

THE HONG KONG SOCIETY FOR THE BLIND
ANNUAL FINANCIAL REPORT
FOR THE PERIOD FROM 1ST APRIL 2018
TO 31ST MARCH 2019

ANNUAL FINANCIAL REPORT

THE HONG KONG SOCIETY FOR THE BLIND

1 APRIL 2018 TO 31 MARCH 2019

	Notes	2018-19 \$	2017-18 \$
A. INCOME			
1. Lump Sum Grant			
a. Lump Sum Grant (excluding Provident Fund)	1b	131,058,164.00	120,983,110.00
b. Provident Fund	1c	10,442,779.00	9,940,506.00
Sub-total		<u>141,500,943.00</u>	<u>130,923,616.00</u>
2. Special One-off Grant		-	-
3. Fee Income	2	11,546,788.00	11,193,991.00
4. Central Items	3	7,261,736.00	8,028,288.00
5. Rent and Rates	4	1,541,816.00	1,479,975.00
6. Other Income	5	21,734,503.24	23,460,107.67
7. Interest Received		729,272.86	534,772.55
TOTAL INCOME		<u>184,315,059.10</u>	<u>175,620,750.22</u>
B. EXPENDITURE			
1. Personal Emoluments			
a. Salaries		122,378,076.55	111,762,811.50
b. Provident Fund	1c	10,570,017.17	9,304,807.64
c. Allowances		55,860.00	53,460.00
Sub-total	6	<u>133,003,953.72</u>	<u>121,121,079.14</u>
2. Other Charges	7	43,513,803.05	42,796,310.84
3. Central Items	3	6,719,481.46	8,456,376.94
4. Rent and Rates	4	3,108,243.16	1,999,240.00
5. Special One-off Grant Payments	7a	-	-
TOTAL EXPENDITURE		<u>186,345,481.39</u>	<u>174,373,006.92</u>
C. SURPLUS/(DEFICIT) FOR THE YEAR	8	<u>(2,030,422.29)</u>	<u>1,247,743.30</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.

SIGNATURE

SIGNATURE

CHAIRMAN

CHIEF EXECUTIVE

DATE:

DATE:

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	3,768,255.00	6,674,524.00	10,442,779.00
Provident Fund Contribution Paid during the Year	<u>3,740,199.89</u>	<u>6,829,817.28</u> <i>(Note)</i>	<u>10,570,017.17</u>
Surplus/ (Deficit) for the year of 2018-19	28,055.11	(155,293.28)	(127,238.17)
Add: Surplus/ (Deficit) b/f	26,254.17	13,047,958.78	13,074,212.95
Additional PF for 6.8% posts for 2016/17 or before arising from departure of Snapshot Staff <i>(Re Receipt No. R 284502 dd 16-Apr-2018)</i>		115,613.00	115,613.00
An amount of Snapshot Staff PF refunded by SWD due to over clawed in 17/18 <i>(Re Receipt No. R284878 dd 17-Aug-2018)</i>	261,774.11		261,774.11
Less: Refund to Government			
Clawback arrangement in Apr 18 <i>(Snapshot Staff - Surplus in 2016/17, Re Receipt No. R 284502 dd 16-Apr-2018)</i>	(228,675.00)		(228,675.00)
Clawback arrangement in Jul 18 <i>(Snapshot Staff - additional surplus for 2015/16, Re Receipt No. R 284792 dd 17-Jul-2018)</i>	(56,880.27)		(56,880.27)
Surplus/ (Deficit) c/f	<u><u>30,528.12</u></u>	<u><u>13,008,278.50</u></u>	<u><u>13,038,806.62</u></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:

	2018-19	2017-18
	\$	\$
a. Income		
Dementia Supplement for Elderly with Disabilities	4,049,682.00	3,934,008.00
Infirmary Care Supplement for Aged Blind Persons	2,942,054.00	3,194,280.00
Training Sponsorship Scheme for Master in Physiotherapy (MPT/MOT) of the HK PolyU	270,000.00	270,000.00
One-off for Enhanced Provision of Visiting Medical Officer for Residential Care Homes the Elderly	-	630,000.00
Total	<u>7,261,736.00</u>	<u>8,028,288.00</u>
b. Expenditure		
Dementia Supplement for Elderly with Disabilities	4,047,106.28	3,932,807.28
Infirmary Care Supplement for Aged Blind Persons	2,942,375.18	3,194,121.66
Training Sponsorship Scheme for Master in Physiotherapy (MPT/MOT) of the HK PolyU	(270,000.00)	270,000.00
One-off for Enhanced Provision of Visiting Medical Officer for Residential Care Homes the Elderly	-	26,500.00
Special One-off Subsidy for Better Care for Elderly Persons with Dementia	-	563,178.00
Special One-off Subsidy for Better Care for Elderly Persons Requiring Infirmary Care	-	469,770.00
Total	<u>6,719,481.46</u>	<u>8,456,376.94</u>

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 2016)) is as follows:

	<u>2018-19</u>	<u>2017-18</u>
Other Income	\$	\$
(a) Fees and charges for services incidental to the operation of subvented services	18,129,021.34	19,981,327.41
(b) Others	<u>3,605,481.90</u>	<u>3,478,780.26</u>
Total	<u>21,734,503.24</u>	<u>23,460,107.67</u>

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	<u>No of Posts</u>	<u>HK\$</u>
HK\$700,001-HK\$800,000 p.a.	3	2,244,254.00
HK\$800,001-HK\$900,000 p.a.	10	8,376,460.00
HK\$900,001-HK\$1,000,000 p.a.	2	1,941,384.00
HK\$1,000,001-HK\$1,100,000 p.a.	1	1,069,659.00
HK\$1,100,001-HK\$1,200,000 p.a.	1	1,114,228.00
>HK\$1,200,000 p.a.	1	1,784,685.00

7. Other Charges

The breakdown on Other Charges is as follows:

	<u>2018-19</u>	<u>2017-18</u>
	\$	\$
Other Charges		
(a) Utilities	6,666,173.54	6,748,754.28
(b) Food	4,614,448.63	4,481,181.53
(c) Administrative Expenses	1,069,794.72	1,141,014.29
(d) Stores and Equipment	1,201,973.17	1,079,667.67
(e) Repair and Maintenance	6,691,445.60	6,104,413.47
(f) Programme Expenses	5,610,350.30	4,958,065.68
(g) Transportation and Travelling	647,333.45	657,153.29
(h) Insurance	1,020,764.07	911,798.00
(i) Miscellaneous	15,991,519.57	16,714,262.63
Direct Production Cost	4,877,209.52	4,874,791.34
Direct Raw Materials	8,425,680.87	9,240,503.74
Indirect Production Cost	1,128,158.39	1,226,476.26
Others	1,560,470.79	1,372,491.29
Total	<u>43,513,803.05</u>	<u>42,796,310.84</u>

7a. Special One-off Grant Payments

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

	<u>2018-19</u>	<u>2017-18</u>
	\$	\$
Special one-off Grant Payments		
(a) Voluntary Retirement Scheme	-	-
(b) Compensation Scheme	-	-
(c) Staff Training and Development	-	-
(d) Other Staff-related Initiatives	-	-
Total	<u>-</u>	<u>-</u>

