

**THE HONG KONG SOCIETY FOR THE DEAF**

**(Limited by guarantee)**

**ANNUAL FINANCIAL REPORT**

**2019/20**



**WONG BROTHERS CPA LIMITED**  
CERTIFIED PUBLIC ACCOUNTANTS (PRACTISING)

**ANNUAL FINANCIAL REPORT**  
**NGO: The Hong Kong Society For The Deaf**

**1 APRIL 2019 TO 31 MARCH 2020**

	Notes	2019-20 \$	2018-19 \$
<b>A. INCOME</b>			
1. Lump Sum Grant		59,439,470	47,515,382
a. Lump Sum Grant (excluding Provident Fund)	<b>1b</b>	55,003,849	43,706,150
b. Provident Fund	<b>1c</b>	4,435,621	3,809,232
2. Fee Income	<b>2</b>	431,731	473,475
3. Central Items	<b>3</b>	793,554	769,507
4. Rent and Rates		1,627,151	1,492,971
a. Rent and Rates	<b>4</b>	1,365,760	1,341,179
b. Refund from Government for backpayment		261,391	151,792
5. Other Income	<b>5</b>	3,731,648	3,890,641
6. Interest Received		254,537	211,398
<b>TOTAL INCOME</b>		66,278,091	54,353,374
<b>B. EXPENDITURE</b>			
1. Personal Emoluments			
a. Salaries		47,387,120	41,800,141
b. Provident Fund	<b>1c</b>	3,544,516	3,338,437
c. Allowances		-	-
Sub-total	<b>6</b>	50,931,636	45,138,578
2. Other Charges	<b>7</b>	7,546,852	6,557,673
3. Central Items	<b>3</b>	922,180	630,830
4. Rent and Rates	<b>4</b>	2,362,139	1,629,313
<b>TOTAL EXPENDITURE</b>		61,762,807	53,956,394
<b>C. SURPLUS FOR THE YEAR</b>	<b>8</b>	4,515,284	396,980

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

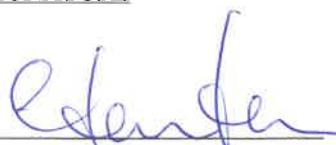


CHAIRMAN

Mr. Brian Lui

DATE: 14 OCT 2020

SIGNATURE



DIRECTOR

Ms. Lau Siu Cho

DATE: 14 OCT 2020

## 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>	<b>Snapshot Staff \$</b>	<b>6.8% &amp; Other Posts \$</b>	<b>Total \$</b>
Subvention Received	1,466,034	2,969,587	4,435,621
Provident Fund Contribution Paid during the year	<u>(1,366,738)</u>	<u>(2,177,778)</u>	<u>(3,544,516)</u>
Surplus for the Year	99,296	791,809	891,105
<b>Add</b> : Surplus b/f	<u>44,607</u>	<u>2,654,351</u>	<u>2,698,958</u>
<b>Surplus c/f</b>	<u><u>143,903</u></u>	<u><u>3,446,160</u></u>	<u><u>3,590,063</u></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 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:

	2019-20	2018-19
	\$	\$
<b>a. <u>Income</u></b>		
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	793,554	769,507
Financial Incentive Scheme for Mentors of Employees with Disabilities	-	-
<b>Total</b>	<u>793,554</u>	<u>769,507</u>
	2019-20	2018-19
	\$	\$
<b>b. <u>Expenditure</u></b>		
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	922,180	629,830
Financial Incentive Scheme for Mentors of Employees with Disabilities	-	1,000
<b>Total</b>	<u>922,180</u>	<u>630,830</u>

### 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.

## 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 :

<b>Other Income</b>	2019-20 \$	2018-19 \$
(a) Fees and charges for services incidental to the operation of subvented services	1,421,901	1,571,145
(b) Administrative overhead charged to Non-Subvented services	161,102	178,706
(c) Hong Kong Community Chest	1,901,800	1,894,000
(d) Others	246,845	246,790
<b>Total</b>	<b>3,731,648</b>	<b>3,890,641</b>

