

The Friends of Scouting
(A Subsidiary of the Scout Association of Hong Kong)
Annual Financial Report
For the year ended 31 March 2016

**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 2016 and have issued an unqualified auditor's report thereon dated 29 June 2016.

We conducted our review of the attached Annual Financial Report on pages 3 to 11 of the Entity for the year ended 31 March 2016 in accordance with Practice Note 851 "Review of the Annual Financial Reports of Non-government 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 2016:

- 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 2016.

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

(Continued)

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.

Crowe Horwath (HK) CPA Limited

Crowe Horwath (HK) CPA Limited
Certified Public Accountants
Hong Kong, 30 September 2016

Sum Yuk Fan, Sharon
Practising Certificate Number P04967

ANNUAL FINANCIAL REPORT

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

1 APRIL 2015 to 31 MARCH 2016

	Notes	2015-16 HK\$	2014-15 HK\$
A. INCOME			
1. Lump Sum Grant			
a. Lump Sum Grant (excluding Provident Fund)	1b	29,632,861.00	28,102,166.00
b. Provident Fund	1c	2,939,759.00	2,844,499.00
2. Special One-off Grant		-	-
3. Fee Income	2	-	-
4. Central Items	3	135,000.00	367,845.00
5. Rent and Rates	4	1,128,460.00	1,220,100.00
6. Other Income	5	11,124,248.61	9,505,179.97
7. Interest Received		275.08	639.19
TOTAL INCOME		<u>44,960,603.69</u>	<u>42,040,429.16</u>
B. EXPENDITURE			
1. Personal Emoluments			
a. Salaries		26,013,840.00	25,315,282.68
b. Provident Fund	1c	2,807,589.40	2,717,847.10
c. Allowances		-	-
Sub-total	6	<u>28,821,429.40</u>	<u>28,033,129.78</u>
2. Other Charges	7	13,459,792.11	11,687,750.67
3. Central Items	3	154,644.50	380,716.60
4. Rent and Rates	4	1,131,108.00	1,131,708.00
5. Special One-off Grant Payments	7a	-	-
TOTAL EXPENDITURE		<u>43,566,974.01</u>	<u>41,233,305.05</u>
C. SURPLUS/(DEFICIT) FOR THE YEAR	8	<u>1,393,629.68</u>	<u>807,124.11</u>



CHAIRMAN
Date: 30 September 2016



CHIEF SCOUT EXECUTIVE
Date: 30 September 2016

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	1,766,830.00	1,172,929.00	2,939,759.00
Provident Fund Contribution Paid during the Year	<u>(1,659,932.75)</u>	<u>(1,147,656.65)</u>	<u>(2,807,589.40)</u>
Surplus/(Deficit) for the Year	106,897.25	25,272.35	132,169.60
Add : Surplus/(Deficit) b/f	365,518.54	1,348,272.08	1,713,790.62
Transfer from Snapshot Staff to 6.8% and other posts	(184,425.54)	184,425.54	-
Less : Refund to Government	<u>(99,743.00)</u>	-	<u>(99,743.00)</u>
Surplus/(Deficit) c/f	<u><u>188,247.25</u></u>	<u><u>1,557,969.97</u></u>	<u><u>1,746,217.22</u></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 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	2015-16 HK\$	2014-15 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	135,000.00	121,500.00
Temporary Financial Aid		
Emergency Fund		
Time-defined Subsidy Scheme for Extended Hours Child Care Services		
Training Subsidy Programme for Child Care Supervisors and Special Child Care Workers in Pre-school Rehabilitation Services		
Short-term Rental Assistance		
One-off Supplementary Grant for Services Re-engineering Plan of the Factory Section 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		
Training Sponsorship Scheme for Master in Occupational Therapy and Physiotherapy programmes		
Time-defined Subsidy Scheme for Occasional Child Care Service		
Training Subsidy Programme for Children on the Waiting List for Subvented Pre-school Rehabilitation Services		
Financial Incentive Scheme for Mentors of Employees with Disabilities		
Subsidy for Integrated Support Services for Persons with Severe Physical Disabilities		
Enhanced After School Care Programme		
Cluster-based Foster Home Pool		
Regularized Programme Assistant (PA)/Care Assistants (CA)	-	246,345.00
Total	135,000.00	367,845.00

