
LUTHERAN PHILIP HOUSE LIMITED
FOR THE YEAR ENDED 31 MARCH 2019

(Re: Lump Sum Grant)

ANNUAL FINANCIAL REPORT
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**REVIEW REPORT ON THE ANNUAL FINANCIAL REPORT
TO THE BOARD OF DIRECTORS OF LUTHERAN PHILIP HOUSE LIMITED**

We have audited the financial statements of School Management Committee of Lutheran Philip House Limited (the "Organisation") for the year ended 31 March 2019 and have issued an unqualified auditors' report thereon dated 21 October, 2019.

We conducted our review of the attached Annual Financial Report on pages 2 to 9 of the Organisation 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 Organisation, on which the above audited financial statements of the Organisation 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 Organisation 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 Organisation; and
- b. no matters have come to our attention during the course of our review, which cause us to believe that the Organisation 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 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.

Tam Cheung Lai Sheung & Co


Tam Cheung Lai Sheung & Co.
Certified Public Accountants (Practising)
Hong Kong, 21 October, 2019

ANNUAL FINANCIAL REPORT
LUTHERAN PHILIP HOUSE LIMITED
1 APRIL 2018 to 31 MARCH 2019

	Note	Total 2018-19 HK\$	Total 2017-18 HK\$
A. INCOME			
1. Lump Sum Grant			
a. Lump Sum Grant (excluding Provident Fund)	1b	5,700,048.00	5,177,893.00
b. Provident Fund	1c	372,746.00	337,981.00
2. Fee Income	2	121,679.70	146,590.20
3. Central Items	3	58,867.00	58,867.00
4. Rent and Rates	4	-	-
5. Other Income	5	1,400.00	1,200.00
6. Interest Received		1,981.05	419.15
TOTAL INCOME		<u>6,256,721.75</u>	<u>5,722,950.35</u>
B. EXPENDITURE			
1. Personal Emoluments			
a. Salaries		4,641,713.90	4,346,130.37
b. Provident Fund	1c	215,855.12	209,127.84
c. Allowances		147,496.20	123,369.10
Sub-total	6	5,005,065.22	4,678,627.31
2. Other Charges	7	1,021,719.86	337,043.84
3. Central Items	3	-	-
4. Rent and Rates	4	-	-
TOTAL EXPENDITURE		<u>6,026,785.08</u>	<u>5,015,671.15</u>
C. SURPLUS FOR THE YEAR	8	<u>229,936.67</u>	<u>707,279.20</u>

The Annual Financial Report from pages 2 to 9 has been prepared in accordance with the requirements as set out in the Lump Sum Grant Manual.


 HO SHUK HA
 Board Chairperson
 Date: 21 October, 2019


 LEE KWOK CHUEN
 General Secretary
 Date: 21 October, 2019

LUTHERAN PHILIP HOUSE LIMITED
NOTES TO THE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED 31 MARCH 2019

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. LSG (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 HK\$	6.8% & Other Posts HK\$	Total HK\$
Subvention Received	-	372,746.00	372,746.00
Provident Fund Contribution Paid during the Year	-	(215,855.12)	(215,855.12)
Surplus for the Year	-	156,890.88	156,890.88
<u>Add:</u> Surplus/(deficit) b/f Additional subvention received for previous year (s)	18,823.00 (16,780.00)	1,361,140.89 16,780.00	1,379,963.89 -
<u>Less:</u> Refund to Government	(2,043.00)	-	(2,043.00)
Surplus c/f	-	1,534,811.77	1,534,811.77

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 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:

