UNITED CHRISTIAN NETHERSOLE COMMUNITY HEALTH SERVICE

(NGO Code : 748)

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED

31ST MARCH 2026

F. S. Li & Co.
李福樹會計師事務所
CERTIFIED PUBLIC ACCOUNTANTS
HONG KONG

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INDEPENDENT AUDITOR'S REPORT TO THE MANAGEMENT COMMITTEE OF

UNITED CHRISTIAN NETHERSOLE COMMUNITY HEALTH SERVICE

We have audited the financial statements of United Christian Nethersole Community Health Service ("UCN CHS") for the year ended 31st March 2026 in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), and have issued an unmodified auditor's report thereon dated 21st August 2026.

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 UCN CHS for the year ended 31st March 2026.

Responsibilities of the Management Committee

In relation to this report, the Management Committee is responsible for ensuring the AFR of UCN CHS for the year ended 31st March 2026 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 UCN CHS 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 Hong Kong Institute of Certified Public Accountants ("HKICPA"), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies Hong Kong Standard on Quality Management 1 "*Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*" and accordingly maintains a comprehensive system of quality management including documented 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.

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Auditor's Responsibility (continued)

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 respects, 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 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 UCN CHS 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 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 UCN CHS for the year ended 31st March 2026 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 UCN CHS 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 UCN CHS 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.

The engagement partner on the audit resulting in this independent auditor's report is Anne Shuk Wah Sun (Practising Certificate No. P02428).

F. S. Li & Co.

F. S. Li & Co.
Certified Public Accountants

Hong Kong, 20 OCT 2026

NGO : UNITED CHRISTIAN NETHERSOLE COMMUNITY HEALTH SERVICE (748)

ANNUAL FINANCIAL REPORT
1ST APRIL 2025 TO 31ST MARCH 2026

	Notes	2025-2026 HK$	2024-2025 HK$
A. INCOME			
1. Lump Sum Grant			
a. Lump Sum Grant (excluding Provident Fund)	1b	21,989,632.00	21,951,059.00
b. Provident Fund	1c	1,347,414.00	1,377,466.00
2. Fee Income	2	1,355,625.10	1,216,540.60
3. Central Items	3	340,000.00	340,000.00
4. Rent and Rates	4	300,751.00	205,342.00
5. Other Income	5	23,365.72	7,921.90
6. Interest Received		71,842.17	136,570.64
TOTAL INCOME		25,428,629.99	25,234,900.14
B. EXPENDITURE			
1. Personal Emoluments			
a. Salaries		18,572,279.16	17,278,289.08
b. Provident Fund	1c	994,719.42	847,638.69
c. Allowances		257,817.34	179,351.60
Sub-total	6	19,824,815.92	18,305,279.37
2. Other Charges	7	4,397,238.18	4,641,307.96
3. Central Items	3	340,000.00	-
4. Rent and Rates	4	321,300.30	265,881.20
TOTAL EXPENDITURE		24,883,354.40	23,212,468.53
C. SURPLUS FOR THE YEAR	8	545,275.59	2,022,431.61

The Annual Financial Report from pages 3 to 9 has been prepared in accordance with the requirements as set out in the Lump Sum Grant Manual.

Li Kwok-heem, John
Chairman of Management Committee, UCN CHS

Date : 20 OCT 2026

Chan Mei Lo, Elda
Corporate Director, UCN CHS

Date : 20 OCT 2026

NGO : UNITED CHRISTIAN NETHERSOLE COMMUNITY HEALTH SERVICE (748)

NOTES ON THE ANNUAL FINANCIAL REPORT
1ST APRIL 2025 TO 31ST MARCH 2026

1. Lump Sum Grant (LSG)

a. Basis of preparation

The Annual Financial Report (AFR) is prepared in respect of all services defined in Funding and Service Agreement (FSA) services (including support services to FSA services) funded by the Social Welfare Department (SWD) under the Lump Sum Grant Subvention System and also FSA sevices/FSA-related activities funded by other Funds or Donations for Designated Purposes. 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.

Other posts represent those staff that are employed after 1 April 2000.

The Provident Fund received and contributed for staff under the Central Items and Other Funds or Donations for Designated Purposes which are separately included as part of the income and expenditure of the relevant disclosures have been shown under Note 3 and 8.

