

THE HONG KONG SOCIETY FOR THE DEAF

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED 31 MARCH 2026

F. S. Li & Co.

李福樹會計師事務所

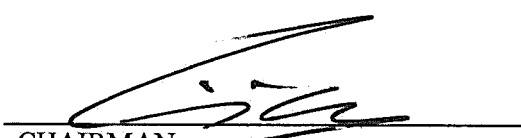
CERTIFIED PUBLIC ACCOUNTANTS
HONG KONG

ANNUAL FINANCIAL REPORT
NGO: The Hong Kong Society For The Deaf
1 APRIL 2025 TO 31 MARCH 2026

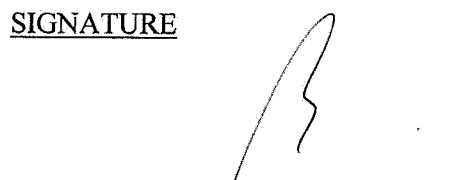
	Notes	2025-26 \$	2024-25 \$
A. INCOME			
1. Lump Sum Grant		81,661,374	83,081,051
a. Lump Sum Grant (excluding Provident Fund)	1b	76,470,859	77,714,295
b. Provident Fund	1c	5,190,515	5,366,756
2. Fee Income	2	473,852	377,106
3. Central Items	3	641,464	2,626,058
4. Rent and Rates	4	3,991,508	3,643,738
5. Other Income	5	2,991,725	2,736,720
6. Interest Received		523,147	1,308,344
TOTAL INCOME		90,283,070	93,773,017
B. EXPENDITURE			
1. Personal Emoluments			
a. Salaries		74,225,203	74,830,759
b. Provident Fund	1c	4,103,073	4,493,764
c. Allowances		-	-
Sub-total	6	78,328,276	79,324,523
2. Other Charges	7	7,586,736	10,934,983
3. Central Items	3	639,227	2,387,586
4. Rent and Rates	4	4,064,984	4,032,450
TOTAL EXPENDITURE		90,619,223	96,679,542
C. DEFICIT FOR THE YEAR	8	(336,153)	(2,906,525)

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. CHO A Gillian Ann
 DATE: 14 September 2026

SIGNATURE


 DIRECTOR
 Mr. CHEUNG Hon Wa
 DATE: 14 September 2026

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 services defined in Funding and Service Agreement (FSA) (including support services to FSA services) funded by the Social Welfare Department (SWD) under the Lump Sum Grant Subvention System and also FSA services / FSA-related activities funded by Other Funds or Donations for Designated Purposes. If NGOs receive funding from (i) specified government funds / subsidy schemes to implement services / projects or (ii) the Hong Kong Jockey Club Charities Trust or the Community Chest to implement welfare services / projects (should meet the conditions stipulated in paragraph 3.7.1 (b) of the Lump Sum Grant Subvention Manual) in 2025-26 and carry them forward to 2026-27, they are neither required to include these in the AFR nor apportion the costs of operating such services / projects, regardless of whether subvented resources are deployed or whether the services / projects provided are FSA services or FSA-related activities. Specified government funds / subsidy schemes are listed on SWD's website. 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. Other posts represent those staff that are employed after 1 April 2000. The Provident Fund received and contributed for staff under the Central Items and Other Funds or Donations for Designated Purposes which are separately included as part of the income and expenditure of the relevant disclosures have been shown under Note 3 and 8. Details are analysed below:

<u>Provident Fund Contribution</u>	Snapshot Staff \$	6.8% & Other Posts \$	Total \$
Subvention Received	475,326	4,715,189	5,190,515
Provident Fund Contribution			
Paid during the year	(363,353)	(3,739,720)	(4,103,073)
Surplus for the Year	111,973	975,469	1,087,442
Add : Surplus b/f	197,286	6,974,804	7,172,090
Add : Adj. of PF 2023/24 [Enclosure I (Attachment B) to SWD's letter ref: (51) in SWD 0075-0010-0060-0080-0035 dated 20 March 2025	(85,755)	20,690	(65,065)
Surplus c/f	<u>223,504</u>	<u>7,970,963</u>	<u>8,194,467</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 Subvention Manual.

