

THE HONG KONG SOCIETY FOR THE BLIND
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED
31ST MARCH 2023

ANNUAL FINANCIAL REPORT

THE HONG KONG SOCIETY FOR THE BLIND

1 APRIL 2022 TO 31 MARCH 2023

	Notes	2022-23 \$	2021-22 \$
A. INCOME			
1. Lump Sum Grant			
a. Lump Sum Grant (excluding Provident Fund)	1b	151,369,078.00	148,835,063.00
b. Provident Fund	1c	10,716,605.00	11,002,800.00
Sub-total		<u>162,085,683.00</u>	<u>159,837,863.00</u>
2. Special One-off Grant			
3. Fee Income	2	10,515,613.28	11,565,534.80
4. Central Items	3	8,843,122.00	10,275,682.00
5. Rent and Rates	4	2,023,149.00	1,620,150.00
6. Other Income	5	22,316,883.47	21,505,387.23
7. Interest Received		145,554.82	127,919.41
TOTAL INCOME		<u>205,930,005.57</u>	<u>204,932,536.44</u>
B. EXPENDITURE			
1. Personal Emoluments			
a. Salaries		142,244,475.39	138,588,212.36
b. Provident Fund	1c	9,356,893.03	9,647,475.83
c. Allowances		77,500.00	60,038.40
Sub-total	6	<u>151,678,868.42</u>	<u>148,295,726.59</u>
2. Other Charges	7	45,728,565.97	43,377,936.78
3. Central Items	3	10,035,125.61	8,991,891.72
4. Rent and Rates	4	2,554,015.24	2,600,357.20
5. Special One-off Grant Payments	7a		-
TOTAL EXPENDITURE		<u>209,996,575.24</u>	<u>203,265,912.29</u>
C. SURPLUS/(DEFICIT) FOR THE YEAR	8	<u>(4,066,569.67)</u>	<u>1,666,624.15</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.

SIGNATURESIGNATURE_____
CHAIRMAN

DATE:

CHIEF EXECUTIVE

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 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	Total
	\$	\$	\$
Subvention Received	2,573,108.00	8,143,497.00	10,716,605.00
Provident Fund Contribution Paid during the Year	<u>2,275,029.75</u>	<u>7,081,863.28</u> <i>(Note)</i>	<u>9,356,893.03</u>
Surplus/ (Deficit) for the year of 2022-23	298,078.25	1,061,633.72	1,359,711.97
<u>Add:</u> Surplus/ (Deficit) b/f	470,743.50	15,959,080.52	16,429,824.02
Additional PF for 6.8% posts for 2020-21 or before arising from departure of Snapshot Staff	-	12,312.00	12,312.00
Less: Refund to Government			
Clawback arrangement in Apr-2022 (Surplus for the year 2020-21)	<u>(33,174.00)</u>	-	<u>(33,174.00)</u>
Surplus/ (Deficit) c/f	<u><u>735,647.75</u></u>	<u><u>17,033,026.24</u></u>	<u><u>17,768,673.99</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 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
	\$	\$
a. Income		
Dementia Supplement for Elderly with Disabilities	4,902,772.00	5,113,220.00
Infirmiry Care Supplement for Aged Blind Persons	4,240,350.00	3,902,462.00
Training Sponsorship Scheme for Master in Physiotherapy (MPT/MOT) of the HK PolyU	(300,000.00)	1,260,000.00
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Total	8,843,122.00	10,275,682.00
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b. Expenditure		
Dementia Supplement for Elderly with Disabilities	4,724,430.16	5,091,480.87
Infirmiry Care Supplement for Aged Blind Persons	4,234,795.45	3,900,410.85
Training Sponsorship Scheme for Master in Physiotherapy (MPT/MOT) of the HK PolyU	960,000.00	0.00
One-off Subsidy for Strengthened Provision of Visiting Medical Officer Service for Residential Care Homes for the Elderly and Visiting Medical Practitioner Scheme for Residential Care Homes for Persons with Disabilities	115,900.00	-
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Total	10,035,125.61	8,991,891.72
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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 is as follows:

	2022-23	2021-22
Other Income	\$	\$
(a) Programme income	0.00	0.00
(b) Production income from SWs/IVRSCs	1,075,656.43	668,695.48
(c) Donation	314,761.10	
(d) Income from Other Activities	18,730,698.35	18,385,361.94
(e) Utilised allocation under Central Items (CI): After School Care Programme (ASCP) /	0.00	0.00
(f) Reimbursement of Maternity Leave Pay (RMLP) Scheme reimbursement received	0.00	62,171.74
(g) Miscellaneous income	2,195,767.59	1,768,460.27
Total	22,316,883.47	20,884,689.43

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.	6	4,379,688.00
HK\$800,001-HK\$900,000 p.a.	3	2,560,950.00
HK\$900,001-HK\$1,000,000 p.a.	7	6,676,157.00
HK\$1,000,001-HK\$1,100,000 p.a.	1	1,054,044.00
HK\$1,100,001-HK\$1,200,000 p.a.	1	1,133,016.00
>HK\$1,200,000 p.a.	1	1,543,561.00

7. Other Charges

The breakdown on Other Charges is as follows:

Other Charges	2022-23	2021-22
	\$	\$
(a) Utilities	7,374,517.19	6,657,008.71
(b) Food	6,091,110.44	5,410,804.71
(c) Administrative Expenses	1,289,641.95	1,247,082.44
(d) Stores and Equipment	1,350,476.06	1,204,394.42
(e) Repair and Maintenance	10,442,941.93	10,160,326.48
(f) Programme Expenses	5,874,692.39	5,118,935.47
(g) Transportation and Travelling	645,271.42	490,382.29
(h) Insurance	1,215,238.70	1,366,226.66
(i) Miscellaneous	11,444,675.89	11,722,775.60
Direct Production Cost	4,502,871.01	3,877,962.02
Direct Raw Materials	4,513,063.29	4,711,168.92
Indirect Production Cost	309,317.83	1,003,047.48
Others	2,119,423.76	2,130,597.18
Total	45,728,565.97	43,377,936.78

8. Analysis of Lump Sum Grant Reserve and balances of other SWD subventions as at 31/3/2023

Analysis of Reserve Fund						
	Lump Sum Grant (LSG)	Holding Account	Special One-off Grant (SOG)	Rent and Rates	Central Items	Total
Income						
Lump Sum Grant	162,085,683.00					162,085,683.00
Special One-off Grant						-
Fee Income	10,515,613.28					10,515,613.28
Other Income	22,316,883.47					22,316,883.47
Interest Received (Note (1))	145,554.82					145,554.82
Rent and Rates				2,023,149.00		2,023,149.00
Central Items					8,843,122.00	8,843,122.00
Total Income	(a) 195,063,734.57	-	-	2,023,149.00	8,843,122.00	205,930,005.57
Expenditure						
Personal Emoluments	151,678,868.42					151,678,868.42
Other Charges	45,728,565.97					45,728,565.97
Rent and Rates				2,554,015.24		2,554,015.24
Central Items					10,035,125.61	10,035,125.61
Special One-off Grant Payments						-
Total Expenditure	(b) 197,407,434.39	-	-	2,554,015.24	10,035,125.61	209,996,575.24
Surplus/(Deficit) for the Year (a) - (b) = (c)	(c) (2,343,699.82)			(530,866.24)	(1,192,003.61)	(4,066,569.67)
Less: Surplus/(Deficit) of Provident Fund	1,359,711.97			-	-	1,359,711.97
Surplus/(Deficit) for the Year excluding Provident Fund	(3,703,411.79)	-	-	(530,866.24)	(1,192,003.61)	(5,426,281.64)
Surplus/(Deficit) b/f	19,837,014.82	23,734,971.92	-	(11,775.05)	1,517,508.71	45,077,720.40
Adjustment for Surplus/(Deficit) - VMO & VMP subsidies b/f					1,170,000.00	1,170,000.00
Prior-year adjustment in order to tally the balance with Schedule 7 (Schedule for Central Items)					(219,426.43)	(219,426.43)
Adjusted Surplus/(Deficit) b/f (Note (2))	(d) 19,837,014.82	23,734,971.92	0.00	(11,775.05)	2,468,082.28	46,028,293.97
Surplus/(Deficit) c/f (before adjustment / refund / support for prior years)	16,133,603.03	23,734,971.92	0.00	(542,641.29)	1,276,078.67	40,602,012.33
Prior-year adjustment: Reversal of un-support balance of Rent and Rates for 2021/22 which shouldn't be reported in AFR of 2021/22 under cash basis				(1,051,297.68)		(1,051,297.68)
Clearance of difference before 2021/22 between net deficit of Rent and Rates and net actual claim back amount from SWD				(71,571.43)		(71,571.43)
Supported by Government - Rent and Rates for 2020/21				12,256.00		12,256.00
Supported by Government - Rent and Rates for 2021/22				584,881.00		584,881.00
Refund to Government for 2021/22- IAC: \$32,458; FTY: \$27,615; RCHQ: -\$250; RCNT: \$7,468; MGCH:\$15,006; HOD: \$5,222.06				87,519.06		87,519.06
Difference between reported surplus in 2021/22 and actual amount clawback in 2022/23				(16,428.58)		(16,428.58)
Unsupport balance of Rent and Rates for 2021/22				466,416.68		466,416.68
Refund to Government					(1,077,890.28)	(1,077,890.28)
Surplus/(Deficit) c/f (Note (4))	16,133,603.03	23,734,971.92	-	(530,866.24)	198,188.39	39,535,897.10
	39,868,574.95					

Notes:

(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 years (including all interest received in previous years 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 Infirmity Care Supplement, if any, as per Schedule of Central Items.

(4) For NGOs with HA, with effect from 2022-23, the calculation of the annual claw-back is as follows (With Snapshot Staff (SS)):

Total Expenditure	197,407,434.39
Less: Provident Fund expenditure	(9,356,893.03)
Net:	188,050,541.36
Capped %	25%
Capped ceiling	47,012,635.34

Total LSG reserve: **39,868,574.95**

No clawback is required as the total LSG reserve (\$39,868,574.95 is lesser than the Capped ceiling level \$47,012,635.34).