

THE SUPERIORESS OF THE SISTERS OF THE PRECIOUS BLOOD  
PRECIOUS BLOOD CHILDREN'S VILLAGE  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED 31 MARCH 2023

POON SUK CHING

CERTIFIED PUBLIC ACCOUNTANT



# **POON SUK CHING CERTIFIED PUBLIC ACCOUNTANT**

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## **INDEPENDENT AUDITOR'S ASSURANCE REPORT TO THE MANAGEMENT COMMITTEE MEMBERS OF SISTERS OF THE PRECIOUS BLOOD PRECIOUS BLOOD CHILDREN'S VILLAGE ("PBCV")**

I have audited the financial statements of PBCV for the year ended 31 March 2023 in accordance with the Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), and have issued an unmodified auditors' report thereon dated **19 JUN 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"), I have been requested to issue this assurance report in connection with the Annual Financial Report ("AFR") of PBCV for the year ended 31 March 2023.

### **RESPONSIBILITIES OF THE MANAGEMENT COMMITTEE MEMBERS**

In relation to this report, the Management Committee Members are responsible for the ensuring the AFR of PBCV for the year ended 31 March 2023 is properly prepared in accordance with the relevant accounting and financial reporting requirements set out in LSG Manual and other instructions issued by the SWD; and the use of funds from the LSG by PBCV has complied with the purpose as specified in the LSG Manual and other instructions issued by the SWD.

### **MY INDEPENDENCE AND QUALITY MANAGEMENT**

I 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.

**INDEPENDENT AUDITOR'S ASSURANCE REPORT (Continued)  
TO THE MANAGEMENT COMMITTEE MEMBERS OF  
SISTERS OF THE PRECIOUS BLOOD  
PRECIOUS BLOOD CHILDREN'S VILLAGE ("PBCV")**

**AUDITOR'S RESPONSIBILITY**

My responsibility is to form a conclusion, based on my engagement, and to report my conclusion to you.

I conducted my 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. I have planned and performed my 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 me to obtain assurance that I would become aware of all significant matters that might be identified in an audit. Accordingly, I do not express an audit opinion.

In relation to my conclusion 1 below, I have planned and performed such procedures as I considered necessary with reference to the procedures recommended in PN 851 (Revised), to satisfy myself 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 my conclusion 2 below, I 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. I am not required to perform any procedures to search for instances of the use of funds from the LSG by PBCV being non-complied with the specific purposes. My 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 my 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**

In my opinion, the AFR of PBCV 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.

Based on the procedures performed and evidence obtained, nothing has come to my attention that causes me to believe that the use of funds from the LSG by PBCV has not complied, in all material respects, with the purposes as specified in the LSG Manual and other instructions issued by the SWD.

**INDEPENDENT AUDITOR'S ASSURANCE REPORT (Continued)  
TO THE MANAGEMENT COMMITTEE MEMBERS OF  
SISTERS OF THE PRECIOUS BLOOD  
PRECIOUS BLOOD CHILDREN'S VILLAGE ("PBCV")**

**INTENDED USERS AND PURPOSE**

This report is intended solely for submission by PBCV to the SWD and is not intended to be, and should not be, used for any other purpose. I agree that a copy of this report may be provided to the SWD without further comment from me.



Poon Suk Ching

Certified Public Accountant (Practising)

Hong Kong, 19 JUN 2023



**ANNUAL FINANCIAL REPORT**  
**NGO : 564 The Superioress of the Sisters of the Precious Blood**  
**Precious Blood Children's Village**  
**1 APRIL 2022 TO 31 MARCH 2023**

	<u>Notes</u>	<u>2022-23</u> \$	<u>2021-22</u> \$	<u>Remarks</u>
<b>A. INCOME</b>				
1. Lump Sum Grant				
a. Lump Sum Grant (excluding Provident Fund)	1b	16,903,679.00	16,697,907.00	
b. Provident Fund	1c	1,025,556.00	1,009,874.00	
2. Fee Income	2	-	-	
3. Central Items	3	347,402.00	350,911.00	
4. Rent and Rates	4	68,113.00	68,113.00	
5. Other Income	5	16,316.05	142,857.00	
6. Interest Received		8,209.05	2,181.53	
<b>TOTAL INCOME</b>		<u>18,369,275.10</u>	<u>18,271,843.53</u>	
<b>B. EXPENDITURE</b>				
1. Personal Emoluments				
a. Salaries		13,971,381.87	13,036,494.58	
b. Provident Fund	1c	755,044.35	712,119.18	
c. Allowances		-	-	
Sub-total	6	<u>14,726,426.22</u>	<u>13,748,613.76</u>	
2. Other Charges	7	3,351,684.51	3,475,814.00	
3. Central Items	3	347,402.00	350,911.00	
4. Rent and Rates	4	<u>84,880.00</u>	<u>84,880.00</u>	
<b>TOTAL EXPENDITURE</b>		<u>18,510,392.73</u>	<u>17,660,218.76</u>	
<b>C. (DEFICIT)/SURPLUS FOR THE YEAR</b>	8	<u>(141,117.63)</u>	<u>611,624.77</u>	

The Annual Financial Report from pages 1 to 5 has been prepared in accordance with the requirements as set out in the Lump Sum Grant Manual.

