

## ANNUAL FINANCIAL REPORT

NGO : HONG KONG SOCIETY FOR THE PROTECTION OF CHILDREN

(1 APRIL 2022 TO 31 MARCH 2023)

	Notes	2022-23 \$	2021-22 \$
<b>A. INCOME</b>			
1 Lump Sum Grant			
a. Lump Sum Grant (excluding Provident Fund)	1b	94,395,016	92,984,194
b. Provident Fund	1c	6,034,604	5,923,412
2 Fee Income	2	461,436	431,838
3 Central Items	3	12,710,896	3,204,894
4 Rent and Rates	4	2,363,741	1,386,557
5 Others Income	5	4,496,781	4,667,179
6 Interest Received		599,877	35,878
<b>TOTAL INCOME</b>		<u>121,062,351</u>	<u>108,633,952</u>
<b>B EXPENDITURE</b>			
1 Personal Emoluments			
a. Salaries		81,565,536	86,102,941
b. Provident Fund	1c	3,897,653	4,093,978
c. Allowances		-	-
d. Long Service Payments		118,117	-
e. Severance Payments		2,620	14,728
f. Relief Workers		4,288,845	2,039,092
<i>Sub-total</i>	6	<u>89,872,771</u>	<u>92,250,739</u>
2 Other Charges	7	14,241,267	8,200,373
3 Central Items	3	11,285,456	2,344,499
4 Rent and Rates	4	2,629,296	2,313,242
<b>TOTAL EXPENDITURE</b>		<u>118,028,790</u>	<u>105,108,853</u>
<b>C SURPLUS/(DEFICIT) FOR THE YEAR</b>	8	<u>3,033,561</u>	<u>3,525,099</u>

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.



Mr Robin Hammond  
CHAIRMAN

DATE : 19-Oct-2023



Ms Subrina Chow  
DIRECTOR

DATE : 19-Oct-2023

**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 which are separately included as part of the income and expenditure of the relevant items have been shown under Note 3. Details are analysed below :

<b><u>Provident Fund Contribution</u></b>	<b>Snapshot Staff</b>	<b>6.8% and Other Posts</b>	<b>2022-23 Total</b>
	\$	\$	\$
Subvention Received	370,092	5,664,512	6,034,604
Provident Fund Contribution Paid during the Year	(160,681)	(3,736,972)	(3,897,653)
Surplus/(Deficit) for the Year	209,411	1,927,540	2,136,951
<b><u>Add</u></b> : Surplus/(Deficit) b/f	(16,156)	11,211,853	11,195,697
Additional subvention received for previous year (s)	34,274	-	34,274
<b><u>Less</u></b> : Refund to Government	-	-	-
<b>Surplus/(Deficit) c/f</b>	<u>227,529</u>	<u>13,139,393</u>	<u>13,366,922</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 subsidies allocated to NGOs for specified purposes on a recurrent, time-limited or one-off basis 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. Any surplus, which is not allowed to be offset by any deficit of another item, is subject to claw-back by SWD according to the terms and conditions of individual central items. 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). The income and expenditure of each of the Central items are as follows :

	2022-23	2021-22
	\$	\$
<b>a. Income</b>		
After School Care Programme - Fee Waiving Subsidy Scheme	1,042,452	1,010,880
Time-defined Subsidy Scheme for Extended Hours Service Users ^	244,027	253,703
Time-defined Subsidy Scheme for Occasional Child Care Service Enhanced After School Care Programme - Fee Waiving Subsidy Scheme	149,102	153,700
Training Subsidy Programme for Children on the Waiting List for Subvented Pre-school Rehabilitation Services	958,115	1,146,611
Training Sponsorship Scheme for Master in Occupational Therapy and Physiotherapy programmes	-	640,000
Time-defined Service Contract of Social Work Service for Pre-primary Institutions	10,317,200	-
<b>Total</b>	<u>12,710,896</u>	<u>3,204,894</u>
<b>b. Expenditure</b>		
After School Care Programme - Fee Waiving Subsidy Scheme	993,700	898,976
Time-defined Subsidy Scheme for Extended Hours Child Service Users	-	1,466
Time-defined Subsidy Scheme for Occasional Child Care Service	-	-
Training Subsidy Programme for Children on the Waiting List for Subvented Pre-school Rehabilitation Services	1,059,567	1,124,057
Training Sponsorship Scheme for Master in Occupational Therapy and Physiotherapy programmes	640,000	320,000
Time-defined Service Contract of Social Work Service for Pre-primary Institutions	8,592,189	-
<b>Total</b>	<u>11,285,456</u>	<u>2,344,499</u>

