

ANNUAL FINANCIAL REPORT
BAPTIST OI KWAN SOCIAL SERVICE 浸信會愛羣社會服務處
1 APRIL 2019 TO 31 MARCH 2020

A. INCOME	NOTE	Total 2019-20 HK\$	Total 2018-19 HK\$
1. Lump Sum Grant			
a. Lump Sum Grant (excluding Provident Fund)	1b	149,758,325.00	114,331,457.00
b. Provident Fund	1c	7,446,695.00	6,525,524.00
2. Fee Income	2	2,429,985.20	2,432,036.60
3. Central Items	3	33,843,690.00	6,782,651.00
4. Rent and Rates	4	2,441,334.00	1,604,526.00
5. Other Income	5	5,687,429.93	6,971,892.63
6. Interest Received		48,851.67	76,727.61
TOTAL INCOME		<u>201,656,310.80</u>	<u>138,724,814.84</u>
B. EXPENDITURE			
1. Personal Emoluments			
a. Salaries		100,402,062.87	80,769,302.70
b. Provident Fund	1c	6,761,959.63	5,554,371.23
c. Allowances		-	-
Sub-total	6	<u>107,164,022.50</u>	<u>86,323,673.93</u>
2. Other Charges	7	59,959,896.73	33,070,844.62
3. Central Items	3	19,214,656.08	4,821,372.10
4. Rent and Rates	4	2,852,788.05	2,603,377.12
TOTAL EXPENDITURE		<u>189,191,363.36</u>	<u>126,819,267.77</u>
C. SURPLUS FOR THE YEAR	8	<u>12,464,947.44</u>	<u>11,905,547.07</u>

The Annual Financial Report from pages 2 to 10 has been prepared in accordance with the requirements as set out in the Lump Sum Grant Manual.



Rev Dave KWOK Siu Nam
Chairman



Mr Raymond CHIU Han Man
Chief Executive Officer

Dated this 12 October 2020

BAPTIST OI KWAN SOCIAL SERVICE 浸信會愛羣社會服務處
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 recognized upon receipt of cash and expenditure is recognized 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 recognized 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 stated under Note 3.

Details are analyzed below:

Provident Fund Contribution

	Snapshot Staff HK\$	6.8% and Other Posts HK\$	Total HK\$
Subvention Received	1,017,993.00	6,428,702.00	7,446,695.00
Provident Fund Contribution Paid during the year	(1,154,967.25)	(5,606,992.38)	(6,761,959.63)
Surplus for the year	(136,974.25)	821,709.62	684,735.37
Add: Surplus b/f	151,868.58	6,865,556.10	7,017,424.68
Additional subvention received for previous years	—	114,679.00	114,679.00
Less: Refund to Government	(123,992.00)	—	(123,992.00)
Surplus c/f	(109,097.67)	7,801,944.72	7,692,847.05

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.

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- 3. Central Items** These are subvented service activities which are not included in the 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:

	Total 2019-20 HK\$	Total 2018-19 HK\$
a. Income		
Time-defined Subsidy Scheme for Extended Hours Service Users	5,678.00	5,678.00
After School Care Programme	216,000.00	216,000.00
After School Care Programme – Enhanced	310,464.00	310,464.00
Allowance for Specific Services Arising from the Implementation of the Minimum Wage Ordinance	232,381.00	215,205.00
Time-defined Subsidy Scheme for Occasional Child Care Service	15,900.00	15,900.00
Dementia Supplement for Day Care Centre for the Elderly (STDCC)	–	171,331.00
Neighbourhood Support Child Care Project (NSCCP) – Contract Subsidy (Eastern)	2,086,750.00	1,423,100.00
NSCCP – Subsidy for Fee Reduction / Waiving (Eastern)	–	525,000.00
NSCCP – Rent and rates (Eastern)	60,732.00	56,569.00
Neighbourhood Support Child Care Project (NSCCP) – SIP (Eastern)	292,500.00	–
Neighbourhood Support Child Care Project (NSCCP) – Contract Subsidy (Wanchai)	2,086,750.00	1,423,100.00
NSCCP – Subsidy for Fee Reduction / Waiving (Wanchai)	–	–
Neighbourhood Support Child Care Project (NSCCP) – SIP (Wanchai)	292,500.00	–
Pilot Scheme on Multi-Disciplinary Outreaching Support Teams for the Elderly – NTE Cluster	27,849,116.00	2,420,304.00
Project on Child Care Training for Grandparents – Contract Subsidy	115,972.00	–
Project on Child Care Training for Grandparents – Subsidy for Fee Reduction / Waiving	7,000.00	–
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”	104,595.00	–
Special Allowance for Staff of Subvented Residential Service Units in respect of COVID-19 (“Special Allowance”)	167,352.00	–
Total	33,843,690.00	6,782,651.00