SIGNATURE



SR. AU YI MAN, AGNES  
CHAIR PERSON

DATE: 19 JUN 2023

SIGNATURE



SR. CHEUNG NGAN SHAN  
SUPERINTENDENT

DATE: 19 JUN 2023





**NOTES ON THE ANNUAL FINANCIAL REPORT  
FOR THE PERIOD FROM 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 recognized upon receipt of cash and expenditure is recognized when expenses are paid. Non-cash items like 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 recognized 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:

**Provident Fund Contribution**

	<u>Snapshot Staff</u>	<u>6.8% &amp; Other Posts</u>	<u>Total</u>
	\$	\$	\$
Subvention Received	78,689.00	946,867.00	1,025,556.00
Provident Fund Contribution Paid during the Year	39,344.55	715,699.80	755,044.35
Surplus for the Year	39,344.45	231,167.20	270,511.65
Add : Surplus b/f	70,484.33	3,035,296.53	3,105,780.86
Surplus retained	109,828.78	3,266,463.73	3,376,292.51
Adjustment for 2019-20	48,447.70	(48,447.70)	-
Less: Refund to Government for 2020/21	(24,790.00)	-	(24,790.00)
Use of reserve	-	(127,041.43)	(127,041.43)
Surplus c/f	133,486.48	3,090,974.60	3,224,461.08

**2. Fee Income**

This represents social welfare fee income received for the year in respect of the fees and charges recognized for the purpose of subvention as set out in the LSG Manual.



**NOTES ON THE ANNUAL FINANCIAL REPORT  
FOR THE PERIOD FROM 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 LSG Manual). The income and expenditure of each of the Central Items are as follows:

	<u>Total</u> <u>2022-23</u>	<u>Total</u> <u>2021-22</u>
<b>a. Income</b>		
Allowances for Specific Services Arising from the Implementation of the Minimum Wage Ordinance (Overnight On-site-on-call Allowance)	347,402.00	350,911.00
Special Allowances for Staff of Subvented Residential Care Service Units in respect of COVID-19	430,000.00	-
<b>Total</b>	<b>777,402.00</b>	<b>350,911.00</b>
<b>b. Expenditure</b>		
Allowances for Specific Services Arising from the Implementation of the Minimum Wage Ordinance (Overnight On-site-on-call Allowance)	347,402.00	350,911.00
Special Allowances for Staff of Subvented Residential Care Service Units in respect of COVID-19	430,000.00	-
<b>Total</b>	<b>777,402.00</b>	<b>350,911.00</b>

**4. Rent and Rates**

This represents the amount paid by SWD in respect of premises recognized by SWD. Expenditure on rent and rates in respect of premises not recognized by SWD have not been included in AFR.

**5. Other Income**

These include programme income and all income other than recognized 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 of the FSA services/FSA-related activities reflected in the AFR.

The breakdown of Other Income is as follows:

	<u>2022-23</u> \$	<u>2021-22</u> \$
<b>Other Income</b>		
(a) Food for Staff	5,240.00	2,392.00
(b) Provident Fund Registration/Audit Fee Reimbursement	-	-
(c) Insurance claimed	9,934.35	9,005.25
(d) Miscellaneous	641.70	129,544.75
(e) Programme income	500.00	1,915.00
<b>Total</b>	<b>16,316.05</b>	<b>142,857.00</b>



**NOTES ON THE ANNUAL FINANCIAL REPORT  
FOR THE PERIOD FROM 1 APRIL 2022 TO 31 MARCH 2023**

**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 paid under LSG</u>	<u>No of Posts</u>	<u>\$</u>
HK\$700,001 - HK\$800,000 p.a.		
HK\$800,001 - HK\$900,000 p.a.	1	828,085.68
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.		

