

**LOK CHI ASSOCIATION LIMITED**  
**REVIEW REPORT AND ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED 31ST MARCH, 2014**

INDEX

	PAGES
REVIEW REPORT ON THE ANNUAL FINANCIAL REPORT	1 - 2
ANNUAL FINANCIAL REPORT	3
NOTES ON THE ANNUAL FINANCIAL REPORT & SCHEDULES	4 - 11

**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 31st March, 2014 and have issued an unqualified auditors' report thereon dated 28th October, 2014.

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 31st March, 2014 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 31st March, 2014:

- 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 31st March, 2014.

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 Ltd.*

YUEN & CHU CPA LIMITED

CERTIFIED PUBLIC ACCOUNTANTS

Hong Kong

Date : 28 OCT 2014

Chu Wai Yin

Practising certificate number : P03995

LOK CHI ASSOCIATION LIMITED

NON-GOVERNMENTAL ORGANISATION

ANNUAL FINANCIAL REPORT

1ST APRIL, 2013 TO 31ST MARCH, 2014

	Notes	Total 2013-14 HK\$	Total 2012-13 HK\$
<b>A. INCOME</b>			
1. Lump Sum Grant		1,591,053.00	1,540,581.00
a. Lump Sum Grant (excluding Provident Fund)	1b	1,476,597.00	1,419,920.00
b. Provident Fund	1c	114,456.00	120,661.00
2. Special One-off Grant		-	-
3. Fee Income	2	-	-
4. Central Items	3	91,873.00	86,297.00
5. Rent and Rates	4	30,288.00	32,284.00
6. Other Income	5	93,350.00	102,835.00
7. Interest Received		91.90	409.08
<b>TOTAL INCOME</b>		<b>1,806,655.90</b>	<b>1,762,406.08</b>
<b>B. EXPENDITURE</b>			
1. Personal Emoluments	6	1,133,986.41	1,232,724.22
a. Salaries		1,053,105.22	1,147,159.50
b. Provident Fund	1c	80,881.19	85,564.72
c. Allowances		-	-
2. Other Charges	7	407,198.99	386,761.11
3. Central Items	3	91,350.00	85,806.00
4. Rent and Rates	4	23,939.00	17,556.00
5. Special One-off Grant Payments		-	-
<b>TOTAL EXPENDITURE</b>		<b>1,656,474.40</b>	<b>1,722,847.33</b>
<b>C. SURPLUS/(DEFICIT) FOR THE YEAR</b>	8	<b>150,181.50</b>	<b>39,558.75</b>

Authorised  
Signature



Name

Mr Lai Ross

Title

Chairperson

Date

28-10-2014

Authorised  
Signature



Name

Ms Kwan Pui Ying

Title

Supervisor

Date

28-10-2014

# LOK CHI ASSOCIATION LIMITED

## NOTES ON THE ANNUAL FINANCIAL REPORT

YEAR ENDED 31ST MARCH, 2014

### 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>6.8% and Other Posts</u>	<u>Total</u>
	<u>HK\$</u>	<u>HK\$</u>	<u>HK\$</u>
Subvention Received	41,287.00	73,169.00	114,456.00
Provident Fund Contribution Paid during the Year	<u>(48,573.00)</u>	<u>(32,308.19)</u>	<u>(80,881.19)</u>
Surplus / (Deficit) for the Year	<u>(7,286.00)</u>	40,860.81	33,574.81
Add : Surplus / (Deficit) b/f	<u>9,886.10</u>	<u>209,616.42</u>	<u>219,502.52</u>
Surplus / (Deficit) c/f	<u>2,600.10</u>	<u>250,477.23</u>	<u>253,077.33</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.

