

STEWARDS
(INCORPORATED IN HONG KONG
AND LIMITED BY GUARANTEE)
ANNUAL FINANCIAL REPORTS
FOR THE YEAR ENDED 31 MARCH 2017
(For the purpose of Social Welfare Department)



FUNG, YU & CO. CPA LIMITED

馮兆林余錫光會計師事務所有限公司

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Review Report to the Management Board of Stewards

We have audited the financial statements of Stewards ("the Company") for the year ended 31 March 2017 and have issued an unqualified independent auditor's report thereon dated 21 September 2017.

We conducted our review of the attached Annual Financial Report on pages 3 to 10 of the Company for the year ended 31 March 2017 in accordance with Practice No. 851 "Review of the Annual Financial Report 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 Company, on which the above audited financial statements of the Company 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 Company for the year ended 31 March 2017:

- a. in our opinion the Annual Financial Report has been properly prepared from the books and records of the Company; and
- b. no matter have come to our attention during the course of our review, which cause us to believe that the Company has not:
 - i. properly accounted for the receipt of Lump Sum Grant, Provident Fund, Tide-over Grant 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 (LSG Manual) published by the Social Welfare Department of the Government of the HKSAR;
 - 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 Tide-over Grant and Provident Fund arrangements during the year ended 31 March 2017.



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Review Report to the Management Board of Stewards

This report is intended for filing with the Social Welfare Department of the Government of the HKSAR and should not be used for any other purpose.

FUNG, YU & CO. CPA LIMITED
Certified Public Accountants (Practising)

LAU Vui Cheong
Practising Certificate Number: P03455



Hong Kong, 21 SEP 2017

STEWARDS
ANNUAL FINANCIAL REPORT
1 APRIL 2016 TO 31 MARCH 2017

	<u>Notes</u>	<u>2016-17</u> \$	<u>2015-16</u> \$
INCOME			
Lump Sum Grant			
a. Lump Sum Grant (excluding Provident Fund)	1b	66,385,750.00	62,924,484.00
b. Provident Fund	1c	5,015,593.00	4,836,006.00
Special One-off Grant		-	-
Fee Income	2	2,125,420.00	2,198,929.50
Central Items	3	531,000.00	243,000.00
Rent and Rates	4	3,678,795.00	3,488,239.00
Other Income	5	10,053,233.21	10,070,282.49
Interest Received		175,665.18	150,662.25
TOTAL INCOME		87,965,456.39	83,911,603.24
EXPENDITURE			
Personal Emoluments			
a. Salaries		61,404,970.81	59,695,560.32
b. Provident Fund	1c	4,303,252.64	4,726,601.58
c. Allowances		214,805.00	226,380.00
Subtotal	6	65,923,028.45	64,648,541.90
Other Charges	7	15,503,888.40	14,578,135.13
Central Items	3	266,405.64	247,583.47
Rent and Rates	4	4,062,216.10	3,595,154.60
Special One-off Grant Payments	7a	-	-
TOTAL EXPENDITURE		85,755,538.59	83,069,415.10
SURPLUS FOR THE YEAR	8	2,209,917.80	842,188.14

The Annual Financial Report from pages 3 to 10 has been prepared in accordance with the requirements as set out in the Lump Sum Grant Manual.

SIGNATURE



CHAIRMAN

DATE: 21 SEP 2017



CHIEF EXECUTIVE

DATE: 21 SEP 2017

STEWARDS

NOTES TO 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 3.

Details are analysed below:

<u>Provident Fund Contribution</u>	Snapshot Staff	6.8% and Other Posts	Total
	\$	\$	\$
Subvention Received	1,554,595.00	3,460,998.00	5,015,593.00
Provident Fund Contribution Paid during the year	1,445,030.57	2,858,222.07	4,303,252.64
Surplus/(Deficit) for the Year	109,564.43	602,775.93	712,340.36
Add: Surplus/(Deficit) b/f	180,537.82	6,289,482.01	6,470,019.83
Additional subvention received for previous year(s)			
Less: Refund to Government	(24,889.00)	12,872.00	(12,017.00)
Surplus/(Deficit) c/f	265,213.25	6,905,129.94	7,170,343.19

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.

