The Child Development Centre

明德兒童啓育中心

(Limited by Guarantee)

Annual Financial Report
Unit 498
31 March 2025

KPMG

INDEPENDENT AUDITOR'S ASSURANCE REPORT
To the Executive Committee of The Child Development Centre ("the Centre")

We have audited the financial statements of the Centre for the year ended 31 March 2025 in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), and have issued an unmodified auditor's report thereon dated 20 OCT 2025

Pursuant to the Lump Sum Grant ("LSG") Manual issued by the Social Welfare Department of the Government of the Hong Kong Special Administrative Region ("SWD"), we have been requested to issue this assurance report in connection with the Annual Financial Report ("AFR") of the Centre for the year ended 31 March 2025.

Responsibilities of the Executive Committee

In relation to this report, the Executive Committee is responsible for ensuring the AFR of the Centre for the year ended 31 March 2025 is properly prepared in accordance with the relevant accounting and financial reporting requirements set out in the LSG Manual and other instructions issued by the SWD; and the use of the funds from the LSG by the non-governmental organisation ("NGO") has complied with the purposes as specified in the LSG Manual and other instructions issued by the SWD.

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of *the Code of Ethics for Professional Accountants* issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies Hong Kong Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditor's Responsibility

Our responsibility is to form a conclusion, based on our engagement, and to report our conclusion to you.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised), *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* and with reference to Practice Note ("PN") 851 (Revised), *Reporting on the Annual Financial Reports of Non-governmental Organisations* issued by the HKICPA. We have planned and performed our work to obtain reasonable assurance for giving conclusion 1 and obtain limited assurance for giving conclusion 2 below.

The work undertaken in connection with this engagement is less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

KPMG

INDEPENDENT AUDITOR'S ASSURANCE REPORT
To the Executive Committee of The Child Development Centre ("the Centre") (continued)

In relation to our conclusion 1 below, we have planned and performed such procedures as we considered necessary with reference to the procedures recommended in PN 851 (Revised), to satisfy ourselves that the AFR has been properly prepared, in all material respects, in accordance with the relevant accounting and financial reporting requirements set out in the LSG Manual and other instructions issued by the SWD.

In relation to our conclusion 2 below, we have obtained an understanding in respect of the purposes of the use of the funds as specified in the LSG Manual and other instructions issued by the SWD and obtaining an understanding of the control procedures. We are not required to perform any procedures to search for instances of the use of funds from the LSG by the Centre being non-complied with the specified purposes. Our work was limited to reporting non-compliances identified as a result of the procedures performed in relation to conclusion 2 and during the normal course of our work relating to conclusion 1. The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Conclusion

1 In our opinion, the AFR of the Centre for the year ended 31 March 2025 is properly prepared, in all material respects, in accordance with the relevant accounting and financial reporting requirements set out in the LSG Manual and other instructions issued by the SWD.

2 Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the use of the funds from the LSG by the Centre has not complied, in all material respects, with the purposes as specified in the LSG Manual and other instructions issued by the SWD.

Intended Users and Purpose

This report is intended solely for submission by the Centre to the SWD and is not intended to be, and should not be, used for any other purpose. We agree that a copy of this report may be provided to the SWD without further comment from us.

Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong
20 OCT 2025

ANNUAL FINANCIAL REPORT

NGO: THE CHILD DEVELOPMENT CENTRE

1 April 2024 to 31 March 2025

	Notes	2024-25 $	2023-24 $
A. INCOME			
1. Lump Sum Grant		8,954,943	8,696,070
a. Lump Sum Grant (excluding Provident Fund)	1b	8,417,814	8,174,498
b. Provident Fund	1c	537,129	521,568
Add: Provident Fund Income per SWD Letter dated 21.2.2024 SWD SF/SI/4-65/108 (498)III	1c	-	4
2. Fee Income	2	14,800	14,800
3. Central Items	3	1,318,407	962,826
4. Rent and Rates	4	1,377,389	1,377,389
5. Other Income	5	48,137	112,377
6. Interest Received		62,559	11,459
TOTAL INCOME		11,776,235	11,174,921
B. EXPENDITURE			
1. Personal Emoluments			
a. Salaries		7,072,357	6,788,354
b. Provident Fund	1c	303,842	290,056
c. Allowances		-	-
Sub-total	6	7,376,199	7,078,410
2. Other Charges	7	921,400	608,555
3. Central Items	3	1,811,864	1,043,284
4. Rent and Rates	4	-	-
TOTAL EXPENDITURE		10,109,463	8,730,249
C. SURPLUS FOR THE YEAR	8	1,666,772	2,444,672

The Annual Financial Report from pages 4 to 15 has been prepared in accordance with the requirements as set out in the Lump Sum Grant Manual.

