



ANNUAL FINANCIAL REPORT
NGO: HEEP HONG SOCIETY
1 April 2023 to 31 March 2024

| | Notes | Total 2023-24 \$ | Total 2022-23 \$ |
|--|-------|------------------------|------------------------|
| A. INCOME | | | |
| 1. Lump Sum Grant | | | |
| a. Lump Sum Grant (excluding Provident Fund) | 1b | 511,959,721.00 | 470,963,280.00 |
| b. Provident Fund | 1c | 36,440,576.00 | 34,129,500.00 |
| 2. Fee Income | 2 | 1,928,160.00 | 1,692,455.00 |
| 3. Central Items | 3 | 52,673,883.00 | 34,027,319.00 |
| 4. Rent and Rates | 4 | 14,651,943.00 | 13,404,073.00 |
| 5. Other Income | 5 | 13,281,721.09 | 11,837,920.17 |
| 6. Interest Received | | 6,797,334.15 | 2,612,687.41 |
| TOTAL INCOME | | 637,733,338.24 | 568,667,234.58 |
| B. EXPENDITURE | | | |
| 1. Personal Emoluments | | | |
| a. Salaries | | 469,102,690.98 | 412,464,414.83 |
| b. Provident Fund | 1c | 33,573,176.72 | 26,501,471.13 |
| c. Allowances | | 17,282,213.40 | 14,328,409.43 |
| Sub-total | 6 | 519,958,081.10 | 453,294,295.39 |
| 2. Other Charges | 7 | 41,972,828.07 | 50,028,411.46 |
| 3. Central Items | 3 | 44,883,841.66 | 40,508,333.54 |
| 4. Rent and Rates | 4 | 19,483,467.65 | 17,457,133.61 |
| TOTAL EXPENDITURE | | 626,298,218.48 | 561,288,174.00 |
| C. SURPLUS/(DEFICIT) FOR THE YEAR | 8 | 11,435,119.76 | 7,379,060.58 |

The Annual Financial Report from pages 3 to 12 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: | 14 August, 2024 | 14 August, 2024 |

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 which are separately included as part of the income and expenditure of the relevant disclosures have been 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 | 4,601,424.00 | 31,839,152.00 | 36,440,576.00 |
| Provident Fund Contribution Paid during the Year | (3,707,236.94) | (29,865,939.78) | (33,573,176.72) |
| Surplus / (Deficit) for the Year | 894,187.06 | 1,973,212.22 | 2,867,399.28 |
| <u>Add: Surplus / (Deficit) b/f</u> | 1,734,000.49 | 50,595,190.85 | 52,329,191.34 |
| Adjustment for 2021/22 (Refer to SWD letter on 23/3/23 Attachment B) | - | 157,336.00 | 157,336.00 |
| <u>Less: Recovery of surplus for 2021/22</u> | (689,983.00) | - | (689,983.00) |
| Surplus/(Deficit) c/f | <u>1,938,204.55</u> | <u>52,725,739.07</u> | <u>54,663,943.62</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 the LSG Manual (October 2016)).
The income and expenditure of each of the Central Items are as follows:

