

## Disclaimer

This Annual Financial Report ("AFR") does not constitute The Chinese Evangelical Zion Church Limited's statutory annual financial statements. This AFR is prepared on cash basis and in accordance with the requirements set out in the Lump Sum Grant Manual issued by the Social Welfare Department of the Government of the Hong Kong Special Administrative Region. This basis of preparation is different from the financial reporting standards issued by The Hong Kong Institute of Certified Public Accountants normally adopted in statutory annual financial statements.

**CHINESE EVANGELICAL ZION CHURCH LIMITED**  
**- TSZ WAN SHAN ZION CHILDREN AND YOUTH INTEGRATED SERVICE CENTRE**

**ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR FROM 1 APRIL 2018 TO 31 MARCH 2019**

	<u>Notes</u>	<u>Year ended</u> <u>31.3.2019</u> <u>HK\$</u>	<u>Year ended</u> <u>31.3.2018</u> <u>HK\$</u>	<u>Remarks</u>
<b>A. INCOME</b>				
1. Lump Sum Grant				
a. Lump Sum Grant (excluding Provident Fund)	1b	7,416,385.00	7,115,004.00	
b. Provident Fund	1c	663,873.00	634,767.00	
2. Fee Income	2	90.00	60.00	
3. Central Items	3	2,143,470.00	1,538,470.00	
4. Rent and Rates	4	540,401.00	539,555.00	
5. Other Income	5	6,649,230.98	5,301,383.70	
6. Interest Received		79,163.26	57,563.10	
<b>TOTAL INCOME</b>		<b>17,492,613.24</b>	<b>15,186,802.80</b>	
<b>B. EXPENDITURE</b>				
1. Personal Emoluments				
a. Salaries		9,521,251.08	8,748,779.70	
b. Provident Fund	1c	698,142.85	686,517.93	
c. Allowances		0.00	0.00	
Sub-total	6	10,219,393.93	9,435,297.63	
2. Other Charges	7	4,379,435.50	4,416,625.45	
3. Central Items	3	1,993,650.97	1,717,760.21	
4. Rent and Rates	4	531,615.92	537,966.08	
<b>TOTAL EXPENDITURE</b>		<b>17,124,096.32</b>	<b>16,107,649.37</b>	
<b>C. SURPLUS/(DEFICIT) FOR THE YEAR</b>	8	<b>368,516.92</b>	<b>(920,846.57)</b>	

The Annual Financial Report from pages 3 to 10 has been prepared in accordance with the requirements as set out in the Lump Sum Grant Manual.

\_\_\_\_\_  
 Mr. Yung Yin Kwong  
 Chairman

\_\_\_\_\_  
 Mr. Ng Yan Ho Henry  
 Chief Executive

**CHINESE EVANGELICAL ZION CHURCH LIMITED**  
**- TSZ WAN SHAN ZION CHILDREN AND YOUTH INTEGRATED SERVICE CENTRE**

**NOTES ON THE ANNUAL FINANCIAL REPORT**

**I. Lump Sum Grant**

**a. Basic 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% Posts</u>	<u>Year ended</u>	<u>Year ended</u>
	<u>HK\$</u>	<u>HK\$</u>	<u>31.3.2019</u>	<u>31.3.2018</u>
Subvention Received	278,921.00	384,952.00	663,873.00	634,767.00
Provident fund contribution paid during the year	245,590.20	452,552.65	698,142.85	686,517.93
Surplus/(deficit) for the Year	33,330.80	(67,600.65)	(34,269.85)	(51,750.93)
Add : Surplus b/f	(23,894.61)	658,833.92	634,939.31	670,085.24
Add : Additional subvention received for previous year	22,894.00	0.00	22,894.00	16,605.00
Less: Refund to Government	0.00	0.00	0.00	0.00
Surplus/(deficit) c/f	<u>32,330.19</u>	<u>591,233.27</u>	<u>623,563.46</u>	<u>634,939.31</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 Lump Sum Grant 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 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>Year ended</u>	<u>Year ended</u>
	<u>31.3.2019</u>	<u>31.3.2018</u>
	<u>HK\$</u>	<u>HK\$</u>
<b>a. Income</b>		
After School Care Programme–Fee Waiving Subsidy Scheme	32,400.00	31,500.00
Neighbourhood Support Child Care Project (NSCCP) – Contract Subsidy	1,586,070.00	1,506,970.00
NSCCP – Subsidy for Fee Reduction/Waiving	525,000.00	0.00
	<u>2,143,470.00</u>	<u>1,538,470.00</u>
<b>b. Expenditure</b>		
After School Care Programme–Fee Waiving Subsidy Scheme	32,400.00	31,500.00
Neighbourhood Support Child Care Project (NSCCP) – Contract Subsidy	1,735,476.47	1,437,893.81
NSCCP – Subsidy for Fee Reduction/Waiving	225,774.50	248,366.40
	<u>1,993,650.97</u>	<u>1,717,760.21</u>

**4. Rent and Rates**

This represents the amount paid by Social Welfare Department in respect of premises recognised by SWD. Expenditure on rent and rates in respect of premises not recognised by SWD should not been included in AFR.

