

ANNUAL FINANCIAL REPORT

NGO : HONG KONG SOCIETY FOR THE PROTECTION OF CHILDREN

(1 APRIL 2023 TO 31 MARCH 2024)

	Notes	2023-24 \$	2022-23 \$
A. INCOME			
1 Lump Sum Grant			
a. Lump Sum Grant (excluding Provident Fund)	1b	108,699,308	94,395,016
b. Provident Fund	1c	6,791,183	6,034,604
2 Fee Income	2	616,480	461,436
3 Central Items	3	13,448,466	12,710,896
4 Rent and Rates	4	2,363,741	2,363,741
5 Others Income	5	5,622,574	4,496,781
6 Interest Received		<u>1,490,375</u>	<u>599,877</u>
TOTAL INCOME		<u>139,032,127</u>	<u>121,062,351</u>
B EXPENDITURE			
1 Personal Emoluments			
a. Salaries		104,587,346	81,565,536
b. Provident Fund	1c	4,682,389	3,897,653
c. Allowances		-	-
d. Long Service Payments		-	118,117
e. Severance Payments		-	2,620
f. Relief Workers		<u>3,191,630</u>	<u>4,288,845</u>
<i>Sub-total</i>	6	<u>112,461,365</u>	<u>89,872,771</u>
2 Other Charges	7	9,738,637	14,241,267
3 Central Items	3	10,914,139	11,285,456
4 Rent and Rates	4	<u>2,644,426</u>	<u>2,629,296</u>
TOTAL EXPENDITURE		<u>135,758,567</u>	<u>118,028,790</u>
C SURPLUS/(DEFICIT) FOR THE YEAR	8	<u>3,273,560</u>	<u>3,033,561</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 Vincent Lee
CHAIRMAN



Ms Subrina Chow
DIRECTOR

DATE : 24 October 2024

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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 :

<u>Provident Fund Contribution</u>	Snapshot Staff	6.8% and Other Posts	2023-24 Total
	\$	\$	\$
Subvention Received	135,306	6,659,147	6,794,453
Provident Fund Contribution Paid during the Year	(136,910)	(4,545,479)	(4,682,389)
Surplus/(Deficit) for the Year	(1,604)	2,113,668	2,112,064
Add : Surplus/(Deficit) b/f	227,529	13,139,393	13,366,922
Additional subvention received for previous year (s)	(18,118)	14,848	(3,270)
Less : Refund to Government	-	-	-
Surplus/(Deficit) c/f	<u>207,807</u>	<u>15,267,909</u>	<u>15,475,716</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 :

	2023-24 S	2022-23 S
a. Income		
After School Care Programme - Fee Waiving Subsidy Scheme	978,408	1,042,452
Time-defined Subsidy Scheme for Extended Hours Service Users	240,124	244,027
Time-defined Subsidy Scheme for Occasional Child Care Service Enhanced After School Care Programme - Fee Waiving Subsidy Scheme	157,410	149,102
Training Subsidy Programme for Children on the Waiting List for Subvented Pre-school Rehabilitation Services	1,258,283	958,115
Training Sponsorship Scheme for Master in Occupational Therapy and Physiotherapy programmes	650,000	-
Time-defined Service Contract of Social Work Service for Pre-primary Institutions	10,164,241	10,317,200
Total	<u>13,448,466</u>	<u>12,710,896</u>
b. Expenditure		
After School Care Programme - Fee Waiving Subsidy Scheme	936,892	993,700
Time-defined Subsidy Scheme for Extended Hours Child Service Users	2,361	-
Time-defined Subsidy Scheme for Occasional Child Care Service	1,227	-
Training Subsidy Programme for Children on the Waiting List for Subvented Pre-school Rehabilitation Services	1,374,015	1,059,567
Training Sponsorship Scheme for Master in Occupational Therapy and Physiotherapy programmes	320,000	640,000
Time-defined Service Contract of Social Work Service for Pre-primary Institutions	8,279,645	8,592,189
Total	<u>10,914,140</u>	<u>11,285,456</u>

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 :

