



COPY

**ANNUAL FINANCIAL REPORT**

**OF**

**藍如溪盛成皿教育基金有限公司**  
**ALICE LAN AND VERA SHEN EDUCATION FUND LIMITED**

**LUMP SUM GRANT**

**FOR THE YEAR ENDED 31ST MARCH 2019**

**(EXPRESSED IN HONG KONG DOLLARS)**

**葉梁會計師事務所**  
**YIP, LEUNG & CO.**  
Certified Public Accountants

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CERTIFIED PUBLIC ACCOUNTANTS  
葉梁會計師事務所

**REVIEW REPORT TO THE MANAGEMENT BOARD OF  
ALICE LAN & VERA SHEN EDUCATION FUND LIMITED**

We have audited the financial statements of Alice Lan & Vera Shen Education Fund Limited (the "Company") for the year ended 31st March 2019 and have issued an unqualified auditor's report thereon dated 25 MARCH 2019.

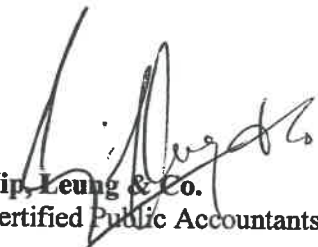
We conducted our review of the attached Annual Financial Report on pages 2 to 10 of the Company for the year ended 31st March 2019 in accordance with Practice Note 851 "Review of the Annual Financial Reports of Non-governmental Organisations" issued by the Hong Kong Institute of Certified Public Accountants. The review includes considering the procedures and records relevant to the preparation of the Annual Financial Report and performing procedures to satisfy ourselves that the Annual Financial Report has been properly prepared from the books and records of the Company, on which the above audited financial statements of the Company 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 Company for the year ended 31st March 2019:

- a. in our opinion the Annual Financial Report has been properly prepared from the books and records of the Company; and
- b. no matters have come to our attention during the course of our review, which cause us to believe that the Company has not:
  - i. properly accounted for the receipt of Lump Sum Grant, Provident Fund, Tide-over Grant 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 Lump Sum Grant Manual ("LSG Manual") published by the Social Welfare Department of the Government of the HKSAR;
  - iii. prepared the Annual Financial Report in accordance with the format and requirements set out in the LSG Manual; and
  - iv. employed the staff quoted in the Tide-over Grant and Provident Fund arrangements during the year ended 31st March 2019.

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.

  
Yip, Leung & Co.  
Certified Public Accountants

Unit D, 12/F., Tak Lee Commercial Building,  
113-7 Wan Chai Road, Wanchai, Hong Kong.

Hong Kong, 25 MARCH 2019

## ANNUAL FINANCIAL REPORT

**NGO: 020 ALICE LAN & VERA SHEN EDUCATION FUND LIMITED**

(1 April 2018 to 31 March 2019)

	Notes	2018-19 \$	2017-18 \$
<b>A. INCOME</b>			
1. Lump Sum Grant			
a. Lump Sum Grant (excluding Provident Fund)	1b	1,872,242.00	1,828,975.00
b. Provident Fund	1c	165,486.00	159,777.00
		-	-
2. Fee Income	2	24,680.00	27,266.00
3. Central Items	3	21,922.00	27,365.00
4. Rent and Rates	4	-	-
5. Other Income	5	1,865.80	544.00
6. Interest Received		219.55	58.10
<b>TOTAL INCOME</b>		<u>2,086,415.35</u>	<u>2,043,985.10</u>
<b>B. EXPENDITURE</b>			
1. Personal Emoluments			
a. Salaries		1,088,695.00	1,084,075.00
b. Provident Fund	1c	95,447.38	93,200.37
c. Allowances		-	-
Sub-total	6	<u>1,184,142.38</u>	<u>1,177,275.37</u>
2. Other Charges	7	185,608.58	240,749.89
3. Central Items	3	-	-
4. Rent and Rates	4	-	-
		-	-
<b>TOTAL EXPENDITURE</b>		<u>1,369,750.96</u>	<u>1,418,025.26</u>
<b>C. SURPLUS/ (DEFICIT) FOR THE YEAR</b>	8	<u>716,664.39</u>	<u>625,959.84</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.

