

STEWARDS
(INCORPORATED IN HONG KONG
AND LIMITED BY GUARANTEE)
ANNUAL FINANCIAL REPORTS
FOR THE YEAR ENDED 31 MARCH 2016
(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 for the year ended 31 March 2016 and have issued an unqualified independent auditor's report thereon dated 6 September 2016.

We conducted our review of the attached Annual Financial Report on pages 3 to 10 of the company for the year ended 31 March 2016 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 2016:

- 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 2016.



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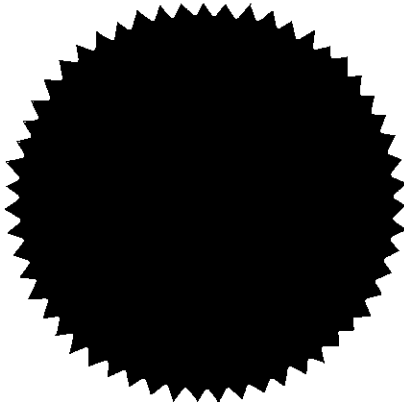
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Review Report to the Management Board of Stewards

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: 06 SEP 2016


**STEWARDS
ANNUAL FINANCIAL REPORT
1 APRIL 2015 TO 31 MARCH 2016**

	<u>Notes</u>	<u>2015-16</u> \$	<u>2014-15</u> \$	<u>Remarks</u>
INCOME				
Lump Sum Grant				
a. Lump Sum Grant (excluding Provident Fund)	1b	62,924,484.00	56,722,189.00	
b. Provident Fund	1c	4,836,006.00	4,377,309.00	
Special One-off Grant		-	-	
Fee Income	2	2,198,929.50	1,689,099.00	
Central Items	3	243,000.00	1,088,617.00	
Rent and Rates	4	3,488,239.00	3,417,948.00	
Other Income	5	10,070,282.49	10,775,900.13	
Interest Received		150,662.25	201,893.92	
TOTAL INCOME		83,911,603.24	78,272,956.05	
EXPENDITURE				
Personal Emoluments				
a. Salaries		59,695,560.32	52,459,910.72	
b. Provident Fund	1c	4,726,601.58	3,723,324.60	
c. Allowances		226,380.00	227,345.00	
Subtotal	6	64,648,541.90	56,410,580.32	
Other Charges	7	14,578,135.13	17,147,196.88	
Central Items	3	247,583.47	841,509.05	
Rent and Rates	4	3,595,154.60	3,529,782.00	
Special One-off Grant Payments	7a	-	-	
TOTAL EXPENDITURE		83,069,415.10	77,929,068.25	
SURPLUS FOR THE YEAR	8	842,188.14	343,887.80	

SIGNATURE



 CHAIRMAN
 DATE: 06 SEP 2016



 CHIEF EXECUTIVE
 DATE: 06 SEP 2016

**STEWARDS
NOTES TO THE ANNUAL FINANCIAL REPORT**

1 Lump Sum Grant

a. Basis of preparation

The Annual Financial Report (AR) 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 depreciatioin, provisions and accruals **have not been included** in the AFR.

b. Lump Sum Grant (excluding Provident Fund)

This represents Lump Sum Grant (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 have been shown under 3.

Details are analysed below:

<u>Provident Fund Contribution</u>	Snapshot Staff	6.8% Posts	Total
	\$	\$	\$
Subvention Received	1,622,799.00	3,213,207.00	4,836,006.00
Provident Fund Contribution Paid during the year	1,467,150.04	3,259,451.54	4,726,601.58
Surplus/(Deficit) for the Year	155,648.96	(46,244.54)	109,404.42
Add: Surplus/(Deficit) b/f	1,051,364.64	5,669,542.77	6,720,907.41
Transfer from Snapshot Staff to 6.8% and other posts	(666,183.78)	666,183.78	-
Less: Refund to Government	(360,292.00)		(360,292.00)
Surplus c/f	180,537.82	6,289,482.01	6,470,019.83

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 PF 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 3.13 of LSG Manual). The income and expenditure of each of the Central Items are as follows:

	<u>2015-16</u>	<u>2014-15</u>
<u>Income</u>	\$	\$
Regularized Programme Assistants / Care Assistants	-	800,617.00
After School Care Programme	243,000.00	225,000.00
Programme Workers posts extended for one year in 2012-13	-	-
Training Sponsorship Scheme for two year MOT Programme	-	-
Financial Incentive Scheme for Mentors of Employees with Disabilities	-	63,000.00
Total	243,000.00	1,088,617.00
<u>Expenditure</u>		
Regularized Programme Assistants / Care Assistants	-	711,254.32
After School Care Programme	243,583.47	228,391.66
Programme Workers posts extended for one year in 2012-13	-	(102,136.93)
Training Sponsorship Scheme for two year MOT Programme	-	-
Financial Incentive Scheme for Mentors of Employees with Disabilities	4,000.00	4,000.00
Total	247,583.47	841,509.05

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.

