340.68	4,944,135.00	9,783,382.50	97,781,858.18
Surplus/(Deficit) for the Year (a) - (b)	488,640.21	(54,514.00)	115,188.50	549,314.71
<u>Less: Surplus/(Deficit) of Provident Fund</u>	<u>309,703.35</u>	<u>-</u>	<u>-</u>	<u>309,703.35</u>
	178,936.86	(54,514.00)	115,188.50	239,611.36
Surplus/(Deficit) b/f (Note (2))	10,307,790.93	(515,729.00)	1,281,175.27	11,073,237.20
	10,486,727.79	(570,243.00)	1,396,363.77	11,312,848.56
<u>Add: Refund from Government</u>				
<u>Less: Refund to Government</u>	<u>-</u>	<u>(8,412.00)</u>	<u>(272,920.00)</u>	<u>(281,332.00)</u>
Surplus/(Deficit) c/f Note (4))	10,486,727.79	(578,655.00)	1,123,443.77	11,031,516.56

Notes :

- (1) Interest received on LSG and PF 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 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 Infirmiry 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 Provident Fund expenditure) for the year.

Schedule for Central Items

Analysis of Subvention and Expenditure for the period from 1.4.2018 to 31.3.2019

Name of Agency: THE CHINESE RHENISH CHURCH HONG KONG SYNOD

Unit Code and Name (Note 7)	Subvented Element	Subvention Released (Note 1)	Actual Expenditure (Note 2)	Surplus (Note 3) (a)	Deficit (Note 3) (b)	Deficit transferred to LSG (Note 4) (c)	Adjusted Deficit (d) = (b) - (c)	Surplus b/f (Note 5) (e)	Refund from/(to) Government in 2018/2019	Surplus c/f (Note 6) (f)=(e)+(a)-(d)
		HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
(7905) Sze Tian Rhenish Home for the Elderly	Dementia Supplement for Residential Elderly Services	1,609,489.00	1,609,489.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(7971) Wong Siu Ching Rhenish Home for the Elderly	Dementia Supplement for Residential Elderly Services	1,246,056.00	1,246,056.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(1857) Kwai Shing East Rhenish Care & Attention Home	Dementia Supplement for Residential Elderly Services	2,180,598.00	2,180,598.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(1851) Sze Tian Rhenish Home for the Elderly	Infirmity Care Supplement for Residential Elderly Services	778,779.00	778,779.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(1846) Wong Siu Ching Rhenish Home for the Elderly	Infirmity Care Supplement for Residential Elderly Services	1,211,434.00	1,211,434.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(1856) Kwai Shing East Rhenish Care & Attention Home	Infirmity Care Supplement for Residential Elderly Services	1,817,151.00	1,817,151.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(1786) Choi Wan Rhenish ICYSC	After School Care Programme	0.00	0.00	0.00	0.00	0.00	0.00	203,159.37	0.00	203,159.37
(3024) Choi Wan Rhenish ICYSC	After School Care Program (Late Afternoon Session)	348,300.00	268,947.50	79,352.50	0.00	0.00	0.00	379,161.90	0.00	458,514.40
(1893) Choi Wan Rhenish (ICYSC)	After School Care Program (Enhanced)	454,124.00	426,888.00	27,236.00	0.00	0.00	0.00	(4,416.00)	0.00	22,820.00
(1790) Lai King Nursery	Time-defined Subsidy Scheme for Extended Hours Child Care Service (Time-defined 31/3/2017)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(T120)(V120) Child Care Service	Subsidy Scheme for Extended Hours Service (EHS)Users (Time-Defined 31/8/2018)	47,840.00	31,040.00	16,800.00	0.00	0.00	0.00	1,120.00	1,120.00	16,800.00
(6341) Child Care Service	Time-defined Subsidy Scheme for Occasional Child Care Service	84,800.00	0.00	84,800.00	0.00	0.00	0.00	84,800.00	84,800.00	84,800.00
(6042)	Training Subsidy under Training Scheme for Child Care Supervisors and Special Child Care Workers in Pre-school Rehabilitation Services	120,000.00	15,000.00	105,000.00	0.00	0.00	0.00	97,350.00	0.00	202,350.00
(6672)	Training Sponsorship Scheme for Master in Physiotherapy Programmes (MPT) of The Hong Kong Polytechnic University	0.00	135,000.00	(135,000.00)	0.00	0.00	0.00	270,000.00	0.00	135,000.00
(3497) RCHEs	Enhanced Provision of Visiting Medical Officer		63,000.00	(63,000.00)	0.00	0.00	0.00	250,000.00	187,000.00	0.00
TOTAL		9,898,571.00	9,783,382.50	115,188.50	0.00	0.00	0.00	1,281,175.27	272,920.00	1,123,443.77

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/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. (5) in SWD/S/104/2 Pt. 18 dated 20 July 2018.
 - (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 operations in previous years.
6. "Surplus carried forward (c/f)" means surplus brought forward less refund to Government plus surplus, if any, arising from operations in current year.
7. Unit code and name are extracted from the payroll from SWD.
8. 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.