# LOK CHI ASSOCIATION LIMITED

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

YEAR ENDED 31ST MARCH, 2014

### 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>2013-14</u>	<u>2012-13</u>
	<u>HK\$</u>	<u>HK\$</u>
<b><u>a. Income</u></b>		
Regularized Programme Assistant (PA)	91,873.00	86,297.00
<b>Total</b>	<u>91,873.00</u>	<u>86,297.00</u>
<b><u>b. Expenditure</u></b>		
Regularized Programme Assistant (PA)	91,350.00	85,806.00
<b>Total</b>	<u>91,350.00</u>	<u>85,806.00</u>

### 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 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 31ST MARCH, 2014**

**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.	1	613,166.50
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:

<b>Other Charges</b>	<b>2013-14</b>	<b>2012-13</b>
	<b><u>HK\$</u></b>	<b><u>HK\$</u></b>
(a) Utilities	30,330.04	25,193.24
(b) Food	-	-
(c) Administrative Expenses	36,126.00	24,697.92
(d) Stores and Equipment	20,525.78	62,461.37
(e) Repair and Maintenance	34,323.30	30,652.00
(f) Special Allowances	-	-
(g) Programme Expenses	263,957.23	216,128.60
(h) Transportation and Travelling	4,535.20	3,864.70
(i) Insurance	7,736.64	8,945.58
(j) Miscellaneous	9,664.80	14,817.70
<b>Total</b>	<b><u>407,198.99</u></b>	<b><u>386,761.11</u></b>

LOK CHI ASSOCIATION LIMITED

NOTES ON THE ANNUAL FINANCIAL REPORT (Cont'd)

YEAR ENDED 31ST MARCH, 2014

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	1,591,053.00	-	-	-	1,591,053.00
Special One-off Grant	-	-	-	-	-
Fee Income	-	-	-	-	-
Other Income	93,350.00	-	-	-	93,350.00
Interest Received	91.90	-	-	-	91.90
Rent	-	-	18,228.00	-	18,228.00
Rates	-	-	12,060.00	-	12,060.00
Central Items	-	-	-	91,873.00	91,873.00
<b>Total Income (a)</b>	<b>1,684,494.90</b>	<b>-</b>	<b>30,288.00</b>	<b>91,873.00</b>	<b>1,806,655.90</b>
<b>Expenditure</b>					
Personal Emoluments	1,133,986.41	-	-	-	1,133,986.41
Other Charges	407,198.99	-	-	-	407,198.99
Rent	-	-	19,499.00	-	19,499.00
Rates	-	-	4,440.00	-	4,440.00
Central Items	-	-	-	91,350.00	91,350.00
Special One-off Grant Payments	-	-	-	-	-
<b>Total Expenditure (b)</b>	<b>1,541,185.40</b>	<b>-</b>	<b>23,939.00</b>	<b>91,350.00</b>	<b>1,656,474.40</b>
Surplus / (Deficit) for the Year (a) - (b)	143,309.50	-	6,349.00	523.00	150,181.50
Less : Surplus/(Deficit) of Provident Fund	(33,574.81)	-	-	-	(33,574.81)
	109,734.69	-	6,349.00	523.00	116,606.69
Surplus / (Deficit) b/f	244,076.71	-	14,728.00	491.00	259,295.71
	353,811.40	-	21,077.00	1,014.00	375,902.40
Less: Refund to Government					
Transfer from LSG Reserve to cover the salary adjustment for Programme Assistants, Care Assistants, Dementia Supplement and Infirmity Care Supplementary	-	-	-	-	-
Surplus / (Deficit) c/f	353,811.40	-	21,077.00	1,014.00	375,902.40

Note : (A) Total Expenditure excluding PF Expenditure

Total Expenditure of LSG

1,541,185.40

Less: Total Expenditure of PF

(80,881.19)

1,460,304.21

365,076.05

T

25% of T

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

Total Surplus of LSG

353,811.40

353,811.40

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



**LOK CHI ASSOCIATION LIMITED**

**NOTES ON THE ANNUAL FINANCIAL REPORT**

**YEAR ENDED 31ST MARCH, 2014**

**9. Movement of the Furniture and Equipment Replenishment and Minor Works Block Grant Reserve**

	<u>HK\$</u>	<u>HK\$</u>
Balance of Block Grant Reserve brought forward from previous financial year		20,847.00
Add: Block Grant received during the year	25,000.00	
Interest income received	-	
Other income	-	
	<hr/>	<hr/>
		25,000.00
		45,847.00
Less: Expenditure during the year (Note)-		
Minor Works Projects	-	
Furniture & Equipment	-	
Vehicle Overhauling	-	
	<hr/>	<hr/>
		-
		45,847.00
Contribution from NGO to cover the deficit (if any)		<hr/>
		-
Balance of Block Grant Reserve carried forward to the next financial year		<hr/> <hr/>
		45,847.00

