

LOK CHI ASSOCIATION LIMITED

REVIEW REPORT AND ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED 31 MARCH, 2021



Yuen & Chu CPA Limited

Certified Public Accountants

LOK CHI ASSOCIATION LIMITED
REVIEW REPORT AND ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED 31 MARCH 2021

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**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 2021 and have issued an unqualified auditors' report thereon dated on 26 October 2021.

We conducted our review of the attached Annual Financial Report (hereinafter called "the AFR") on pages 3 to 7 of the Association for the year ended 31 March 2021 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 2021:

- 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;
 - 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 2021.

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

Review conclusions (Cont'd)

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 : 26 OCT 2021

Chu Wai Yin

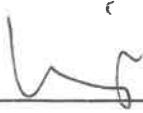
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LOK CHI ASSOCIATION LIMITED
NON-GOVERNMENTAL ORGANISATION
ANNUAL FINANCIAL REPORT
1 APRIL 2020 TO 31 MARCH 2021

	Notes	Total 2020-21 \$	Total 2019-20 \$
A. INCOME			
1. Lump Sum Grant		3,208,650.00	2,647,277.00
a. Lump Sum Grant (excluding Provident Fund)	1b	2,991,750.00	2,461,288.00
b. Provident Fund	1c	216,900.00	185,989.00
2. Fee Income	2	-	-
3. Central Items	3	-	-
4. Rent and Rates	4	32,032.00	31,539.00
5. Other Income	5	26,338.30	74,997.20
6. Interest Received		32.20	2,387.21
TOTAL INCOME		3,267,052.50	2,756,200.41
B. EXPENDITURE			
1. Personal Emoluments	6	2,755,859.99	2,286,211.69
a. Salaries		2,531,056.35	2,141,103.60
b. Provident Fund	1c	224,803.64	145,108.09
c. Allowances		-	-
2. Other Charges	7	361,134.45	379,726.34
3. Central Items	3	-	-
4. Rent and Rates	4	25,368.00	30,813.00
TOTAL EXPENDITURE		3,142,362.44	2,696,751.03
C. SURPLUS/(DEFICIT) FOR THE YEAR	8	124,690.06	59,449.38

The Annual Financial Report from pages 3 to 7 has been prepared in accordance with the requirements as set out in the Lump Sum Grant Manual.

Authorised Signature 
Name Mr Leung Chun Ping
Title Chairperson
Date 26 OCT 2021

Authorised Signature 
Name Ms Kwan Pui Ying
Title Executive Director
Date 26 OCT 2021

LOK CHI ASSOCIATION LIMITED

NOTES ON THE ANNUAL FINANCIAL REPORT

YEAR ENDED 31 MARCH 2021

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 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. 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>
	<u>HK\$</u>	<u>HK\$</u>	<u>HK\$</u>
Subvention Received	53,611.00	163,289.00	216,900.00
Provident Fund Contribution Paid during the Year	<u>(53,611.00)</u>	<u>(171,192.64)</u>	<u>(224,803.64)</u>
Surplus / (Deficit) for the Year	-	(7,903.64)	(7,903.64)
Add : Surplus / (Deficit) b/f	-	548,271.83	548,271.83
Surplus / (Deficit) c/f	<u>-</u>	<u>540,368.19</u>	<u>540,368.19</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 31 MARCH 2021

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 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:

	<u>2020-21</u>	<u>2019-20</u>
	<u>\$</u>	<u>\$</u>
<u>a. Income</u>		
Regularized Programme Assistant (PA)	-	-
Total	<u>-</u>	<u>-</u>
<u>b. Expenditure</u>		
Regularized Programme Assistant (PA)	-	-
Total	<u>-</u>	<u>-</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. 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>2020-21</u>	<u>2019-20</u>
	<u>HK\$</u>	<u>HK\$</u>
Other Income		
(a) Fees and charges for services incidental to the operation of subvented services	9,260.00	57,697.20
(b) Others	<u>17,078.30</u>	<u>17,300.00</u>
Total	<u>26,338.30</u>	<u>74,997.20</u>

LOK CHI ASSOCIATION LIMITED

NOTES ON THE ANNUAL FINANCIAL REPORT (Cont'd)

YEAR ENDED 31 MARCH 2021

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	No. of Posts	HK\$
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.	1	995,125.50
HK\$1,000,001 - HK\$1,100,000 p.a.	Nil	Nil
HK\$1,100,001 - HK\$1,200,000 p.a.	Nil	Nil
>HK\$1,200,000 p.a.	Nil	Nil

7. Other Charges

The breakdown on Other Charges is as follows:

Other Charges	2020-21	2019-20
	HK\$	HK\$
(a) Utilities	20,204.89	25,323.98
(b) Food	-	-
(c) Administrative Expenses	74,306.77	47,364.38
(d) Stores and Equipment	131,748.28	21,892.97
(e) Repair and Maintenance	55,691.40	56,271.00
(f) Special Allowances	-	-
(g) Programme Expenses	47,165.40	182,144.60
(h) Transportation and Travelling	3,696.30	17,827.70
(i) Insurance	13,502.61	11,936.21
(j) Miscellaneous	14,818.80	16,965.50
Total	361,134.45	379,726.34

LOK CHI ASSOCIATION LIMITED

NOTES ON THE ANNUAL FINANCIAL REPORT (Cont'd)

YEAR ENDED 31 MARCH 2021

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

	Lump Sum Grant (LSG) HK\$	Rent and Rates HK\$	Central Items HK\$	Total HK\$
Income				
Lump Sum Grant	3,208,650.00	-	-	3,208,650.00
Fee Income	-	-	-	-
Other Income	26,338.30	-	-	26,338.30
Interest Received	32.20	-	-	32.20
Rent	-	18,228.00	-	18,228.00
Rates	-	13,804.00	-	13,804.00
Central Items	-	-	-	-
Total Income (a)	3,235,020.50	32,032.00	-	3,267,052.50
Expenditure				
Personal Emoluments	2,755,859.99	-	-	2,755,859.99
Other Charges	361,134.45	-	-	361,134.45
Rent	-	25,368.00	-	25,368.00
Rates	-	-	-	-
Central Items	-	-	-	-
Total Expenditure (b)	3,116,994.44	25,368.00	-	3,142,362.44
Surplus / (Deficit) for the Year (a) - (b)	118,026.06	6,664.00	-	124,690.06
Less : Surplus/(Deficit) of Provident Fund	7,903.64	-	-	7,903.64
	125,929.70	6,664.00	-	132,593.70
Surplus / (Deficit) b/f	567,882.63	726.00	-	568,608.63
	693,812.33	7,390.00	-	701,202.33
Add: Refund from Government	-	6,420.00	-	6,420.00
Less: Refund to Government		(7,146.00)		(7,146.00)
Transfer from LSG Reserve to cover the salary adjustment for Dementia Supplement and Infirmary Care Supplement	-	-	-	-
Surplus / (Deficit) c/f	693,812.33	6,664.00	-	700,476.33

Note : (A) Total Expenditure excluding Provident Fund Expenditure

Total Expenditure of LSG	3,116,994.44
Less: Total Expenditure of PF	(224,803.64)
	<u>2,892,190.80</u>
T	25% of T

(B) Total Surplus of LSG and interest received excluding Provident Fund

Total Surplus of LSG	693,812.33
Less: 06/07 Surplus	(45,491.86)
Total Surplus excluding 06/07 Surplus	<u>648,320.47</u>
	648,320.47

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