^ Please refer to 4 (f) of Points to Note on Preparation of AFR and Analysis Schedules

- 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 need not be included as Other Income in AFR. In this respect, donations have been 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 :

	2022-23	2021-22
	\$	\$
<b>Other Income</b>		
(a) Programme income	-	-
(b) Production income	-	-
(b) Donation	-	-
(d) Income from Others Activities	4,496,781	4,667,179
(e) Utilised allocation under Central Items (CI) - After School Care Programme (ASCP) / Enhanced ASCP - Fee Waiving Subsidy Scheme (FWSS) which forms as part of Other Income *	-	-
(f) Reimbursement of Maternity Leave Pay (RMLP) Scheme reimbursement received	-	-
(g) Miscellaneous income	-	-
Sub-Total	<u>4,496,781</u>	<u>4,667,179</u>
<u>Less</u> : Utilised allocation under CI - ASCP / Enhanced ASCP/ASCP(PC) - FWSS which forms as part of Other Income *	-	-
<b>Total</b>	<u><u>4,496,781</u></u>	<u><u>4,667,179</u></u>

\* For those programmes which are regarded as FSA services/ FSA-related activities only

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 LSG</b>	<b>No of Posts</b>	<b>\$</b>
HK\$700,001 - HK\$800,000 p.a.	3	2,271,743
HK\$800,001 - HK\$900,000 p.a.	1	871,402
HK\$900,001 - HK\$1,000,000 p.a.	0	-
HK\$1,000,001 - HK\$1,100,000 p.a.	0	-
HK\$1,100,001 - HK\$1,200,000 p.a.	0	-
> HK\$1,200,000 p.a.	1	1,881,059

7. **Other Charges**

The breakdown on Other Charges is as follows:

<b>Other Charges</b>	<b>2022-23</b>	<b>2021-22</b>
	<b>\$</b>	<b>\$</b>
(a) Utilities	924,968	799,247
(b) Food	937,632	847,848
(c) Administrative Expenses	2,601,563	1,010,764
(d) Stores and Equipment	2,352,034	2,545,072
(e) Repair and Maintenance	1,415,052	931,332
(f) Special Allowances	-	-
(g) Programme Expenses	636,381	973,267
(h) Transportation and Travelling	83,481	36,674
(i) Insurance	746,205	500,455
(j) Staff Training Expenses	3,441,932	128,995
(k) Medicine and Medical	213,782	33,604
(l) Miscellaneous	888,237	393,115
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<b>Sub-Total</b>	<b>14,241,267</b>	<b>8,200,373</b>
<u>Less</u> : Utilised allocation under CI-ASCP / Enhanced ASCP / ASCP(PC) - FWSS * which forms as part of Other Income to fund the operating expenses of FSA services / FSA-related activities	-	-
	<hr/>	<hr/>
<b>Total</b>	<b>14,241,267</b>	<b>8,200,373</b>

\* For those programmes which are regarded as FSA services/ FSA-related activities only.

