

KIANGSU CHEKIANG AND SHANGHAI RESIDENTS (HONG KONG) ASSOCIATION
TUEN MUN HOSTEL AND KWAI TSING HOSTEL FOR THE ELDERLY

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED 31 MARCH 2020

邱在光合伙會計師行有限公司
C K YAU & PARTNERS CPA LIMITED
Chartered Accountants
Certified Public Accountants (Practising)

11-13/F., Pico Tower
66 Gloucester Road
Wanchai, Hong Kong

REVIEW REPORT TO THE MANAGEMENT COMMITTEE OF
KIANGSU CHEKIANG AND SHANGHAI RESIDENTS (HONG KONG) ASSOCIATION
TUEN MUN HOSTEL AND KWAI TSING HOSTEL FOR THE ELDERLY

We have audited the financial statements of Kiangsu Chekiang And Shanghai Residents (Hong Kong) Association - Tuen Mun Hostel and Kwai Tsing Hostel for the Elderly ("the Hostels") for the year ended 31 March 2020 and have issued an unqualified auditors' report thereon dated 9 November 2020.

We conducted our review of the attached Annual Financial Report on pages 3 to 9 of the Hostels for the year ended 31 March 2020 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 Hostels, on which the above audited financial statements of the Hostels 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 Hostels for the year ended 31 March 2020 :

- (a) in our opinion the Annual Financial Report has been properly prepared from the books and records of the Hostels; and
- (b) no matters have come to our attention during the course of our review, which cause us to believe that the Hostels have 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;

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Directors

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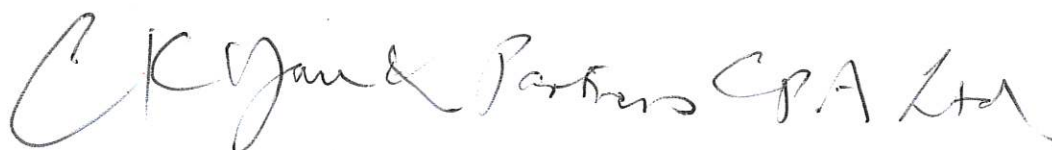
Alex C B Wong 王振邦
FCCA FTIHK FCPA FCA

REVIEW REPORT TO THE MANAGEMENT COMMITTEE OF
KIANGSU CHEKIANG AND SHANGHAI RESIDENTS (HONG KONG) ASSOCIATION
TUEN MUN HOSTEL AND KWAI TSING HOSTEL FOR THE ELDERLY

REVIEW CONCLUSIONS (CONTINUED)

- (b) (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 2020.

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.



C K Yau & Partners CPA Limited
Chartered Accountants
Certified Public Accountants (Practising)

TAM King Tong
Practising Certificate Number P02894

Hong Kong, 9 November 2020

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Directors

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ANNUAL FINANCIAL REPORT

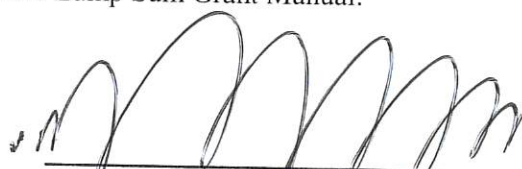
NGO: KIANGSU CHEKIANG AND SHANGHAI RESIDENTS (HONG KONG) ASSOCIATION


FOR THE PERIOD FROM 1 APRIL 2019 TO 31 MARCH 2020

(in Hong Kong Dollars)

	<u>Note</u>	<u>2019/20</u>	<u>2018/19</u>
A. INCOME			
1. Lump Sum Grant			
(a) Lump Sum Grant			
(excluding Provident Fund)	1b	\$ 32,480,988.00	\$ 29,810,677.00
(b) Provident Fund	1c	2,740,057.00	2,571,219.00
2. Fee Income	2	4,815,900.00	4,776,410.00
3. Central Items	3	6,273,426.00	4,620,777.00
4. Rent and Rates	4	1,938,423.00	2,030,825.00
5. Other Income	5	21,650.00	30,560.00
6. Interest Received		11,343.76	6,796.17
TOTAL INCOME		<u>\$ 48,281,787.76</u>	<u>\$ 43,847,264.17</u>
B. EXPENDITURE			
1. Personal Emoluments			
(a) Salaries		\$ 28,480,411.31	\$ 26,172,991.13
(b) Provident Fund	1c	2,113,132.37	2,119,901.71
(c) Allowances		572,014.89	586,239.31
Sub-total	6	31,165,558.57	28,879,132.15
2. Other Charges	7	7,441,406.09	6,858,544.34
3. Central Items	3	5,818,658.16	4,587,865.91
4. Rent and Rates	4	2,113,945.00	2,030,825.00
TOTAL EXPENDITURE		<u>\$ 46,539,567.82</u>	<u>\$ 42,356,367.40</u>
C. SURPLUS FOR THE YEAR	8	<u>\$ 1,742,219.94</u>	<u>\$ 1,490,896.77</u>

The Annual Financial Report from pages 3 to 9 has been prepared in accordance with the requirements as set out in the Lump Sum Grant Manual.