Details are analysed below:

Provident Fund Contribution	**Snapshot Staff HK$**	**Other Posts HK$**	**Total HK$**
Subvention received Provident Fund	-	1,347,414.00	1,347,414.00
Contribution paid during the year	-	(994,719.42)	(994,719.42)
Surplus for the year	-	352,694.58	352,694.58
Add: Surplus b/f	55,411.20	3,802,841.77	3,858,252.97
Less: Clawback surplus for 2023/2024	(12,399.00)	-	(12,399.00)
Surplus c/f	43,012.20	4,155,536.35	4,198,548.55

NOTES ON THE ANNUAL FINANCIAL REPORT
1ST APRIL 2025 TO 31ST MARCH 2026

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 Subvention 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 5.5.4 (c) of the LSG Subvention Manual). The income and expenditure of each of the Central Items are as follows:

	2025-2026 HK$	2024-2025 HK$
(a) Income		
Training Sponsorship Scheme for Master in Occupational Therapy and Physiotherapy programmes	340,000.00	340,000.00
(b) Expenditure		
Training Sponsorship Scheme for Master in Occupational Therapy and Physiotherapy programmes	340,000.00	-

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 Other Funds or Donations for Designated Purposes may be included in AFR if they are used to finance expenditure of the FSA services/FSA-related activities as reflected in the AFR.

The breakdown on Other Income is as follows:

Other Income	2025-2026 HK$	2024-2025 HK$
(a) Programme income	22,950.00	5,710.00
(b) Miscellaneous income	415.72	2,211.90
Total	23,365.72	7,921.90

NGO : UNITED CHRISTIAN NETHERSOLE COMMUNITY HEALTH SERVICE (748)

NOTES ON THE ANNUAL FINANCIAL REPORT
1ST APRIL 2025 TO 31ST MARCH 2026

6. Personal Emoluments Personal Emoluments include salary, provident fund and salary-related allowances.

The analysis on number of posts with annual Personal Emoluments over $1,000,000 each paid under LSG is appended below:

Analysis of Personal Emoluments paid under LSG	**No. of Posts**	**HK$**
HK$1,000,001 - HK$1,100,000 p.a.	-	-
HK$1,100,001 - HK$1,200,000 p.a.	-	-
HK$1,200,001 - HK$1,300,000 p.a.	-	-
HK$1,300,001 - HK$1,400,000 p.a.	-	-
HK$1,400,001 - HK$1,500,000 p.a.	-	-
>HK$1,500,000 p.a.	-	-

7. Other Charges The breakdown on Other Charges is as follows:

Other Charges	**2025-2026 HK$**	**2024-2025 HK$**
(a) Utilities	118,702.50	113,254.60
(b) Food (including food for service users)	1,520,331.98	1,064,414.38
(c) Administrative Expenses	115,713.40	100,486.75
(d) Stores and Equipment	234,285.25	236,104.28
(e) Minor Repair and Maintenance	209,799.43	179,877.78
(f) Programme Expenses	1,918,141.20	2,681,167.70
(g) Transportation and Travelling	166,038.17	150,058.60
(h) Insurance	110,920.25	95,402.25
(i) Miscellaneous	3,306.00	20,541.62
Total	4,397,238.18	4,641,307.96

NOTES ON THE ANNUAL FINANCIAL REPORT
1ST APRIL 2025 TO 31ST MARCH 2026

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

	Lump Sum Grant (LSG)	Holding Account (HA)	Rent and Rates	Central Items (CI)	Total
	HK$	HK$	HK$	HK$	HK$
Income					
Lump Sum Grant	23,337,046.00	-	-	-	23,337,046.00
Fee Income	1,355,625.10	-	-	-	1,355,625.10
Other Income	23,365.72	-	-	-	23,365.72
Interest Received (Note (1))	71,842.17	-	-	-	71,842.17
Rent and Rates	-	-	300,751.00	-	300,751.00
Central Items	-	-	-	340,000.00	340,000.00
Total Income (a)	24,787,878.99	-	300,751.00	340,000.00	25,428,629.99
Expenditure					
Personal Emoluments	19,824,815.92	-	-	-	19,824,815.92
Other Charges	4,397,238.18	-	-	-	4,397,238.18
Rent and Rates	-	-	321,300.30	-	321,300.30
Central Items	-	-	-	340,000.00	340,000.00
Total Expenditure (b)	24,222,054.10	-	321,300.30	340,000.00	24,883,354.40
Surplus/(Deficit) for the Year (a) - (b)	565,824.89	-	(20,549.30)	-	545,275.59
Less: Surplus of Provident Fund	352,694.58	-	-	-	352,694.58
Surplus/(Deficit) for the year (excl. PF)	213,130.31	-	(20,549.30)	-	192,581.01
Surplus/(Deficit) b/f (Note (2))	5,226,310.66	1,432,113.17	(167,168.53)	340,000.00	6,831,255.30
	5,439,440.97	1,432,113.17	(187,717.83)	340,000.00	7,023,836.31
Transfer HA Reserve to LSG Reserve upon nil snapshot staff at 1st November 2023 (Note 3)	1,432,113.17	(1,432,113.17)	-	-	-
Add: Refund from Government	-	-	86,776.30	-	86,776.30
Less: Refund to Government	-	-	(1,341.00)	-	(1,341.00)
Surplus/(Deficit) c/f (Note (4))	6,871,554.14	-	(102,282.53)	340,000.00	7,109,271.61
	(S)				

