

**LOK CHI ASSOCIATION LIMITED**

REVIEW REPORT AND ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED 31 MARCH, 2016



**Yuen & Chu** CPA Limited

**Certified Public Accountants**

**REVIEW REPORT TO THE MANAGEMENT COMMITTEE OF  
LOK CHI ASSOCIATION LIMITED**

We have audited the financial statements of Lok Chi Association Limited (hereinafter called "the Association") for the year ended 31 March, 2016 and have issued an unqualified auditors' report thereon dated 25 OCT 2016

We conducted our review of the attached Annual Financial Report (hereinafter called "the AFR") on pages 3 to 11 of the Association for the year ended 31 March, 2016 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 AFR and performing procedures to satisfy ourselves that the AFR has been properly prepared from the books and records of the Association, on which the above audited financial statements of the Association 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 Association for the year ended 31 March, 2016:

- a. in our opinion the AFR has been properly prepared from the books and records of the Association; and
- b. no matters have come to our attention during the course of our review, which cause us to believe that the Association has not:
  - i. properly accounted for the receipt of Lump Sum Grant (hereinafter called "the LSG"), Provident Fund 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 LSG Manual published by the Social Welfare Department of the Government of the HKSAR;

**REVIEW REPORT TO THE MANAGEMENT COMMITTEE OF  
LOK CHI ASSOCIATION LIMITED (Cont'd)**

- iii. prepared the AFR 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, 2016.

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.



YUEN & CHU CPA LIMITED

CERTIFIED PUBLIC ACCOUNTANTS

Hong Kong

Date : 25 OCT 2016

Chu Wai Yin

Practising certificate number : P03995

**LOK CHI ASSOCIATION LIMITED**


**NON-GOVERNMENTAL ORGANISATION**

**ANNUAL FINANCIAL REPORT**

**1 APRIL, 2015 TO 31 MARCH, 2016**

	Notes	Total 2015-16 HK\$	Total 2014-15 HK\$
<b>A. INCOME</b>			
1. Lump Sum Grant		2,241,973.00	2,078,044.00
a. Lump Sum Grant (excluding Provident Fund)	1b	2,085,092.00	1,932,247.00
b. Provident Fund	1c	156,881.00	145,797.00
2. Special One-off Grant		-	-
3. Fee Income	2	-	-
4. Central Items	3	-	61,587.00
5. Rent and Rates	4	30,795.00	30,288.00
6. Other Income	5	111,880.00	95,420.00
7. Interest Received		85.98	87.73
<b>TOTAL INCOME</b>		<u>2,384,733.98</u>	<u>2,265,426.73</u>
<b>B. EXPENDITURE</b>			
1. Personal Emoluments	6	1,827,449.54	1,614,901.24
a. Salaries		1,723,271.01	1,518,875.48
b. Provident Fund	1c	104,178.53	96,025.76
c. Allowances		-	-
2. Other Charges	7	457,247.05	356,921.28
3. Central Items	3	-	61,236.00
4. Rent and Rates	4	31,720.00	33,006.00
5. Special One-off Grant Payments		-	-
<b>TOTAL EXPENDITURE</b>		<u>2,316,416.59</u>	<u>2,066,064.52</u>
<b>C. SURPLUS/(DEFICIT) FOR THE YEAR</b>	8	<u>68,317.39</u>	<u>199,362.21</u>

Authorised  
Signature



Name

Ms Tsang Chi Hung

Title

Chairperson

Date

25 OCT 2016

Authorised  
Signature



Name

Ms Kwan Pui Ying

Title

Executive Director

Date

25 OCT 2016

# LOK CHI ASSOCIATION LIMITED

## NOTES ON THE ANNUAL FINANCIAL REPORT

YEAR ENDED 31 MARCH, 2016

### 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 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. Please note that the PF received and contributed for staff under the Central Items have been shown under 3.

Details are analysed below :

<u>Provident Fund Contribution</u>	<u>Snapshot Staff</u> <u>HK\$</u>	<u>6.8% and</u> <u>Other Posts</u> <u>HK\$</u>	<u>Total</u> <u>HK\$</u>
Subvention Received	45,227.00	111,654.00	156,881.00
Provident Fund Contribution Paid during the Year	(45,227.00)	(58,951.53)	(104,178.53)
Surplus / (Deficit) for the Year	-	52,702.47	52,702.47
Add : Surplus / (Deficit) b/f Transfer from Snapshot Staff to 6.8% and other posts	2,600.10 (1,688.10)	300,248.47 1,688.10	302,848.57 -
Less : Refund to Government	(912.00)	-	(912.00)
Surplus / (Deficit) c/f	-	354,639.04	354,639.04

### 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.

LOK CHI ASSOCIATION LIMITED

NOTES ON THE ANNUAL FINANCIAL REPORT (Cont'd)

YEAR ENDED 31 MARCH, 2016

**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 have been 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:

	<u>2015-16</u> <u>HK\$</u>	<u>2014-15</u> <u>HK\$</u>
<b><u>a. Income</u></b>		
Regularized Programme Assistant (PA)	-	61,587.00
<b>Total</b>	<u>-</u>	<u>61,587.00</u>
<b><u>b. Expenditure</u></b>		
Regularized Programme Assistant (PA)	-	61,236.00
<b>Total</b>	<u>-</u>	<u>61,236.00</u>

**4. Rent and Rates**

This represents the amount paid by SWD in respect of premises recognised by SWD.

