

The Tsung Tsin Mission of Hong Kong Social Service
Annual Financial Report 2022-2023
(Lump Sum Grant Subvention Only)

The financial information relating to the year ended 31 March 2023 included in the Annual Financial Report (“AFR”) does not constitute The Tsung Tsin Mission of Hong Kong Social Service’s statutory annual financial statements. The AFR is prepared on cash basis and in accordance with the requirements set out in the Lump Sum Grant Manual issued by the Social Welfare Department of the Government of Hong Kong Special Administrative Region. This basis of preparation is different from the financial reporting standards issued by the Hong Kong Institute of Certified Public Accountants normally adopted in statutory annual financial statements.

THE TSUNG TSIN MISSION OF HONG KONG SOCIAL SERVICE
ANNUAL FINANCIAL REPORT
FOR THE PERIOD FROM 1 APRIL, 2022 TO 31 MARCH, 2023



范陳會計師行有限公司
Fan, Chan & Co. Limited

**INDEPENDENT AUDITOR'S ASSURANCE REPORT
TO THE EXECUTIVE COMMITTEE OF THE TSUNG TSIN MISSION OF HONG KONG
SOCIAL SERVICE**

(Incorporated in Hong Kong and limited by guarantee)

We have audited the financial statements of The Tsung Tsin Mission of Hong Kong Social Service ("the Association") for the period from 1 April, 2022 to 31 March, 2023 in accordance with Hong Kong Standards of auditing issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have issued an unmodified auditor's report thereon dated 25 July, 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 31 March, 2023.

Responsibilities of the Executive Committee

In relation to this report, the Executive Committee are responsible for ensuring the AFR of the Association for the year ended 31 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 Association 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.

Auditor's 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 PN851 (Revised), to satisfy ourselves that the AFR has been 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.



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Auditor's Responsibility (continued)

In relation to our conclusion 1 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 obtaining 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 Association 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 relating to conclusion 1. The procedures performed in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Conclusions

1. In our opinion, the AFR of the NGO for the year ended 31 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 LSG by the Association 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 Association 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.

Fan, Chan & Co. Limited
Certified Public Accountants
Leung Kwong Kin
Practising Certificate Number: P03702

Hong Kong, 25 October, 2023

THE TSUNG TSIN MISSION OF HONG KONG SOCIAL SERVICE
ANNUAL FINANCIAL REPORT
1 APRIL, 2022 TO 31 MARCH, 2023

	Note	Total 2022-23 HK\$	Total 2021-22 HK\$	Remarks
A. Income				
1. Lump Sum Grant				
a. Lump Sum Grant (excluding Provident Fund)	1b	73,305,953.00	70,766,822.00	
b. Provident Fund	1c	4,739,528.00	4,554,570.00	
		<u>78,045,481.00</u>	<u>75,321,392.00</u>	
2. Fee Income	2	2,955,521.50	2,933,130.00	
3. Central Items	3	15,311,895.00	11,286,806.00	
4. Rent and Rates	4	8,644,332.00	7,863,717.00	
5. Other Income	5	8,928,641.78	7,863,856.85	
6. Interest Received		648,248.45	122,309.78	
TOTAL INCOME		<u><u>114,534,119.73</u></u>	<u><u>105,391,211.63</u></u>	
B. EXPENDITURE				
1. Personal Emoluments				
a. Salaries		71,155,698.42	65,184,346.58	
b. Provident Fund	1c	4,087,652.82	5,833,562.86	
c. Allowances		743,774.58	459,338.27	
Sub-total	6	<u>75,987,125.82</u>	<u>71,477,247.71</u>	
2. Other Charges	7	11,961,893.38	12,226,962.15	
3. Central Items	3	15,355,506.91	8,771,166.89	
4. Rent and Rates	4	8,673,122.76	7,996,699.36	
TOTAL EXPENDITURE		<u><u>111,977,648.87</u></u>	<u><u>100,472,076.11</u></u>	
C. SURPLUS/(DEFICIT) FOR THE YEAR	8	<u><u>2,556,470.86</u></u>	<u><u>4,919,135.52</u></u>	

The Annual Financial Report from page 1 to 10 has been prepared in accordance with the requirements as set out in the Lump Sum Grant Manual.

