

**HONG KONG CHRISTIAN SERVICE
(INCORPORATED IN HONG KONG AND LIMITED BY GUARANTEE)
AGENCY CODE: 304**

THE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED 31 MARCH, 2023

“The Annual Financial Report (AFR) does not constitute the subvented agencies’ statutory annual financial statements. The AFR is prepared on cash basis, in accordance with the requirements set out in Lump Sum Grant Manual issued by the Social Welfare Department of the Government of the Hong Kong Special Administrative Region, which is different from the financial reporting standards issued by the Hong Kong Institute of Certified Public Accountants normally adopted in statutory annual financial statements.”



范陳會計師行有限公司
Fan, Chan & Co. Limited

**INDEPENDENT AUDITOR'S ASSURANCE REPORT ON THE ANNUAL FINANCIAL REPORT
TO THE MEMBERS OF MANAGEMENT COMMITTEE OF
HONG KONG CHRISTIAN SERVICE**

(Incorporated in Hong Kong and limited by guarantee)

We have audited the financial statements of Hong Kong Christian Service ("the Association") for the year ended 31 March, 2023 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 27 September, 2023.

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 Association for the year ended 31 March, 2023.

Responsibilities of the Members of Management Committee

In relation to this report, the Members of Management Committee are responsible for ensuring the AFR of the Association for the year ended 31 March, 2023 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 Association 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 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.

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 PN851 (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.



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TO THE MEMBERS OF MANAGEMENT COMMITTEE OF
HONG KONG CHRISTIAN SERVICE**

(Incorporated in Hong Kong and limited by guarantee)

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 Association 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.

Conclusions

1. In our opinion, the AFR of the Association for the year ended 31 March, 2023 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 Association 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 Association 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.

Fan, Chan & Co. Limited
Certified Public Accountants
Leung Kwong Kin
Practising Certificate Number: P03702

Hong Kong, 27 September, 2023

ANNUAL FINANCIAL REPORT
 NGO: Hong Kong Christian Service
 1 April 2022 to 31 March 2023

	Notes	Total 2022-23 \$	Total 2021-22 \$
A. INCOME			
1. Lump Sum Grant			
a. Lump Sum Grant (excluding Provident Fund)	1b	452,835,293.00	439,463,215.00
b. Provident Fund	1c	32,800,637.00	32,452,421.00
2. Fee Income	2	8,401,793.60	8,299,322.40
3. Central items	3	105,088,863.00	88,096,337.00
4. Rent and Rates	4	18,791,996.00	14,010,030.00
5. Other Income	5	8,731,806.89	6,131,974.54
6. Interest Received		3,491,946.95	331,001.84
TOTAL INCOME		630,142,336.44	588,784,301.78
B. EXPENDITURE			
1. Personal emoluments			
a. Salaries		413,945,332.24	387,430,944.64
b. Provident fund	1c	29,778,269.31	28,333,513.78
c. Allowances		6,603,918.48	6,017,334.56
Sub-total	6	450,327,520.03	421,781,792.98
2. Other Charges	7	55,564,042.93	49,312,505.28
3. Central Items	3	98,842,526.05	75,618,909.05
4. Rent and Rates	4	20,990,248.48	19,740,547.14
TOTAL EXPENDITURE		625,724,337.49	566,453,754.45
C. SURPLUS FOR THE YEAR	8	4,417,998.95	22,330,547.33
Add: Prior year adjustment		-	682,673.24
		4,417,998.95	23,013,220.57

The Annual Financial Report from pages 3 to 23 has been prepared in accordance with the requirements as set out in the Lump Sum Grant Manual.

SIGNATURE



CHAIRMAN

DATE: 27 September, 2023

SIGNATURE



NGO HEAD/ HEAD OF SOCIAL WELFARE SERVICES

DATE: 27 September, 2023

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) services (including support services to FSA services) 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 which are separately included as part of the income and expenditure of the relevant items have been shown under **Note 3**.