STEWARDS

NOTES TO THE ANNUAL FINANCIAL REPORT

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:

	<u>2016-17</u>	<u>2015-16</u>
Income	\$	\$
After School Care Programme	261,000.00	243,000.00
Training Sponsorship Scheme for two-year MOT Programme of PolyU	270,000.00	-
Financial Incentive Scheme for Mentors of Employees with Disabilities	-	-
Total	<u>531,000.00</u>	<u>243,000.00</u>
 Expenditure		
After School Care Programme	266,405.64	243,583.47
Training Sponsorship Scheme for two-year MOT Programme of PolyU	-	-
Financial Incentive Scheme for Mentors of Employees with Disabilities	-	4,000.00
Total	<u>266,405.64</u>	<u>247,583.47</u>

4 Rent and Rates

This represents the amount paid by SWD in respect of premises recognised by SWD. Expenditures 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:

	<u>2016-17</u>	<u>2015-16</u>
Other Income	\$	\$
(a) Fees and charges for services incidental to the operations of subvented services	10,053,233.21	10,070,282.49
(b) Others	-	-
	<u>10,053,233.21</u>	<u>10,070,282.49</u>

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NOTES TO THE ANNUAL FINANCIAL REPORT

6 Personal Emoluments

Personal Emoluments include salary, provident fund, 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	No of Posts	\$
HK\$700,001 - HK\$800,000 p.a.	1	728,850.15
HK\$800,001 - HK\$900,000 p.a.	3	2,605,923.00
HK\$900,001 - HK\$1,000,000 p.a.	2	1,964,376.20
HK\$1,000,001 - HK\$1,100,000 p.a.	1	1,087,946.30
HK\$1,100,001 - HK\$1,200,000 p.a.		
>HK\$1,200,000 p.a.	1	1,290,949.99

7 Other Charges

The breakdown on Other Charges is as follows

	<u>2016-17</u>	<u>2015-16</u>
Other Charges	\$	\$
(a) Utilities	974,155.00	933,000.20
(b) Food	1,249,947.49	1,219,262.61
(c) Administrative Expenses	781,645.13	648,151.56
(d) Stores and Equipment	1,342,501.29	1,190,921.59
(e) Repairs and Maintenance	578,783.54	478,580.67
(f) Special Allowances	1,866,886.58	1,899,692.40
(g) Programme Expenses	3,433,100.11	3,134,981.89
(h) Transportation and Travelling	706,656.20	648,855.24
(i) Insurance	463,676.49	419,092.80
(j) Miscellaneous	4,106,536.57	4,005,596.17
Total	<u>15,503,888.40</u>	<u>14,578,135.13</u>

