

Ref : T585(1)

The Friends of Scouting
(A subsidiary of the Scout Association of Hong Kong)

Annual Financial Report
for the year ended 31 March 2015



BAKER TILLY
HONG KONG | 天職香港



**Auditor's review report to the executive committee of
The Friends of Scouting
(A subsidiary of the Scout Association of Hong Kong)**

We have audited the financial statements of The Friends of Scouting (the "Entity") for the year ended 31 March 2015 and have issued an unqualified auditor's report thereon dated 23 June 2015.

We conducted our review of the attached Annual Financial Report on pages 3 to 10 of the Entity for the year ended 31 March 2015 in accordance with Practice Note 851 "Review of the Annual Financial Reports of Non-governmental Organisations" issued by the Hong Kong Institute of Certified Public Accountants. The review includes considering the procedures and records relevant to the preparation of the Annual Financial Report and performing procedures to satisfy ourselves that the Annual Financial Report has been properly prepared from the books and records of the Entity, on which the above audited financial statements of the Entity are based.

Review conclusions

On the basis of the results of our review and having regard to the audit procedures performed by us in relation to the audit of the financial statements of the entity for the year ended 31 March 2015:

- a. in our opinion the Annual Financial Report has been properly prepared from books and records of the Entity; and
- b. no matters have come to our attention during the course of our review, which cause us to believe that the Entity has not:
 - i. properly accounted for the receipt of Lump Sum Grant, Provident Fund and other social welfare subventions and expenditure in respect of Funding and Services Agreement activities and support services;
 - ii. kept separate Operating Income and Expenditure Account for each subvented service unit as required by the Lump Sum Grant Manual (the LSG Manual) published by the Social Welfare Department of the Government of the Hong Kong Special Administrative Region;
 - iii. prepared the Annual Financial Report in accordance with the format and requirements set out in the LSG Manual; and
 - iv. employed the staff quoted in the Provident Fund arrangements during the year ended 31 March 2015.

**Auditor's review report to the executive committee of
The Friends of Scouting
(A subsidiary of the Scout Association of Hong Kong)**

This report is intended for filing with the Social Welfare Department of the Government of the Hong Kong Special Administrative Region and should not be used for any other purpose.

BT

Baker Tilly Hong Kong Limited

Certified Public Accountants

Hong Kong, 28 OCT 2015

Chan Kwan Ho, Edmond

Practising certificate number P02092

ANNUAL FINANCIAL REPORT

NGO: SCOUT ASSOCIATION OF HONG KONG – THE FRIENDS OF SCOUTING

1 APRIL 2014 to 31 MARCH 2015

	Notes	2014-15 HK\$	2013-14 HK\$
A. INCOME			
1. Lump Sum Grant			
a. Lump Sum Grant (excluding Provident Fund)	1b	28,102,166.00	25,563,494.00
b. Provident Fund	1c	2,844,499.00	2,600,885.00
2. Special One-off Grant		0.00	0.00
3. Fee Income	2	0.00	77,448.00
4. Central Items	3	367,845.00	2,383,903.00
5. Rent and Rates	4	1,220,100.00	1,023,360.00
6. Other Income	5	9,505,179.97	7,000,880.75
7. Interest Received		639.19	560.59
TOTAL INCOME		42,040,429.16	38,650,531.34
B. EXPENDITURE			
1. Personal Emoluments			
a. Salaries		25,315,282.68	23,755,744.00
b. Provident Fund	1c	2,717,847.10	2,578,827.00
c. Allowances		0.00	0.00
Sub-total	6	28,033,129.78	26,334,571.00
2. Other Charges	7	11,687,750.67	9,000,030.19
3. Central Items	3	380,716.60	1,569,512.05
4. Rent and Rates	4	1,131,708.00	1,112,448.00
5. Special One-off Grant Payments	7a	0.00	0.00
TOTAL EXPENDITURE		41,233,305.05	38,016,561.24
C. SURPLUS/(DEFICIT) FOR THE YEAR	8	807,124.11	633,970.10



