

THE HONG KONG SOCIETY FOR THE DEAF

(Limited by guarantee)

ANNUAL FINANCIAL REPORT

2020/21



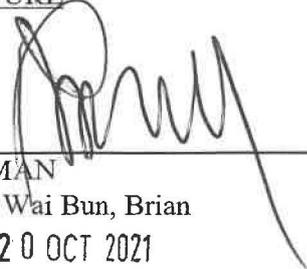
WONG BROTHERS CPA LIMITED
CERTIFIED PUBLIC ACCOUNTANTS (PRACTISING)

ANNUAL FINANCIAL REPORT
NGO: The Hong Kong Society For The Deaf
1 APRIL 2020 TO 31 MARCH 2021

	Notes	2020-21 \$	2019-20 \$
A. INCOME			
1. Lump Sum Grant		65,219,563	59,439,470
a. Lump Sum Grant (excluding Provident Fund)	1b	60,502,706	55,003,849
b. Provident Fund	1c	4,716,857	4,435,621
2. Fee Income	2	357,786	431,731
3. Central Items	3	1,123,747	793,554
4. Rent and Rates	4	1,547,942	1,627,151
a. Rent and Rates		1,547,942	1,365,760
b. Refund from Government for backpayment		--	261,391
5. Other Income	5	3,426,419	3,731,648
6. Interest Received		311,992	254,537
TOTAL INCOME		71,987,449	66,278,091
B. EXPENDITURE			
1. Personal Emoluments			
a. Salaries		50,948,000	47,387,120
b. Provident Fund	1c	3,431,645	3,544,516
c. Allowances		--	--
Sub-total	6	54,379,645	50,931,636
2. Other Charges	7	7,947,787	7,546,852
3. Central Items	3	877,771	922,180
4. Rent and Rates	4	2,875,002	2,362,139
TOTAL EXPENDITURE		66,080,205	61,762,807
C. SURPLUS FOR THE YEAR	8	5,907,244	4,515,284

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



CHAIRMAN
Mr. LUI Wai Bun, Brian
DATE: 20 OCT 2021

SIGNATURE



DEPUTY DIRECTOR
Mr. CHEUNG Hon Wa Brian
DATE: 20 OCT 2021

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) 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 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 have been shown under **Note 3**.

Details are analysed below:

<u>Provident Fund Contribution</u>	Snapshot Staff \$	6.8% & Other Posts \$	Total \$
Subvention Received	1,306,976	3,409,881	4,716,857
Provident Fund Contribution Paid during the year	* (795,967)	(2,635,678)	(3,431,645)
Surplus for the Year	511,009	774,203	1,285,212
Add : Surplus b/f	143,903	3,446,160	3,590,063
Adjustment per SWD letter dated 20 March 2020:			
- Additional PF for 6.8% posts for 2018/19	--	41,059	41,059
- PF surplus for snapshot staff 2018/19	(117,671)	--	(117,671)
Adjustment per SWD letter dated 18 January 2021:			
- Refund PF deficit for Snapshot Staff in 2017-18	34,032	--	34,032
- Reverse the downward adjustment for snapshot staff 2018-19	39,032	--	39,032
Surplus c/f	<u>610,305</u>	<u>4,261,422</u>	<u>4,871,727</u>

* PF refunded by retired Snapshot Staff of HK\$84,500 included.

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 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:

a. <u>Income</u>	2020-21	2019-20
	\$	\$
Training Subsidy Programme for Children on the Waiting List for Subvented Pre-school Rehabilitation Services	703,747	793,554
Financial Incentive Scheme for Mentors of Employees with Disabilities	--	--
Training Sponsorship Scheme for Two-Year MOT/MPT Programme of The Hong Kong Polytechnic University	320,000	--
Subsidy for Enhanced Support for Ethnic Minority Children in Special Child Care Centres and Early Education and Training Centres	100,000	--
Total	1,123,747	793,554
b. <u>Expenditure</u>	2020-21	2019-20
	\$	\$
Training Subsidy under Training Scheme for Child Care Supervisors and Special Child Care Workers in Pre-school Rehabilitation Services	--	--
Training Subsidy Programme for Children on the Waiting List for Subvented Pre-school Rehabilitation Services	830,666	922,180
Financial Incentive Scheme for Mentors of Employees with Disabilities	--	--
Training Sponsorship Scheme for Two-Year MOT/MPT Programme of The Hong Kong Polytechnic University	--	--
Subsidy for Enhanced Support for Ethnic Minority Children in Special Child Care Centres and Early Education and Training Centres	47,105	--
Total	877,771	922,180

4. Rent and Rates

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

Starting from AFR 2020-21, subvention of backpayment for previous years are not shown in item 4 on page 1 of income, but in Note 8 on page 5 directly.

