

THE FRIENDS OF SCOUTING
(A SUBSIDIARY OF
THE SCOUT ASSOCIATION OF HONG KONG)
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED 31 MARCH 2017

**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 2017 and have issued an unqualified auditor's report thereon dated 26 June 2017.

We conducted our review of the attached Annual Financial Report on pages 3 to 12 of the Entity for the year ended 31 March 2017 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 2017:

- 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 2017.

**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 Administration Region and should not be used by any other purpose.

Crowe Horwath (HK) CPA Ltd.

Crowe Horwath (HK) CPA Limited
Certified Public Accountants
Hong Kong, 18 October 2017

Chan Wai Dune, Charles
Practising Certificate Number P00712

ANNUAL FINANCIAL REPORT
NGO: SCOUT ASSOCIATION OF HONG KONG - THE FRIENDS OF SCOUTING

1 APRIL 2016 to 31 MARCH 2017

	Notes	2016-2017 HK\$	2015-2016 HK\$
A. INCOME			
1. Lump Sum Grant			
a. Lump Sum Grant (excluding Provident Fund)	1b	30,984,939.00	29,632,861.00
b. Provident Fund	1c	3,006,791.00	2,939,759.00
2. Special One-off Grant		-	-
3. Fee Income	2	-	-
4. Central Items	3	155,250.00	135,000.00
5. Rent and Rates	4	1,280,606.00	1,128,460.00
6. Other Income	5	11,949,700.06	11,124,248.61
7. Interest Received		392.53	275.08
TOTAL INCOME		<u>47,377,678.59</u>	<u>44,960,603.69</u>
B. EXPENDITURE			
1. Personal Emoluments			
a. Salaries		27,970,929.06	26,013,840.00
b. Provident Fund	1c	2,986,616.33	2,807,589.40
c. Allowances		-	-
Sub-total	6	<u>30,957,545.39</u>	<u>28,821,429.40</u>
2. Other Charges	7	13,980,322.52	13,459,792.11
3. Central Items	3	175,095.70	154,644.50
4. Rent and Rates	4	1,265,480.00	1,131,108.00
5. Special One-off Grant Payments	7a	-	-
TOTAL EXPENDITURE		<u>46,378,443.61</u>	<u>43,566,974.01</u>
C. SURPLUS/(DEFICIT) FOR THE YEAR	8	<u>999,234.98</u>	<u>1,393,629.68</u>

The Annual Financial Report from pages 3 to 12 has been prepared in accordance with the requirements as set out in the Lump Sum Grant Manual.



 CHAIRMAN
 DATE: 18 October 2017



 CHIEF SCOUT EXECUTIVE
 DATE: 18 October 2017

NOTES ON THE ANNUAL FINANCIAL REPORT

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 3. Details are analysed below:

<u>Provident Fund Contribution</u>	Snapshot Staff HK\$	6.8% and Other Posts HK\$	Total HK\$
Subvention Received	1,741,261.00	1,265,530.00	3,006,791.00
Provident Fund Contribution Paid during the Year	(1,692,462.00)	(1,294,154.33)	(2,986,616.33)
Surplus/(Deficit) for the Year	48,799.00	(28,624.33)	20,174.67
Add: Surplus/(Deficit) b/f	188,247.25	1,557,969.97	1,746,217.22
Additional subvention received for previous years(s)	-	22,405.00	22,405.00
Less: Refund to Government	(81,350.00)	-	(81,350.00)
Surplus/(Deficit) c/f	155,696.25	1,551,750.64	1,707,446.89

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 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:

	2016-2017 HK\$	2015-2016 HK\$
a. Income		
Dementia Supplement for Elderly with Disabilities		
Infirmiry Care Supplement for the Aged Blind Persons		
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	155,250.00	135,000.00
Temporary Financial Aid		
Emergency Fund		
Time-defined Subsidy Scheme for Extended Hours Service Users		
Training Subsidy under Training Scheme for Child Care Supervisors and Special Child Care Workers in Pre-school Rehabilitation Services		
Short-term Rental Assistance		
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		
NSCCP – Rent and Rates		
Training Sponsorship Scheme for Master in Occupational Therapy and Physiotherapy programmes		
Training Subsidy Programme for Children on the Waiting List for Subvented Pre-school Rehabilitation Services		
Financial Incentive Scheme for Mentors of Employees with Disabilities		
Cash Subsidy for Integrated Support Services for Persons with Severe Physical Disabilities		
Time-defined Subsidy Scheme for Occasional Child Care Service		
Enhanced After School Care Programme		
Navigation Scheme for Young Persons in Care Services - Operating Expenses		
Navigation Scheme for Young Persons in Care Services - Training Cost		
Total	<u>155,250.00</u>	<u>135,000.00</u>