## 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:

<b>Analysis of Personal Emoluments paid under</b>	<b>No of Posts</b>	<b>\$</b>
HK\$700,001 - HK\$800,000 p.a.	2	1,511,532
HK\$800,001 - HK\$900,000 p.a.	6	5,009,151
HK\$900,001 - HK\$1,000,000 p.a.	0	0
HK\$1,000,001 - HK\$1,100,000 p.a.	0	0
HK\$1,100,001 - HK\$1,200,000 p.a.	0	0
> HK\$1,200,000 p.a.	1	1,520,346

## 7. Other Charges

The breakdown on Other Charges is as follows:

	2019-20 \$	2018-19 \$
<b>Other Charges</b>		
(a) Utilities	416,866	384,561
(b) Food	137,533	161,896
(c) Administrative Expenses	463,129	430,629
(d) Stores and Equipment	930,350	913,258
(e) Repair and Maintenance	315,307	309,488
(f) Programme Expenses	2,557,069	2,408,299
(g) Transportation and Travelling	155,650	118,564
(h) Insurance	683,715	544,085
(i) Paramedical Service	1,273,415	661,120
(j) Miscellaneous	613,818	625,773
<b>Total</b>	<b>7,546,852</b>	<b>6,557,673</b>

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

	Lump Sum Grant (LSG)	Rent and Rates	Central Items	Total
	\$	\$	\$	\$
<b>Income</b>				
Lump Sum Grant	59,439,470	-	-	59,439,470
Fee Income	431,731	-	-	431,731
Other Income	3,731,648	-	-	3,731,648
Interest Received (Note (1))	254,537	-	-	254,537
Rent and Rates	-	1,365,760	-	1,365,760
Central Items	-	-	793,554	793,554
<b>Total Income (a)</b>	<b>63,857,386</b>	<b>1,365,760</b>	<b>793,554</b>	<b>66,016,700</b>
<b>Expenditure</b>				
Personal Emoluments	50,931,636	-	-	50,931,636
Other Charges	7,546,852	-	-	7,546,852
Rent and Rates	-	2,362,139	-	2,362,139
Central Items	-	-	922,180	922,180
<b>Total Expenditure (b)</b>	<b>58,478,488</b>	<b>2,362,139</b>	<b>922,180</b>	<b>61,762,807</b>
<b>Surplus/(Deficit) for the year (a)-(b)</b>	<b>5,378,898</b>	<b>(996,379)</b>	<b>(128,626)</b>	<b>4,253,893</b>
<b>Less : Surplus of Provident Fund</b>	<b>891,105</b>	<b>-</b>	<b>-</b>	<b>891,105</b>
	<b>4,487,793</b>	<b>(996,379)</b>	<b>(128,626)</b>	<b>3,362,788</b>
<b>Surplus/(Deficit) b/f (Note (2))</b>	<b>10,315,399</b>	<b>(375,647)</b>	<b>(222,465)</b>	<b>9,717,287</b>
	<b>14,803,192</b>	<b>(1,372,026)</b>	<b>(351,091)</b>	<b>13,080,075</b>
<u>Add</u> : Adjustment of opening balance to match with outstanding claims	-	93,586	-	93,586
<u>Add</u> : Refund from Government	-	261,391	-	261,391
<u>Less</u> : Refund to Government 2018/19	-	(22,789)	-	(22,789)
Transfer from LSG Reserve to cover the salary adjustment for Dementia Supplement and Infirmiry Care Supplementary (Note	-	-	-	-
<b>Surplus/(Deficit) c/f (Note (4))</b>	<b>14,803,192</b>	<b>(1,039,838)</b>	<b>(351,091)</b>	<b>13,412,263</b>

**Notes:**

- (1) Interest received on LSG and Provident Fund reserves, rent and rates, central items, Special One-off Grant are included as one item under LSG; and the item is considered as part of LSG reserve.
- (2) Accumulated balance Lump Sum Grant 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 Infirmiry 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.