

# ANNUAL FINANCIAL REPORT

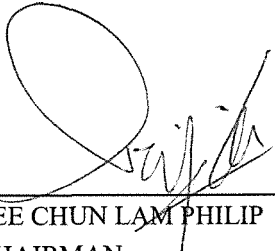
## The Mission Covenant Church Limited


Appendix A

1 APRIL 2020 TO 31 MARCH 2021

	Notes	2020-2021 \$	2019-2020 \$
<b>A. INCOME</b>			
1. Lump Sum Grant			
a. Lump Sum Grant (excluding Provident Fund)	1b	6,140,101.00	6,085,858.00
b. Provident Fund	1c	481,749.00	481,756.00
2. Fee Income	2	24,525.00	29,800.00
3. Central Items	3	0.00	0.00
4. Rent and Rates	4	165,797.00	165,060.00
5. Other Income	5	21,290.00	797,168.50
6. Interest Received		13,576.33	17,334.73
<b>TOTAL INCOME</b>		<b>6,847,038.33</b>	<b>7,576,977.23</b>
<b>B. EXPENDITURE</b>			
1. Personal Emoluments			
a. Salaries		5,018,339.00	4,823,306.00
b. Provident Fund	1c	364,308.74	345,078.81
c. Allowances		-	-
Sub-total	6	5,382,647.74	5,168,384.81
2. Other Charges	7	468,227.02	1,092,595.44
3. Central Items	3	18,800.00	23,800.00
4. Rent and Rates	4	154,860.00	162,510.00
<b>TOTAL EXPENDITURE</b>		<b>6,024,534.76</b>	<b>6,447,290.25</b>
<b>C. SURPLUS/(DEFICIT) FOR THE YEAR</b>	8	<b>822,503.57</b>	<b>1,129,686.98</b>

The Annual Financial Report from pages 1 to 6 has been prepared in accordance with the requirements as set out in the Lump Sum Grant Manual.

  
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 LEE CHUN LAM PHILIP  
 CHAIRMAN  
 DATE: 30<sup>th</sup> September 2021

  
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 REV. NG WAI MING  
 VICE GENERAL SECRETARY  
 DATE: 30<sup>th</sup> September 2021

## 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	121,131.00	360,618.00	481,749.00
Provident Fund Contribution			
Paid during the year	(115,686.00)	(248,622.74)	(364,308.74)
Surplus/(Deficit) for the year	5,445.00	111,995.26	117,440.26
Add : Surplus/(Deficit) b/f	10,584.50	834,408.16	844,992.66
Additional subvention received for previous year(s)	-	-	-
Less : Refund from Government	-	-	-
Surplus/(Deficit) c/f	<u>16,029.50</u>	<u>946,403.42</u>	<u>962,432.92</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:

	2020-2021 \$	2019-2020 \$
a. Income		
-Training Subsidy under Training Scheme for Child Care Supervisors and Special Child Care Workers in Pre-school Rehabilitation Services	0.00	0.00
	<u>0.00</u>	<u>0.00</u>
b. Expenditure		
-Training Subsidy under Training Scheme for Child Care Supervisors and Special Child Care Workers in Pre-school Rehabilitation Services	18,800.00	23,800.00
	<u>18,800.00</u>	<u>23,800.00</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:

Other Income	2020-2021	2019-2020
	\$	\$
(a) Fees and charges for services incidental to the operation of subvented services	13,190.00	746,635.00
(b) Others	8,100.00	50,533.50
Total	<u>21,290.00</u>	<u>797,168.50</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 \$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.	1	773,640.00
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:

	2020-2021	2019-2020
	\$	\$
Other Charges		
(a) Utilities	12,174.10	38,696.00
(b) Food	-	-
(c) Administrative Expenses	37,566.50	22,650.60
(d) Stores and Equipment	67,434.45	58,584.55
(e) Repair and Maintenance	90,183.89	21,160.30
(f) Special Allowances	-	-
(g) Programme Expenses	143,703.40	871,662.80
(h) Transportation and Travelling	785.80	2,092.70
(i) Insurance	32,615.17	28,361.38
(j) Miscellaneous	83,763.71	49,387.11
Total	<u>468,227.02</u>	<u>1,092,595.44</u>

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

	<b>Lump Sum Grant (LSG) \$</b>	<b>Rent and Rates \$</b>	<b>Central Items \$</b>	<b>Total \$</b>
<b>Income</b>				
Lump Sum Grant	6,621,850.00	-	-	6,621,850.00
Fee Income	24,525.00	-	-	24,525.00
Other Income	21,290.00	-	-	21,290.00
Interest Received (Note 1)	13,576.33	-	-	13,576.33
Rent and Rates	-	165,797.00	-	165,797.00
Central Items	-	-	-	-
<b>Total Income (a)</b>	<b>6,681,241.33</b>	<b>165,797.00</b>	<b>-</b>	<b>6,847,038.33</b>
<b>Expenditure</b>				
Personal Emoluments	5,382,647.74	-	-	5,382,647.74
Other Charges	468,227.02	-	-	468,227.02
Rent and Rates	-	154,860.00	-	154,860.00
Central Items	-	-	18,800.00	18,800.00
<b>Total Expenditure (b)</b>	<b>5,850,874.76</b>	<b>154,860.00</b>	<b>18,800.00</b>	<b>6,024,534.76</b>
<b>Surplus/ (Deficit) for the year (a)-(b)</b>	<b>830,366.57</b>	<b>10,937.00</b>	<b>(18,800.00)</b>	<b>822,503.57</b>
Less: Surplus/(Deficit) of Provident Fund	117,440.26	-	-	117,440.26
	712,926.31	10,937.00	(18,800.00)	705,063.31
<b>Surplus/ (Deficit) b/f (Note 2)</b>	<b>2,445,968.16</b>	<b>2,550.00</b>	<b>92,975.00</b>	<b>2,541,493.16</b>
<u>Add:</u> Refund from Government		-	-	-
<u>Less:</u> Refund to Government	(779,958.71)	(2,550.00)	-	(782,508.71)
Transfer from LSG Reserve to cover the salary adjustment for Dementia Supplement and Infirmiry Care Supplement (Note 3)	-	-	-	-
<b>Surplus/ (Deficit) c/f (Note 4)</b>	<b>2,378,935.76</b>	<b>10,937.00</b>	<b>74,175.00</b>	<b>2,464,047.76</b>

**Notes :**

- 1) Interest received on LSG 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 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 Infirmiry Care Supplement, if any, as per Schedule for Central items.
- 4) The level of LSG cumulative reserve, less LSG Reserves kept in the holding account, will be capped at 25% of the NGO's operating expenditure (excluding Provident Fund expenditure) for the year.