SIGNATURE

POSITION: Chairman
DATE: 20 OCT 2025

SIGNATURE

POSITION: Chief Executive
DATE: 20 OCT 2025

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 services defined in 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 and also FSA services/ FSA-related activities funded by Other Funds or Donations for Designated Purposes. 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.
Other posts represent those staff that are employed after 1 April 2000.

The Provident Fund received and contributed for staff under the Central Items and Other Funds or Donations for Designated Purposes which are separately included as part of the income and expenditure of the relevant disclosures have been shown under **Note 3 and 8**.

Details are analysed below:

Provident Fund Contribution	**Other Posts $**	**Total $**
Subvention Received	537,129	537,129
Provident Fund Contribution Paid during the Year	(303,842)	(303,842)
Surplus for the Year	233,287	233,287
Add: Surplus b/f	445,128	445,128
Additional subvention received for previous year(s)	-	-
Interest Income	15,740	15,740
Less: MPF – Staff Bonus for school year	(292,000)	(292,000)
Surplus c/f	**402,155**	**402,155**

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 Subvention 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 5.5.4(c) of the LSG Subvention Manual). The income and expenditure of each of the Central Items are as follows:

	2024-25 $	2023-24 $
a. Income		
Training Subsidy Programme for Children on the Waiting List for Subvented Pre-school Rehabilitation Services	1,128,407	822,826
Subsidy for Enhance Support for Ethnic Minority Children in Early Education and Training Centre	190,000	140,000
Total	1,318,407	962,826

	2024-25 $	2023-24 $
b. Expenditure		
Training Subsidy Programme for Children on the Waiting List for Subvented Pre-school Rehabilitation Services	1,635,050	934,638
Subsidy for Enhance Support for Ethnic Minority Children in Early Education and Training Centre	176,814	108,646
Total	1,811,864	1,043,284

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 Other Funds or Donations for Designated Purposes may be included in AFR if they are used to finance expenditure of the FSA services/ FSA-related activities as reflected in the AFR.

The breakdown on Other Income is as follows:

Other Income	**2024-25 $**	**2023-24 $**
(a) Programme income	44,236	112,064
(b) Production income	-	-
(c) Other Funds or Donations for Designated Purposes	-	-
(d) Utilised allocation under Central Items (CI): After School Care Programme (ASCP) / Enhanced ASCP / ASCP(PC) – Fee Waiving Subsidy Scheme (FWSS)* which forms as part of Other Income	-	-
(e) Reimbursement of Maternity Leave Pay from Labour Department	-	-
(f) Miscellaneous income (e.g. general donations, photocopying charges, etc.)	3,901	313
Sub-Total	48,137	112,377
Less: Utilised allocation under CI: ASCP / Enhanced ASCP / ASCP(PC) - FWSS which forms as part of Other Income*	-	-
Total	48,137	112,377

**For those programmes which are regarded as FSA services only*

6. Personal Emoluments

Personal Emoluments include salary, provident fund and salary-related allowances.

The analysis on number of posts with annual Personal Emoluments over $1,000,000 each paid under LSG is appended below:

Analysis of Personal Emoluments paid under LSG	**No. of Posts**	**$**
HK$1,000,001 - HK$1,100,000 p.a.	-	-
HK$1,100,001 - HK$1,200,000 p.a.	-	-
HK$1,200,001 - HK$1,300,000 p.a.	-	-
HK$1,300,001 - HK$1,400,000 p.a.	-	-
HK$1,400,001 - HK$1,500,000 p.a.	-	-
>HK$1,500,000 p.a.	-	-

7. Other Charges

The breakdown on Other Charges is as follows:

	2024-25 $	2023-24 $
Other Charges		
(a) Utilities	117,911	117,328
(b) Food (including food for service users)	-	-
(c) Administrative Expenses	203,140	195,132
(d) Stores and Equipment	-	-
(e) Minor Repair and Maintenance	34,500	-
(f) Special Allowances	-	3,000
(g) Programme Expenses	242,873	14,303
(h) Transportation and Travelling	2,024	1,375
(i) Insurance	132,098	125,982
(j) Staff Training	188,854	147,085
(k) Miscellaneous	-	4,350
Sub-Total	**921,400**	**608,555**
Less: Utilised allocation under CI: ASCP / Enhanced ASCP / ASCP(PC) – FWSS* which forms as part of Other Income	-	-
Total	**921,400**	**608,555**