LUTHERAN PHILIP HOUSE LIMITED
NOTES TO THE ANNUAL FINANCIAL REPORT (CONT'D)
FOR THE YEAR ENDED 31 MARCH 2019

3. Central Items (Cont'd)

	<u>2018-19</u> <u>HK\$</u>	<u>2017-18</u> <u>HK\$</u>
a. Income		
Dementia Supplement for Residential Elderly Services	-	-
Infirmity Care Supplement for Residential Elderly Services	-	-
After School Care Program	-	-
Permanent and/or Time-defined Programme	-	-
Assistants/Care Assistants for Elderly Services and Rehabilitation Medical and Social Services		
Time-defined Subsidy Scheme for Extended Hours Child Care Services	21,767.00	21,767.00
Time-defined Subsidy Scheme for Occasional Child Care Services	37,100.00	37,100.00
Training Subsidy Scheme for Standalone Child Care Centre (CCC), KG-cum-CCC and Residential CCC	-	-
Training Subsidy under Training Scheme for Child Care Supervisors and Special Child Care Workers in Pre-school Rehabilitation Services	-	-
Total	<u>58,867.00</u>	<u>58,867.00</u>
b. Expenditure		
Dementia Supplement for Residential Elderly Services	-	-
Infirmity Care Supplement for Residential Elderly Services	-	-
After School Care Program	-	-
Permanent and/or Time-defined Programme	-	-
Assistants/Care Assistants for Elderly Services and Rehabilitation Medical and Social Services		
Time-defined Subsidy Scheme for Extended Hours Child Care Services	-	-
Time-defined Subsidy Scheme for Occasional Child Care Services	-	-
Training Subsidy Scheme for Standalone Child Care Centre (CCC), KG-cum-CCC and Residential CCC	-	-
Training Subsidy under Training Scheme for Child Care Supervisors and Special Child Care Workers in Pre-school Rehabilitation Services	-	-
Total	<u>-</u>	<u>-</u>

LUTHERAN PHILIP HOUSE LIMITED
NOTES TO THE ANNUAL FINANCIAL REPORT (CONT'D)
FOR THE YEAR ENDED 31 MARCH 2019

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 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 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	2018-19 HK\$	2017-18 HK\$
(a) Fees and charges for services incidental to the operation of subvented services	-	-
(b) Others (Note)	1,400.00	1,200.00
Total	<u>1,400.00</u>	<u>1,200.00</u>

Note: This is the subvention received for the previous travelling expenses paid in 2017-18.

The subvention is received from the HK Flower Show Transport Subsidy Scheme.

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 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.	Nil	Nil
HK\$800,001 - HK\$900,000 p.a.	Nil	Nil
HK\$900,001 - HK\$1,000,000 p.a.	Nil	Nil
HK\$1,000,001 - HK\$1,100,000 p.a.	Nil	Nil
HK\$1,100,001 - HK\$1,200,000 p.a.	Nil	Nil
>HK\$1,200,000 p.a.	Nil	Nil

LUTHERAN PHILIP HOUSE LIMITED
NOTES TO THE ANNUAL FINANCIAL REPORT (CONT'D)
FOR THE YEAR ENDED 31 MARCH 2019

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

	<u>2018/19</u>	<u>2017/18</u>
<u>Other Charges</u>	<u>HK\$</u>	<u>HK\$</u>
(a) Utilities	4,131.00	4,303.00
(b) Food	18,057.17	16,878.08
(c) Administrative Expenses	66,948.10	72,678.00
(d) Stores and Equipment	382,133.11	48,303.80
(e) Repair and Maintenance	3,976.90	5,585.50
(f) Special Allowance	-	-
(g) Programme Expenses	75,802.20	90,652.90
(h) Transportation and Travelling	52,698.80	35,226.60
(i) Insurance	8,935.40	7,843.50
(j) Staff Development	21,695.00	1,685.00
(k)* Miscellaneous	387,342.18 *	53,887.46
Total	<u><u>1,021,719.86</u></u>	<u><u>337,043.84</u></u>

*(k) Miscellaneous include:

Toys and Teaching Aids	278,719.88
Transfer from SWDF - Phase 2 (2016/17) expenses	106,062.30
Sundry Expenses	2,560.00
	<u><u>387,342.18 *</u></u>