Details are analysed below :

<u>Provident Fund Contribution</u>	Snapshot Staff \$	6.8% and Other Posts \$	Total \$
Subvention Received	6,351,707.00	26,448,930.00	32,800,637.00
Provident Fund Contribution Paid during the Year	(5,636,234.52)	(24,142,034.79)	(29,778,269.31)
Surplus for the year	715,472.48	2,306,895.21	3,022,367.69
Add: Surplus b/f	1,007,184.72	40,875,294.49	41,882,479.21
Additional subvention received for previous year(s)	-	254,201.00	254,201.00
Less: Refund to Government	(388,392.00)	-	(388,392.00)
Surplus c/f	<u>1,334,265.20</u>	<u>43,436,390.70</u>	<u>44,770,655.90</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 subsidies allocated to NGOs for specified purposes on a recurrent, time-limited or one-off basis 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. Any surplus, which is not allowed to be offset by any deficit of another item, is subject to claw-back by SWD according to the terms and conditions of individual central items. 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). The income and expenditure of each of the Central Items are as follows:

	2022-23 \$	2021-22 \$
a. Income		
Dementia Supplement for Residential Elderly Services	3,622,366.00	3,779,337.00
Infirmary Care Supplement for Residential Elderly Services	848,070.00	1,142,184.00
Foster Care Allowance/ One-off Special Allowance for Foster Children to Safeguard the Foster Children from the Coronavirus Disease / Emergency Foster Care Allowance	33,082,210.00	32,789,612.00
After School Care Programme - Fee Waiving Subsidy Scheme	626,982.00	494,208.00
Time-defined Subsidy Scheme for Extended Hours Service Users (up to 31.08.2021)	-	21,407.00
Time-defined Subsidy Scheme for Extended Hours Service Users [^]	59,897.00	35,293.00
Training Subsidy under Training Scheme for Child Care Supervisors and Special Child Care Workers in Pre-school Rehabilitation Services	-	-
Training Subsidy Programme for Children on the Waiting List for Subvented Pre-school Rehabilitation Services (Up to 30.09.2023)	7,959,289.00	11,619,515.00
Training Sponsorship Scheme for Master in Occupational Therapy and Physiotherapy programmes	-	1,900,000.00
Allowance for Specific Services Arising from the Implementation of the Minimum Wage Ordinance (Overnight On-site on Call-allowance) [^]	2,084,354.00	2,105,408.00
Time-defined Subsidy Scheme for Occasional Child Care Service [^]	110,187.00	111,300.00
Pilot Scheme on Multi-Disciplinary Outreaching Support Teams for the Elderly (MOSTE) (up to 14.02.2023) - Annual Funding Allocation	15,718,500.00	17,714,004.00
MOSTE - Annual Rent and Rates	323,200.00	646,400.00
Subsidy for Enhanced Support for Ethnic Minority Children in Special Child Care Centre	340,000.00	420,000.00
Subsidy for Enhanced Support for Ethnic Minority Children in Early Education and Training Centres	300,000.00	200,000.00
Time-defined Allocation of Ethnic Minority District Ambassador Posts - salary and provident fund	191,792.00	187,114.00
Time-defined Allocation of Ethnic Minority District Ambassador Posts - other charges	16,284.00	16,123.00
Short-term Food Assistance Service Teams - Food Cost	29,488,532.00	14,329,432.00
One-off Subsidy for Strengthened Provision of Visiting Medical Officer Service for Residential Care Homes for the Elderly and Visiting Medical Practitioner Scheme for Residential Care Homes for Persons with Disabilities	-	585,000.00
Time-defined Service Contract of Social Work Service for Pre-primary Institutions	-	-