**For those programmes which are regarded as FSA services only*

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

	Lump Sum Grant (LSG)	Rent and Rates	Central Items (CI) (Note (3))	Total
	$	$	$	$
Income				
Lump Sum Grant	8,954,943	-	-	8,954,943
Fee Income	14,800	-	-	14,800
Other Income	48,137	-	-	48,137
Interest Received **(Note (1))**	62,559	-	-	62,559
Rent and Rates	-	1,377,389	-	1,377,389
Central Items	-	-	1,318,407	1,318,407
Total Income (a)	**9,080,439**	**1,377,389**	**1,318,407**	**11,776,235**
Expenditure				
Personal Emoluments	7,376,199	-	-	7,376,199
Other Charges	921,400	-	-	921,400
Rent and Rates	-	-	-	-
Central Items	-	-	1,811,864	1,811,864
Total Expenditure (b)	**8,297,599**	**-**	**1,811,864**	**10,109,463**
Surplus/(deficit) for the Year (a) - (b)	**782,840**	**1,377,389**	**(493,457)**	**1,666,772**
Less: Surplus of Provident Fund	(249,027)	-	-	(249,027)
	533,813	**1,377,389**	**(493,457)**	**1,417,745**
Surplus/(Deficit) b/f (Note (2))	**1,917,425**	**1,377,332**	**(466,374)**	**2,828,383**
	2,451,238	**2,754,721**	**(959,831)**	**4,246,128**
Less : Refund to Government	(68,198)	(1,377,389)	-	(1,445,587)
Surplus/(deficit) c/f (Note (4))	**2,383,040**	**1,377,332**	**(959,831)**	**2,800,541**

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

Notes:

(1) Interest received on LSG (including Holding Account ("HA")) and Provident Fund reserves, rent and rates, Central Items are included as one item under LSG; and the item is considered as part of LSG reserve.

(2) Accumulated balance of LSG Surplus b/f from previous years (including all interest received in previous years (see (1) above), the balance of HA and balance of Other Funds or Donations for Designated Purposes should be separately reported.

(3) Amount of LSG Reserve used to cover the salary adjustment for Infirmary Care Supplement, if any, as per Schedule for Central Items.

(4) For NGOs without HA, separate disclosure of the movement of HA in their respective AFRs is not necessary. The level of LSG cumulative reserve (i.e. S1) will be capped at 25% of the NGO's operating expenditure (i.e. Total Expenditure (T1) excluding Provident Fund Contribution (K1)) for the year.

For NGOs with HA, with effect from 2022-23, the calculation of the annual claw-back is as follows:

(i) With Snapshot Staff (SS) [i.e. Position of SS as at 1 September being reported on the Agency Staff List submitted by NGO last year was greater than zero] The level of LSG cumulative reserve (i.e. S1) will be capped at 25% of the NGO's operating expenditure (i.e. Total Expenditure (T1+T2) excluding Provident Fund Contribution (K1)) for the year.

(ii) Without SS [i.e. Position of SS as at 1 September being reported on the Agency Staff List submitted by NGO last year (which is regarded as Year 0) was zero] For the next three years (Year 1 to Year 3), the level of LSG cumulative reserve (i.e. S1) will be capped at 25% of the NGO's operating expenditure (i.e. Total Expenditure (T1) excluding Provident Fund Contribution (K1)) for the year

From the fourth financial year (Year 4) onwards, the level of LSG cumulative reserve and HA reserve will be counted altogether and the combined reserve amount (i.e. S1+S2) will be capped at 25% of the NGO's operating expenditure (i.e. Total Expenditure (T1+T2) excluding Provident Fund Contribution (K1)) for the year. In this regard, separate disclosure of the movement of HA in their respective AFRs is not necessary.

(5) As a facilitating measure for the implementation of the Productivity Enhancement Programme, the claw-back arrangement of LSG cumulative reserve amount exceeding 25% of the NGO's operating expenditure would be suspended from 2023-24 (for NGOs with 2024-25 provisional subvention allocation of $50M or more) / 2024-25 (for NGOs with 2024-25 provisional subvention allocation of less than $50M) until 2028-29 as stipulated in SWD's letter under reference (1) / (2) / (3) / (4) in SWD 0075-0010-0060-0080-0040 of 3 March 2025.

Schedule for Central Items

Analysis of Subvention and Expenditure for the Period from 1 April 2024 to 31 March 2025

Name of NGO: The Child Development Centre (code: 498)