NOTES ON THE ANNUAL FINANCIAL REPORT

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>	Snapshot Staff \$	6.8% and Other Posts \$	Total \$
Subvention Received	63,099.00	102,387.00	165,486.00
Provident Fund Contribution Paid during the Year	(65,526.00)	(29,921.38)	(95,447.38)
Surplus/ (Deficit) for the Year	(2,427.00)	72,465.62	70,038.62
<u>Add</u> : Surplus/ (Deficit) b/f	75,693.47	679,450.92	755,144.39
Additional subvention received for previous year(s)	-	-	-
<u>Less</u> : Refund to Government Adjustment (per SWD's letter of 30.9.2019)	(3,799.00)	3,799.00	-
Transfer (per SWD's letter of 30.9.2019)	(76,678.85)	76,678.85	-
<b>Surplus/ (Deficit) c/f</b>	<u>(7,211.38)</u>	<u>832,394.39</u>	<u>825,183.01</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.
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:

<b>a. Income</b>	<b>2018-19</b> \$	<b>2017-18</b> \$
Dementia Supplement for Elderly with Disabilities		
Infirmity Care Supplement for the Aged Blind Persons		
Dementia Supplement for Residential Elderly Services		
Infirmity Care Supplement for Residential Elderly Services		
Dementia Supplement for Day Care Centres/units for the Elderly		
Foster Care Allowance/Emergency Foster Care Allowance		
After School Care Programme – Fee Waiving Subsidy Scheme		
Temporary Financial Aid		
Emergency Fund		
Time-defined Subsidy Scheme for Extended Hours Service Users	11,322.00	16,765.00
Training Subsidy under Training Scheme for Child Care Supervisors and Special Child Care Workers in Pre-school Rehabilitation Services		
Short-term Rental Assistance		
Allowances for Specific Services Arising from the Implementation of the Minimum Wage Ordinance (Overnight On-site-on-call Allowance)		
Neighbourhood Support Child Care Project (NSCCP) – Contract Subsidy		
NSCCP – Subsidy for Fee Reduction/Waiving		
NSCCP – Rent and Rates		
Training Sponsorship Scheme for Master in Occupational Therapy and Physiotherapy programmes		
Training Subsidy Programme for Children on the Waiting List for Subvented Pre-school Rehabilitation Services		
Financial Incentive Scheme for Mentors of Employees with Disabilities		
Cash Subsidy for Integrated Support Services for Persons with Severe Physical Disabilities		
Time-defined Subsidy Scheme for Occasional Child Care Service Enhanced After School Care Programme – Fee Waiving Subsidy Scheme	10,600.00	10,600.00
Navigation Scheme for Young Persons in Care Services - Operating Expenses		
Navigation Scheme for Young Persons in Care Services - Training Cost		
Grant under the Pilot Scheme on On-site Pre-school Rehabilitation Services		
One-off Subsidy for Enhanced Provision of Visiting Medical Officer for Residential Care Homes for the Elderly		
One-off Subsidy for Enhanced Provision of Visiting Medical Practitioner Scheme for Residential Care Homes for the Persons with Disabilities		
Pilot Scheme on Multi-disciplinary Outreaching Support Teams for the Elderly (MOSTE)		
<b>Total</b>	<b>21,922.00</b>	<b>27,365.00</b>

	2018-19 \$	2017-18 \$
<b>b. Expenditure</b>		
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		
Dementia Supplement for Day Care Centres/units for the Elderly		
Foster Care Allowance/Emergency Foster Care Allowance		
After School Care Programme - Fee Waiving Subsidy Scheme		
Temporary Financial Aid		
Emergency Fund		
Time-defined Subsidy Scheme for Extended Hours Service Users		
Training Subsidy under Training Scheme for Child Care Supervisors and Special Child Care Workers in Pre-school Rehabilitation Services		
Short-term Rental Assistance		
Allowances for Specific Services Arising from the Implementation of the Minimum Wage Ordinance (Overnight On-site-on-call Allowance)		
Neighbourhood Support Child Care Project (NSCCP) – Contract Subsidy		
NSCCP – Subsidy for Fee Reduction/Waiving		
NSCCP – Rent and Rates		
Training Sponsorship Scheme for Master in Occupational Therapy and Physiotherapy programmes		
Training Subsidy Programme for Children on the Waiting List for Subvented Pre-school Rehabilitation Services		
Financial Incentive Scheme for Mentors of Employees with Disabilities		
Cash Subsidy for Integrated Support Services for Persons with Severe Physical Disabilities		
Time-defined Subsidy Scheme for Occasional Child Care Service		
Enhanced After School Care Programme - Fee Waiving Subsidy Scheme		
Navigation Scheme for Young Persons in Care Services - Operating Expenses		
Navigation Scheme for Young Persons in Care Services - Training Cost		
Grant under the Pilot Scheme on On-site Pre-school Rehabilitation Services		
One-off Subsidy for Enhanced Provision of Visiting Medical Officer for Residential Care Homes for the Elderly		
One-off Subsidy for Enhanced Provision of Visiting Medical Practitioner Scheme for Residential Care Homes for the Persons with Disabilities		
Pilot Scheme on Multi-disciplinary Outreaching Support Teams for the Elderly (MOSTE)		
<b>Total</b>	-	-



- 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:

<b>Other Income</b>	<b>2018-19</b>	<b>2017-18</b>
	\$	\$
(a) Fees and charges for services incidental to the operation of subvented services		
(b) Others	1,865.80	544.00
<b>Total</b>	1,865.80	544.00

- 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:

<b>Analysis of Personal Emoluments paid under LSG</b>	<b>No of Posts</b>	<b>\$</b>
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.		
>HK\$1,200,000 p.a.		

