

Agency Code: 488

**International Church Of The Foursquare Gospel –  
Hong Kong District Limited**

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED 31 MARCH 2018

張耀鴻會計師行

Y. H. CHEUNG & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

HONG KONG

INTERNATIONAL CHURCH OF THE FOURSQUARE GOSPEL –  
HONG KONG DISTRICT LIMITED

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## REVIEW REPORT TO THE BOARD OF DIRECTORS OF INTERNATIONAL CHURCH OF THE FOURSQUARE GOSPEL – HONG KONG DISTRICT LIMITED

We have audited the financial statements of the Social Concern Department of International Church Of The Foursquare Gospel – Hong Kong District Limited (the Department) for the year ended 31 March 2018 and have issued an unqualified auditors' report thereon dated 25 August 2018.

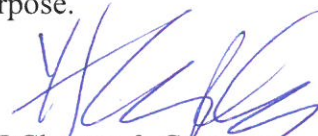
We conducted our review of the attached Annual Financial Report of the Department for the year ended 31 March 2018 in accordance with Practice Note 851 "Review of the Annual Financial Reports of Non-governmental Organisations" issued by the Hong Kong Institute of Certified Public Accountants. The review includes considering the procedures and records relevant to the preparation of the Annual Financial Report of the Department and performing procedures to satisfy ourselves that the Annual Financial Report has been properly prepared from the books and records of the Department, on which the above audited financial statements of the Department 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 Department for the year ended 31 March 2018,

- a. in our opinion, the Annual Financial Report has been properly prepared from the books and records of the Department; and
- b. no matters have come to our attention during the course of our review, which cause us to believe that the Department has not:
  - i. properly accounted for the receipt of Lump Sum Grant, Special One-Off Grant, Provident Fund, and other social welfare subventions and expenditure of the Department 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 Provident Fund arrangements during the year ended 31 March 2018.

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.

  
Y H Cheung & Company  
Certified Public Accountants  
Hong Kong  
25 August 2018

ANNUAL FINANCIAL REPORT

INTERNATIONAL CHURCH OF THE FOURSQUARE GOSPEL – HONG KONG DISTRICT  
LIMITED

FOR THE YEAR FROM 1 APRIL 2017 TO 31 MARCH 2018

	<u>NOTES</u>	<u>2017/18</u> HK\$	<u>2016/17</u> HK\$
<b>INCOME</b>			
Lump Sum Grant			
a. Lump sum grant (excluding provident fund)	1b	6,607,371.00	6,419,305.00
b. Provident fund	1c	605,013.00	599,856.00
Additional allocation		260,000.00	260,000.00
Fee Income	2	43,175.00	49,060.00
Central Items	3a	---	---
Rent and Rates	4	160,150.00	159,368.00
Other Income	5	684,258.57	842,617.15
Interest Received		178.77	173.14
<b>TOTAL INCOME</b>		<u>8,360,146.34</u>	<u>8,330,379.29</u>
<b>EXPENDITURE</b>			
Personal Emoluments			
a. Salaries		6,543,745.65	6,168,171.00
b. Provident Fund	1c	555,567.10	539,332.06
c. Allowances		16,850.00	20,665.00
Sub-total	6	7,116,162.75	6,728,168.06
Other Charges	7	1,256,805.85	1,033,819.34
Central Items	3b	---	---
Rent and Rates	4	165,876.00	168,900.00
<b>TOTAL EXPENDITURE</b>		<u>8,538,844.60</u>	<u>7,930,887.40</u>
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>		<u>(178,698.26)</u>	<u>399,491.89</u>

The Annual Financial Report from pages 2 to 9 has been prepared in accordance with the requirements as set out in the Lump Sum Grant Manual.



Mr. Chan Ka Yau  
Chairman of Management Committee  
of Elderly Services  
Date: 25 August 2018



Mr. Kwan Kwok Wah  
Director of Social Concern Department

Date: 25 August 2018

INTERNATIONAL CHURCH OF THE FOURSQUARE GOSPEL - HONG KONG DISTRICT

NOTES ON THE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED 31 MARCH 2018

1. Lump Sum Grant

a) Basis of preparation

The Annual Financial Report (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 like depreciation, provisions and accruals are not 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.