7a Special One-off Grant Payments

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

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

STEWARDS

NOTES TO THE ANNUAL FINANCIAL REPORT

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

	Lump Sum Grant (LSG)	Special One-off Grant (SOG)	Rent and Rates	Central Items	Total
	HK\$	HK\$	HK\$	HK\$	HK\$
Income					
Lump Sum Grant	71,401,343.00	-	-	-	71,401,343.00
Special One-off Grant	-	-	-	-	-
Fee Income	2,125,420.00	-	-	-	2,125,420.00
Other Income	10,053,233.21	-	-	-	10,053,233.21
Interest Received (Note (1))	175,665.18	-	-	-	175,665.18
Rent and Rates	-	-	3,678,795.00	-	3,678,795.00
Central Items	-	-	-	531,000.00	531,000.00
Total Income (a)	83,755,661.39	-	3,678,795.00	531,000.00	87,965,456.39
Expenditure					
Personal Emoluments	65,923,028.45	-	-	-	65,923,028.45
Other Charges	15,503,888.40	-	-	-	15,503,888.40
Rent and Rates	-	-	4,062,216.10	-	4,062,216.10
Central Items	-	-	-	266,405.64	266,405.64
Special One-off Grant Payments	-	-	-	-	-
Total Expenditure (b)	81,426,916.85	-	4,062,216.10	266,405.64	85,755,538.59
Surplus/(Deficit) for the Year (a) - (b)	2,328,744.54	-	(383,421.10)	264,594.36	2,209,917.80
Less : Surplus/(Deficit) of Provident Fund	(712,340.36)	-	-	-	(712,340.36)
	1,616,404.18	-	(383,421.10)	264,594.36	1,497,577.44
Surplus/(Deficit) b/f (Note (2))	22,415,262.26	-	(289,113.01)	222,728.99	22,348,878.24
Add: Refund from Government	24,031,666.44	-	(672,534.11)	487,323.35	23,846,455.68
Less : Refund to Government	-	-	289,115.00	(191,499.61)	289,115.00
	-	-	-	-	(191,499.61)

STEWARDS
NOTES TO THE ANNUAL FINANCIAL REPORT

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

	Lump Sum Grant (LSG)	Special One-off Grant (SOG)	Rent and Rates	Central Items	Total
	HK\$	HK\$	HK\$	HK\$	HK\$
Less: Wrongly transfer of cumulative unspent balance of permanent/time-defined Programme Assistant/Care Assistant as at 30.11.2014 upon the change of funding mode from Central Item to Lump Sum Grant with effect from 1.12. 2014 in 2015 AFR	(89,362.68)			89,362.68	-
Transfer from LSG Reserve to cover the salary adjustment for Dementia Supplement and Infirmary Care Supplementary (Note (3))					-
					-
Surplus/(Deficit) c/f (Note (4))	23,942,303.76	-	(383,419.11)	385,186.42	23,944,071.07

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 reserves (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 1 APRIL 2016 TO 31 MARCH 2017**

ANNEX 1.

Name of Agency : STEWARDS

Unit Code and name	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) ©	Adjusted Deficit (d)=(b)-©		
		\$	\$	\$	\$				\$
3223 After School Care Programme	Other Charges	261,000.00	266,405.64	-	(5,405.64)	N.A.	(5,405.64)	(583.47)	(5,989.11)
5162 Visiting Medical Practitioner Scheme	Other Charges	-	-	-	-	N.A.	-	550.53	550.53
6583 Training Sponsorship Scheme for two-year MOT Programme of PolyU	Tuition Fee	270,000.00	-	270,000.00	-	N.A.	-	-	270,000.00
6484 Mentors of Employees with Disabilities	Other Charges	-	-	-	-	N.A.	-	120,625.00	120,625.00
TOTAL		531,000.00	266,405.64	270,000.00	(5,405.64)	-	(5,405.64)	120,592.06	385,186.42

Notes :

- The figures of the whole financial year are extracted from the payroll for March (Final) of the financial year.
- Actual expenditure represents the total expenditure incurred including provident fund for the respective services after netting off programme income, if any.
- Surplus / (Deficit) for each element represents the difference between subvention released and actual expenditure
- Deficit i.e. the following central items arising from salary adjustment are transferred to the Limp Sum Grant Reserve as stated in SWD's letter ref. (9) in SWD/S/104/2 Pt. 16 dated 20 July 2016.
 - Dementia Supplement for Elderly with Disabilities
 - Infirmary Care Supplement for the Aged Blind Persons
 - Dementia Supplement for Residential Elderly Services
 - Infirmary Care Supplement for Residential Elderly services
- "Surplus brought forward (b/f)" means surplus, if any, arising from operations in previous years.
- "Surplus carried forward (c/f)" means surplus brought forward plus surplus, if any, arising from operations in current year.
- Unit codes and names are extracted from the payroll from SWD.
- 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.