Chairperson
Date: 25 October, 2023

General Secretary
Date: 25 October, 2023

THE TSUNG TSIN MISSION OF HONG KONG SOCIAL SERVICE
NOTES ON THE ANNUAL FINANCIAL REPORT
1 APRIL, 2022 TO 31 MARCH, 2023

1. Lump Sum Grant

- 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>	<u>Snapshot Staff</u> HK\$	<u>6.8% and Other Posts</u> HK\$	<u>Total</u> HK\$
Subvention Received	387,567.00	4,351,961.00	4,739,528.00
Provident Fund Contribution paid during the year	(161,046.00)	(3,926,606.82)	(4,087,652.82)
Surplus/(deficit) for the year	226,521.00	425,354.18	651,875.18
Add: Surplus/(deficit) b/f	84,934.00	2,240,984.50	2,325,918.50
Additional subvention received for previous year		14,524.00	14,524.00
Less: Refund to Government	(19,410.00)	-	(19,410.00)
Surplus/(Deficit) c/f	292,045.00	2,680,862.68	2,972,907.68

- 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 Lump Sum Grant Manual.

THE TSUNG TSIN MISSION OF HONG KONG SOCIAL SERVICE
NOTES ON THE ANNUAL FINANCIAL REPORT
1 APRIL, 2022 TO 31 MARCH, 2023

- 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:

	2022-23 HK\$	2021-22 HK\$
a. Income		
After School Care Programme - Fee Waiving Subsidy Scheme	241,728.00	239,616.00
Enhanced After School Care Programme-Fee Waiving Subsidy Scheme	2,217,385.00	1,853,103.00
Dementia Supplement for Residential Elderly Services	1,278,482.00	1,333,883.00
Subsidy Scheme for OCC	78,705.00	80,526.00
Subsidy Scheme for EHS users	62,373.00	62,518.00
Infirmiry Care Supplement for Residential Elderly Services	565,380.00	761,456.00
Enhanced NSCCP - Central & Western - Contract Subsidy(time-defined 31.3.2018)	1,180,050.00	2,247,250.00
Enhanced NSCCP - Central & Western - Rental Subsidy	59,520.00	56,640.00
NSCCP - Central & Western - Subsidy for fee reduction/waiving(time-defined 31.3.2018)	-	-
NSCCP - Central & Western - Subsidy for Incentive payment	-	-
Enhanced NSCCP - Shamshuipo-Contract Subsidy(time-defined 31.3.2018)	1,538,330.00	2,426,310.00
Enhanced NSCCP - Shamshuipo - Rental Subsidy	59,542.00	59,504.00
NSCCP - Shamshuipo- Subsidy for fee reduction/waiving(time-defined 31.3.2018)	-	746,000.00
NSCCP - Shamshuipo - Subsidy for Incentive payment	292,500.00	585,000.00
Training Sponsorship Scheme for two-year MOT/MPT Programme of Polyu	-	640,000.00
One-off Subsidy for Strengthened Provision of Visiting Medical Practitioner Service for Residential Care Homes for the Elderly and Visiting Medical Practitioner Scheme for Residential Care Homes for Persons with Disabilities	-	195,000.00
Time-defined Service Contract of Social Work Service for Pre-primary Institutions - Allocation	7,737,900.00	-
Total	15,311,895.00	11,286,806.00
b. Expenditure		
After School Care Programme - Fee Waiving Subsidy Scheme	234,860.00	156,000.00
Enhanced After School Care Programme-Fee Waiving Subsidy Scheme	2,217,385.00	1,853,103.00
Dementia Supplement for Residential Elderly Services	1,278,027.32	1,333,409.20
Subsidy Scheme for OCC	-	-
Subsidy Scheme for EHS users	-	-
Infirmiry Care Supplement for Residential Elderly Services	565,196.25	760,960.12
Enhanced NSCCP - Central & Western - Contract Subsidy(time-defined 31.3.2018)	1,585,140.63	1,595,013.03
Enhanced NSCCP - Central & Western - rent	59,520.00	56,640.00
NSCCP - Central & Western - Subsidy for fee reduction/waiving(time-defined 31.3.2018)	23,116.00	87,153.50
NSCCP - Central & Western - Subsidy for Incentive Payment	7,426.00	7,810.50
Enhanced NSCCP - Shamshuipo-Contract Subsidy(time-defined 31.3.2018)	2,177,864.69	2,024,396.04
Enhanced NSCCP - Shamshuipo - rent and government rent	59,542.00	59,504.00
NSCCP - Shamshuipo- Subsidy for fee reduction/waiving(time-defined 31.3.2018)	126,141.50	152,453.50
NSCCP - Shamshuipo - Subsidy for Incentive Payment	258,847.50	333,500.00
Training Sponsorship Scheme for two-year MOT/MPT Programme of Polyu	640,000.00	320,000.00
(Non-Central Items) Time-limited programme on Enhancing Infection Control and Ventilation of Residential Care Homes for the Elderly (to be adjusted in Note 8)	-	31,224.00
One-off Subsidy for Strengthened Provision of Visiting Medical Practitioner Service for Residential Care Homes for the Elderly and Visiting Medical Practitioner Scheme for Residential Care Homes for Persons with Disabilities	36,000.00	-
Time-defined Service Contract of Social Work Service for Pre-primary Institutions - Allocation	6,086,440.02	-
Total	15,355,506.91	8,771,166.89

