

ANNUAL FINANCIAL REPORT

FOR THE PERIOD FROM 01/04/2016 TO 31/03/2017

Agency Code and Name: **656 SAHK**

	<u>Notes</u>	<u>Total 2016/17 HK\$</u>	<u>Total 2015/16 HK\$</u>	<u>Remarks</u>
A. INCOME				
1. Lump Sum Grant				
a. Lump Sum Grant (excluding Provident Fund)	1b	361,481,483.00	334,912,752.00	
b. Provident Fund	1c	30,343,317.00	29,443,447.00	
2. Fee Income	2	26,590,695.61	24,514,178.28	
3. Central Items	3	5,708,342.00	2,131,863.00	
4. Rent and Rates	4	14,982,762.00	12,501,831.00	
5. Other Income	5	1,475,278.84	1,255,741.67	
6. Interest Received		<u>1,133,456.43</u>	<u>1,015,459.11</u>	
 TOTAL INCOME		<u>441,715,334.88</u>	<u>405,775,272.06</u>	
B. EXPENDITURE				
1. Personal Emoluments				
a. Salaries		305,033,602.74	282,388,861.08	
b. Provident Fund	1c	29,954,227.22	27,348,333.62	
c. Allowances		11,299,626.16	7,568,210.28	
d. Relief / Temporary Workers		2,152,635.82	2,132,326.91	
e. Statutory Payments		(60,917.65)	80,721.78	
f. <u>Less</u> : Insurance Compensation		<u>(774,831.05)</u>	<u>(1,236,039.99)</u>	
 Total Personal Emoluments	6	347,604,343.24	318,282,413.68	
2. Other Charges	7	68,049,955.03	58,377,433.22	
3. Central Items	3	4,256,415.82	4,484,843.72	
4. Rent and Rates		16,557,746.15	14,573,013.90	
5. Rent and Rates (paid by Lump Sum Grant)		<u>977,371.65</u>	<u>1,383,764.20</u>	
 TOTAL EXPENDITURE		<u>437,445,831.89</u>	<u>397,101,468.72</u>	
 C. SURPLUS FOR THE YEAR	8	<u>4,269,502.99</u>	<u>8,673,803.34</u>	

The Annual Financial Report from pages 2 to 12 has been prepared in accordance with the requirements as set out in the Lump Sum Grant Manual.

Authorized Signatory:

Name:

Title:

Date:

Prof. Leung Nai Kong

Chairman

3rd October 2017

Authorized Signatory:

Name:

Title:

Date:

Mr. Fong Cheung Fat

Chief Executive Officer

3rd October 2017

NOTES TO ANNUAL FINANCIAL REPORT

FOR THE PERIOD FROM 01/04/2016 TO 31/03/2017

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 such as depreciation, provisions and accruals have not been included in the AFR.

b. Lump Sum Grant (excluding Provident Fund)

This represents Lump Sum Grant (excluding Provident Fund) received for the year.

	<u>2016/17</u> HK\$	<u>2015/16</u> HK\$
Lump Sum Grant received for the year	<u>361,481,483.00</u>	<u>334,912,752.00</u>

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 1st April 2000. 6.8% and other posts represent those staff that are employed after 1st April 2000.

The Provident Fund received and contributed for staff under the Central Items have been shown under 3.

Details are analysed below :

<u>Provident Fund Contribution</u>	<u>Snapshot Staff</u> HK\$	<u>6.8% & Other Posts</u> HK\$	<u>Total</u> HK\$
Subvention received	11,048,515.00	20,077,679.00	31,126,194.00
Provident Fund contribution paid during the year	<u>(10,547,987.95)</u>	<u>(19,406,239.27)</u>	<u>(29,954,227.22)</u>
Surplus for the year	500,527.05	671,439.73	1,171,966.78
Add: Surplus b/f from previous year	1,754,302.48	19,967,176.98	21,721,479.46
Less : Refund to Government	<u>(782,877.00)</u>	-	<u>(782,877.00)</u>
Surplus c/f	<u>1,471,952.53</u>	<u>20,638,616.71</u>	<u>22,110,569.24</u>

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 Lump Sum Grant Manual.

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3. Central Items

These are subvented service activities which are not included in Lump Sum Grant and are subject to their own procedures as set out in other SWD's papers and correspondence with the NGOs. The PF 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 3.13 of LSG Manual). The income and expenditure of each of the Central Items are as follows :

	<u>2016/17</u> HK\$	<u>2015/16</u> HK\$
Income		
Training Subsidy Scheme under Training Scheme for Child Care Supervisors and Special Child Care Workers in Pre-school Rehabilitation Services	150,000.00	-
Training Sponsorship for MOT/MPT	1,080,000.00	-
Training Subsidy Programme for Children on the Waiting List for Subvented Pre-school Rehabilitation Services	4,478,342.00	2,131,863.00
Total	<u>5,708,342.00</u>	<u>2,131,863.00</u>
Expenditure		
Training Subsidy Scheme under Training Scheme for Child Care Supervisors and Special Child Care Workers in Pre-school Rehabilitation Services	42,500.00	45,000.00
Training Sponsorship for MOT/MPT	95,000.00	665,000.00
Training Subsidy Programme for Children on the Waiting List for Subvented Pre-school Rehabilitation Services	4,118,915.82	3,774,843.72
Total	<u>4,256,415.82</u>	<u>4,484,843.72</u>

4. Rent and Rates

This represents the amount paid by Social Welfare Department in respect of premises recognised by SWD.

