

CHI LIN NUNNERY

ANNUAL FINANCIAL REPORT

For the year ended March 31, 2017

REVIEW REPORT

To the Board of Directors of Chi Lin Nunnery

We have audited the financial statements of Chi Lin Nunnery for the year ended March 31, 2017 and have issued an unqualified auditors' report thereon on October 23, 2017.

We conducted our review of the attached Annual Financial Report on pages 1 to 9 of Chi Lin Nunnery - Chi Lin Elderly Services (subvented section) for the year ended March 31, 2017 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 Chi Lin Nunnery, on which the above audited financial statements of Chi Lin Nunnery 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 Chi Lin Nunnery for the year ended March 31, 2017 -

- a. in our opinion the Annual Financial Report has been properly prepared from the books and records of Chi Lin Nunnery; and
- b. no matters have come to our attention during the course of our review, which cause us to believe that Chi Lin Nunnery has not:
 - i. properly accounted for the receipt of Lump Sum Grant, Provident Fund, Special One-off Grant and other social welfare subventions and expenditure in respect of Funding and Services Agreement activities and support services;

REVIEW REPORT (CONTINUED)

**To the Board of Directors of
Chi Lin Nunnery**

- 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 (“SWD”);
- 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 Provident Fund arrangement during the year ended March 31, 2017.

This report is intended for filing with the SWD and should not be used for any other purpose.

Nexia Charles Mar Fan Limited

Nexia Charles Mar Fan Limited
Certified Public Accountants
Leung Wing Tung
Practising Certificate Number: P05426

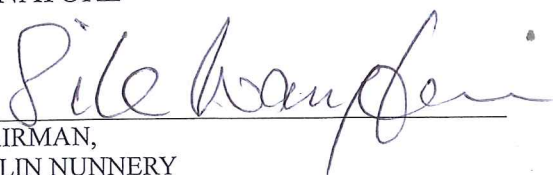
23 OCT 2017

CHI LIN NUNNERY
- CHI LIN ELDERLY SERVICES (SUBVENTED SECTION)
ANNUAL FINANCIAL REPORT
FOR THE PERIOD FROM APRIL 1, 2016 TO MARCH 31, 2017

	<u>Notes</u>	<u>Total</u> <u>2016-17</u> HK\$	<u>Total</u> <u>2015-16</u> HK\$
INCOME			
Lump Sum Grant			
Lump Sum Grant (excluding Provident Fund)	1b	46,864,630	43,762,050
Provident Fund	1c	3,916,521	3,930,641
Special One-off Grant		-	-
Fee Income	2	7,545,790	7,260,923
Central Items	3	4,204,060	4,024,397
Rent and Rates	4	1,092,968	610,215
Other Income	5	752,811	851,141
Interest Received		59,926	122,711
TOTAL INCOME		<u>64,436,706</u>	<u>60,562,078</u>
EXPENDITURE			
Personal Emoluments			
Salaries		42,012,177	36,922,182
Provident Fund	1c	3,200,286	3,067,831
Allowances		-	-
Sub-total	6	45,212,463	39,990,013
Other Charges	7	12,340,926	12,240,952
Central Items	3	4,135,048	3,665,273
Rent and Rates	4	881,189	837,036
Special One-off Grant Payments	7a	-	-
TOTAL EXPENDITURE		<u>62,569,626</u>	<u>56,733,274</u>
SURPLUS FOR THE YEAR	8	<u>1,867,080</u>	<u>3,828,804</u>

The Annual Financial Report from pages 1 to 9 has been prepared in accordance with the requirements as set out in the Lump Sum Grant Manual.

