

ANNUAL FINANCIAL REPORT


The Mission Covenant Church Limited

Appendix A

1 APRIL 2020 TO 31 MARCH 2021

| | Notes | 2020-2021 \$ | 2019-2020 \$ |
|--|-------|---------------------|---------------------|
| A. INCOME | | | |
| 1. Lump Sum Grant | | | |
| a. Lump Sum Grant (excluding Provident Fund) | 1b | 6,140,101.00 | 6,085,858.00 |
| b. Provident Fund | 1c | 481,749.00 | 481,756.00 |
| 2. Fee Income | 2 | 24,525.00 | 29,800.00 |
| 3. Central Items | 3 | 0.00 | 0.00 |
| 4. Rent and Rates | 4 | 165,797.00 | 165,060.00 |
| 5. Other Income | 5 | 21,290.00 | 797,168.50 |
| 6. Interest Received | | 13,576.33 | 17,334.73 |
| TOTAL INCOME | | <u>6,847,038.33</u> | <u>7,576,977.23</u> |
| B. EXPENDITURE | | | |
| 1. Personal Emoluments | | | |
| a. Salaries | | 5,018,339.00 | 4,823,306.00 |
| b. Provident Fund | 1c | 364,308.74 | 345,078.81 |
| c. Allowances | | - | - |
| Sub-total | 6 | <u>5,382,647.74</u> | <u>5,168,384.81</u> |
| 2. Other Charges | 7 | 468,227.02 | 1,092,595.44 |
| 3. Central Items | 3 | 18,800.00 | 23,800.00 |
| 4. Rent and Rates | 4 | 154,860.00 | 162,510.00 |
| TOTAL EXPENDITURE | | <u>6,024,534.76</u> | <u>6,447,290.25</u> |
| C. SURPLUS/(DEFICIT) FOR THE YEAR | 8 | <u>822,503.57</u> | <u>1,129,686.98</u> |

The Annual Financial Report from pages 1 to 6 has been prepared in accordance with the requirements as set out in the Lump Sum Grant Manual.



LEE CHUN LAM PHILIP
CHAIRMAN

DATE: 30th September 2021



REV. NG WAI MING
VICE GENERAL SECRETARY

DATE: 30th September 2021

NOTES ON THE ANNUAL FINANCIAL REPORT

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 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. 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> | Snapshot Staff | 6.8% and Other Posts | Total |
|---|------------------|-------------------------|-------------------|
| | \$ | \$ | \$ |
| Subvention Received | 121,131.00 | 360,618.00 | 481,749.00 |
| Provident Fund Contribution Paid during the year | (115,686.00) | (248,622.74) | (364,308.74) |
| Surplus/(Deficit) for the year | 5,445.00 | 111,995.26 | 117,440.26 |
| Add : Surplus/(Deficit) b/f Additional subvention received for previous year(s) | 10,584.50 | 834,408.16 | 844,992.66 |
| Less : Refund from Government | - | - | - |
| Surplus/(Deficit) c/f | <u>16,029.50</u> | <u>946,403.42</u> | <u>962,432.92</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 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 the LSG Manual (October 2016)). The income and expenditure of each of the Central Items are as follows:

| | 2020-2021 \$ | 2019-2020 \$ |
|---|------------------|------------------|
| a. Income | | |
| -Training Subsidy under Training Scheme for Child Care Supervisors and Special Child Care Workers in Pre-school Rehabilitation Services | 0.00 | 0.00 |
| | <u>0.00</u> | <u>0.00</u> |
| b. Expenditure | | |
| -Training Subsidy under Training Scheme for Child Care Supervisors and Special Child Care Workers in Pre-school Rehabilitation Services | 18,800.00 | 23,800.00 |
| | <u>18,800.00</u> | <u>23,800.00</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 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. 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 | 2020-2021 | 2019-2020 |
|---|------------------|-------------------|
| | \$ | \$ |
| (a) Fees and charges for services incidental to the operation of subvented services | 13,190.00 | 746,635.00 |
| (b) Others | 8,100.00 | 50,533.50 |
| Total | <u>21,290.00</u> | <u>797,168.50</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 | No of Posts | \$ |
|--|-------------|------------|
| HK\$700,001-HK\$800,000 p.a. | 1 | 773,640.00 |
| HK\$800,001-HK\$900,000 p.a. | - | - |
| HK\$900,001-HK\$1,000,000 p.a. | - | - |
| HK\$1,000,001-HK\$1,100,000 p.a. | - | - |
| HK\$1,100,001-HK\$1,200,000 p.a. | - | - |
| >HK\$1,200,000 p.a. | - | - |

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

| | 2020-2021 | 2019-2020 |
|-----------------------------------|-------------------|---------------------|
| | \$ | \$ |
| Other Charges | | |
| (a) Utilities | 12,174.10 | 38,696.00 |
| (b) Food | - | - |
| (c) Administrative Expenses | 37,566.50 | 22,650.60 |
| (d) Stores and Equipment | 67,434.45 | 58,584.55 |
| (e) Repair and Maintenance | 90,183.89 | 21,160.30 |
| (f) Special Allowances | - | - |
| (g) Programme Expenses | 143,703.40 | 871,662.80 |
| (h) Transportation and Travelling | 785.80 | 2,092.70 |
| (i) Insurance | 32,615.17 | 28,361.38 |
| (j) Miscellaneous | 83,763.71 | 49,387.11 |
| Total | <u>468,227.02</u> | <u>1,092,595.44</u> |

