



名仕會計師事務所有限公司

Douglas CPA (Practising) Limited Certified Public Accountants

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INDEPENDENT AUDITOR'S ASSURANCE REPORT

TO THE BOARD OF DIRECTORS OF

CHINA PENIEL MISSIONARY SOCIETY, INC.

We have audited the financial statements of China Peniel Missionary Society, Inc. (the "Society") 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 19th October, 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 Society for the year ended 31st March 2023.

Responsibilities of the Directors

In relation to this report, the directors are responsible for ensuring the AFR of the Society 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 the Society 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.

INDEPENDENT AUDITOR'S ASSURANCE REPORT

TO THE BOARD OF DIRECTORS OF

CHINA PENIEL MISSIONARY SOCIETY, INC.

Auditor's Responsibility - continued

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 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 the Society 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 the Society 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 the Society 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
TO THE BOARD OF DIRECTORS OF
CHINA PENIEL MISSIONARY SOCIETY, INC.

Intended Users and Purpose

This report is intended solely for submission by the Society 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.

Douglas CPA

Douglas CPA (Practising) Limited
Certified Public Accountants

Hong Kong : 19th October, 2023

Ng Yee Man
Practising Certificate No.: P07051

ANNUAL FINANCIAL REPORT
NGO: CHINA PENIEL MISSIONARY SOCIETY, INC.
1 APRIL 2022 to 31 MARCH 2023

	Notes	2022-23 \$	2021-22 \$
A. INCOME			
1. Lump Sum Grant			
a. Lump Sum Grant (excluding Provident Fund)	1b	5,276,358.00	5,205,346.00
b. Provident Fund	1c	327,666.00	322,902.00
2. Fee Income	2	2,549.50	16,762.50
3. Central Items	3	-	-
4. Rent and Rates	4	132,528.00	126,696.00
5. Other Income	5	97,574.50	34,448.00
6. Interest Received		3,718.22	65.69
TOTAL INCOME		<u>5,840,394.22</u>	<u>5,706,220.19</u>
B. EXPENDITURE			
1. Personal Emoluments			
a. Salaries		4,059,147.54	3,766,737.15
b. Provident Fund	1c	247,507.42	232,917.23
c. Allowances		-	-
Sub-total	6	<u>4,306,654.96</u>	<u>3,999,654.38</u>
2. Other Charges	7	1,254,067.28	1,391,294.65
3. Central Items	3	-	-
4. Rent and Rates	4	<u>125,228.00</u>	<u>119,396.00</u>
TOTAL EXPENDITURE		<u>5,685,950.24</u>	<u>5,510,345.03</u>
C. SURPLUS FOR THE YEAR	8	<u>154,443.98</u>	<u>195,875.16</u>

The Annual Financial Report from pages 4 to 7 has been prepared in accordance with the requirements as set out in the Lamp Sum Grant Manual.

SIGNATURE

SIGNATURE



 CHAIRMAN

DATE: 19th October, 2023



 NGO HEAD

DATE: 19th October, 2023

NOTES ON THE ANNUAL FINANCIAL REPORT
NGO: CHINA PENIEL MISSIONARY SOCIETY, INC.
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) 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 :

<u>Provident Fund Contribution</u>	Snapshot Staff \$	6.8% and Other Posts \$	Total \$
Subvention Received	-	327,666.00	327,666.00
Provident Fund Contribution Paid during the Year	-	(247,507.42)	(247,507.42)
Surplus/ (Deficit) for the Year	-	80,158.58	80,158.58
<u>Add</u> : Surplus/(Deficit) b/f	-	849,199.84	849,199.84
Additional subvention received for previous years	-	-	-
<u>Less</u> : Refund to Government	-	-	-
Surplus/(Deficit) c/f	-	929,358.42	929,358.42

- 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 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). There are no income and expenditure of the Central Items during the year.
- 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.

NOTES ON THE ANNUAL FINANCIAL REPORT
NGO: CHINA PENIEL MISSIONARY SOCIETY, INC.
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 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:

Other Income	2022-23	2021-22
	\$	\$
(a) Programme income	53,268.00	27,337.00
(b) Production income	-	-
(c) Donation	-	-
(d) Income from Other Activities	33,970.00	-
(e) Utilised allocation under Central Items (CI): After School Care Programme (ASCP) / Enhanced ASCP / ASCP(PC) - Fee Waiving Subsidy Scheme (FWSS) which forms as part of Other Income*	-	-
(f) Reimbursement of Maternity Leave Pay (RMLP) Scheme reimbursement received	-	-
(g) Miscellaneous income	10,336.50	7,111.00
Sub-Total	<u>97,574.50</u>	<u>34,448.00</u>
Less: Utilised allocation under CI: ASCP / Enhanced ASCP / ASCP(PC) - FWSS which forms as part of Other Income *	-	-
Total	<u><u>97,574.50</u></u>	<u><u>34,448.00</u></u>

