	NOTE	Total 2017-18 HK$	Total 2016-17 HK$
A. INCOME			
1. Lump Sum Grant			
a. Lump Sum Grant (excluding Provident Fund)	1b	79,473,918.00	75,097,093.00
b. Provident Fund	1c	5,816,973.00	5,541,088.00
2. Special One Off Grant		–	–
3. Fee Income	2	2,104,987.30	2,081,703.00
4. Central Items	3	4,057,225.90	3,629,193.90
5. Rent and Rates	4	1,275,949.00	1,252,075.00
6. Other Income	5	5,078,921.43	4,789,514.35
7. Interest Received		21,549.74	29,890.98
		97,829,524.37	92,420,558.23
B. EXPENDITURE			
1. Personal Emoluments			
a. Salaries		71,666,215.75	67,715,518.40
b. Provident Fund	1c	5,128,513.25	5,045,041.31
	6	76,794,729.00	72,760,559.71
2. Other Charges	7	15,180,466.68	13,154,694.72
3. Central Items	3	3,264,316.20	2,748,801.87
4. Rent and Rates	4	2,520,478.79	2,375,862.18
		97,759,990.67	91,039,918.48
C. SURPLUS FOR THE YEAR	8	69,533.70	1,380,639.75

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
2nd Vice Chairman

Mr Raymond CHIU Han Man
Chief Executive Officer

Dated this 15 October 2018

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	1,177,655.00	4,639,318.00	5,816,973.00
Provident Fund Contribution Paid during the year	(1,053,663.27)	(4,074,849.98)	(5,128,513.25)
Surplus for the year	123,991.73	564,468.02	688,459.75
Add: (Deficit) / surplus b/f	(104,986.97)	5,330,708.13	5,225,721.16
Reallocation	7,289.70	(7,289.70)	–
Additional subvention received for previous years	–	–	–
Refund from Government	7,414.00	24,675.00	32,089.00
Surplus c/f	33,708.46	5,912,561.45	5,946,269.91

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 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 2017)). The income and expenditure of each of the Central Items are as follows:

	Total 2017-18 HK$	Total 2016-17 HK$
a. Income		
One-off subsidy for Enhanced Provision of Visiting Medical Practitioner Scheme for Residential Care Homes for the Persons with Disabilities	210,000.00	–
Extension of Time-defined Subsidy Scheme for Extended Hours Child Care Service	5,678.00	5,880.00
After School Care Programme	246,750.00	223,500.00
After School Care Programme – Enhanced	301,840.00	235,153.00
Allowance for Specific Services Arising from the Implementation of the Minimum Wage Ordinance	214,166.00	202,730.00
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)	332,882.00	278,421.00
Neighbourhood Support Child Care Project (NSCCP) (Eastern) – Contract Subsidy	1,348,650.00	1,317,450.00
NSCCP (Eastern) – Subsidy for Fee Reduction/Waiving	–	–
NSCCP – Rent and rates (Eastern)	32,709.90	32,709.90
Neightbourhood Support Child Care Project (NSCCP) (WC) – Contract Subsidy	1,348,650.00	1,317,450.00
NSCCP (WC) – Subsidy for Fee Reduction / Waiving	–	–
Total	4,057,225.90	3,629,193.90

	Total 2017-18 HK$	Total 2016-17 HK$
b. Expenditure		
One-off subsidy for Enhanced Provision of Visiting Medical Practitioner Scheme for Residential Care Homes for the Persons with Disabilities	70,000.00	–
Extension of Time-defined Subsidy Scheme for Extended Hours Child Care Service	4,711.20	4,336.80
After School Care Programme	356,106.75	121,637.85
After School Care Programme – Enhanced	239,713.66	227,351.15
Allowance for Specific Services Arising from the Implementation of the Minimum Wage Ordinance (TKSH)	214,166.00	202,730.00
Time-defined Subsidy Scheme for Occasional Child Care Service	–	–
Dementia Supplement for Day Care Centre for the Elderly	278,976.67	278,421.00
Neighbourhood Support Child Care Project (Eastern) – Contract Subsidy	1,007,285.57	998,261.85
NSCCP (Eastern) – Subsidy for Fee Reduction/Waiving	204,411.20	109,146.40
NSCCP – Rent and rates (Eastern)	32,709.90	92,551.00
Neighbourhood Support Child Care Project (WC) – Contract Subsidy	848,275.55	695,375.62
NSCCP (WC) – Subsidy for Fee Reduction / Waiving	7,959.70	18,990.20
Total	3,264,316.20	2,748,801.87

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.