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 5.5.4(c) of the LSG Subvention Manual). The income and expenditure of each of the Central Items are as follows:

a. <u>Income</u>	2025-26	2024-25
	\$	\$
Training Subsidy under Training Scheme for Child Care Supervisors and Special Child Care Workers in Pre-school Rehabilitation Services	-	60,000
Financial Incentive Scheme for Mentors of Employees with Disabilities	-	-
Training Subsidy Programme for Children on the Waiting List for Subvented Pre-school Rehabilitation Services	347,464	1,187,353
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	294,000	150,000
Time-defined Service Contract of Social Work Service for Pre-primary Institutions		
- Allocation	-	1,042,353
- Rent and Rates	-	186,352
Providing Assistance to PWDs under Government Public Transport Fare Concession Scheme (\$2 Scheme)	-	-
Total	641,464	2,626,058
b. <u>Expenditure</u>	2025-26	2024-25
	\$	\$
Training Subsidy under Training Scheme for Child Care Supervisors and Special Child Care Workers in Pre-school Rehabilitation Services	15,000	15,000
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	378,889	1,216,046
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	242,338	146,763
Time-defined Service Contract of Social Work Service for Pre-primary Institutions		
- Allocation	-	892,793
- Rent and Rates	-	62,672
Providing Assistance to PWDs under Government Public Transport Fare Concession Scheme (\$2 Scheme)	-	54,312
Total	639,227	2,387,586

- 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 represents all income, other than recognised fee income for subvented welfare services, received during the year in the operation of subvented services including income from other services that are incidental to the operation, programme income, etc. Other Funds or Donations for Designated Purposes may be included in AFR if they are used to finance expenditure of the FSA services / FSA-related activities and have been separately included in the relevant disclosures under the "Other Funds or Donations for Designated Purposes" column in Note 8 of the AFR.

The breakdown on Other Income is as follows :

	2025-26	2024-25
Other Income	\$	\$
(a) Fees and charges for services incidental to the operation of subvented services	2,535,015	2,257,747
(b) Administrative overhead charged to Non-Subvented services	279,968	240,000
(c) Reimbursement of Maternity Leave Pay Scheme reimbursement received	-	49,371
(d) Subsidy received for Abolition of MPF Offsetting Arrangement from Labour Department	1,890	-
(e) Others	174,852	189,602
Total	2,991,725	2,736,720

- 6. Personal Emoluments** Personal Emoluments include salary, provident fund, and salary-related allowances.

The analysis on number of posts with annual Personal Emoluments over \$1,000,000 each paid under LSG is appended below:

Analysis of Personal Emoluments paid under LSG	No of Posts	\$
HK\$1,000,001 - HK\$1,100,000 p.a.	1	1,066,997
HK\$1,100,001 - HK\$1,200,000 p.a.	-	-
HK\$1,200,001 - HK\$1,300,000 p.a.	-	-
HK\$1,300,001 - HK\$1,400,000 p.a.	1	1,361,278
HK\$1,400,001 - HK\$1,500,000 p.a.	-	-
>HK\$1,500,000 p.a.	-	-

- 7. Other Charges** This refers to expenses, other than personal emoluments, incurred in the operation and excluded expenditure for FSA services / FSA-related activities supported by Other Funds or Donations for Designated Purposes, which have been separately included in the relevant disclosures under the "Other Funds or Donations for Designated Purposes" column in Note 8 of the AFR.