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

| | Lump Sum Grant (LSG) \$ | Rent and Rates \$ | Central Items \$ | Total \$ |
|---|--|----------------------------------|---------------------------------|---------------------|
| Income | | | | |
| Lump Sum Grant | 6,621,850.00 | - | - | 6,621,850.00 |
| Fee Income | 24,525.00 | - | - | 24,525.00 |
| Other Income | 21,290.00 | - | - | 21,290.00 |
| Interest Received (Note 1) | 13,576.33 | - | - | 13,576.33 |
| Rent and Rates | - | 165,797.00 | - | 165,797.00 |
| Central Items | - | - | - | - |
| Total Income (a) | 6,681,241.33 | 165,797.00 | - | 6,847,038.33 |
| Expenditure | | | | |
| Personal Emoluments | 5,382,647.74 | - | - | 5,382,647.74 |
| Other Charges | 468,227.02 | - | - | 468,227.02 |
| Rent and Rates | - | 154,860.00 | - | 154,860.00 |
| Central Items | - | - | 18,800.00 | 18,800.00 |
| Total Expenditure (b) | 5,850,874.76 | 154,860.00 | 18,800.00 | 6,024,534.76 |
| Surplus/ (Deficit) for the year (a)-(b) | 830,366.57 | 10,937.00 | (18,800.00) | 822,503.57 |
| Less: Surplus/(Deficit) of Provident Fund | 117,440.26 | - | - | 117,440.26 |
| | 712,926.31 | 10,937.00 | (18,800.00) | 705,063.31 |
| Surplus/ (Deficit) b/f (Note 2) | 2,445,968.16 | 2,550.00 | 92,975.00 | 2,541,493.16 |
| <u>Add: Refund from Government</u> | | - | - | - |
| <u>Less: Refund to Government</u> | (779,958.71) | (2,550.00) | - | (782,508.71) |
| Transfer from LSG Reserve to cover the salary adjustment for Dementia Supplement and Infirmiry Care Supplement (Note 3) | - | - | - | - |
| Surplus/ (Deficit) c/f (Note 4) | 2,378,935.76 | 10,937.00 | 74,175.00 | 2,464,047.76 |

Notes :

- 1) Interest received on LSG and Provident Fund 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 of LSG 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 Infirmiry Care Supplement, if any, as per Schedule for Central items.
- 4) The level of LSG cumulative reserve, less LSG Reserves 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 Apr 2020 to 31 Mar 2021

Name of Agency: The Mission Covenant Church Limited (714)

| Unit Code and Name / Remittance Advice No. (Note 7) | Subvented Element | Subvention Released (Note 1) | Actual Expenditure (Note 2) | Surplus (Note 3) | Deficit for the Year | | | Surplus b/f (Note 5) | Refund to Government (f) | Surplus c/f (Note 6) |
|---|---|--|---------------------------------------|-------------------------|----------------------|--|---------------------|-----------------------------|------------------------------------|-----------------------------|
| | | | | | Deficit | Deficit transferred to LSG (Note 4) | Adjusted Deficit | | | |
| | | | | | (a) | (b) | (c) | | | |
| | | \$ | \$ | \$ | \$ | \$ | \$ | | | \$ |
| 714S - The Mission Covenant Church Yiu On Neighbourhood Elderly Centre | Programme Assistant (Time-limited post) | - | - | - | - | - | - | - | - | - |
| 6060 - The Mission Covenant Church Ltd-Sister Annie's Nursery | Training Scheme for Child Care Supervisors and Special Child Care Workers in Pre-school | - | 18,800.00 | - | 18,800.00 | - | 18,800.00 | 92,975.00 | - | 74,175.00 |
| | Total | - | 18,800.00 | - | 18,800.00 | - | 18,800.00 | 92,975.00 | - | 74,175.00 |

Notes:

1. The figures for the whole financial year are extracted from the payroll for March (Final) or remittance advice(s) issued by the Treasury or allocation letter(s) issued by Social Welfare Department 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.(33) in SWD/S/104/2 Pt.18 dated 4 March 2020.
 - (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 / remittance advice no. are extracted from the payroll from SWD and remittance advice from the Treasury respectively.
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 RatesAnalysis of Subvention and Expenditure for the period from 1 Apr 2020 to 31 Mar 2021Name of Agency: The Mission Covenant Church Limited (714)

| Unit Code and Name | Subvented Element | Subvention Released (Note 1) | Actual Expenditure | Surplus / Deficit (Note 2) | Refund to Government | Surplus b/f | Surplus c/f |
|--|-------------------|------------------------------|--------------------|----------------------------|----------------------|-------------|-------------|
| | | \$ | \$ | | \$ | \$ | \$ |
| 5866 - The Mission Covenant Church Yiu On Neighbourhood Elderly Centre | Rent (Note 3) | 145,140.00 | 145,140.00 | - | | - | - |
| | Rates | 10,577.00 | - | 10,577.00 | (2,550.00) | 2,550.00 | 10,577.00 |
| | Government Rent | 10,080.00 | 9,720.00 | 360.00 | | - | 360.00 |
| | Total | 165,797.00 | 154,860.00 | | (2,550.00) | 2,550.00 | 10,937.00 |

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 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.