**CHINESE EVANGELICAL ZION CHURCH LIMITED**  
**- TSZ WAN SHAN ZION CHILDREN AND YOUTH INTEGRATED SERVICE CENTRE**

**NOTES ON THE ANNUAL FINANCIAL REPORT**

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:

<u>Other Income</u>	<u>Year ended</u> <u>31.3.2019</u> <u>HK\$</u>	<u>Year ended</u> <u>31.3.2018</u> <u>HK\$</u>
(a) Fees and charges for services incidental to the operation of subvented services	0.00	0.00
(b) Others	6,649,230.98	5,301,383.70
<b>Total</b>	<u><u>6,649,230.98</u></u>	<u><u>5,301,383.70</u></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 HK\$700,000 each paid under LSG is appended below.

<u>Analysis of Personal Emoluments paid under LSG</u>	<u>No. of Posts</u>	<u>Year ended</u> <u>31.3.2019</u> <u>HK\$</u>
HK\$700,001-HK\$800,000 p.a.	1	720,090.90
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.	1	1,162,767.30
>HK\$1,200,000 p.a.		

7. Other Charges

The breakdown on Other Charges is as follows:

	<u>Year ended</u> <u>31.3.2019</u> <u>HK\$</u>	<u>Year ended</u> <u>31.3.2018</u> <u>HK\$</u>
(a) Utilities	98,105.64	97,865.50
(b) Food	0.00	0.00
(c) Administrative Expenses	313,474.29	312,532.06
(d) Store and Equipment	9,184.59	76,898.50
(e) Repair and Maintenance	125,127.10	51,601.75
(f) Special Allowances	0.00	0.00
(g) Programme Expenses	3,677,109.32	3,768,478.54
(h) Transportation and Travelling	3,932.20	5,095.30
(i) Insurance	110,841.80	67,013.00
(j) Miscellaneous	0.00	0.00
(k) Staff development	41,660.56	37,140.80
<b>Total</b>	<u><u>4,379,435.50</u></u>	<u><u>4,416,625.45</u></u>

**CHINESE EVANGELICAL ZION CHURCH LIMITED**  
**- TSZ WAN SHAN ZION CHILDREN AND YOUTH INTEGRATED SERVICE CENTRE**

**NOTES ON THE ANNUAL FINANCIAL REPORT**

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

	Lump Sum Grant	Rent and Rates	Central Items	Total
<b>Income</b>				
Lump Sum Grant	8,080,258.00			8,080,258.00
Fee Income	90.00			90.00
Other Income	6,649,230.98			6,649,230.98
Interest Received (Note (1))	79,163.26			79,163.26
Rent and Rates		540,401.00		540,401.00
Central Items			2,143,470.00	2,143,470.00
<b>Total Income (a)</b>	<b>14,808,742.24</b>	<b>540,401.00</b>	<b>2,143,470.00</b>	<b>17,492,613.24</b>
<b>Expenditure</b>				
Personal Emoluments	10,219,393.93			10,219,393.93
Other Charges	4,379,435.50			4,379,435.50
Rent and Rates		531,615.92		531,615.92
Central Items			1,993,650.97	1,993,650.97
<b>Total Expenditure (b)</b>	<b>14,598,829.43</b>	<b>531,615.92</b>	<b>1,993,650.97</b>	<b>17,124,096.32</b>
Surplus/(Deficit) for the Year (a)-(b)	209,912.81	8,785.08	149,819.03	368,516.92
Less: (Surplus)/Deficit of Provident Fund	34,269.85			34,269.85
	244,182.66	8,785.08	149,819.03	402,786.77
Surplus b/f (Note (2))	6,727,489.34	1,590.57	1,506,557.19	8,235,637.10
Adjustment per SWD letter SWD SF/S1/4-65/27(116) II dated 4 September 2019	500.00			500.00
	6,972,172.00	10,375.65	1,656,376.22	8,638,923.87
Less: Refund from/(to) Government	-	(1,588.92)	-	(1,588.92)
<b>Surplus c/f (Note (4))</b>	<b>6,972,172.00</b>	<b>8,786.73</b>	<b>1,656,376.22</b>	<b>8,637,334.95</b>

**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 Lump Sum Grant 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 Infirmity 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.
- (5) Included HK\$4,264,647.32 for the withhold the clawback of LSG Reserve for 2004-07.