CHAIRMAN
DATE: 28 OCT 2015



CHIEF SCOUT EXECUTIVE
DATE: 28 OCT 2015

NOTES ON THE ANNUAL FINANCIAL REPORT

1. Lump Sum Grant

- a. Basis of preparation** The Annual Financial Report (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 like 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. Please note that the PF received and contributed for staff under the Central Items have been shown under 3. Details are analysed below :

<u>Provident Fund Contribution</u>	<u>Snapshot Staff</u> HK\$	<u>6.8% and Other Posts</u> HK\$	<u>Total</u> HK\$
Subvention Received	1,791,007.00	1,053,492.00	2,844,499.00
Provident Fund Contribution Paid during the Year	(1,709,657.00)	(1,008,190.10)	(2,717,847.10)
Surplus/ (Deficit) for the Year	81,350.00	45,301.90	126,651.90
Add : Surplus/(Deficit) b/f	284,168.54	1,302,970.18	1,587,138.72
Surplus/(Deficit) c/f	365,518.54	1,348,272.08	1,713,790.62

- 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 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 3.13 of LSG Manual). The income and expenditure of each of the Central Items are as follows:

a. Income	2014-15 HK\$	2013-14 HK\$
Dementia Supplement for Elderly with Disabilities		
Infirmiry Care Supplement for the Aged Blind Person		
Dementia Supplement for Residential Elderly Services		
Infirmiry Care Supplement for Residential Elderly Services		
Dementia Supplement for Day Care Centres/units for the Elderly		
Foster Care Allowance/Emergency Foster Care Allowance		
After School Care Programme	121,500.00	42,750.00
Permanent and/or Time-defined Programme		
Assistants/Care Assistants for Elderly Services and Rehabilitation Medical and Social Services		
Temporary Financial Aid		
Emergency Fund		
Time-defined Subsidy Scheme for Extended Hours Child Care Services		
Training Subsidy Scheme for Standalone Child Care Centre (CCC), KG-cum-CCC and Residential CCC		
Training Subsidy under Training Scheme for Child Care Supervisors and Special Child Care Workers in Pre-school Rehabilitation Services		
Programme Worker posts extended for one year in 2013-14	0.00	1,973,664.00
Regularized Programme Assistant /Care Assistants Subsidy under the Home Environment Improvement Scheme for the Elderly	246,345.00	367,489.00
Short-term Rental Assistance to Newly Discharged Prisoners		
One-off Supplementary Grant for Service Re-engineering Plan of the Factory for the Blind		
Allowances for Specific Services Arising from the Implementation of the Minimum Wage Ordinance (Overnight On-site-on-call Allowance)		
Neighbourhood Support Child Care Project (NSCCP) – Contract Subsidy		
NSCCP – Subsidy for Fee Reduction/waiving		
Time-defined Supplementary Grant to Operator of Wing Lung Bank Golden Jubilee Sheltered Workshop & Hostel / Hang Ngai Workshop & Hostel		
Time-defined Subsidy Scheme for Occasional Child Care Service		
Financial Incentive Scheme for Mentors of Employees with Disabilities		
Cluster-based Foster Home Pool		
Subsidy for Integrated Support Services for Persons with Severe Physical Disabilities		
Total	367,845.00	2,383,903.00