**7. Other Charges**

The breakdown on Other Charges is as follows:

<b>Other Charges</b>	<u>2022-23</u> \$	<u>2021-22</u> \$
(a) Utilities	160,978.30	210,730.62
(b) Food	1,221,423.17	1,171,382.28
(c) Administrative Expenses	140,641.36	130,231.34
(d) Stores and Equipment	174,677.10	276,728.90
(e) Repairs and maintenance	718,611.34	891,211.25
(f) Special Allowances	-	-
(g) Programme Expenses	643,842.50	526,298.99
(h) Transportation and Travelling	59,119.55	61,890.87
(i) Insurance	119,034.44	130,008.54
(j) Miscellaneous	113,356.75	77,331.21
<b>Total</b>	<u>3,351,684.51</u>	<u>3,475,814.00</u>



**NOTES ON THE ANNUAL FINANCIAL REPORT  
FOR THE PERIOD FROM 1 APRIL 2021 TO 31 MARCH 2022**

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

	Lump Sum Grant (LSG)	Holding Account (HA)	Adjustment for Utilised allocation under ASCP / Enhanced ASCP / ASCP(PC) - FWSS	Rent and Rates	Central Items	Total
<b>Income</b>						
Lump Sum Grant	17,929,235.00			-	-	17,929,235.00
Fee Income	-			-	-	-
Other Income	16,316.05			-	-	16,316.05
Interest Received (Note (1))	8,209.05			-	-	8,209.05
Rent and Rates	-			68,113.00	-	68,113.00
Central Items	-			-	347,402.00	347,402.00
<b>Total Income (a)</b>	<b>17,953,760.10</b>			<b>68,113.00</b>	<b>347,402.00</b>	<b>18,369,275.10</b>
<b>Expenditure</b>						
Personal Emoluments	14,726,426.22			-	-	14,726,426.22
Other Charges	3,351,684.51			-	-	3,351,684.51
Rent and Rates	-			84,880.00	-	84,880.00
Central Items	-			-	347,402.00	347,402.00
<b>Total Expenditure (b)</b>	<b>18,078,110.73</b>			<b>84,880.00</b>	<b>347,402.00</b>	<b>18,510,392.73</b>
<b>Surplus/(Deficit) for the Year (a) – (b)</b>	<b>(124,350.63)</b>			<b>(16,767.00)</b>	<b>-</b>	<b>(141,117.63)</b>
Less : Surplus of Provident Fund	270,511.65			-	-	270,511.65
	(394,862.28)			(16,767.00)	-	(411,629.28)
<b>Surplus/(Deficit) b/f (Note (2))</b>	<b>4,172,834.16</b>	<b>4,875,954.35</b>		<b>(16,767.00)</b>	<b>-</b>	<b>9,032,021.51</b>
Less: Use of reserve	3,777,971.88	4,875,954.35		(33,534.00)	-	8,620,392.23
	(8,950.00)	-		-	-	(8,950.00)
Less: Clawback of LSG Surplus for 21/22	(44,757.01)	-		-	-	(44,757.01)
Add: Refund from Government for 20/21	-	-		16,767.00	-	16,767.00
Add: Reallocation per SWD letter dated 12 Aug 2022	149,915.65	-		-	-	149,915.65
<b>Surplus/(Deficit) c/f (Note (4))</b>	<b>3,874,180.52</b>	<b>4,875,954.35</b>	<b>-</b>	<b>(16,767.00)</b>	<b>-</b>	<b>8,733,367.87</b>

**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 LSG 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 Infirmity Care Supplement, if any, as per Schedule of Central Items.
- (4) For NGOs without HA, separate disclosure of the movement of HA in their respective AFRs is not necessary. The Level of LSG cumulative reserve (i.e. S10) will be capped at 25% of the NGO's operating expenditure (i.e. Total Expenditure (T1) excluding Provident Fund Contribution (K)) for the year. 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 reserve (i.e. S1) will be capped at 25% of the NGO's operating expenditure (i.e. Total Expenditure (T1+T2) excluding Provident Fund Contribution (K)) for the year.
  - (ii) Without SS [i.e. Position of SS as at 1 September being reported on the Agency Staff List submitted by NGO last year (which is regarded as Year 0) was zero]

For the next three years (Year 1 to Year 3), the level of LSG cumulative reserve (i.e. S1) will be capped at 25% of the NGO's operating expenditure (i.e. Total Expenditure (T1) excluding Provident Fund Contribution (K)) for the year. From the fourth financial year (Year 4) onwards, the level of LSG cumulative reserve and HA reserve will be counted altogether and the combined reserve amount (i.e. S1+S2) will be capped at 25% of the NGO's operating expenditure (i.e. Total Expenditure (T1+T2) excluding Provident Fund Contribution (K)) for the year. In this regard, separate disclosure of the movement of HA in their respective AFRs is not necessary.

For any amount above the cap, SWD would arrange the claw-back (including provisional in the following financial year) accordingly.