 MR. CHOW Wai Wai, John
 Agency Head


 MR. TSUI Chung Hou, Stanley
 Vice Chariman

Date: 9 November 2020

NOTES ON THE ANNUAL FINANCIAL REPORT
FOR THE PERIOD FROM 1 APRIL 2019 TO 31 MARCH 2020
(in Hong Kong Dollars)

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 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 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>	<u>6.8% and Other Posts</u>	<u>Total</u>
Subvention Received	\$ 991,280.00	\$ 1,748,777.00	\$ 2,740,057.00
Provident Fund Contribution Paid during the year	(965,057.00)	(1,148,075.37)	(2,113,132.37)
Surplus for the year	26,223.00	600,701.63	626,924.63
Add: Surplus b/f	98,729.00	3,481,468.75	3,580,197.75
Less: Adjusted by SWD for 2017/18	(65,652.00)	22,302.00	(43,350.00)
Adjustment for 2016-17 to 2017-18 per SWD letter SF/SAS/4-65/97 on 21 October 2019	-	6,480.00	6,480.00
Surplus c/f	\$ 59,300.00	\$ 4,110,952.38	\$ 4,170,252.38

NGO: KIANGSU CHEKIANG AND SHANGHAI RESIDENTS (HONG KONG) ASSOCIATION

NOTES ON THE ANNUAL FINANCIAL REPORT
FOR THE PERIOD FROM 1 APRIL 2019 TO 31 MARCH 2020

(in Hong Kong Dollars)

2. FEE INCOME

This represents social welfare fee income received for the year in respect of the fees and charges recognized 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 Lump Sum Grant and are subject to their own procedures as set out in other SWD's papers and correspondence with the NGO. 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:

	2019/20	2018/19
(a) Income		
Dementia Supplement for Residential Elderly Services	\$ 3,418,191.00	\$ 2,803,626.00
Infirmity Care Supplement for Residential Elderly Services	2,079,867.00	1,817,151.00
Special Grant on Manpower Support for Residential and Home-based Care Service Units in respect of the Severe Respiratory Disease associated with a Novel Infectious Agent	298,218.00	-
Special Allowance for Staff of Subvented Residential Service Units in respect of COVID-19	477,150.00	-
Total	<u>\$ 6,273,426.00</u>	<u>\$ 4,620,777.00</u>
(b) Expenditure		
Dementia Supplement for Residential Elderly Services	\$ 3,355,479.80	\$ 2,788,353.10
Infirmity Care Supplement for Residential Elderly Services	1,998,426.09	1,799,512.81
Special Grant on Manpower Support for Residential and Home-based Care Service Units in respect of the Severe Respiratory Disease associated with a Novel Infectious Agent	-	-
Special Allowance for Staff of Subvented Residential Service Units in respect of COVID-19	464,752.27	-
Total	<u>\$ 5,818,658.16</u>	<u>\$ 4,587,865.91</u>

4. RENT AND RATES

This represents the amount paid by Social Welfare Department (SWD) in respect of premises recognized by SWD. Expenditure on rent and rates in respect of premises not recognized by SWD have not been included in the Annual Financial Report.

5. OTHER INCOME

This includes programme income and all income other than recognized social welfare fee income received during the year. Non-SWD subventions and donations received have not been included as Other Income in the AFR. In this respect, donations have been included if it is used to finance expenditure reflected in the AFR.

