

LOK CHI ASSOCIATION LIMITED

REVIEW REPORT AND ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED 31 MARCH, 2023



Yuen & Chu CPA Limited

Certified Public Accountants

LOK CHI ASSOCIATION LIMITED
REVIEW REPORT AND ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED 31 MARCH 2023

INDEX

	PAGES
REVIEW REPORT ON THE ANNUAL FINANCIAL REPORT	1 - 2
ANNUAL FINANCIAL REPORT	3
NOTES ON THE ANNUAL FINANCIAL REPORT	4 - 7

INDEPENDENT AUDITOR'S ASSURANCE 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, 2023 in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), and have issued an unmodified auditor's report thereon dated 26th October, 2023.

Pursuant to the Lump Sum Grant ("LSG") Manual issued by the Social Welfare Department of the Government of the Hong Kong Special Administrative Region ("SWD"), we have been requested to issue this assurance report in connection with the Annual Financial Report ("AFR") of the Association for the year ended 31st March, 2023.

Responsibilities of the Management Committee

In relation to this report, the Management Committee are responsible for ensuring the AFR of the Association for the year ended 31st March, 2023 is properly prepared in accordance with the relevant accounting and financial reporting requirements set out in the LSG Manual and other instructions issued by the SWD; and the use of the funds from the LSG by the Association has complied with the purposes as specified in the LSG Manual and other instructions issued by the SWD.

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies Hong Kong Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditor's Responsibility

Our responsibility is to form a conclusion, based on our engagement, and to report our conclusion to you.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information and with reference to Practice Note 851 (Revised), Reporting on the Annual Financial Reports of Non-governmental Organisations issued by the HKICPA. We have planned and performed our work to obtain reasonable assurance for giving conclusion 1 and obtain limited assurance for giving conclusion 2 below.

The work undertaken in connection with this engagement is less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

INDEPENDENT AUDITOR'S ASSURANCE REPORT (Cont'd)

TO THE MANAGEMENT COMMITTEE OF

LOK CHI ASSOCIATION LIMITED

Auditor's Responsibility (Cont'd)

In relation to our conclusion 1 below, we have planned and performed such procedures as we considered necessary with reference to the procedures recommended in PN 851 (Revised), to satisfy ourselves that the AFR has been properly prepared, in all material respects, in accordance with the relevant accounting and financial reporting requirements set out in the LSG Manual and other instructions issued by the SWD.

In relation to our conclusion 2 below, we have obtained an understanding in respect of the purposes of the use of the funds as specified in the LSG Manual and other instructions issued by the SWD and obtaining an understanding of the control procedures. We are not required to perform any procedures to search for instances of the use of funds from the LSG by the Association being non-complied with the specified purposes. Our work was limited to reporting non-compliances identified as a result of the procedures performed in relation to conclusion 2 and during the normal course of our work relating to conclusion 1. The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Conclusion

1. In our opinion, the AFR of the Association for the year ended 31st March, 2023 is properly prepared, in all material respects, in accordance with the relevant accounting and financial reporting requirements set out in the LSG Manual and other instructions issued by the SWD.
2. Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the use of the funds from the LSG by the Association has not complied, in all material respects, with the purposes as specified in the LSG Manual and other instructions issued by the SWD.

Intended Users and Purpose

This report is intended solely for submission by the Association to the SWD and is not intended to be, and should not be, used for any other purpose. We agree that a copy of this report may be provided to the SWD without further comment from us.



YUEN & CHU CPA LIMITED
CERTIFIED PUBLIC ACCOUNTANTS
Hong Kong
Date : 26 OCT 2023

Chu Wai Yin


Practising certificate number : P03995

LOK CHI ASSOCIATION LIMITED
NON-GOVERNMENTAL ORGANISATION
ANNUAL FINANCIAL REPORT
1 APRIL 2022 TO 31 MARCH 2023

	Notes	Total 2022-23 \$	Total 2021-22 \$
A. INCOME			
1. Lump Sum Grant		3,993,565.00	3,939,227.00
a. Lump Sum Grant (excluding Provident Fund)	1b	3,729,007.00	3,679,055.00
b. Provident Fund	1c	264,558.00	260,172.00
2. Fee Income	2	-	-
3. Central Items	3	-	-
4. Rent and Rates	4	32,032.00	32,032.00
5. Other Income	5	151,184.50	54,270.00
6. Interest Received		1,672.23	50.04
TOTAL INCOME		<u>4,178,453.73</u>	<u>4,025,579.04</u>
B. EXPENDITURE			
1. Personal Emoluments	6	3,531,945.63	3,263,330.92
a. Salaries		3,269,265.74	3,072,117.61
b. Provident Fund	1c	262,679.89	191,213.31
c. Allowances		-	-
2. Other Charges	7	604,610.27	564,381.48
3. Central Items	3	-	-
4. Rent and Rates	4	21,038.00	25,585.80
TOTAL EXPENDITURE		<u>4,157,593.90</u>	<u>3,853,298.20</u>
C. SURPLUS/(DEFICIT) FOR THE YEAR	8	<u>20,859.83</u>	<u>172,280.84</u>

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 Ms Luk Yim Ling
Title Chairperson
Date 26 OCT 2023

Authorised Signature 
Name Ms Kwan Pui Ying
Title Executive Director
Date 26 OCT 2023

