

Disclaimer

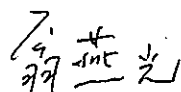
This Annual Financial Report (“AFR”) does not constitute The Chinese Evangelical Zion Church Limited’s statutory annual financial statements. This AFR is prepared on cash basis and in accordance with the requirements set out in the Lump Sum Grant Manual issued by the Social Welfare Department of the 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

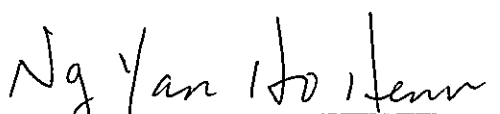
ANNUAL FINANCIAL REPORT
FOR THE YEAR FROM 1 APRIL 2017 TO 31 MARCH 2018

	<u>Notes</u>	<u>Year ended</u> <u>31.3.2018</u> <u>HKS</u>	<u>Year ended</u> <u>31.3.2017</u> <u>HKS</u>	<u>Remarks</u>
A. INCOME				
1. Lump Sum Grant				
a. Lump Sum Grant (excluding Provident Fund)	1b	7,115,004.00	6,916,713.00	
b. Provident Fund	1c	634,767.00	616,970.00	
2. Special One-off Grant		0.00	0.00	
3. Fee Income	2	60.00	15.00	
4. Central Items	3	1,538,470.00	1,486,750.00	
5. Rent and Rates	4	539,555.00	537,967.00	
6. Other Income	5	5,301,383.70	5,988,641.28	
7. Interest Received		57,563.10	32,524.36	
TOTAL INCOME		<u>15,186,802.80</u>	<u>15,579,580.64</u>	
B. EXPENDITURE				
1. Personal Emoluments				
a. Salaries		8,748,779.70	8,139,186.14	
b. Provident Fund	1c	686,517.93	657,601.80	
c. Allowances		0.00	0.00	
Sub-total	6	<u>9,435,297.63</u>	<u>8,796,787.94</u>	
2. Other Charges	7	4,416,625.45	4,555,616.29	
3. Central Items	3	1,717,760.21	1,528,907.83	
4. Rent and Rates	4	537,966.08	537,966.05	
5. Special One-off Grant payments	7a	0.00	0.00	
TOTAL EXPENDITURE		<u>16,107,649.37</u>	<u>15,419,278.11</u>	
C. (DEFICIT)/SURPLUS FOR THE YEAR	8	<u>(920,846.57)</u>	<u>160,302.53</u>	

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. Approved by the Board of Directors on **27 SEP 2018**



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

1. 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 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>31.3.2018</u>	<u>31.3.2017</u>
Subvention Received	266,273.00	368,494.00	634,767.00	616,970.00
Provident fund contribution paid during the year	267,273.61	419,244.32	686,517.93	657,601.80
Surplus/(deficit) for the Year	(1,000.61)	(50,750.32)	(51,750.93)	(40,631.80)
Add : Surplus b/f	(39,499.00)	709,584.24	670,085.24	697,077.88
Add : Additional subvention received for previous year	16,605.00	0.00	16,605.00	13,639.16
Less: Refund to Government	0.00	0.00	0.00	0.00
Surplus/(deficit) c/f	<u>(23,894.61)</u>	<u>658,833.92</u>	<u>634,939.31</u>	<u>670,085.24</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 Lump Sum Grant 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>31.3.2018</u>	<u>31.3.2017</u>
a. Income	<u>HK\$</u>	<u>HK\$</u>
After School Care Programme–Fee Waiving Subsidy Scheme	31,500.00	18,000.00
Neighbourhood Support Child Care Project (NSCCP) – Contract Subsidy	1,506,970.00	1,468,750.00
NSCCP – Subsidy for Fee Reduction/Waiving	0.00	0.00
	<u>1,538,470.00</u>	<u>1,486,750.00</u>
b. Expenditure		
After School Care Programme–Fee Waiving Subsidy Scheme	31,500.00	18,000.00
Neighbourhood Support Child Care Project (NSCCP) – Contract Subsidy	1,437,893.81	1,325,863.33
NSCCP – Subsidy for Fee Reduction/Waiving	248,366.40	185,044.50
	<u>1,717,760.21</u>	<u>1,528,907.83</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 (paragraph 2.29 of LSG Manual (October 2016)) is as follows:

<u>Other Income</u>	<u>Year ended</u> <u>31.3.2018</u> <u>HK\$</u>	<u>Year ended</u> <u>31.3.2017</u> <u>HK\$</u>
(a) Fees and charges for services incidental to the operation of subvented services	0.00	0.00
(b) Others	5,301,383.70	5,988,641.28
Total	<u><u>5,301,383.70</u></u>	<u><u>5,988,641.28</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>31.3.2018</u> <u>HK\$</u>
HK\$700,001-HK\$800,000 p.a.		
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	1,132,963.44
>HK\$1,200,000 p.a.		

7. Other Charges

The breakdown on Other Charges is as follows:

	<u>Year ended</u> <u>31.3.2018</u> <u>HK\$</u>	<u>Year ended</u> <u>31.3.2017</u> <u>HK\$</u>
(a) Utilities	97,865.50	112,930.25
(b) Food	0.00	0.00
(c) Administrative Expenses	312,532.06	341,904.79
(d) Store and Equipment	76,898.50	135,970.30
(e) Repair and Maintenance	51,601.75	230,807.90
(f) Special Allowances	0.00	0.00
(g) Programme Expenses	3,768,478.54	3,627,954.75
(h) Transportation and Travelling	5,095.30	5,580.10
(i) Insurance	67,013.00	67,013.00
(j) Miscellaneous	0.00	0.00
(k) Staff development	37,140.80	33,455.20
Total	<u><u>4,416,625.45</u></u>	<u><u>4,555,616.29</u></u>

7a. Special One-off Grant payments

Details of Special One-off Grant Payments are as follows :

	<u>Year ended</u> <u>31.3.2018</u> <u>HK\$</u>	<u>Year ended</u> <u>31.3.2017</u> <u>HK\$</u>
Staff training and development	<u><u>0.00</u></u>	<u><u>0.00</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

	Analysis of Reserve Fund				Total
	Lump Sum Grant	Special One-off Grant	Rent and Rates	Central Items	
Income					
Lump Sum Grant	7,749,771.00				7,749,771.00
Special One-off Grant		-			-
Fee Income	60.00				60.00
Other Income	5,301,383.70				5,301,383.70
Interest Received (Note (1))	57,563.10				57,563.10
Rent and Rates			539,555.00		539,555.00
Central Items				1,538,470.00	1,538,470.00
Total Income (a)	13,108,777.80	-	539,555.00	1,538,470.00	15,186,802.80
Expenditure					
Personal Emoluments	9,435,297.63				9,435,297.63
Other Charges	4,416,625.45				4,416,625.45
Rent and Rates			537,966.08		537,966.08
Central Items				1,717,760.21	1,717,760.21
Special One-off Grant Payments		-			-
Total Expenditure (b)	13,851,923.08	-	537,966.08	1,717,760.21	16,107,649.37
Surplus/(Deficit) for the Year (a)-(b)	(743,145.28)	-	1,588.92	(179,290.21)	(920,846.57)
Less: (Surplus)/Deficit of Provident Fund	51,750.93				51,750.93
	(691,394.35)	-	1,588.92	(179,290.21)	(869,095.64)
Surplus b/f (Note (2))	7,418,883.69	-	2,338.02	1,685,847.40	9,107,069.11
	6,727,489.34	-	3,926.94	1,506,557.19	8,237,973.47
Less: Refund from/(to) Government	-	-	(2,336.37)	-	(2,336.37)
Surplus c/f (Note (4))	6,727,489.34	-	1,590.57	1,506,557.19	8,235,637.10

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 Infirmary Care Supplement, if any, as per Schedule for Central Items.
- (4) The level of LSG cumulative reserve (i.e. HK\$6,727,489.34), 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