

The Friends of Scouting
(A subsidiary of the Scout Association of Hong Kong)

Annual Financial Report
for the year ended 31 March 2013



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 2013 and have issued an unqualified auditor's report thereon dated 25 June 2013.

We conducted our review of the attached Annual Financial Report on pages 3 to 12 of the Entity for the year ended 31 March 2013 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 2013:

- 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 2013.

**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, 25 June 2013

Chan Kwan Ho, Edmond

Practising certificate number P02092

ANNUAL FINANCIAL REPORT

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

1 APRIL 2012 to 31 MARCH 2013

	Notes	2012-13 HK\$	2011-12 HK\$
A. INCOME			
1. Lump Sum Grant			
a. Lump Sum Grant (excluding Provident Fund)	1b	24,616,135.00	22,680,459.00
b. Provident Fund	1c	2,458,797.00	2,212,279.00
2. Special One-off Grant		0.00	0.00
3. Fee Income	2	87,838.00	134,213.00
4. Central Items	3	5,275,530.00	5,342,641.00
5. Rent and Rates	4	1,024,260.00	1,023,360.00
6. Other Income	5	7,240,518.67	9,446,294.00
7. Interest Received		463.73	388.79
TOTAL INCOME		<u>40,703,542.40</u>	<u>40,839,634.79</u>
B. EXPENDITURE			
1. Personal Emoluments			
a. Salaries		22,282,002.00	20,082,368.00
b. Provident Fund	1c	2,384,005.05	2,141,836.65
c. Allowances		0.00	0.00
Sub-total	6	24,666,007.05	22,224,204.65
2. Other Charges	7	9,548,183.01	11,271,597.89
3. Central Items	3	2,877,242.95	3,776,127.47
4. Rent and Rates	4	1,007,100.00	1,007,820.00
5. Special One-off Grant Payments	7a	0.00	0.00
TOTAL EXPENDITURE		<u>38,098,533.01</u>	<u>38,279,750.01</u>
C. SURPLUS/(DEFICIT) FOR THE YEAR	8	<u>2,605,009.39</u>	<u>2,559,884.78</u>


CHAIRMAN
DATE: 25 June 2013


CHIEF SCOUT EXECUTIVE
DATE: 25 June 2013

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 **should not be 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 should be shown under 3. In other words, such PF should **not** be included here (paragraph 3.12 of LSG Manual).

Details are analysed below :

<u>Provident Fund</u>	Snapshot	6.8% and	
<u>Contribution</u>	Staff	Other	Total
	HK\$	Posts	HK\$
Subvention Received	1,579,259.00	879,538.00	2,458,797.00
Provident Fund Contribution	(1,557,290.00)	(826,715.05)	(2,384,005.05)
Paid during the Year			
Surplus/ (Deficit) for the Year	21,969.00	52,822.95	74,791.95
<u>Add</u> : Surplus/(Deficit) b/f	262,230.54	1,228,058.23	1,490,288.77
Surplus/(Deficit) c/f	284,199.54	1,280,881.18	1,565,080.72

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 should be 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	2012-13 HK\$	2011-12 HK\$
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	9,000.00	83,250.00
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 Work posts extended for one year in 2012-13	4,921,344.00	4,921,344.00
Regularized Programme Assistant (PA)/Care Assistants (CA)	345,186.00	338,047.00
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		
Total	5,275,530.00	5,342,641.00

b. Expenditure	2012-13 HK\$	2011-12 HK\$
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	(37,674.15)	70,454.55
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 Work posts extended for one year in 2012-13	2,624,336.95	3,537,242.42
Regularized Programme Assistant (PA)/Care Assistants (CA)	290,580.15	168,430.50
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		
Total	2,877,242.95	3,776,127.47

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 should not be 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 need not be included as Other Income in AFR. However, treatment of fees and charges as specified under para.2.27 to 2.28 of the LSG Manual remains unchanged (paragraph 3.9 of the Manual).

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	HK\$
HK\$500,001 - HK\$600,000 p.a.	2	1,161,403.00
HK\$600,001 - HK\$700,000 p.a.	6	3,860,657.00
HK\$700,001 - HK\$800,000 p.a.	8	5,940,032.00
HK\$800,001 - HK\$900,000 p.a.	0	0.00
HK\$900,001 - HK\$1,000,000 p.a.	3	2,825,004.00
>HK\$1,000,000 p.a.	0	0.00

7. **Other Charges**

The breakdown on Other Charges is as follows:

Other Charges	2012-13	2011-12
	HK\$	HK\$
(a) Utilities	245,694.50	233,502.70
(b) Food	0.00	0.00
(c) Administrative Expenses	205,720.14	181,459.32
(d) Stores and Equipment	297,175.50	186,279.70
(e) Repair and Maintenance	322,200.00	281,880.00
(f) Special Allowances	0.00	0.00
(g) Programme Expenses	7,993,746.27	9,964,796.15
(h) Transportation and Travelling	52,103.79	69,603.50
(i) Insurance	242,371.63	204,623.00
(j) Miscellaneous	189,171.18	149,453.52
Total	9,548,183.01	11,271,597.89

