



Nexia

Charles Mar Fan Limited

馬炎璋會計師行有限公司

CHI LIN NUNNERY

ANNUAL FINANCIAL REPORT

For the year ended March 31, 2024

INDEPENDENT AUDITOR'S ASSURANCE REPORT

To the Board of Directors of Chi Lin Nunnery ("the Nunnery")

We have audited the financial statements of the Nunnery for the year ended March 31, 2024 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 October 14, 2024.

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 Nunnery for the year ended March 31, 2024.

Responsibilities of the Directors

In relation to this report, the directors are responsible for ensuring the AFR of the Nunnery for the year ended March 31, 2024 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 Nunnery 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. This report was made solely to you, as a body and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

INDEPENDENT AUDITOR'S ASSURANCE REPORT (CONTINUED)

**To the Board of Directors of
Chi Lin Nunnery ("the Nunnery")**

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 Nunnery 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 Nunnery for the year ended March 31, 2024 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 Nunnery 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 Board of Directors of
Chi Lin Nunnery ("the Nunnery")**

Intended Users and Purpose

This report is intended solely for submission by the Nunnery 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.

Nexia Charles Mar Fan Limited
Certified Public Accountants
Leung Wing Tung
Practising Certificate Number: P05426

14 OCT 2024

CHI LIN NUNNERY
- CHI LIN ELDERLY SERVICES (SUBVENTED SECTION)

ANNUAL FINANCIAL REPORT

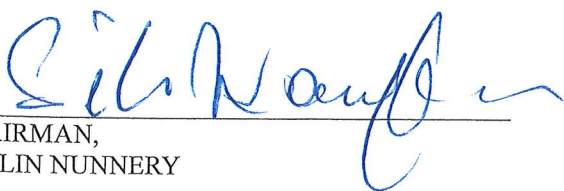
FOR THE PERIOD FROM APRIL 1, 2023 TO MARCH 31, 2024

	Notes	2023-24 HK\$	2022-23 HK\$
A. INCOME			
1. Lump Sum Grant			
a. Lump Sum Grant (excluding Provident Fund)	1b	63,432,594	60,399,009
b. Provident Fund	1c	4,355,858	4,225,837
2. Fee Income	2	8,153,073	7,629,659
3. Central Items	3	6,922,840	6,587,412
4. Rent and Rates	4	671,425	671,425
5. Other Income	5	681,008	2,878,461
6. Interest Received		231,443	126,662
TOTAL INCOME		<u>84,448,241</u>	<u>82,518,465</u>
B. EXPENDITURE			
1. Personal Emoluments			
a. Salaries		58,298,589	56,421,525
b. Provident Fund	1c	4,169,596	3,973,398
c. Allowances		-	-
Sub-total	6	62,468,185	60,394,923
2. Other Charges	7	15,311,264	15,226,587
3. Central Items	3	6,762,840	6,529,912
4. Rent and Rates	4	832,821	811,194
TOTAL EXPENDITURE		<u>85,375,110</u>	<u>82,962,616</u>
C. SURPLUS/(DEFICIT) FOR THE YEAR	8	<u>(926,869)</u>	<u>(444,151)</u>

The Annual Financial Report from pages 1 to 11 has been prepared in accordance with the requirements as set out in the Lump Sum Grant Manual.

SIGNATURE

SIGNATURE


 CHAIRMAN,
 CHI LIN NUNNERY


 SUPERINTENDENT,
 CHI LIN ELDERLY SERVICES

DATE: 14 OCT 2024

DATE: 14 OCT 2024

CHI LIN NUNNERY

- CHI LIN ELDERLY SERVICES (SUBVENTED SECTION)

NOTES ON THE ANNUAL FINANCIAL REPORT

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 April 1, 2000. 6.8% and other posts represent those staff that are employed after April 1, 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 disclosures 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	406,451	3,949,407	4,355,858
Provident Fund Contribution Paid during the Year	(410,746)	(3,758,850)	(4,169,596)
Surplus/(Deficit) for the Year	(4,295)	190,557	186,262
Add : Surplus b/f	103,080	10,091,638	10,194,718
Additional subvention received for previous years	-	-	-
Less : Refund to Government	(34,996)	-	(34,996)
Surplus c/f	63,789	10,282,195	10,345,984

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.