- Allocation	10,317,200.00	-
- Rent and Rates	-	-
Total	105,088,863.00	88,096,337.00
b. Expenditure		
Dementia Supplement for Residential Elderly Services	3,530,063.84	3,738,172.26
Infirmary Care Supplement for Residential Elderly Services	822,655.00	1,078,407.75
Foster Care Allowance/ One-off Special Allowance for Foster Children to Safeguard the Foster Children from the Coronavirus Disease / Emergency Foster Care Allowance	30,433,646.00	29,221,658.00
After School Care Programme - Fee Waiving Subsidy Scheme	596,769.00	567,840.00
Time-defined Subsidy Scheme for Extended Hours Service Users (up to 31.08.2021)	-	15,600.00
Time-defined Subsidy Scheme for Extended Hours Service Users	23,504.00	15,808.00
Training Subsidy under Training Scheme for Child Care Supervisors and Special Child Care Workers in Pre-school Rehabilitation Services	30,000.00	45,000.00
Training Subsidy Programme for Children on the Waiting List for Subvented Pre-school Rehabilitation Services (Up to 30.09.2023)	10,640,123.36	11,035,865.16
Training Sponsorship Scheme for Master in Occupational Therapy and Physiotherapy programmes	1,844,020.00	960,000.00
Allowance for Specific Services Arising from the Implementation of the Minimum Wage Ordinance (Overnight On-site on Call-allowance)	1,977,666.08	2,006,848.80
Time-defined Subsidy Scheme for Occasional Child Care Service (up to 31.03.2023)	3,221.40	5,922.00
Pilot Scheme on Multi-Disciplinary Outreaching Support Teams for the Elderly (MOSTE) (up to 14.02.2023) - Annual Funding Allocation	16,843,959.50	13,324,262.75
MOSTE - Annual Rent and Rates	848,400.00	969,600.00
Subsidy for Enhanced Support for Ethnic Minority Children in Special Child Care Centre	185,728.84	139,963.50
Subsidy for Enhanced Support for Ethnic Minority Children in Early Education and Training Centres	95,395.95	54,920.25
Time-defined Allocation of Ethnic Minority District Ambassador Posts - salary and provident fund	131,272.27	186,060.00
Time-defined Allocation of Ethnic Minority District Ambassador Posts - other charges	13,970.00	-
Short-term Food Assistance Service Teams - Food Cost	21,442,585.12	12,252,980.58
One-off Subsidy for Strengthened Provision of Visiting Medical Officer Service for Residential Care Homes for the Elderly and Visiting Medical Practitioner Scheme for Residential Care Homes for Persons with Disabilities	-	-
Time-defined Service Contract of Social Work Service for Pre-primary Institutions	-	-
- Allocation	8,943,553.69	-
- Rent and Rates	435,992.00	-
Total	98,842,526.05	75,618,909.05
Note ^:	Amounts of subvention (before ERP) as shown in the column "Cumulative Payment up to Current Month" of the Final Paylist provided by SWD (\$)	Amounts of subventions to be presented in the AFR and Schedule for CI (\$)
Time-defined Subsidy Scheme for Extended Hours Service Users [^]	60,502.00	59,897.00 (=\$60,502 x 99%)
Allowance for Specific Services Arising from the Implementation of the Minimum Wage Ordinance (Overnight On-site on Call-allowance) [^]	2,105,408.00	2,084,354.00 (=\$2,105,408 x 99%)
Time-defined Subsidy Scheme for Occasional Child Care Service (up to 31.03.2023) [^]	111,300.00	110,187.00 (=\$111,300 x 99%)

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 need not be included as Other income in AFR. In this respect, donations have been included if it is used to finance expenditure of the FSA services/ FSA-related activities reflected in the AFR.