**Capital Commitments**

As at 31 March 2014, the outstanding commitments in respect of Furniture and Equipment Replenishment and Minor Works Block Grant were as follows -

	<u>HK\$</u>
Contracted for but not provided in the financial statements	-
Authorised but not contracted for	-
	<hr/>
	-
	<hr/> <hr/>

Notes :

Expenditure charged to Block Grant during the year should be full expenditure amount, i.e. the actual expenditure incurred in 2013-14.

**Schedule for Central Items****Analysis of Subvention and Expenditure for the Period from 01-04-2013 to 31-03-2014**Name of Agency : Lok Chi Association Limited

Unit Code and Name	Subvented Element	Subvention Released (Note 1)	Actual Expenditure (Note 2)	Surplus (Note 3) (a)	Deficit (Note 3) (b)	Surplus b/f (e)	Surplus c/f (f)=(e)+(a)-(d)
	Dementia Supplement for Elderly with Disabilities					N. A.	N. A.
	Infirmiry Care Supplement for the Aged Blind Persons					N. A.	N. A.
	Dementia Supplement for Residential Elderly Services					N. A.	N. A.
	Infirmiry Care Supplement for Residential Elderly Services					N. A.	N. A.
	Dementia Supplement for Day Care Centres/Units for the Elderly					N. A.	N. A.
	Foster Care Allowance / Emergency Foster Care Allowance					N. A.	N. A.
	After School Care Programme					N. A.	N. A.
	Programme Assistants / Care Assistant (Permanent)-Elderly Services					N. A.	N. A.
	Programme Assistants / Care Assistant (Permanent)-Rehabilitation Medical and Social Services					N. A.	N. A.
	Temporary Financial Aid					N. A.	N. A.
	Emergency Fund					N. A.	N. A.
	Extension of Time-defined Subsidy Scheme for Extended Hours Child Care Service (1 April 2011 to 31 March 2014)					N. A.	N. A.
	Visiting Medical Practitioner Scheme					N. A.	N. A.
	Training Subsidy Scheme for Standalone Child Care Centre (CCC), KG-cum-CCC and Residential CCC					N. A.	N. A.
	Trianing Subsidy under Training Scheme for Child Care Supervisors and Special Child Care Workers in Pre-school Rehabilitation Services					N. A.	N. A.
	Programme Work posts extended for one year in 2011-12					N. A.	N. A.
6804 Care Assistant & Programme Assistant	Regularized Programme Assistants (PA) / Care Assistants (CA)	91,873.00	91,350.00	523.00		491.00	1,014.00
	Less: Refund to Government					N. A.	N. A.
	Subsidy under the Home Environment Improvement Scheme for the Elderly					N. A.	N. A.
	Overnight On-site-on-call Allowance					N. A.	N. A.
	Neighbourhood Support Child Care Project (NSCCP) - Contract Subsidy					N. A.	N. A.
	NSCCP - Subsidy for Fee Reduction/Waiving					N. A.	N. A.
	Time-defined Subsidy Scheme for Occasional Child Care Service					N. A.	N. A.
	Financial Incentive Scheme for Mentors of Employees with Disabilities					N. A.	N. A.
<b>TOTAL</b>		<b>91,873.00</b>	<b>91,350.00</b>	<b>523.00</b>		<b>491.00</b>	<b>1,014.00</b>

**Note :**

- The figures for the whole financial year can be 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 can be transferred to the Lump Sum Grant Reserve as stated in our letter ref. (42) in SWD/S/104/2 Pt.11 dated 25 July 2012.
  - Dementia Supplement for Elderly with Disabilities
  - Infirmiry Care Supplement for the Aged Blind Persons
  - Dementia Supplement for Residential Elderly Services
  - Infirmiry Care Supplement for Residential Elderly services
  - Regularized Programme Assistants (PA) / Care Assistants (CA)
- "Surplus brought forward (b/f)" means surplus , if any, arising from operations in previous years.
- "Surplus carried forward (c/f)" means surplus brought forward plus surplus, if any, arising from operatons in current year.
- Unit codes and names assigned by SWD should be filled, if available.
- As the above schedule may not be exhaustive in content, any relevant details in respect of central items released and / or expended during the year may also be included, where appropriate.