Expenditures 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.

**LOK CHI ASSOCIATION LIMITED**

**NOTES ON THE ANNUAL FINANCIAL REPORT (Cont'd)**

**YEAR ENDED 31 MARCH, 2016**

**6. Personal Emoluments** Personal Emoluments include salary, provident fund and salary-related allowances.

The analysis on number of posts with annual Personal Emoluments over \$500,000 each is appended below:

<b>Analysis of Personal Emoluments</b>	<b>No. of Posts</b>	<b>HK\$</b>
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.	1	710,387.60
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:

<b>Other Charges</b>	<u>2015-16</u> <u>HK\$</u>	<u>2014-15</u> <u>HK\$</u>
(a) Utilities	33,065.54	30,671.54
(b) Food	-	-
(c) Administrative Expenses	35,863.53	35,453.85
(d) Stores and Equipment	76,289.89	9,682.19
(e) Repair and Maintenance	36,483.00	39,576.30
(f) Special Allowances	-	-
(g) Programme Expenses	246,047.60	217,518.70
(h) Transportation and Travelling	4,122.30	3,798.50
(i) Insurance	8,641.19	12,563.00
(j) Miscellaneous	16,734.00	7,657.20
<b>Total</b>	<u>457,247.05</u>	<u>356,921.28</u>

**LOK CHI ASSOCIATION LIMITED**

**NOTES ON THE ANNUAL FINANCIAL REPORT (Cont'd)**

**YEAR ENDED 31 MARCH, 2016**

**8. Analysis of Reserve Fund**

	Analysis of Reserve Fund				
	Lump Sum Grant (LSG)*	Special One-off Grant (SOG)	Rent and Rates	Central Items	Total
<b>Income</b>					
Lump Sum Grant	2,241,973.00	-	-	-	2,241,973.00
Special One-off Grant	-	-	-	-	-
Fee Income	-	-	-	-	-
Other Income	111,880.00	-	-	-	111,880.00
Interest Received	85.98	-	-	-	85.98
Rent	-	-	18,228.00	-	18,228.00
Rates	-	-	12,567.00	-	12,567.00
Central Items	-	-	-	-	-
<b>Total Income (a)</b>	<b>2,353,938.98</b>	<b>-</b>	<b>30,795.00</b>	<b>-</b>	<b>2,384,733.98</b>
<b>Expenditure</b>					
Personal Emoluments	1,827,449.54	-	-	-	1,827,449.54
Other Charges	457,247.05	-	-	-	457,247.05
Rent	-	-	22,020.00	-	22,020.00
Rates	-	-	9,700.00	-	9,700.00
Central Items	-	-	-	-	-
Special One-off Grant Payments	-	-	-	-	-
<b>Total Expenditure (b)</b>	<b>2,284,696.59</b>	<b>-</b>	<b>31,720.00</b>	<b>-</b>	<b>2,316,416.59</b>
Surplus / (Deficit) for the Year (a) - (b)	69,242.39	-	(925.00)	-	68,317.39
Less : Surplus/(Deficit) of Provident Fund	(52,702.47)	-	-	-	(52,702.47)
	16,539.92	-	(925.00)	-	15,614.92
Surplus / (Deficit) b/f	505,769.37	-	18,359.00	1,365.00	525,493.37
	522,309.29	-	17,434.00	1,365.00	541,108.29
Less: Refund to Government					
Transfer from LSG Reserve to cover the salary adjustment for Programme Assistants, Care Assistants, Dementia Supplement and Infirmary Care Supplementary	-	-	(22,348.00)	(1,014.00)	(23,362.00)
Surplus / (Deficit) c/f	522,309.29	-	(4,914.00)	351.00	517,746.29

Note : (A) Total Expenditure excluding PF Expenditure

Total Expenditure of LSG	2,284,696.59
Less: Total Expenditure of PF	(104,178.53)
	<u>2,180,518.06</u>
	T
	545,129.52
	25% of T

(B) Total Surplus of LSG and interest received excluding PF

Total Surplus of LSG	522,309.29
Less: 06/07 Surplus	(45,491.86)
Total Surplus excluding 06/07 Surplus	<u>476,817.43</u>
	476,817.43

(C) Total of (B) cannot exceed 25% of T