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 and the balance of HA should be separately reported as in the Surplus/(Deficit) b/f under LSG and HA respectively.

(3) During the year, the HA reserve was merged into the LSG reserve in compliance with the Lump Sum Grant Subvention System requirements. The merger was effected following the retirement of the last Snapshot Staff on 31st October 2023, after which UCN CHS no longer maintained any contractual commitments under the Holding Account. The merged reserve will be utilised in accordance with the Lump Sum Grant Subvention System guidelines, covering human resource enhancement, service strengthening, and strategic development.

(4) The level of LSG cumulative reserve (i.e. S) less HK$1,432,113.17, will be capped at 25% of the NGO's operating expenditure (excluding Provident Fund Contribution) for the year.

NGO : UNITED CHRISTIAN NETHERSOLE COMMUNITY HEALTH SERVICE (748)

Schedule for Central Items
Analysis of Subvention and Expenditure for the period from 1st April 2025 to 31st March 2026

Unit Code and Name/ Remittance Advice No. (Note 6)	Subvented Element	Subvention Received (Note 1)	Actual Expenditure (Note 2)	Surplus (Note 3)	Surplus b/f (Note 4)	Surplus c/f (Note 5)
		HK$	HK$	HK$		HK$
AK48 Training Sponsorship Scheme for 2024 / 10664919	Training Sponsorship Scheme for Master in Occupational Therapy and Physiotherapy programmes	340,000.00	340,000.00	-	340,000.00	340,000.00
TOTAL		**340,000.00**	**340,000.00**	**-**	**340,000.00**	**340,000.00**

Notes:

(1) The figures for the whole financial year are extracted from the paylist for March (Final) or remittance advice(s) issued by the Treasury or allocation letter(s) issued by Social Welfare Department 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) "Surplus brought forward (b/f)" means surplus, if any, arising from operations in previous years.

(5) "Surplus carried forward (c/f)" means surplus brought forward less refund to Government plus surplus, if any, arising from operations in current year.

(6) Unit code and name / remittance advice no. are extracted from the paylist from SWD and remittance advice from the Treasury respectively.

(7) 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.

NGO : UNITED CHRISTIAN NETHERSOLE COMMUNITY HEALTH SERVICE (748)

Schedule for Rent and Rates
Analysis of Subvention and Expenditure for the period from 1st April 2025 to 31st March 2026

Unit Code and Name		Subvented Element	Subvention Received (Note 1)	Actual Expenditure	Surplus (Note 2)	Deficit (Note 2)
			HK$	HK$	HK$	HK$
7890	Tai Po Integrated Home Care Service Team	Rent (Note 3)	128,016.00	128,016.00	-	-
		Rates	8,460.00	6,988.00	1,472.00	-
		Total	136,476.00	135,004.00	1,472.00	-
5532	Lei Yue Mun Day Care Centre for the Elderly	Rent (Note 3)	127,675.00	150,196.30	-	(22,521.30)
		Rates	36,600.00	36,100.00	-	500.00
		Total	164,275.00	186,296.30	-	(22,021.30)
Grand Total			**300,751.00**	**321,300.30**	**1,472.00**	**(22,021.30)**

Notes:

(1) The figures are extracted from the paylist for March plus subvention released in late March for the financial year.

(2) Surplus/Deficit for each element represents the difference between subvention released and the 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.