CHI LIN NUNNERY
- CHI LIN ELDERLY SERVICES (SUBVENTED SECTION)

NOTES ON THE ANNUAL FINANCIAL REPORT (CONTINUED)

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 3.14 of the LSG Manual (October 2016)). The income and expenditure of each of the Central Items are as follows:	
	2023-24	2022-23
a. <u>Income</u>	HK\$	HK\$
Dementia Supplement for Residential Elderly Services	6,282,840	6,392,412
One-off Subsidy for Strengthened Provision of Visiting Medical Officer Service for Residential Care Homes for the Elderly and Visiting Medical Practitioner Scheme for Residential Care Homes for Persons with Disabilities	-	195,000
Training Sponsorship Scheme for Master in Occupational Therapy and Physiotherapy programmes	640,000	-
Total	6,922,840	6,587,412
	2023-24	2022-23
	HK\$	HK\$
b. <u>Expenditure</u>		
Dementia Supplement for Residential Elderly Services	6,282,840	6,392,412
One-off Subsidy for Strengthened Provision of Visiting Medical Officer Service for Residential Care Homes for the Elderly and Visiting Medical Practitioner Scheme for Residential Care Homes for Persons with Disabilities	-	137,500
Training Sponsorship Scheme for Master in Occupational Therapy and Physiotherapy programmes	480,000	-
Total	6,762,840	6,529,912
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 <u>not</u> been included in AFR.	

CHI LIN NUNNERY
- CHI LIN ELDERLY SERVICES (SUBVENTED SECTION)
NOTES ON THE ANNUAL FINANCIAL REPORT (CONTINUED)

- 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 be included as Other Income in AFR. In this respect, donations should be 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:

	2023-24	2022-23
	HK\$	HK\$
Other Income		
a. Programme income	4,258	90
b. Reimbursement of Maternity Leave Pay (RMLP) Scheme reimbursement received	35,812	25,805
c. Fees and charges for services incidental to operation of subvented services	170,385	250,668
d. Long service payment refunds from the Trustee	470,553	2,601,898
e. Miscellaneous income	-	-
Total	681,008	2,878,461

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

The analysis on number of posts with annual Personal Emoluments over HK\$700,000 each paid under LSG is appended below:

Analysis of Personal Emoluments paid under LSG	No of Posts	<u>HK\$</u>
HK\$700,001 - HK\$800,000 p.a.	1	723,114
HK\$800,001 - HK\$900,000 p.a.	1	864,597
HK\$900,001 - HK\$1,000,000 p.a.	3	2,719,465
HK\$1,000,001 - HK\$1,100,000 p.a.	-	-
HK\$1,100,001 - HK\$1,200,000 p.a.	1	1,103,034

7. Other Charges

The breakdown on Other Charges is as follows:

	2023-24	2022-23
	HK\$	HK\$
Other Charges		
(a) Utilities	3,160,372	2,990,813
(b) Food	4,309,919	4,071,649
(c) Administrative Expenses	235,481	146,299
(d) Stores and Equipment	2,277,298	2,691,140
(e) Repairs and Maintenance	1,341,323	1,605,426
(f) Special Allowances	-	-
(g) Programme Expenses	38,341	42,583
(h) Transportation and Travelling	250,857	212,635
(i) Insurance	1,012,791	873,132
(j) Miscellaneous	2,684,882	2,592,910
Total	15,311,264	15,226,587

CHI LIN NUNNERY

- CHI LIN ELDERLY SERVICES (SUBVENTED SECTION)

NOTES ON THE ANNUAL FINANCIAL REPORT (CONTINUED)

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

	Analysis of Reserve Fund				
	Lump Sum Grant (LSG)	Holding Account (HA)	Rent and Rates	Central Items (CI)	Total
Income	HK\$	HK\$	HK\$	HK\$	HK\$
Lump Sum Grant	67,788,452	-	-	-	67,788,452
Fee Income	8,153,073	-	-	-	8,153,073
Other Income	681,008	-	-	-	681,008
Interest Received (Note (1))	231,443	-	-	-	231,443
Rent and Rates	-	-	671,425	-	671,425
Central Items	-	-	-	6,922,840	6,922,840
Total Income (a)	76,853,976	-	671,425	6,922,840	84,448,241
Expenditure					
Personal Emoluments	61,194,431	1,273,754	-	-	62,468,185
Other Charges	15,222,811	88,453	-	-	15,311,264
Rent and Rates	-	-	832,821	-	832,821
Central Items	-	-	-	6,762,840	6,762,840
Total Expenditure (b)	76,417,242	1,362,207	832,821	6,762,840	85,375,110
Surplus/(Deficit) for the Year (a) – (b)	436,734	(1,362,207)	(161,396)	160,000	(926,869)
<u>Less: Surplus/(Deficit) of Provident Fund</u>	<u>186,262</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>186,262</u>
Surplus/(Deficit) b/f (Note(2))	250,472	(1,362,207)	(161,396)	160,000	(1,113,131)
	10,945,084	6,526,659	(139,769)	7,045	17,339,019
<u>Add : Receipt from Government</u>	<u>11,195,556</u>	<u>5,164,452</u>	<u>(301,165)</u>	<u>167,045</u>	<u>16,225,888</u>
	-	-	146,402	-	146,402
<u>Less : Refund to Government</u>	<u>-</u>	<u>-</u>	<u>(6,633)</u>	<u>-</u>	<u>(6,633)</u>
Transfer from LSG Reserve to cover the salary adjustment for Dementia Supplement and Infirmary Care Supplementary (Note(3))	-	-	-	-	-
Surplus/(Deficit) c/f (Note(4))	11,195,556	5,164,452	(161,396)	167,045	16,365,657