**NOTES ON THE ANNUAL FINANCIAL REPORT
FOR THE PERIOD FROM 1 APRIL 2019 TO 31 MARCH 2020**

(in Hong Kong Dollars)

5. OTHER INCOME (CONTINUED)

The breakdown on Other Income is as follows:

	<u>2019/20</u>	<u>2018/19</u>
(a) Fees and charges for services incidental to the operation of subvented services	\$ -	\$ -
(b) Programme fee income	21,650.00	30,560.00
(c) Others	-	-
Total	<u>\$ 21,650.00</u>	<u>\$ 30,560.00</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>	
HK\$700,001 – HK\$800,000 p.a.	1	\$ 786,623.91
HK\$800,001 – HK\$900,000 p.a.	1	819,736.00
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.	2	2,516,887.00

7. OTHER CHARGES

The breakdown on Other Charges is as follows :

	<u>2019/20</u>	<u>2018/19</u>
(a) Utilities	\$ 1,532,456.00	\$ 1,460,959.50
(b) Food	2,381,341.25	2,232,896.80
(c) Administrative Expenses	312,923.90	310,040.01
(d) Stores and Equipment	310,926.71	406,004.43
(e) Repair and Maintenance	762,222.40	517,477.00
(f) Programme Expenses	60,695.70	81,754.60
(g) Transportation and Travelling	15,667.00	6,525.05
(h) Insurance	804,343.63	790,909.95
(i) Miscellaneous	27,700.00	7,600.00
(j) Medical Expenses	1,064,851.00	910,698.50
(k) Medical Supplies	168,278.50	133,678.50
Total	<u>\$ 7,441,406.09</u>	<u>\$ 6,858,544.34</u>

**NOTES ON THE ANNUAL FINANCIAL REPORT
FOR THE PERIOD FROM 1 APRIL 2019 TO 31 MARCH 2020**

(in Hong Kong Dollars)

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

	<u>Lump Sum Grant (LSG)</u>	<u>Rent and Rates</u>	<u>Central Items</u>	<u>Total</u>
Income				
Lump Sum Grant	\$ 35,221,045.00	\$ -	\$ -	\$ 35,221,045.00
Fee Income	4,815,900.00	-	-	4,815,900.00
Other Income	21,650.00	-	-	21,650.00
Interest Received (Note 1)	11,343.76	-	-	11,343.76
Rent and Rates	-	1,938,423.00	-	1,938,423.00
Central Items	-	-	6,273,426.00	6,273,426.00
Total Income (a)	<u>\$ 40,069,938.76</u>	<u>\$ 1,938,423.00</u>	<u>\$ 6,273,426.00</u>	<u>\$ 48,281,787.76</u>
Expenditure				
Personal Emoluments	\$ 31,165,558.57	\$ -	\$ -	\$ 31,165,558.57
Other Charges	7,441,406.09	-	-	7,441,406.09
Rent and Rates	-	2,113,945.00	-	2,113,945.00
Central Items	-	-	5,818,658.16	5,818,658.16
Total Expenditure (b)	<u>\$ 38,606,964.66</u>	<u>\$ 2,113,945.00</u>	<u>\$ 5,818,658.16</u>	<u>\$ 46,539,567.82</u>
Surplus/(deficit) for the year (a)-(b)	\$ 1,462,974.10	\$ (175,522.00)	\$ 454,767.84	\$ 1,742,219.94
Add/(Less): Deficit/(Surplus) of Provident Fund	(626,924.63)	-	-	(626,924.63)
	836,049.47	(175,522.00)	454,767.84	1,115,295.31
Surplus / (Deficit) b/f (Note 2)	<u>5,360,177.07</u>	<u>-</u>	<u>62,874.91</u>	<u>5,423,051.98</u>
	6,196,226.54	(175,522.00)	517,642.75	6,538,347.29
Add: Adjusted by SWD -				
DS in 2012-13 (Excessive Deficit) transferred to LSG	21,435.48	-	(21,435.48)	-
Excess deficit of ICS in 2016-17 transferred to LSG	8,528.34	-	(8,528.34)	-
Less : Refund to Government	-	-	(32,911.09)	(32,911.09)
Transfer from LSG Reserve to cover the salary adjustment for Dementia Supplement and Infirmary Care Supplementary (Note 3)	-	-	-	-
Surplus / (Deficit) c/f (Note 4)	<u>\$ 6,226,190.36</u>	<u>\$ (175,522.00)</u>	<u>\$ 454,767.84</u>	<u>\$ 6,505,436.20</u>

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 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, 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 APRIL 2019 TO 31 MARCH 2020

