LUTHERAN PHILIP HOUSE LIMITED

FOR THE YEAR ENDED 31 MARCH 2017

(Re: Lump Sum Grant)

ANNUAL FINANCIAL REPORT

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Tam Cheung Lai Sheung & Co.
Certified Public Accountants (Practising)
譚張麗嫦會計師事務所

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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 2017 and have issued an unqualified auditors' report thereon dated 11 October, 2017.

We conducted our review of the attached Annual Financial Report on pages 2 to 8 of the Organisation for the year ended 31 March 2017 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 form 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 2017:

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 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.

Tam Cheung Lai Sheung & Co.

Tam Cheung Lai Sheung & Co.
Certified Public Accountants (Practising)
Hong Kong, 11 October, 2017

Room 906, Nathan Centre, 580G-K Nathan Road, Kowloon, Hong Kong.
香港九龍彌敦道580G-K號彌敦中心906室

ANNUAL FINANCIAL REPORT
LUTHERAN PHILIP HOUSE LIMITED
1 APRIL 2016 to 31 MARCH 2017

	Note	Total 2016-17 HK$	Total 2015-16 HK$
A. INCOME			
1. Lump Sum Grant			
a. Lump Sum Grant (excluding Provident Fund)	1b	**4,618,135.00**	4,227,202.00
b. Provident Fund	1c	**304,081.00**	279,018.00
2. Special One-off Grant		-	-
3. Fee Income	2	**144,608.40**	132,506.40
4. Central Items	3	**53,567.00**	63,217.00
5. Rent and Rates	4	-	-
6. Other Income	5	-	0.06
7. Interest Received		**396.35**	406.60
TOTAL INCOME		**5,120,787.75**	4,702,350.06
B. EXPENDITURE			
1. Personal Emoluments			
a. Salaries		**4,116,479.33**	3,837,069.10
b. Provident Fund	1c	**203,384.84**	192,571.82
c. Allowances		**134,140.40**	93,866.20
d. Relief Worker		**650.00**	29,015.00
e. Statutory Payment		-	-
Sub-total	6	**4,454,654.57**	4,152,522.12
2. Other Charges	7	**371,826.42**	329,732.65
3. Central Items	3	-	44,773.00
4. Rent and Rates	4	-	-
5. Special One-off Grant Payment	7a	-	-
TOTAL EXPENDITURE		**4,826,480.99**	4,527,027.77
C. SURPLUS FOR THE YEAR	8	**294,306.76**	175,322.29

Approved and authorised for issued by the Board of Directors on

KWAN YIM CHI
Board Chairperson
Date: 11 October, 2017

LEE KWOK CHUEN
General Secretary
Date: 11 October, 2017

LUTHERAN PHILIP HOUSE LIMITED
NOTES TO THE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED 31 MARCH 2017

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

This represents Lump Sum Grant (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 for holding against subvented posts as 1April 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 should be shown under **3**.
Details are analysed below:

Provident Fund Contribution	**Snapshot Staff HK$**	**6.8% & Other Posts HK$**	**Total HK$**
Subvention Received	22,170.00	281,911.00	304,081.00
Provident Fund Contribution Paid during the Year	1,628.00	201,756.84	203,384.84
Surplus for the Year	20,542.00	80,154.16	100,696.16
Add: Surplus/(deficit) b/f	(1,719.00)	1,152,133.57	1,150,414.57
Less: Refund to Government	-	-	-
Surplus c/f	**18,823.00**	**1,232,287.73**	**1,251,110.73**

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.

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 should be 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:

3. Central Items (Cont'd)

	2016/17 HK$	2015/16 HK$
a. Income		
Dementia Supplement for Residential Elderly Services	-	-
Infirmary 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**	31,417.00
Time-defined Subsidy Scheme for Occasional Child Care Services	**31,800.00**	31,800.00
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	**53,567.00**	63,217.00
b. Expenditure		
Dementia Supplement for Residential Elderly Sercices	-	-
Infirmary 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	-	44,773.00
Training Subsidy under Training Scheme for Child Care Supervisors and Special Child Care Workers in Pre-school Rehabilitation Services	-	-
Total	-	44,773.00

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 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 have not been included as Other Income in AFR

6. Personal Emoluments

Personal Emoluments include salary, provident fund, salary-related
The analysis on number of posts with annual Personal Emoluments over $500,000 each is appended below:

Analysis of Personal Emoluments

	No. of Posts	HK$
HK$500,001 - HK$600,000 p.a.	Nil	Nil
HK$600,001 - HK$700,000 p.a.	Nil	Nil
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$1,000,000 p.a.	Nil	Nil

7. Other Charges

The breakdown on Other Charges is as follows:

Other Charges	2016/17 HK$	2015/16 HK$
(a) Utilities	**4,617.00**	3,848.00
(b) Food	**15,061.51**	27,510.78
(c) Administrative Expenses	**107,670.30**	86,800.10
(d) Stores and Equipment	**48,669.41**	40,125.92
(e) Repair and Maintenance	**5,423.00**	7,645.00
(f) Special Allowance	-	-
(g) Programme Expenses	**83,320.90**	100,573.55
(h) Transportation and Travelling	**47,985.70**	32,867.40
(i) Insurance	**4,391.40**	1,781.00
(j) Staff Development	**11,578.40**	-
(k) Miscellaneous	**43,108.80**	28,580.90
Total	**371,826.42**	329,732.65

7a. Special One-off Grant Payments

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

Special one-off Grant Payments	2016/17 HK$	2015/16 HK$
(a) Voluntary Retirement Scheme	-	-
(b) Compensation Scheme	-	-
(c) Staff Training and Development	-	-
(d) Other Staff-related Initiatives	-	-
Total	-	-

8. Analysis of Reserve Fund

	Analysis of Reserve Fund				
	Lump Sum Grant LSG	Special One-off Grant (SOG)	Rent and Rates	Central Items	Total
Income					
Lump Sum Grant	4,922,216.00	-	-	-	4,922,216.00
Special One-off Grant	-	-	-	-	-
Fee Income	144,608.40	-	-	-	144,608.40
Other Income	-	-	-	-	-
Interest Received **(Note (1))**	396.35	-	-	-	396.35
Rent and Rates	-	-	-	-	-
Central Items	-	-	-	53,567.00	53,567.00
Total Income (a)	5,067,220.75	-	-	53,567.00	5,120,787.75
Expenditure					
Personal Emoluments	4,454,654.57	-	-	-	4,454,654.57
Other Charges	371,826.42		-	-	371,826.42
Rent and Rates	-	-	-	-	-
Central Items	-	-	-	-	-
Special One-off Grant Payments	-	-	-	-	-
Total Expenditure (b)	4,826,480.99	-	-	-	4,826,480.99
Surplus for the Year (a) - (b)	240,739.76	-	-	53,567.00	294,306.76
Less: Surplus of Provident Fund	100,696.16	-	-	-	100,696.16
	140,043.60	-	-	53,567.00	193,610.60
Surplus/(Deficit) b/f (Note (2))	2,561,149.11	-	(18,392.00)	117,287.00	2,660,044.11
	2,701,192.71	-	(18,392.00)	170,854.00	2,853,654.71
Less: Refund to Government	-	-	-	-	-
Transfer from LSG Reserve to cover the salary adjustment for Programme Assistants, Care Assistants, Dementia Supplement and Infirmary Care Supplementary (Note(3))	-	-	-	-	-
Surplus/(Deficit) c/f (Note (4))	2,701,192.71	-	(18,392.00)	170,854.00	2,853,654.71

Notes :

(1) All the interest received on LSG and PF reserves, 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 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 Programme Assistants, Care Assistants, Dementia Supplement and Infirmary Care Supplement, if any , as per Schedule of Central Items.

(4) The level of LSG cumulative reserves (i.e. HK$2,701,192.71) will be capped at 25% of the NGO's operating expenditure (excluding PF expenditure) for the year.

Schedule for Central Items

Analysis of Subvention and Expenditure for the period from 1.4.2016 to 31.3.2017

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			Refund to Government	Surplus b/f (Note 5) (e)	Surplus c/f (Note 6) (d)=(e)+(a)-(b)
					Deficit (Note 3) (b)	Deficit transferred to LSG (Note4) (c)	Adjusted Deficit (d)=(b)-(c)			
		HK$	HK$	HK$	HK$				HK$	HK$
(3922) Hing Man CCC	Extension of Time-defined Subsidy Scheme For Extended Hours Child Care Service (Time -Defined 31/03/2017)	-	-	-	-	-	-	-	37,440.00	37,440.00
(0492) ALL CCC	Training Subsidy under Training Scheme for Child Care Supervisors and Special Child Care Works in Pre-school	-	-	-	-	-	-	-	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 31/03/2017)	31,800.00	-	31,800.00	-	-	-	-	63,600.00	95,400.00
(T492) ALL CCC	Extended Hours Service (EHS) Users (Time -Defined 31/8/2018)	21,767.00	-	21,767.00	-	-	-	-	12,697.00	34,464.00
TOTAL		53,567.00	-	53,567.00	-	-	-	-	117,287.00	170,854.00

Notes:

1. The figures for the whole financial year can be extracted from the paylist 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 Reseve 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
   (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 codes and names are extracted from the paylist 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 Investment

Analysis of Investment as at 31 March 2017

Agency: LUTHERAN PHILIP HOUSE LIMITED

	2017	2016
	HK$'000	HK$'000
LSG Reserve as at 31 March	**3,952**	3,711
Represented by:		
Investments		
a. HKD Bank Account Balances	**3,952**	3,711
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	-	-
	3,952	3,711

Note: The investments should be reported at historical cost.

Confirmed by:-

KWAN YIM CHI
Board Chairperson
Date: 11 October, 2017

LEE KWOK CHUEN
General Secretary
Date: 11 October, 2017