



Watchdog Limited

Annual Financial Report
31 March 2022

Review report to the Executive Committee of Watchdog Limited (“the Company”)

We have audited the financial statements of the Company for the year ended 31 March 2022 and have issued an unqualified auditor’s report thereon dated 28 October 2022.

We conducted our review of the attached Annual Financial Report on pages 3 to 10 of the Company for the year ended 31 March 2022 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 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 2022:

- (a) in our opinion the Annual Financial Report has been properly prepared from the books and records of the Company; and
- (b) no matters have come to our attention during the course of our review, which cause us to believe that the Company 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 SAR;
 - 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 arrangement during the year ended 31 March 2022.



Review report to the Executive Committee of Watchdog Limited (“the Company”) (continued)

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

A handwritten signature in black ink, appearing to be 'Kmy'.

Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

28 OCT 2022

Income and expenditure account for the year ended 31 March 2022

(Expressed in Hong Kong dollars)

	Note	2022 \$	2021 \$
Income			
Lump Sum Grant			
- Lump Sum Grant (excluding Provident Fund)	1(b)	17,245,619	16,096,408
- Provident Fund	1(c)	1,272,077	1,199,324
Fee income	2	3,582,316	3,664,033
Central items	3(a)	2,055,611	1,326,992
Rent and rates	4	1,823,491	220,693
Other income	5	1,046,700	1,151,710
Interest received		72	23
Total income		<u>27,025,886</u>	<u>23,659,183</u>
Expenditure			
Personal emoluments	6	18,785,105	15,760,915
- Salaries		17,966,526	15,016,818
- Provident Fund	1(c)	762,333	672,049
- Allowances		56,246	72,048
Other charges	7	605,231	493,921
Central items	3(b)	1,252,823	1,065,011
Rent and rates	4	797,075	965,500
Total expenditure		<u>21,440,234</u>	<u>18,285,347</u>
Surplus for the year	8	<u>5,585,652</u>	<u>5,373,836</u>

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.

Chairperson

Date:

28 OCT 2022

Chief executive

Date:

28 OCT 2022

The notes on pages 4 to 10 form part of the annual financial report.

Notes on the annual financial report

(Expressed in Hong Kong dollars)

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 ("SWD") 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) LSG (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 is defined as those staff occupying recognised or holding against subvented posts as at 1 April 2000. 6.8% 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 note 3.

Details are analysed below:

<i>Provident Fund Contribution</i>	<i>Snapshot staff</i> \$	<i>6.8% posts</i> \$	<i>Total</i> \$
Subvention received	208,112	1,063,965	1,272,077
Provident Fund Contribution paid during the year	(165,847)	(596,486)	(762,333)
Surplus for the year	42,265	467,479	509,744
Surplus brought forward	12,785	936,530	949,315
Surplus carried forward	55,050	1,404,009	1,459,059

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

	2022 \$	2021 \$
(a) Income		
Training Subsidy Programme for Children on the Waiting List for Subvented Pre-school Rehabilitation Services	1,415,611	956,992
Enhanced Support for Ethnic Minority Children in Special Child Care Centres and Early Education Training Centres	-	50,000
Training sponsorship scheme for two-year Master in Occupational Therapy ("MOT") programme of The Hong Kong Polytechnic University ("PolyU")	640,000	320,000
	<u>2,055,611</u>	<u>1,326,992</u>
(b) Expenditure		
Training Subsidy Programme for Children on the Waiting List for Subvented Pre-school Rehabilitation Services	932,823	880,111
Enhanced Support for Ethnic Minority Children in Special Child Care Centres and Early Education Training Centres	-	49,900
Training sponsorship scheme for two-year MPT and MOT programmes of PolyU	320,000	135,000
	<u>1,252,823</u>	<u>1,065,011</u>

4 Rent and rates

These represent 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 represents 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.

5 Other income (continued)

The breakdown on other income is as follows:

	2022 \$	2021 \$
Donations from The Community Chest	1,041,100	1,145,210
Membership and application fees	5,600	6,500
Total	<u>1,046,700</u>	<u>1,151,710</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 paid under LSG during the year ended 31 March 2022 is appended below:

<i>Analysis of Personal Emoluments</i>	<i>No of Posts</i>	<i>\$</i>
<i>paid under LSG</i>		
HK\$700,001-HK\$800,000 p.a.	-	-
HK\$800,001-HK\$900,000 p.a.	4	3,482,680
HK\$900,001-HK\$1,000,000 p.a.	-	-
HK\$1,000,001-HK\$1,100,000 p.a.	1	1,078,140
HK\$1,100,001-HK\$1,200,000 p.a.	-	-
> HK\$1,200,000 p.a.	-	-
	<u>-</u>	<u>-</u>

7 Other charges

The breakdown on other charges is as follows:

	2022 \$	2021 \$
Utilities	81,699	55,036
Food	13,688	8,741
Administrative expenses	115,136	86,494
Stores and equipment	146,698	120,538
Repairs and maintenance	51,705	65,994
Transportation and travelling	28,360	12,963
Insurance	62,115	56,948
Training materials	11,536	14,216
IT expense	18,340	39,767
Miscellaneous	75,954	33,224
Total	<u>605,231</u>	<u>493,921</u>

8 Analysis of Lump Sum Grant Reserve and Balances of Other SWD Subventions

	<i>Analysis of reserve fund</i>			<i>Total</i> \$
	<i>LSG</i> \$	<i>Rent and rates</i> \$	<i>Central items</i> \$	
Income				
LSG	18,517,696	-	-	18,517,696
Fee income	3,582,316	-	-	3,582,316
Other income	1,046,700	-	-	1,046,700
Interest received	72	-	-	72
Rent and rates	-	1,823,491	-	1,823,491
Central items	-	-	2,055,611	2,055,611
Total income	<u>23,146,784</u>	<u>1,823,491</u>	<u>2,055,611</u>	<u>27,025,886</u>
Expenditure				
Personal emoluments	18,785,105	-	-	18,785,105
Other charges	605,231	-	-	605,231
Rent and rates	-	797,075	-	797,075
Central items	-	-	1,252,823	1,252,823
Total expenditure	<u>19,390,336</u>	<u>797,075</u>	<u>1,252,823</u>	<u>21,440,234</u>
Surplus for the year	3,756,448	1,026,416	802,788	5,585,652
Less: Surplus of Provident Fund	(509,744)	-	-	(509,744)
Surplus brought forward (Note (1))	<u>3,246,704</u> <u>7,649,064</u>	<u>1,026,416</u> <u>(950,030)</u>	<u>802,788</u> <u>261,981</u>	<u>5,075,908</u> <u>6,961,015</u>
Less: Refund to Government	<u>10,895,768</u> <u>(3,753,768)</u>	<u>76,386</u> <u>-</u>	<u>1,064,769</u> <u>-</u>	<u>12,036,923</u> <u>(3,753,768)</u>
Surplus carried forward	<u>7,142,000</u>	<u>76,386</u>	<u>1,064,769</u>	<u>8,283,155</u>

Note:

- (1) Accumulated balance Lump Sum Grant Surplus brought forward from previous years (including holding account) and all interest received in previous years should be included in the surplus/(deficit) brought forward under LSG.

9 Analysis of income and expenditure by programme area and funding and service agreements (including support services)

	Income				Expenditure				Surplus (1) - (2)				
	Fee income	Central items	Rent and rates	Other income	Interest received	Total income (1)	Personal emoluments	Other charges		Central items	Rent and rates	Total expenditure (2)	
LSG	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$		
Programme area 4													
Service unit 5725	18,517,696	3,582,316	2,055,611	1,823,491	1,046,700	72	27,025,886	18,785,105	605,231	1,252,823	797,075	21,440,234	5,585,652

Analysis of subvention and expenditure - schedule for rent and rates for the year ended 31 March 2022

<i>Unit code and name</i>	<i>Subvented element</i>	<i>Subvention released (note 1)</i>	<i>Actual expenditure</i>	<i>Adjustment for rental expenses paid for LCK/Jordan Centre in previous years</i>	<i>Suplus (note 2)</i>
		\$	\$	\$	\$
Unit 5725 - Early Education & Training Centre	Rates	15,470	7,000	-	8,470
Unit 3786 - On-site Pre-school Rehabilitation Services (OPRS) - LCK & Jordan Centre	Private Renal, Other Rental Items, Rates & Government Rent	1,791,656	790,075	889,618	111,963
Unit 3427 - The Pilot Scheme on On-site Pre-school Rehabilitation Services (Jordan Centre)	Private Renal, Other Rental Items, Rates & Government Rent	16,365	-	16,365	-
	Total	1,823,491	797,075	905,983	120,433

Notes:

- (1) The figures are extracted from the payroll for March plus subvention released in late March of the financial year.
- (2) Surplus for each element represents the difference between subvention released and actual expenditure and adjustments for expenses paid in previous years.

Analysis of subvention and expenditure - schedule for central items for the year ended 31 March 2022

<i>Unit code and name</i>	<i>Subvented element</i>	<i>Subvention released (note 1) \$</i>	<i>Actual expenditure (note 2) \$</i>	<i>Surplus (note 3) \$</i>
Unit 6613 - Early Education & Training Centre	Training Subsidy Programme for Children on the Waiting List for Subvented Pre-school Rehabilitation Services	1,415,611	932,823	482,788
Unit 6587 - Training Sponsorship Scheme	MOT Two-year Programmes of PolyU	640,000	320,000	320,000
	Total	<u>2,055,611</u>	<u>1,252,823</u>	<u>802,788</u>

Notes:

- (1) The figures are extracted from the payroll for March plus subvention released in late March of the financial year.
- (2) Actual expenditure represents the total expenditure incurred including provident fund.
- (3) Surplus for each element represents the difference between subvention released and actual expenditure.