| | 2023-24 | 2022-23 |
|--|----------------|----------------|
| <u>a. Income</u> | \$ | \$ |
| Training Subsidy under Training Scheme for Child Care Supervisors and Special Child Care Workers in Pre-school Rehabilitation Services | 270,000.00 | 255,000.00 |
| Subsidy Scheme for Occasional Child Care Service (Time-Defined) | 15,741.00 | 10,494.00 |
| Training Sponsorship Scheme in MOT and MPT Programme of Polyu | 2,210,526.00 | - |
| Training Subsidy Programme for Children on the Waiting List for Subvented Pre-School Rehabilitation Services (1 Oct 20 - 30 Sep 23) | 36,441,741.00 | 21,838,473.00 |
| Subsidy for Enhanced Support for Ethnic Minority Children in Special Child Care Centres and Early Education and Training Centres 2021-22 | - | 50,000.00 |
| Subsidy for Enhanced Support for Ethnic Minority Children in Special Child Care Centres and Early Education and Training Centres 2022-23 | - | 1,140,000.00 |
| Subsidy for Enhanced Support for Ethnic Minority Children in Special Child Care Centres and Early Education and Training Centres 2023-24 | 960,000.00 | - |
| Time-defined Service Contract of Social Work Service for Pre-primary Institutions | | |
| - Allocation | 11,526,812.00 | 10,317,200.00 |
| - Rent and Rates | 1,031,227.00 | - |
| Ethnic Minority District Ambassador Posts | | |
| Posts - salary and provident fund | 200,764.00 | 383,584.00 |
| Posts - other charges | 17,072.00 | 32,568.00 |
| Total | 52,673,883.00 | 34,027,319.00 |
| | 2023-24 | 2022-23 |
| <u>b. Expenditure</u> | \$ | \$ |
| Training Subsidy under Training Scheme for Child Care Supervisors and Special Child Care Workers in Pre-school Rehabilitation Services | 116,650.00 | 42,775.00 |
| Subsidy Scheme for Occasional Child Care Service (Time-Defined) | - | - |
| Training Sponsorship Scheme in MOT and MPT Programme of Polyu | 960,000.00 | 1,280,000.00 |
| Training Subsidy Programme for Children on the Waiting List for Subvented Pre-School Rehabilitation Services (1 Oct 20 - 30 Sep 23) | 16,311,967.52 | 27,421,240.31 |
| Training Subsidy Programme for Children on the Waiting List for Subvented Pre-School Rehabilitation Services (1 Oct 23 - 30 Sep 26) | 14,374,354.13 | - |
| Subsidy for Enhanced Support for Ethnic Minority Children in Special Child Care Centres and Early Education and Training Centres 2021-22 | - | 926,061.09 |
| Subsidy for Enhanced Support for Ethnic Minority Children in Special Child Care Centres and Early Education and Training Centres 2022-23 | 811,737.85 | 161,815.36 |
| Subsidy for Enhanced Support for Ethnic Minority Children in Special Child Care Centres and Early Education and Training Centres 2023-24 | 438,871.84 | - |
| Time-defined Service Contract of Social Work Service for Pre-primary Institutions | | |
| - Allocation | 10,583,108.54 | 9,696,891.83 |
| - Rent and Rates | 1,047,169.32 | 684,155.35 |
| Ethnic Minority District Ambassador Posts | | |
| Posts - salary and provident fund | 202,486.30 | 273,782.26 |
| Posts - other charges | 37,496.16 | 21,612.34 |
| Total | 44,883,841.66 | 40,508,333.54 |

HEEP HONG SOCIETY
NOTES ON THE ANNUAL FINANCIAL REPORT

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 be included as Other Income in AFR. In this respect, donations should be included if it is used to finance expenditure of the FSA services/ FSA-related activities reflected in the AFR

The breakdown on Other Income is as follows:

| | 2023-24 \$ | 2022-23 \$ |
|--------------------------|---------------|---------------|
| Other Income | | |
| (a) Programme income | 4,002,103.30 | 3,597,655.14 |
| (b) Miscellaneous income | 9,279,617.79 | 8,240,265.03 |
| | 13,281,721.09 | 11,837,920.17 |

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 | <u>No of Posts</u> | \$ |
|------------------------------------|--------------------|---------------|
| HK\$700,001 - HK\$800,000 p.a. | 41 | 30,828,938.37 |
| HK\$800,001 - HK\$900,000 p.a. | 32 | 26,797,112.33 |
| HK\$900,001 - HK\$1,000,000 p.a. | 12 | 11,073,415.18 |
| HK\$1,000,001 - HK\$1,100,000 p.a. | 16 | 16,486,355.37 |
| HK\$1,100,001 - HK\$1,200,000 p.a. | 7 | 7,927,419.46 |
| >HK\$1,200,000 p.a. | 10 | 13,190,343.67 |

