



# The Child Development Centre

明德兒童啟育中心  
(Limited by Guarantee)

Annual Financial Report  
Unit 498  
31 March 2017



## 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 2017 and have issued an unqualified auditor’s report thereon dated 8 OCT 2017 .

We conducted our review of the attached Annual Financial Report of Unit 498 on pages 3 to 9 of the Centre for the year ended 31 March 2017 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 2017:

- (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 2017.



## 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 black ink, appearing to be 'KPMG'.

Certified Public Accountants  
8<sup>th</sup> Floor, Prince’s Building  
10 Chater Road  
Central, Hong Kong

18 OCT 2017

**ANNUAL FINANCIAL REPORT**  
**NGO: THE CHILD DEVELOPMENT CENTRE**  
**1 APRIL 2016 to 31 MARCH 2017**

|  | Notes | 2016-17<br>\$    | 2015-16<br>\$    |
|--|-------|------------------|------------------|
| <b>A. INCOME</b>                             |       |                  |                  |
| 1. Lump Sum Grant                            |       | 6,784,281        | 6,483,234        |
| a. Lump Sum Grant (excluding Provident Fund) | 1b    | 6,379,269        | 6,096,229        |
| b. Provident Fund                            | 1c    | 405,012          | 387,005          |
| 2. Special One-off Grant                     |       | -                | -                |
| 3. Fee Income                                | 2     | -                | -                |
| 4. Central Items                             | 3     | -                | -                |
| 5. Rent and Rates                            | 4     | 216,980          | 490,363          |
| 6. Other Income                              | 5     | -                | -                |
| 7. Interest Received                         |       | -                | -                |
| <b>TOTAL INCOME</b>                          |       | <b>7,001,261</b> | <b>6,973,597</b> |
| <b>B. EXPENDITURE</b>                        |       |                  |                  |
| 1. Personal Emoluments                       |       |                  |                  |
| a. Salaries                                  |       | 6,379,269        | 6,096,229        |
| b. Provident Fund                            | 1c    | 311,546          | 341,002          |
| c. Allowances                                |       | -                | -                |
| Sub-total                                    | 6     | 6,690,815        | 6,437,231        |
| 2. Other Charges                             | 7     | -                | -                |
| 3. Central Items                             | 3     | -                | -                |
| 4. Rent and Rates                            | 4     | 216,980          | 490,363          |
| 5. Special One-off Grant Payments            | 7a    | -                | -                |
| <b>TOTAL EXPENDITURE</b>                     |       | <b>6,907,795</b> | <b>6,927,594</b> |
| <b>C. SURPLUS FOR THE YEAR</b>               | 8     | <b>93,466</b>    | <b>46,003</b>    |

The Annual Financial Report from pages 3 to 9 has been prepared in accordance with the requirements as set out in the Lump Sum Grant Manual.

SIGNATURE



CHAIRPERSON

DATE: 18/10/2017

SIGNATURE



CHIEF EXECUTIVE

DATE: 18/10/2017

## 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** 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 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<br>\$ | 6.8% and Other Posts<br>\$ | Total<br>\$    |
|--|----------------------|----------------------------|----------------|
| Subvention Received                              | -                    | 405,012                    | 405,012        |
| Provident Fund Contribution Paid during the Year | -                    | (311,546)                  | (311,546)      |
| Surplus for the Year                             | -                    | 93,466                     | 93,466         |
| <b>Add</b> : Surplus b/f                         | -                    | 293,068                    | 293,068        |
| <b>Surplus c/f</b>                               | -                    | <b>386,534</b>             | <b>386,534</b> |

- 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 LSG Manual (October 2016)). The income and expenditure of each of the Central Items are as follows:

|  | 2016-17  | 2015-16  |
|--|----------|----------|
|  | \$       | \$       |
| <b>a. Income</b>   |          |          |
| 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  | -        | -        |
| Temporary Financial Aid  | -        | -        |
| Emergency Fund   | -        | -        |
| Time-defined Subsidy Scheme for Extended Hours Service Users   | -        | -        |
| Training Subsidy Programme 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  | -        | -        |
| 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 Services for Persons with Severe Physical Disabilities   | -        | -        |
| Enhanced After School Care Programme   | -        | -        |
| Navigation Scheme for Yugn Persons in Care Services – Operating Expenses   | -        | -        |
| Navigation Scheme for Yugn Persons in Care Services – Training cost  | -        | -        |
| <b>Total</b>   | <u>-</u> | <u>-</u> |

|  | 2016-17  | 2015-16  |
|--|----------|----------|
|  | \$       | \$       |
| <b>b. Expenditure</b>  |          |          |
| 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  | -        | -        |
| Temporary Financial Aid  | -        | -        |
| Emergency Fund   | -        | -        |
| Time-defined Subsidy Scheme for Extended Hours Service Users   | -        | -        |
| Training Subsidy Programme 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  | -        | -        |
| Time-defined Subsidy Scheme for Occasional Child Care Service 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 Services for Persons with Severe Physical Disabilities   | -        | -        |
| Enhanced After School Care Programme   | -        | -        |
| Navigation Scheme for Yugn Persons in Care Services – Operating Expenses   | -        | -        |
| Navigation Scheme for Yugn Persons in Care Services – Training cost  | -        | -        |
| <b>Total</b>   | <u>-</u> | <u>-</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 (paragraph 2.29 of LSG Manual (October 2016)) is as follows:

|   | 2016-17  | 2015-16  |
|---|----------|----------|
|   | \$       | \$       |
| <b>Other Income</b>   |          |          |
| (a) Fees and charges for services incidental to the operation of subvented services | -        | -        |
| (b) Others  | -        | -        |
| <b>Total</b>  | <u>-</u> | <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 is appended below:

| Analysis of Personal Emoluments    | 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 :

|                                   | 2016-17   | 2015-16   |
|-----------------------------------|-----------|-----------|
| <b>Other Charges</b>              | <b>\$</b> | <b>\$</b> |
| (a) Utilities                     | -         | -         |
| (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                 | -         | -         |
| <b>Total</b>                      | <b>-</b>  | <b>-</b>  |

