

HONG KONG FAMILY WELFARE SOCIETY

Disclaimer

The figures and financial information relating to the year ended 31 March 2019 included in the Annual Financial Report (Lump Sum Grant) are not the statutory annual financial statements of Hong Kong Family Welfare Society for that year. The Annual Financial Report (Lump Sum Grant) is prepared on cash basis, in accordance with the requirements set out in Lump Sum Grant Manual issued by the Social Welfare Department of the Government of the Hong Kong Special Administrative Region.

Hong Kong Family Welfare Society has delivered those annual financial statements to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance.

Hong Kong Family Welfare Society's auditor has reported on those annual financial statements. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its reports; and did not contain a statement under section 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

HONG KONG FAMILY WELFARE SOCIETY
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED
31ST MARCH 2019



羅兵咸永道

**REVIEW REPORT TO THE EXECUTIVE COMMITTEE OF
HONG KONG FAMILY WELFARE SOCIETY**

We have audited the financial statements of Hong Kong Family Welfare Society (the "Society") for the year ended 31st March 2019 and have issued an unqualified auditor's report thereon dated **11 OCT 2019**

We conducted our review of the attached Annual Financial Report ("AFR") on pages 2 to 10 of the Society for the year ended 31st March 2019 in accordance with Practice Note 851 "Review of the Annual Financial Reports of Non-governmental Organisations" issued by the Hong Kong Institute of Certified Public Accountants. The review includes considering the procedures and records relevant to the preparation of the AFR and performing procedures to satisfy ourselves that the AFR has been properly prepared from the books and records of the Society, on which the above audited financial statements of the Society are based.

Review conclusions

On the basis of the results of our review and having regard to the audit procedures performed by us in relation to the audit of the financial statements of the Society for the year ended 31st March 2019:

- a. in our opinion the AFR has been properly prepared from the books and records of the Society; and
- b. no matters have come to our attention during the course of our review, which cause us to believe that the Society has not:
 - i. properly accounted for the receipt of Lump Sum Grant, Provident Fund and other social welfare subventions and expenditure in respect of Funding and Services Agreement activities and support services;
 - ii. kept separate Operating Income and Expenditure Account for each subvented service unit as required by the Lump Sum Grant Manual (LSG Manual) published by the Social Welfare Department of the Government of the Hong Kong Special Administrative Region (the "HKSAR");
 - iii. prepared the AFR in accordance with the format and requirements set out in the LSG Manual; and
 - iv. employed the staff quoted in Provident Fund arrangement during the year ended 31st March 2019.

This report is intended for filing with the Social Welfare Department of the Government of the HKSAR and should not be used for any other purpose.


PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, **11 OCT 2019**

ANNUAL FINANCIAL REPORT

NGO: HONG KONG FAMILY WELFARE SOCIETY

1ST APRIL 2018 TO 31ST MARCH 2019

	Notes	2018-19 HK\$	2017-18 HK\$
A. INCOME			
1 Lump Sum Grant			
a. Lump Sum Grant (excluding Provident Fund)	1b	236,970,946.00	219,923,530.00
b. Provident Fund	1c	22,326,779.00	20,837,635.00
2 Fee Income	2	3,306,993.50	3,225,507.40
3 Central Items	3	39,833,915.90	30,607,431.50
4 Rent and Rates	4	5,351,813.00	5,190,923.00
5 Other Income	5	7,450,027.12	6,920,972.93
6 Interest Received		58,381.57	1,782.36
TOTAL INCOME		<u>315,298,856.09</u>	<u>286,707,782.19</u>
B. EXPENDITURE			
1 Personal Emoluments	6		
a. Salaries	1b	214,035,393.02	202,237,818.76
b. Provident Fund	1c	22,180,073.32	20,992,014.49
Sub-total		<u>236,215,466.34</u>	<u>223,229,833.25</u>
2 Other Charges	7	22,135,029.85	21,188,716.57
3 Central Items	3	33,563,336.98	27,110,255.24
4 Rent and Rates	4	6,213,984.10	5,903,703.09
TOTAL EXPENDITURE		<u>298,127,817.27</u>	<u>277,432,508.15</u>
C. SURPLUS FOR THE YEAR	8	<u>17,171,038.82</u>	<u>9,275,274.04</u>

The Annual Financial Report from pages 2 to 10 has been prepared in accordance with the requirements as set out in the Lump Sum Grant Manual.