7a. Special One-off Grant Payments

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

Special one-off Grant Payments	2012-13 HK\$	2011-12 HK\$
(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	27,074,932.00	0.00	0.00	0.00	27,074,932.00
Special One-off Grant	0.00	0.00	0.00	0.00	0.00
Fee Income	87,838.00	0.00	0.00	0.00	87,838.00
Other Income	7,240,518.67	0.00	0.00	0.00	7,240,518.67
Interest Received (Note (1))	463.73	0.00	0.00	0.00	463.73
Rent and Rates	0.00	0.00	1,024,260.00	0.00	1,024,260.00
Central Items	0.00	0.00	0.00	5,275,530.00	5,275,530.00
Total Income (a)	34,403,752.40	0.00	1,024,260.00	5,275,530.00	40,703,542.40
Expenditure					
Personal Emoluments	24,666,007.05	0.00	0.00	0.00	24,666,007.05
Other Charges	9,548,183.01	0.00	0.00	0.00	9,548,183.01
Rent and Rates	0.00	0.00	1,007,100.00	0.00	1,007,100.00
Central Items	0.00	0.00	0.00	2,877,242.95	2,877,242.95
Special One-off Grant Payments	0.00	0.00	0.00	0.00	0.00
Total Expenditure (b)	34,214,190.06	0.00	1,007,100.00	2,877,242.95	38,098,533.01
Surplus/(Deficit) for the Year (a) - (b)	189,562.34	0.00	17,160.00	2,398,287.05	2,605,009.39
Less : Surplus/(Deficit) of Provident Fund	74,791.95	0.00	0.00	0.00	74,791.95
	114,770.39	0.00	17,160.00	2,398,287.05	2,530,217.44
Surplus/(Deficit) b/f (Note (2))	7,420,033.05	0.00	15,541.20	1,784,888.38	9,220,462.63
	7,534,803.44	0.00	32,701.20	4,183,175.43	11,750,680.07
Less : Refund to Government	0.00	0.00	(16,440.00)	(1,553,718.08)	(1,570,158.08)
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))	7,534,803.44	0.00	16,261.20	2,629,457.35	10,180,521.99

Notes

- (1) Interest received on LSG and PF reserves, rent and rates, central items, Special One-off Grant should all be 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 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 Programme Assistants, Care Assistants, Dementia Supplement and Infirmary Care Supplement, if any, as per Schedule of Central Items (Annex 1).
- (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 2012 to 31 March 2013

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)		
3068 - After School Care Programme - Late Afternoon Session	Dementia Supplement for Elderly with Disabilities	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	N.A.	N.A.
	Infirmity Care Supplement for the Aged Blind Persons							N.A.	N.A.
	Dementia Supplement for Residential Elderly Services							N.A.	N.A.
	Infirmity Care Supplement for Residential Elderly Services							N.A.	N.A.
	Dementia Supplement for Day Care Centres/Units for the Elderly					N.A.		N.A.	N.A.
	Foster Care Allowance / Emergency Foster Care Allowance					N.A.		N.A.	N.A.
	After School Care Programme	9,000.00	(37,674.15)	46,674.15		N.A.		N.A.	N.A.
	Programme Assistants / Care Assistant (Permanent) - Elderly Services					N.A.		N.A.	N.A.
	Programme Assistants / Care Assistant (Permanent) - Rehabilitation Medical and Social Services					N.A.		N.A.	N.A.
	Temporary Financial Aid					N.A.			
	Emergency Fund					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.		N.A.			
	Training Subsidy Scheme for Standalone Child Care Centre (CCC), KG-cum-CCC and Residential CCC					N.A.			
596P - Programme Worker Posts Extended for the Year from 1.4.2011 to 31.3.2013	Training Subsidy under Training Scheme for Child Care Supervisors and Special Child Care Workers in Pre-school Rehabilitation Services					N.A.			
	Programme Work posts extended for one year in 2012-13	4,921,344.00	2,624,336.95	2,297,007.05		N.A.		N.A.	N.A.
596S - Care Assistant (CA)/Programme Assistant (PA) Posts N.A.	Regularized Programme Assistants (PA) / Care Assistants (CA)	345,186.00	290,580.15	54,605.85				N.A.	N.A.
	Subsidy under the Home Environment Improvement Scheme for the Elderly					N.A.			
	Overnight On-site-on-call Allowance					N.A.		N.A.	N.A.
	Neighbourhood Support Child Care Project (NSCCP) - Contract Subsidy					N.A.			
	NSCCP - Subsidy for Fee Reduction/Waiving					N.A.			
	Time-defined Subsidy Scheme for Occasional Child Care Service					N.A.			
	Financial Incentive Scheme for Mentors of Employees with Disabilities					N.A.			
TOTAL		5,275,530.00	2,877,242.95	2,398,287.05	0.00	0.00	0.00	0.00	0.00

/...Notes

Schedule for Central Items
Analysis of Subvention and Expenditure for the Period from 1 April 2012 to 31 March 2013

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 our letter ref. (42) in SWD/S/104/2 Pt.11 dated 25 July 2012.
 - (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 assigned by SWD should be filled, if available.
8. As the above schedule may not be exhaustive in content, any relevant details in respect of central items released and/or expended during the year may also be included, where appropriate.

Schedule for Rent and Rates**Analysis of Subvention and Expenditure for the period from 1 April 2012 to 31 March 2013****Name of Agency: 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)
4916 Kai Yip Integrated Team	Rent (Note 3)	HK\$ 480,060.00	HK\$ 480,060.00	HK\$	HK\$
	Rates	46,800.00	38,800.00	8,000.00	
	Total	526,860.00	518,860.00	8,000.00	0.00
4900 Long Ping Integrated Team	Rent (Note 3)	361,800.00	361,800.00		
	Rates	25,800.00	20,600.00	5,200.00	
	Government Rent	16,380.00	18,360.00		(1,980.00)
	Total	403,980.00	400,760.00	5,200.00	(1,980.00)
4901 School Social Work	Rent (Note 3)	87,480.00	87,480.00		
	Rates	5,940.00	0.00	5,940.00	
	Total	93,420.00	87,480.00	5,940.00	0.00
	Grand Total	1,024,260.00	1,007,100.00	19,140.00	(1,980.00)

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.