a. Expenditure	2014-15 HK\$	2013-14 HK\$
Dementia Supplement for Elderly with Disabilities		
Infirmiry Care Supplement for the Aged Blind Person		
Dementia Supplement for Residential Elderly Services		
Infirmiry Care Supplement for Residential Elderly Services		
Dementia Supplement for Day Care Centres/units for the Elderly		
Foster Care Allowance/Emergency Foster Care Allowance		
After School Care Programme	135,772.60	142,481.60
Permanent and/or Time-defined Programme		
Assistants/Care Assistants for Elderly Services and Rehabilitation Medical and Social Services		
Temporary Financial Aid		
Emergency Fund		
Time-defined Subsidy Scheme for Extended Hours Child Care Services		
Training Subsidy Scheme for Standalone Child Care Centre (CCC), KG-cum-CCC and Residential CCC		
Training Subsidy under Training Scheme for Child Care Supervisors and Special Child Care Workers in Pre-school Rehabilitation Services		
Programme Worker posts extended for one year in 2013-14	0.00	1,069,282.85
Regularized Programme Assistant /Care Assistants Subsidy under the Home Environment Improvement Scheme for the Elderly	244,944.00	357,747.60
Short-term Rental Assistance to Newly Discharged Prisoners		
One-off Supplementary Grant for Service Re-engineering Plan of the Factory for the Blind		
Allowances for Specific Services Arising from the Implementation of the Minimum Wage Ordinance (Overnight On-site-on-call Allowance)		
Neighbourhood Support Child Care Project (NSCCP) – Contract Subsidy		
NSCCP – Subsidy for Fee Reduction/waiving		
Time-defined Supplementary Grant to Operator of Wing Lung Bank Golden Jubilee Sheltered Workshop & Hostel / Hang Ngai Workshop & Hostel		
Time-defined Subsidy Scheme for Occasional Child Care Service		
Financial Incentive Scheme for Mentors of Employees with Disabilities		
Cluster-based Foster Home Pool		
Subsidy for Integrated Support Services for Persons with Severe Physical Disabilities		
Total	380,716.60	1,569,512.05

4. **Rent and Rates** This represents the amount paid by SWD in respect of premises recognised by SWD. Expenditures 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.
6. **Personal Emoluments** Personal Emoluments include salary, provident fund and salary-related allowances.

The analysis on number of posts with annual Personal Emoluments over \$500,000 each is appended below:

Analysis of Personal Emoluments	No of Posts	HK\$
HK\$500,001 - HK\$600,000 p.a.	5	2,686,710.00
HK\$600,001 - HK\$700,000 p.a.	2	1,272,679.00
HK\$700,001 - HK\$800,000 p.a.	7	5,441,178.00
HK\$800,001 - HK\$900,000 p.a.	8	6,610,625.00
HK\$900,001 - HK\$1,000,000 p.a.	0	0.00
>HK\$1,000,000 p.a.	2	2,061,456.00

7. Other Charges

The breakdown on Other Charges is as follows:

Other Charges	2014-15	2013-14
	HK\$	HK\$
(a) Utilities	284,380.00	251,191.40
(b) Food	0.00	0.00
(c) Administrative Expenses	248,100.61	199,762.34
(d) Stores and Equipment	118,126.00	189,460.00
(e) Repair and Maintenance	198,231.00	222,677.00
(f) Special Allowances	0.00	0.00
(g) Programme Expenses	10,238,101.16	7,612,230.12
(h) Transportation and Travelling	50,867.30	66,069.59
(i) Insurance	269,641.38	284,802.70
(j) Miscellaneous	280,303.22	173,837.04
Total	11,687,750.67	9,000,030.19

7a. Special One-off Grant Payments

Details of Special One-off Grant Payments are as follows:

Special one-off Grant Payments	2014-15	2013-14
	HK\$	HK\$
(a) Voluntary Retirement Scheme		
(b) Compensation Scheme		
(c) Staff Training and Development		
(d) Other Staff-related Initiatives		
Total	0.00	0.00