**SCHEDULE FOR RENT AND RATES
ANALYSIS OF SUBVENTION AND EXPENDITURE
FOR THE PERIOD FROM 1 APRIL 2016 TO 31 MARCH 2017**

ANNEX 2

Name of Agency : STEWARDS

Unit Code and name		Subvented Element	Subvention Released (Note 1)	Actual Expenditure (Note 2)	Surplus (Note 3)	Deficit (Note 3)
4950	Sha Kok Y & C Centre	Rent Rates	396,000.00 26,581.00	396,000.00 34,400.00		- (7,819.00)
		Total	422,581.00	430,400.00	-	(7,819.00)
5163	Integrated Community Centres for Mental Wellness	Rent Rates	310,320.00 -	451,038.00 4,956.36		(140,718.00) (4,956.36)
		Total	310,320.00	455,994.36	-	(145,674.36)
5825	Yiu On Halfway House	Rent Rates	523,980.00 30,796.00	534,240.00 41,600.00		(10,260.00) (10,804.00)
		Total	554,776.00	575,840.00	-	(21,064.00)
5210	Kwong Yuen IT	Rent Rates	424,440.00 36,955.00	434,520.00 47,000.00		(10,080.00) (10,045.00)
		Total	461,395.00	481,520.00	-	(20,125.00)
5211	Yiu On Integrated Rehabilitation Service Centre	Rent Rates	597,060.00 44,735.00	638,122.20 61,805.54		(41,062.20) (17,070.54)
		Total	641,795.00	699,927.74	-	(58,132.74)
6625	Take Your Way (revamped to ICCMW)	Rent Rates	302,280.00 24,637.00	302,280.00 30,200.00	-	(5,563.00)
		Total	326,917.00	332,480.00	-	(5,563.00)
7773	Yiu Tsuen Sheltered Workshop	Rent Rates	813,840.00 147,171.00	922,056.00 163,998.00	-	(108,216.00) (16,827.00)
		Total	961,011.00	1,086,054.00	-	(125,043.00)
		Grand Total	3,678,795.00	4,062,216.10	-	(383,421.10)

Notes :

1. The figures are to be extracted from the payroll for March plus subvention released in late March of the financial year. Reimbursement for rent and rates relating to previous financial years(s) (i.e. back payments) should not be included.
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.

Schedule for Investment
Analysis of Investment as at 31 March 2017

Name of Agency : STEWARDS

	<u>2016-17</u> HK\$'000	<u>2015-16</u> HK\$'000
LSG Reserve as at 31 March	<u>23,942</u>	<u>22,415</u>
Represented by: HKD Fixed Deposits	<u>23,942</u>	<u>22,415</u>

Confirmed by:-



CHAIRMAN



CHIEF EXECUTIVE

A Statement for 'Non-Statutory Accounts' for the Purpose of Section 436(3) of the Hong Kong Companies Ordinance

The Lump Sum Grant Annual Financial Report (the “LSG Report”) for the year ended 31 March 2017 has been prepared for the filing with the Social Welfare Department of the Government of the HKSAR and is in addition to those prepared for statutory reporting purposes under the Companies Ordinance (Cap. 622). Consequently, the financial statements and comparatives in the LSG Report do not constitute the Company’s statutory financial statements for the purposes of the Companies Ordinance for either of the years ended 31 March 2017 or 2016. Information relating to the Company’s consolidated financial statements prepared for the purposes of the Companies Ordinance (the “Companies Ordinance financial statements”) required to be disclosed by section 436 of the Companies Ordinance is as follows:

The Company has delivered its Companies Ordinance financial statements for the year ended 31 March 2016 to the Registrar of Companies and will deliver its Companies Ordinance financial statements for the year ended 31 March 2017 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance in due course.

The Company’s auditor has reported on the Companies Ordinance financial statements for both years. The auditor’s reports were unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its reports; and did not contain a statement under sections 406(2) or 407(2) or (3) of the Companies Ordinance.

Issue date: 1 November 2017