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	Total 2019-20 HK\$	Total 2018-19 HK\$
b. Expenditure		
Time-defined Subsidy Scheme for Extended Hours Service Users	4,097.60	4,014.40
After School Care Programme	517,277.02	246,294.16
After School Care Programme – Enhanced	295,008.09	321,836.37
Allowance for Specific Services Arising from the Implementation of the Minimum Wage Ordinance	232,381.00	215,205.00
Time-defined Subsidy Scheme for Occasional Child Care Service	–	–
Dementia Supplement for Day Care Centre for the Elderly (STDCC)	–	171,327.34
Neighbourhood Support Child Care Project (NSCCP) – Contract Subsidy (Eastern)	1,216,362.66	1,296,160.95
NSCCP – Subsidy for Fee Reduction / Waiving (Eastern)	121,677.50	104,970.00
NSCCP – Rent and rates (Eastern)	58,933.80	56,569.00
Neighbourhood Support Child Care Project (NSCCP) – SIP (Eastern)	13,311.00	–
Neighbourhood Support Child Care Project (NSCCP) – Contract Subsidy (Wanchai)	864,393.39	1,291,390.99
NSCCP – Subsidy for Fee Reduction / Waiving (Wanchai)	127,644.70	32,811.30
Neighbourhood Support Child Care Project (NSCCP) – SIP (Wanchai)	2,203.50	–
Pilot Scheme on Multi-Disciplinary Outreaching Support Teams for the Elderly – NTE Cluster	15,593,055.94	1,080,792.59
Project on Child Care Training for Grandparents – Contract Subsidy	768.00	–
Project on Child Care Training for Grandparents – Subsidy for Fee Reduction / Waiving	–	–
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”	7,450.00	–
Special Allowance for Staff of Subvented Residential Service Units in respect of COVID-19 (“Special Allowance”)	160,091.88	–
Total	19,214,656.08	4,821,372.10

- 4. Rent and Rates** This represents the amount paid by the SWD in respect of premises recognized by SWD. Expenditure on rent and rates in respect of premises not recognized by SWD have not been included in AFR.

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NOTES ON THE ANNUAL FINANCIAL REPORT CONTINUED

- 5. Other Income** This includes programme income and all income other than recognized 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:

	2019-20 HK\$	2018-19 HK\$
Other Income		
(a) Fees and charges for services incidental to the operation of subvented services	5,364,779.75	5,901,840.66
(b) Others	322,650.18	1,070,051.97
	<u>5,687,429.93</u>	<u>6,971,892.63</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 HK\$700,000 each paid under LSG is appended below:

Analysis of Personal Emoluments paid under LSG

	No. of Posts	HK\$
HK\$700,001 – HK\$800,000 p.a.	9	6,821,574.53
HK\$800,001 – HK\$900,000 p.a.	2	1,727,103.60
HK\$900,001 – HK\$1,000,000 p.a.	3	2,846,597.15
HK\$1,000,001 – HK\$1,100,000 p.a.	2	2,082,971.88
HK\$1,100,001 – HK\$1,200,000 p.a.	1	1,184,345.90
>HK\$1,200,000 p.a.	3	3,869,458.67

