

THE HONG KONG SOCIETY FOR THE BLIND
ANNUAL FINANCIAL REPORT
FOR THE PERIOD FROM 1ST APRIL 2016
TO 31ST MARCH 2017

ANNUAL FINANCIAL REPORT

THE HONG KONG SOCIETY FOR THE BLIND

1 APRIL 2016 TO 31 MARCH 2017

	Notes	2016-17 \$	2015-16 \$
A. INCOME			
1. Lump Sum Grant			
a. Lump Sum Grant (excluding Provident Fund)	1b	114,398,949.00	106,798,970.00
b. Provident Fund	1c	10,013,954.00	9,800,205.00
Sub-total		124,412,903.00	116,599,175.00
2. Fee Income	2	11,624,687.50	11,382,229.00
3. Central Items	3	7,143,776.00	7,956,260.00
4. Rent and Rates	4	1,484,634.00	1,472,015.00
5. Other Income	5	23,259,975.03	12,142,815.72
6. Interest Received		482,354.29	459,137.13
TOTAL INCOME		168,408,329.82	150,011,631.85
B. EXPENDITURE			
1. Personal Emoluments			
a. Salaries		105,409,865.54	98,161,100.06
b. Provident Fund	1c	8,773,550.25	8,257,964.66
c. Allowances		51,900.00	49,560.00
Sub-total	6	114,235,315.79	106,468,624.72
2. Other Charges	7	40,172,742.41	28,944,443.01
3. Central Items	3	6,808,897.97	7,227,153.72
4. Rent and Rates	4	2,067,360.00	2,152,164.80
TOTAL EXPENDITURE		163,284,316.17	144,792,386.25
C. SURPLUS/(DEFICIT) FOR THE YEAR	8	5,124,013.65	5,219,245.60

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

SIGNATURE

CHAIRMAN

DATE: 19 OCT 2017

CHIEF EXECUTIVE

DATE: 19 OCT 2017

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 have been shown under 3.

Details are analysed below:

<u>Provident Fund Contribution</u>	Snapshot Staff	6.8% and Other Posts	Total
	\$	\$	\$
Subvention Received	4,601,273.00	5,412,681.00	10,013,954.00
Provident Fund Contribution Paid during the Year	<u>4,372,597.90</u>	<u>4,400,952.35</u>	<u>8,773,550.25</u>
Surplus/ (Deficit) for the year of 2016/17	228,675.10	1,011,728.65	1,240,403.75
Add: Surplus/ (Deficit) b/f	3,441,146.00	10,063,071.15	13,504,217.15
Adjustment for ORSO Scheme Administration Trustee Fee for 2015/16 per Inspection Recommendation	56,880.27	(253.35)	56,626.92
Less: Refund to Government (Note)	(2,002,003.23)	152,121.00	(1,849,882.23)
Transfer from Snapshot Staff to 6.8% and other posts (Refer to SWD letter Ref: (54) in SWDSF/SAS/4-65/82(368) dt 8-Dec-16)	<u>(1,064,765.50)</u>	<u>1,064,765.50</u>	<u>-</u>
Surplus/ (Deficit) c/f	<u><u>659,932.64</u></u>	<u><u>12,291,432.95</u></u>	<u><u>12,951,365.59</u></u>

Note:

Clawed by SWD in 2016/17(Snapshot Staff \$39,930.00 x 12 months)

Additional payment for 6.8% Post and Others (\$12,676.00 x 11 + \$12,685.00)

Overpayment of Provident Fund subvention recovered by SWD in Jan 2017

Amount of surplus returned to Government in Jan 2017

Snapshot Staff	6.8% and Other Posts
\$	\$
479,160.00	-
946,984.23	152,121.00
575,859.00	-
<u>2,002,003.23</u>	<u>152,121.00</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:

	2016-17 \$	2015-16 \$
a. Income		
Dementia Supplement for Elderly with Disabilities	2,746,203.00	2,670,784.00
Infirmiry Care Supplement for Aged Blind Persons	2,890,728.00	2,532,651.00
Allowances for Specific Services Arising from the Implementation of the Minimum Wage Ordinance (Overnight On-site-on-call Allowance)	202,730.00	201,428.00
Financial Incentive Scheme for Mentors of Employees with Disabilities (<i>Note i</i>)	1,167.00	-
One-off Supplementary Grant for Service Re-engineering Plan of the Factory for the Blind	-	1,467,800.00
Training Sponsorship Scheme for Master in Physiotherapy (MPT) of the HK PolyU	270,000.00	-
Special One-off Subsidy for Better Care for Elderly Persons with Dementia (<i>Note iii</i>)	563,178.00	504,390.00
Special One-off Subsidy for Better Care for Elderly Persons Requiring Infirmiry Care (<i>Note iii</i>)	469,770.00	579,207.00
Total	7,143,776.00	7,956,260.00
b. Expenditure		
Dementia Supplement for Elderly with Disabilities	2,746,028.02	2,669,988.53
Infirmiry Care Supplement for Aged Blind Persons	2,894,801.95	2,532,651.62
Allowances for Specific Services Arising from the Implementation of the Minimum Wage Ordinance (Overnight On-site-on-call Allowance)	84,471.00	201,428.00
Financial Incentive Scheme for Mentors of Employees with Disabilities (<i>Note i</i>)	-	-
One-off Supplementary Grant for Service Re-engineering Plan of the Factory for the Blind (<i>Note ii</i>)	-	1,336,242.57
Training Sponsorship Scheme for Master in Physiotherapy (MPT) of the HK PolyU	-	-
Special One-off Subsidy for Better Care for Elderly Persons with Dementia (<i>Note iii</i>)	504,390.00	163,358.00
Special One-off Subsidy for Better Care for Elderly Persons Requiring Infirmiry Care (<i>Note iii</i>)	579,207.00	323,485.00
Total	6,808,897.97	7,227,153.72
<i>Note i:</i>		
<i>Financial Incentive Scheme for Mentors of Employees with Disabilities</i>		
<i>Balance brought forward</i>	13,125.00	13,125.00
<i>Add: Adjustment for 2012/13</i>	1,167.00	-
<i>Balance carried forward</i>	14,292.00	13,125.00
<i>Note ii:</i>		
<i>One-off Supplementary Grant for Service Re-engineering Plan of Factory for the Blind</i>		
<i>Sales Income</i>	-	13,354,426.61
<i>Service Income</i>	-	5,463.91
	-	13,359,890.52
<i>Less: Expenditure</i>	-	(14,696,133.09)
<i>Net Amount</i>	-	(1,336,242.57)
<i>Note iii:</i>		
<i>Cash received in advance for next financial year:</i>		
<i>Special One-off Subsidy for Better Care for Elderly Persons with Dementia</i>	563,178.00	504,390.00
<i>Special One-off Subsidy for Better Care for Elderly Persons Requiring Infirmiry Care</i>	469,770.00	579,207.00
<i>Balance carried forward</i>	1,032,948.00	1,083,597.00

4. Rent and Rates

This represents the amount paid by SWD in respect of premises recognised by SWD. Expenditure on rent & 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. In this respect, donations have been included if it is used to finance expenditure reflected in the AFR.

The breakdown on Other Income (paragraph 2.29 of LSG Manual (October 20160) is as follows:

	2016-17	2015-16
Other Income	\$	\$
(a) Fees and charges for services incidental to the operation of subvented services (<i>Note 1</i>)	20,369,964.82	9,813,397.36
(b) Others	2,890,010.21	2,329,418.36
Total	23,259,975.03	12,142,815.72

Note 1:

Include adjustment of Residents' Daily Necessities per 2015 SWD Inspection recommendation (\$5,290,805.50) and Factory resumed under LSG subvention after "One-off Supplementary Grant for Service Re-engineering Plan" ended

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\$
HK\$700,001-HK\$800,000 p.a.	8	5,850,621.00
HK\$800,001-HK\$900,000 p.a.	2	1,725,987.00
HK\$900,001-HK\$1,000,000 p.a.	2	1,814,480.00
HK\$1,000,001-HK\$1,100,000 p.a.	2	2,043,127.00
HK\$1,100,001-HK\$1,200,000 p.a.	-	-
>HK\$1,200,000 p.a.	1	1,683,393.00

7. Other Charges

The breakdown on Other Charges is as follows:

	2016-17	2015-16
	\$	\$
Other Charges		
(a) Utilities	6,794,416.60	5,956,567.58
(b) Food	4,137,500.45	3,951,839.98
(c) Administrative Expenses	1,129,809.32	955,597.47
(d) Stores and Equipment	1,150,678.56	1,020,306.91
(e) Repair and Maintenance	5,002,488.02	3,641,065.65
(f) Programme Expenses <i>(Note 1)</i>	4,780,547.11	9,461,393.95
(g) Transportation and Travelling	561,840.47	346,956.58
(h) Insurance	851,352.73	857,410.13
(i) Miscellaneous <i>(Note 2)</i>	15,764,109.15	2,753,304.76
Direct Production Cost	4,859,671.33	843,560.29
Direct Raw Materials	8,584,059.91	135,205.60
Indirect Production Cost	1,257,103.03	806,388.95
Others	1,063,274.88	968,149.92
Total	40,172,742.41	28,944,443.01

