



The Child Development Centre

明德兒童啟育中心
(Limited by Guarantee)

Annual Financial Report
Unit 498
31 March 2019



Review 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 2019 and have issued an unqualified auditor’s report thereon dated 20 OCT 2019 .

We conducted our review of the attached Annual Financial Report of Unit 498 on pages 3 to 12 of the Centre for the year ended 31 March 2019 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 Centre, on which the above audited financial statements of the Centre 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 Centre for the year ended 31 March 2019:

- (a) in our opinion the Annual Financial Report of Unit 498 has been properly prepared from the books and records of the Centre; and
- (b) no matters have come to our attention during the course of our review, which cause us to believe that the Centre has not:
 - 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;
 - kept separate Operating Income and Expenditure Account for each subvented service unit as required by the Lump Sum Grant Manual (“LSG Manual”) published by the Social Welfare Department of the Government of the Hong Kong Special Administrative Region (the “HKSAR”);
 - prepared the Annual Financial Report in accordance with the format and requirements set out in the LSG Manual; and
 - employed the staff quoted in the Provident Fund arrangements during the year ended 31 March 2019.



Review report to the Executive Committee of The Child Development Centre (“the Centre”) (continued)

Restriction on distribution and use

This report is intended solely for your benefit and for filing with the Social Welfare Department of the Government of the HKSAR and is not intended to be, and should not be used for any other purposes and we do not assume responsibility towards or accept liability or duty to any other person other than the addressees of this report for the contents of this report.

A handwritten signature in blue ink, appearing to be 'W. M. H.', written in a cursive style.

Certified Public Accountants

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

28 OCT 2019

ANNUAL FINANCIAL REPORT
NGO: THE CHILD DEVELOPMENT CENTRE
1 April 2018 to 31 March 2019

	Notes	2018-19 \$	2017-18 \$
A. INCOME			
1. Lump Sum Grant		7,628,062	7,169,008
a. Lump Sum Grant (excluding Provident Fund)	1b	7,171,194	6,740,365
b. Provident Fund	1c	456,868	428,643
2. Fee Income	2	14,800	-
3. Central Items	3	236,344	60,750
4. Rent and Rates	4	348,631	-
5. Other Income	5	-	-
6. Interest Received		-	-
TOTAL INCOME		8,227,837	7,229,758
B. EXPENDITURE			
1. Personal Emoluments			
a. Salaries		7,175,901	6,740,365
b. Provident Fund	1c	328,630	317,060
c. Allowances	6	-	-
Sub-total		7,504,531	7,057,425
2. Other Charges	7	43,982	-
3. Central Items	3	307,657	62,337
4. Rent and Rates	4	348,631	353,269
TOTAL EXPENDITURE		8,204,801	7,473,031
C. SURPLUS/(DEFICIT) FOR THE YEAR	8	23,036	(243,273)

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.

SIGNATURE

S. M. M. M.

CHAIRPERSON

DATE: 28 OCT 2019

SIGNATURE

Y. Bao

CHIEF EXECUTIVE

DATE: 28 OCT 2019

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 Note 3. Details are analysed below:

<u>Provident Fund Contribution</u>	<u>Snapshot Staff</u> \$	<u>6.8% and Other Posts</u> \$	<u>Total</u> \$
Subvention Received	-	456,868	456,868
Provident Fund Contribution Paid during the Year	-	(328,630)	(328,630)
Surplus for the Year	-	128,238	128,238
<u>Add</u> : Surplus b/f	-	305,117	305,117
Additional subvention received for previous year(s)			
<u>Add</u> : Reversal of expenditure paid	-	244,597	244,597
Surplus c/f	-	677,952	677,952

- 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:

	2018-19 \$	2017-18 \$
a. Income		
Dementia Supplement for Elderly with Disabilities	-	-
Infirmity Care Supplement for the Aged Blind Person	-	-
Dementia Supplement for Residential Elderly Services	-	-
Infirmity 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 – Fee Waiving Subsidy Scheme	-	-
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	236,344	60,750
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 – Fee Waiving Subsidy Scheme	-	-
Navigation Scheme for Young Persons in Care Services - Operating Expenses	-	-
Navigation Scheme for Young Persons in Care Services - Training Cost	-	-
Grant under the Pilot Scheme on On-site Pre-school Rehabilitation Services	-	-
One-off Subsidy for Enhanced Provision of Visiting Medical Officer for Residential Care Homes for the Elderly	-	-
One-off Subsidy for Enhanced Provision of Visiting Medical Practitioner Scheme for Residential Care Homes for the Persons with Disabilities	-	-
Total	<u>236,344</u>	<u>60,750</u>

	2018-19 \$	2017-18 \$
b. Expenditure		
Dementia Supplement for Elderly with Disabilities	-	-
Infirmary Care Supplement for the Aged Blind Person	-	-
Dementia Supplement for Residential Elderly Services	-	-
Infirmary 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 – Fee Waiving Subsidy Scheme	-	-
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	307,657	62,337
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 - Fee Waiving Subsidy Scheme	-	-
Navigation Scheme for Young Persons in Care Services - Operating Expenses	-	-
Navigation Scheme for Young Persons in Care Services - Training Cost	-	-
Grant under the Pilot Scheme on On-site Pre-school Rehabilitation Services	-	-
One-off Subsidy for Enhanced Provision of Visiting Medical Officer for Residential Care Homes for the Elderly	-	-
One-off Subsidy for Enhanced Provision of Visiting Medical Practitioner Scheme for Residential Care Homes for the Persons with Disabilities	-	-
Total	<u>307,657</u>	<u>62,337</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. In this respect, donations have been included if it is used to finance expenditure reflected in the AFR.

The breakdown on Other Income is as follows:

	2018-19 \$	2017-18 \$
Other Income		
(a) Fees and charges for services incidental to the operation of subvented services	-	-
(b) Others	-	-
	<hr/>	<hr/>
Total	<hr/>	<hr/>

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\$700,001 - HK\$800,000 p.a.	-	-
HK\$800,001 - HK\$900,000 p.a.	-	-
HK\$900,001 - HK\$1,000,000 p.a.	-	-
HK\$1,000,001 - HK\$1,100,000 p.a.	-	-
HK\$1,100,001 - HK\$1,200,000 p.a.	-	-
>HK\$1,200,000 p.a.	-	-

7. Other Charges

The breakdown on Other Charges is as follows:

	2018-19	2017-18
	\$	\$
Other Charges		
(a) Utilities	43,982	-
(b) Food	-	-
(c) Administrative Expenses	-	-
(d) Stores and Equipment	-	-
(e) Repair and Maintenance	-	-
(f) Special Allowances	-	-
(g) Programme Expenses	-	-
(h) Transportation and Travelling	-	-
(i) Insurance	-	-
(j) Miscellaneous	-	-
	<hr/>	<hr/>
Total	43,982	-
	<hr/>	<hr/>