6 Personal Emoluments

Personal Emoluments include salary, provident fund, 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\$500,001 - HK\$600,000 p.a.	8	4,342,739.27
HK\$600,001 - HK\$700,000 p.a.	4	2,553,492.24
HK\$700,001 - HK\$800,000 p.a.	1	737,127.00
HK\$800,001 - HK\$900,000 p.a.	2	1,717,686.00
HK\$900,001 - HK\$1,000,000 p.a.	2	1,812,900.80
>HK\$1,000,000 p.a.	2	2,283,914.93

STEWARDS
NOTES TO THE ANNUAL FINANCIAL REPORT

7 Other Charges

The breakdown on Other Charges is as follows

Other Charges	<u>2015-16</u>	<u>2014-15</u>
	\$	\$
(a) Utilities	933,000.20	897,582.40
(b) Food	1,219,262.61	1,186,172.79
(c) Administrative Expenses	648,151.56	599,900.85
(d) Stores and Equipment	1,190,921.59	2,039,976.16
(e) Repairs and Maintenance	478,580.67	826,861.80
(f) Special Allowances	1,899,692.40	2,676,608.65
(g) Programme Expenses	3,134,981.89	3,131,197.51
(h) Transportation and Travelling	648,855.24	628,391.39
(i) Insurance	419,092.80	387,911.60
(j) Miscellaneous	4,005,596.17	4,772,593.73
Total	<u>14,578,135.13</u>	<u>17,147,196.88</u>

7a Special One-off Grant Payments

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

Special one-off Grant Payments	<u>2015-16</u>	<u>2014-15</u>
	\$	\$
(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 Reserve Fund

	Lump Sum Grant		Special One-off Grant (SOG)		Rent and Rates		Central Items		Total	
	(LSG)	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
Income										
Lump Sum Grant	67,760,490.00		-	-	-	-	-	-	67,760,490.00	
Special One-off Grant	-		-	-	-	-	-	-	-	
Fee Income	2,198,929.50		-	-	-	-	-	-	2,198,929.50	
Other Income	10,070,282.49		-	-	-	-	-	-	10,070,282.49	
Interest Received (Note (1))	150,662.25		-	-	-	-	-	-	150,662.25	
Rent and Rates	-		-	3,488,239.00	-	-	-	-	3,488,239.00	
Central Items	-		-	-	-	243,000.00	-	-	243,000.00	
Total Income (a)	80,180,364.24		-	3,488,239.00	-	243,000.00	-	-	83,911,603.24	
Expenditure										
Personal Emoluments	64,648,541.90		-	-	-	-	-	-	64,648,541.90	
Other Charges	14,578,135.13		-	-	-	-	-	-	14,578,135.13	
Rent and Rates	-		-	3,595,154.60	-	-	-	-	3,595,154.60	
Central Items	-		-	-	-	247,583.47	-	-	247,583.47	
Special One-off Grant Payments	-		-	-	-	-	-	-	-	
Total Expenditure (b)	79,226,677.03		-	3,595,154.60	-	247,583.47	-	-	83,069,415.10	
Surplus/(Deficit) for the Year (a) - (b)	953,687.21		-	(106,915.60)	(4,583.47)	-	-	-	842,188.14	
Less : Surplus of Provident Fund	(109,404.42)		-	-	-	-	-	-	(109,404.42)	
	844,282.79		-	(106,915.60)	(4,583.47)	-	-	-	732,783.72	
Surplus/(Deficit) b/f (Note (2))	15,084,645.24		-	(166,497.41)	1,052,768.73	-	-	-	15,970,916.56	
Add: Adjustment per SWD's letter of 4.4.2014	350.00		-	-	-	-	-	-	350.00	
Adjusted surplus/(deficit) b/f	15,084,995.24		-	(166,497.41)	1,052,768.73	-	-	-	15,971,266.56	
Less : Refund to Government	-		-	(15,700.00)	(825,456.27)	-	-	-	(841,156.27)	
Transfer of Workshop fund to LSG Reserve as per SWD letter of 4.4.2014	6,485,984.23		-	-	-	-	-	-	6,485,984.23	