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 (Paragraph 2.29 of the LSG Manual (October 2016)) is as follows:

	2017-18 HK$	2016-17 HK$
Other income		
(a) Fees and charges for services incidental to the operation of subvented services	4,669,522.42	3,998,397.56
(b) Others	409,399.01	791,116.79
	5,078,921.43	4,789,514.35

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.	2	1,516,023.65
HK$800,001 – HK$900,000 p.a.	3	2,475,825.10
HK$900,001 – HK$1,000,000 p.a.	2	1,914,336.92
HK$1,000,001 – HK$1,100,000 p.a.	2	2,028,873.70
HK$1,100,001 – HK$1,200,000 p.a.	0	–
>HK$1,200,000 p.a.	1	1,229,639.80

7. Other Charges

The breakdown on other charges is as follows:

Other Charges	Total 2017-18 HK$	Total 2016-17 HK$
(a) Utilities	1,259,638.71	1,355,435.39
(b) Food	908,982.90	884,023.35
(c) Administrative expenses	3,055,948.94	2,748,603.85
(d) Stores and equipment	946,602.30	936,350.20
(e) Repairs and maintenance	799,417.09	1,009,912.10
(f) Programme expenses	6,934,511.31	5,476,809.04
(g) Transportation and travelling	274,897.18	207,183.62
(h) Insurance	742,993.74	372,243.22
(i) Miscellaneous	257,474.51	164,133.95
	15,180,466.68	13,154,694.72

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

	Analysis of Reserve Fund				
	Lump Sum Grant (LSG)	Special One-off Grant (SOG)	Rent and Rates	Central Items	Total
	HK$	HK$	HK$	HK$	HK$
Income					
Lump Sum Grant	85,290,891.00	-	-	-	85,290,891.00
Special One-off Grant	-	-	-	-	-
Fee Income	2,104,987.30	-	-	-	2,104,987.30
Other Income	5,078,921.43	-	-	-	5,078,921.43
Interest Received **(Note (1))**	21,549.74	-	-	-	21,549.74
Rent and Rates	-	-	1,275,949.00	-	1,275,949.00
Central Items	-	-	-	4,057,225.90	4,057,225.90
Total Income (a)	92,496,349.47	-	1,275,949.00	4,057,225.90	97,829,524.37
Expenditure					
Personal Emoluments	76,794,729.00	-	-	-	76,794,729.00
Other Charges	15,180,466.68	-	-	-	15,180,466.68
Rent and Rates	-	-	2,520,478.79	-	2,520,478.79
Central Items	-	-	-	3,264,316.20	3,264,316.20
Total expenditure (b)	91,975,195.68	-	2,520,478.79	3,264,316.20	97,759,990.67
Surplus/(Deficit) for the year (a) - (b)	521,153.79	-	(1,244,529.79)	792,909.70	69,533.70
Less: Surplus of Provident Fund	688,459.75	-	-	-	688,459.75
	(167,305.96)	-	(1,244,529.79)	792,909.70	(618,926.05)
Surplus/(Deficit) b/f as previously reported	28,866,537.12	-	(2,172,254.51)	6,960,372.92	33,654,655.53
Prior year adjustment - As requested by SWD ((Note (5))	107,150.79	-	-	(107,150.79)	-
Surplus/(Deficit) b/f as restated (Note (2))	28,973,687.91	-	(2,172,254.51)	6,853,222.13	33,654,655.53
Less: Refund from/(to) Government	-	-	1,987,948.60	(242,294.11)	1,745,654.49
Transfer from LSG Reserve to cover the salary adjustment for Dementia Supplement and Infirmary Care Supplementary **(Note (3))**	-	-	-	-	-
Surplus/(Deficit) c/f (Note (4))	28,806,381.95	-	(1,428,835.70)	7,403,837.72	34,781,383.97
	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, Special One-off Grant are included as one item under LSG; and the item is considered as part of LSG reserve.

(2) Accumulated balance 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 of 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 amount refers to the cumulative unspect balance of the permanent / time-defined CA and PA posts up to 30 November 2014. According to the letter of SWD dated 24 September 2018 (Reference No. (34) in SWD SF/SAS/4-65/15 (052) II), the amount is transferred from central item reserve to lump sum grant reserve.

11. COMPARATIVE FIGURES

Certain comparative figures in the 2017 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 2018 was approved and authorized for issue by the board members and the Chief Executive Officer on 15 October 2018.