SIGNATURE


 CHAIRMAN,
 CHI LIN NUNNERY

DATE: 23 OCT 2017


 ACTING SUPERINTENDENT,
 CHI LIN ELDERLY SERVICES

DATE: 23 OCT 2017

CHI LIN NUNNERY
- CHI LIN ELDERLY SERVICES (SUBVENTED SECTION)

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 April 1, 2000. 6.8% and other posts represent those staff that are employed after April 1, 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</u> <u>Staff</u> HK\$	<u>6.8% and</u> <u>Other Posts</u> HK\$	<u>Total</u> HK\$
Subvention Received	1,294,786	2,621,735	3,916,521
Provident Fund Contribution Paid during the Year	(1,237,993)	(1,962,293)	(3,200,286)
Surplus/(Deficit) for the Year	56,793	659,442	716,235
Add : Surplus b/f	498,051	6,530,086	7,028,137
Additional subvention received for previous years	-	39,681	39,681
Less : Refund to Government	(124,447)	(98,835)	(223,282)
Surplus c/f	<u>430,397</u>	<u>7,130,374</u>	<u>7,560,771</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.

CHI LIN NUNNERY
- CHI LIN ELDERLY SERVICES (SUBVENTED SECTION)
NOTES ON THE ANNUAL FINANCIAL REPORT (CONTINUED)

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 LSG Manual (October 2016)). The income and expenditure of each of the Central Items are as follows:

	2016-17 HK\$	2015-16 HK\$
a. <u>Income</u>		
Dementia Supplement for Residential Elderly Services	3,131,635	3,039,168
Special One-Off for Dementia in 2016-17	-	592,110
Special One-Off for Dementia in 2017-18	661,122	-
Dementia Supplement for Day Care Centre for the Elderly Services	<u>411,303</u>	<u>393,119</u>
Total	<u>4,204,060</u>	<u>4,024,397</u>
	2016-17 HK\$	2015-16 HK\$
b. <u>Expenditure</u>		
Dementia Supplement for Residential Elderly Services	3,131,635	3,039,168
Special One-Off for Dementia in 2015-16	-	232,986
Special One-Off for Dementia in 2016-17	592,110	-
Dementia Supplement for Day Care Centre for the Elderly Services	<u>411,303</u>	<u>393,119</u>
Total	<u>4,135,048</u>	<u>3,665,273</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 (paragraph 2.29 of LSG Manual (October 2016)) is as follows:

	2016-17 HK\$	2015-16 HK\$
Other Income		
a. Fees and charges for services incidental to operation of subvented services	752,811	851,141
b. Others	<u>-</u>	<u>-</u>
Total	<u>752,811</u>	<u>851,141</u>

CHI LIN NUNNERY
- CHI LIN ELDERLY SERVICES (SUBVENTED SECTION)

NOTES ON THE ANNUAL FINANCIAL REPORT (CONTINUED)

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	<u>HK\$</u>
HK\$700,001 - HK\$800,000 p.a.	2	1,556,145

7. Other Charges

The breakdown on Other Charges is as follows:

	<u>2016-17</u> HK\$	<u>2015-16</u> HK\$
Other Charges		
(a) Utilities	2,514,622	2,485,938
(b) Food	3,873,301	3,870,528
(c) Administrative Expenses	135,873	86,552
(d) Stores and Equipment	2,019,794	2,486,267
(e) Repairs and Maintenance	1,190,614	896,917
(f) Special Allowances	-	-
(g) Programme Expenses	44,426	57,404
(h) Transportation and Travelling	244,000	252,128
(i) Insurance	488,189	474,384
(j) Miscellaneous	1,830,107	1,630,834
Total	<u>12,340,926</u>	<u>12,240,952</u>

7a. Special One-off Grant Payments

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

	<u>2016-17</u> HK\$	<u>2015-16</u> HK\$
Special One-off Grant Payments		
(a) Voluntary Retirement Scheme	-	-
(b) Compensation Scheme	-	-
(c) Staff Training and Development	-	-
(d) Other Staff-related Initiatives	-	-
Total	<u>-</u>	<u>-</u>

CHI LIN NUNNERY
- CHI LIN ELDERLY SERVICES (SUBVENTED SECTION)
NOTES ON THE ANNUAL FINANCIAL REPORT (CONTINUED)