- 4. Rent and Rates** This represents the amount paid by SWD in respect of premises recognised by SWD. Expenditures on rent and rates in respect of premises not recognised by SWD have not been included in AFR.

THE TSUNG TSIN MISSION OF HONG KONG SOCIAL SERVICE
NOTES ON THE ANNUAL FINANCIAL REPORT
1 APRIL, 2022 TO 31 MARCH, 2023

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 used to finance expenditure reflected in the AFR.

The breakdown on Other Income (paragraph 2.29 of LSG Manual (October 2016)) is as follows :

	2022-23	2021-22
	HK\$	HK\$
Other Income		
(a) Fees and charges for services incidental to the operation of subvented services	5,540,537.02	6,215,735.20
(b) Subsidy from Central Items (CI) - After School Care Programme(ASCP) / Enhanced ASCP - Fee Waiving Subsidy Scheme(FWSS)	2,452,245.00	2,009,103.00
(c) RMLP Scheme reimbursement received	28,491.02	15,060.16
Others	3,359,613.74	1,633,061.49
	<u>11,380,886.78</u>	<u>9,872,959.85</u>
Less: Utilised allocation under CI - ASCP / Enhanced ASCP - FWSS which forms as part of Other Income	(2,452,245.00)	(2,009,103.00)
Total	<u><u>8,928,641.78</u></u>	<u><u>7,863,856.85</u></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:

<u>Analysis of Personal Emoluments</u>	No of Posts	HK\$
HK\$700,001 - HK\$800,000 p.a.	5	3,743,104.32
HK\$800,001 - HK\$900,000 p.a.	1	869,097.47
HK\$900,001 - HK\$1,000,000 p.a.	6	5,744,665.15
HK\$1,000,001 - HK\$1,100,000 p.a.	0	-
HK\$1,100,001 - HK\$1,200,000 p.a.	0	-
>HK\$1,200,000 p.a.	0	-

7. Other Charges

The breakdown on Other Charges is as follows :

