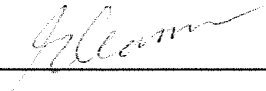



ANNUAL FINANCIAL REPORT
NGO: HEEP HONG SOCIETY
1 April 2020 to 31 March 2021

	Notes	Total 2020-21 \$	Total 2019-20 \$
A. INCOME			
1. Lump Sum Grant			
a. Lump Sum Grant (excluding Provident Fund)	1b	431,992,172.00	361,468,096.00
b. Provident Fund	1c	32,268,977.00	28,360,770.00
2. Fee Income	2	411,993.00	1,185,588.20
3. Central Items	3	27,050,488.00	35,274,545.00
4. Rent and Rates	4	12,209,880.00	9,082,403.00
5. Other Income	5	10,147,350.65	17,926,101.58
6. Interest Received		841,661.66	865,711.55
TOTAL INCOME		514,922,522.31	454,163,215.33
 B. EXPENDITURE			
1. Personal Emoluments			
a. Salaries		346,662,193.38	320,162,256.20
b. Provident Fund	1c	24,657,541.59	23,397,693.29
c. Allowances		12,615,028.84	11,996,746.27
Sub-total	6	383,934,763.81	355,556,695.76
2. Other Charges	7	22,209,513.51	25,667,591.22
3. Central Items	3	31,911,960.00	33,766,342.91
4. Rent and Rates	4	13,937,746.53	11,837,848.06
TOTAL EXPENDITURE		451,993,983.85	426,828,477.95
 C. SURPLUS/(DEFICIT) FOR THE YEAR	 8	 62,928,538.46	 27,334,737.38

The Annual Financial Report from pages 2 to 11 has been prepared in accordance with the requirement as set out in the Lump Sum Grant Manual.

Authorized signatory:	 _____	 _____
Name:	Wong Yee _____	Leung Wai Ling _____
Title:	Chairman _____	Chief Executive Officer _____
Date:	28 October, 2021 _____	28 October, 2021 _____

HEEP HONG SOCIETY
NOTES ON THE ANNUAL FINANCIAL REPORT

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 1 April 2000. 6.8% and others 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 Note 3. Details are analysed below:

Provident Fund Contribution	Snapshot Staff	6.8% and Other Posts	Total
	\$	\$	\$
Subvention received	6,119,147.00	26,149,830.00	32,268,977.00
Provident Fund Contribution Paid during the Year	<u>(5,053,204.30)</u>	<u>(19,604,337.29)</u>	<u>(24,657,541.59)</u>
Surplus / (Deficit) for the Year	1,065,942.70	6,545,492.71	7,611,435.41
Add: Surplus / (Deficit) b/f	2,320,873.63	30,550,736.23	32,871,609.86
Adjustment for 2018/19 (Refer to SWD letter of 20/3/20 Attachment B)	0.00	181,200.00	181,200.00
Less: Recovery of surplus for 2018/19	(964,791.00)	0.00	(964,791.00)
Surplus/(Deficit) c/f	<u>2,422,025.33</u>	<u>37,277,428.94</u>	<u>39,699,454.27</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.

HEEP HONG SOCIETY
NOTES ON THE ANNUAL FINANCIAL REPORT

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 NGOs. 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:

	2020-21	2019-20
a. Income	\$	\$
Grant under the Pilot Scheme on On-Site Pre-School Rehabilitation Services (OPRS) (Unit code: 3401)	0.00	0.00
Grant under the Pilot Scheme on On-Site Pre-School Rehabilitation Services (OPRS) (Unit code: 3429)	0.00	0.00
Training Subsidy under Training Scheme for Child Care Supervisors and Special Child Care Workers in Pre-school Rehabilitation Services	120,000.00	0.00
Subsidy Scheme for Occasional Care Service (Time-Defined)	10,600.00	10,600.00
Training Sponsorship Scheme in MOT and MPT Programme of Polyu	640,000.00	810,000.00
Training Subsidy Programme for Children on the Waiting List for Subvented Pre-School Rehabilitation Services (1 Oct 17 - 30 Sep 20)	17,616,321.00	34,453,945.00
Training Subsidy Programme for Children on the Waiting List for Subvented Pre-School Rehabilitation Services (1 Oct 20 - 30 Sep 23)	5,397,421.00	
Subsidy for Enhanced Support for Ethnic Minority Children in Special Child Care Centres and Early Education and Training Centres 2019-20	1,440,000.00	
Subsidy for Enhanced Support for Ethnic Minority Children in Special Child Care Centres and Early Education and Training Centres 2020-21	1,420,000.00	
Ethnic Minority District Ambassador Posts (1 Oct 20 - 30 Sep 23)	406,146.00	
Total	27,050,488.00	35,274,545.00
	2020-21	2019-20
	\$	\$
b. Expenditure		
Grant under the Pilot Scheme on On-Site Pre-School Rehabilitation Services (OPRS) (Unit code: 3401)	0.00	0.00
Grant under the Pilot Scheme on On-Site Pre-School Rehabilitation Services (OPRS) (Unit code: 3429)	0.00	0.00
Training Subsidy under Training Scheme for Child Care Supervisors and Special Child Care Workers in Pre-school Rehabilitation Services	45,000.00	105,000.00
Subsidy Scheme for Occasional Care Service (Time-Defined)	0.00	-
Training Sponsorship Scheme in MOT and MPT Programme of Polyu	810,000.00	810,000.00
Training Subsidy Programme for Children on the Waiting List for Subvented Pre-School Rehabilitation Services (1 Oct 17 - 30 Sep 20)	15,177,263.00	32,851,342.91
Training Subsidy Programme for Children on the Waiting List for Subvented Pre-School Rehabilitation Services (1 Oct 20 - 30 Sep 23)	15,355,710.00	
Subsidy for Enhanced Support for Ethnic Minority Children in Special Child Care Centres and Early Education and Training Centres 2019-20	328,772.68	
Subsidy for Enhanced Support for Ethnic Minority Children in Special Child Care Centres and Early Education and Training Centres 2020-21	67,044.39	
Ethnic Minority District Ambassador Posts (1 Oct 20 - 30 Sep 23)	128,169.93	
Total	31,911,960.00	33,766,342.91

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.