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

	Lump Sum Grant (LSG)	Special One-off Grant (SOG)	Rent and Rates	Central Items	Total
	HK\$	HK\$	HK\$	HK\$	HK\$
Income					
Lump Sum Grant	50,781,151	-	-	-	50,781,151
Special One-off Grant	-	-	-	-	-
Fee Income	7,545,790	-	-	-	7,545,790
Other Income	752,811	-	-	-	752,811
Interest Received (Note (1))	59,926	-	-	-	59,926
Rent and Rates	-	-	1,092,968	-	1,092,968
Central Items	-	-	-	4,204,060	4,204,060
Total Income (a)	59,139,678	-	1,092,968	4,204,060	64,436,706
Expenditure					
Personal Emoluments	45,212,463	-	-	-	45,212,463
Other Charges	12,340,926	-	-	-	12,340,926
Rent and Rates	-	-	881,189	-	881,189
Central Items	-	-	-	4,135,048	4,135,048
Special One-off Grant Payment	-	-	-	-	-
Total Expenditure (b)	57,553,389	-	881,189	4,135,048	62,569,626
Surplus/(Deficit) for the Year (a) – (b)	1,586,289	-	211,779	69,012	1,867,080
Less: Surplus of Provident Fund	716,235	-	-	-	716,235
	870,054	-	211,779	69,012	1,150,845
Surplus/(Deficit) b/f (Note(2))	18,807,624	-	(723,743)	646,890	18,730,771
	19,677,678	-	(511,964)	715,902	19,881,616
Less : Refund to Government	-	-	-	(47,735)	(47,735)
Transfer from LSG Reserve to cover the salary adjustment for Dementia Supplement and Infirmary Care Supplementary (Note(3))	-	-	-	-	-
Surplus/(Deficit) c/f (Note(4))	19,677,678	-	(511,964)	668,167	19,833,881

Notes:

- 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.
- 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.
- Amount of LSG Reserve used to cover the salary adjustment for Dementia Supplement and Infirmary Care Supplement, if any, as per Schedule of Central Items.
- The level of LSG cumulative reserves, 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.

Schedule For Central Items

Analysis of Subvention and Expenditure for the Period from April 1, 2016 to March 31, 2017 (excluding blister programme for pupil nurse)

Name of Agency: Chi Lin Nunnery (code 110)

Unit Code and Name (Note 7)	Subvented Element	Subvention Released (Note 1)	Actual Expenditure (Note 2)	Surplus (Note 3) (a)	Deficit for the year			Surplus b/f (Note 5) (e)	Surplus c/f (Note 6) (f)=(e)+(a)-(d)	Refund to Government 2016-2017	Balance c/f
					Deficit (Note 3) (b)	Deficit transferred to LSG (Note 4) (c)	Adjusted Deficit (d)=(b)-(c)				
Unit 7904 Chi Lin Care & Attention Home (DS)	Dementia Supplement for Residential Elderly Service	HK\$ 3,131,635	HK\$ 3,131,635	-	HK\$ -	HK\$ -	HK\$ -	HK\$ -	HK\$ -	HK\$ -	
Special One-Off for Dementia (2016-17)	Special One-Off for Better Care for Elderly Persons with Dementia	-	592,110	-	592,110	-	592,110	-	-	-	
Special One-Off for Dementia (2017-18)	Special One-Off for Better Care for Elderly Persons with Dementia	661,122	-	661,122	-	-	-	661,122	-	661,122	
Unit 110S Chi Lin Care & Attention Home Care & Programme Assistant for Elderly	Programme Assistants/Care Assistants	-	-	-	-	-	-	47,735	(47,735)	-	
Unit 110P Chi Lin Care & Attention Home Programme Worker for Elderly	Programme Workers	-	-	-	-	-	-	-	-	-	
Unit 6736 Chi Lin Day Care Centre Dementia Supplement for Day Care Centre for the Elderly	Dementia Supplement for Day Care Centre for the Elderly	411,303	411,303	-	-	-	-	-	-	-	
Total	Total	4,204,060	4,135,048	661,122	592,110	-	592,110	708,857	(47,735)	661,122	