8. Analysis of Reserve Fund

	Analysis of Reserve Fund				
	Lump Sum Grant (LSG) HK\$	Special One-off Grant (SOG) HK\$	Rent and Rates HK\$	Central Items HK\$	Total HK\$
Income					
Lump Sum Grant	30,946,665.00	0.00	0.00	0.00	30,946,665.00
Special One-off Grant	0.00	0.00	0.00	0.00	0.00
Fee Income	0.00	0.00	0.00	0.00	0.00
Other Income	9,505,179.97	0.00	0.00	0.00	9,505,179.97
Interest Received (Note (1))	639.19	0.00	0.00	0.00	639.19
Rent and Rates	0.00	0.00	1,220,100.00	0.00	1,220,100.00
Central Items	0.00	0.00	0.00	367,845.00	367,845.00
Total Income (a)	40,452,484.16	0.00	1,220,100.00	367,845.00	42,040,429.16
Expenditure					
Personal Emoluments	28,033,129.78	0.00	0.00	0.00	28,033,129.78
Other Charges	11,687,750.67	0.00	0.00	0.00	11,687,750.67
Rent and Rates	0.00	0.00	1,131,708.00	0.00	1,131,708.00
Central Items	0.00	0.00	0.00	380,716.60	380,716.60
Special One-off Grant Payments	0.00	0.00	0.00	0.00	0.00
Total Expenditure (b)	39,720,880.45	0.00	1,131,708.00	380,716.60	41,233,305.05
Surplus/(Deficit) for the Year (a) - (b)	731,603.71	0.00	88,392.00	(12,871.60)	807,124.11
<u>Less</u> : Surplus/(Deficit) of Provident Fund	126,651.90	0.00	0.00	0.00	126,651.90
	604,951.81	0.00	88,392.00	(12,871.60)	680,472.21
Surplus/(Deficit) b/f (Note (2))	7,421,412.59	0.00	(72,826.80)	3,443,848.30	10,792,434.09
	8,026,364.40	0.00	15,565.20	3,430,976.70	11,472,906.30
<u>Add</u> : Transfer of cumulative unspent balance of permanent/ time-defined Programme Assistant/Care Assistant as at 30.11.2014 upon the change of funding mode from Central Item to Lump Sum Grant with effect from 1.12.2014 (Note (3))	11,142.40	0.00	0.00	(11,142.40)	0.00
<u>Less</u> : Refund to Government	0.00	0.00	(19,140.00)	(2,351,612.90)	(2,370,752.90)
Transfer from LSG Reserve to cover the salary adjustment for Programme Assistants, Care Assistants, Dementia Supplement and Infirmary Care Supplementary (Note (4))	0.00	0.00	0.00	0.00	0.00
Surplus/(Deficit) c/f (Note (5))	8,037,506.80	0.00	(3,574.80)	1,068,221.40	9,102,153.04

Notes:

- (1) All the interest received on LSG and PF reserves, rent and rates, central items, Special One-off Grant is 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 and all interest received in previous years are included in the surplus b/f under LSG.
- (3) Amount of cumulative unspent balance as at 30.11.2014 (i.e. amount of surplus c/f) for permanent/time-defined Care Assistant and Programme Assistant posts, if any, as per Schedule for Central Items.
- (4) Amount of LSG Reserve used to cover the salary adjustment for Programme Assistants, Care Assistants, Dementia Supplement and Infirmary Care Supplement, if any, as per Schedule of Central Items.
- (5) The level of LSG cumulative reserve (i.e. S) will be capped at 25% of the NGO's operating expenditure (excluding PF expenditure) for the year.

Schedule for Central Items
Analysis of Subvention and Expenditure for the Period from 1 April 2014 to 31 March 2015

Name of Agency : Scout Association of Hong Kong - The Friends of Scouting

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)		
	Dementia Supplement for Elderly with Disabilities	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	N.A.	N.A.
	Infirmity Care Supplement for the Aged Blind Persons							N.A.	N.A.
	Dementia Supplement for Residential Elderly Services							N.A.	N.A.
	Infirmity Care Supplement for Residential Elderly Services							N.A.	N.A.
	Dementia Supplement for Day Care Centres/Units for the Elderly					N.A.		N.A.	N.A.
	Foster Care Allowance / Emergency Foster Care Allowance					N.A.		N.A.	N.A.
3068 - After School Care Programme - Late Afternoon Session	After School Care Programme	121,500.00	135,772.60		(14,272.60)	N.A.	(14,272.60)	N.A.	N.A.
	Programme Assistants / Care Assistant (Permanent) - Elderly Services (up to 30.11.2014)					N.A.			
	Programme Assistants / Care Assistant (Permanent) - Rehabilitation Medical and Social Services (up to 30.11.2014)					N.A.			
	Temporary Financial Aid					N.A.			
	Emergency Fund					N.A.			
	Short-term Rental Assistance to newly Discharged Prisoners					N.A.			
	Time-defined Subsidy Scheme for Extended Hours Child Care Service					N.A.		N.A.	
	Visiting Medical Practitioner Scheme	N.A.		N.A.		N.A.			
	Training Subsidy Scheme for Standalone Child Care Centre (CCC), KG-cum-CCC and Residential CCC					N.A.			
	Training Subsidy under Training Scheme for Child Care Supervisors and Special Child Care Workers in Pre-school Rehabilitation Services					N.A.			
596S - Care Assistant (CA)/Programme Assistant (PA) Posts	Regularized Programme Assistants / Care Assistants (up to 30.11.2014)	246,345.00	244,944.00	1,401.00				N.A.	N.A.
N.A.	Subsidy under the Home Environment Improvement Scheme for the Elderly					N.A.			
	Overnight On-site-on-call Allowance					N.A.		N.A.	N.A.
	Neighbourhood Support Child Care Project (NSCCP) - Contract Subsidy					N.A.			
	NSCCP - Subsidy for Fee Reduction/Waiving					N.A.			
	Time-defined Subsidy Scheme for Occasional Child Care Service					N.A.			
	Financial Incentive Scheme for Mentors of Employees with Disabilities					N.A.			
	Cluster-based Foster Home Pool					N.A.			
TOTAL		367,845.00	380,716.60	1,401.00	(14,272.60)	0.00	(14,272.60)	0.00	0.00