Unit Code and Name/ Remittance Advice No. (Note 7)	Subvented Element	Subvention Released (Note 1a) (a1)	Reimbursement of Maternity Leave Pay (RMLP) Scheme reimbursement received (Note 1b)#	Actual Expenditure (Note 2a) (a2)	Actual Expenditure incurred Under RMLP Scheme (Note 2b) #	Surplus (Note 3) (a)=(a1)-(a2)	Deficit for the Year			Surplus b/f (Note 5) (e)	Refund from/(to) Government (f)	Adjustment (Note 9) (g)	Surplus c/f (Note 6) (h)=(e)+(a)-(d)-(f)+/-(g)
							Deficit (Note 3) (b)=(a1)-(a2)	Deficit transferred to LSG (Note 4) (c)	Adjusted Deficit (d) = (b) - (c)				
		$		$		$	$	$	$				
498 - The Child Development Centre	Training Subsidy Programme for Children on the Waiting List for Subvented Pre-school Rehabilitation Services	1,128,407	-	1,635,050	-	-	506,643	-	506,643	(695,753)	-	-	(1,202,396)
	Subsidy for Enhanced Support for Ethnic Minority Children in Early Education and Training Centres	190,000	-	176,814	-	13,186	-	-	-	229,379	-	-	242,565
	Total	1,318,407		1,811,864	-	13,186	506,643	-	506,643	(466,374)	-	-	(959,831)

Any difference arising from the RMLP Scheme reimbursement received (see Note 1(b) below) and the corresponding expenditure under RMLP Scheme (see Note 2(b) below) will be assessed separately.

Schedule for Central Items

Analysis of Subvention and Expenditure for the Period from 1 April 2024 to 31 March 2025

Notes:

1(a). The figures for the whole financial year are extracted from the paylist for March (Final) or remittance advice(s) issued by the Treasury or allocation letter(s) issued by Social Welfare Department of the financial year.

1(b). This amount represents any reimbursement received from the RMLP Scheme if the NGO has temporarily paid the expenditure out of the allocation from the subvented element (see Note 2(b) below).

2(a). Actual expenditure represents the total expenditure incurred including provident fund for the respective services after netting off (i) programme income and (ii) expenditure under RMLP Scheme mentioned in Note 2(b) below, if any.

2(b). This amount represents the additional four weeks' MLP (i.e. the 11th to 14th weeks) paid to the employee out of the corresponding allocation.

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. (33) in SWD/S/104/2 Pt. 18 dated 4 March 2020.

   (i) Dementia Supplement for Elderly with Disabilities

   (ii) Infirmary Care Supplement for the Aged Blind Persons

   (iii) 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 less refund to Government plus surplus, if any, arising from operations in current year.

7. Unit code and name / remittance advice no. are extracted from the paylist from SWD and remittance advice from the Treasury respectively.

Schedule for Central Items

Analysis of Subvention and Expenditure for the Period from 1 April 2024 to 31 March 2025

Notes (continued):

8. 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.

9. For ASCP/ Enhanced ASCP, the adjustment includes the amount of expenditure overstated / (understated) in previous year(s) after taking into account the actual claw-back amount(s) per SWD's allocation letter(s), if any.

10 Allocation mode was changed to LSG in September 2024.

11 Allocation mode was changed to LSG in August 2024.

Schedule for Rent and Rates

Analysis of Subvention and Expenditure for the period

from 1 April 2024 to 31 March 2025

Name of NGO: The Child Development Centre (code: 498)

Unit Code and Name	Subvented Element	Subventions Released (Note 1)	Actual Expenditure	Surplus (Note 2)	Deficit (Note 2)
		$	$	$	$
498 - The Child Development Centre	Rent (Note 3)	1,337,433	-	1,337,433	-
	Rates	39,956	-	39,956	-
	Total	1,377,389	-	1,377,389	-

Notes:

1. The figures are to be extracted from the paylist for March plus subventions 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 subventions released and actual expenditure.

3. Rent includes all kinds of rent such as Public Housing Estates rental, private rental, carpark rent, management fee, building maintenance fee and Government Rent.

Schedule for Investment

Analysis of Investment as at 31 March 2025

Name of NGO : The Child Development Centre

	2024-25 HK$'000	2023-24 HK$'000
Lump Sum Grant (LSG) Reserve as at 31 March	2,383	1,917
Represented by:		
Investments		
a. HKD Bank Account Balances	1,351	1,306
b. HKD 24-hour Call Deposits	-	-
c. HKD Fixed Deposits	1,032	611
d. HKD Certificate of Deposits	-	-
e. HKD Bonds	-	-
	2,383	1,917

Note: The investments should be reported at historical cost.

Confirmed by:

Signature:

Signature:

Position: Chairman

Position: Chief Executive

Date: 20 OCT 2025

Date: 20 OCT 2025

Schedule for Investment

Detailed Analysis of Bonds/ Notes as at 31 March 2025

Name of NGO : The Child Development Centre

Investment in HK$ Bonds/ Notes

	Issuer	Nominal Amount HK$	Cost of Acquisition HK$ (Note)	Maturity Date	Coupon % p.a.	Effective Yield % p.a.	Credit Rating	Custodian Bank
1								
2								
3								
4								
	Total	-	-					

(Note): The amount will be reduced in accordance with the proportion of the disposal of the investment