The breakdown on Other Income is as follows:

	2022-23 \$	2021-22 \$
Other Income		
(a) Programme income	4,856,513.80	3,240,229.80
(b) Production income	52,851.00	154,834.00
(c) Donation	-	-
(d) Income from Other Activities	3,747,435.89	2,736,910.74
(e) 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 *	596,769.00	567,840.00
(f) Reimbursement of Maternity Leave Pay (RMLP) Scheme reimbursement received	-	-
(g) Miscellaneous income	75,006.20	-
Sub-Total	<u>9,328,575.89</u>	<u>6,699,814.54</u>
Less: Utilised allocation under CI: ASCP / Enhanced ASCP / ASCP(PC) - FWSS which forms as part of Other Income*	(596,769.00)	(567,840.00)
Total	<u><u>8,731,806.89</u></u>	<u><u>6,131,974.54</u></u>

* For those programmes which are regarded as FSA services/ FSA-related activities 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 \$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.	28	21,086,058.37
HK\$800,001 - HK\$900,000 p.a.	22	18,556,847.43
HK\$900,001 - HK\$1,000,000 p.a.	13	12,509,180.66
HK\$1,000,001 - HK\$1,100,000 p.a.	24	25,069,352.26
HK\$1,100,001 - HK\$1,200,000 p.a.	4	4,485,945.87
>HK\$1,200,000 p.a.	8	10,829,530.51
	<u>99</u>	<u>92,536,915.10</u>

7. Other Charges The breakdown on Other Charges is as follows:

	2022-23 \$	2021-22 \$
Other Charges		
(a) Utilities	5,119,916.75	4,516,449.52
(b) Food	7,475,722.54	7,325,675.32
(c) Administrative Expenses	2,372,986.05	2,232,219.64
(d) Stores and Equipment	5,004,360.02	4,922,064.73
(e) Repair and Maintenance	7,689,896.44	6,728,928.91
(f) Special Allowances	1,136,960.01	1,358,721.26
(g) Programme Expenses	17,164,091.84	15,013,684.75
(h) Transportation and Travelling	2,183,084.56	1,921,380.33
(i) Insurance	3,563,283.79	3,484,855.86
(j) Miscellaneous	4,450,509.93	2,376,364.96
Sub-Total	<u>56,160,811.93</u>	<u>49,880,345.28</u>
Less: Utilised allocation under CI: ASCP / Enhanced ASCP / ASCP(PC) - FWSS* which forms as part of Other Income to fund the operating expenses of FSA services / FSA-related activities	(596,769.00)	(567,840.00)
Total	<u><u>55,564,042.93</u></u>	<u><u>49,312,505.28</u></u>

* For those programmes which are regarded as FSA services/ FSA-related activities only

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

	Lump Sum Grant (LSG) \$	Holding Account (HA) \$	Adjustment for Utilised allocation under ASCP / Enhanced ASCP / ASCP(PC) - FWSS \$	Rent and Rates \$	Central Items (CI) \$	Total \$
Income						
Lump Sum Grant	485,635,930.00	-	-	-	-	485,635,930.00
Fee Income	8,401,793.60	-	-	-	-	8,401,793.60
Other Income	# 9,328,575.89	-	(596,769.00)	-	-	8,731,806.89
Interest Received (Note (1))	3,491,946.95	-	-	-	-	3,491,946.95
Rent and Rates	-	-	-	18,791,996.00	-	18,791,996.00
Central Items	-	-	-	-	105,088,863.00	105,088,863.00
Total Income (a)	506,858,246.44	-	(596,769.00)	18,791,996.00	105,088,863.00	630,142,336.44
Expenditure						
Personal Emoluments	450,327,520.03	-	-	-	-	450,327,520.03
Other Charges	56,160,811.93	-	(596,769.00)	-	-	55,564,042.93
Rent and Rates	-	-	-	20,990,248.48	-	20,990,248.48
Central Items	-	-	-	-	98,842,526.05	98,842,526.05
Total Expenditure (b)	506,488,331.96 (T1)	- (T2)	(596,769.00)	20,990,248.48	98,842,526.05	625,724,337.49
Surplus/(Deficit) for the year (a) - (b)	369,914.48	-	-	(2,198,252.48)	6,246,336.95	4,417,998.95
Less: Surplus of Provident Fund	(3,022,367.69)	-	-	-	-	(3,022,367.69)
	(2,652,453.21)	-	-	(2,198,252.48)	6,246,336.95	1,395,631.26
Surplus b/f (Note (2))	100,408,318.44	30,438,065.02	-	478,930.02	29,473,842.80	160,799,156.28
(Deficit) b/f (Note (2))	-	-	-	(5,986,007.14)	(5,567,503.81)	(11,553,510.95)
	97,755,865.23	30,438,065.02	-	(7,705,329.60)	30,152,675.94	150,641,276.59
Add: Refund from Government	-	-	-	5,982,933.00	-	5,982,933.00
Less: Refund to Government	-	-	-	(474,612.65)	(5,283,588.69)	(5,758,201.34)
<Ref. SWD SF/SAS/4-35/2/65(304) (15) in SWD SF/SAS/4-35/2/65(304) SWD 25/82/980/57 SWD Rehabilitation and Social Services Branch email dated 1-Jun-2022, DN: 051-073-002909-3 SWD Elderly Branch email (elderly2@swd.gov.hk) dated 23-Dec-2022>						
Transfer from LSG Reserve to cover the salary adjustment for Dementia Supplement and Infirmary Care Supplementary (Note(3))	-	-	-	-	-	-
Adjustment for utilised allocation under <u>Enhanced</u> ASCP / ASCP(PC) - FWSS* (over-estimated) / under-estimated in previous year(s)	-	-	-	-	-	-
Surplus/(Deficit) c/f (Note (4))	97,755,865.23 (S1)	30,438,065.02 (S2)	-	(2,197,009.25)	24,869,087.25 (Annex 6) (Note 3)	150,866,008.25