LUTHERAN PHILIP HOUSE LIMITED
NOTES TO THE ANNUAL FINANCIAL REPORT (CONT'D)
FOR THE YEAR ENDED 31 MARCH 2019

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

	Analysis of Reserve Fund			
	Lump Sum Grant (LSG)	Rent and Rates	Central Items	Total
	HK\$	HK\$	HK\$	HK\$
Income				
Lump Sum Grant	6,072,794.00	-	-	6,072,794.00
Fee Income	121,679.70	-	-	121,679.70
Other Income	1,400.00	-	-	1,400.00
Interest Received (Note (1))	1,981.05	-	-	1,981.05
Rent and Rates	-	-	-	-
Central Items	-	-	58,867.00	58,867.00
Total Income (a)	6,197,854.75	-	58,867.00	6,256,721.75
Expenditure				
Personal Emoluments	5,005,065.22	-	-	5,005,065.22
Other Charges	1,021,719.86	-	-	1,021,719.86
Rent and Rates	-	-	-	-
Central Items	-	-	-	-
Total Expenditure (b)	6,026,785.08	-	-	6,026,785.08
Surplus for the Year (a) - (b)	171,069.67	-	58,867.00	229,936.67
<u>Less:</u> Surplus of Provident Fund	156,890.88	-	-	156,890.88
	14,178.79	-	58,867.00	73,045.79
Surplus/(Deficit) b/f (Note (2))	3,220,751.75	-	62,417.00	3,283,168.75
	3,234,930.54	-	121,284.00	3,356,214.54
<u>Less:</u> Refund to Government	332,030.20	-	58,867.00	390,897.20
Transfer from LSG Reserve to cover the salary adjustment for Dementia Supplement and Infirmary Care Supplementary (Note(3))	-	-	-	-
Surplus/(Deficit) c/f (Note (4))	2,902,900.34	-	62,417.00	2,965,317.34

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 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 Infirmary Care Supplement, if any, as per Schedule for Central Items.
- (4) The level of LSG cumulative reserve (i.e. HK\$2,902,900.34), 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: LUTHERAN PHILIP HOUSE LIMITED (0492)

Unit Code and Name	Subvented Element	Subvention Released (Note 1)	Actual Expenditure (Note 2)	Surplus (Note 3) (a)	Deficit for the Year			Surplus b/f (Note 5) (e)	Refund to Government (f)	Surplus c/f (Note 6) (g)=(e)+(a)-(d)-(f)
					Deficit (Note 3) (b)	Deficit transferred to LSG (Note 4) (c)	Adjusted Deficit (d)=(b)-(c)			
(3922) Hing Man CCC	Extension of Time-defined Subsidy Scheme For Extended Hours Child Care Service (Time -Defined 31/03/2019)	HK\$ -	HK\$ -	HK\$ -	HK\$ -	-	-	-	HK\$ -	HK\$ -
(0492) ALL CCC	Training Subsidy under Training Scheme for Child Care Supervisors and Special Child Care Works in Pre-school Rehabilitation Services	-	-	-	-	-	-	3,550.00	-	3,550.00
(0492) ALL CCC	Training Subsidy under Training Scheme for Standalone Child Care Centre Kindergarten-cum-Child Care Centre and Residential Child Care Centre	-	-	-	-	-	-	-	-	-
(6355) ALL CCC	Time Defined Subsidy Scheme for Occasional Child Care Service (Time -Defined 31/03/2020)	37,100.00	-	37,100.00	-	-	-	37,100.00	37,100.00	37,100.00
(T492) ALL CCC	Extended Hours Service (EHS) Users (Time -Defined 31/8/2019)	21,767.00	-	21,767.00	-	-	-	21,767.00	21,767.00	21,767.00
TOTAL		58,867.00	-	58,867.00	-	-	-	62,417.00	58,867.00	62,417.00

Notes:

- The figures for the whole financial year are 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. (5) in SWD/S/104/2 Pt.18 dated 20 July 2018.
 - Dementia Supplement for Elderly with Disabilities
 - Infirmity Care Supplement for the Aged Blind Persons
 - Dementia Supplement for Residential Elderly Services
 - Infirmity 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 less refund to Government plus surplus, if any, arising from operations in current year.
- Unit code and name are extracted from the payroll from SWD.
- 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 Investment

Analysis of Investment as at 31 March 2019

Agency: LUTHERAN PHILIP HOUSE LIMITED

	2019	2018
	HK\$'000	HK\$'000
LSG Reserve as at 31 March	4,438	4,601
Represented by:		
Investments		
a. HKD Bank Account Balances	4,438	4,601
b. HKD 24-hour Call Deposits	-	-
c. HKD Fixed Deposits	-	-
d. HKD Certificate of Deposits	-	-
e. HKD Bonds (see appendix for breakdown)	-	-
f. Loan to centres for cash flow	-	-
	<u>4,438</u>	<u>4,601</u>

Note: The investments should be reported at historical cost.

Remarks:

	HK\$	HK\$
LSG Surplus	2,902,900.34	3,220,751.75
P. Fund Surplus	1,534,811.77	1,379,963.89
	<u>4,437,712.11</u>	<u>4,600,715.64</u>

Confirmed by:-



HO SHUK HA

Board Chairperson

Date: 21 October 2019



LEE KWOK CHUEN

General Secretary

Date: 21 October 2019