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

	Lump Sum Grant (LSG)	Holding Account (HA)	Adjustment for Utilised allocation under ASCP / Enhanced ASCP / ASCP(PC) - FWSS	Rent and Rates	Central Items (CI)	2022-23 Total
	\$	\$	\$	\$	\$	\$
<b>Income</b>						
Lump Sum Grant	100,429,620			-	-	100,429,620
Fee Income	461,436			-	-	461,436
Others Income	4,496,781		-	-	-	4,496,781
Interest Received (Note (1))	599,877			-	-	599,877
Rent and Rates	-			2,363,741	-	2,363,741
Central Items	-			-	12,710,896	12,710,896
<b>Total Income (a)</b>	<b>105,987,714</b>	<b>-</b>	<b>-</b>	<b>2,363,741</b>	<b>12,710,896</b>	<b>121,062,351</b>
<b>Expenditure</b>						
Personal Emoluments	88,811,060	1,061,711		-	-	89,872,771
Other Charges	14,241,267	-	-	-	-	14,241,267
Rent and Rates	-			2,629,296	-	2,629,296
Central Items	-			-	11,285,456	11,285,456
<b>Total Expenditure (b)</b>	<b>103,052,327</b>	<b>1,061,711</b>	<b>-</b>	<b>2,629,296</b>	<b>11,285,456</b>	<b>118,028,790</b>
<b>Surplus/(Deficit) for the Year (a) - (b)</b>	<b>2,935,387</b>	<b>(1,061,711)</b>	<b>-</b>	<b>(265,555)</b>	<b>1,425,440</b>	<b>3,033,561</b>
<b>Less : Surplus/(Deficit) of Provident Fund</b>	<b>2,136,951</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,136,951</b>
	798,436	(1,061,711)	-	(265,555)	1,425,440	896,610
<b>Surplus/(Deficit) b/f (Note (2))</b>	<b>21,903,178</b>	<b>9,185,059</b>	<b>-</b>	<b>(926,685)</b>	<b>1,777,391</b>	<b>31,938,943</b>
	22,701,614	8,123,348	-	(1,192,240)	3,202,831	32,835,553
<b>Add : Refund from Government</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Less : Refund to Government **</b>	<b>(1,769,192)</b>	<b>-</b>	<b>-</b>	<b>(54,688)</b>	<b>(557,085)</b>	<b>(2,380,965)</b>
Transfer from LSG Reserve to cover the salary adjustment for Dementia Supplement and Infirmary Care Supplement (Note (3))	-	-	-	-	-	-
Adjustment for utilised allocation under Enhanced ASCP / ASCP(PC) - FWSS * (over-estimated) / under-estimated in previous year (s)	-	-	-	-	-	-
<b>Surplus/(Deficit) e/f (Note (4))</b>	<b>20,932,422</b>	<b>8,123,348</b>	<b>-</b>	<b>(1,246,928)</b>	<b>2,645,746</b>	<b>30,454,588</b>

**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

## In Aug 2022, Government recovered a sum of \$1,835,000 which based on the no of children who were hospitalised or arranged other residential care services for the period from 21 Dec 2021 to 22 Apr 2022. (SWD Ref: (30) in SWD S/A376/I Pt 8)  
From the supplementary of subvention payroll, \$1,835,000 included the recovery of \$65,808 for the period from 1 Apr 2022 to 22 Apr 2022.

- (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 year (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 will be capped at 25% of the NGO's operating expenditure (i.e. Total Expenditure (i.e. Total Expenditure excluding Provident Fund Contribution) 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 will be capped at 25% of the NGO's operating expenditure (i.e. Total Expenditure excluding Provident Fund Contribution) 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 will be capped at 25% of the NGO's operating expenditure (i.e. Total Expenditure excluding Provident fund Contribution) for the year.  
From the fourth financial year (Year 1) onwards, the level of LSG cumulative reserve and HA reserve will be counted altogether and the combined reserve amount will be capped at 25% of the NGO's operating expenditure (i.e. Total Expenditure excluding Provident Fund Contribution) for the year. In this regard, separate disclosure of the movement of HA in their respective AFRs is not necessary.

[For (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.]

For any amount above the cap, SWD would arrange the claw-back (including provisional in the following financial year) accordingly.