The breakdown on Other Charges is as follows:

	2025-26	2024-25
Other Charges	\$	\$
(a) Utilities	522,737	566,074
(b) Food	137,713	171,294
(c) Administrative Expenses	815,264	870,696
(d) Stores and Equipment	647,763	950,213
(e) Repair and Maintenance	528,863	554,625
(f) Programme Expenses	2,778,589	2,864,570
(g) Transportation and Travelling	275,761	309,659
(h) Insurance	1,001,736	1,680,060
(i) Paramedical Service	599,170	2,062,030
(j) Miscellaneous	279,140	905,762
Total	7,586,736	10,934,983

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

	Lump Sum Grant (LSG)	Holding Account (HA)	Other Funds or Donations for Designated Purposes	Rent and Rates	Central Items	Total
	\$	\$	\$	\$	\$	\$
Income						
Lump Sum Grant	81,661,374	-	-	-	-	81,661,374
Fee Income	473,852	-	-	-	-	473,852
Other Income	2,991,725	-	5,987,319	-	-	8,979,044
Interest Received (Note (1))	523,147	-	-	-	-	523,147
Rent and Rates	-	-	-	3,991,508	-	3,991,508
Central Items	-	-	-	-	641,464	641,464
Total Income (a)	85,650,098	-	5,987,319	3,991,508	641,464	96,270,389
Expenditure						
Personal Emoluments	77,549,836	778,440	3,494,491	-	-	81,822,767
Other Charges	7,586,736	-	796,221	-	-	8,382,957
Rent and Rates	-	-	-	4,064,984	-	4,064,984
Central Items	-	-	-	-	639,227	639,227
Total Expenditure (b)	85,136,572	778,440	4,290,712	4,064,984	639,227	94,909,935
Surplus/(Deficit) for the year (a)-(b)	513,526	(778,440)	1,696,607	(73,476)	2,237	1,360,454
Less : Surplus of Provident Fund	1,087,442	-	-	-	-	1,087,442
Surplus/(Deficit) for the year (excl. PF)	(573,916)	(778,440)	1,696,607	(73,476)	2,237	273,012
Surplus/(Deficit) b/f (Note (2))	15,609,850	6,532,308	-	(103,974)	952,563	22,990,747
	15,035,934	5,753,868	1,696,607	(177,450)	954,800	23,263,759
Add : Refund from Government	-	-	-	391,564	-	391,564
Less : Refund to Government	-	-	-	(2,853)	-	(2,853)
Transfer from Other Funds	1,714,348	-	(1,714,348)	-	-	-
Transfer of Flag Day Reserve to LSG Reserve (a)	1,037,106	-	-	-	-	1,037,106
Adjustment per SWD email dated 16 November 2022						
Add : Year 2025/26						
- Increase of Rent and Rates	-	-	-	807	-	807
Surplus/(Deficit) c/f (Note (4))	17,787,388	5,753,868	(17,741)	212,068	954,800	24,690,383

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 only
- ^ Balance generated from those completed FSA services/ FSA-related activities which are funded by Other Funds or Donations for Designated Purposes
- (a) Following a management review of the intended use of the Flag Day Reserve arising from the net proceeds of the Flag Days held in 2011 and 2015, and after consultation with SWD, the reserve was reassessed and determined to be utilised in accordance with the original purpose of the Flag Day fundraising.

The fundraising proceeds were originally designated for supporting the operation of the Parents Resource Centre ("PRC"). As the PRC is a subvented service unit funded under LSG, the reserve will be applied to LSG services in alignment with the original fundraising purpose.

8. **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), the balance of HA and balance of Other Funds or Donations for Designated Purposes should be separately reported.
- (3) Amount of LSG Reserve used to cover the salary adjustment for 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 (K1)) 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 (K1)) 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 (K1)) 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 (K1)) 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 4 April 2022.]

- (5) As a support measure for the implementation of the Productivity Enhancement Programme, the claw-back arrangement of LSG cumulative reserve amount exceeding 25% of the NGO's operating expenditure would be suspended from 2023-24 (for NGOs with 2024-25 provisional subvention allocation of \$50M or more) / 2024-25 (for NGOs with 2024-25 provisional subvention allocation of less than \$50M) until 2028-29 as stipulated in SWD's letter under reference (1) / (2) / (3) / (4) in SWD 0075-0010-0060-0080-0040 of 3 March 2025.