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 been included as Other Income in AFR. In this respect, donations have been included if it is used to finance expenditure reflected in the AFR.

The breakdown on Other Income is as follows :

Other Income	2020-21	2019-20
	\$	\$
(a) Fees and charges for services incidental to the operation of subvented services	665,497	1,421,901
(b) Administrative overhead charged to Non-Subvented services	60,000	161,102
(c) Hong Kong Community Chest	2,036,930	1,901,800
(d) Others	<u>663,992</u>	<u>246,845</u>
Total	<u><u>3,426,419</u></u>	<u><u>3,731,648</u></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\$700,001 - HK\$800,000 p.a.	2	1,517,546
HK\$800,001 - HK\$900,000 p.a.	4	3,347,226
HK\$900,001 - HK\$1,000,000 p.a.	1	900,672
HK\$1,000,001 - HK\$1,100,000 p.a.	1	1,013,673
HK\$1,100,001 - HK\$1,200,000 p.a.	0	-
> HK\$1,200,000 p.a.	0	-

7. Other Charges

The breakdown on Other Charges is as follows:

Other Charges	2020-21	2019-20
	\$	\$
(a) Utilities	249,610	416,866
(b) Food	3,162	137,533
(c) Administrative Expenses	516,195	463,129
(d) Stores and Equipment	1,934,351	930,350
(e) Repair and Maintenance	361,208	315,307
(f) Programme Expenses	1,482,167	2,557,069
(g) Transportation and Travelling	92,541	155,650
(h) Insurance	956,058	683,715
(i) Paramedical Service	1,961,815	1,273,415
(j) Miscellaneous	<u>390,680</u>	<u>613,818</u>
Total	<u><u>7,947,787</u></u>	<u><u>7,546,852</u></u>

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

	Lump Sum Grant (LSG)	Rent and Rates	Central Items	Total
	\$	\$	\$	\$
Income				
Lump Sum Grant	65,219,563	--	--	65,219,563
Fee Income	357,786	--	--	357,786
Other Income	3,426,419	--	--	3,426,419
Interest Received (Note (1))	311,992	--	--	311,992
Rent and Rates	--	1,547,942	--	1,547,942
Central Items	--	--	1,123,747	1,123,747
Total Income (a)	69,315,760	1,547,942	1,123,747	71,987,449
Expenditure				
Personal Emoluments	54,379,645	--	--	54,379,645
Other Charges	7,947,787	--	--	7,947,787
Rent and Rates	--	2,875,002	--	2,875,002
Central Items	--	--	877,771	877,771
Total Expenditure (b)	62,327,432	2,875,002	877,771	66,080,205
Surplus/(Deficit) for the year (a)-(b)	6,988,328	(1,327,060)	245,976	5,907,244
Less : Surplus of Provident Fund	1,285,212	--	--	1,285,212
	5,703,116	(1,327,060)	245,976	4,622,032
Surplus/(Deficit) b/f (Note (2))	14,803,192	(1,039,838)	(351,091)	13,412,263
	20,506,308	(2,366,898)	(105,115)	18,034,295
Add : Adjustment per SWD letter dated 18 January 2021:				
- To increase the b/f of Rent and Rates	--	345	--	345
- To increase the b/f of Central Item	--	--	330,532	330,532
- Additional PF subventions & Refund of PF surplus incorrectly recorded in LSG 2016-17	11,251	--	--	11,251
- Refund deficits of CI - PA/CA Posts 2007-08 to 2009-10	25,405	--	--	25,405
- Refund entertainment expenses 2016-17	6,645	--	--	6,645
Adjustment per SWD email dated 22 September 2020 (Accounting inspection)				
- Refund program expenses 2017-18	2	--	--	2
Add : Refund from Government	--	1,058,328	--	1,058,328
Less : Refund to Government	--	(18,835)	--	(18,835)
Surplus/(Deficit) c/f (Note (4))	20,549,611	(1,327,060)	225,417	19,447,968

Notes:

- (1) Interest received on LSG 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 holding account) and all interest received in previous years should be included in the surplus b/f under LSG.
- (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) The level of LSG cumulative reserve (i.e. S), less LSG Reserve kept in the holding account, will be capped at 25% of the NGO's **operating expenditure** (excluding Provident Fund expenditure) for the year.