



# Watchdog Limited

Annual Financial Report  
31 March 2021

## 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 2021 and have issued an unqualified auditor’s report thereon dated 29 October 2021.

We conducted our review of the attached Annual Financial Report on pages 3 to 10 of the Company for the year ended 31 March 2021 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 2021:

- (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 2021.



## 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 blue ink, appearing to be 'KPMG'.

Certified Public Accountants


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

**29 OCT 2021**

# Income and expenditure account for the year ended 31 March 2021 (Expressed in Hong Kong dollars)

	Note	2021 \$	2020 \$
<b>Income</b>			
Lump Sum Grant			
- Lump Sum Grant (excluding Provident Fund)	1(b)	16,096,408	12,061,970
- Provident Fund	1(c)	1,199,324	917,874
Fee income	2	3,664,033	3,361,038
Central items	3(a)	1,326,992	804,994
Rent and rates	4	220,693	14,918
Other income	5	1,151,710	1,015,200
Interest received		23	-
<b>Total income</b>		<u>23,659,183</u>	<u>18,175,994</u>
<b>Expenditure</b>			
Personal emoluments	6	15,760,915	14,501,015
- Salaries		15,016,818	13,780,682
- Provident Fund	1(c)	672,049	651,849
- Allowances		72,048	68,484
Other charges	7	493,921	736,903
Central items	3(b)	1,065,011	1,116,446
Rent and rates	4	965,500	14,500
<b>Total expenditure</b>		<u>18,285,347</u>	<u>16,368,864</u>
<b>Surplus for the year</b>	8	<u>5,373,836</u>	<u>1,807,130</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:

29 OCT 2021

  
Chief executive  
Date:

29 OCT 2021

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	210,704	988,620	1,199,324
Provident Fund Contribution paid during the year	(197,919)	(474,130)	(672,049)
Surplus for the year	12,785	514,490	527,275
Surplus brought forward	-	422,040	422,040
Surplus carried forward	12,785	936,530	949,315

## 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:

	2021 \$	2020 \$
<b>(a) Income</b>		
Training Subsidy Programme for Children on the Waiting List for Subvented Pre-school Rehabilitation Services	956,992	534,994
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 and Physiotherapy ("MPT and MOT") programmes of The Hong Kong Polytechnic University ("PolyU")	320,000	270,000
	<u>1,326,992</u>	<u>804,994</u>
<b>(b) Expenditure</b>		
Training Subsidy Programme for Children on the Waiting List for Subvented Pre-school Rehabilitation Services	880,111	846,446
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	135,000	270,000
	<u>1,065,011</u>	<u>1,116,446</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:

	2021 \$	2020 \$
Donations from The Community Chest	1,145,210	1,010,700
Membership and application fees	6,500	4,500
Total	<u>1,151,710</u>	<u>1,015,200</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 2021 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.	4	3,439,220
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:

	2021 \$	2020 \$
Utilities	55,036	62,098
Food	8,741	14,023
Administrative expenses	86,494	228,754
Stores and equipment	120,538	147,125
Repairs and maintenance	65,994	70,749
Transportation and travelling	12,963	3,245
Insurance	56,948	54,689
Training materials	14,216	50,724
IT expense	39,767	69,812
Miscellaneous	33,224	35,684
Total	<u>493,921</u>	<u>736,903</u>

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

	<i>Analysis of reserve fund</i>			
	<i>LSG</i>	<i>Rent and rates</i>	<i>Central items</i>	<i>Total</i>
	\$	\$	\$	\$
<b>Income</b>				
LSG	17,295,732	-	-	17,295,732
Fee income	3,664,033	-	-	3,664,033
Other income	1,151,710	-	-	1,151,710
Interest received	23	-	-	23
Rent and rates	-	220,693	-	220,693
Central items	-	-	1,326,992	1,326,992
Total income	<u>22,111,498</u>	<u>220,693</u>	<u>1,326,992</u>	<u>23,659,183</u>
<b>Expenditure</b>				
Personal emoluments	15,760,915	-	-	15,760,915
Other charges	493,921	-	-	493,921
Rent and rates	-	965,500	-	965,500
Central items	-	-	1,065,011	1,065,011
Total expenditure	<u>16,254,836</u>	<u>965,500</u>	<u>1,065,011</u>	<u>18,285,347</u>
Surplus/(deficit) for the year	5,856,662	(744,807)	261,981	5,373,836
Less: Surplus of Provident Fund	(527,275)	-	-	(527,275)
	5,329,387	(744,807)	261,981	4,846,561
Surplus brought forward (Note (1))	<u>2,319,264</u>	<u>(440)</u>	<u>-</u>	<u>2,318,824</u>
	7,648,651	(745,247)	261,981	7,165,385
Less: Refund to Government	-	(418)	-	(418)
Adjustment for rent and rates in previous years	-	858	-	858
Adjustment for interest received in previous years	413	-	-	413
Adjustment for rental expenses paid for Lai Chi Kok Centre ("LCK Centre") in previous years	-	(205,223)	-	(205,223)
Surplus/(deficit) carried forward	<u>7,649,064</u>	<u>(950,030)</u>	<u>261,981</u>	<u>6,961,015</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)

	LSG	Income					Expenditure				Total expenditure (2)	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
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Programme area 4													
Service unit 5725	17,295,732	3,664,033	1,326,992	220,693	1,151,710	23	23,659,183	15,760,915	493,921	1,065,011	965,500	18,285,347	5,373,836

## Analysis of subvention and expenditure - schedule for rent and rates for the year ended 31 March 2021

<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 Centre in previous years \$</i>	<i>Suplus/ (deficit) (note 2) \$</i>
Unit 5725 - Early Education & Training Centre	Rates	15,470	4,000	-	11,470
Unit 3786 - On-site Pre-school Rehabilitation Services	Private Renal, Other Rental Items, Rates & Government	205,223	961,500	205,223	(961,500)
	Total	<u>220,693</u>	<u>965,500</u>	<u>205,223</u>	<u>(950,030)</u>

### Notes:

- (1) The figures are extracted from the payroll for March plus subvention released in late March of the financial year.
- (2) Surplus/(deficit) 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 2021

<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	956,992	880,111	76,881
Unit 4978 - Ethnic Minority Fund	Enhanced Support for Ethnic Minority Children in Special Child Care Centres and Early Education and Training Centres	50,000	49,900	100
Unit 6587 – Training Sponsorship Scheme	MPT and MOT Two-year Programmes of PolyU	320,000	135,000	185,000
	<b>Total</b>	<b>1,326,992</b>	<b>1,065,011</b>	<b>261,981</b>

### 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.