

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 2019 TO 31 MARCH 2020

	Notes	<u>2019-20</u> \$	<u>2018-19</u> \$
A. INCOME			
1. Lump Sum Grant			
a. Lump Sum Grant (excluding Provident Fund)	1b	126,721,590	115,840,654
b. Provident Fund	1c	10,898,521	10,230,317
2. Fee Income	2	1,666,619	1,599,087
3. Central Items	3	3,217,554	2,401,230
4. Rent and Rates	4	5,132,840	3,434,832
5. Other Income	5	584,128	598,473
6. Interest Received		454,638	295,327
TOTAL INCOME		<u>148,675,890</u>	<u>134,399,920</u>
B. EXPENDITURE			
1. Personal Emoluments			
a. Salaries		109,411,962	102,366,691
b. Provident Fund	1c	9,790,190	9,514,765
c. Allowances		106,379	80,790
	6	<u>119,308,531</u>	<u>111,962,246</u>
2. Other Charges	7	13,535,361	15,273,945
3. Central Items	3	2,193,635	2,158,264
4. Rent and Rates	4	3,712,931	3,916,620
TOTAL EXPENDITURE		<u>138,750,458</u>	<u>133,311,075</u>
C. SURPLUS/(DEFICIT) FOR THE YEAR	8	<u>9,925,432</u>	<u>1,088,845</u>

The Annual Financial Report from pages 2 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: 15 October, 2020



Ms. Anthea LEE Shuk-wai
Chief Executive
Date: 15 October, 2020

THE SOCIETY OF REHABILITATION AND CRIME PREVENTION, HONG KONG
NOTES ON THE ANNUAL FINANCIAL REPORT
1 APRIL 2019 TO 31 MARCH 2020

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 **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	4,397,953	6,500,568	10,898,521
Provident Fund Contribution			
Paid during the Year	(3,905,803)	(5,884,387)	(9,790,190)
Surplus for the Year	492,150	616,181	1,108,331
Add: Surplus b/f	577,341	12,580,796	13,158,137
Less: 2017/2018 Surplus Refund to Government Adjustment	(315,113)	-	(315,113)
Add: Adjustment per SWD letter dated 22 Oct 2019	-	2,571	2,571
Add: Additional PF for 6.8% for 2017/18 arising from departure Snapshot	-	100,223	100,223
Surplus c/f	<u>754,378</u>	<u>13,299,771</u>	<u>14,054,149</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>2019-20</u>	<u>2018-19</u>
	\$	\$
a. Income		
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)	1,394,286	1,291,230
Allowance for Staff of Subvented Residential Service Units in respect of COVID-19	438,934	-
Special Grant on Manpower Support for Residential and Home-based Care Service Units in respect of the "Severe Respiratory Disease associated with a Novel Infectious Agent"	274,334	-
Total	<u>3,217,554</u>	<u>2,401,230</u>
b. Expenditure		
Short-term Rental Assistance to Newly Discharged Prisoners	834,207	1,035,293
Financial Incentive Scheme for Mentors of Employees with Disabilities	9,500	1,000
Allowances for Specific Services Arising from the Implementation of the Minimum Wage Ordinance (Overnight On-site-on-call Allowance)	1,000,672	851,971
Training sponsorship scheme for MOT/MPT Programme	-	270,000
Allowance for Staff of Subvented Residential Service Units in respect of COVID-19	349,256	-
Total	<u>2,193,635</u>	<u>2,158,264</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 is as follows :

Other Income	<u>2019-20</u>	<u>2018-19</u>
	\$	\$
(a) Fees and charges for services incidental to the operation of subvented services	584,128	598,473
(b) Others	-	-
	<u>584,128</u>	<u>598,473</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.	18	13,338,673
HK\$800,001 - HK\$ 900,000 p.a.	1	836,691
HK\$900,001 - HK\$1,000,000 p.a.	2	1,860,523
HK\$1,000,001 - HK\$1,100,000 p.a.	15	15,514,620
HK\$1,100,001 - HK\$1,200,000 p.a.	3	3,582,155
>HK\$1,200,000 p.a.	3	4,083,216

7. Other Charges

The breakdown on Other Charges is as follows:

<u>Other Charges</u>	<u>2019-20</u>	<u>2018-19</u>
	\$	\$
(a) Utilities	1,617,993	1,509,216
(b) Food	2,580,124	2,639,299
(c) Administrative Expenses	861,966	970,311
(d) Stores and Equipment	2,001,654	2,157,856
(e) Repair and Maintenance	2,183,614	1,680,188
(f) Programme Expenses	2,952,702	3,776,360
(g) Transportation and Travelling	490,840	594,601
(h) Insurance	185,011	1,393,114
(i) Miscellaneous	661,457	553,000
Total	<u>13,535,361</u>	<u>15,273,945</u>

THE SOCIETY OF REHABILITATION AND CRIME PREVENTION, HONG KONG
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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	137,620,111	-	-	-	137,620,111
Special One-off Grant		-	-	-	-
Fee Income	1,666,619	-	-	-	1,666,619
Other Income	584,128	-	-	-	584,128
Interest Received (Note (1))	454,638	-	-	-	454,638
Rent and Rates	-	-	5,132,840	-	5,132,840
Central Items	-	-	-	3,217,554	3,217,554
Total Income (a)	140,325,496	-	5,132,840	3,217,554	148,675,890
Expenditure					
Personal Emoluments	119,308,531	-	-	-	119,308,531
Other Charges	13,535,361	-	-	-	13,535,361
Rent and Rates	-	-	3,712,931	-	3,712,931
Central Items	-	-	-	2,193,635	2,193,635
Special One-off Grant Payments	-	-	-	-	-
Total Expenditure (b)	132,843,892	-	3,712,931	2,193,635	138,750,458
Surplus/(Deficit) for the Year (a)-(b)	7,481,604	-	1,419,909	1,023,919	9,925,432
Less : Surplus of Provident Fund	(1,108,331)	-	-	-	(1,108,331)
	6,373,273	-	1,419,909	1,023,919	8,817,101
Surplus/(Deficit) b/f (Note (2))	33,864,906	-	(2,721,202)	650,097	31,793,801
Less : Refund to Government	-	-	(95,362)	(439,259)	(534,621)
Adjustment per SWD letter dated 22 Oct 2019	(171,239)	-	-	-	(171,239)
Adjustment of Rent and Rates from 2007/08 to 2018/19 to General Reserve	222,211	-	-	-	222,211
Surplus/(Deficit) c/f (Note (4))	40,289,151	-	(1,396,655)	1,234,757	40,127,253

Notes :

- (1) Interest received on LSG and PF 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 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 Infirmary 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.