	2015-16 HK\$	2014-15 HK\$
b. Expenditure		
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	154,644.50	135,772.60
Temporary Financial Aid		
Emergency Fund		
Time-defined Subsidy Scheme for Extended Hours Child Care Services		
Training Subsidy under Training Scheme for Child Care Supervisors and Special Child Care Workers in Pre-school Rehabilitation Services		
Short-term Rental Assistance		
One-off Supplementary Grant for Services Re-engineering Plan of the Factory Section 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		
Training Sponsorship Scheme for Master in Occupational Therapy and Physiotherapy programmes		
Time-defined Subsidy Scheme for Occasional Child Care Service		
Training Subsidy Programme for Children on the Waiting List for Subvented Pre-school Rehabilitation Services		
Financial Incentive Scheme for Mentors of Employees with Disabilities		
Subsidy for Integrated Support Services for Persons with Severe Physical Disabilities		
Enhanced After School Care Programme		
Cluster-based Foster Home Pool		
Regularized Programme Assistant (PA)/Care Assistants (CA)	-	244,944.00
Total	154,644.50	380,716.60

- 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.
- 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.	8	4,301,970.00
HK\$600,001 - HK\$700,000 p.a.	3	1,882,570.00
HK\$700,001 - HK\$800,000 p.a.	0	-
HK\$800,001 - HK\$900,000 p.a.	14	11,935,635.00
HK\$900,001 - HK\$1,000,000 p.a.	0	-
>HK\$1,000,000 p.a.	2	2,143,152.00

7. Other Charges

The breakdown on Other Charges is as follows:

Other Charges	2015-16	2014-15
	HK\$	HK\$
(a) Utilities	277,720.90	284,380.00
(b) Food	-	-
(c) Administrative Expenses	248,440.00	248,100.61
(d) Stores and Equipment	183,650.70	118,126.00
(e) Repair and Maintenance	258,884.90	198,231.00
(f) Special Allowances	-	-
(g) Programme Expenses	11,848,564.72	10,238,101.16
(h) Transportation and Travelling	45,747.80	50,867.30
(i) Insurance	294,161.29	269,641.38
(j) Miscellaneous	302,621.80	280,303.22
Total	13,459,792.11	11,687,750.67

7a Special One-off Grant Payments

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

Special one-off Grant Payments	2015-16	2014-15
	HK\$	HK\$
(a) Voluntary Retirement Scheme		
(b) Compensation Scheme		
(c) Staff Training and Development		
(d) Other Staff-related Initiatives		
Total	-	-

8. Analysis of Reserve Fund

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	32,572,620.00	-	-	-	32,572,620.00
Special One-off Grant	-	-	-	-	-
Fee Income	-	-	-	-	-
Other Income	11,124,248.61	-	-	-	11,124,248.61
Interest Received (Note (1))	275.08	-	-	-	275.08
Rent and Rates	-	-	1,128,460.00	-	1,128,460.00
Central Items	-	-	-	135,000.00	135,000.00
Total Income (a)	43,697,143.69	-	1,128,460.00	135,000.00	44,960,603.69
Expenditure					
Personal Emoluments	28,821,429.40	-	-	-	28,821,429.40
Other Charges	13,459,792.11	-	-	-	13,459,792.11
Rent and Rates	-	-	1,131,108.00	-	1,131,108.00
Central Items	-	-	-	154,644.50	154,644.50
Special One-off Grant Payments	-	-	-	-	-
Total Expenditure (b)	42,281,221.51	-	1,131,108.00	154,644.50	43,566,974.01
Surplus/(Deficit) for the Year (a) - (b)	1,415,922.18	-	(2,648.00)	(19,644.50)	1,393,629.68
Less: Surplus/(Deficit) of Provident Fund	132,169.60	-	-	-	132,169.60
	1,283,752.58	-	(2,648.00)	(19,644.50)	1,261,460.08
Surplus/(Deficit) b/f (Note (2))	8,037,506.80	-	(3,574.80)	1,068,221.40	9,102,153.40
	9,321,259.38	-	(6,222.80)	1,048,576.90	10,363,613.48
Less: Refund to Government	-	-	(3,840.00)	(914,122.55)	(917,962.55)
Transfer from LSG Reserve to cover the salary adjustment for Dementia Supplement and Infirmary Care Supplementary (Note (3))	-	-	-	-	-
Surplus/(Deficit) c/f (Note (4))	9,321,259.38	-	(10,062.80)	134,454.35	9,445,650.93
	(S)				