* For those programmes which are regarded as FSA services / FSA-related activities only

- 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\$700,001 - HK\$800,000 p.a.	N/A	N/A
HK\$800,001 - HK\$900,000 p.a.	N/A	N/A
HK\$900,001 - HK\$1,000,000 p.a.	N/A	N/A
HK\$1,000,001 - HK\$1,100,000 p.a.	N/A	N/A
HK\$1,100,001 - HK\$1,200,000 p.a.	N/A	N/A
>HK\$1,200,000 p.a.	N/A	N/A

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

Other Charges	2022-23	2021-22
	\$	\$
(a) Utilities	42,256.10	36,287.50
(b) Food	-	-
(c) Administrative Expenses	143,008.80	212,680.00
(d) Stores and Equipment	145,878.78	246,901.72
(e) Repair and Maintenance	249,457.00	77,436.00
(f) Special Allowances	-	-
(g) Programme Expenses	546,373.80	690,452.62
(h) Transportation and Travelling	3,637.10	4,348.40
(i) Insurance	104,446.60	105,711.41
(j) Miscellaneous	19,009.10	17,477.00
Sub-Total	<u>1,254,067.28</u>	<u>1,391,294.65</u>
Less: Utilised allocation under CI: ASCP / Enhanced ASCP / ASCP(PC) - FWSS* which forms as part of Other Income to fund the operating expenses of FSA services / FSA-related activities	-	-
Total	<u><u>1,254,067.28</u></u>	<u><u>1,391,294.65</u></u>

* For those programmes which are regarded as FSA services / FSA-related activities only

NOTES ON THE ANNUAL FINANCIAL REPORT
NGO: CHINA PENIEL MISSIONARY SOCIETY, INC.
1 APRIL 2022 to 31 MARCH 2023

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 (CI)	Total
	\$	\$	\$	\$	\$	\$
Income						
Lump Sum Grant	5,604,024.00	-	-	-	-	5,604,024.00
Fee Income	2,549.50	-	-	-	-	2,549.50
Other Income	97,574.50	-	-	-	-	97,574.50
Interest Received (Note (1))	3,718.22	-	-	-	-	3,718.22
Rent and Rates	-	-	-	132,528.00	-	132,528.00
Central Items	-	-	-	-	-	-
Total Income (a)	5,707,866.22	-	-	132,528.00	-	5,840,394.22
Expenditure						
Personal Emoluments	4,306,654.96	-	-	-	-	4,306,654.96
Other Charges	1,254,067.28	-	-	-	-	1,254,067.28
Rent and Rates	-	-	-	125,228.00	-	125,228.00
Central Items	-	-	-	-	-	-
Total Expenditure (b)	5,560,722.24	-	-	125,228.00	-	5,685,950.24
Surplus/(Deficit) for the Year (a) - (b)	147,143.98	-	-	7,300.00	-	154,443.98
Less: Surplus/(Deficit) of Provident Fund	80,158.58	-	-	-	-	80,158.58
	66,985.40	-	-	7,300.00	-	74,285.40
Surplus/(Deficit) b/f (Note (2))	1,205,323.32	182,310.43	-	2,620.34	(3,749.00)	1,386,505.09
	1,272,308.72	182,310.43	-	9,920.34	(3,749.00)	1,460,790.49
Add: Refund from Government	-	-	-	-	-	-
Less: Refund to Government	-	-	-	(7,300.00)	-	(7,300.00)
Transfer from LSG Reserve to cover the salary adjustment for Dementia Supplement and Infirmary Care Supplementary (Note (3))	-	-	-	-	-	-
Adjustment for utilised allocation under Enhanced ASCP / ASCP(PC) - FWSS * (over-estimate) / under-estimated in previous year(s)	-	-	-	-	-	-
Surplus/(Deficit) c/f (Note (4))	1,272,308.72	182,310.43	-	2,620.34	(3,749.00)	1,453,490.49

Notes:

- # Including an amount \$Z being the utilised allocation under CI: ASCP / Enhanced ASCP / ASCP(PC) - FWSS*
- * For those programmes which are regarded as FSA services / FSA-related activities only

- (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 (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 for 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. 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.

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.