NAME OF NGO: KIANGSU CHEKIANG AND SHANGHAI RESIDENTS (HONG KONG) ASSOCIATION

Unit Code and Name / Remittance Advice No. (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)	Adjusted by and refunded 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)			
#7979 Tuen Mun Hostel for the Elderly	Dementia Supplement for Residential Elderly Services	\$ 1,193,654.00	\$ 1,135,989.56	\$ 57,664.44	\$ -	\$ -	\$ -	\$ 36,650.28	\$ (36,650.28)	\$ 57,664.44
#3838 Tuen Mun Hostel for the Elderly	Infirmary Care Supplement for Residential Elderly Services	723,432.00	644,637.78	78,794.22	-	-	-	17,332.55	(17,332.55)	78,794.22
#3857 Kwai Tsing Hostel for the Elderly	Dementia Supplement for Residential Elderly Services	2,224,537.00	2,219,490.24	5,046.76	-	-	-	8,586.44	(8,586.44)	5,046.76
#1693 Kwai Tsing Hostel for the Elderly	Infirmary Care Supplement for Residential Elderly Services	1,356,435.00	1,353,788.31	2,646.69	-	-	-	305.64	(305.64)	2,646.69
#424 Kiangsu Chekiang And Shanghai Residents (Hong Kong) Association (As per SWD letter : SWD/S/203/7 on 11 February 2020)	Special Grant on Manpower Support for Residential and Home-based Care Service Units in respect of the Severe Respiratory Disease associated with a Novel Infectious Agent	298,218.00	-	298,218.00	-	-	-	-	-	298,218.00
(As per SWD letter : SWD/S/1-90/4-3 on 26 February 2020)	Special Allowance for Staff of Subvented Residential Care Service Units in respect of COVID-19	477,150.00	464,752.27	12,397.73	-	-	-	-	-	12,397.73
Total		6,273,426.00	5,818,658.16	454,767.84	-	-	-	62,874.91	(62,874.91)	454,767.84

Note :

- The figures for the whole financial year are extracted from the payroll for March (Final) or remittance advice(s) issued by the Treasury 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.e. 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 SWDS/104/2 Pt. 18 dated 4 March 2020.
 - Dementia Supplement for Elderly with Disabilities
 - Infirmary Care Supplement for the Aged Blind Persons
 - Dementia Supplement for Residential Elderly Services
 - Infirmary 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 codes and name / remittance advice no. are extracted from the payroll from SWD and remittance advice from the Treasury respectively.
- 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 APRIL 2019 TO 31 MARCH 2020

NAME OF NGO: KIANGSU CHEKIANG AND SHANGHAI RESIDENTS (HONG KONG) ASSOCIATION

Unit Code and Name	Subvented Element	Subvention Released (Note 1)	Actual Expenditure	Surplus (Note 2)	Deficit (Note 2)
#3835 – Tuen Mun Hostel for the Elderly		\$	\$	\$	\$
	Rent (Note 3)	901,656.00	988,920.00	-	(87,264.00)
	Rates	10,591.00	6,705.00	3,886.00	-
	Total	912,247.00	995,625.00	3,886.00	(87,264.00)
#3853 – Kwai Tsing Hostel for the Elderly	Rent (Note 3)	1,010,424.00	1,107,420.00	-	(96,996.00)
	Rates	15,752.00	10,900.00	4,852.00	-
	Total	1,026,176.00	1,118,320.00	4,852.00	(96,996.00)
	Grant Total	1,938,423.00	2,113,945.00	8,738.00	(184,260.00)

Notes:

- 1 The figures are to be extracted from the payroll for March plus subvention released in late March of the financial year. Reimbursement for rent and rates relating to previous financial year(s) (i.e. back payments) should not be included.
- 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.

Remark:

To tally with the amount shown in this schedule with that reported in Note 8 of AFR, back payments of rent and rates can be excluded from "Income" and be shown as a separate item after "Surplus/ deficit b/f" in Note 8 of AFR.

Schedule for Investment

Analysis of Investment as at 31 March 2020

NGO: KIANGSU CHEKIANG AND SHANGHAI RESIDENTS (HONG KONG) ASSOCIATION


	2020 HK\$	2019 HK\$
LSG Reserve as at 31 March	<u>6,226,190.36</u>	<u>5,360,177.07</u>
Represented by -		
Investments		
a. HKD Bank Account Balances	5,226,190.36	4,860,177.07
b. HKD Fixed Deposits	<u>1,000,000.00</u>	<u>500,000.00</u>
	<u>6,226,190.36</u>	<u>5,360,177.07</u>

Note: The investments should be reported at historical cost.

Confirmed by:-


MR. CHOW Wai Wai, John
Agency Head

Date: 9 November 2020


MR. TSUI Chung Hou, Stanley
Vice Chariman

Date: 9 November 2020