

THE HONG KONG SOCIETY FOR THE DEAF

(Limited by guarantee)

ANNUAL FINANCIAL REPORT

2021/22



WONG BROTHERS CPA LIMITED
CERTIFIED PUBLIC ACCOUNTANTS (PRACTISING)

ANNUAL FINANCIAL REPORT
NGO: The Hong Kong Society For The Deaf
1 APRIL 2021 TO 31 MARCH 2022

	Notes	2021-22 \$	2020-21 \$
A. INCOME			
1. Lump Sum Grant		68,550,427	65,219,563
a. Lump Sum Grant (excluding Provident Fund)	1b	63,917,178	60,502,706
b. Provident Fund	1c	4,633,249	4,716,857
2. Fee Income	2	453,919	357,786
3. Central Items	3	1,474,902	1,123,747
4. Rent and Rates	4	1,633,516	1,547,942
5. Other Income	5	3,632,213	3,426,419
6. Interest Received		136,108	311,992
TOTAL INCOME		75,881,085	71,987,449
B. EXPENDITURE			
1. Personal Emoluments			
a. Salaries		51,221,753	50,948,000
b. Provident Fund	1c	3,418,290	3,431,645
c. Allowances		-	-
Sub-total	6	54,640,043	54,379,645
2. Other Charges	7	10,821,637	7,947,787
3. Central Items	3	1,296,150	877,771
4. Rent and Rates	4	3,368,433	2,875,002
TOTAL EXPENDITURE		70,126,263	66,080,205
C. SURPLUS FOR THE YEAR	8	5,754,822	5,907,244

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

DATE: 20 OCT 2022

SIGNATURE



DIRECTOR

Mr. CHEUNG Hon Wa

DATE: 20 OCT 2022

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>	<u>Snapshot Staff</u> \$	<u>6.8% & Other Posts</u> \$	<u>Total</u> \$
Subvention Received	907,229	3,726,020	4,633,249
Provident Fund Contribution Paid during the year	<u>(700,746)</u>	<u>(2,717,544)</u>	<u>(3,418,290)</u>
Surplus for the Year	206,483	1,008,476	1,214,959
Add : Surplus b/f	610,305	4,261,422	4,871,727
Adjustment per SWD letter SWD/S/102/1 (2021) dated 22 March 2021:			
- Additional PF for 6.8% posts for 2019/20 or before	-	96,112	96,112
- PF surplus for snapshot staff 2019/20	(99,296)	-	(99,296)
Adjustment per SWD letter SWD SF/SI/4-65/83 (372) III dated 25 June 2021:			
- increase PF reserve for 6.8% and other posts 2011/12 to 2019/20	-	97,443	97,443
Increase PF reserve for 6.8% and other posts 2020/21 & 2021/22	<u>-</u>	<u>6,508</u>	<u>6,508</u>
Surplus c/f	<u>717,492</u>	<u>5,469,961</u>	<u>6,187,453</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:

a. <u>Income</u>	2021-22	2020-21
	\$	\$
Training Subsidy under Training Scheme for Child Care Supervisors and Special Child Care Workers in Pre-school Rehabilitation Services	60,000	-
Training Subsidy Programme for Children on the Waiting List for Subvented Pre-school Rehabilitation Services	944,902	703,747
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	320,000
Subsidy for Enhanced Support for Ethnic Minority Children in Special Child Care Centres and Early Education and Training Centres	150,000	100,000
Total	<u>1,474,902</u>	<u>1,123,747</u>
b. <u>Expenditure</u>	2021-22	2020-21
	\$	\$
Training Subsidy under Training Scheme for Child Care Supervisors and Special Child Care Workers in Pre-school Rehabilitation Services	12,700	-
Training Subsidy Programme for Children on the Waiting List for Subvented Pre-school Rehabilitation Services	915,050	830,666
Financial Incentive Scheme for Mentors of Employees with Disabilities	-	-
Training Sponsorship Scheme for Two-Year MOT/MPT Programme of The Hong Kong Polytechnic University	309,300	-
Subsidy for Enhanced Support for Ethnic Minority Children in Special Child Care Centres and Early Education and Training Centres	59,100	47,105
Total	<u>1,296,150</u>	<u>877,771</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.

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 :

	2021-22	2020-21
Other Income	\$	\$
(a) Fees and charges for services incidental to the operation of subvented services	1,410,230	665,497
(b) Administrative overhead charged to Non-Subvented services	60,000	60,000
(c) Hong Kong Community Chest	1,980,800	2,036,930
(d) Others	181,183	663,992
Total	<u>3,632,213</u>	<u>3,426,419</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	1,544,754
HK\$800,001 - HK\$900,000 p.a.	2	1,644,744
HK\$900,001 - HK\$1,000,000 p.a.	1	917,569
HK\$1,000,001 - HK\$1,100,000 p.a.	-	-
HK\$1,100,001 - HK\$1,200,000 p.a.	-	-
> HK\$1,200,000 p.a.	-	-

7. Other Charges

The breakdown on Other Charges is as follows:

	2021-22	2020-21
Other Charges	\$	\$
(a) Utilities	459,261	249,610
(b) Food	13,733	3,162
(c) Administrative Expenses	702,430	516,195
(d) Stores and Equipment	2,583,203	1,934,351
(e) Repair and Maintenance	375,456	361,208
(f) Programme Expenses	2,629,151	1,482,167
(g) Transportation and Travelling	133,094	92,541
(h) Insurance	1,184,738	956,058
(i) Paramedical Service	2,058,424	1,961,815
(j) Miscellaneous	682,147	390,680
Total	<u>10,821,637</u>	<u>7,947,787</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	68,550,427	-	-	68,550,427
Fee Income	453,919	-	-	453,919
Other Income	3,632,213	-	-	3,632,213
Interest Received (Note (1))	136,108	-	-	136,108
Rent and Rates	-	1,633,516	-	1,633,516
Central Items	-	-	1,474,902	1,474,902
Total Income (a)	72,772,667	1,633,516	1,474,902	75,881,085
Expenditure				
Personal Emoluments	54,640,043	-	-	54,640,043
Other Charges	10,821,637	-	-	10,821,637
Rent and Rates	-	3,368,433	-	3,368,433
Central Items	-	-	1,296,150	1,296,150
Total Expenditure (b)	65,461,680	3,368,433	1,296,150	70,126,263
Surplus/(Deficit) for the year (a)-(b)	7,310,987	(1,734,917)	178,752	5,754,822
Less : Surplus of Provident Fund	1,214,959	-	-	1,214,959
	6,096,028	(1,734,917)	178,752	4,539,863
Surplus/(Deficit) b/f (Note (2))	20,549,611	(1,327,060)	225,417	19,447,968
	26,645,639	(3,061,977)	404,169	23,987,831
Add : Adjustment per SWD letter SWD SF/SI/4-65/83 (372) III dated 25 June 2021:				
- To increase the b/f of Rent and Rates	-	6,855	-	6,855
- Decrease LSG reserve	(120,076)	-	-	(120,076)
Adjustment per SWD letter SWD LFPS/38/19/159B/65 4 February 2022:				
- Decrease LSG reserve	(14,860)	-	-	(14,860)
Increase LSG reserve for 2020/21 & 2021/22	4,344	-	-	4,344
Add : Refund from Government	-	1,408,195	-	1,408,195
Less : Refund to Government	-	(81,135)	-	(81,135)
Surplus/(Deficit) c/f (Note (4))	26,515,047	(1,728,062)	404,169	25,191,154

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.