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

	Lump Sum Grant (LSG)	Rent and Rates	Central Items	Total
	\$	\$	\$	\$
Income				
Lump Sum Grant	7,628,062	-	-	7,628,062
Fee Income	14,800	-	-	14,800
Other Income	-	-	-	-
Interest Received (Note (1))	-	-	-	-
Rent and Rates	-	348,631	-	348,631
Central Items	-	-	236,344	236,344
Total Income (a)	7,642,862	348,631	236,344	8,227,837
Expenditure				
Personal Emoluments	7,504,531	-	-	7,504,531
Other Charges	43,982	-	-	43,982
Rent and Rates	-	348,631	-	348,631
Central Items	-	-	307,657	307,657
Special One-off Grant Payments	-	-	-	-
Total Expenditure (b)	7,548,513	348,631	307,657	8,204,801
Surplus/(Deficit) for the Year (a) - (b)	94,349	-	(71,313)	23,036
<u>Less:</u> Deficit of Provident Fund	(128,238)	-	-	(128,238)
	(33,889)	-	(71,313)	(105,202)
Surplus/(Deficit) b/f (Note (2))	4,689	(353,269)	(1,587)	(350,167)
	(29,200)	(353,269)	(72,900)	(455,369)
<u>Add:</u> Fee Income - 2016 to 2018	29,200	-	-	29,200
<u>Less:</u> Refund to Government	-	-	-	-
Transfer from LSG Reserve to cover the salary adjustment for Dementia Supplement and Infirmary Care Supplementary (Note (3))	-	-	-	-
Deficit c/f (Note (4))	-	(353,269)	(72,900)	(426,169)

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 of 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 Infirmary 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 1st April 2018 to 31st March 2019

Name of Agency: **The Child Development Centre**

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)	Refund to Government (f)	Surplus c/f (Note 6) (g)=(e)+(a) -(f)-(f)
					Deficit (Note 3) (b)	Deficit transferred to LSG (Note 4) (c)	Adjusted Deficit (d) = (b) - (c)			
		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			
	Dementia Supplement for Elderly with Disabilities (Note 8)	-	-	-	-	-	-	N.A.	-	N.A.
	Infirmary 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.
	Infirmary 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 – Fee Waiving Subsidy Scheme	-	-	-	-	-	-	N.A.	-	N.A.
	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	-	-	-	-	-	-	-	-	-
	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 – Fee Waiving Subsidy Scheme	-	-	-	-	-	-	-	-	-
	Navigation Scheme for Young Persons in Care Services - Operating	-	-	-	-	-	-	-	-	-
	Expenses	-	-	-	-	-	-	-	-	-
	Navigation Scheme for Young Persons in Care Services - Training Cost	-	-	-	-	-	-	-	-	-
	Grant under the Pilot Scheme on On-site Pre-school Rehabilitation	-	-	-	-	-	-	-	-	-
	Services	-	-	-	-	-	-	-	-	-
	One-off Subsidy for Enhanced Provision of Visiting Medical Officer for	-	-	-	-	-	-	-	-	-
	Residential Care Homes for the Elderly	-	-	-	-	-	-	-	-	-
	One-off Subsidy for Enhanced Provision of Visiting Medical Practitioner	-	-	-	-	-	-	-	-	-
	Scheme for Residential Care Homes for the Persons with Disabilities	-	-	-	-	-	-	-	-	-
TOTAL		236,344	307,657	-	(71,313)	-	(71,313)	-	-	(71,313)

Schedule for Central Items

Analysis of Subvention and Expenditure for the Period from 1st April 2018 to 31st March 2019

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. (5) in SWD/S/104/2 Pt.18 dated 20 July 2018.
 - (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 less refund to Government plus surplus, if any, arising from operations in current year.
7. Unit code and names are extracted from the payroll from SWD.
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.

Schedule for Rent and Rates

Analysis of Subvention and Expenditure for the period from 01-04-2018 to 31-03-2019

Name of Agency: The Child Development Centre

Unit Code and Name	Subvented Element	Subvention Released (Note 1)	Actual Expenditure	Surplus (Note 2)	Deficit (Note 2)
		\$	\$	\$	\$
2018/19 498 - The Child Development Centre	Rent (Note 3)	307,372	307,372		
	Rates	41,259	41,259		
	Total	348,631	348,631		
	Rent (Note 3)				
	Rates				
	Total				
	Rent (Note 3)				
	Rates				
	Total				
	Rent (Note 3)				
	Rates				
	Total				
	Rent (Note 3)				
	Rates				
	Total				
	Grand Total	348,631	348,631		

Notes:

1. The figures are to be extracted from the payroll for March (Final) 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.

