

**THE HONG KONG SOCIETY FOR THE BLIND**  
**ANNUAL FINANCIAL REPORT**  
**FOR THE PERIOD FROM 1ST APRIL 2015**  
**TO 31ST MARCH 2016**

# ANNUAL FINANCIAL REPORT

## THE HONG KONG SOCIETY FOR THE BLIND

1 APRIL 2015 TO 31 MARCH 2016

	Notes	2015-16 Total \$	2014-15 Total \$
<b>A. INCOME</b>			
1. Lump Sum Grant			
a. Lump Sum Grant (excluding Provident Fund)	<b>1b</b>	106,798,970.00	99,058,782.00
b. Provident Fund	<b>1c</b>	9,800,205.00	9,394,736.00
Sub-total		<u>116,599,175.00</u>	<u>108,453,518.00</u>
2. Fee Income	<b>2</b>	11,382,229.00	11,600,219.00
3. Central Items	<b>3</b>	7,956,260.00	8,078,864.00
4. Rent and Rates	<b>4</b>	1,472,015.00	1,422,366.00
5. Other Income	<b>5</b>	12,142,815.72	5,089,371.88
6. Interest Received		459,137.13	579,919.86
TOTAL INCOME		<u>150,011,631.85</u>	<u>135,224,258.74</u>
<b>B. EXPENDITURE</b>			
1. Personal Emoluments			
a. Salaries		98,161,100.06	92,192,147.09
b. Provident Fund	<b>1c</b>	8,257,964.66	7,765,288.11
c. Allowances		49,560.00	47,400.00
Sub-total	<b>6</b>	<u>106,468,624.72</u>	<u>100,004,835.20</u>
2. Other Charges	<b>7</b>	28,944,443.01	20,340,128.19
3. Central Items	<b>3</b>	7,227,153.72	6,056,258.53
4. Rent and Rates	<b>4</b>	2,152,164.80	2,107,340.00
TOTAL EXPENDITURE		<u>144,792,386.25</u>	<u>128,508,561.92</u>
<b>C. SURPLUS/(DEFICIT) FOR THE YEAR</b>	<b>8</b>	<u>5,219,245.60</u>	<u>6,715,696.82</u>

SIGNATURE

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CHAIRMAN

DATE: 31 Oct 2016

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CHIEF EXECUTIVE

DATE: 31 Oct 2016

## NOTES ON THE ANNUAL FINANCIAL REPORT

### 1. Lump Sum Grant

#### a. Basis of preparation

The Annual Financial Report (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** like 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.

Please note that the PF received and contributed for staff under the Central Items have been shown under 3.

**Details are analysed below:**

<u>Provident Fund Contribution</u>	Snapshot Staff	6.8% and Other Posts	Total
	\$	\$	\$
Subvention Received	4,845,755.00	4,954,450.00	9,800,205.00
Provident Fund Contribution Paid during the Year	4,209,604.40 <small>Note i</small>	4,048,360.26 <small>Note i</small>	8,257,964.66
Surplus/ (Deficit) for the year of 2015/16	636,150.60	906,089.74	1,542,240.34
<b>Add:</b> Surplus/ (Deficit) b/f	2,804,995.40	9,156,981.41	11,961,976.81
Transfer from Snapshot Staff to 6.8% and other posts	-	-	-
<b>Less:</b> Return to Government	-	-	-
<b>Surplus/ (Deficit) c/f</b>	<b>3,441,146.00</b> <small>Note ii</small>	<b>10,063,071.15</b> <small>Note ii</small>	<b>13,504,217.15</b>

### 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 Lump Sum Grant Manual.

Note i:	Snapshot Staff	6.8% and Other Posts
	\$	\$
Provident Fund Contribution Paid during the Year	4,471,378.11	3,786,586.55
Adjustment for previous year per 2015 Inspection recommendation		
Transfer from "Snapshot Staff" to "6.8% and Other Posts"	(261,773.71)	261,773.71
	<u>4,209,604.40</u>	<u>4,048,360.26</u>

**NOTES ON THE ANNUAL FINANCIAL REPORT**

**3. Central Items**

These are subvented service activities which are not included in Lump Sum Grant and are subject to their own procedures as set out in other SWD's papers and correspondence with the NGOs. The PF 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 3.13 of LSG Manual). The income and expenditure of each of the Central Items are as follows:

	<b>2015-16</b>	<b>2014-15</b>
	<b>\$</b>	<b>\$</b>
<b>a. Income</b>		
Dementia Supplement for Residential Elderly Services	2,670,784.00	2,550,782.00
Infirmiry Care Supplement for Residential Elderly Services	2,532,651.00	1,979,046.00
Permanent Programme Assistants/Care Assistants for Elderly Services and Rehabilitation Medical and Social Services	0.00	747,500.00
Regularized Programme Assistants (PA)/Care Assistants (CA)	0.00	646,653.00
Allowances for Specific Services Arising from the Implementation of the Minimum Wage Ordinance (Overnight On-site-on-call Allowance)	201,428.00	187,115.00
Financial Incentive Scheme for Mentors of Employees with Disabilities (Note i)	0.00	13,125.00
One-off Supplementary Grant for Service Re-engineering Plan of the Factory for the Blind	1,467,800.00	1,467,800.00
Special One-off Subsidy for Better Care for Elderly Persons with Dementia (Note iii)	504,390.00	163,358.00
Special One-off Subsidy for Better Care for Elderly Persons Requiring Infirmiry Care (Note iii)	579,207.00	323,485.00
<b>Total</b>	<u>7,956,260.00</u>	<u>8,078,864.00</u>
<b>b. Expenditure</b>		
Dementia Supplement for Residential Elderly Services	2,669,988.53	2,548,522.65
Infirmiry Care Supplement for Residential Elderly Services	2,532,651.62	1,979,433.81
Permanent Programme Assistants/Care Assistants for Elderly Services and Rehabilitation Medical and Social Services	0.00	652,080.87
Regularized Programme Assistants (PA)/Care Assistants (CA)	0.00	429,819.62
Allowances for Specific Services Arising from the Implementation of the Minimum Wage Ordinance (Overnight On-site-on-call Allowance)	201,428.00	187,115.00
Financial Incentive Scheme for Mentors of Employees with Disabilities (Note i)	-	-
One-off Supplementary Grant for Service Re-engineering Plan of the Factory for the Blind (Note ii)	1,336,242.57	259,286.58
Special One-off Subsidy for Better Care for Elderly Persons with Dementia (Note iii)	163,358.00	-
Special One-off Subsidy for Better Care for Elderly Persons Requiring Infirmiry Care (Note iii)	323,485.00	-
<b>Total</b>	<u>7,227,153.72</u>	<u>6,056,258.53</u>
Note i:		
Financial Incentive Scheme for Mentors of Employees with Disabilities		
Balance brought forward	13,125.00	7,292.00
Add: Amount received but not yet utilised	0.00	5,833.00
Balance carried forward	<u>13,125.00</u>	<u>13,125.00</u>
Note ii:		
One-off Supplementary Grant for Service Re-engineering Plan of Factory for the Blind		
Sales Income	13,354,426.61	13,453,036.33
Service Income	5,463.91	5,052.84
	<u>13,359,890.52</u>	<u>13,458,089.17</u>
Less: Expenditure	<u>(14,696,133.09)</u>	<u>(13,717,375.75)</u>
Net Amount	<u>(1,336,242.57)</u>	<u>(259,286.58)</u>
Note iii:		
Cash received in advance for next financial year:		
Special One-off Subsidy for Better Care for Elderly Persons with Dementia	504,390.00	163,358.00
Special One-off Subsidy for Better Care for Elderly Persons Requiring Infirmiry Care	579,207.00	323,485.00
Balance carried forward	<u>1,083,597.00</u>	<u>486,843.00</u>

## NOTES ON THE ANNUAL FINANCIAL REPORT

### 4. Rent and Rates

This represents the amount paid by Social Welfare Department 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 been included as Other Income in AFR.

### 6. Personal Emoluments

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

The analysis on number of posts with annual Personal Emoluments over \$500,000 each is appended below:

<u>Analysis of Personal Emoluments</u>	<u>No of Posts</u>	<u>HK\$</u>
HK\$500,001-HK\$600,000 p.a.	6	3,286,173.00
HK\$600,001-HK\$700,000 p.a.	12	7,769,910.00
HK\$700,001-HK\$800,000 p.a.	2	1,429,818.00
HK\$800,001-HK\$900,000 p.a.	2	1,681,244.00
HK\$900,001-HK\$1,000,000 p.a.	3	2,855,028.00
>HK\$1,000,000 p.a.	1	1,568,646.00

### 7. Other Charges

The breakdown on Other Charges is as follows:

<u>Other Charges</u>	<u>2015-16</u>	<u>2014-15</u>
	\$	\$
(a) Utilities	5,956,567.58	6,047,946.41
(b) Food	3,951,839.98	4,043,606.07
(c) Administrative Expenses	955,597.47	966,803.88
(d) Stores and Equipment	1,020,306.91	954,308.86
(e) Repair and Maintenance	3,641,065.65	2,693,193.60
(f) Programme Expenses (Note)	9,461,393.95	2,235,966.34
(g) Transportation and Travelling	346,956.58	318,538.78
(h) Insurance	857,410.13	798,071.94
(i) Miscellaneous	2,753,304.77	2,281,692.31
Direct Production Cost	843,560.29	827,754.27
Direct Raw Materials	135,205.60	139,738.03
Indirect Production Cost	806,388.96	695,153.56
Others	968,149.92	619,046.45
<b>Total</b>	<b>28,944,443.02</b>	<b>20,340,128.19</b>

Note: Include adjustment of Residents' Daily Necessities per 2015 SWD Inspection recommendation

**NOTES ON THE ANNUAL FINANCIAL REPORT**

**8. Analysis of Reserve Fund as at 31/3/2016**

Analysis of Reserve Fund					
	Lump Sum Grant (LSG)	Special One-off Grant (SOG)	Rent and Rates	Central Items	Total
<b>Income</b>					
Lump Sum Grant	116,599,175.00	-	-	-	116,599,175.00
Fee Income	11,382,229.00	-	-	-	11,382,229.00
Other Income	12,142,815.72	-	-	-	12,142,815.72
Interest Received (Note (1))	459,137.13	-	-	-	459,137.13
Rent and Rates	-	-	1,472,015.00	-	1,472,015.00
Central Items	-	-	-	7,956,260.00	7,956,260.00
Total Income	( a ) 140,583,356.85	0.00	1,472,015.00	7,956,260.00	150,011,631.85
<b>Expenditure</b>					
Personal Emoluments	106,468,624.72	-	-	-	106,468,624.72
Other Charges	28,944,443.01	-	-	-	28,944,443.01
Rent and Rates	-	-	2,152,164.80	-	2,152,164.80
Central Items	-	-	-	7,227,153.72	7,227,153.72
Total Expenditure	( b ) 135,413,067.73	0.00	2,152,164.80	7,227,153.72	144,792,386.25
Surplus/(Deficit) for the Year	( a ) - ( b ) = ( c )	-	(680,149.80)	729,106.28	5,219,245.60
Less: Surplus/(Deficit) of Provident Fund	1,542,240.34	-	-	-	1,542,240.34
Surplus/(Deficit) for the Year excluding Provident Fund	3,628,048.78	-	(680,149.80)	729,106.28	3,677,005.26
Surplus/(Deficit) b/f (Note (2))	( d ) + ( e ) 31,035,384.49	-	(4,731,030.00)	5,336,043.80	31,640,398.29
Less: Refund to Government	-	-	(160,148.00)	(218,403.78)	(378,551.78)
Transfer from LSG Reserve to cover the salary adjustment for DS & ICS (Note (3))	-	-	-	-	0.00
Surplus/(Deficit) c/f (Note (5))	34,663,433.27	0.00	(5,571,327.80)	5,846,746.30	34,938,851.77
	<b>S</b>				

**Notes:**

- (1) All the interest received on LSG and PF reserves, rent and rates, central items, Special One-off Grant is included as one item under LSG; and the item is considered as part of LSG reserve.
- (2) Accumulated balance Lump Sum Grant Surplus b/f from previous years and all interest received in previous years are 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 of Central Items.
- (4) The level of LSG cumulative reserve (i.e. S) will be capped at 25% of the NGO's operating expenditure (excluding PF expenditure) for the year.

[Total Expenditure excluding PF expenditure = \$135,413,067.73 - \$8,257,964.66 = \$ 127,155,103.07]

(Remarks)	Lump Sum Grant	Special One-off Grant (SOG)	Rent and Rates	Central Items	Total
Surplus/(Deficit) (Pre 4/2007) c/f	( d ) 23,734,971.92	0.00	(1,742,306.50)	192,517.70	22,185,183.12
Cumulated Surplus/(Deficit) (From 4/2007) b/f	( e ) 7,300,412.57	0.00	(2,988,723.50)	5,143,526.10	9,455,215.17
Surplus/(Deficit) for 15/16 before transfers	3,628,048.78	-	(680,149.80)	729,106.28	3,677,005.26
Less: Refund to Government	-	-	(160,148.00)	(218,403.78)	(378,551.78)
Less: Transfer from LSG Reserve to cover the salary adjustment for CI (Note 3)	-	-	-	-	0.00
Surplus/(Deficit) for 15/16 after transfers	( g ) 3,628,048.78	0.00	(840,297.80)	510,702.50	3,298,453.48
Cumulated Surplus/(Deficit) (From 4/2007) ( e ) + ( g ) = ( S )	( S ) 10,928,461.35	0.00	(3,829,021.30)	5,654,228.60	12,753,668.65
Cumulated Surplus/(Deficit) as at 31.3.16	( d ) + ( S ) 34,663,433.27	0.00	(5,571,327.80)	5,846,746.30	34,938,851.77

