

ANNUAL FINANCIAL REPORT

FU HONG SOCIETY

1ST APRIL, 2018 TO 31ST MARCH, 2019

	Notes	2018-19 \$	2017-18 \$
A. INCOME			
1. Lump Sum Grant			
a. Lump Sum Grant (excluding Provident Fund)	1b	331,243,001.00	308,035,140.00
b. Provident Fund	1c	30,869,363.00	29,414,734.00
Sub-total		362,112,364.00	337,449,874.00
2. Fee Income	2	19,504,536.20	19,245,364.60
3. Central Items	3	717,734.00	2,393,160.00
4. Rent and Rates	4	11,759,474.00	12,813,770.00
5. Other Income	5	12,464,786.90	12,860,554.18
6. Interest Received		2,318,267.51	1,759,273.66
TOTAL INCOME		408,877,162.61	386,521,996.44
B. EXPENDITURE			
1. Personal Emoluments			
a. Salaries		300,382,807.81	278,245,535.73
b. Provident Fund	1c	27,405,329.03	28,974,608.09
c. Allowances		4,970,854.54	2,053,302.87
Sub-total	6	332,758,991.38	309,273,446.69
2. Other Charges	7	70,446,017.00	68,546,684.06
3. Central Items	3	947,236.00	1,253,149.00
4. Rent and Rates	4	12,465,960.00	12,300,897.00
TOTAL EXPENDITURE		416,618,204.38	391,374,176.75
C. DEFICIT FOR THE YEAR	8	(7,741,041.77)	(4,852,180.31)

The Annual Financial Report from pages 2 to 8 has been prepared in accordance with the requirements as set out in the Lump Sum Grant Manual.

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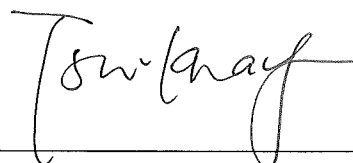


Mr. SZE Kyran

CHAIRMAN

DATE: 23rd September, 2019

SIGNATURE



Ms. TSUI Kwan-yin, Frankie

ACTING CHIEF EXECUTIVE OFFICER

DATE: 23rd September, 2019

FU HONG SOCIETY
NOTES ON THE ANNUAL FINANCIAL REPORT
FOR THE YEAR 2018-19

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 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 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 **Note 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	15,023,864.00	15,845,499.00	30,869,363.00
Provident Fund Contribution Paid during the Year	(13,346,349.00)	(14,058,980.03)	(27,405,329.03)
Surplus for the Year	1,677,515.00	1,786,518.97	3,464,033.97
Add: Surplus b/f	2,206,145.87	28,111,967.54	30,318,113.41
Add: Additional subvention received for previous years	-	248,765.00	248,765.00
Less: Refund of additional surplus of PF snapshot for 2015/16 (Ref: C/SWD/2018-19/0005)	(84,311.80)	-	(84,311.80)
Less: Refunded to Government in 12/2018	(92,619.00)	-	(92,619.00)
Less: Refunded to Government	(1,015,005.00)	-	(1,015,005.00)
Transfer PF for Snapshot Staff to be returned to Government (Ref: (37) in SWD SF/SAS/4-65/133 (648) II)	92,619.00	(92,619.00)	-
Surplus c/f	<u>2,784,344.07</u>	<u>30,054,632.51</u>	<u>32,838,976.58</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 LSG Manual.

FU HONG SOCIETY
NOTES ON THE ANNUAL FINANCIAL REPORT
FOR THE YEAR 2018-19

3. Central Items (continued)

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:

	<u>2018/19</u>	<u>2017/18</u>
a. Income	\$	\$
Training Sponsorship Scheme for Master in Occupational Therapy and in Physiotherapy programmes	-	270,000.00
Training Subsidy Programme for Children on the Waiting List for Subvented Pre-school Rehabilitation Services	717,734.00	478,160.00
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>717,734.00</u>	<u>2,393,160.00</u>
b. Expenditure		
Training Sponsorship Scheme for Master in Occupational Therapy and Physiotherapy programmes	135,000.00	270,000.00
Training Subsidy Programme for Children on the Waiting List for Subvented Pre-school Rehabilitation Services	812,236.00	476,149.00
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>947,236.00</u>	<u>1,253,149.00</u>

4. Rent and Rates

This represents the amount paid by SWD. Expenditure on rent and rates in respect of premises not recognised by SWD have not been included in AFR.

