

The financial information of Annual Financial Report (AFR) presented here is not the statutory financial statements of the Society for that year. Further information relating to those statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance is as follows:

The Society would present the statutory financial statements of the Society to the Registrar of Companies as required by section 662(3) of, and part 3 of Schedule 6 to, the Companies Ordinance.

The Society's auditor has reported on those statutory financial statements. The auditor's report was neither qualified nor modified; did not refer to any matter to which the auditor drew attention by way of emphasis without qualifying the report; and did not contain a statement under section 406(2) of (3) of the Companies Ordinance.

ANNUAL FINANCIAL REPORT
NGO : THE SOCIETY OF REHABILITATION AND CRIME PREVENTION, HONG KONG
1 APRIL 2018 TO 31 MARCH 2019

	Notes	<u>2018-19</u> \$	<u>2017-18</u> \$
A. INCOME			
1. Lump Sum Grant			
a. Lump Sum Grant (excluding Provident Fund)	1b	115,840,654	108,222,057
b. Provident Fund	1c	10,230,317	9,830,325
2. Fee Income	2	1,599,087	1,679,172
3. Central Items	3	2,401,230	2,664,996
4. Rent and Rates	4	3,434,832	3,988,641
5. Other Income	5	598,473	1,027,530
6. Interest Received		295,327	114,757
TOTAL INCOME		<u>134,399,920</u>	<u>127,527,478</u>
B. EXPENDITURE			
1. Personal Emoluments			
a. Salaries		102,366,691	96,228,931
b. Provident Fund	1c	9,514,765	9,072,293
c. Allowances		80,790	100,337
	6	111,962,246	105,401,561
2. Other Charges	7	15,273,945	14,547,428
3. Central Items	3	2,158,264	2,380,007
4. Rent and Rates	4	3,916,620	3,735,508
TOTAL EXPENDITURE		<u>133,311,075</u>	<u>126,064,504</u>
C. SURPLUS/(DEFICIT) FOR THE YEAR	8	<u>1,088,845</u>	<u>1,462,974</u>

The Annual Financial Report from pages 1 to 5 has been prepared in accordance with the requirements as set out in the Lump Sum Grant Manual.



The Hon Mr. Justice Patrick Li
Chairperson
Date: 23 October, 2019



Ms. Anthea LEE Shuk-wai
Chief Executive
Date: 23 October, 2019

THE SOCIETY OF REHABILITATION AND CRIME PREVENTION, HONG KONG

NOTES ON THE ANNUAL FINANCIAL REPORT

1 APRIL 2018 TO 31 MARCH 2019

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 have been 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	4,446,138	5,784,179	10,230,317
Provident Fund Contribution			
Paid during the Year	(4,183,909)	(5,330,856)	(9,514,765)
Surplus for the Year	262,229	453,323	715,552
Add: Surplus b/f	762,310	11,986,913	12,749,223
Less: 2016/2017 Surplus Refund to Government Adjustment	(448,611)	-	(448,611)
Add: 2014/2015 Refund from Government	496	-	496
Add: Additional PF for 6.8% for 2015/16 arising from departure of Snapshot	-	141,477	141,477
Less: Adjustment per SWD letter dated 10 Dec 2018	917	(917)	-
Surplus c/f	<u>577,341</u>	<u>12,580,796</u>	<u>13,158,137</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 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 Agency. The PF 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 (October 2016)).

The income and expenditure of each of the Central Items are as follows:

	<u>2018-19</u>	<u>2017-18</u>
	\$	\$
a. <u>Income</u>		
Short-term Rental Assistance to Newly Discharged Prisoners	1,110,000	1,110,000
Allowances for Specific Services Arising from the Implementation of the Minimum Wage Ordinance (Overnight On-site-on-call Allowance)	1,291,230	1,284,996
Training sponsorship scheme for MOT/MPT Programme	-	270,000
Total	<u>2,401,230</u>	<u>2,664,996</u>
b. <u>Expenditure</u>		
Short-term Rental Assistance to Newly Discharged Prisoners	1,035,293	1,069,632
Financial Incentive Scheme for Mentors of Employees with Disabilities	1,000	-
Allowances for Specific Services Arising from the Implementation of the Minimum Wage Ordinance (Overnight On-site-on-call Allowance)	851,971	1,310,375
Training sponsorship scheme for MOT/MPT Programme	270,000	-
Total	<u>2,158,264</u>	<u>2,380,007</u>