## 7a. Special One-off Grant Payments

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

|                                       | 2016-17   | 2015-16   |
|---------------------------------------|-----------|-----------|
| <b>Special one-off Grant Payments</b> | <b>\$</b> | <b>\$</b> |
| (a) Voluntary Retirement Scheme       | -         | -         |
| (b) Compensation Scheme               | -         | -         |
| (c) Staff Training and Development    | -         | -         |
| (d) Other Staff-related Initiatives   | -         | -         |
| <b>Total</b>                          | <b>-</b>  | <b>-</b>  |

## 8. Analysis of Reserve Fund

|  | Analysis of Reserve Fund |                             |                |               |                  |
|--|--------------------------|-----------------------------|----------------|---------------|------------------|
|  | Lump Sum Grant (LSG)     | Special One-off Grant (SOG) | Rent and Rates | Central Items | Total            |
| <b>Income</b>  | \$                       | \$                          | \$             | \$            | \$               |
| Lump Sum Grant   | 6,784,281                | -                           | -              | -             | 6,784,281        |
| Special One-off Grant  | -                        | -                           | -              | -             | -                |
| Fee Income   | -                        | -                           | -              | -             | -                |
| Other Income   | -                        | -                           | -              | -             | -                |
| Interest Received (Note (1))   | -                        | -                           | -              | -             | -                |
| Rent and Rates   | -                        | -                           | 216,980        | -             | 216,980          |
| Central Items  | -                        | -                           | -              | -             | -                |
| <b>Total Income (a)</b>  | <b>6,784,281</b>         | <b>-</b>                    | <b>216,980</b> | <b>-</b>      | <b>7,001,261</b> |
| <b>Expenditure</b>   |                          |                             |                |               |                  |
| Personal Emoluments  | 6,690,815                | -                           | -              | -             | 6,690,815        |
| Other Charges  | -                        | -                           | -              | -             | -                |
| Rent and Rates   | -                        | -                           | 216,980        | -             | 216,980          |
| Central Items  | -                        | -                           | -              | -             | -                |
| Special One-off Grant Payments   | -                        | -                           | -              | -             | -                |
| <b>Total Expenditure (b)</b>   | <b>6,690,815</b>         | <b>-</b>                    | <b>216,980</b> | <b>-</b>      | <b>6,907,795</b> |
| <b>Surplus for the Year (a) - (b)</b>  | <b>93,466</b>            | <b>-</b>                    | <b>-</b>       | <b>-</b>      | <b>93,466</b>    |
| Less : Surplus of Provident Fund   | 93,466                   | -                           | -              | -             | 93,466           |
|  | -                        | -                           | -              | -             | -                |
| <b>Surplus b/f (Note (2))</b>  | <b>4,689</b>             | <b>-</b>                    | <b>-</b>       | <b>-</b>      | <b>4,689</b>     |
|  | 4,689                    | -                           | -              | -             | 4,689            |
| Less : Refund to Government  | -                        | -                           | -              | -             | -                |
| Transfer from LSG Reserve to cover the salary adjustment for Dementia Supplement and Infirmary Care Supplementary (Note (3)) | -                        | -                           | -              | -             | -                |
| <b>Surplus c/f (Note (4))</b>  | <b>4,689</b>             | <b>-</b>                    | <b>-</b>       | <b>-</b>      | <b>4,689</b>     |

### Notes:

- (1) Interest received on LSG and Provident Fund 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 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 LSP 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**

**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 names 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 Agency: The Child Development Centre**

| Unit Code and Name                            | Subvented Element      | Subvention Released (Note 1) | Actual Expenditure      | Surplus (Note 2) | Deficit (Note 2) |
|---|------------------------|------------------------------|-------------------------|------------------|------------------|
| 2016/17<br>498 - The Child Development Centre | Rent (Note 3)<br>Rates | \$<br>307,429<br>40,689      | \$<br>307,429<br>40,689 | \$               | \$               |
|   | Total                  | 348,118                      | 348,118                 |                  |                  |
| 2015/16<br>498 - The Child Development Centre | Rent (Note 3)<br>Rates | (165,859)<br>15,205          | (165,859)<br>15,205     |                  |                  |
|   | Total                  | (150,654)                    | (150,654)               |                  |                  |
| 2014/15<br>498 - The Child Development Centre | Rent (Note 3)<br>Rates | (491)<br>20,007              | (491)<br>20,007         |                  |                  |
|   | Total                  | 19,516                       | 19,516                  |                  |                  |
|   | Rent (Note 3)<br>Rates |                              |                         |                  |                  |
|   | Total                  |                              |                         |                  |                  |
|   | Rent (Note 3)<br>Rates |                              |                         |                  |                  |
|   | Total                  |                              |                         |                  |                  |
|   | Grand Total            | 216,980                      | 216,980                 |                  |                  |

**Notes:**

1. The figures are to be extracted from the payroll for March (Final) of the financial year plus payroll for June 2017.
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.