8. Analysis of Lump Sum Grant Reserve and balances of other SWD subventions as at 31/3/2019

Analysis of Reserve Fund					
	Lump Sum Grant (LSG)	Special One-off Grant (SOG)	Rent and Rates	Central Items	Total
Income					
Lump Sum Grant	141,500,943.00	-	-	-	141,500,943.00
Special One-off Grant	-	-	-	-	-
Fee Income	11,546,788.00	-	-	-	11,546,788.00
Other Income	21,734,503.24	-	-	-	21,734,503.24
Interest Received (Note (1))	729,272.86	-	-	-	729,272.86
Rent and Rates	-	-	1,541,816.00	-	1,541,816.00
Central Items	-	-	-	7,261,736.00	7,261,736.00
Total Income (a)	175,511,507.10	-	1,541,816.00	7,261,736.00	184,315,059.10
Expenditure					
Personal Emoluments	133,003,953.72	-	-	-	133,003,953.72
Other Charges	43,513,803.05	-	-	-	43,513,803.05
Rent and Rates	-	-	3,108,243.16	-	3,108,243.16
Central Items	-	-	-	6,719,481.46	6,719,481.46
Special One-off Grant Payments	-	-	-	-	-
Total Expenditure (b)	176,517,756.77	-	3,108,243.16	6,719,481.46	186,345,481.39
Surplus/(Deficit) for the Year (a) - (b) = (c)	(1,006,249.67)	-	(1,566,427.16)	542,254.54	(2,030,422.29)
Less: Surplus/(Deficit) of Provident Fund	(127,238.17)	-	-	-	(127,238.17)
Surplus/(Deficit) for the Year excluding Provident Fund	(879,011.50)	-	(1,566,427.16)	542,254.54	(1,903,184.12)
Surplus/(Deficit) b/f (Note (2)) (d) + (e)	40,297,663.10	-	(2,254,508.80)	1,108,577.49	39,151,731.79
	39,418,651.60	-	(3,820,935.96)	1,650,832.03	37,248,547.67
<u>Add</u> : Supported by Government - Rent and Rates for the period from 2015/16 to 2017/18	-	-	643,624.00	-	643,624.00
<u>Add</u> : Unsupport balance of Rent and Rates for the period from 2015/16 to 2017/18	-	-	270,555.00	-	270,555.00
<u>Add</u> : Unsupport balance of Rent and Rates of CA for 2018/19	-	-	219,909.04	-	219,909.04
<u>Less</u> : Refund to Government	-	-	(46,831.00)	(604,859.06)	(651,690.06)
Transfer from LSG Reserve to cover the salary adjustment for DS & ICS (Note (3))	-	-	-	-	-
Surplus/(Deficit) c/f (Note (4)) (d) + (h)	39,418,651.60	-	(2,733,678.92)	1,045,972.97	37,730,945.65
	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 Infirmary 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: \$176,517,756.77 - \$10,570,017.17 = \$165,947,739.60]

(Remarks)	Lump Sum Grant	Special One-off Grant (SOG)	Rent and Rates	Central Items	Total
Surplus/(Deficit) (Pre 4/2007) c/f	23,734,971.92	-	(1,742,306.50)	192,517.70	22,185,183.12
<i>Adjustment of opening balance of Rent & Rates</i>			<i>1,742,306.50</i>		<i>1,742,306.50</i>
Adjusted Surplus/(Deficit) (Pre 4/2007) c/f (d)	23,734,971.92	-	0.00	192,517.70	23,927,489.62
Cumulated Surplus/(Deficit) (From 4/2007) b/f	16,562,691.18	-	(4,269,075.30)	916,059.79	13,209,675.67
<i>Adjustment of opening balance of Rent & Rates</i>			<i>1,278,064.22</i>		<i>1,278,064.22</i>
<i>Add: Surplus of Rates of 2017/18</i>	<i>-</i>	<i>-</i>	<i>46,831.00</i>	<i>-</i>	<i>46,831.00</i>
<i>Add: Rent & Rates of YHAB & HOD for 2017/18 had already been claimed</i>	<i>-</i>	<i>-</i>	<i>689,671.28</i>	<i>-</i>	<i>689,671.28</i>
Cumulated Surplus/(Deficit) (From 4/2007) b/f (e)	16,562,691.18	-	(2,254,508.80)	916,059.79	15,224,242.17
Surplus/(Deficit) for 18/19 before transfers	(879,011.50)	-	(1,566,427.16)	542,254.54	(1,903,184.12)
<u>Add</u> : Supported by Government - Rent and Rates for the period from 2015/16 to 2017/18	-	-	643,624.00	-	643,624.00
<u>Add</u> : Unsupport balance of Rent and Rates for the period from 2015/16 to 2017/18	-	-	270,555.00	-	270,555.00
<u>Add</u> : Unsupport balance of Rent and Rates of CA for 2018/19	-	-	219,909.04	-	219,909.04
<u>Less</u> : Refund to Government	-	-	(46,831.00)	(604,859.06)	(651,690.06)
Surplus/(Deficit) for 18/19 after transfers (g)	(879,011.50)	-	(479,170.12)	(62,604.52)	(1,420,786.14)
Cumulated Surplus/(Deficit) (From 4/2007) (e) + (g) = (h) (h)	15,683,679.68	-	(2,733,678.92)	853,455.27	13,803,456.03
Cumulated Surplus/(Deficit) as at 31.3.19 (d) + (h)	39,418,651.60	-	(2,733,678.92)	1,045,972.97	37,730,945.65

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

Review Report for the Reporting Year of 2018-19

(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 or email at suenq@swd.gov.hk

[Please read the explanatory notes before completing this form. The completed form should reach Social Welfare Department (SWD) by 31 October 2019.]

