

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 2014



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 2014 and have issued an unqualified auditor's report thereon dated 24 June 2014.

We conducted our review of the attached Annual Financial Report on pages 3 to 10 of the Entity for the year ended 31 March 2014 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 2014:

- 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 2014.

**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.



Baker Tilly Hong Kong Limited
Certified Public Accountants
Hong Kong, 4 September 2014
Chan Kwan Ho, Edmond
Practising certificate number P02092

ANNUAL FINANCIAL REPORT

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

1 APRIL 2013 to 31 MARCH 2014

| | Notes | 2013-14 HK\$ | 2012-13 HK\$ |
|--|-------|----------------------|----------------------|
| A. INCOME | | | |
| 1. Lump Sum Grant | | | |
| a. Lump Sum Grant (excluding Provident Fund) | 1b | 25,563,494.00 | 24,616,135.00 |
| b. Provident Fund | 1c | 2,600,885.00 | 2,458,797.00 |
| 2. Special One-off Grant | | 0.00 | 0.00 |
| 3. Fee Income | 2 | 77,448.00 | 87,838.00 |
| 4. Central Items | 3 | 2,383,903.00 | 5,275,530.00 |
| 5. Rent and Rates | 4 | 1,023,360.00 | 1,024,260.00 |
| 6. Other Income | 5 | 7,000,880.75 | 7,240,518.67 |
| 7. Interest Received | | 560.59 | 463.73 |
| TOTAL INCOME | | <u>38,650,531.34</u> | <u>40,703,542.40</u> |
| B. EXPENDITURE | | | |
| 1. Personal Emoluments | | | |
| a. Salaries | | 23,755,744.00 | 22,282,002.00 |
| b. Provident Fund | 1c | 2,578,827.00 | 2,384,005.05 |
| c. Allowances | | 0.00 | 0.00 |
| Sub-total | 6 | <u>26,334,571.00</u> | <u>24,666,007.05</u> |
| 2. Other Charges | 7 | 9,000,030.19 | 9,548,183.01 |
| 3. Central Items | 3 | 1,569,512.05 | 2,877,242.95 |
| 4. Rent and Rates | 4 | 1,112,448.00 | 1,007,100.00 |
| 5. Special One-off Grant Payments | 7a | 0.00 | 0.00 |
| TOTAL EXPENDITURE | | <u>38,016,561.24</u> | <u>38,098,533.01</u> |
| C. SURPLUS/(DEFICIT) FOR THE YEAR | 8 | 633,970.10 | 2,605,009.39 |

CHAIRMAN

DATE: 4 SEP 2014

CHIEF SCOUT EXECUTIVE

DATE: 4 SEP 2014

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 | 1,676,648.00 | 924,237.00 | 2,600,885.00 |
| Provident Fund Contribution Paid during the Year | (1,676,679.00) | (902,148.00) | (2,578,827.00) |
| Surplus/ (Deficit) for the Year | (31.00) | 22,089.00 | 22,058.00 |
| <u>Add</u> : Surplus/(Deficit) b/f | 284,199.54 | 1,280,881.18 | 1,565,080.72 |
| Surplus/(Deficit) c/f | <u>284,168.54</u> | <u>1,302,970.18</u> | <u>1,587,138.72</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 | 2013-14 HK\$ | 2012-13 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 | 42,750.00 | 9,000.00 |
| 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 | 1,973,664.00 | 4,921,344.00 |
| Regularized Programme Assistant (PA)/Care Assistants (CA) | 367,489.00 | 345,186.00 |
| Subsidy under the Home Environment Improvement Scheme for the Elderly | | |
| 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 | | |
| Total | 2,383,903.00 | 5,275,530.00 |

| b. Expenditure | 2013-14 HK\$ | 2012-13 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 | 142,481.60 | (37,674.15) |
| Permanent and/or Time-defined Programme Assistants (PA)/Care Assistants (CA) 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 | 1,069,282.85 | 2,624,336.95 |
| Regularized PA/CA | 357,747.60 | 290,580.15 |
| Subsidy under the Home Environment Improvement Scheme for the Elderly | | |
| Short-term Rental Assistance to Newly Discharged Persons | | |
| 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 | | |
| Total | <u>1,569,512.05</u> | <u>2,877,242.95</u> |