Details are analysed below:

	Snapshot staff HK\$	6.8% Posts and other HK\$	<u>2017/18</u> Total HK\$	<u>2016/17</u> Total HK\$
<u>Provident Fund Contribution</u>				
Subvention received	268,389.00	336,624.00	605,013.00	598,495.00
Provident fund contribution paid during the year	(263,322.00)	(292,209.10)	(555,531.10)	(539,332.06)
Surplus for the year	5,067.00	44,414.90	49,481.90	59,162.94
<u>Add: Surplus b/f</u>	26,210.36	160,611.62	186,821.98	126,298.04
Unrecognised PF amount absorbed by Organization's Fund	20,367.00	0.00	20,367.00	0.00
Transfer to 6.8% and other posts (SWD SF/SAS/4-65/105(488) of 14 Aug. 2018)	(20,210.41)	20,210.41	0.00	0.00
Refund to SWD (SWD SF/SAS/ 4-65/105(488) of 14 Aug. 2018)	(10,930.00)	0.00	(10,930.00)	0.00
Additional subvention received for previous years	1,495.00	0.00	1,495.00	1,361.00
Surplus c/f	<u>21,998.95</u>	<u>225,236.93</u>	<u>247,235.88</u>	<u>186,821.98</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.

The income and expenditure of each of the Central Items are as follow:

	<u>2017/18</u> HK\$	<u>2016/17</u> HK\$
a. Income	---	---
b. Expenditure	---	---

INTERNATIONAL CHURCH OF THE FOURSQUARE GOSPEL - HONG KONG DISTRICT  
LIMITED

NOTES ON THE ANNUAL FINANCIAL REPPORT

FOR THE YEAR ENDED 31 MARCH 2018

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 is not 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 are not included as Other Income in AFR.

	<u>2017/18</u> HK\$	<u>2016/17</u> HK\$
(a) Fees and charges for services incidental to the operation of subvented services	443,338.00	429,177.00
(b) Others		
Donation	6,726.00	---
Sundry income	10,296.50	12,699.50
Disposal of assets	900.00	2,700.00
Adult Education subvention scheme	42,602.08	31,004.05
District Board subvention	55,230.10	37,074.20
Other funding	43,785.90	255,246.40
何東爵士慈善基金	62,400.00	---
Income from supervision and coordination	18,979.99	74,716.00
	<u>684,258.57</u>	<u>842,617.15</u>

6. Personal Emoluments

There are one staff member who received personal emoluments more than HK\$900,000 p.a.

<u>Analysis of Personal Emoluments</u>	<u>No. of posts</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.	1	975,619.00
HK\$1,000,000 - HK\$1,100,000 p.a.	-	-
HK\$1,100,000 - HK\$1,200,000 p.a.	-	-
》 HK\$1,200,000 p.a.	-	-

INTERNATIONAL CHURCH OF THE FOURSQUARE GOSPEL - HONG KONG DISTRICT  
LIMITED

NOTES ON THE ANNUAL FINANCIAL REPPORT

FOR THE YEAR ENDED 31 MARCH 2018

7. Other Charges

The breakdown on Other Charge is as follows:

	<u>2017/18</u>	<u>2016/17</u>
( a ) Electricity, gas and fuel	60,670.66	58,298.12
( b ) Water and sewage charge	779.90	693.30
( c ) Postage	2,422.20	2,792.40
( d ) Telephone, fax and internet access	32,525.90	35,179.20
( e ) Advertising	7,668.00	3,840.00
( f ) Audit fee	8,738.00	12,603.00
( g ) Staff training	51,013.36	13,885.00
( h ) Cleaning material	3,787.50	4,482.40
( i ) Printing and stationery	49,127.17	47,314.88
( j ) Newspaper and magazine	13,926.50	12,594.00
( k ) Group or activity or programme expenses	809,127.00	663,358.53
( l ) Minor Purchase	80,312.20	70,239.80
( m ) Sundry expenses	3,991.00	2,350.00
( n ) Repair and maintenance	55,811.60	41,325.00
( o ) Travelling expenses	8,644.40	7,260.40
( p ) Insurance	64,960.46	54,103.31
( q ) Membership fees to agency	3,300.00	3,500.00
	<u>1,256,805.85</u>	<u>1,033,819.34</u>
TOTAL		