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

| <u>Other Charges</u> | 2023-24 \$ | 2022-23 \$ |
|---|---------------|---------------|
| (a) Utilities | 3,996,434.15 | 3,386,297.77 |
| (b) Food | 4,182,940.20 | 1,182,833.87 |
| (c) Administrative Expenses | 1,881,914.86 | 1,492,629.69 |
| (d) Stores and Equipment | 5,490,831.13 | 5,622,865.39 |
| (e) Repair and Maintenance | 7,686,394.59 | 8,831,334.76 |
| (f) Special Allowance | - | - |
| (g) Programme Expenses | 7,676,994.03 | 6,093,361.07 |
| (h) Transportation and Travelling | 3,264,348.64 | 2,172,202.10 |
| (i) Insurance | 1,444,654.62 | 9,204,992.96 |
| (j) Minor / Routine Capital Expenditure | 2,174,201.16 | 7,312,367.16 |
| (k) Audit Fee | 145,900.00 | 125,200.00 |
| (l) Staff Training and Development | 1,277,070.31 | 1,694,355.19 |
| (m) Miscellaneous | 2,751,144.38 | 2,909,971.50 |
| Total | 41,972,828.07 | 50,028,411.46 |

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 - | Rent and Rates | Central Items (CI) | Total |
| Income | \$ | \$ | \$ | \$ | \$ |
| Lump Sum Grant | 548,400,297.00 | | | | 548,400,297.00 |
| Fee Income | 1,928,160.00 | | | | 1,928,160.00 |
| Other Income | 13,281,721.09 | | | | 13,281,721.09 |
| Interest Received (Notes (1)) | 6,797,334.15 | | | | 6,797,334.15 |
| Rent and Rates | | | 14,651,943.00 | | 14,651,943.00 |
| Central Items | | | | 52,673,883.00 | 52,673,883.00 |
| Total Income (a) | 570,407,512.24 | - | 14,651,943.00 | 52,673,883.00 | 637,733,338.24 |
| Expenditure | | | | | |
| Personal Emoluments | 519,958,081.10 | | | | 519,958,081.10 |
| Other Charges | 41,972,828.07 | | | | 41,972,828.07 |
| Rent and Rates | | | 19,483,467.65 | | 19,483,467.65 |
| Central Items | | | | 44,883,841.66 | 44,883,841.66 |
| Total Expenditure (b) | 561,930,909.17 | - | 19,483,467.65 | 44,883,841.66 | 626,298,218.48 |
| Surplus / (Deficit) for the Year (a) - (b) | 8,476,603.07 | - | (4,831,524.65) | 7,790,041.34 | 11,435,119.76 |
| Less: Surplus / (Deficit) of Provident Fund | 2,867,399.28 | - | - | - | 2,867,399.28 |
| | 5,609,203.79 | - | (4,831,524.65) | 7,790,041.34 | 8,567,720.48 |
| Surplus / (Deficit) b/f (Note (2)) | 117,890,334.18 | - | (6,062,568.54) | (14,880,151.67) | 96,947,613.97 |
| Adjustment for decrease in opening balance | | | | | - |
| | 123,499,537.97 | - | (10,894,093.19) | (7,090,110.33) | 105,515,334.45 |
| Add: Backpayment of Rent and Rates for previous financial years | | | 6,125,700.00 | | 6,125,700.00 |
| Less: Refund to Government - recovery of surplus (SWD SF/SAS/4-35/2/54(248)) dated 13/4/2023 | | - | 1,815.46 | | 1,815.46 |
| Less: Refund to Government - recovery of surplus (SWD SF/SAS/4-35/2/54(248)) dated 30/11/2023 | | | 256,614.00 | 10,494.00 | 267,108.00 |
| Add: Rent and Rates absorbed by Own Fund | | | 18,793.76 | | 18,793.76 |
| Transfer from LSG Reserve to cover the salary adjustment for Dementia Supplement Infirmary 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)) | 123,499,537.97 | - | (5,008,028.89) | (7,100,604.33) | 111,390,904.75 |

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 Infirmary 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.