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

Rent & Rates Surplus / Deficit b/f restated

Surplus/(deficit) as per 2021/22 AFR	R&R Surplus	R&R Deficit	Net Balance
<2632> Integrated Home Care Services (Frail Cases) - Kwun Tong HKCS (CC&SS)	478,300.02	(5,985,996.41)	(5,507,696.39)
Rates adjustment for Dec-21 to Mar-22 due to sharing use of area portion and was complementary with SWD	-	(10.73)	(10.73)
<3756> OPRS - Surplus of Government Rent for 2021/22 did not offset in backpayment in 2022/23<Ref. Nov-22 Paylist>	630.00	-	630.00

Re-stated 2021/22 Rent & Rates Surplus / Deficit b/f

478,930.02	(5,986,007.14)	(5,507,077.12)
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	Lump Sum Grant (LSG)	Holding Account (HA)	Rent and Rates	Central Items	Total
(Deficit) for the year	-	-	(2,893,132.44)	-	(2,893,132.44)
(Deficit) b/f (Updated)	-	-	(3,074.14)	(8,248,338.17)	(8,251,412.31)
Surplus retained by agency	97,755,865.23	30,438,065.02	-	12,916,536.79	141,110,467.04
Surplus to be clawed back by SWD	-	-	1,173,809.98	25,484,477.32	26,658,287.30
Refund to Government in 2022/23	-	-	(474,612.65)	(5,283,588.69)	(5,758,201.34)
Surplus/(Deficit) c/f (Note 3)	97,755,865.23	30,438,065.02	(2,197,009.25)	24,869,087.25	150,866,008.25

Notes:

- # Including an amount \$596,769 being the utilised allocation under CI: ASCP / Enhanced ASCP / ASCP(PC) - FWSS*
- * For those programmes which are regarded as FSA services/ FSA-related activities only
- (1) Interest received on LSG (including 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) and the balance of HA should be separately reported as in the surplus b/f under LSG and HA respectively.
- (3) Amount of LSG Reserve used to cover the salary adjustment for Dementia Supplement and 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 (K)) 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 (K)) 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 (K)) 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 (K)) for the year. In this regard, separate disclosure of the movement of HA in their respective AFRs is not necessary.
- For (4)(i) and (4)(ii) above, please also refer to SWD's letter under reference (11) in SWD/S/109/1/10 of 4 April 2022.
For any amount above the cap, SWD would arrange the claw-back (including provisional in the following financial year) accordingly.