

HONG KONG BLIND UNION

ANNUAL FINANCIAL REPORT

YEAR ENDED 31 MARCH 2024

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INDEPENDENT AUDITOR'S ASSURANCE REPORT

To the Members of the Executive Committee of Hong Kong Blind Union ("the NGO")

We have audited the financial statements of the NGO for the year ended 31 March 2024 in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), and have issued an unmodified auditor's report thereon dated 15 August 2024.

Pursuant to the Lump Sum Grant ("LSG") Manual issued by the Social Welfare Department of the Government of the Hong Kong Special Administrative Region ("SWD"), we have been requested to issue this assurance report in connection with the Annual Financial Report ("AFR") of the NGO for the year ended 31 March 2024.

Responsibilities of the Members of the Executive Committee

In relation to this report, the Members of the Executive Committee are responsible for ensuring the AFR of the NGO for the year ended 31 March 2024 is properly prepared in accordance with the relevant accounting and financial reporting requirements set out in the LSG Manual and other instructions issued by the SWD; and the use of the funds from the LSG by the NGO has complied with the purposes as specified in the LSG Manual and other instructions issued by the SWD.

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies Hong Kong Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditor's Responsibility

Our responsibility is to form a conclusion, based on our engagement, and to report our conclusion solely to you, as a body, and for no other purpose. We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information and with reference to Practice Note 851 (Revised), Reporting on the Annual Financial Reports of Non-governmental Organisations issued by the HKICPA. We have planned and performed our work to obtain reasonable assurance for giving conclusion 1 and obtain limited assurance for giving conclusion 2 below.

The work undertaken in connection with this engagement is less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

In relation to our conclusion 1 below, we have planned and performed such procedures as we considered necessary with reference to the procedures recommended in PN 851 (Revised), to satisfy ourselves that the AFR has been properly prepared, in all material respects, in accordance with the relevant accounting and financial reporting requirements set out in the LSG Manual and other instructions issued by the SWD.


In relation to our conclusion 2 below, we have obtained an understanding in respect of the purposes of the use of the funds as specified in the LSG Manual and other instructions issued by the SWD and obtaining an understanding of the control procedures. We are not required to perform any procedures to search for instances of the use of funds from the LSG by the NGO being non-complied with the specified purposes. Our work was limited to reporting non-compliances identified as a result of the procedures performed in relation to conclusion 2 and during the normal course of our work relating to conclusion 1. The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Conclusion

1. In our opinion, the AFR of the NGO for the year ended 31 March 2024 is properly prepared, in all material respects, in accordance with the relevant accounting and financial reporting requirements set out in the LSG Manual and other instructions issued by the SWD.
2. Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the use of the funds from the LSG by the NGO has not complied, in all material respects, with the purposes as specified in the LSG Manual and other instructions issued by the SWD.

Intended Users and Purpose

This report is intended solely for submission by the NGO to the SWD and is not intended to be, and should not be, used for any other purpose. We agree that a copy of this report may be provided to the SWD without further comment from us.



Eric Cheung & Co.
Certified Public Accountants
Hong Kong, 15 August 2024

ANNUAL FINANCIAL REPORT
NGO : HONG KONG BLIND UNION
1 APRIL 2023 TO 31 MARCH 2024

	Notes	2023 - 24 \$	2022 - 23 \$
A. INCOME			
1 Lump Sum Grant			
a. Lump Sum Grant (Excluding Provident Fund)	1b	6,262,471.00	6,016,055.00
b. Provident Fund	1c	339,889.00	324,780.00
2 Fee Income	2	28,240.00	29,800.00
3 Central Items	3	46,902.00	-
4 Rent and Rates	4	217,326.00	217,326.00
5 Other Income	5	366,912.00	138,560.00
6 Interest Received		34,006.89	12,270.69
TOTAL INCOME		<u>7,295,746.89</u>	<u>6,738,791.69</u>
B. EXPENDITURE			
1 Personal Emoluments			
a. Salaries		5,051,003.08	4,878,945.21
b. Provident Fund	1c	273,160.42	311,461.89
c. Allowances		-	-
Sub-total	6	<u>5,324,163.50</u>	<u>5,190,407.10</u>
2 Other Charges	7	2,066,272.97	1,810,965.47
3 Central Items	3	46,902.00	-
4 Rent and Rates	4	<u>217,326.00</u>	<u>208,814.00</u>
TOTAL EXPENDITURE		<u>7,654,664.47</u>	<u>7,210,186.57</u>
C. SURPLUS/(DEFICIT) FOR THE YEAR	8	<u>(358,917.58)</u>	<u>(471,394.88)</u>

The Annual Financial Report from pages 3 to 10 has been prepared in accordance with the requirements as set out in the Lump Sum Grant Manual.