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

	Total 2019-20 HK\$	Total 2018-19 HK\$
<u>Other Charges</u>		
(a) Utilities	1,199,920.24	1,204,054.31
(b) Food	915,296.90	937,190.93
(c) Administrative expenses	6,004,055.48	3,825,314.61
(d) Stores and equipment	5,808,783.81	1,588,497.96
(e) Repairs and maintenance	2,239,146.21	1,489,905.07
(f) Programme expenses	42,043,762.65	22,620,237.38
(g) Transportation and travelling	337,904.98	223,891.92
(h) Insurance	992,178.78	927,276.71
(i) Miscellaneous	418,847.68	254,475.73
	<u>59,959,896.73</u>	<u>33,070,844.62</u>

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NOTES ON THE ANNUAL FINANCIAL REPORT CONTINUED

8. Analysis of Lump Sum Grant Reserve and Balances of Other SWD Subventions

	Analysis of Reserve Fund			
	Lump Sum Grant (LSG)	Rent and Rates	Central Items	Total
	HK\$	HK\$	HK\$	HK\$
Income				
Lump Sum Grant	157,205,020.00	-	-	157,205,020.00
Fee Income	2,429,985.20	-	-	2,429,985.20
Other Income	5,687,429.93	-	-	5,687,429.93
Interest Received (Note (1))	48,851.67	-	-	48,851.67
Rent and Rates	-	2,441,334.00	-	2,441,334.00
Central Items	-	-	33,843,690.00	33,843,690.00
Total Income (a)	165,371,286.80	2,441,334.00	33,843,690.00	201,656,310.80
Expenditure				
Personal Emoluments	107,164,022.50	-	-	107,164,022.50
Other Charges	59,959,896.73	-	-	59,959,896.73
Rent and Rates	-	2,852,788.05	-	2,852,788.05
Central Items	-	-	19,214,656.08	19,214,656.08
Total expenditure (b)	167,123,919.23	2,852,788.05	19,214,656.08	189,191,363.36
Surplus/(Deficit) for the year (a) - (b)	(1,752,632.43)	(411,454.05)	14,629,033.92	12,464,947.44
Less: Surplus of Provident Fund	684,735.37	-	-	684,735.37
	(2,437,367.80)	(411,454.05)	14,629,033.92	11,780,212.07
Surplus/(Deficit) b/f as previously reported	38,681,026.67	(998,851.12)	9,135,624.49	46,817,800.04
Adjustment to the opening balance of Extension of Time-defined Subsidy Scheme for Extended Hours Service Users in 2018-19 (Note 5)	(1,185.60)	-	1,185.60	-
LSG overflow in 2018-19 (Note 6)	(1,133,346.67)	-	-	(1,133,346.67)
Surplus/(Deficit) b/f as restated (Note (2))	37,546,494.40	(998,851.12)	9,136,810.09	45,684,453.37
Less: Refund from/(to) Government	(148,466.00)	998,852.42	(18,752.86)	831,633.56
Transfer from LSG Reserve to cover the salary adjustment for Dementia Supplement and Infirmary Care Supplementary (Note (3))	-	-	-	-
Surplus/(Deficit) c/f (Note (4))	34,960,660.60	(411,452.75)	23,747,091.15	58,296,299.00
	S			

The cumulative LSG reserves as at 31 March 2007 not subject to clawback was HK\$9,087,643.17.

Notes:

- (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 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 reserves (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.
- (5) The payment of HK\$1,185.60 to our LSG service was recorded twice in year 2018-19. Accordingly, opening balance adjustment was made in both Schedule 8 and 9 to correct the error.
- (6) As per Pt. 8 of SWD letter #SWD/S/A052/1 dated 31 July 2020, the amount of HK\$1,133,346.67 will be clawed back regarding the overflow of lump sum grant during the year 2018-19.

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NOTES ON THE ANNUAL FINANCIAL REPORT CONTINUED

11. COMPARATIVE FIGURES

Certain comparative figures in the 2019 financial statements have been reclassified to conform with current year's presentation.

12. APPROVAL OF ANNUAL FINANCIAL REPORT

The annual financial report of the Agency for the year ended 31 March 2020 was approved and authorized for issue by the board members and the Chief Executive Officer on 12 October 2020.