	2016-2017 HK\$	2015-2016 HK\$
b. Expenditure		
Dementia Supplement for Elderly with Disabilities		
Infirmiry Care Supplement for the Aged Blind Persons		
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	175,095.70	154,644.50
Temporary Financial Aid		
Emergency Fund		
Time-defined Subsidy Scheme for Extended Hours Service Users		
Training Subsidy under Training Scheme for Child Care Supervisors and Special Child Care Workers in Pre-school Rehabilitation Services		
Short-term Rental Assistance		
Allowances for Specific Services Arising from the Implementation of the Minimum Wage Ordinance (Overnight On-site-on-call Allowance)		
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Training Subsidy Programme for Children on the Waiting List for Subvented Pre-school Rehabilitation Services		
Financial Incentive Scheme for Mentors of Employees with Disabilities		
Cash Subsidy for Integrated Support Services for Persons with Severe Physical Disabilities		
Time-defined Subsidy Scheme for Occasional Child Care Service		
Enhanced After School Care Programme		
Navigation Scheme for Young Persons in Care Services - Operating Expenses		
Navigation Scheme for Young Persons in Care Services - Training Cost		
Total	<u>175,095.70</u>	<u>154,644.50</u>

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. 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 LSG Manual (October 2016)) as follows:

	2016-2017	2015-2016
Other income	HK\$	HK\$
(a) Fees and charges for services incidental to the operation of subvented services	11,841,700.06	11,000,248.61
(b) Others	<u>108,000.00</u>	<u>124,000.00</u>
Total	<u><u>11,949,700.06</u></u>	<u><u>11,124,248.61</u></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:

Analysis of Personal Emoluments paid under LSG	No of Posts	HK\$
HK\$700,001 - HK\$800,000 p.a.	-	-
HK\$800,001 - HK\$900,000 p.a.	12	10,745,174.00
HK\$900,001 - HK\$1,000,000 p.a.	1	938,136.00
HK\$1,000,001 - HK\$1,100,000 p.a.	-	-
HK\$1,100,001 - HK\$1,200,000 p.a.	2	2,232,984.00
> HK\$1,200,000 p.a.	-	-

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

	2016-2017	2015-2016
Other Charges	HK\$	HK\$
(a) Utilities	269,595.60	277,720.90
(b) Food	-	-
(c) Administrative Expenses	228,184.70	248,440.00
(d) Stores and Equipment	155,802.10	183,650.70
(e) Repair and Maintenance	265,942.40	258,884.90
(f) Special Allowance	-	-
(g) Programme Expenses	12,615,718.15	11,848,564.72
(h) Transportation and Travelling	42,120.30	45,747.80
(i) Insurance	209,708.39	294,161.29
(j) Miscellaneous	193,250.88	302,621.80
Total	<u>13,980,322.52</u>	<u>13,459,792.11</u>

7a. Special One-off Grant Payments

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

	2016-2017	2015-2016
Special One-off Grant Payments	HK\$	HK\$
(a) Voluntary Retirement Scheme	-	-
(b) Compensation Scheme	-	-
(c) Staff Training and Development	-	-
(d) Other Staff-related Initiatives	-	-
Total	<u>-</u>	<u>-</u>