Schedule for Rent and Rates

Analysis of Subvention and Expenditure for the period from 1.4.2018 to 31.3.2019

Name of Agency: THE CHINESE RHENISH CHURCH HONG KONG SYNOD

Unit Code and Name	Subvented Element	Subvention Released (Note 1)	Actual Expenditure	Surplus (Note 2)	Deficit (Note 2)
(1800) Head Office	Rent	HK\$ 76,883.00	HK\$ 77,696.00	-	HK\$ (813.00)
	Rent Subv for Deficit 2017-18	813.00		813.00	
	Rates	3,309.00	2,631.00	678.00	
	Rates Subv for Deficit 2017-18	1,045.00		1,045.00	
	Total	82,050.00	80,327.00	2,536.00	(813.00)
(1789) Choi Wan ICYSC	Rent	305,220.00	320,784.00	-	(15,564.00)
	Rent Subv for Deficit 2017-18	14,032.00		14,032.00	
	Rates	53,675.00	59,800.00	-	(6,125.00)
	Rates Subv for Deficit 2017-18	14,666.00		14,666.00	
	Total	387,593.00	380,584.00	28,698.00	(21,689.00)
(1788) Kwai Shing East Care & Attention Home	Rent	1,837,560.00	1,845,220.00	-	(7,660.00)
	Rent 2019-20		2,890.00		(2,890.00)
	Rent Subv for Deficit 2017-18	5,160.00		5,160.00	
	Rates	165,414.00	185,000.00	-	(19,586.00)
	Rates Subv for Deficit 2017-18	18,870.00		18,870.00	
Total	2,027,004.00	2,033,110.00	24,030.00	(30,136.00)	
(1858) Sze Tian Home	Rent	771,024.00	849,284.00	-	(78,260.00)
	Rent Subv for Deficit 2017-18	114,880.00	-	114,880.00	-
	Rates	12,115.00	91,307.00	-	(79,192.00)
	Total	898,019.00	940,591.00	114,880.00	(157,452.00)
(1859) Wong Siu Ching Home for the Elderly	Rent	794,997.00	967,779.00	-	(172,782.00)
	Rent Subv for Deficit 2017-18	131,728.00	-	131,728.00	-
	Rates	21,611.00	17,484.00	4,127.00	
	Rates Subv for Deficit 2017-18	815.00		815.00	
	Total	949,151.00	985,263.00	136,670.00	(172,782.00)
(1798) NEC (Re-engineering)	Rent	252,780.00	449,580.00	-	(196,800.00)
	Rent Subv for Deficit 2016-17	24,601.00		24,601.00	-
	Rent Subv for Deficit 2017-18	196,801.00		196,801.00	-
	Rates	70,892.00	74,680.00		(3,788.00)
	Rates Subv for Deficit 2016-17	730.00		730.00	
Total	545,804.00	524,260.00	222,132.00	(200,588.00)	
	Grand Total	4,889,621.00	4,944,135.00	528,946.00	(583,460.00)

Total Surplus as above	528,946.00
Less : Subvention to cover Rent Deficit in Head Office in 2017-18	(813.00)
Subvention to cover Rates Deficit in Head Office in 2017-18	(1,045.00)
Subvention to cover Rent Deficit in Choi Wan in 2017-18	(14,032.00)
Subvention to cover Rates Deficit in Choi Wan in 2017-18	(14,666.00)
Subvention to cover Rent Deficit in Kwai Shing East in 2017-18	(5,160.00)
Subvention to cover Rates Deficit in Kwai Shing East in 2017-18	(18,870.00)
Subvention to cover Rent Deficit in Sze Tian in 2017-18	(114,880.00)
Subvention to cover Rent Deficit in Wong Siu Ching in 2017-18	(131,728.00)
Subvention to cover Rates Deficit in Wong Siu Ching in 2017-18	(815.00)
Subvention to cover Rent Deficit in NEC in 2016-17	(24,601.00)
Subvention to cover Rent Deficit in NEC in 2017-18	(196,801.00)
Subvention to cover Rates Deficit in NEC in 2016-17	(730.00)
Subvention to cover Government Rent Deficit in YLDC in 2017-18	-
Net Surplus to be clawed back	<u>4,805.00</u>

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 2019


Agency: The Chinese Rhenish Church Hong Kong Synod

	2019 HK\$'000	2018 HK\$'000
LSG Reserve as at 31 March	<u>10,487</u>	<u>10,308</u>
Presently represented by:		
Investments		
a. HKD Bank Account Balances	2,311	3,531
b. HKD 24-hour Call Deposits	-	-
c. HKD Fixed Deposits	8,176	6,777
d. HKD Certificate of Deposits	-	-
e. HKD Bonds (see appendix for breakdown)	-	-
	<u>10,487</u>	<u>10,308</u>

Note: The investments should be reported at historical cost.

Remarks:

Confirmed by:-



 Chairman of Synod



 Director of Social Service Department

Date : 12 0 OCT 2019