/...Notes

Schedule for Central Items
Analysis of Subvention and Expenditure for the Period from 1 April 2014 to 31 March 2015

Notes :

1. The figures for the whole financial year are extracted from the payroll for March (Final) of the financial year.
2. Actual expenditure represents the total expenditure incurred including provident fund for the respective services after netting off programme income, if any.
3. Surplus/Deficit for each element represents the difference between subvention released and actual expenditure.
4. Deficit i.r.o. the following central items arising from salary adjustment are transferred to the Lump Sum Grant Reserve as stated in SWD's letter ref. (16) in SWD/S/104/2 Pt.12 dated 17 July 2013.
 - (i) Dementia Supplement for Elderly with Disabilities
 - (ii) Infirmity Care Supplement for the Aged Blind Persons
 - (iii) Dementia Supplement for Residential Elderly Services
 - (iv) Infirmity Care Supplement for Residential Elderly services
 - (v) Regularized Programme Assistants (PA) / Care Assistants (CA)
5. "Surplus brought forward (b/f)" means surplus, if any, arising from operations in previous years.
6. "Surplus carried forward (c/f)" means surplus brought forward plus surplus, if any, arising from operations in current year.
7. Unit code and name are extracted from the payroll from SWD.

Schedule for Rent and RatesAnalysis of Subvention and Expenditure for the period from 1 April 2014 to 31 March 2015Name of Agency: Scout Association of Hong Kong

Unit Code and Name	Subvented Element	Subvention Released (Note 1)	Actual Expenditure	Surplus (Note 2)	Deficit (Note 2)
		HK\$	HK\$	HK\$	HK\$
4916 Kai Yip Integrated Team	Rent (Note 3)	522,732.00	522,732.00	0.00	0.00
	Backpayment (for 2013/14)	42,672.00			
		565,404.00			
	Rates	61,500.00	61,500.00	0.00	0.00
	Backpayment (for 2013/14)	4,800.00			
		66,300.00			
	Total	631,704.00	584,232.00	0.00	0.00
4900 Long Ping Integrated Team	Rent (Note 3)	393,960.00	393,960.00	0.00	0.00
	Backpayment (for 2013/14)	32,160.00			
		426,120.00			
	Rates	31,800.00	31,800.00	0.00	0.00
	Backpayment (for 2013/14)	1,200.00			
		33,000.00			
	Government Rent	20,880.00	20,880.00	0.00	0.00
	Backpayment (for 2012/13)	2,880.00			
Backpayment (for 2013/14)	4,320.00				
		28,080.00			
	Total	487,200.00	446,640.00	0.00	0.00
4901 School Social Work	Rent (Note 3)	87,480.00	95,256.00		(7,776.00)
	Backpayment (for 2013/14)	7,776.00			
		95,256.00			
	Rates	5,940.00	5,580.00	360.00	
	Total	101,196.00	100,836.00	360.00	(7,776.00)
	Grand Total	1,220,100.00	1,131,708.00	360.00	(7,776.00)

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.