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

	Lump Sum Grant (LSG)	Special One-off Grant (SOG)	Rent and Rates	Central Items	Total
	HK\$	HK\$	HK\$	HK\$	HK\$
Income					
Lump Sum Grant	33,991,730.00	-	-	-	33,991,730.00
Special One-off Grant	-	-	-	-	-
Fee Income	-	-	-	-	-
Other Income	11,949,700.06	-	-	-	11,949,700.06
Interest Received (Note (1))	392.53	-	-	-	392.53
Rent and Rates	-	-	1,280,606.00	-	1,280,606.00
Central Items	-	-	-	155,250.00	155,250.00
Total Income (a)	45,941,822.59	-	1,280,606.00	155,250.00	47,377,678.59
Expenditure					
Personal Emoluments	30,957,545.39	-	-	-	30,957,545.39
Other Charges	13,980,322.52	-	-	-	13,980,322.52
Rent and Rates	-	-	1,265,480.00	-	1,265,480.00
Central Items	-	-	-	175,095.70	175,095.70
Special One-off Grant Payments	-	-	-	-	-
Total Expenditure (b)	44,937,867.91	-	1,265,480.00	175,095.70	46,378,443.61
Surplus/(Deficit) for the Year (a) - (b)	1,003,954.68	-	15,126.00	(19,845.70)	999,234.98
<u>Less: Surplus/(Deficit) of Provident Fund</u>	<u>20,174.67</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,174.67</u>
	983,780.01	-	15,126.00	(19,845.70)	979,060.31
Surplus/(Deficit) b/f (Note (2))	9,321,259.38	-	(10,062.80)	134,454.35	9,445,650.93
	10,305,039.39	-	5,063.20	114,608.65	10,424,711.24
<u>Less: Refund to Government</u>	<u>-</u>	<u>-</u>	<u>(360.00)</u>	<u>(1,401.00)</u>	<u>(1,761.00)</u>
Transfer from LSG Reserve to cover the salary adjustment for Dementia Supplement and Infirmiry Care Supplementary (Note (3))	-	-	-	-	-
Surplus/(Deficit) c/f (Note (4))	10,305,039.39	-	4,703.20	113,207.65	10,422,950.24
	(s)				

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 Infirmiry Care Supplement, if any, as per Schedule of 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.

Schedule for Central Items
 Analysis of Subvention and Expenditure for the Period from 1 April 2016 to 31 March 2017
 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)		
		HK\$	HK\$	HK\$	HK\$	HK\$	HK\$		
3068-After School Care Programme-Late Afternoon Session	Dementia Supplement for Elderly with Disabilities (Note 8) Infirmary Care Supplement for the Aged Blind Persons (Note 8) Dementia Supplement for Residential Elderly Services (Note 8) Infirmary Care Supplement for Residential Elderly Services (Note 8) Dementia Supplement for Day Care Centres/units for the Elderly Foster Care Allowance/Emergency Foster Care Allowance After School Care Programme Temporary Financial Aid Emergency Fund Time-defined Subsidy Scheme for Extended Hours Service Users Training Subsidy under Training Scheme for Child Care Supervisors and Special Child Care Workers in Pre-school Rehabilitation Services Short-term Rental Assistance Overnight On-site-on-call Allowance Neighbourhood Support Child Care Project (NSCCP) – Contract Subsidy NSCCP – Subsidy for Fee Reduction/Waiving NSCCP – Rent and Rates 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 Cash Subsidy for Integrated Support Service for Persons with Severe Physical Disabilities Enhanced After School Care Programme Navigation Scheme for Young Persons in Care Services - Operating Expenses Navigation Scheme for Young Persons in Care Services - Training Cost	155,250.00	175,095.70	-	(19,845.70)	N.A.	(19,845.70)	N.A.	N.A.
		155,250.00	175,095.70	-	(19,845.70)	-	(19,845.70)	-	-
Total		155,250.00	175,095.70	-	(19,845.70)	-	(19,845.70)	-	-

/....Notes

Schedule for Central Items
Analysis of Subvention and Expenditure for the Period from 1 April 2016 to 31 March 2017

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/104/2 Pt.16 dated 20 July 2016
 - (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. 6 dated 4 February 2016 should also be included in the income/expenditure of the respective items.
9. The central items 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 2016 to 31 March 2017

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

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)	586,740.00	586,740.00	-	-
	Rates	66,454.00	66,700.00	-	(246.00)
	Total	653,194.00	653,440.00	-	(246.00)
4900 Long Ping Integrated Team	Rent	442,200.00	442,200.00	-	-
	Rates	34,362.00	34,400.00	-	(38.00)
	Government Rent	20,880.00	23,040.00	-	(2,160.00)
	Total	497,442.00	499,640.00	-	(2,198.00)
4901 School Social Work	Rent	106,920.00	106,920.00	-	-
	Rates	6,418.00	5,480.00	938.00	-
	Total	113,338.00	112,400.00	938.00	-
	Grand Total	1,263,974.00	1,265,480.00	938.00	(2,444.00)

Notes:

1. The figures are to be extracted from the payroll for March plus subvention released in late March of the financial year. Reimbursement for rent and rates relating to previous financial year(s) (i.e. back payments) should not be included.
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.