SIGNATURE



PRESIDENT

Date: 15 August 2024

SIGNATURE



EXECUTIVE DIRECTOR

Date: 15 August 2024

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 other 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 items 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	-	339,889.00	339,889.00
Provident Fund Contribution Paid during the Year	-	273,160.42	273,160.42
Surplus/(Deficit) for the Year	-	66,728.58	66,728.58
Add : Surplus/(Deficit) b/f	-	640,308.92	640,308.92
Refund to Government	-	-	-
Surplus/(Deficit) c/f	-	707,037.50	707,037.50

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 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>	\$	\$
One-off Subsidy for Organising Social Activities for Elderly Persons and Persons with Disabilities	-	-
Total	-	-

NOTES ON THE ANNUAL FINANCIAL REPORT

3. Central Items - continued

	2023 - 24	2022 - 23
	\$	\$
b. Expenditure		
One-off Subsidy for Organising Social Activities for Elderly Persons and Persons with Disabilities	-	-
Total	<u>-</u>	<u>-</u>

- 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 need not be included as Other Income in AFR. In this respect, donations have been 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) Fees and charges for services incidental to the operation of subvented services	359,112.00	138,560.00
b) Others	7,800.00	-
Total	<u>366,912.00</u>	<u>138,560.00</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 paid under LSG

	No. of Posts	\$
HK\$700,001 - HK\$800,000 p.a.	N.A.	N.A.
HK\$800,001 - HK\$900,000 p.a.	N.A.	N.A.
HK\$900,001 - HK\$1,000,000 p.a.	N.A.	N.A.
HK\$1,000,001 - HK\$1,100,000 p.a.	N.A.	N.A.
HK\$1,100,001 - HK\$1,200,000 p.a.	N.A.	N.A.
>HK\$1,200,000 p.a.	N.A.	N.A.

NOTES ON THE ANNUAL FINANCIAL REPORT

7. Other Charges

	<u>2023 - 24</u>	<u>2022 - 23</u>
<u>The breakdown on Other Charges is as follows:</u>	<u>\$</u>	<u>\$</u>
(a) Utilities	75,303.30	69,676.30
(b) Food	-	-
(c) Administrative Expenses	153,141.68	143,137.61
(d) Stores and Equipment	139,835.28	159,062.57
(e) Repair and Maintenance	256,729.50	348,785.50
(f) Special Allowance	-	-
(g) Programme Expenses	1,301,457.69	1,035,028.06
(h) Transportation and Travelling	8,641.40	3,942.50
(i) Insurance	73,990.54	23,108.91
(j) Miscellaneous	57,173.58	28,224.02
Total	<u>2,066,272.97</u>	<u>1,810,965.47</u>

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

	Analysis of Reserve Fund				
	Lump Sum Grant (LSG)	Holding Account (HA)	Rent and Rates	Central Items	Total
Income	\$	\$	\$	\$	\$
Lump Sum Grant	6,602,360.00	-	-	46,902.00	6,649,262.00
Fee Income	28,240.00	-	-	-	28,240.00
Other Income	366,912.00	-	-	-	366,912.00
Interest Received (Note 1)	34,006.89	-	-	-	34,006.89
Rent and Rates	-	-	217,326.00	-	217,326.00
Central Items	-	-	-	-	-
Total Income (a)	7,031,518.89	-	217,326.00	46,902.00	7,295,746.89
Expenditure					
Personal Emoluments	5,324,163.50	-	-	-	5,324,163.50
Other Charges	2,066,272.97	-	-	-	2,066,272.97
Rent and Rates	-	-	217,326.00	-	217,326.00
Central Items	-	-	-	46,902.00	46,902.00
Special One-off Grant Payments	-	-	-	-	-
Total Expenditure (b)	7,390,436.47	-	217,326.00	46,902.00	7,654,664.47
Surplus/(Deficit) for the Year (a) - (b)	(358,917.58)	-	-	-	(358,917.58)
Less: Surplus/(Deficit) of Provident Fund	66,728.58	-	-	-	66,728.58
Surplus/(Deficit) for the year	(425,646.16)	-	-	-	(425,646.16)
Surplus/(Deficit) b/f (Note 2)	1,040,658.62	-	8,512.00	61,250.00	1,110,420.62
Transfer	(46,448.64)	46,448.64			-
	568,563.82	46,448.64	8,512.00	61,250.00	684,774.46
Less: Refund to Government	-	-	(8,512.00)	-	(8,512.00)
Deficit absorbed by HKBU	225,646.16	-	-	-	225,646.16
Surplus/(Deficit) c/f (Note 3)	794,209.98	46,448.64	-	61,250.00	901,908.62