Signature:

Name: Mr. Christopher Law

Title: Chairman

Date: 11 OCT 2019

Signature:

Name: Ms. Amarantha Yip

Title: Executive Director

Date: 11 OCT 2019

HONG KONG FAMILY WELFARE SOCIETY
NOTES ON THE ANNUAL FINANCIAL REPORT
1ST APRIL 2018 TO 31ST MARCH 2019

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 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 like 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 staffs are defined as those staff occupying recognised or holding against subvented posts as at 1st April 2000.

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

Please note that the Provident Fund received and contributed for staff under the Central Items have been shown under note 3.

Details are analysed below:

<u>Provident Fund Contribution</u>	<u>Snapshot Staff HK\$</u>	<u>6.8% and Other Posts HK\$</u>	<u>Total HK\$</u>
Subvention Received	11,099,593.00	11,227,186.00	22,326,779.00
Less: Provident Fund Contribution paid during the year	(10,786,782.52)	(11,393,290.80)	(22,180,073.32)
Surplus/(deficit) for the year	312,810.48	(166,104.80)	146,705.68
Add: Surplus b/f Additional subvention received for prior year's deficit	726,261.84	16,594,860.48	17,321,122.32
Add: Adjustment of prior years' clawback	-	128,901.00	128,901.00
Less: Recovery of surplus for Provident Fund	(708,344.00)	-	(708,344.00)
Surplus c/f	330,728.32	16,573,653.68	16,904,382.00

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 Lump Sum Grant Manual.

HONG KONG FAMILY WELFARE SOCIETY
NOTES ON THE ANNUAL FINANCIAL REPORT
1ST APRIL 2018 TO 31ST MARCH 2019

3 Central Items

These are subvented service activities which are not included in Lump Sum Grant 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 Lump Sum Grant Manual (October 2016)). The income and expenditure of each of the Central Items are as follows:

	2018-19	2017-18
	HK\$	HK\$
a. Income		
Foster Care Allowance/Emergency Foster Care Allowance	35,395,392.00	27,175,780.00
After School Care Programme-Fee Waiving Subsidy Scheme	167,400.00	217,800.00
Training Sponsorship Scheme for Master in Occupational Therapy and Physiotherapy programmes	1,080,000.00	540,000.00
Neighbourhood Support Child Care Project (NSCCP)		
- Contract Subsidy & Fee Income	2,666,123.90	2,673,851.50
- Subsidy for Fee Reduction/Waiving	525,000.00	-
Total	39,833,915.90	30,607,431.50
b. Expenditure		
Foster Care Allowance/Emergency Foster Care Allowance	30,023,050.80	23,594,557.80
After School Care Programme-Fee Waiving Subsidy Scheme	167,400.00	217,226.85
Training Sponsorship Scheme for Master in Occupational Therapy and Physiotherapy programmes	540,000.00	540,000.00
Neighbourhood Support Child Care Project (NSCCP)		
- Contract Subsidy	2,708,607.08	2,621,858.59
- Subsidy for Fee Reduction/Waiving	124,279.10	136,612.00
Total	33,563,336.98	27,110,255.24

4 Rent and Rates

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

HONG KONG FAMILY WELFARE SOCIETY
NOTES ON THE ANNUAL FINANCIAL REPORT
1ST APRIL 2018 TO 31ST MARCH 2019

- 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 the 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:

	2018-19	2017-18
	HK\$	HK\$
Other Income		
(a) Fees and charges for services incidental to the operation of subvented services	6,863,560.10	6,649,755.40
(b) Others	586,467.02	271,217.53
Total	7,450,027.12	6,920,972.93

- 6 Personal Emoluments** Personal Emoluments include salary, provident fund and salary-related allowances.

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

Analysis of Personal Emoluments paid under Lump Sum Grant	No. of Posts	HK\$
HK\$700,001 - HK\$800,000 p.a.	47	34,500,666.00
HK\$800,001 - HK\$900,000 p.a.	5	4,151,778.00
HK\$900,001 - HK\$1,000,000 p.a.	1	975,777.00
HK\$1,000,001 - HK\$1,100,000 p.a.	10	10,096,000.00
HK\$1,100,001 - HK\$1,200,000 p.a.	-	-
>HK\$1,200,000 p.a.	4	5,260,889.00

- 7 Other Charges** The breakdown on Other Charges is as follows:

	2018-19	2017-18
	HK\$	HK\$
Other Charges		
(a) Utilities	1,715,469.74	1,633,152.13
(b) Food/Laundry Costs	5,048,938.96	5,653,068.77
(c) Administrative Expenses	2,696,932.10	2,376,524.11
(d) Stores and Equipment	1,114,823.10	1,267,633.18
(e) Repair and Maintenance	1,488,946.00	1,544,812.39
(f) Programme Expenses	2,784,568.77	2,240,183.29
(g) Nursing Care	1,242,618.30	1,489,066.90
(h) Medical Expenses	893,795.24	863,310.00
(i) Transportation and Travelling	1,361,799.10	1,183,505.10
(j) Insurance	2,082,065.73	1,907,860.12
(k) Course/Workshop/Training	62,091.00	80,573.00
(l) Miscellaneous	1,486,355.81	900,067.58
(m) Staff Training and Development	156,626.00	48,960.00
Total	22,135,029.85	21,188,716.57

HONG KONG FAMILY WELFARE SOCIETY
NOTES ON THE ANNUAL FINANCIAL REPORT
1ST APRIL 2018 TO 31ST MARCH 2019

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

	Lump Sum Grant HK\$	Rent and Rates HK\$	Central Items HK\$	Total HK\$
Income				
Lump Sum Grant	259,297,725.00	-	-	259,297,725.00
Fee Income	3,306,993.50	-	-	3,306,993.50
Other Income	7,450,027.12	-	-	7,450,027.12
Interest Received	58,381.57	-	-	58,381.57
Rent and Rates	-	5,351,813.00	-	5,351,813.00
Central Items	-	-	39,833,915.90	39,833,915.90
Total Income (a)	270,113,127.19	5,351,813.00	39,833,915.90	315,298,856.09
Expenditure				
Personal Emoluments	236,215,466.34	-	-	236,215,466.34
Other Charges	22,135,029.85	-	-	22,135,029.85
Rent & Rates	-	6,213,984.10	-	6,213,984.10
Central Items	-	-	33,563,336.98	33,563,336.98
Total Expenditure (b)	258,350,496.19	6,213,984.10	33,563,336.98	298,127,817.27
Surplus/(Deficit) for the year (a) – (b)	11,762,631.00	(862,171.10)	6,270,578.92	17,171,038.82
Less: Surplus of Provident Fund	(146,705.68)	-	-	(146,705.68)
	11,615,925.32	(862,171.10)	6,270,578.92	17,024,333.14
Surplus/(Deficit) b/f	85,197,924.61	(1,056,289.37)	5,989,136.74	90,130,771.98
	96,813,849.93	(1,918,460.47)	12,259,715.66	107,155,105.12
Add: Backpayment from SWD for prior years' deficit	-	723,714.00	-	723,714.00
Less: Recovery of Surplus for Rent and Rates	-	(14,213.48)	-	(14,213.48)
Less: Recovery of Surplus for Foster Care Allowance	-	-	(3,581,222.20)	(3,581,222.20)
Surplus/(Deficit) c/f	96,813,849.93	(1,208,959.95)	8,678,493.46	104,283,383.44

Schedule for Central Items
Analysis of Subvention and Expenditure for the Year from 1st April 2018 to 31st March 2019

HONG KONG FAMILY WELFARE SOCIETY

Unit Code and Name (Note 7)	Subvented Element	Subvention Released (Note 1)	Actual Expenditure (Note 2)	Surplus (Note 3) (a)	Deficit (Note 3) (b)	Deficit transferred to LSG (Note 4) (c)	Adjusted Deficit (d)=(b)- (c)	Surplus/ (deficit) b/f (Note 5 & 8) (e)	Surplus/ (deficit) c/f (Note 6) (f)=(a)+(d)+(e)
		HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
1924, 2795, 2797, 2799, 2841 & 3933	Foster Care Less: Recovery of surplus for 2017/18	31,007,712.00	26,124,911.70	4,882,800.30	-	-	-	3,700,073.20	4,882,800.30
1923, 2809, 2821 & 4248	Emergency Foster Care Allowance Less: Recovery of surplus for 2017/18	4,387,680.00	3,898,139.10	489,540.90	-	-	-	(118,851.00)	
3040	After School Care Programme – Fee Waiving Subsidy Scheme	167,400.00	167,400.00	-	-	-	-	118,851.00	489,540.90
6675	Training Sponsorship Scheme for Master Scheme For Two- Year MOT/MPT Programme of Poly University	1,080,000.00	540,000.00	540,000.00	-	-	-	1,438.76	1,438.76
6417 & 6418	Neighbourhood Support Child Care Project (NSCCP)	2,666,123.90	2,708,607.08	-	(42,483.18)	-	(42,483.18)	1,291,189.58	1,248,706.40
	Subsidy for Fee Reduction/Waiving	525,000.00	124,279.10	400,720.90	-	-	-	575,286.20	976,007.10
	Total	39,833,915.90	33,563,336.98	6,313,062.10	(42,483.18)	-	(42,483.18)	2,407,914.54	8,678,493.46

Remark: Total sum of Contract Subsidy received for unit code - 6417 Neighbourhood Support Child Care Project (NSCCP) was HK\$1,749,040.