INTERNATIONAL CHURCH OF THE SQUARE GOSPEL - HONG KONG DISTRICT LIMITED  
NOTES TO THE ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED 31 MARCH 2018

**8. ANALYSIS OF RESERVE FUND**

	Lump Sum Grant (LSG) HK\$	Additional Allocation HK\$	Rent and Rates HK\$	Central Items HK\$	Total HK\$
<b>Income</b>					
Lump Sum Grant	7,212,384.00	0.00	0.00	0.00	7,212,384.00
Fee Income	43,175.00	0.00	0.00	0.00	43,175.00
Central Items	0.00	0.00	0.00	0.00	0.00
Other Income	684,258.57	0.00	0.00	0.00	684,258.57
Interest Received	178.77	0.00	0.00	0.00	178.77
Rent and Rates	0.00	0.00	160,150.00	0.00	160,150.00
Long Term Financial Viability	0.00	260,000.00	0.00	0.00	260,000.00
Total Income	(a) 7,939,996.34	260,000.00	160,150.00	0.00	8,360,146.34
<b>Expenditure</b>					
Personal Emoluments	7,116,162.75	0.00	0.00	0.00	7,116,162.75
Other Charges	1,256,805.85	0.00	0.00	0.00	1,256,805.85
Rent and Rates	0.00	0.00	165,876.00	0.00	165,876.00
Central Items	0.00	0.00	0.00	0.00	0.00
Total Expenditure	(b) 8,372,968.60	0.00	165,876.00	0.00	8,538,844.60
Surplus/(deficit) for the Year	(a)-(b) (432,972.26)	260,000.00	(5,726.00)	0.00	(178,698.26)
Less: (Surplus)/deficit of Provident Fund	49,481.90	0.00	0.00	0.00	49,481.90
Surplus/(deficit) b/f	(482,454.16)	260,000.00	(5,726.00)	0.00	(228,180.16)
	note 2	2,053,786.87	(4,594.00)	0.00	2,049,192.87
Less: Adjustment with SWD (ref.: SWD SF/SAS/4-65/105(488) date: 14 Aug. 2018)	(482,454.16)	2,313,786.87	(10,320.00)	0.00	1,821,012.71
Refund to Government	364,336.90	(364,336.90)	0.00	0.00	0.00
Add: Recovery from SWD	0.00	0.00	(6,931.00)	0.00	(6,931.00)
Add/(Less): Deficit transfer to Long Term Financial Viability	0.00	0.00	11,525.00	0.00	11,525.00
Surplus/(Deficit) c/f	118,117.26	(118,117.26)	0.00	0.00	0.00
	note 3	1,831,332.71	(5,726.00)	0.00	1,825,606.71

Notes:

- Interest received on LSG and PF Reserves, Rent and Rates, Central Items, Special One-off Grant is included as one item under LSG.
- The level of LSG cumulative reserve, being Lump Sum Grant surplus c/f and cumulative interest received c/f, will be capped at 25% of the total of the NGO's operating expenditure (excluding PF expenditure) for the year.