**Remuneration Packages for Staff in the Top Three Tiers  
of Subvented Non-governmental Organisations**

**Review Report for the Reporting Year of 2015-16**

(to be completed if not exempt from the Government Guidelines)

To: Director of Social Welfare  
(Attn : Subventions Section)  
38/F, Sunlight Tower,  
248 Queen's Road East  
Wan Chai, Hong Kong

**Fax No. : 2575 6537**

[Please read the explanatory notes before completing this proforma. The completed proforma should reach SWD by 31 October of each reporting year.]

**Part A: Remuneration Packages**

Information of my staff in the top three tiers -

(1) Staff of 1<sup>st</sup> Tier <sup>1</sup>

(a) Number of staff 1

(b) Rank CSWO

(c) Post Chief Executive

(d) Total annual staff costs <sup>2</sup> (including those not under SWD subventions, if applicable) \$1,573,686  
[I(d) should be equal to or greater than I(e)] *(round up to dollar)*

(e) Total annual staff costs under SWD subventions \$1,573,686  
[I(e)=I(g)(i)+(ii)+(iii)+(iv)] *(round up to dollar)*

(f) Please specify the months covered if (1)(e) was not incurred for the full year: - months

(g) Breakdown of (1)(e)

(i) Salary <sup>3</sup> \$1,364,040

(ii) Provident Fund \$ 204,606

(iii) Cash Allowance <sup>4</sup> (please specify if any: ) \$ -

(iv) Non-cash based Benefits <sup>5</sup> (please specify if any: Free medical hospitalization scheme ) \$ 5,040

(2) Staff of 2<sup>nd</sup> Tier <sup>1</sup>

(a) Number of staff	5	
(b) Rank	SWO	
(c) Post	Director	
(d) Total annual staff costs <sup>2</sup> (including those not under SWD subventions, if applicable) [2(d) should be equal to or greater than 2(e)]		\$ 4,881,686 <hr style="width: 100%; border: 0.5px solid black;"/> <i>(round up to dollar)</i>
(e) Total annual staff costs under SWD subventions [2(e)=2(f)(i)+(ii)+(iii)+(iv)]		\$ 3,793,624 <hr style="width: 100%; border: 0.5px solid black;"/> <i>(round up to dollar)</i>
(f) Breakdown of (2)(e)		
(i) Salary <sup>3</sup>		\$ 3,556,632 <hr style="width: 100%; border: 0.5px solid black;"/>
(ii) Provident Fund		\$ 236,992 <hr style="width: 100%; border: 0.5px solid black;"/>
(iii) Cash Allowance <sup>4</sup> (please specify if any:	)	\$ - <hr style="width: 100%; border: 0.5px solid black;"/>
(iv) Non-cash based Benefits <sup>5</sup> (please specify if any:	)	\$ - <hr style="width: 100%; border: 0.5px solid black;"/>

(3) Staff of 3<sup>rd</sup> Tier <sup>1</sup>

(a) Number of staff	9	
(b) Rank	SSWA/ASWO	
(c) Post	Manager, Supervisor, Superintendent	
(d) Total annual staff costs <sup>2</sup> (including those not under SWD subventions, if applicable) [3(d) should be equal to or greater than 3(e)]		\$ 5,750,570 <hr style="width: 100%; border: 0.5px solid black;"/> <i>(round up to dollar)</i>
(e) Total annual staff costs under SWD subventions [3e=3(f)(i)+(ii)+(iii)+(iv)]		\$ 5,522,058 <hr style="width: 100%; border: 0.5px solid black;"/> <i>(round up to dollar)</i>
(f) Breakdown of (3)(e)		
(i) Salary <sup>3</sup>		\$ 5,017,562 <hr style="width: 100%; border: 0.5px solid black;"/>
(ii) Provident Fund		\$ 504,496 <hr style="width: 100%; border: 0.5px solid black;"/>
(iii) Cash Allowance <sup>4</sup> (please specify if any:	)	\$ - <hr style="width: 100%; border: 0.5px solid black;"/>
(iv) Non-cash based Benefits <sup>5</sup> (please specify if any:	)	\$ - <hr style="width: 100%; border: 0.5px solid black;"/>

