

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 2023

(EXPRESSED IN HONG KONG DOLLARS)

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

**REVIEW REPORT TO THE MANAGEMENT BOARD OF
ALICE LAN & VERA SHEN EDUCATION FUND LIMITED (“THE NGO”)**

We have audited the financial statements of the NGO 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 (“HKIPCA”), and have issued an unqualified auditor’s report thereon dated 30th 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 NGO for the year ended 31st March 2023.

Responsibilities of the Management Board

In relation to this report, the Management Board are responsible for ensuring the AFR of the NGO 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 NGO 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.

Auditors’ 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.

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 respect, 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 obtained 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 NGO 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 relation 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 NGO 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 NGO 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 NGO 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.


Yip, Leung & Co.
Certified Public Accountants

Unit D, 12/F., Tak Lee Commercial Building,
113-7 Wan Chai Road, Wan Chai, Hong Kong
Hong Kong,
30 OCT 2023

ANNUAL FINANCIAL REPORT

NGO: 020 ALICE LAN & VERA SHEN EDUCATION FUND LIMITED

(1 April 2022 to 31 March 2023)

	Notes	2022-23 \$	2021-22 \$
A. INCOME			
1. Lump Sum Grant			
a. Lump Sum Grant (excluding Provident Fund)	1b	2,230,174.00	2,253,158.00
b. Provident Fund	1c	169,647.00	166,511.00
2. Fee Income	2	2,352.00	720.00
3. Central Items	3	16,183.00	21,388.00
4. Rent and Rates	4	-	-
5. Other Income	5	403.00	-
6. Interest Received		765.55	6.90
TOTAL INCOME		2,419,524.55	2,441,783.90
B. EXPENDITURE			
1. Personal Emoluments			
a. Salaries		1,455,540.89	1,110,380.25
b. Provident Fund	1c	108,576.00	94,091.60
c. Allowances		-	-
Sub-total	6	1,564,116.89	1,204,471.85
2. Other Charges	7	118,939.94	165,251.23
3. Central Items	3	-	-
4. Rent and Rates	4	-	-
TOTAL EXPENDITURE		1,683,056.83	1,369,723.08
C. SURPLUS / (DEFICIT) FOR THE YEAR	8	736,467.72	1,072,060.82

The Annual Financial Report from pages 2 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) 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>
	\$	\$	\$
Subvention Received	67,833.00	101,814.00	169,647.00
Provident Fund Contribution Paid during the Year	(74,149.59)	(34,426.41)	(108,576.00)
Surplus/(Deficit) for the Year	(6,316.59)	67,387.59	61,071.00
Add : Surplus/(Deficit) b/f	(17,307.91)	1,056,587.83	1,039,279.92
Additional subvention received for previous year(s)	9,703.00	-	9,703.00
Surplus/(Deficit) c/f	(13,921.50)	1,123,975.42	1,110,053.92

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 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 items. 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:

NOTES ON THE ANNUAL FINANCIAL REPORT

	2022-23	2021-22
a. Income	\$	\$
Time-defined Subsidy Scheme for Extended Hours Service Users	5,689.00	10,788.00
Time-defined Subsidy Scheme for Occasional Child Care Service	10,494.00	10,600.00
Total	16,183.00	21,388.00

	2022-23	2021-22
b. Expenditure	\$	\$
Time-defined Subsidy Scheme for Extended Hours Service Users	-	-
Time-defined Subsidy Scheme for Occasional Child Care Service	-	-
Total	-	-

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:

	2022-23	2021-22
Other Income	\$	\$
(a) Miscellaneous income	403.00	-
Total	403.00	-

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:

Analysis of Personal Emoluments paid under LSG	No of Posts	\$
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.	-	-

7. Other Charges

The breakdown on Other Charges is as follows:

	2022-23	2021-22
Other Charges	\$	\$
(a) Administrative Expenses	40,480.00	40,220.00
(b) Stores and Equipment	6,895.00	12,002.00
(c) Repair and Maintenance	-	1,945.00
(d) Programme Expenses	35,255.00	53,070.83
(e) Miscellaneous	14,463.54	40,732.70
(f) Printing and stationery	21,846.40	17,280.70
Total	118,939.94	165,251.23

NOTES ON THE ANNUAL FINANCIAL REPORT

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 (CI)	Total
	\$	\$	\$	\$	\$
Income					
Lump Sum Grant	2,399,821.00	-	-	-	2,399,821.00
Fee Income	2,352.00	-	-	-	2,352.00
Other Income	403.00	-	-	-	403.00
Interest Received (Note (1))	765.55	-	-	-	765.55
Rent and Rates	-	-	-	-	-
Central Items	-	-	-	16,183.00	16,183.00
Total Income (a)	2,403,341.55	-	-	16,183.00	2,419,524.55
Expenditure					
Personal Emoluments	1,564,116.89	-	-	-	1,564,116.89
Other Charges	118,939.94	-	-	-	118,939.94
Rent and Rates	-	-	-	-	-
Central Items	-	-	-	-	-
Total Expenditure (b)	1,683,056.83	-	-	-	1,683,056.83
Surplus/(Deficit) for the Year (a) - (b)	720,284.72	-	-	16,183.00	736,467.72
<u>Less</u> : Surplus/(Deficit) of Provident Fund	61,071.00	-	-	-	61,071.00
	659,213.72	-	-	16,183.00	675,396.72
Surplus/(Deficit) b/f (Note (2))	2,149,501.75	-	-	189,002.00	2,338,503.75
	2,808,715.47	-	-	205,185.00	3,013,900.47
<u>Less</u> : Refund to Government	(634,539.76)	-	-	(189,002.00)	(823,541.76)
Surplus/(Deficit) c/f (Note (4))	2,174,175.71	-	-	16,183.00	2,190,358.71

Notes :

- (1) Interest received on LSG (including HA) and Provident Fund reserves, rent and rates, Central Items 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 all interest received in previous years (see (1) above) and the balance of HA should be separately reported as in the surplus b/f under LSG and HA respectively.
- (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) For NGOs without HA, separate disclosure of the movement of HA in their respective AFRs is not necessary. The level of LSG cumulative reserve (i.e. S1) will be capped at 25% of the NGO's operating expenditure (i.e. Total Expenditure (T1) excluding Provident Fund Contribution (K)) for the year.

Schedule for Investment
Analysis of Investments as at 31st March 2023

Agency : (020) Alice Lan And Vera Shen Education Fund Limited

	Year 2023 \$'000	Year 2022 \$'000
LSG Reserve as at 31st March	<u>2,174</u>	<u>2,149</u>

Represented by :

Investments

a. HKD Bank Account Balances	2,174	2,149
b. HKD 24-hour Call Deposits	-	-
c. HKD Fixed Deposits	-	-
d. HKD Certificate of Deposits	-	-
e. HKD Bonds (see appendix for breakdown)	-	-
	<u>2,174</u>	<u>2,149</u>