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 | HKS |
|----------------------------------|-------------|---------------|
| HK\$500,001 - HK\$600,000 p.a. | 3 | 1,619,886.00 |
| HK\$600,001 - HK\$700,000 p.a. | 1 | 650,152.00 |
| HK\$700,001 - HK\$800,000 p.a. | 14 | 10,500,512.00 |
| HK\$800,001 - HK\$900,000 p.a. | 0 | 0.00 |
| HK\$900,001 - HK\$1,000,000 p.a. | 3 | 2,918,304.00 |
| >HK\$1,000,000 p.a. | 0 | 0.00 |

7. **Other Charges**

The breakdown on Other Charges is as follows:

| Other Charges | 2013-14 HKS | 2012-13 HKS |
|-----------------------------------|---------------------|---------------------|
| (a) Utilities | 251,191.40 | 245,694.50 |
| (b) Food | 0.00 | 0.00 |
| (c) Administrative Expenses | 199,762.34 | 205,720.14 |
| (d) Stores and Equipment | 189,460.00 | 297,175.50 |
| (e) Repair and Maintenance | 222,677.00 | 322,200.00 |
| (f) Special Allowances | 0.00 | 0.00 |
| (g) Programme Expenses | 7,612,230.12 | 7,993,746.27 |
| (h) Transportation and Travelling | 66,069.59 | 52,103.79 |
| (i) Insurance | 284,802.70 | 242,371.63 |
| (j) Miscellaneous | 173,837.04 | 189,171.18 |
| Total | 9,000,030.19 | 9,548,183.01 |

7a. Special One-off Grant Payments

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

| | 2013-14 HK\$ | 2012-13 HK\$ |
|---------------------------------------|-----------------|-----------------|
| Special one-off Grant Payments | | |
| (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) | Special One-off Grant (SOG) | Rent and Rates | Central Items | Total |
| | HK\$ | HK\$ | HK\$ | HK\$ | HK\$ |
| Income | | | | | |
| Lump Sum Grant | 28,164,379.00 | 0.00 | 0.00 | 0.00 | 28,164,379.00 |
| Special One-off Grant | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Fee Income | 77,448.00 | 0.00 | 0.00 | 0.00 | 77,448.00 |
| Other Income | 7,000,880.75 | 0.00 | 0.00 | 0.00 | 7,000,880.75 |
| Interest Received (Note (1)) | 560.59 | 0.00 | 0.00 | 0.00 | 560.59 |
| Rent and Rates | 0.00 | 0.00 | 1,023,360.00 | 0.00 | 1,023,360.00 |
| Central Items | 0.00 | 0.00 | 0.00 | 2,383,903.00 | 2,383,903.00 |
| Total Income (a) | 35,243,268.34 | 0.00 | 1,023,360.00 | 2,383,903.00 | 38,650,531.34 |
| Expenditure | | | | | |
| Personal Emoluments | 26,334,571.00 | 0.00 | 0.00 | 0.00 | 26,334,571.00 |
| Other Charges | 9,000,030.19 | 0.00 | 0.00 | 0.00 | 9,000,030.19 |
| Rent and Rates | 0.00 | 0.00 | 1,112,448.00 | 0.00 | 1,112,448.00 |
| Central Items | 0.00 | 0.00 | 0.00 | 1,569,512.05 | 1,569,512.05 |
| Special One-off Grant Payments | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Total Expenditure (b) | 35,334,601.19 | 0.00 | 1,112,448.00 | 1,569,512.05 | 38,016,561.24 |
| Surplus/(Deficit) for the Year (a) - (b) | (91,332.85) | 0.00 | (89,088.00) | 814,390.95 | 633,970.10 |
| <u>Less</u> : Surplus/(Deficit) of Provident Fund | 22,058.00 | 0.00 | 0.00 | 0.00 | 22,058.00 |
| Surplus/(Deficit) b/f (Note (2)) | (113,390.85) | 0.00 | (89,088.00) | 814,390.95 | 611,912.10 |
| Surplus/(Deficit) b/f (Note (2)) | 7,534,803.44 | 0.00 | 16,261.20 | 2,629,457.35 | 10,180,521.99 |
| <u>Less</u> : Refund to Government | 7,421,412.59 | 0.00 | (72,826.80) | 3,443,848.30 | 10,792,434.09 |
| Transfer from LSG Reserve to cover the salary adjustment for Programme Assistants, Care Assistants, Dementia Supplement and Infirmary Care Supplementary (Note (3)) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Surplus/(Deficit) c/f (Note (4)) | 7,421,412.59 | 0.00 | (72,826.80) | 3,443,848.30 | 10,792,434.09 |

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 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.
- (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 2013 to 31 March 2014