HEEP HONG SOCIETY
NOTES ON THE ANNUAL FINANCIAL REPORT

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:

	2020-21	2019-20
	\$	\$
Other Income		
(a) Fees and charges for services incidental to the operation of subvented services	945,002.00	3,341,641.80
(b) Others	9,202,348.65	14,584,459.78
	<u>10,147,350.65</u>	<u>17,926,101.58</u>

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

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

Analysis of Personal Emoluments

Paid under LSG	No. of Posts	\$
HK\$700,001 - HK\$800,000 p.a.	33	24,707,010.88
HK\$800,001 - HK\$900,000 p.a.	13	10,995,222.25
HK\$900,001 - HK\$1,000,000 p.a.	13	12,251,708.75
HK\$1,000,001 - HK\$1,100,000 p.a.	8	8,301,755.77
HK\$1,100,001 - HK\$1,200,000 p.a.	1	1,167,145.97
>HK\$1,200,000 p.a.	5	6,347,911.15

7. Other Charges The breakdown on Other Charges is as follows:

	2020-21	2019-20
	\$	\$
Other Charges		
(a) Utilities	1,438,154.12	2,485,949.01
(b) Food	121,066.70	2,940,414.41
(c) Administrative Expenses	1,177,971.11	945,055.80
(d) Stores and Equipment	3,276,653.95	3,114,312.16
(e) Repair and Maintenance	3,725,334.77	2,758,359.05
(f) Special Allowance	-	-
(g) Programme Expenses	2,551,800.60	4,413,121.13
(h) Transportation and Travelling	1,120,164.93	1,877,231.55
(i) Insurance	5,877,730.86	4,078,620.61
(j) Minor / Routine Capital Expenditure	695,518.56	770,664.67
(k) Audit Fee	110,400.00	114,400.00
(l) Staff Training and Development	527,417.67	668,899.12
(m) Miscellaneous	1,587,300.24	1,500,563.71
Total	<u>22,209,513.51</u>	<u>25,667,591.22</u>

HEEP HONG SOCIETY
NOTES ON THE ANNUAL FINANCIAL REPORT

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

	Analysis of Reserve Fund				
	Lump Sum Grant (LSG)	Adjustment for Utilised allocation under ASCP/Enhanced ASCP - FWSS	Rent and Rates	Central Items (CI)	Total
Income	\$	\$	\$	\$	\$
Lump Sum Grant	464,261,149.00				464,261,149.00
Fee Income	411,993.00				411,993.00
Other Income	10,147,350.65				10,147,350.65
Interest Received (Notes (1))	841,661.66				841,661.66
Rent and Rates			12,209,880.00		12,209,880.00
Central Items				27,050,488.00	27,050,488.00
Total Income (a)	475,662,154.31	0.00	12,209,880.00	27,050,488.00	514,922,522.31
Expenditure					
Personal Emoluments	383,934,763.81				383,934,763.81
Other Charges	22,209,513.51				22,209,513.51
Rent and Rates			13,937,746.53		13,937,746.53
Central Items				31,911,960.00	31,911,960.00
Total Expenditure (b)	406,144,277.32	0.00	13,937,746.53	31,911,960.00	451,993,983.85
Surplus / (Deficit) for the Year (a) - (b)	69,517,876.99	0.00	(1,727,866.53)	(4,861,472.00)	62,928,538.46
Less: Surplus / (Deficit) of Provident Fund	7,611,435.41		0.00	0.00	7,611,435.41
	61,906,441.58	0.00	(1,727,866.53)	(4,861,472.00)	55,317,103.05
Surplus / (Deficit) b/f (Note (2))	35,265,812.32	0.00	(4,515,751.76)	851,802.56	31,601,863.12
Adjustment for decrease in opening balance			0.00		0.00
	97,172,253.90	0.00	(6,243,618.29)	(4,009,669.44)	86,918,966.17
Add: Refund from Government					
Less: Refund to Government - recovery of surplus	0.00	0.00	1,532.00	10,600.00	12,132.00
Refund to Government - surplus for 2019/20			279,485.65		279,485.65
Add: Absorbed the deficit in Central Items by Heep Hong Unit code 3401 Unit code 3429				0.00 0.00	0.00 0.00
Transfer from LSG Reserve to cover the salary adjustment for Dementia Supplement Infirmity Care Supplementary (Note(3))					
Adjustment for utilised allocation under Enhanced ASCP - FWSS* (over-estimated)/ under-estimated in previous year(s)					
Surplus / (Deficit) c/f (Note(4))	97,172,253.90	0.00	(6,524,635.94)	(4,020,269.44)	86,627,348.52

- Note: (1) Interest received on LSG and Provident Fund reserves, rent and rates, central items are included as one item under LSG; and the item is considered as part of LSG reserve.
- (2) Accumulated balance of 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) Amount of LSG Reserve used to cover the salary adjustment for Dementia Supplement and Infirmity Care Supplement, if any, as per Schedule for Central Items.
- (4) The level of LSG cumulative reserve, 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.