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 after 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 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 2015 to 31 March 2016

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)		
3068 - After School Care Programme - Late Afternoon Session	Dementia Supplement for Elderly with Disabilities (Note 8)	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	N.A.	N.A.
	Infirmiry Care Supplement for the Aged Blind Persons (Note 8)							N.A.	N.A.
	Dementia Supplement for Residential Elderly Services (Note 8)							N.A.	N.A.
	Infirmiry Care Supplement for Residential Elderly Services (Note 8)							N.A.	N.A.
	Dementia Supplement for Day Care Centres/Units for the Elderly							N.A.	N.A.
	Foster Care Allowance / Emergency Foster Care Allowance							N.A.	N.A.
	After School Care Programme	135,000.00	154,644.00	-	(19,644.00)	N.A.	(19,644.00)	N.A.	N.A.
	Temporary Financial Aid							N.A.	N.A.
	Emergency Fund							N.A.	N.A.
	Short-term Rental Assistance							N.A.	N.A.
	Time-defined Subsidy Scheme for Extended Hours Child Care Service							N.A.	N.A.
	Training Subsidy under Training Scheme for Child Care Supervisors and Special Child Care Workers in Pre-school Rehabilitation Services							N.A.	N.A.
	One-off Supplementary Grant for Service Re-engineering Plan of the Factory Section of the Factory for the Blind							N.A.	N.A.
	Overnight On-site-on-call Allowance							N.A.	N.A.
	Neighbourhood Support Child Care Project (NSCCP) - Contract Subsidy							N.A.	N.A.
	NSCCP - Subsidy for Fee Reduction/Waiving							N.A.	N.A.
	Training Sponsorship Scheme for Master in Occupational Therapy and Physiotherapy programmes							N.A.	N.A.
	Time-defined Subsidy Scheme for Occasional Child Care Service							N.A.	N.A.
	Training Subsidy Programme for Children on the Waiting List for Subvented Pre-school Rehabilitation Services							N.A.	N.A.
	Financial Incentive Scheme for Mentors of Employees with Disabilities							N.A.	N.A.
Subsidy for Integrated Support Service for Persons with Severe Physical Disabilities							N.A.	N.A.	
Enhanced After School Care Programme							N.A.	N.A.	
Cluster-based Foster Home Pool							N.A.	N.A.	
TOTAL		135,000.00	154,644.00	-	(19,644.00)	-	(19,644.00)	-	-

Schedule for Central Items
Analysis of Subvention and Expenditure for the Period from 1 April 2015 to 31 March 2016

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. (64) in SWD/S/104/2 Pt.14 dated 22 July 2015.
 - (i) Dementia Supplement for Elderly with Disabilities
 - (ii) Infirmary Care Supplement for the Aged Blind Persons
 - (iii) Dementia Supplement for Residential Elderly Services
 - (iv) Infirmary Care Supplement for Residential Elderly services
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.
8. The income and expenditure for the Special one-off Subsidy for Better Care for Elderly Persons with Dementia or Requiring Infirmary Care as allocated via SWD's letter ref SWD/S/E/RC/3 Pt. 4 dated 4 March 2015 should also be included in the income/expenditure of the respective items.
9. 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 April 2015 to 31 March 2016

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

Unit Code and Name	Subvented Element	Subvention Released (Note 1) HK\$	Actual Expenditure HK\$	Surplus (Note 2) HK\$	Deficit (Note 2) HK\$
4916 Kai Yip Integrated Team	Rent (Note 3)	522,732.00	522,732.00	-	-
	Rates	64,083.00	61,100.00	2,983.00	-
	<i>Total</i>	586,815.00	583,832.00	2,983.00	-
4900 Long Ping Integrated Team	Rent	393,960.00	393,960.00	-	-
	Rates	33,136.00	31,600.00	1,536.00	-
	Government Rent	20,880.00	21,960.00	-	(1,080.00)
	<i>Total</i>	447,976.00	447,520.00	1,536.00	(1,080.00)
4901 School Social Work	Rent	87,480.00	95,256.00	-	(7,776.00)
	Rates	6,189.00	4,500.00	1,689.00	-
	<i>Total</i>	93,669.00	99,756.00	1,689.00	(7,776.00)
	Grand Total	1,128,460.00	1,131,108.00	6,208.00	(8,856.00)

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.