	2022-23	2021-22
	HK\$	HK\$
Other Charges		
(a) Utilities	1,314,452.60	1,153,354.90
(b) Food	2,042,756.03	2,070,292.26
(c) Administrative Expenses	498,748.64	495,949.72
(d) Stores and Equipment	1,535,094.35	1,635,895.88
(e) Repair and Maintenance	618,977.68	696,464.62
(f) Special Allowances	-	-
(g) Programme Expenses	2,295,033.45	1,834,388.24
(h) Transport and Travelling	329,376.94	294,618.00
(i) Insurance	871,277.73	866,568.16
(j) Miscellaneous		
- Purchase of outsourcing service	3,747,818.05	2,628,843.91
- Others	1,160,602.91	2,559,689.46
Sub-Total	<u>14,414,138.38</u>	<u>14,236,065.15</u>
Less: Utilised allocation under CI - ASCP / Enhanced ASCP - FWSS which forms as part of Other Income to fund the operating expenses of FSA-related activities	(2,452,245.00)	(2,009,103.00)
Total	<u><u>11,961,893.38</u></u>	<u><u>12,226,962.15</u></u>

THE TSUNG TSIN MISSION OF HONG KONG SOCIAL SERVICE
NOTES ON THE ANNUAL FINANCIAL REPORT
1 APRIL, 2022 TO 31 MARCH, 2023

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

	Lump Sum Grant HK\$	Holding Account HK\$	Adjustment for Utilised allocation under ASCP / Enhanced ASCP - FWSS	Rent and Rates HK\$	Central Items HK\$	Total HK\$
Income						
Lump Sum Grant	78,045,481.00			-	-	78,045,481.00
Fee Income	2,955,521.50			-	-	2,955,521.50
Other Income	11,380,886.78		(2,452,245.00)	-	-	8,928,641.78
Interest Received (Note(1))	648,248.45			-	-	648,248.45
Rent and Rates	-			8,644,332.00	-	8,644,332.00
Central Items	-			-	15,311,895.00	15,311,895.00
Total Income (a)	93,030,137.73	-	(2,452,245.00)	8,644,332.00	15,311,895.00	114,534,119.73
Expenditure						
Personal Emoluments	75,987,125.82			-	-	75,987,125.82
Other Charges	14,414,138.38		(2,452,245.00)	-	-	11,961,893.38
Rent and Rates	-			8,673,122.76	-	8,673,122.76
Central Items	-			-	15,355,506.91	15,355,506.91
Total Expenditure (b)	90,401,264.20	-	(2,452,245.00)	8,673,122.76	15,355,506.91	111,977,648.87
	T1	T2				
Surplus (deficit) for the year (a) - (b)	2,628,873.53	-	-	(28,790.76)	(43,611.91)	2,556,470.86
Less: Surplus/(Deficit) for Provident Fund	(651,875.18)	-	-	-	-	(651,875.18)
	1,976,998.35	-	-	(28,790.76)	(43,611.91)	1,904,595.68
Surplus/(Deficit) b/f (Note (2))	16,360,875.17	3,940,170.72	-	(527,737.75)	12,089,215.05	31,862,523.19
	18,337,873.52	3,940,170.72		(556,528.51)	12,045,603.14	33,767,118.87
Add: Refund from Government				550,008.00		550,008.00
Less: Refund to Government				(35,961.84)	(382,193.68)	(418,155.52)
Less: Requested by SWD to deduct non-CI income (SWD ref. (26) in SWD SF/SAS/4-35/1/150(736)) for Enhancing Infection Control and Ventilation of Residential Care Homes for Elderly (2020-21)				(31,224.00)		(31,224.00)
Add: Reverse the non-CI expenses for Enhancing Infection Control and Ventilation of Residential Care Homes for Elderly (2020-21) reported in 2021-22 AFR				31,224.00		31,224.00
Surplus/(Deficit) c/f (Note (4))	18,337,873.52	3,940,170.72	-	(42,482.35)	11,663,409.46	33,898,971.35
	S1	S2				

Note : (1) Interest received on LSG (including HA) and PF 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 Lump Sum Grant 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 of Central Items.

(4) For NGOs with HA, with effect from 2022-23, the calculation of the annual claw-back is as follows:

(i) With Snapshot Staff (SS) [i.e. Position of SS as at 1 September being reported on the Agency Staff List submitted by NGO last year was greater than zero]

The level of LSG cumulative reserves (i.e. S1) will be capped at 25% of the NGO's operating expenditure (i.e. Total Expenditure (T1+T2) excluding Provident Fund Contributions (K)) for the year.