## SCHEDULE FOR RENT AND RATES

## ANALYSIS OF SUBVENTION AND EXPENDITURE FOR THE YEAR FROM 1 APRIL 2017 TO 31 MARCH 2018

Name of NGO: INTERNATIONAL CHURCH OF THE FOURSQUARE GOSPEL - HONG KONG DISTRICT LIMITED

Unit Code and Name	Subvented Element	Subvention Released (Note 1)	Actual Expenditure (Note 2)	Surplus (Note 3)	Deficit (Note 3)	Surplus / (Deficit) B/F	Surplus C/F	(Deficit) C/F	Surplus / (Deficit) C/F	Deficit Recovery for the year
		\$	\$	\$	\$	\$	\$	\$	\$	\$
3910 - Lung Hang Church Elderly Centre	Rent	16,740	13,716	3,024	0	(9,095)	0	(6,071)	(6,071)	9,095
	Rate	13,583	11,320	2,263	0	5,450	2,263	0	2,263	(5,450)
	Total	30,323	25,036	5,287	0	(3,645)	2,263	(6,071)	(3,808)	3,645
3912 - Kin Sang Church Elderly Centre	Rent	122,760	122,760	0	0	0	0	0	0	0
	Rate	10,154	9,800	354	0	1,481	354	0	354	(1,481)
	Gov't Rent	8,438	8,280	158	0	(2,430)	0	(2,272)	(2,272)	2,430
Total	141,352	140,840	512	0	(949)	354	(2,272)	(1,918)	949	
Grand Total		171,675	165,876	5,799	0	(4,594)	2,617	(8,343)	(5,726)	4,594

Less: Recovery from SWD for 2016/17 Rent & Rate (9,095)  
 2016/17 Rent & Rate (2,430)  
 Total Recovery From SWD during the current year (11,525)

Net Gov't Release For 2017/2018 160,150

- The figures are extracted from the payroll during the year plus subvention released in late March of the financial year or immediately after the financial year end.
- Rent includes all kinds of rent such as PHE rental, private rental, carpark rent, management fee, building maintenance fee and Government rent.
- Surplus/Deficit for each element represents the difference between subvention released and actual expenditure.

INTERNATIONAL CHURCH OF THE FOURSQUARE GOSPEL -  
HONG KONG DISTRICT LIMITED

SCHEDULE FOR INVESTMENT

ANALYSIS OF INVESTMENT AS AT 31 MARCH 2018

	<u>2017/18</u> HK\$	<u>2016/17</u> HK\$
LSG Reserve as at 31 March 2018	0.00	0.00
Long term financial viability reserve (time-defined 31/3/2019) as at 31 March 2018	1,831,332.71	2,053,786.87
Total LSG Reserve	<u>1,831,332.71</u>	<u>2,053,786.87</u>

Represented by:

Investment:

A HKD Bank account balances	1,831,332.71	2,053,786.87
B HKD 24-hour call deposits	0.00	0.00
C HKD Fixed deposits	0.00	0.00
D HKD Certificate of deposits	0.00	0.00
E HKD Bonds	0.00	0.00
	<u>1,831,332.71</u>	<u>2,053,786.87</u>

Notes:

1. The investments are reported at historical cost.
2. LSG reserve includes interest earned on reserve.

**Confirmed by:-**

Name : Mr. Chan Ka Yau

Title : Chairman of Management Committee  
of Elderly Services

Date : 25 August 2018

Name : Mr. Kwan Kwok Wah

Title : Director of Social  
Concern Dept.

Date : 25 August 2018

DETAILS OF THE USE OF THE ADDITIONAL ALLOCATION  
FOR THE FINANCIAL YEAR OF 2017/18

Name of NGO: INTERNATIONAL CHURCH OF THE FOURSQUARE GOSPEL -  
HONG KONG DISTRICT LIMITED

Total amount of Additional Allocation: \$2.59 million

		2017/2018 \$
I.	Balance of amount of the Additional Allocation brought forward:	2,053,786.87
II.	Less transfer to LSG Reserve	(364,336.90)
	Net balance of amount of the Additional Allocation b/f:	1,689,449.97
III.	Amount of Additional Allocation received for the year:	260,000.00
	Sub-total (A = I - II + III)	1,949,449.97
IV.	Amount of Additional Allocation spent during the year (B):	(118,117.26)
V.	Balance carried forward to the next financial year ( C = A + B )	1,831,332.71

Name : Mr. Chan Ka Yau

Title : Chairman of Management Committee  
of Elderly Services

Date : 25 August 2018

Name : Mr. Kwan Kwok Wah

Title : Director of Social  
Concern Dept.

Date : 25 August 2018