LOK CHI ASSOCIATION LIMITED

NOTES ON THE ANNUAL FINANCIAL REPORT

YEAR ENDED 31 MARCH 2023

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) services (including support services to FSA services) 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 which are separately included as part of the income and expenditure of the relevant 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	54,950.00	209,608.00	264,558.00
Provident Fund Contribution Paid during the Year	<u>(54,950.00)</u>	<u>(207,729.89)</u>	<u>(262,679.89)</u>
Surplus / (Deficit) for the Year	-	1,878.11	1,878.11
Add : Surplus / (Deficit) b/f	-	<u>609,326.88</u>	<u>609,326.88</u>
Surplus / (Deficit) c/f	<u>-</u>	<u>611,204.99</u>	<u>611,204.99</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 2023

3. Central Items

These are subsidies allocated to NGOs for specified purposes on a recurrent, time-limited or one-off basis 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. Any surplus, which is not allowed to be offset by any deficit of another item, is subject to claw-back by SWD according to the terms and conditions of individual central item. 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). The income and expenditure of each of the Central Items are as follows:

	<u>2022-23</u>	<u>2021-22</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 need not be included as Other Income in AFR. In this respect, donations have been included if it is used to finance expenditure of the FSA services / FSA-related activities reflected in the AFR.

The breakdown on Other Income is as follows:

	<u>2022-23</u>	<u>2021-22</u>
	HK\$	HK\$
Other Income		
(a) Programme income	77,290.00	37,270.00
(b) Donation	33,414.50	15,000.00
(c) Income from Other Activities	33,480.00	2,000.00
(d) Miscellaneous income	<u>7,000.00</u>	-
Total	<u>151,184.50</u>	<u>54,270.00</u>

LOK CHI ASSOCIATION LIMITED

NOTES ON THE ANNUAL FINANCIAL REPORT (Cont'd)

YEAR ENDED 31 MARCH 2023

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.	Nil	Nil
HK\$1,000,001 - HK\$1,100,000 p.a.	1	1,009,906.80
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	<u>2022-23</u>	<u>2021-22</u>
	<u>HK\$</u>	<u>HK\$</u>
(a) Utilities	35,547.73	35,882.35
(b) Food	-	-
(c) Administrative Expenses	53,727.60	67,219.56
(d) Stores and Equipment	141,294.62	181,134.95
(e) Repair and Maintenance	19,851.90	52,800.50
(f) Special Allowances	-	-
(g) Programme Expenses	316,124.80	190,172.90
(h) Transportation and Travelling	4,709.40	3,060.00
(i) Insurance	18,773.52	19,015.02
(j) Miscellaneous	14,580.70	15,096.20
Total	<u>604,610.27</u>	<u>564,381.48</u>

LOK CHI ASSOCIATION LIMITED

NOTES ON THE ANNUAL FINANCIAL REPORT (Cont'd)

YEAR ENDED 31 MARCH 2023

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

	Lump Sum Grant (LSG)	Holding Account (HA)	Rent and Rates	Central Items	Total
	HK\$	HK\$	HK\$	HK\$	HK\$
Income					
Lump Sum Grant	3,993,565.00	-	-	-	3,993,565.00
Fee Income	-	-	-	-	-
Other Income	151,184.50	-	-	-	151,184.50
Interest Received	1,672.23	-	-	-	1,672.23
Rent	-	-	18,228.00	-	18,228.00
Rates	-	-	13,804.00	-	13,804.00
Central Items	-	-	-	-	-
Total Income (a)	4,146,421.73	-	32,032.00	-	4,178,453.73
Expenditure					
Personal Emoluments	3,531,945.63	-	-	-	3,531,945.63
Other Charges	604,610.27	-	-	-	604,610.27
Rent	-	-	19,668.00	-	19,668.00
Rates	-	-	1,370.00	-	1,370.00
Central Items	-	-	-	-	-
Total Expenditure (b)	4,136,555.90	-	21,038.00	-	4,157,593.90
Surplus / (Deficit) for the Year (a) - (b)	9,865.83	-	10,994.00	-	20,859.83
Less : Surplus/(Deficit) of Provident Fund	(1,878.11)	-	-	-	(1,878.11)
	7,987.72		10,994.00	-	18,981.72
Surplus / (Deficit) b/f	745,196.42	45,491.86	6,446.20	-	797,134.48
	753,184.14	45,491.86	17,440.20	-	816,116.20
Add: Refund from Government			-		-
Less: Refund to Government Ref: SWD SF/SAS/4-35/2/4(012)	-	-	(12,434.00)	-	(12,434.00)
Transfer from LSG Reserve to cover the salary adjustment for Dementia Supplement and Infirmary Care Supplementary	-				-
Surplus / (Deficit) c/f	753,184.14	45,491.86	5,006.20	-	803,682.20

Note : (A) Total Expenditure excluding Provident Fund Expenditure

Total Expenditure of LSG	4,136,555.90	
Less: Total Expenditure of PF	(262,679.89)	
	<u>3,873,876.01</u>	<u>968,469.00</u>
	T	25% of T

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

Total Surplus of LSG	798,676.00	
Less: 06/07 Surplus	(45,491.86)	
Total Surplus excluding 06/07 Surplus	<u>753,184.14</u>	<u>753,184.14</u>

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