

**ANNUAL FINANCIAL REPORT**

**FU HONG SOCIETY**

**1ST APRIL, 2020 TO 31ST MARCH, 2021**

	Notes	2020-21 \$	2019-20 \$
<b>A. INCOME</b>			
1. Lump Sum Grant			
a. Lump Sum Grant (excluding Provident Fund)	1b	382,993,602.00	356,933,480.00
b. Provident Fund	1c	32,702,730.00	31,897,127.00
Sub-total		415,696,332.00	388,830,607.00
2. Fee Income	2	20,049,021.00	19,659,929.70
3. Central Items	3	5,939,113.49	6,564,409.00
4. Rent and Rates	4	13,253,657.00	12,307,602.00
5. Other Income	5	5,606,058.34	10,032,944.93
6. Interest Received		846,661.16	2,843,283.91
<b>TOTAL INCOME</b>		<u>461,390,842.99</u>	<u>440,238,776.54</u>
<b>B. EXPENDITURE</b>			
1. Personal Emoluments			
a. Salaries		341,798,772.92	322,830,535.86
b. Provident Fund	1c	28,946,519.03	32,372,727.03
c. Allowances		4,585,926.79	6,050,692.29
Sub-total	6	375,331,218.74	361,253,955.18
2. Other Charges	7	62,949,694.84	70,612,908.64
3. Central Items	3	4,489,232.45	5,238,465.27
4. Rent and Rates	4	13,130,273.00	13,339,504.00
<b>TOTAL EXPENDITURE</b>		<u>455,900,419.03</u>	<u>450,444,833.09</u>
<b>C. SURPLUS / (DEFICIT) FOR THE YEAR</b>	8	<u>5,490,423.96</u>	<u>(10,206,056.55)</u>

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.

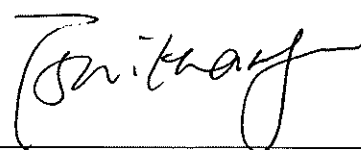
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Mr. SZE Kyran  
CHAIRMAN

DATE: 23rd September, 2021

SIGNATURE



Ms. TSUI Kwan-yin, Frankie  
CHIEF EXECUTIVE OFFICER

DATE: 23rd September, 2021

**FU HONG SOCIETY**  
**NOTES ON THE ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR 2020-21**

**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	12,943,114.00	19,759,616.00	32,702,730.00
Provident Fund Contribution Paid during the Year	(11,724,294.00)	(17,222,225.03)	(28,946,519.03)
Surplus for the year	1,218,820.00	2,537,390.97	3,756,210.97
Add: Surplus b/f	2,853,007.07	28,727,366.48	31,580,373.55
Add: Additional subvention received for previous years	-	685,093.00	685,093.00
Less: Refunded to Government	(1,677,515.00)	-	(1,677,515.00)
Surplus c/f	<u>2,394,312.07</u>	<u>31,949,850.45</u>	<u>34,344,162.52</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.

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**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>2020/21</u>	<u>2019/20</u>
	\$	\$
a. Income		
Training Sponsorship Scheme for Master in Occupational Therapy and Master in Physiotherapy programmes	640,000.00	-
Training Subsidy Programme for Children on the Waiting List for Subvented Pre-school Rehabilitation Services	1,051,193.00	1,165,845.00
Special Grant on Manpower Support for Residential and Home-based Care Service Units in respect of the Severe Respiratory Disease associated with a Novel Infectious Agent	3,836.42	2,076,372.00
Special Allowance for Staff of Subvented Residential Service Units in respect of COVID-19	3,322,859.07	3,322,192.00
Time-limited Programme on Enhancing Infection Control and Ventilation for the Elderly and Residential Care Homes for Persons with Disabilities - On-site Ventilation Assessment	718,152.00	-
Ethnic Minority District Ambassador Posts	203,073.00	-
Total	<u>5,939,113.49</u>	<u>6,564,409.00</u>
b. Expenditure		
Training Sponsorship Scheme for Master in Occupational Therapy and Master in Physiotherapy programmes	-	135,000.00
Training Subsidy Programme for Children on the Waiting List for Subvented Pre-school Rehabilitation Services	1,041,181.00	1,200,783.00
Special Grant on Manpower Support for Residential and Home-based Care Service Units in respect of the Severe Respiratory Disease associated with a Novel Infectious Agent	-	802,066.46
Special Allowance for Staff of Subvented Residential Service Units in respect of COVID-19	3,322,192.00	3,100,615.81
Time-limited Programme on Enhancing Infection Control and Ventilation for the Elderly and Residential Care Homes for Persons with Disabilities - On-site Ventilation Assessment	66,700.00	-
Ethnic Minority District Ambassador Posts	59,159.45	-
Total	<u>4,489,232.45</u>	<u>5,238,465.27</u>

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**4. Rent and Rates**

This represents the amount paid by SWD in respect of premises recognised. 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 is as follows:

	<u>2020/21</u>	<u>2019/20</u>
	\$	\$
a. Fees and charges for services incidented to the operation of subvented services		
Day care fee	815,680.00	1,208,995.20
Other fees	3,005,173.17	4,155,331.74
Programme income	257,640.90	1,606,056.98
Service users' work income	1,357,729.20	2,899,828.16
b. Others	169,835.07	162,732.85
	<u>5,606,058.34</u>	<u>10,032,944.93</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:

Analysis of Personal Emoluments

<u>paid under LSG</u>	<u>No. of Posts</u>	<u>2020/21</u>
		\$
HK\$700,001 - HK\$800,000 p.a.	14	10,401,830
HK\$800,001 - HK\$900,000 p.a.	16	13,519,695
HK\$900,001 - HK\$1,000,000 p.a.	5	4,738,571
HK\$1,000,001 - HK\$1,100,000 p.a.	20	20,766,537
HK\$1,100,001 - HK\$1,200,000 p.a.	1	1,111,662
> HK\$1,200,000 p.a.	4	5,960,758

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**7. Other Charges**

The breakdown on Other Charges is as follows:

<u>Other Charges</u>	<u>2020/21</u>	<u>2019/20</u>
	\$	\$
(a) Utilities	8,259,558.31	8,797,082.29
(b) Food	11,330,896.20	12,060,859.40
(c) Administrative Expenses	3,612,581.40	3,409,623.26
(d) Stores and Equipment	2,949,916.25	2,757,209.94
(e) Repair and Maintenance	12,516,473.12	11,747,342.36
(f) Renovation Expenses	606,771.21	1,148,476.41
(g) Special Allowances	2,649,716.45	2,147,559.04
(h) Programme Expenses	1,994,046.71	4,219,361.93
(i) Transport and Travelling	2,525,641.23	3,414,457.94
(j) Insurance	7,071,635.24	6,086,412.85
(k) Service Users' Work Payment	1,157,688.71	2,536,673.97
(l) Staff Development	717,841.35	716,276.44
(m) Staff Uniform	262,162.40	168,499.80
(n) Medical -VMP	2,503,702.00	2,230,720.60
(o) Staff post contract out	2,441,753.30	6,662,761.77
(p) Miscellaneous	2,349,310.96	2,509,590.64
	<u>62,949,694.84</u>	<u>70,612,908.64</u>

## 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 \$
<b>Income</b>				
Lump Sum Grant	415,696,332.00	-	-	415,696,332.00
Fee Income	20,049,021.00	-	-	20,049,021.00
Other Income	5,606,058.34	-	-	5,606,058.34
Interest Received (Note (1))	846,661.16	-	-	846,661.16
Rent and Rates	-	13,253,657.00	-	13,253,657.00
Central Items	-	-	5,939,113.49	5,939,113.49
<b>Total Income (a)</b>	<b>442,198,072.50</b>	<b>13,253,657.00</b>	<b>5,939,113.49</b>	<b>461,390,842.99</b>
<b>Expenditure</b>				
Personal Emoluments	375,331,218.74	-	-	375,331,218.74
Other Charges	62,949,694.84	-	-	62,949,694.84
Rent and Rates	-	13,130,273.00	-	13,130,273.00
Central Items	-	-	4,489,232.45	4,489,232.45
<b>Total Expenditure (b)</b>	<b>438,280,913.58</b>	<b>13,130,273.00</b>	<b>4,489,232.45</b>	<b>455,900,419.03</b>
Surplus for the year (a) - (b)	3,917,158.92	123,384.00	1,449,881.04	5,490,423.96
Less: Surplus of Provident Fund	(3,756,210.97)	-	-	(3,756,210.97)
Surplus / (Deficit) b/f (Note (2))	160,947.95	123,384.00	1,449,881.04	1,734,212.99
	84,757,381.44	(1,031,897.00)	1,403,892.73	85,129,377.17
Add: Adjustment opening balance of LSG: SWD SF/SI/4-65/133(648) III Accounting Inspection - 2017/18 Accounts	84,918,329.39 22,409.56	(908,513.00) -	2,853,773.77 -	86,863,590.16 22,409.56
Less: Adjustment of b/f : Ref: (31) in SWD SF/SAS/4-65/133(648) III dated 7/1/2021	-	(3,153.00)	-	(3,153.00)
	84,940,738.95	(911,666.00)	2,853,773.77	86,882,846.72
Add: Refund from Government	-	1,072,456.00	-	1,072,456.00
Less: Provisional recovery of subvention surpluses of Rent and Rate and Central Items for 2019/20; SWD SF/SAS/4-55/1/(648) dated 27/11/2020	-	(37,406.00)	(1,495,881.73)	(1,533,287.73)
<b>Surplus / (Deficit) c/f</b>	<b>84,940,738.95</b>	<b>123,384.00</b>	<b>1,357,892.04</b>	<b>86,422,014.99</b>

## 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.

$$(\$84,940,738.95 - \$84,797,583.20) / (\$438,280,913.58 - \$28,946,519.03) = 0.03\%$$