

**UNITED CHRISTIAN NETHERSOLE  
COMMUNITY HEALTH SERVICE**  
(NGO Code : 748)

**ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED**

**31ST MARCH 2023**

**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 2023 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 24th August 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 issued this assurance report in connection with the Annual Financial Report ("AFR") of UCN CHS for the year ended 31st March 2023.

#### **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 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 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 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.

INDEPENDENT AUDITOR'S REPORT TO THE MANAGEMENT COMMITTEE OF  
**UNITED CHRISTIAN NETHERSOLE COMMUNITY HEALTH SERVICE**  
(Continued)

**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 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 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.



F. S. Li & Co.  
Certified Public Accountants

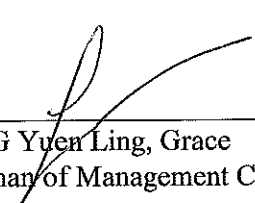
Hong Kong, . 25 OCT 2023

**NGO : UNITED CHRISTIAN NETHERSOLE COMMUNITY HEALTH SERVICE**

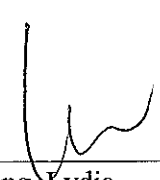
**ANNUAL FINANCIAL REPORT  
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	Notes	2022-2023 HK\$	2021-2022 HK\$
<b>A. INCOME</b>			
1. Lump Sum Grant			
a. Lump Sum Grant (excluding Provident Fund)	1b	17,624,334.00	17,392,567.00
b. Provident Fund	1c	1,092,523.00	1,076,076.00
2. Fee Income	2	971,667.70	988,023.90
3. Central Items	3	-	-
4. Rent and Rates	4	205,342.00	201,814.00
5. Other Income	5	97,263.10	4,810.10
6. Interest Received		<u>46,436.53</u>	<u>11,415.62</u>
<b>TOTAL INCOME</b>		<u>20,037,566.33</u>	<u>19,674,706.62</u>
<b>B. EXPENDITURE</b>			
1. Personal Emoluments			
a. Salaries		13,915,532.70	13,447,647.78
b. Provident Fund	1c	740,765.91	716,269.02
c. Allowances		<u>140,296.06</u>	<u>91,631.26</u>
Sub-total	6	14,796,594.67	14,255,548.06
2. Other Charges	7	5,437,645.28	3,859,248.94
3. Central Items	3	-	-
4. Rent and Rates	4	<u>298,202.30</u>	<u>432,966.40</u>
<b>TOTAL EXPENDITURE</b>		<u>20,532,442.25</u>	<u>18,547,763.40</u>
<b>C. (DEFICIT)/SURPLUS FOR THE YEAR</b>	8	<u>(494,875.92)</u>	<u>1,126,943.22</u>

The Annual Financial Report from pages 3 to 8 has been prepared in accordance with the requirements as set out in the Lump Sum Grant Manual.

  
 WONG Yuen Ling, Grace  
 Chairman of Management Committee, UCN CHS

Date : 25 OCT 2023

  
 Law Suk Fong, Lydia  
 Executive Director, UCN CHS

Date : 25 OCT 2023

# NGO : UNITED CHRISTIAN NETHERSOLE COMMUNITY HEALTH SERVICE

## NOTES ON THE ANNUAL FINANCIAL REPORT 1ST APRIL 2022 TO 31ST MARCH 2023

### 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) services (including support services to FSA services) 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 which are separately included as part of the income and expenditure of the relevant items have been shown under Note 3.

Details are analysed below:

<b>Provident Fund Contribution</b>	<b>Snapshot Staff HK\$</b>	<b>6.8% and Other Posts HK\$</b>	<b>Total HK\$</b>
Subvention received	35,332.00	1,057,191.00	1,092,523.00
Provident Fund Contribution paid during the year	(38,979.00)	(701,786.91)	(740,765.91)
(Deficit)/Surplus for the year	(3,647.00)	355,404.09	351,757.09
Add: (Deficit)/Surplus b/f	(3,105.80)	2,446,283.38	2,443,177.58
Additional subvention received for 2021/22	1,899.00	-	1,899.00
(Deficit)/Surplus c/f	(4,853.80)	2,801,687.47	2,796,833.67

### 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.

# NGO : UNITED CHRISTIAN NETHERSOLE COMMUNITY HEALTH SERVICE

## NOTES ON THE ANNUAL FINANCIAL REPORT 1ST APRIL 2022 TO 31ST 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).
- 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 need not be included as Other Income in AFR. In this respect, donations have been included if it is used to finance expenditure of the FSA services/ FSA-related activities reflected in the AFR.

