

HONG KONG PLAYGROUND ASSOCIATION

THE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED 31 MARCH, 2014

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*FAN, CHAN & CO.*

CERTIFIED PUBLIC ACCOUNTANTS  
HONG KONG

**REVIEW REPORT ON THE ANNUAL FINANCIAL REPORT  
TO THE EXECUTIVE COMMITTEE OF  
HONG KONG PLAYGROUND ASSOCIATION**

(Incorporated in Hong Kong under Hong Kong Playground Association Ordinance)

We have audited the financial statements of Hong Kong Playground Association ("the Association") for the year ended 31 March, 2014 and have issued an unqualified auditors' report thereon dated 27 June, 2014.

We conducted our review of the attached Annual Financial Report on pages 2 to 6 of the Association for the year ended 31 March, 2014 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 Association, on which the above audited financial statements of the Association 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 Association for the year ended 31 March, 2014.

- a. in our opinion the Annual Financial Report has been properly prepared from the books and records of the Association; and
- b. no matters have come to our attention during the course of our review, which cause us to believe that the Association has not :
  - i. properly accounted for the receipt of Lump Sum Grant, Provident Fund, Special One-off 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 LSG Manual; and
  - iv. employed the staff quoted in the Provident Fund arrangements during the year ended 31 March, 2014.

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.



Fan, Chan & Co.  
Certified Public Accountants  
Hong Kong, 27 June, 2014

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Fan, Chan & Co. is a member firm of Nexia International, a worldwide network of independent accounting and consulting firms.

ANNUAL FINANCIAL REPORT  
HONG KONG PLAYGROUND ASSOCIATION  
1 APRIL 2013 TO 31 MARCH 2014

	Notes	2013-14 \$	2012-13 \$
<b>A. INCOME</b>			
1. Lump Sum Grant			
a. Lump Sum Grant (excluding Provident Fund)	1b	66,818,570	64,327,398
b. Provident Fund	1c	8,969,908	8,610,405
3. Fee Income	2	222,510	221,210
4. Central Items	3	11,270,016	11,158,502
5. Rent & Rates	4	2,754,765	2,755,485
6. Other Income	5	19,939,833	19,411,132
7. Interest Received		90,556	116,567
<b>TOTAL INCOME</b>		<b>110,066,158</b>	<b>106,600,699</b>
<b>B. EXPENDITURE</b>			
1. Personal Emoluments			
a. Salaries		71,241,187	69,268,480
b. Provident Fund	1c	8,520,080	8,119,631
<b>Sub-total</b>	6	79,761,267	77,388,111
2. Other Charges	7	19,929,743	19,159,543
3. Central Items	3	10,531,479	10,455,619
4. Rent & Rates	4	3,541,853	3,199,783
<b>TOTAL EXPENDITURE</b>		<b>113,764,342</b>	<b>110,203,056</b>
<b>C. (DEFICIT) FOR THE YEAR</b>	8	<b>(3,698,184)</b>	<b>(3,602,357)</b>

Approved by the Executive Committee on 27 June, 2014

  
Chairman

  
Executive Director

NOTES ON THE ANNUAL FINANCIAL REPORT  
HONG KONG PLAYGROUND ASSOCIATION  
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1. Lump Sum Grant

a. **Basis of preparation** The Annual Financial Report (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 like depreciation, provisions and accruals should not be 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. Please note that the PF received and contributed for staff under the Central Items should be shown under 3. In other words, such PF should not be included here (paragraph 3.12 of LSG Manual). Details are analysed below:

<u>Provident Fund Contribution</u>	Snapshot Staff \$	6.8% and Other Posts \$	Total \$
Subvention Received	7,253,340	1,716,568	8,969,908
Provident Fund Contribution Paid during the Year	(7,037,110)	(1,482,970)	(8,520,080)
Surplus/(Deficit) for the Year	216,230	233,598	449,828
Add : Surplus/(Deficit) b/f	2,489,212	2,312,337	4,801,549
<b>Surplus/(Deficit) c/f</b>	<u>2,705,442</u>	<u>2,545,935</u>	<u>5,251,377</u>

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.

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**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 should be 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:

	2013-14	2012-13
<b>a. <u>Income</u></b>	\$	\$
Programme Workers posts for 6 years from 2008-09 to 2013-14	9,432,576	9,432,576
Programme Assistants allocated vide management letter ref.(17) in SWD/S/203/1 Pt.8 dated 17 March 2007	1,837,440	1,725,926
<b>Total</b>	<u>11,270,016</u>	<u>11,158,502</u>
 <b>b. <u>Expenditure</u></b>		
Programme Workers posts for 6 years from 2008-09 to 2013-14	8,694,039	8,772,661
Programme Assistants allocated vide management letter ref.(17) in SWD/S/203/1 Pt.8 dated 17 March 2007	1,837,440	1,682,958
<b>Total</b>	<u>10,531,479</u>	<u>10,455,619</u>

- 4. Rent and Rates** This represents the amount paid by SWD in respect of premises recognised by SWD. Expenditure on rent and rates in respect of premises not recognised by SWD should not be 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 need not be included as Other Income in AFR. However, treatment of fees and charges as specified under para.2.27 to 2.28 of the Manual remains unchanged (paragraph 3.9 of the Manual).