Note 1:

Include adjustment of Residents' Daily Necessities per 2015 SWD Inspection recommendation (\$5,290,805.50)

Note 2:

Factory resumed under LSG subvention after "One-off Supplementary Grant for Service Re-engineering Plan" ended

7a. Special One-off Grant Payments

Details of Special One-off Grant Payments are as follows:

	2016-17	2015-16
	\$	\$
Special one-off Grant Payments		
(a) Voluntary Retirement Scheme	-	-
(b) Compensation Scheme	-	-
(c) Staff Training and Development	-	-
(d) Other Staff-related Initiatives	-	-
Total	-	-

8. Analysis of Lump Sum Grant Reserve and balances of other SWD subventions as at 31/3/2017

Analysis of Reserve Fund					
	Lump Sum Grant (LSG)	Special One-off Grant (SOG)	Rent and Rates	Central Items	Total
Income					
Lump Sum Grant	124,412,903.00	-	-	-	124,412,903.00
Fee Income	11,624,687.50	-	-	-	11,624,687.50
Other Income	23,259,975.03	-	-	-	23,259,975.03
Interest Received (Note (1))	482,354.29	-	-	-	482,354.29
Rent and Rates	-	-	1,484,634.00	-	1,484,634.00
Central Items	-	-	-	7,143,776.00	7,143,776.00
Total Income	(a) 159,779,919.82	-	1,484,634.00	7,143,776.00	168,408,329.82
Expenditure					
Personal Emoluments	114,235,315.79	-	-	-	114,235,315.79
Other Charges	40,172,742.41	-	-	-	40,172,742.41
Rent and Rates	-	-	2,067,360.00	-	2,067,360.00
Central Items	-	-	-	6,808,897.97	6,808,897.97
Total Expenditure	(b) 154,408,058.20	-	2,067,360.00	6,808,897.97	163,284,316.17
Surplus/(Deficit) for the Year	(c) 5,371,861.62	-	(582,726.00)	334,878.03	5,124,013.65
(a) - (b) = (c)					
Less: Surplus/(Deficit) of Provident Fund	1,240,403.75	-	-	-	1,240,403.75
Surplus/(Deficit) for the Year excluding Provident Fund	4,131,457.87	-	(582,726.00)	334,878.03	3,883,609.90
Surplus/(Deficit) b/f (Note (2))	(d) + (e) 34,663,433.27	-	(5,571,327.80)	5,846,746.30	34,938,851.77
	38,794,891.14	-	(6,154,053.80)	6,181,624.33	38,822,461.67
Add: Reimbursement for Rent and Rates (One-off payment) from 2011/12 to 2014/15	-	-	520,292.00	-	520,292.00
Less: ORSO Scheme Administration Trustee Fee adjustment for 2015/16	(56,626.92)	-	-	-	(56,626.92)
Less: Refund to Government	-	-	-	-	-
Transfer from LSG Reserve to cover the salary adjustment for DS & ICS (Note (3))	-	-	-	-	-
Surplus/(Deficit) c/f (Note (4))	38,738,264.22	-	(5,633,761.80)	6,181,624.33	39,286,126.75
	S				

Notes:

- (1) Interest received on LSG and PF reserves, rent and rates, central items, Special One-off Grant are 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 (including holding account) and all interest received in previous years should be included in the surplus b/f under LSG.
- (3) Amount of LSG Reserve used to cover the salary adjustment for Dementia Supplement and Infirmity Care Supplement, if any, as per Schedule of Central Items.
- (4) The level of LSG cumulative reserve (i.e. S), less LSG Reserve kept in the holding account, will be capped at 25% of the NGO's **operating expenditure** (excluding Provident Fund expenditure) for the year.