Schedule For Central Items

Analysis of Subvention and Expenditure for the Period from April 1, 2016 to March 31, 2017 (excluding blister programme for pupil nurse)

Name of Agency: Chi Lin Nunnery (code 110)

Notes:

1. The figures for the whole financial year are extracted from the payroll for March (Final) of the financial year.
2. Actual expenditure represents the total expenditure incurred including provident fund for the respective services after netting off programme income, if any.
3. Surplus/Deficit for each element represents the difference between subvention released and actual expenditure.
4. Deficit i.r.o. the following central items arising from salary adjustment are transferred to the Lump Sum Grant Reserve as stated in SWD's letter ref.(9) in SWD/S/104/2 Pt.16 dated 20 July 2016.
 - i Dementia Supplement for Elderly with Disabilities
 - ii Infirmary Care Supplement for the Aged Blind Persons
 - iii Dementia Supplement for Residential Elderly Services
 - iv Infirmary Care Supplement for Residential Elderly services
5. "Surplus brought forward (b/f)" means surplus, if any, arising from operations in previous years.
6. "Surplus carried forward (c/f)" means surplus brought forward plus surplus, if any, arising from operations in current year.
7. Unit code and name are extract from the payroll from SWD.
8. The income and expenditure for the Special One-off Subsidy for Better Care for Elderly Persons with Dementia or Requiring Infirmary Care as allocated via SWD's letter ref SWD/S/E/RC/3 Pt.6 dated 4 February 2016 should also be included in the income/expenditure of the respective items.
9. The central items as listed above may not be exhaustive and any relevant details of central items released and/or expended during the year, where appropriate, should also be included.

SCHEDULE FOR RENT AND RATESANALYSIS OF SUBVENTION AND EXPENDITURE FOR THE PERIOD FROM APRIL 1, 2016 TO MARCH 31, 2017NAME OF AGENCY: CHI LIN NUNNERY (CODE 110)

Unit Code and Name	Subvented Element	Subvention Released (Note 1)	Actual Expenditure	Surplus (Note 2)	Deficit (Note 2)
		HK\$	HK\$	HK\$	HK\$
Chi Lin Home #1776	Rent (Note 3)	202,620	303,269	-	100,649
	Rates	350,195	502,240	-	152,045
	Total	552,815	805,509	-	252,694
Chi Lin Day Care Centre for the Elderly #7291	Rent (Note 3)	20,358	29,880	-	9,522
	Rates	35,185	45,800	-	10,615
	Total	55,543	75,680	-	20,137
	Grand Total	608,358	881,189	-	272,831

Notes:

1. The figures are to be extracted from the payroll for March plus subvention released in late March of the financial year. Reimbursement for rent and rates relating to previous financial year(s) (i.e. back payments) should not be included.
2. Surplus/Deficit for each element represents the difference between subvention released and actual expenditure.
3. Rent includes all kinds of rent such as PHE rental, private rental, carpark rent, management fee, building maintenance fee and Government Rent.

CHI LIN NUNNERY

- CHI LIN ELDERLY SERVICES (SUBVENTED SECTION)

**STATEMENT FOR NON-STATUTORY ACCOUNTS
FOR THE PURPOSE OF SECTION 436(3) OF THE COMPANIES ORDINANCE**

The figures and financial information relating to the above annual financial report for the year ended March 31, 2017 are not the Nunnery's statutory annual financial statements for that year. Further information relating to those statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance is as follows:

The Nunnery has delivered those financial statements to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance.

The Nunnery's auditor has reported on those statutory financial statements. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contained a statement under section 406(2), 407(2) or (3) of the Companies Ordinance.