	<u>2016/17</u> HK\$	<u>2015/16</u> HK\$
Rent and Rates received for the year	<u>14,982,762.00</u>	<u>12,501,831.00</u>

5. Other Income

This includes 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 reflected in the AFR.

The breakdown of Other Income (paragraph 2.29 of LSG Manual (October 2016)) is as follows:

	<u>2016/17</u> HK\$	<u>2015/16</u> HK\$
(a) Fees and Charges for services incidental to the operation of subvented services	1,471,578.84	1,255,741.67
(b) Others	<u>3,700.00</u>	-
	<u>1,475,278.84</u>	<u>1,255,741.67</u>

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6. Personal Emoluments

Personal Emoluments include salary, provident fund, salary-related allowances.

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

	<u>No. of Posts</u>	<u>HK\$</u>
HK\$700,001 - HK\$800,000 p.a.	14	10,583,132.87
HK\$800,001 - HK\$900,000 p.a.	8	6,745,782.82
HK\$900,001 - HK\$1,000,000 p.a.	22	19,988,127.29
HK\$1,000,001 - HK\$1,100,000 p.a.	3	3,191,700.86
HK\$1,100,001 - HK\$1,200,000 p.a.	8	9,000,568.75
>HK\$1,200,000 p.a.	5	7,121,032.80

7. Other Charges

The breakdown on Other Charges is as follows:

	<u>2016/17</u>	<u>2015/16</u>
	<u>HK\$</u>	<u>HK\$</u>
<u>Other Charges</u>		
Utilities	7,360,600.19	7,578,306.78
Food	11,789,286.85	9,647,003.94
Administrative Expenses	3,953,216.27	4,142,888.75
Stores and Equipment	1,343,068.23	1,180,525.40
Minor Purchases, Repair and Maintenance	5,715,135.44	4,169,090.04
Transportation and Travelling	1,790,448.47	1,820,642.53
Programme Expenses	20,188,064.18	15,057,545.15
Special Allowances	5,314,495.50	5,330,501.50
Insurance	4,460,728.41	4,154,359.52
Miscellaneous	6,134,911.49	5,296,569.61
Total	<u>68,049,955.03</u>	<u>58,377,433.22</u>

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8. Analysis of Reserve Fund

	<u>Lump Sum Grant (LSG)</u> HK\$	<u>Rent and Rates</u> HK\$	<u>Central Items</u> HK\$	<u>Total</u> HK\$
INCOME				
Lump Sum Grant	391,824,800.00	-	-	391,824,800.00
Fee Income	26,590,695.61	-	-	26,590,695.61
Other Income	1,475,278.84	-	-	1,475,278.84
Interest Received	1,133,456.43	-	-	1,133,456.43
Rent and Rates	-	14,982,762.00	-	14,982,762.00
Central Items	-	-	5,708,342.00	5,708,342.00
Total Income	421,024,230.88	14,982,762.00	5,708,342.00	441,715,334.88
EXPENDITURE				
Personal Emoluments	347,604,343.24	-	-	347,604,343.24
Other Charges	68,049,955.03	-	-	68,049,955.03
Rent and Rates	977,371.65	16,557,746.15	-	17,535,117.80
Central Items	-	-	4,256,415.82	4,256,415.82
Total Expenditure	416,631,669.92	16,557,746.15	4,256,415.82	437,445,831.89
Surplus/(Deficit) for the year	4,392,560.96	(1,574,984.15)	1,451,926.18	4,269,502.99
Less: Surplus of Provident Fund	(389,089.78)	-	-	(389,089.78)
Surplus/(Deficit) b/f from previous year	4,003,471.18	(1,574,984.15)	1,451,926.18	3,880,413.21
	128,353,774.00	(4,657,169.65)	(1,785,761.07)	121,910,843.28
Add : Adjustment agreed with SWD	132,357,245.18	(6,232,153.80)	(333,834.89)	125,791,256.49
Add : Reimbursement from Government	3,040,880.89	(451,700.35)	-	2,589,180.54
Less: Refund to Government	-	3,988,139.00	-	3,988,139.00
	-	(7,595.00)	-	(7,595.00)
Surplus/(Deficit) c/f	135,398,126.07	(2,703,310.15)	(333,834.89)	132,360,981.03
Shown as Current (Assets)/Liabilities	-	(2,703,310.15)	(333,834.89)	(3,037,145.04)
Shown as Funds and Reserves *	135,398,126.07	-	-	135,398,126.07
	135,398,126.07	(2,703,310.15)	(333,834.89)	132,360,981.03
* Reserve Fund before 1.4.07	60,434,683.93			
Reserve Fund after 1.4.07	74,963,442.14			
	<u>135,398,126.07</u>			