[Total Expenditure excluding PF expenditure = \$154,408,058.20 - \$8,773,550.25 = \$145,634,507.95]

(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	-	(1,742,306.50)	192,517.70	22,185,183.12
Cumulated Surplus/(Deficit) (From 4/2007) b/f	(e) 10,928,461.35	-	(3,829,021.30)	5,654,228.60	12,753,668.65
Surplus/(Deficit) for 16/17 before transfers	4,131,457.87	-	(582,726.00)	334,878.03	3,883,609.90
Add: Reimbursement for Rent and Rates (One-off payment) from 2011/12 to 2014/15	-	-	520,292.00	-	520,292.00
Less: ORSO Scheme Administration Trustee Fee adjustment for 2015/16	(56,626.92)	-	-	-	(56,626.92)
Less: Refund to Government	-	-	-	-	-
Less: Transfer from LSG Reserve to cover the salary adjustment for CI (Note 3)	-	-	-	-	-
Surplus/(Deficit) for 16/17 after transfers	(g) 4,074,830.95	-	(62,434.00)	334,878.03	4,347,274.98
Cumulated Surplus/(Deficit) (From 4/2007) (e) + (g) = (S)	(S) 15,003,292.30	-	(3,891,455.30)	5,989,106.63	17,100,943.63
Cumulated Surplus/(Deficit) as at 31.3.17	(d) + (S) 38,738,264.22	-	(5,633,761.80)	6,181,624.33	39,286,126.75

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

Review Report for the Reporting Year of 2016-17

(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.]

Name of NGO (code) : The Hong Kong Society for the Blind (368)

Part A: Remuneration Packages

Information of my staff in the top three tiers -

(1) Staff of 1st Tier ¹

(a) Number of staff 1

(b) Comparable rank in civil service CSWO

(c) Post Chief Executive

(d) Total annual staff costs ² (including those not under SWD subventions, if applicable) \$ 1,687,173
[1(d) should be equal to or greater than 1(e)] *(round up to dollar)*

(e) Total annual staff costs under SWD subventions \$ 1,687,173
[1(e)=1(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 ³ \$ 1,463,820

(ii) Provident Fund \$ 219,573

(iii) Cash Allowance ⁴ (please specify if any:) \$ -

(iv) Non-cash based Benefits ⁵ (please specify if any:) \$ 3,780

(2) <u>Staff of 2nd Tier</u> ¹	
(a) Number of staff	5
(b) Comparable rank in civil service	SWO
(c) Post	Director
(d) Total annual staff costs ² (including those not under SWD subventions, if applicable) [2(d) should be equal to or greater than 2(e)]	<u>\$ 5,226,472</u> (round up to dollar)
(e) Total annual staff costs under SWD subventions [2(e)=2(f)(i)+(ii)+(iii)+(iv)]	<u>\$ 4,094,073</u> (round up to dollar)
(f) Breakdown of (2)(e)	
(i) Salary ³	<u>\$ 3,825,527</u>
(ii) Provident Fund	<u>\$ 268,546</u>
(iii) Cash Allowance ⁴ (please specify if any:)	<u>\$ -</u>
(iv) Non-cash based Benefits ⁵ (please specify if any:)	<u>\$ -</u>
(3) <u>Staff of 3rd Tier</u> ¹	
(a) Number of staff	10
(b) Comparable rank in civil service	SSWA/ASWO
(c) Post	Manager, Supervisor, Superintendent
(d) Total annual staff costs ² (including those not under SWD subventions, if applicable) [3(d) should be equal to or greater than 3(e)]	<u>\$ 6,865,121</u> (round up to dollar)
(e) Total annual staff costs under SWD subventions [3e=3(f)(i)+(ii)+(iii)+(iv)]	<u>\$ 6,609,642</u> (round up to dollar)
(f) Breakdown of (3)(e)	
(i) Salary ³	<u>\$ 6,039,453</u>
(ii) Provident Fund	<u>\$ 570,189</u>
(iii) Cash Allowance ⁴ (please specify if any:)	<u>\$ -</u>
(iv) Non-cash based Benefits ⁵ (please specify if any:)	<u>\$ -</u>

Review for changes

	<u>2015-16</u> (the year before)	<u>2016-17</u> (the reporting year)
(1) Total annual staff costs under SWD subventions in respect of the top three tiers	<u>\$10,889,368</u>	<u>\$12,390,888</u>

(2) Please tick and complete the following as appropriate to state the result of your review -

- I have reviewed the remuneration packages of the staff in the top three tiers and found no changes in their remuneration as compared with the preceding year.
- I have reviewed the remuneration packages of the staff in the top three tiers and found changes in their remuneration as compared with the preceding year. The tier(s) having changes and reasons for such changes are stated below -

(Please use additional sheet as necessary.)

1. Annual salary increment if meeting satisfactory performance _____
2. Salary adjustment according to civil service pay adjustment _____
3. Staff turnover _____
4. Due to in-situ expansion from 10 places increased to 40 places, a Superintendent post was set up for the Home of Delight (Mentally Retarded Hostel) with effect from 1/4/2016.