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 (Note 3) (b) | Deficit for the Year | | Surplus b/f (Note 5) (e) | Surplus c/f (Note 6) (f) = (e) + (a) - (d) |
|--|--|---------------------------------|--------------------------------|----------------------------|----------------------------|---|--|-----------------------------------|---|
| | | | | | | Deficit transferred to LSG (Note 4) (c) | Adjusted Deficit (d) = (b) - (c) HK\$ | | |
| | Dementia Supplement for Elderly with Disabilities | HK\$ | HK\$ | HK\$ | HK\$ | HK\$ | HK\$ | N.A. | N.A. |
| | Infirmary Care Supplement for the Aged Blind Persons | | | | | | | N.A. | N.A. |
| | Dementia Supplement for Residential Elderly Services | | | | | | | N.A. | N.A. |
| | Infirmary Care Supplement for Residential Elderly Services | | | | | | | 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 | 42,750.00 | 142,481.60 | | (99,731.60) | | | N.A. | N.A. |
| | Programme Assistants / Care Assistant (Permanent) - Elderly Services | | | | | | | N.A. | N.A. |
| | Programme Assistants / Care Assistant (Permanent) - Rehabilitation | | | | | | | N.A. | N.A. |
| | Medical and Social Services | | | | | | | N.A. | N.A. |
| | Temporary Financial Aid | | | | | | | N.A. | N.A. |
| | Emergency Fund | | | | | | | N.A. | N.A. |
| | Extension of Time-defined Subsidy Scheme for Extended Hours Child Care Service (1 April 2011 to 31 March 2014) | | | | | | | N.A. | N.A. |
| | Visiting Medical Practitioner Scheme | | | | | | | N.A. | N.A. |
| | Training Subsidy Scheme for Standalone Child Care Centre (CCC), KG-cum-CCC and Residential CCC | | | | | | | 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. |
| | Programme Worker posts extended for one year in 2013-14 | 1,973,664.00 | 1,069,282.85 | 904,381.15 | | | | N.A. | N.A. |
| 596P - Programme Worker Posts Extended for the Year from 1.4.2011 to 31.3.2014 | Regularized Programme Assistants (PA) / Care Assistants (CA) | 367,489.00 | 357,747.60 | 9,741.40 | | | | N.A. | N.A. |
| 596S - Care Assistant (CA)/Programme Assistant (PA) Posts | Subsidy under the Home Environment Improvement Scheme for the Elderly | | | | | | | N.A. | 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. |
| | Time-defined Subsidy Scheme for Occasional Child Care Service | | | | | | | N.A. | N.A. |
| | Financial Incentive Scheme for Mentors of Employees with Disabilities | | | | | | | N.A. | N.A. |
| | Cluster-based Foster Home Pool | | | | | | | N.A. | N.A. |
| TOTAL | | 2,383,903.00 | 1,569,512.05 | 914,122.55 | (99,731.60) | 0.00 | 0.00 | 0.00 | 0.00 |

/...Notes

Schedule for Central Items
Analysis of Subvention and Expenditure for the Period from 1 April 2013 to 31 March 2014

Notes:

1. The figures for the whole financial year can be 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 can be 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) Infirmary Care Supplement for the Aged Blind Persons
 - (iii) Dementia Supplement for Residential Elderly Services
 - (iv) Infirmary 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 codes and names are extracted from the payroll from SWD.

Schedule for Rent and Rates
Analysis of Subvention and Expenditure for the period
from 1 April 2013 to 31 March 2014

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) | 480,060.00 | 522,732.00 | | (42,672.00) |
| | Rates | 46,800.00 | 51,600.00 | | (4,800.00) |
| | <i>Total</i> | 526,860.00 | 574,332.00 | 0.00 | (47,472.00) |
| 4900 Long Ping Integrated Team | Rent | 361,800.00 | 393,960.00 | | (32,160.00) |
| | Rates | 25,800.00 | 27,000.00 | | (1,200.00) |
| | Government Rent | 15,480.00 | 19,800.00 | | (4,320.00) |
| | <i>Total</i> | 403,080.00 | 440,760.00 | 0.00 | (37,680.00) |
| 4901 School Social Work | Rent | 87,480.00 | 95,256.00 | | (7,776.00) |
| | Rates | 5,940.00 | 2,100.00 | 3,840.00 | |
| | <i>Total</i> | 93,420.00 | 97,356.00 | 3,840.00 | (7,776.00) |
| Grand Total | | 1,023,360.00 | 1,112,448.00 | 3,840.00 | (92,928.00) |

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.