CHI LIN NUNNERY - CHI LIN ELDERLY SERVICES (SUBVENTED SECTION)

NOTES ON THE ANNUAL FINANCIAL REPORT (CONTINUED)

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

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 (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 will be capped at 25% of NGO's operating expenditure (i.e. Total Expenditure excluding Provident Fund Contribution) for the year.

For NGO's 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 September 1 being reported on the Agency Staff List submitted by NGO last year was greater than zero]

The level of LSG cumulative reserve will be capped at 25% of the NGO's operating expenditure (i.e. Total Expenditure excluding Provident Fund Contribution) for the year.

- (ii) Without SS [i.e. Position of SS as September 1 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 will be capped at 25% of the NGO's operating expenditure (i.e. Total Expenditure excluding Provident Fund Contribution) 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 will be capped at 25% of the NGO's operating expenditure (i.e. Total Expenditure excluding Provident Fund Contribution) for the year. In this regard, separate disclosure of the movement of HA in their respective AFRs is not necessary.

[For details of (4)(i) and (4)(ii) above, please also refer to SWD's letter under reference (11) SWD/S/109/1/10 of April 4, 2022.]

For any amount above the cap, SWD would arrange the claw-back (including provisional in the following financial year except for those 58 NGOs which are subject to Productivity Enhancement Programme as stipulated in SWD's letter under reference (9) in SWD/S/133/1 of March 6, 2024. For details of the claw-back arrangement of the said 58 NGOs, please refer to the above letter) accordingly.

Schedule For Central Items

Analysis of Subvention and Expenditure for the Period from April 1, 2023 to March 31, 2024

Name of Agency: Chi Lin Nunnery (code 110)

Unit Code and Name (Note 7)	Subvented Element	Subvention Released (Note 1a) (a1)	Reimbursement of Maternity Leave Pay (RMLP) Scheme reimbursement received (Note 1b)	Actual Expenditure (Note 2a) (a2)	Actual Expenditure Incurred under RMLP Scheme (Note 2b)	Surplus (Note 3) (a)=(a1)-(a2)	Deficit for the year			Surplus b/f (Note 5) (e)	Refund to Government (f)	Adjustment (Note 9)	Surplus c/f (Note 6) (h)=(e)+(a)-(d)-(f)
							Deficit (Note 3) (b)=(a1)-(a2)	Deficit transferred to LSG (Note 4) (c)	Adjusted Deficit (d)=(b)-(c)				
Unit #EGEN Chi Lin Care & Attention Home (DS)	Blister programme for pupil nurse	HK\$ -	HK\$ -	HK\$ -	HK\$ -	HK\$ -	HK\$ -	HK\$ -	HK\$ -	HK\$ 7,045	HK\$ -	HK\$ -	HK\$ 7,045
Unit 7904 Chi Lin Care & Attention Home (DS)	Dementia Supplement for Residential Elderly Services	6,282,840	-	6,282,840	-	-	-	-	-	-	-	-	-
Unit 6538 Chi Lin Care & Attention Home (DS)	Training Sponsorship Scheme for Master in Occupational Therapy and Physiotherapy programmes	640,000	-	480,000	-	160,000	-	-	-	-	-	-	160,000
Total	Total	6,922,840	-	6,762,840	-	160,000	-	-	-	7,045	-	-	167,045

Schedule For Central Items

Analysis of Subvention and Expenditure for the Period from April 1, 2023 to March 31, 2024

Name of Agency: Chi Lin Nunnery (code 110)

Notes:

- 1(a). The figures for the whole financial year are extracted from the payroll for March (Final) or remittance advice(s) issued by the Treasury or allocation letter(s) issued by Social Welfare Department of the financial year.
- 1(b). This amount represents any reimbursement received from the RMLP Scheme if the NGO has temporarily paid the expenditure out of the allocation from the subvented element (see Note 2(b) below).
- 2(a). Actual expenditure represents the total expenditure incurred including provident fund for the respective services after netting off (i) programme income and (ii) expenditure under RMLP Scheme mentioned in Note 2(b) below, if any.
- 2(b). The amount represents the additional four weeks' MLP (i.e. the 11th to 14th weeks) paid to the employee out of the corresponding allocation.
3. Surplus/Deficit for each element represents the difference between subvention released and actual expenditure.
4. Deficit i.r.o. the following central items arising from salary adjustment are transferred to the Lump Sum Grant Reserve as stated in SWD's letter ref.(33) in SWD/S/104/2 Pt.18 dated March 4, 2020.
 - i Dementia Supplement for Elderly with Disabilities
 - ii Infirmary Care Supplement for the Aged Blind Persons
 - iii Dementia Supplement for Residential Elderly Services
 - iv Infirmary Care Supplement for Residential Elderly services
5. "Surplus brought forward (b/f)" means surplus, if any, arising from operations in previous years.
6. "Surplus carried forward (c/f)" means surplus brought forward less refund to Government plus surplus, if any, arising from operations in current year.
7. Unit code and name/remittance advice no. are extracted from the payroll from SWD and remittance advice from the Treasury respectively.
8. 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.
9. For ASCP/Enhanced ASCP, the adjustment includes the amount of expenditure overstated/(understated) in previous year(s) after taking into account the actual claw-back amount(s) per SWD's allocation letter(s), if any.

SCHEDULE FOR RENT AND RATESANALYSIS OF SUBVENTION AND EXPENDITURE FOR THE PERIOD FROM APRIL 1, 2023 TO
MARCH 31, 2024NAME OF AGENCY: CHI LIN NUNNERY (CODE 110)

Unit Code and Name	Subvented Element	Subvention Released (Note 1)	Actual Subvention Released	Actual Expenditure	Surplus (Note 2)	Deficit (Note 2)
		HK\$	HK\$	HK\$	HK\$	HK\$
Chi Lin Home #1776	Rent (Note 3)	223,625	223,625	285,940	-	(62,315)
	Rates	386,498	386,498	474,961	-	(88,463)
	Total	610,123	610,123	760,901	-	(150,778)
Chi Lin Day Care Centre for the Elderly #7291	Rent (Note 3)	22,469	22,469	27,720	-	(5,251)
	Rates	38,833	38,833	44,200	-	(5,367)
	Total	61,302	61,302	71,920	-	(10,618)
	Grand Total	671,425	671,425	832,821	-	(161,396)

Notes:

1. The figures are to be extracted from the payroll for March plus subvention released in late March of the financial year.
2. Surplus/Deficit for each element represents the difference between subvention released and 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.

Annex 1(c)**Schedule for the Utilisation of Reserve in Holding Account (HA) for 2023-24
and the Plan of Utilisation of HA Reserve for 2024-25**Name of NGO (Code) : CHI LIN NUNNERY (CODE 110)**(A) Utilisation of HA Reserve (2023-24)**

		HK\$
(1)	Balance as at March 31, 2023 brought forward	6,526,659
(2)	Actual Expenditure	
	(i) Meeting contractual commitments towards Snapshot Staff	1,273,754
	(ii) Enhancing human resources management (please specify: Staff training)	88,453
	(iii) Others [<i>applicable to NGOs without Snapshot Staff</i>] (please specify:)	-
	Total	1,362,207
(3)	Balance as at March 31, 2024 carried forward	5,164,452
(4)	No. of Snapshot Staff (as at September 1, 2023)	4

(B) Plan of Utilisation of HA Reserve (2024-25)

		HK\$
(1)	Balance as at March 31, 2024 brought forward [i.e. (3) of Part (A)]	5,164,452
(2)	Estimated Expenditure	
	(i) Meeting contractual commitments towards Snapshot Staff	1,375,246
	(ii) Enhancing human resources management (please specify: Staff training)	90,311
	(iii) Others [<i>applicable to NGOs without Snapshot Staff</i>] (please specify:)	-
	Total	1,465,557
(3)	Estimated balance as at March 31, 2025 carried forward	3,698,895
(4)	Estimated no. of Snapshot Staff (by September 1, 2024)	4

CHI LIN NUNNERY
- CHI LIN ELDERLY SERVICES (SUBVENTED SECTION)

STATEMENT FOR NON-STATUTORY ACCOUNTS
FOR THE PURPOSE OF SECTION 436(3) OF THE COMPANIES ORDINANCE

The figures and financial information relating to the above annual financial report for the year ended March 31, 2024 are not the Nunnery's statutory annual financial statements for that year. Further information relating to those statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance is as follows:

The Nunnery has delivered those financial statements to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance.

The Nunnery's auditor has reported on those statutory financial statements. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contained a statement under section 406(2), 407(2) or (3) of the Companies Ordinance.