The breakdown on Other Income is as follows:

	2022-23 HK\$	2021-22 HK\$
<b>Other Income</b>		
(a) Fee and charge for services incidental to the operation of subvented services	14,513.90	4,810.10
(b) Others - Employment support scheme subsidy	82,749.20	-
<b>Total</b>	<u>97,263.10</u>	<u>4,810.10</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\$
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.	-	-
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.	-	-

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**NOTES ON THE ANNUAL FINANCIAL REPORT  
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**7. Other Charges**

The breakdown on Other Charges is as follows:

	2022-23	2021-22
<b>Other Charges</b>	<b>HK\$</b>	<b>HK\$</b>
(a) Utilities	101,124.70	110,873.30
(b) Food	911,593.71	775,779.52
(c) Administrative Expenses	81,471.39	90,070.42
(d) Stores and Equipment	402,004.98	719,578.62
(e) Repair and Maintenance	125,217.65	126,975.60
(f) Special Allowances	-	-
(g) Programme Expenses	3,437,702.22	1,716,519.93
(h) Transportation and Travelling	162,743.58	167,323.35
(i) Insurance	193,288.65	95,440.02
(j) Miscellaneous	22,498.40	56,688.18
<b>Total</b>	<b>5,437,645.28</b>	<b>3,859,248.94</b>

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**NOTES ON THE ANNUAL FINANCIAL REPORT  
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**8. Analysis of Lump Sum Grant Reserve and balances of other SWD subventions**

	<b>Lump Sum Grant (LSG)</b>	<b>Holding Account (HA)</b>	<b>Rent and Rates</b>	<b>Central Items (CI)</b>	<b>Total</b>
	<b>HK\$</b>	<b>HK\$</b>	<b>HK\$</b>	<b>HK\$</b>	<b>HK\$</b>
<b>Income</b>					
Lump Sum Grant	18,716,857.00	-	-	-	18,716,857.00
Fee Income	971,667.70	-	-	-	971,667.70
Other Income	97,263.10	-	-	-	97,263.10
Interest Received (Note (1))	46,436.53	-	-	-	46,436.53
Rent and Rates	-	-	205,342.00	-	205,342.00
Central Items	-	-	-	-	-
<b>Total Income (a)</b>	<b>19,832,224.33</b>	<b>-</b>	<b>205,342.00</b>	<b>-</b>	<b>20,037,566.33</b>
<b>Expenditure</b>					
Personal Emoluments	14,796,594.67	-	-	-	14,796,594.67
Other Charges	5,437,645.28	-	-	-	5,437,645.28
Rent and Rates	-	-	298,202.30	-	298,202.30
Central Items	-	-	-	-	-
<b>Total Expenditure (b)</b>	<b>20,234,239.95</b>	<b>-</b>	<b>298,202.30</b>	<b>-</b>	<b>20,532,442.25</b>
<b>Surplus/(Deficit) for the Year (a) - (b)</b>	<b>(402,015.62)</b>	<b>-</b>	<b>(92,860.30)</b>	<b>-</b>	<b>(494,875.92)</b>
Less: Surplus of Provident Fund	351,757.09	-	-	-	351,757.09
	(753,772.71)	-	(92,860.30)	-	(846,633.01)
<b>Surplus/(Deficit) b/f (Note (2))</b>	<b>4,238,897.09</b>	<b>1,432,113.17</b>	<b>(330,353.03)</b>	<b>-</b>	<b>5,340,657.23</b>
	3,485,124.38	1,432,113.17	(423,213.33)	-	4,494,024.22
Add: Refund from Government	-	-	59,153.00	-	59,153.00
Less: Refund to Government	-	-	(13,056.00)	-	(13,056.00)
<b>Surplus/(Deficit) c/f (Note (3))</b>	<b>3,485,124.38</b>	<b>1,432,113.17</b>	<b>(377,116.33)</b>	<b>-</b>	<b>4,540,121.22</b>
	(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 b/f under LSG and HA respectively.
- (3) The level of LSG cumulative reserve (i.e. S) 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****Schedule for Rent and Rates****Analysis of Subvention and Expenditure for the period from 1st April 2022 to 31st March 2023**

<b>Unit Code and Name</b>	<b>Subvented Element</b>	<b>Subvention Received</b>	<b>Actual Expenditure</b>	<b>Surplus</b>	<b>Deficit</b>
		HK\$	HK\$	HK\$	HK\$
7890 Tai Po Integrated Home Care Service Team	Rent (Note 3)	84,792.00	121,312.00	-	(36,520.00)
	Rates	6,531.00	230.00	6,301.00	-
	<b>Total</b>	<b>91,323.00</b>	<b>121,542.00</b>	<b>6,301.00</b>	<b>(36,520.00)</b>
5532 Lei Yue Mun Day Care Centre for the Elderly	Rent (Note 3)	84,664.00	154,060.30	-	(69,396.30)
	Rates	29,355.00	22,600.00	6,755.00	-
	<b>Total</b>	<b>114,019.00</b>	<b>176,660.30</b>	<b>6,755.00</b>	<b>(69,396.30)</b>
<b>Grand Total</b>		<b>205,342.00</b>	<b>298,202.30</b>	<b>13,056.00</b>	<b>(105,916.30)</b>

Notes:

- (1) The figures are extracted from the payroll 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.