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**6. Personal Emoluments** Personal Emoluments include salary, provident fund and 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.	11	5,930,882
HK\$600,001 - HK\$700,000 p.a.	8	5,290,652
HK\$700,001 - HK\$800,000 p.a.	22	17,150,743
HK\$800,001 - HK\$900,000 p.a.	3	2,461,023
HK\$900,001 - HK\$1,000,000 p.a.	7	6,806,436
>HK\$1,000,000 p.a.	1	1,322,355
	<u>52</u>	<u>38,962,091</u>

**7. Other Charges**

The breakdown on Other Charges is as follows:

	2013-14	2012-13
Other Charges	\$	\$
(a) Utilities	1,377,283	1,404,213
(b) Food	-	-
(c) Administrative Expenses	797,766	750,185
(d) Stores and Equipment	1,290,105	1,110,715
(e) Repairs & Maintenance	311,846	249,359
(f) Special Allowances	-	-
(g) Programme Expenses	7,532,508	7,441,749
(h) Transportation and Travelling	283,612	271,751
(i) Insurance	419,903	372,144
(j) Miscellaneous	7,916,720	7,559,427
<b>Total</b>	<u>19,929,743</u>	<u>19,159,543</u>

**NOTES ON THE ANNUAL FINANCIAL REPORT**  
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**8. Analysis of Reserve Fund**

	Analysis of Reserve Fund				
	Lump Sum Grant (LSG)	Special One-off Grant (SOG)	Rent and Rates	Central Items	Total
	\$	\$	\$	\$	\$
<b>Income</b>					
Lump Sum Grant	75,788,478	-	-	-	75,788,478
Fee Income	222,510	-	-	-	222,510
Other Income	19,939,833	-	-	-	19,939,833
Interest Received (Note (1))	90,556	-	-	-	90,556
Rent and Rates	-	-	2,754,765	-	2,754,765
Central Items	-	-	-	11,270,016	11,270,016
<b>Total Income (a)</b>	<b>96,041,377</b>	<b>-</b>	<b>2,754,765</b>	<b>11,270,016</b>	<b>110,066,158</b>
<b>Expenditure</b>					
Personal Emoluments	79,761,269	-	-	-	79,761,269
Other Charges	19,929,741	-	-	-	19,929,741
Rent and Rates	-	-	3,541,853	-	3,541,853
Central Items	-	-	-	10,531,479	10,531,479
<b>Total Expenditure (b)</b>	<b>99,691,010</b>	<b>-</b>	<b>3,541,853</b>	<b>10,531,479</b>	<b>113,764,342</b>
<b>Surplus/(Deficit) for the year (a) - (b)</b>	<b>(3,649,633)</b>	<b>-</b>	<b>(787,088)</b>	<b>738,537</b>	<b>(3,698,184)</b>
<u>Less</u> Surplus/(Deficit) of Provident Fund	(449,828)	-	-	-	(449,828)
<b>Surplus/(Deficit) for the year</b>	<b>(4,099,461)</b>	<b>-</b>	<b>(787,088)</b>	<b>738,537</b>	<b>(4,148,012)</b>
<u>Add:</u> Surplus/(Deficit) b/f	9,683,896	-	(782,964)	702,883	9,603,815
	5,584,435	-	(1,570,052)	1,441,420	5,455,803
<u>Add:</u> Reallocation of account as approved by	-	-	-	-	-
Backpayment of Rent & Rates for	-	-	6,528	-	6,528
2009/10 - 2011/12					
Adjustment for After School Care Program '2004/05	(18,000)	-	-	18,000	-
After School Care Programme 2013/14	-	-	-	18,000	18,000
Sponsor Income	-	-	-	-	-
<u>Less</u> Reallocation of account as approved by	-	-	-	-	-
Expenditure for After School Care Program '2013/14	-	-	-	(9,750)	(9,750)
<u>Less</u> Refund to Government	-	-	(5,943)	-	(5,943)
<b>Surplus/(Deficit) c/f (Note (4))</b>	<b>5,566,435</b>	<b>-</b>	<b>(1,569,467)</b>	<b>1,467,670</b>	<b>5,464,638</b>

**Notes:**

- (1) Interest received on LSG and PF reserves, rent and rates, central items, Special One-off Grant should be included as one item under LSG; and the item is considered as part of LSG reserve.
- (2) Accumulated balance Lump Sum Grant Surplus b/f from previous years 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 Programme Assistants, Care Assistants, Dementia Supplement and Infirmary Care Supplement, if any, as per Schedule of Central Items (**Annex 1**).
- (4) The level of LSG cumulative reserve (i.e. S) will be capped at 25% of the NGO's operating expenditure (excluding PF expenditure) for the year.