STEWARDS
NOTES TO THE ANNUAL FINANCIAL REPORT

8 Analysis of Reserve Fund

Lump Sum Grant (LSG)	Special One-off Grant (SOG)	Rent and Rates	Central Items	Total
HK\$	HK\$	HK\$	HK\$	HK\$
-	-	-	-	-
22,415,262.26	-	(289,113.01)	222,728.99	22,348,878.24

Transfer from LSG Reserve to cover the salary adjustment for Dementia Supplement and Infirmary Care Supplementary (Note (3))

Surplus/(Deficit) c/f (Note (4))

Notes:

- (1) All the interest received on LSG and PF 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 reserves (i.e. \$) 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 2015 TO 31 MARCH 2016**

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)	Adjusted Deficit (d)=(b)-(c)		
3223 After School Care Programme	Other Charges	\$ 243,000.00	\$ 243,583.47	\$ -	\$ (583.47)	N.A.	0.00	\$ (583.47)
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	-	-	-	-	N.A.	-	-
6484 Mentors of Employees with Disabilities	Other Charges	-	4,000.00	-	(4,000.00)	N.A.	124,625.00	120,625.00
TOTAL		243,000.00	247,583.47	-	(4,583.47)	-	125,175.53	120,592.06

Notes :

- 1 The figures of 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 can be transferred to the Limp 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
 - (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 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.4 dated 4 March 2015 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 2015 TO 31 MARCH 2016**

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	352,800.00	352,800.00		-
		Rates	25,633.00	31,600.00		(5,967.00)
		Total	378,433.00	384,400.00	-	(5,967.00)
5163	Integrated Community Centres for Mental Wellness	Rent	306,576.00	370,113.60		(63,537.60)
		Rates	-	5,100.00		(5,100.00)
		Total	306,576.00	375,213.60	-	(68,637.60)
5825	Yiu On Halfway House	Rent	468,684.00	477,504.00		(8,820.00)
		Rates	29,697.00	38,200.00		(8,503.00)
		Backpay - gov't rent	12,780.00			
		Backpay - rates	4,500.00			
		Total	515,661.00	515,704.00	-	(17,323.00)
5210	Kwong Yuen IT	Rent	380,376.00	389,016.00		(8,640.00)
		Rates	35,636.00	43,600.00		(7,964.00)
		Backpay - gov't rent	15,120.00			
		Backpay - rates	3,600.00			
		Total	434,732.00	432,616.00	-	(16,604.00)
5211	Yiu On Integrated Rehabilitation Service Centre	Rent	534,636.00	546,876.00		(12,240.00)
		Rates	43,139.00	56,800.00		(13,661.00)
		Backpay - gov't rent	17,640.00			
		Backpay - rates	8,600.00			
		Total	604,015.00	603,676.00	-	(25,901.00)
6625	Take Your Way (revamped to ICCMW)	Rent	269,304.00	269,304.00		-
		Rates	23,758.00	27,400.00		(3,642.00)
		Total	293,062.00	296,704.00	-	(3,642.00)
7773	Yiu Tsuen Sheltered Workshop	Rent	813,840.00	832,842.00		(19,002.00)
		Rates	141,920.00	153,999.00		(12,079.00)
		Total	955,760.00	986,841.00	-	(31,081.00)
Grand Total			3,488,239.00	3,595,154.60	-	(169,155.60)

Notes :

1. The figures are to be extracted from the payroll for March plus subvention released in late March for the financial year.
2. Rent includes all kinds of rent such as PHE rental, private rental, carpark rent, management fee, building management fee and Government Rent.
3. Surplus / (Deficit) for each element represents the difference between subvention released and actual expenditure.

**Schedule for Investment
Analysis of Investment as at 31 March 2016**

Name of Agency : STEWARDS

	<u>2015-16</u> HK\$'000	<u>2014-15</u> HK\$'000
LSG Reserve as at 31 March	<u>22,415</u>	<u>15,085</u>
Represented by: HKD Fixed Deposits	<u>22,415</u>	<u>15,085</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 2016 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 2016 or 2015. 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 2015 to the Registrar of Companies and will deliver its Companies Ordinance financial statements for the year ended 31 March 2016 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: 25 November 2016