**Other Charges**

The breakdown on Other Charges is as follows:

<b>Other Charges</b>	<b>2018-19</b>	<b>2017-18</b>
	<b>\$</b>	<b>\$</b>
(a) Utilities		
(b) Food	22,812.10	63,402.60
(c) Administrative Expenses	77,020.00	9,500.00
(d) Stores and Equipment	5,656.00	11,319.50
(e) Repair and Maintenance	-	-
(f) Special Allowances	-	-
(g) Programme Expenses	51,772.05	80,533.25
(h) Transportation and Travelling		
(i) Insurance		
(j) Miscellaneous	21,756.43	43,724.74
(k) Printing and stationery	6,592.00	32,269.80
<b>Total</b>	<b><u>185,608.58</u></b>	<b><u>240,749.89</u></b>



## Analysis of Lump Sum Grant Reserve and balances of other SWD subventions

	Lump Sum Grant (LSG)	Rent and Rates	Central Items	Total
	\$	\$	\$	\$
<b>Income</b>				
Lump Sum Grant	2,037,728.00	-	-	2,037,728.00
Fee Income	24,680.00	-	-	24,680.00
Other Income	1,865.80	-	-	1,865.80
Interest Received (Note (1))	219.55	-	-	219.55
Rent and Rates	-	-	-	-
Central Items	-	-	21,922.00	21,922.00
<b>Total Income (a)</b>	<b>2,064,493.35</b>	<b>-</b>	<b>21,922.00</b>	<b>2,086,415.35</b>
<b>Expenditure</b>				
Personal Emoluments	1,184,142.38	-	-	1,184,142.38
Other Charges	185,608.58	-	-	185,608.58
Rent and Rates	-	-	-	-
Central Items	-	-	-	-
<b>Total Expenditure (b)</b>	<b>1,369,750.96</b>	<b>-</b>	<b>-</b>	<b>1,369,750.96</b>
<b>Surplus/(Deficit) for the Year (a) - (b)</b>	<b>694,742.39</b>	<b>-</b>	<b>21,922.00</b>	<b>716,664.39</b>
<u>Less</u> : Surplus/ (Deficit) of Provident Fund	70,038.62	-	-	70,038.62
	624,703.77	-	21,922.00	646,625.77
<b>Surplus / (Deficit) b/f (Note (2))</b>	<b>1,355,099.17</b>	<b>-</b>	<b>199,317.00</b>	<b>1,554,416.17</b>
Adjustment for expenses in previous year:				
- Reverse of incorrect audit fee adjustment in 2015-16 AFR (per SWD's letter of 30.9.2019)	3,000.00	-	-	3,000.00
- Social worker charges for 2014-15 which are non-FSA relate (per SWD's letter of 18.10.2019)	43,285.00	-	-	43,285.00
- Social worker charges for 2015-16 which are non-FSA related	43,285.00	-	-	43,285.00
- Social worker charges for 2016-17 which are non-FSA related	38,000.00	-	-	38,000.00
- Audit fee:				
- 2014-15 overstated	800.00	-	-	800.00
- 2015-16 overstated	19,000.00	-	-	19,000.00
- 2016-17 understated	(28,000.00)	-	-	(28,000.00)
- 2017-18 overstated	29,300.00	-	-	29,300.00
- Personal emoluments:				
- 2015-16 overstated	135,602.15	-	-	135,602.15
- 2016-17 overstated	144,481.03	-	-	144,481.03
- 2017-1 overstated	231,254.59	-	-	231,254.59
	2,639,810.71	-	221,239.00	2,861,049.71
<u>Add</u> : Refund from Government	-	-	-	-
<u>Less</u> : Refund to Government	(263,004.18)	-	(27,365.00)	(290,369.18)
Transfer from LSG Reserve to cover the salary adjustment for Dementia Supplement and Infirmary Care Supplement (Note (3))	-	-	-	-
<b>Surplus/ (Deficit) c/f (Note (4))</b>	<b>2,376,806.53</b>	<b>-</b>	<b>193,874.00</b>	<b>2,570,680.53</b>

**Notes**

- (1) Interest received on LSG and Provident Fund 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 of LSG 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. S), 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.