

THE HONG KONG SOCIETY FOR THE DEAF

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED 31ST MARCH 2024

F. S. Li & Co.

李福樹會計師事務所

CERTIFIED PUBLIC ACCOUNTANTS
HONG KONG

ANNUAL FINANCIAL REPORT
NGO: The Hong Kong Society For The Deaf
1ST APRIL 2023 TO 31ST MARCH 2024

	Notes	2023-24 \$	2022-23 \$
A. INCOME			
1. Lump Sum Grant		79,496,311	73,026,743
a. Lump Sum Grant (excluding Provident Fund)	1b	74,313,210	68,263,571
b. Provident Fund	1c	5,183,101	4,763,172
2. Fee Income	2	328,326	346,091
3. Central Items	3	4,877,311	3,257,870
4. Rent and Rates	4	3,603,022	2,311,018
5. Other Income	5	4,900,970	3,853,769
6. Interest Received		1,150,489	295,183
TOTAL INCOME		94,356,429	83,090,674
B. EXPENDITURE			
1. Personal Emoluments			
a. Salaries		67,698,649	57,710,073
b. Provident Fund	1c	3,986,615	3,406,612
c. Allowances		-	-
Sub-total	6	71,685,264	61,116,685
2. Other Charges	7	12,120,971	13,626,146
3. Central Items	3	4,218,521	3,532,038
4. Rent and Rates	4	3,938,432	3,738,714
TOTAL EXPENDITURE		91,963,188	82,013,583
C. SURPLUS FOR THE YEAR	8	2,393,241	1,077,091

The Annual Financial Report from pages 1 to 6 has been prepared in accordance with the requirements as set out in the Lump Sum Grant Manual.

SIGNATURE



CHAIRMAN
 Prof. CHOA Gillian Ann
 DATE: 11th September 2024

SIGNATURE



DIRECTOR
 Mr. CHEUNG Hon Wa
 DATE: 11th September 2024

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 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 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>	Snapshot Staff	6.8% & Other Posts	Total
	\$	\$	\$
Subvention Received	685,708	4,497,393	5,183,101
Provident Fund Contribution			
Paid during the year	<u>(599,953)</u>	<u>(3,386,662)</u>	<u>(3,986,615)</u>
Surplus for the Year	85,755	1,110,731	1,196,486
<u>Add</u> : Surplus b/f	233,882	7,246,249	7,480,131
Add : Adj. of PF 2021/22 [Enclosure I (Attachment B) to SWD's letter ref: (63) in SWD/S/102/1 (2023) dated 22nd March 2023]	<u>(206,483)</u>	<u>60,142</u>	<u>(146,341)</u>
Surplus c/f	<u><u>113,154</u></u>	<u><u>8,417,122</u></u>	<u><u>8,530,276</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:

a. <u>Income</u>	2023-24	2022-23
	\$	\$
Training Subsidy under Training Scheme for Child Care Supervisors and Special Child Care Workers in Pre-school Rehabilitation Services	-	-
Financial Incentive Scheme for Mentors of Employees with Disabilities	-	-
Training Subsidy Programme for Children on the Waiting List for Subvented Pre-school Rehabilitation Services	967,010	628,570
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	250,000	50,000
Time-defined Service Contract of Social Work Service for Pre-primary Institutions		
- Allocation	3,388,080	2,579,300
- Rent and Rates	178,417	-
Providing Assistance to PWDs under Government Public Transport Fare Concession Scheme (\$2 Scheme)	93,804	-
Total	4,877,311	3,257,870
b. <u>Expenditure</u>	2023-24	2022-23
	\$	\$
Training Subsidy under Training Scheme for Child Care Supervisors and Special Child Care Workers in Pre-school Rehabilitation Services	(25,050)	12,350
Financial Incentive Scheme for Mentors of Employees with Disabilities	3,000	-
Training Subsidy Programme for Children on the Waiting List for Subvented Pre-school Rehabilitation Services	1,024,821	947,998
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	10,700	320,000
Time-defined Service Contract of Social Work Service for Pre-primary Institutions		
- Allocation	2,832,946	2,029,117
- Rent and Rates	184,186	117,910
Providing Assistance to PWDs under Government Public Transport Fare Concession Scheme (\$2 Scheme)	39,431	-
Total	4,218,521	3,532,038