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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 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 LSG Manual (October 2016)) is as follows :

Other Income	<u>2018-19</u>	<u>2017-18</u>
	\$	\$
(a) Fees and charges for services incidental to the operation of subvented services	598,473	1,027,530
(b) Others	-	-
	<u>598,473</u>	<u>1,027,530</u>

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:

<u>Analysis of Personal Emoluments</u>	<u>No. of Posts</u>	<u>\$</u>
HK\$700,001 - HK\$ 800,000 p.a.	12	8,685,478
HK\$800,001 - HK\$ 900,000 p.a.	3	2,577,086
HK\$900,001 - HK\$1,000,000 p.a.	14	13,594,667
HK\$1,000,001 - HK\$1,100,000 p.a.	0	-
HK\$1,100,001 - HK\$1,200,000 p.a.	7	8,069,207
>HK\$1,200,000 p.a.	2	3,262,324

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	1,509,216	1,494,507
(b) Food	2,639,299	2,884,060
(c) Administrative Expenses	970,311	793,727
(d) Stores and Equipment	2,157,856	1,810,746
(e) Repair and Maintenance	1,680,188	1,479,752
(f) Programme Expenses	3,776,360	4,327,214
(g) Transportation and Travelling	594,601	570,124
(h) Insurance	1,393,114	664,310
(i) Miscellaneous	553,000	522,988
Total	<u>15,273,945</u>	<u>14,547,428</u>

7a. Special One-off Grant Payments

Details of Special One-off Grant Payments are as follows:

Special one-off Grant Payments	<u>2018-19</u>	<u>2017-18</u>
	\$	\$
(a) Voluntary Retirement Scheme	-	-
(b) Compensation Scheme	-	-
(c) Staff Training and Development	-	-
(d) Other Staff-related Initiatives	-	-
Total	<u>-</u>	<u>-</u>

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8. Analysis of Reserve Fund

	Analysis of Reserve Fund				
	Lump Sum Grant (LSG)	Special One-off Grant (SOG)	Rent and Rates	Central Items	Total
	\$	\$	\$	\$	\$
Income					
Lump Sum Grant	126,070,971	-	-	-	126,070,971
Special One-off Grant		-	-	-	-
Fee Income	1,599,087	-	-	-	1,599,087
Other Income	598,473	-	-	-	598,473
Interest Received (Note (1))	295,327	-	-	-	295,327
Rent and Rates	-	-	3,434,832	-	3,434,832
Central Items	-	-	-	2,401,230	2,401,230
Total Income (a)	128,563,858	-	3,434,832	2,401,230	134,399,920
Expenditure					
Personal Emoluments	111,962,246	-	-	-	111,962,246
Other Charges	15,273,945	-	-	-	15,273,945
Rent and Rates	-	-	3,916,620	-	3,916,620
Central Items	-	-	-	2,158,264	2,158,264
Special One-off Grant Payments	-	-	-	-	-
Total Expenditure (b)	127,236,191	-	3,916,620	2,158,264	133,311,075
Surplus/(Deficit) for the Year (a)-(b)	1,327,667	-	(481,788)	242,966	1,088,845
Less : Surplus of Provident Fund	(715,552)	-	-	-	(715,552)
	612,115	-	(481,788)	242,966	373,293
Surplus/(Deficit) b/f (Note (2))	33,645,459	-	(2,738,668)	1,666,235	32,573,026
Less : Refund to Government	(280,000)		(93,941)	(1,007,595)	(1,381,536)
Adjustment per SWD letter dated 10 Dec, 2018 and 4 June, 2019	(112,668)		593,195	(251,509)	229,018
Surplus/(Deficit) c/f (Note (4))	33,864,906	-	(2,721,202)	650,097	31,793,801

Notes :

- (1) Interest received on LSG and PF reserves, rent and rates, central items, Special One-off Grant are included as one item under LSG; and the item is considered as part of LSG reserve.
- (2) Accumulated balance of 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) Amount of LSG Reserve used to cover the salary adjustment for Dementia Supplement and Infirmiry Care Supplement, if any, as per Schedule for Central Items.
- (4) The level of LSG cumulative reserve (i.e. S), less LSG Reserve kept in the holding account, will be capped at 25% of the NGO's **operating expenditure** (excluding Provident Fund expenditure) for the year.