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 all interest received in previous years (see (1) above) and the balance of HA should be separately reported as in the surplus b/f under LSG and HA respectively.

(3) 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.

Annex I

Schedule for Central Items

Analysis of Subvention and Expenditure for the Period from 1.4.2023 - 31.3.2024

Name of Agency : Hong Kong Blind Union

Unit Code and Name (Note 7)	Subvented Element	Subvention Released (Note 1)	Actual Expenditure (Note 2)	Surplus (Note 3) (a)	Deficit for the year			Surplus b/f (Note 5) (e)	Surplus c/f (Note 6) (f) = (e)+(a)-(d)
					Deficit (Note 3) (b)	Deficit transferred to LSG (Note 4) (c)	Adjusted Deficit (d) = (b) - (c)		
Unit 272S	Programme Assistants (PA) posts	-	-	-	-	-	-	-	-
Unit 6454	Financial Incentive Scheme for Mentors of Employees with Disabilities (Time defined 30/11/2015)	-	-	-	-	-	-	61,250.00	61,250.00
A168	Providing Assistance to PWDs under the Govt Public Transport Fare Concession Scheme (\$2 Scheme)	46,902.00	46,902.00	-	-	-	-	-	-
		46,902.00	46,902.00	-	-	-	-	61,250.00	61,250.00

Note :

- The figures for the whole financial year are extracted from the payroll for March (Final) of the financial year.
- Actual expenditure represents the total expenditure incurred including provident fund for the respective services after netting off programme income, if any.
- Surplus/Deficit for each element represents the difference between subvention released and actual expenditure.
- "Surplus brought forward (b/f)" means surplus, if any, arising from operation in previous years.
- "Surplus carried forward (c/f)" means surplus brought forward plus surplus, if any, arising from operations in current year.
- Unit code and names are extracted from the payroll from SWD.
- The central item as listed above may not be exhaustive and any relevant details of central items released and or expended during the year, where appropriate, should also be included.

Schedule for Rent and Rates
Analysis of Subvention and Expenditure for the Period from 1.4.2023 - 31.3.2024

Annex II

Name of Agency : Hong Kong Blind Union

Unit Code and Name	Subvented Elements	Subvention Released (Note 1)	Actual Expenditure	Surplus (Note 2)	Deficit (Note 2)
Unit 2505 Oi Man Activity Centre	Rent (Note 3)	\$ 165,912.00	\$ 165,912.00	\$ -	\$ -
	Rates	11,112.00	11,112.00	-	-
Unit 2516 Supported Employment Programme	Rent (Note 3)	27,528.00	27,528.00	-	-
	Rates	2,904.00	2,904.00	-	-
Unit 2617 Supported Employment Programme (10 Places)	Rent (Note 3)	8,928.00	8,928.00	-	-
	Rates	942.00	942.00	-	-
	Total	217,326.00	217,326.00	-	-

Notes:

1. The figures are to be extracted from the payroll for March plus subvention released in late March of the financial year.
2. Surplus/Deficit for each element represents the difference between 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.

Annex III


Schedule for Investment

Analysis of Investment at 31.3.2024

Agency: Hong Kong Blind Union

	2024 HK\$	2023 HK\$
LSG Reserve as at 31 March	<u>794,209.98</u>	<u>1,040,658.62</u>
Represented by:		
Investments		
a. HKD Bank Account Balances	294,209.98	540,658.62
b. HKD Fixed Deposits	<u>500,000.00</u>	<u>500,000.00</u>
	<u>794,209.98</u>	<u>1,040,658.62</u>

Confirmed by:



PRESIDENT
Date: 15 August 2024



EXECUTIVE DIRECTOR
Date: 15 August 2024