**Schedule for Central Items
Analysis of Subvention and Expenditure for the Year from 1st April 2018 to 31st March 2019**

HONG KONG FAMILY WELFARE SOCIETY

Notes:

1. The figures for the whole financial year are extracted from the payroll for March (Final) of the financial year.
2. Actual expenditure represents the total expenditure incurred including provident fund for the respective services after netting off programme income, if any.
3. Surplus/(deficit) for each element represents the difference between subvention released and actual expenditure.
4. Deficit in respect of the following central items arising from salary adjustment are transferred to the Lump Sum Grant Reserve as stated in SWD's letter ref. (5) in SWD/S/104/2 Pt. 18 dated 31 July 2018.
 - (i) Dementia Supplement for Elderly with Disabilities
 - (ii) Infirmary Care Supplement for the Aged Blind Persons
 - (iii) Dementia Supplement for Residential Elderly Services
 - (iv) Infirmary Care Supplement for Residential Elderly Services
5. "Surplus/(deficit) brought forward (b/f)" means surplus, if any, arising from operations in previous years.
6. "Surplus/(deficit) carried forward (c/f)" means surplus brought forward less refund to Government plus surplus, if any, arising from operations in current year.
7. Unit code and name are extracted from the payroll from SWD.
8. "Surplus/(deficit) brought forward (b/f)" also takes account of the recovery of surplus for previous years.

Schedule for Rent and Rates
Analysis of Subvention and Expenditure for the Year Ended 31st March 2019

HONG KONG FAMILY WELFARE SOCIETY

Unit Code and Name	Subvented Element	Subvention Released	Actual Expenditure	Surplus	Deficit
		(Note 1)		(Note 2)	(Note 2)
		HK\$	HK\$	HK\$	HK\$
2780 - Central Administration	Rent (Note 3)	68,562.00	70,659.01	-	(2,097.01)
	Rates	55,109.00	53,328.16	1,780.84	-
	Total	123,671.00	123,987.17	1,780.84	(2,097.01)
7509 - Clinical Psychological Service	Rent (Note 3)	9,314.00	9,598.96	-	(284.96)
	Rates	7,487.00	7,244.60	242.40	-
	Total	16,801.00	16,843.56	242.40	(284.96)
2796 - IFSC - East Kowloon Centre (Yau Tong)	Rent (Note 3)	445,476.00	690,959.14	-	(245,483.14)
	Rates	27,345.00	18,651.00	8,694.00	-
	Total	472,821.00	709,610.14	8,694.00	(245,483.14)
1242 - IFSC - Hong Kong Eastern Centre (North Point)	Rent (Note 3)	534,684.00	657,720.00	-	(123,036.00)
	Rates	38,984.00	32,796.00	6,188.00	-
	Total	573,668.00	690,516.00	6,188.00	(123,036.00)
1243 - IFSC - Kwai Chung Centre (Kwai Chung (South))	Rent (Note 3)	380,820.00	569,344.70	-	(188,524.70)
	Rates	35,757.00	25,875.42	9,881.58	-
	Total	416,577.00	595,220.12	9,881.58	(188,524.70)
1244 - IFSC - Kwun Tong Centre (Shun Lee)	Rent (Note 3)	10,308.00	13,116.00	-	(2,808.00)
	Rates	26,938.00	14,740.00	12,198.00	-
	Total	37,246.00	27,856.00	12,198.00	(2,808.00)
1245 - IFSC - Tseung Kwan O Centre - Tseung Kwan O (South)	Rent (Note 3)	376,200.00	376,200.00	-	-
	Rates	43,113.00	38,000.00	5,113.00	-
	Total	419,313.00	414,200.00	5,113.00	-
1246 - IFSC - West Kowloon Centre - Sham Shui Po (West)	Rent (Note 3)	311,688.00	327,672.00	-	(15,984.00)
	Rates	45,671.00	62,233.30	-	(16,562.30)
	Total	357,359.00	389,905.30	-	(32,546.30)
2860 - School Social Work	Rent (Note 3)	336,571.00	379,942.18	-	(43,371.18)
	Rates	26,104.00	20,600.75	5,503.25	-
	Total	362,675.00	400,542.93	5,503.25	(43,371.18)
2815 - IHCS - HK Western Centre	Rent (Note 3)	338,445.00	387,931.19	-	(49,486.19)
	Rates	24,569.00	11,806.77	12,762.23	-
	Total	363,014.00	399,737.96	12,762.23	(49,486.19)
2810 - IHCS - Hong Kong Western (Oi Tung) Centre	Rent (Note 3)	176,621.00	204,227.06	-	(27,606.06)
	Rates	19,242.00	14,900.00	4,342.00	-
	Total	195,863.00	219,127.06	4,342.00	(27,606.06)
2825 - IHCS - West Kowloon (Lai Kok) Centre	Rent (Note 3)	134,940.00	158,571.00	-	(23,631.00)
	Rates	10,971.00	6,900.00	4,071.00	-
	Total	145,911.00	165,471.00	4,071.00	(23,631.00)
2855 - IHCS - East Kowloon (Ngau Tau Kok) Centre	Rent (Note 3)	105,660.00	115,480.00	-	(9,820.00)
	Rates	5,069.00	7,454.08	-	(2,385.08)
	Total	110,729.00	122,934.08	-	(12,205.08)
2858 - IHCS - East Kowloon (Shun On) Centre	Rent (Note 3)	223,480.00	282,914.00	-	(59,434.00)
	Rates	18,905.00	16,400.00	2,505.00	-
	Total	242,385.00	299,314.00	2,505.00	(59,434.00)