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 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 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
Other Income	\$	\$
(a) Fees and charges for services incidental to the operation of subvented services	2,162,703	1,382,521
(b) Administrative overhead charged to Non-Subvented services	360,000	360,000
(c) Reimbursement of Maternity Leave Pay Scheme reimbursement received	130,392	-
(c) Hong Kong Community Chest	2,081,780	1,980,800
(d) Others	166,095	130,448
Total	<u>4,900,970</u>	<u>3,853,769</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.	7	5,161,622
HK\$800,001 - HK\$900,000 p.a.	2	1,724,923
HK\$900,001 - HK\$1,000,000 p.a.	-	-
HK\$1,000,001 - HK\$1,100,000 p.a.	1	1,035,893
HK\$1,100,001 - HK\$1,200,000 p.a.	-	-
> HK\$1,200,000 p.a.	1	1,245,060

7. Other Charges The breakdown on Other Charges is as follows:

	2023-24	2022-23
Other Charges	\$	\$
(a) Utilities	594,910	513,031
(b) Food	167,704	98,739
(c) Administrative Expenses	742,656	806,753
(d) Stores and Equipment	1,158,407	1,679,915
(e) Repair and Maintenance	773,831	479,511
(f) Programme Expenses	3,955,248	3,476,385
(g) Transportation and Travelling	271,665	233,483
(h) Insurance	155,130	2,419,625
(i) Paramedical Service	3,181,742	3,263,070
(j) Miscellaneous	1,119,678	655,634
Total	<u>12,120,971</u>	<u>13,626,146</u>

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

	Lump Sum Grant (LSG)	Holding Account (HA)	Rent and Rates	Central Items	Total
	\$	\$	\$	\$	\$
Income					
Lump Sum Grant	79,496,311	-	-	-	79,496,311
Fee Income	328,326	-	-	-	328,326
Other Income	4,900,970	-	-	-	4,900,970
Interest Received (Note (1))	1,150,489	-	-	-	1,150,489
Rent and Rates	-	-	3,603,022	-	3,603,022
Central Items	-	-	-	4,877,311	4,877,311
Total Income (a)	85,876,096	-	3,603,022	4,877,311	94,356,429
Expenditure					
Personal Emoluments	71,685,264	-	-	-	71,685,264
Other Charges	12,120,971	-	-	-	12,120,971
Rent and Rates	-	-	3,938,432	-	3,938,432
Central Items	-	-	-	4,218,521	4,218,521
Total Expenditure (b)	83,806,235	-	3,938,432	4,218,521	91,963,188
Surplus/(Deficit) for the year (a)-(b)	2,069,861	-	(335,410)	658,790	2,393,241
Less : Surplus of Provident Fund	1,196,486	-	-	-	1,196,486
	873,375	-	(335,410)	658,790	1,196,755
Surplus/(Deficit) b/f (Note (2))	17,632,637	7,291,623	(1,176,450)	55,301	23,803,111
	18,506,012	7,291,623	(1,511,860)	714,091	24,999,866
Less: Development of a new Human Resources Management System [SWD email dated 17th January 2023]	(310,903)	-	-	-	(310,903)
Adjustment per SWD email dated 16/11/2022					
Add : Year 2023/24					
- Increase the balance of Rent and Rates	-	-	33,005	-	33,005
Add : Refund from Government	-	-	1,500,097	-	1,500,097
Less : Refund to Government	-	-	(72,401)	-	(72,401)
Surplus/(Deficit) c/f (Note (4))	18,195,109	7,291,623	(51,159)	714,091	26,149,664

Notes:

- # Including an amount \$Z being the utilised allocation under CI: ASCP / Enhanced ASCP / ASCP(PC) – FWSS*
- * For those programmes which are regarded as FSA services/ FSA-related activities only

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

- (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 (i.e. S1) will be capped at 25% of the NGO's operating expenditure (i.e. Total Expenditure (T1) excluding Provident Fund Contribution (K)) for the year.

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

The level of LSG cumulative reserve (i.e. S1) will be capped at 25% of the NGO's operating expenditure (i.e. Total Expenditure (T1+T2) excluding Provident Fund Contribution (K)) for the year.

(ii) Without SS [i.e. Position of SS as at 1 September 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 (i.e. S1) will be capped at 25% of the NGO's operating expenditure (i.e. Total Expenditure (T1) excluding Provident Fund Contribution (K)) 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 (i.e. S1+S2) will be capped at 25% of the NGO's operating expenditure (i.e. Total Expenditure (T1+T2) excluding Provident Fund Contribution (K)) 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) in SWD/S/109/1/10 of 4th April 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 6th March 2024. For details of the claw-back arrangement of the said 58 NGOs, please refer to the above letter.) accordingly.