FU HONG SOCIETY
NOTES ON THE ANNUAL FINANCIAL REPORT
FOR THE YEAR 2018-19

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:

	<u>2018/19</u>	<u>2017/18</u>
	\$	\$
a. Fees and charges for services incidented to the operation of subvented services		
Day care fee	1,402,314.60	1,368,484.40
Other fees	5,122,361.48	5,297,360.46
Programme income	2,024,823.92	1,996,802.60
Service users' work income	3,645,239.04	4,007,972.39
b. Other	270,047.86	189,934.33
	<u>12,464,786.90</u>	<u>12,860,554.18</u>

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 paid under LSG</u>	<u>No. of Posts</u>	<u>2018/19</u>
		\$
HK\$700,001 - HK\$800,000 p.a.	15	11,081,502
HK\$800,001 - HK\$900,000 p.a.	10	8,162,944
HK\$900,001 - HK\$1,000,000 p.a.	21	20,256,868
HK\$1,000,001 - HK\$1,100,000 p.a.	2	2,055,605
HK\$1,100,001 - HK\$1,200,000 p.a.	3	3,522,772
> HK\$1,200,000 p.a.	4	5,906,942

FU HONG SOCIETY
NOTES ON THE ANNUAL FINANCIAL REPORT
FOR THE YEAR 2018-19

7. Other Charges

The breakdown on Other Charges is as follows:

<u>Other Charges</u>	<u>2018/19</u>	<u>2017/18</u>
	\$	\$
(a) Utilities	8,722,791.85	8,810,819.71
(b) Food	11,990,604.25	12,077,397.74
(c) Administrative Expenses	3,140,677.72	2,885,589.23
(d) Stores and Equipment	2,548,653.78	2,566,722.02
(e) Repair and Maintenance	11,643,413.61	12,188,695.74
(f) Renovation Expenses	467,860.00	569,973.60
(g) Special Allowances	2,231,590.45	2,267,134.12
(h) Programme Expenses	5,834,818.56	5,988,774.71
(i) Transport and Travelling	3,830,546.77	2,894,629.26
(j) Insurance	5,150,641.56	4,315,419.59
(k) Service Users' Work Payment	3,293,075.93	4,021,775.43
(l) Staff Development	935,858.35	824,096.84
(m) Staff Uniform	69,802.80	88,847.20
(n) Miscellaneous	10,585,681.37	9,046,808.87
	<u>70,446,017.00</u>	<u>68,546,684.06</u>

FU HONG SOCIETY
NOTES ON THE ANNUAL FINANCIAL REPORT
FOR THE YEAR 2018-19

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	362,112,364.00	-	-	362,112,364.00
Fee Income	19,504,536.20	-	-	19,504,536.20
Other Income	12,464,786.90	-	-	12,464,786.90
Interest Received (Note (1))	2,318,267.51	-	-	2,318,267.51
Rent and Rates	-	11,759,474.00	-	11,759,474.00
Central Items	-	-	717,734.00	717,734.00
Total Income (a)	396,399,954.61	11,759,474.00	717,734.00	408,877,162.61
Expenditure				
Personal Emoluments	332,758,991.38	-	-	332,758,991.38
Other Charges	70,446,017.00	-	-	70,446,017.00
Rent and Rates	-	12,465,960.00	-	12,465,960.00
Central Items	-	-	947,236.00	947,236.00
Total Expenditure (b)	403,205,008.38	12,465,960.00	947,236.00	416,618,204.38
Deficit for the year (a) - (b)	(6,805,053.77)	(706,486.00)	(229,502.00)	(7,741,041.77)
Less: Surplus of Provident Fund	(3,464,033.97)	-	-	(3,464,033.97)
	(10,269,087.74)	(706,486.00)	(229,502.00)	(11,205,075.74)
Surplus / (Deficit) b/f (Note (2))	105,050,967.43	(329,122.40)	1,445,451.00	106,167,296.03
	94,781,879.69	(1,035,608.40)	1,215,949.00	94,962,220.29
Add: Refund from Government	-	339,570.00	-	339,570.00
Less: Clawback 2017/18 Rates	-	(2,075.00)	-	(2,075.00)
Less: Clawback 2017/18 Central Items	-	-	(1,138,000.00)	(1,138,000.00)
Less: Adjustment for previous years balance	-	(8,372.60)	-	(8,372.60)
Surplus / (Deficit) c/f	94,781,879.69	(706,486.00)	77,949.00	94,153,342.69

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 LSG 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.

$$\$ (94,781,879.69 - 84,797,583.20) / (\$403,205,008.38 - \$27,405,329.03) = 2.66\%$$