Schedule for Rent and Rates
Analysis of Subvention and Expenditure for the Year Ended 31st March 2019

HONG KONG FAMILY WELFARE SOCIETY

Unit Code and Name	Subvented Element	Subvention Released	Actual Expenditure	Surplus	Deficit
		(Note 1)		(Note 2)	(Note 2)
		HK\$	HK\$	HK\$	HK\$
2818 - IHCS - (Tseung Kwan O) Centre	Rent (Note 3)	100,200.00	115,440.00	-	(15,240.00)
	Rates	6,751.00	1,040.00	5,711.00	-
	Total	106,951.00	116,480.00	5,711.00	(15,240.00)
2840 - IHCS - NT (Kwai Fong) Centre	Rent (Note 3)	153,330.00	168,250.00	-	(14,920.00)
	Rates	7,863.00	5,448.78	2,414.22	-
	Total	161,193.00	173,698.78	2,414.22	(14,920.00)
2835 - IHCS - NT (Cheung Shan) Centre	Rent (Note 3)	146,040.00	164,960.00	-	(18,920.00)
	Rates	9,453.00	3,980.00	5,473.00	-
	Total	155,493.00	168,940.00	5,473.00	(18,920.00)
2784 - IHCS - NT (Cheung Hang) Centre	Rent (Note 3)	118,200.00	129,330.00	-	(11,130.00)
	Rates	8,947.00	3,440.00	5,507.00	-
	Total	127,147.00	132,770.00	5,507.00	(11,130.00)
7698 - IHCS - NT (Tsing Yi) Centre	Rent (Note 3)	186,421.00	235,048.00	-	(48,627.00)
	Rates	11,984.00	7,098.00	4,886.00	-
	Total	198,405.00	242,146.00	4,886.00	(48,627.00)
2827 - ATAA Youth Square	Rent (Note 3)	519,036.00	520,980.00	-	(1,944.00)
	Rates	50,972.00	47,600.00	3,372.00	-
	Total	570,008.00	568,580.00	3,372.00	(1,944.00)
2798 - Neighbourhood Elderly Centre (Re-engineering)	Rent (Note 3)	28,338.00	75,684.00	-	(47,346.00)
	Rates	21,604.00	19,700.00	1,904.00	-
	Total	49,942.00	95,384.00	1,904.00	(47,346.00)
2795 - Foster Care	Rent (Note 3)	135,268.00	135,720.00	-	(452.00)
	Rates	9,373.00	5,000.00	4,373.00	-
	Total	144,641.00	140,720.00	4,373.00	(452.00)
Grand Total		5,351,813.00	6,213,984.10	106,921.52	(969,092.62)

Notes:

1. The figures are to be extracted from the payroll for March plus subvention released in late March of the financial year. Reimbursement for rent and rates relating to previous financial year(s) (i.e. back payments) should not be included.
2. Surplus/(deficit) for each element represents the difference between the subvention released and actual expenditure.
3. Rent includes all kinds of rent such as PHE rental, private rental, carpark rent, management fee, building maintenance fee and government rent.