	2023-24	2022-23
	\$	\$
Other Income		
(a) Programme income	-	-
(b) Production income	-	-
(b) Donation	-	-
(d) Income from Others Activities	5,622,574	4,496,781
(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>5,622,574</u>	<u>4,496,781</u>
<u>Less :</u> Utilised allocation under CI - ASCP / Enhanced ASCP/ASCP(PC) - FWSS which forms as part of Other Income *	-	-
Total	<u><u>5,622,574</u></u>	<u><u>4,496,781</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:

Analysis of Personal Emoluments paid under LSG	No of Posts	\$
HK\$700,001 - HK\$800,000 p.a.	17	12,816,938
HK\$800,001 - HK\$900,000 p.a.	9	7,460,821
HK\$900,001 - HK\$1,000,000 p.a.	1	970,324
HK\$1,000,001 - HK\$1,100,000 p.a.	1	1,075,632
HK\$1,100,001 - HK\$1,200,000 p.a.	1	1,164,034
> HK\$1,200,000 p.a.	3	4,392,936

7. Other Charges

The breakdown on Other Charges is as follows:

Other Charges	2023-24	2022-23
	\$	\$
(a) Utilities	1,040,442	924,968
(b) Food	1,239,818	937,632
(c) Administrative Expenses	2,061,531	2,601,563
(d) Stores and Equipment	1,877,562	2,352,034
(e) Repair and Maintenance	1,105,894	1,415,052
(f) Special Allowances	-	-
(g) Programme Expenses	217,760	636,381
(h) Transportation and Travelling	106,867	83,481
(i) Insurance	695,357	746,205
(j) Staff Training Expenses	240,266	3,441,932
(k) Medicine and Medical	330,335	213,782
(l) Miscellaneous	822,803	888,237
Sub-Total	9,738,635	14,241,267
<u>Less : Utilised allocation under CI-ASCP / Enhanced ASCP / ASCP(PC) - FWSS *</u>	-	-
which forms as part of Other Income to fund the operating expenses of FSA services / FSA-related activities		
Total	9,738,635	14,241,267

* 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)	2023-24 Total
	\$	\$	\$	\$	\$	\$
Income						
Lump Sum Grant	115,490,491			-	-	115,490,491
Fee Income	616,480			-	-	616,480
Others Income	5,622,574			-	-	5,622,574
Interest Received (Note (1))	1,490,375			-	-	1,490,375
Rent and Rates	-			2,363,741	-	2,363,741
Central Items	-			-	13,448,466	13,448,466
Total Income (a)	123,219,920	-	-	2,363,741	13,448,466	139,032,127
Expenditure						
Personal Emoluments	111,439,135	1,022,230		-	-	112,461,365
Other Charges	9,738,637			-	-	9,738,637
Rent and Rates	-			2,644,426	-	2,644,426
Central Items	-			-	10,914,139	10,914,139
Total Expenditure (b)	121,177,772	1,022,230	-	2,644,426	10,914,139	135,758,567
Surplus/(Deficit) for the Year (a) - (b)	2,042,148	(1,022,230)	-	(280,685)	2,534,327	3,273,560
Less : Surplus/(Deficit) of Provident Fund	2,112,064	-	-	-	-	2,112,064
	(69,916)	(1,022,230)	-	(280,685)	2,534,327	1,161,496
Surplus/(Deficit) b/f (Note (2))	20,932,422	8,123,348	-	(1,246,928)	2,645,746	30,454,588
	20,862,506	7,101,118		(1,527,613)	5,180,073	31,616,084
Add : Refund from Government	-	-	-	-	-	-
Less : Refund to Government	-	-	-	(54,688)	(393,129)	(447,817)
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 pervious year (s)	-	-	-	-	-	-
Surplus/(Deficit) c/f (Note (4))	20,862,506	7,101,118	-	(1,582,301)	4,786,944	31,168,267

Notes :

Including an amount \$0 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

- (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 (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 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/S of 6 March 2024. For details of the claw-back arrangement for the said 58 NGOs, please refer to the above letter.) accordingly.