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 ^[2] CSWO
- (c) Post Chief Executive
- (d) Total annual staff costs ^[3] (including those not under SWD subventions, if applicable) \$ 1,797,866
[1(d) should be equal to or greater than 1(e)] (round up to the nearest dollar)
- (e) Total annual staff costs under SWD subventions \$ 1,797,866
[1(e)=1(g)(i)+(ii)+(iii)+(iv)] (round up to the nearest 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 ^[4] \$ 1,551,900
- (ii) Provident fund \$ 232,785
- (iii) Cash allowance ^[5] (please specify if any:) \$

(iv) Non-cash based benefits ^[6] (please specify if any:) \$ 13,181

(2) Staff of 2nd Tier ^[1]

(a) Number of staff 5

(b) Comparable rank in civil service ^[2] SWO

(c) Post Director

(d) Total annual staff costs ^[3] (including those not under SWD subventions, if applicable) \$ 5,423,924
[2(d) should be equal to or greater than 2(e)] *(round up to the nearest dollar)*

(e) Total annual staff costs under SWD subventions \$ 3,984,034
[2(e)=2(f)(i)+(ii)+(iii)+(iv)] *(round up to the nearest dollar)*

(f) Breakdown of (2)(e)

(i) Salary ^[4] \$ 3,671,781

(ii) Provident fund \$ 312,253

(iii) Cash allowance ^[5] (please specify if any:) \$ -

(iv) Non-cash based benefits ^[6] (please specify if any:) \$ -

(3) Staff of 3rd Tier ^[1]

(a) Number of staff 12

(b) Comparable rank in civil service ^[2] SSWA/ASWO

(c) Post Manager/Supervisor/Superintendent

(d) Total annual staff costs ^[3] (including those not under SWD subventions, if applicable) \$ 8,717,016
[3(d) should be equal to or greater than 3(e)] *(round up to the nearest dollar)*

(e) Total annual staff costs under SWD subventions \$ 8,416,919
[3(e)=3(f)(i)+(ii)+(iii)+(iv)]

(round up to the nearest dollar)

(f) Breakdown of (3)(e)

(i) Salary ^{14]}		\$ <u>7,685,788</u>
(ii) Provident fund		\$ <u>731,131</u>
(iii) Cash allowance ^{15]} (please specify if any:)	\$ <u>-</u>
(iv) Non-cash based benefits ^{16]} (please specify if any:)	\$ <u>-</u>

(4) Review for changes ^{17]}

	<u>2017-18</u> (the year before)	<u>2018-19</u> (the reporting year)
(a) Total annual staff costs under SWD subventions in respect of the top three tiers [(1)(e)+(2)(e)+(3)(e)]	\$ <u>12,916,297</u>	\$ <u>14,198,819</u>

(b) 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 change** in their remunerations as compared with the preceding year.
- I have reviewed the remuneration packages of the staff in the top three tiers and **found change(s)** in their remunerations as compared with the preceding year. The tier(s) having changes and reasons for such changes are stated below –
 - Upward/downward pay adjustment in accordance with Civil Service Pay Adjustment (details are given at the bottom).
 - Upward/downward pay adjustment other than Civil Service Pay Adjustment (details are given at the bottom).
 - Incremental creep (details are given at the bottom).
 - Organisational restructuring or upgrading/downgrading of top three tier posts (details are given at the bottom).
 - Increase/decrease of number of staff of the top three tiers (details are given at the bottom).
 - Other circumstances (details are given at the bottom).

Details (please use additional sheet as necessary):

1) Annual Salary increment if meet with satisfactory performance

2) Salary adjustment according to Civil Service Pay Adjustment

3) Staff Turnover and New headcount recruited