



# Watchdog Limited

Annual Financial Report  
31 March 2020



## 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 2020 and have issued an unqualified auditor’s report thereon dated 30 October 2020.

We conducted our review of the attached Annual Financial Report on pages 3 to 10 of the Company for the year ended 31 March 2020 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 2020:

- (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 2020.



## 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 read 'KPMG'.

Certified Public Accountants

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

**30 OCT 2020**

**Income and expenditure account  
for the year ended 31 March 2020**  
(Expressed in Hong Kong dollars)


	Note	2020 \$	2019 \$
<b>Income</b>			
Lump Sum Grant			
- Lump Sum Grant (excluding Provident Fund)	1(b)	12,061,970	7,100,104
- Provident Fund	1(c)	917,874	584,592
Fee income	2	3,361,038	4,546,295
Central items	3(a)	804,994	1,927,860
Rent and rates	4	14,918	19,002
Other income	5	1,015,200	985,700
<b>Total income</b>		<u>18,175,994</u>	<u>15,163,553</u>
<b>Expenditure</b>			
Personal emoluments	6	14,501,015	12,232,124
- Salaries		13,780,682	11,606,665
- Provident Fund	1(c)	651,849	557,494
- Allowances		68,484	67,965
Other charges	7	736,903	602,580
Central items	3(b)	1,116,446	2,345,774
Rent and rates	4	14,500	14,000
<b>Total expenditure</b>		<u>16,368,864</u>	<u>15,194,478</u>
<b>Surplus/(deficit) for the year</b>	8	<u>1,807,130</u>	<u>(30,925)</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:

30 OCT 2020

  
Chief executive

Date:

30 OCT 2020

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	194,320	723,554	917,874
Provident Fund Contribution paid during the year	(256,978)	(394,871)	(651,849)
(Deficit)/surplus for the year	(62,658)	328,683	266,025
Surplus brought forward	-	93,357	93,357
Deficit covered by own resources	62,658	-	62,658
Surplus carried forward	-	422,040	422,040

## 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:

	2020	2019
	\$	\$
<b>(a) Income</b>		
Training Subsidy Programme for Children on the Waiting List for Subvented Pre-school Rehabilitation Services	534,994	748,601
The Pilot Scheme on On-site Pre-school Rehabilitation Services ("OPRS")	-	909,259
Training sponsorship scheme for two-year Master in Occupational Therapy and Physiotherapy ("MPT and MOT") programme of The Hong Kong Polytechnic University ("PolyU")	270,000	270,000
	804,994	1,927,860
<b>(b) Expenditure</b>		
Training Subsidy Programme for Children on the Waiting List for Subvented Pre-school Rehabilitation Services	846,446	1,045,700
The Pilot Scheme on OPRS	-	895,074
Training sponsorship scheme for two-year MPT and MOT programme of PolyU	270,000	405,000
	1,116,446	2,345,774

## 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.

The breakdown on other income is as follows:

	2020 \$	2019 \$
Donations from The Community Chest	1,010,700	981,200
Membership and application fees	4,500	4,500
<b>Total</b>	<b>1,015,200</b>	<b>985,700</b>

## 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 2020 is appended below:

<b><i>Analysis of Personal Emoluments paid under LSG</i></b>	<b><i>No of Posts</i></b>	<b><i>\$</i></b>
HK\$700,001 - HK\$800,000 p.a.	-	-
HK\$800,001 - HK\$900,000 p.a.	3	2,528,193
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.	-	-

## 7 Other charges

The breakdown on other charges is as follows:

	2020 \$	2019 \$
Utilities	62,098	60,638
Food	14,023	12,114
Administrative expenses	228,754	175,183
Stores and equipment	147,125	161,383
Repairs and maintenance	70,749	37,425
Transportation and travelling	3,245	5,517
Insurance	54,689	56,938
Training materials	50,724	39,521
IT expense	69,812	8,640
Miscellaneous	35,684	45,221
<b>Total</b>	<b>736,903</b>	<b>602,580</b>

## 8 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>	
	\$	\$	\$	\$
<b>Income</b>				
LSG	12,979,844	-	-	12,979,844
Fee income	3,361,038	-	-	3,361,038
Other income	1,015,200	-	-	1,015,200
Rent and rates	-	14,918	-	14,918
Central items	-	-	804,994	804,994
<b>Total income</b>	<b>17,356,082</b>	<b>14,918</b>	<b>804,994</b>	<b>18,175,994</b>
<b>Expenditure</b>				
Personal emoluments	14,501,015	-	-	14,501,015
Other charges	736,903	-	-	736,903
Rent and rates	-	14,500	-	14,500
Central items	-	-	1,116,446	1,116,446
<b>Total expenditure</b>	<b>15,237,918</b>	<b>14,500</b>	<b>1,116,446</b>	<b>16,368,864</b>
Surplus/(deficit) for the year	2,118,164	418	(311,452)	1,807,130
Less: Surplus of Provident Fund	(266,025)	-	-	(266,025)
	1,852,139	418	(311,452)	1,541,105
Surplus brought forward (Note(1))	467,125	7,293	-	474,418
	2,319,264	7,711	(311,452)	2,015,523
Less: Refund to Government	-	(8,151)	-	(8,151)
Deficit covered by own resources (Note(2))	-	-	311,452	311,452
<b>Surplus/(deficit) carried forward</b>	<b>2,319,264</b>	<b>(440)</b>	<b>-</b>	<b>2,318,824</b>

### Notes:

- (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.
- (2) LSG, Rent and rates and Central items deficits have to be borne by Watchdog Limited's own resources, according to the advice from SWD dated 28 July 2004.



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

	Income			Expenditure							
	Fee income	Central items	Rent and rates	Other income	Total income (1)	Personal emoluments	Other charges	Central items	Rent and rates	Total expenditure (2)	Surplus (1) - (2)
<b>Programme area 4</b>											
LSG	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
12,979,844	3,361,038	804,994	14,918	1,015,200	18,175,994	14,501,015	736,903	1,116,446	14,500	16,368,864	1,807,130
Service unit 5725											

## Analysis of subvention and expenditure - schedule for rent and rates for the year ended 31 March 2020

<i>Unit code and name</i>	<i>Subvented element</i>	<i>Subvention released (note 1) \$</i>	<i>Actual expenditure \$</i>	<i>Surplus (note 2) \$</i>
Unit 5725 – Early Education & Training Centre	Rates	14,918	14,500	418
	Total	<u>14,918</u>	<u>14,500</u>	<u>418</u>

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.

## Analysis of subvention and expenditure - schedule for central items for the year ended 31 March 2020

<i>Unit code and name</i>	<i>Subvented element</i>	<i>Subvention released (note 1) \$</i>	<i>Actual expenditure (note 2) \$</i>	<i>Deficit (note 3) \$</i>
Unit 6613 – Early Education & Training Centre	Training Subsidy Programme for Children on the Waiting List for Subvented Pre-school Rehabilitation Services	534,994	846,446	(311,452)
Unit 6587 – Training Sponsorship Scheme	MPT and MOT Two- year Program of PolyU	270,000	270,000	-
	Total	<u>804,994</u>	<u>1,116,446</u>	<u>(311,452)</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) Deficit for each element represents the difference between subvention released and actual expenditure.