

ANNUAL FINANCIAL REPORT

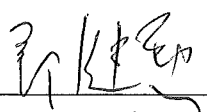
FU HONG SOCIETY

1ST APRIL, 2017 TO 31ST MARCH, 2018


	Notes	2017-18 \$	2016-17 \$
A. INCOME			
1. Lump Sum Grant			
a. Lump Sum Grant (excluding Provident Fund)	1b	308,035,140.00	295,093,183.00
b. Provident Fund	1c	29,414,734.00	28,947,667.00
Sub-total		337,449,874.00	324,040,850.00
2. Fee Income	2	19,245,364.60	19,273,391.65
3. Central Items	3	2,393,160.00	775,825.00
4. Rent and Rates	4	12,813,770.00	13,149,353.00
5. Other Income	5	12,860,554.18	14,154,716.63
6. Interest Received		1,759,273.66	1,404,645.34
TOTAL INCOME		<u>386,521,996.44</u>	<u>372,798,781.62</u>
B. EXPENDITURE			
1. Personal Emoluments			
a. Salaries		278,245,535.73	264,035,917.57
b. Provident Fund	1c	28,974,608.09	25,263,379.46
c. Allowances		2,053,302.87	2,084,567.48
Sub-total	6	309,273,446.69	291,383,864.51
2. Other Charges	7	68,546,684.06	63,970,785.05
3. Central Items	3	1,253,149.00	623,510.00
4. Rent and Rates	4	12,300,897.00	12,246,974.20
TOTAL EXPENDITURE		<u>391,374,176.75</u>	<u>368,225,133.76</u>
C. (DEFICIT) / SURPLUS FOR THE YEAR	8	<u>(4,852,180.31)</u>	<u>4,573,647.86</u>

The Annual Financial Report from pages 2 to 7 has been prepared in accordance with the requirements as set out in the Lump Sum Grant Manual.

SIGNATURE


 Dr. KWOK Kin Fun, Joseph
CHAIRMAN
 DATE: 29th September, 2018

SIGNATURE


 Ms. LUK Wai Yin, Becky
CHIEF EXECUTIVE OFFICER
 DATE: 29th September, 2018

FU HONG SOCIETY
NOTES ON THE ANNUAL FINANCIAL REPORT
FOR THE YEAR 2017-18

1. Lump Sum Grant

a. Basis of preparation

The Annual Financial Report ("AFR") is prepared in respect of all Funding and Service Agreement ("FSA") activities (including support service to FSA activities) funded by the Social Welfare Department under 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 Lump Sum Grant (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 1st April, 2000.

6.8% and other posts represent those staff that are employed after 1st April, 2000.

The Provident Fund received and contributed for staff under the Central Items are shown under 3.

Details are analysed below:

<u>Provident Fund Contribution</u>	<u>Snapshot Staff</u>	<u>6.8% and Other Posts</u>	<u>Total</u>
	\$	\$	\$
Subvention Received	14,996,575.00	14,418,159.00	29,414,734.00
Provident Fund Contribution paid during the year	(13,889,746.31)	(15,084,861.78)	(28,974,608.09)
Surplus / (Deficit) for the year	1,106,828.69	(666,702.78)	440,125.91
Add: Surplus b/f	2,268,406.68	28,429,305.32	30,697,712.00
Add: Additional subvention received for previous years	-	349,365.00	349,365.00
Add: Adjustment of 2015/16 unrecognized contribution	84,311.50	-	84,311.50
Less: Refunded to SWD	(1,253,401.00)	-	(1,253,401.00)
Surplus c/f	<u>2,206,145.87</u>	<u>28,111,967.54</u>	<u>30,318,113.41</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 Lump Sum Grant 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 Society. 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 LSG Manual (October 2016)). The income and expenditure of each of the Central Items are as follows:

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NOTES ON THE ANNUAL FINANCIAL REPORT
FOR THE YEAR 2017-18

3. Central Items (continued)

	<u>2017/18</u>	<u>2016/17</u>
	\$	\$
a. Income		
Training Sponsorship Scheme for Master in MOT & MPT of the HK PolyU	270,000.00	270,000.00
Training Subsidy for Children on the Waiting List of Subvented Pre-school Rehabilitation Services	478,160.00	505,825.00
One-off Subsidy for Enhanced Provision of Visiting Medical Practitioner Scheme for Residential Care Homes for the Persons with Disabilities	1,645,000.00	-
Total	<u>2,393,160.00</u>	<u>775,825.00</u>
b. Expenditure		
Training Sponsorship Scheme for Master in MOT & MPT of the HK PolyU	270,000.00	-
Training Subsidy for Children on the Waiting List of Subvented Pre-school Rehabilitation Services	476,149.00	623,510.00
One-off Subsidy for Enhanced Provision of Visiting Medical Practitioner Scheme for Residential Care Homes for the Persons with Disabilities	507,000.00	-
Total	<u>1,253,149.00</u>	<u>623,510.00</u>

4. Rent and Rates

This represents the amount paid by Social Welfare Department ("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 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 Lump Sum Grant Manual (October 2016)) is as follows:

	<u>2017/18</u>	<u>2016/17</u>
	\$	\$
a. Fees and charges for services incidented to the operation of subvented services		
Day care fee	1,368,484.40	1,334,513.05
Other fees	5,297,360.46	6,088,710.85
Programme income	1,996,802.60	1,861,494.26
Service users' work income	4,007,972.39	4,767,923.11
b. Other	189,934.33	102,075.36
	<u>12,860,554.18</u>	<u>14,154,716.63</u>

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FOR THE YEAR 2017-18

6. Personal Emoluments

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

The analysis on number of posts with annual Personal Emoluments over \$700,000 each paid under LSG is appended below:

<u>Analysis of Personal Emoluments</u> <u>paid under LSG</u>	<u>No. of Posts</u>	<u>2017/18</u> \$
HK\$700,001 - HK\$800,000 p.a.	14	10,469,238
HK\$800,001 - HK\$900,000 p.a.	6	5,068,539
HK\$900,001 - HK\$1,000,000 p.a.	21	19,532,771
HK\$1,000,001 - HK\$1,100,000 p.a.	1	1,061,798
HK\$1,100,001 - HK\$1,200,000 p.a.	2	2,274,936
> HK\$1,200,000 p.a.	4	5,673,319

7. Other Charges

The breakdown on Other Charges is as follows:

<u>Other Charges</u>	<u>2017/18</u> \$	<u>2016/17</u> \$
(a) Utilities	8,810,819.71	8,881,933.00
(b) Food	12,077,397.74	11,925,087.92
(c) Administrative Expenses	2,885,589.23	2,487,134.75
(d) Stores and Equipment	2,566,722.02	2,563,757.77
(e) Repair and Maintenance	12,188,695.74	12,411,367.78
(f) Renovation Expenses	569,973.60	928,000.30
(g) Special Allowances	2,267,134.12	2,260,414.96
(h) Programme Expenses	5,988,774.71	4,985,210.65
(i) Transport and Travelling	2,894,629.26	2,503,946.78
(j) Insurance	4,315,419.59	3,837,426.66
(k) Service Users' Work Payment	4,021,775.43	4,006,689.04
(l) Staff Development	824,096.84	936,735.57
(m) Staff Uniform	88,847.20	112,371.30
(n) Miscellaneous	9,046,808.87	6,130,708.57
	<u>68,546,684.06</u>	<u>63,970,785.05</u>

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8. Analysis of Lump Sum Grant Reserve and balances of other SWD subventions

	Analysis of Reserve Fund			
	Lump Sum Grant \$	Rent and Rates \$	Central Items \$	Total \$
Income				
Lump Sum Grant	337,449,874.00	-	-	337,449,874.00
Fee Income	19,245,364.60	-	-	19,245,364.60
Other Income	12,860,554.18	-	-	12,860,554.18
Interest Received (Note (1))	1,759,273.66	-	-	1,759,273.66
Rent and Rates	-	12,813,770.00	-	12,813,770.00
Central Items	-	-	2,393,160.00	2,393,160.00
Total Income (a)	371,315,066.44	12,813,770.00	2,393,160.00	386,521,996.44
Expenditure				
Personal Emoluments	309,273,446.69	-	-	309,273,446.69
Other Charges	68,546,684.06	-	-	68,546,684.06
Rent and Rates	-	12,300,897.00	-	12,300,897.00
Central Items	-	-	1,253,149.00	1,253,149.00
Total Expenditure (b)	377,820,130.75	12,300,897.00	1,253,149.00	391,374,176.75
Deficit for the year (a) - (b)	(6,505,064.31)	512,873.00	1,140,011.00	(4,852,180.31)
Less: Surplus of Provident Fund	(440,125.91)	-	-	(440,125.91)
Surplus / (Deficit) b/f (Note (2))	(6,945,190.22)	512,873.00	1,140,011.00	(5,292,306.22)
	111,996,157.65	(837,931.60)	305,440.00	111,463,666.05
	105,050,967.43	(325,058.60)	1,445,451.00	106,171,359.83
Clawback 2015/16 Rents & Rates	-	(2,717.80)	-	(2,717.80)
Clawback 2016/17 Rents & Rates	-	(1,346.00)	-	(1,346.00)
Surplus / (Deficit) c/f	105,050,967.43	(329,122.40)	1,445,451.00	106,167,296.03

Note:

- (1.) Interest received on LSG and Provident Fund reserves, rent and rates and central items are included as one item under Lump Sum Grant; 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.) The level of LSG cumulative reserve less LSG reserve kept in holding account, will be capped at 25% of the Society's operating expenditure (excluding Provident Fund expenditure) for the year. Regarding the calculation of the amount of LSG cumulative reserve for this purpose, the balance as at 31.3.2007 of \$84,797,583.20 is excluded as per SWD's instruction.

$$\$ (105,050,967.43 - 84,797,583.20) / \$ 377,820,130.75 - \$ 28,974,608.09 = 5.81\%$$