Schedule for Rent and RatesAnalysis of Subvention and Expenditure for the Period from 1st April, 2013 to 31st March, 2014Name of NGO : Lok Chi Association Limited

Unit Code and Name	Subvented Element	Subvention Released (Note 1) HK\$	Actual Expenditure HK\$	Surplus (Note 2) HK\$	Deficit (Note 2) HK\$
Unit 1020 Service in TWH and LT	Rent (note 3)	18,228.00	19,499.00		(1,271.00)
	Rates	12,060.00	4,440.00	7,620.00	
	<b>Total</b>	30,288.00	23,939.00	7,620.00	(1,271.00)
	<b>Grand Total</b>	30,288.00	23,939.00	7,620.00	(1,271.00)

Note :


1. The figures are to be extracted from the payroll for March plus subvention released in late March of the financial year.
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.

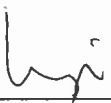
Schedule for Investment  
Analysis of Investment as at 31 March 2014

Name of NGO : Lok Chi Association Limited

	<u>2013-14</u> <u>HK\$</u>	<u>2012-13</u> <u>HK\$</u>
<b>LSG Reserve as at 31 March</b>	<u>353,811.40</u>	<u>244,076.71</u>
Represented By:		
Investments		
a. HKD Bank Account Balances	353,811.40	244,076.71
b. HKD 24-hour Call Deposits	-	-
c. HKD Fixed Deposits	-	-
d. HKD Certificate of Deposits	-	-
e. HKD Bonds	-	-
	<u>353,811.40</u>	<u>244,076.71</u>

Confirmed by:

Signature   
 Name Mr Lai Ross  
 Title Chairperson  
 Date 28-10-2014

Signature   
 Name Ms Kwan Pui Ying  
 Title Supervisor  
 Date 28-10-2014

Appendix A

LOK CHI ASSOCIATION LIMITED

Details of the Use of the Furniture and Equipment Replenishment and Minor Works Block Grant

Item No.	Name of the SWD-subvented Unit (Note 1)	Service Nature (e.g. Sheltered Workshop)	(a) Expenditure in 2013-14				(b) Outstanding Commitments as at 31 March 2014 - Contracted for but not Provided under Column (a)							
			Furniture and Equipment (Note 2) (\$)	Minor works (\$)	Vehicle Overhauling (Registration No. provided) (\$)	Total Expenditure (\$)	Furniture and Equipment (\$)	Minor Works (\$)	Vehicle Overhauling (\$)	Total Outstanding Commitment (\$)				
1	Services in Lam Tin	Social & Recreational Centre	-			-								
2	Services in Tai Wo Hau	Social & Recreational Centre	-			-								
Total (Note 4) :			-			-								

In pursuance of paragraph 4.4.4 of the Lotteries Fund (LF) Manual, we forward herewith the schedule showing the Use of Furniture and Equipment Replenishment and Minor Works Block Grant. We also confirm that expenditure from the Block Grant has been incurred in accordance with the provisions of the Lotteries Fund Manual.

Authorized Signature



Name

Mr Lai Ross

Title

Chairperson

Date

28-10-2014



Ms Kwan Pui Ying

Supervisor

28-10-2014

Notes :

- Each premises-tied SWD-subvented unit should not appear more than once in the schedule.
- Each furniture and equipment item should not exceed \$50,000.
- The Head of NGO should initial at the left bottom of each and every page except for the final page which should be signed by both the Head of NGO and the Chairman of the Board of NGO.
- The total figures should tally with those disclosed in the NGO's audited financial statements under paragraph 4.4.3 of the LF Manual.