

HONG KONG PLAYGROUND ASSOCIATION

THE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED 31 MARCH, 2017

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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, 2017 and have issued an unqualified auditor's report thereon dated 26 June, 2017.

We conducted our review of the attached Annual Financial Report on pages 2 to 6 of the Association for the year ended 31 March, 2017 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, 2017.

- 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 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, 2017.

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.




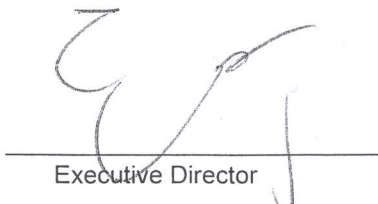
Fan, Chan & Co.  
Certified Public Accountants  
Hong Kong, 26 June, 2017

**ANNUAL FINANCIAL REPORT**  
**HONG KONG PLAYGROUND ASSOCIATION**  
**1 APRIL 2016 TO 31 MARCH 2017**

	Notes	2016-17 \$	2015-16 \$
<b>A. INCOME</b>			
1. Lump Sum Grant			
a. Lump Sum Grant (excluding Provident Fund)	1b	80,947,602	77,406,658
b. Provident Fund	1c	10,255,930	10,082,184
3. Fee Income	2	185,600	188,020
4. Central Items	3	40,500	22,500
5. Rent and Rates	4	3,283,131	3,020,723
6. Other Income	5	21,541,623	21,644,364
7. Interest Received		44,881	29,806
<b>TOTAL INCOME</b>		<b>116,299,267</b>	<b>112,394,255</b>
<b>B. EXPENDITURE</b>			
1. Personal Emoluments			
a. Salaries		82,441,430	78,108,454
b. Provident Fund	1c	9,585,015	9,005,931
<b>Sub-total</b>	6	92,026,445	87,114,385
2. Other Charges	7	20,852,256	20,546,092
3. Central Items	3	15,000	14,250
4. Rent and Rates	4	3,801,509	3,653,821
<b>TOTAL EXPENDITURE</b>		<b>116,695,210</b>	<b>111,328,548</b>
<b>C. (DEFICIT)/ SURPLUS FOR THE YEAR</b>	8	<b>(395,943)</b>	<b>1,065,707</b>

Approved by the Executive Committee on 26 June, 2017

  
Chairman

  
Executive Director

**NOTES ON THE ANNUAL FINANCIAL REPORT**  
**HONG KONG PLAYGROUND ASSOCIATION**  
**1 APRIL 2016 TO 31 MARCH 2017**

**1. Lump Sum Grant**

- 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 under the Lumpsum 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. 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. The Provident Fund received and contributed for staff under the Central Items have been shown under 3. Details are analysed below:

<u>Provident Fund Contribution</u>	<b>Snapshot Staff \$</b>	<b>6.8% and Other Posts \$</b>	<b>Total \$</b>
Subvention Received	7,613,859	2,642,071	10,255,930
Provident Fund Contribution Paid during the Year	(7,363,008)	(2,222,007)	(9,585,015)
			-
Surplus for the Year	250,851	420,064	670,915
Add : Surplus b/f	1,155,446	5,009,477	6,164,923
Add : Transfer from Snapshot Staff to 6.8% & Other Posts	-	-	-
Less: Refund to Government	(427,167)	-	(427,167)
<b>Surplus c/f</b>	<u>979,130</u>	<u>5,429,541</u>	<u>6,408,671</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 Agency. 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 3.14 of LSG Manual(October 2016)). The income and expenditure of each of the Central Items are as follows:

	<b>2016-17</b>	<b>2015-16</b>
<b>a. <u>Income</u></b>	<b>\$</b>	<b>\$</b>
After School Care Programme	40,500	22,500
<b>Total</b>	<u>40,500</u>	<u>22,500</u>
<b>b. <u>Expenditure</u></b>		
After School Care Programme	(15,000)	(14,250)
<b>Total</b>	<u>(15,000)</u>	<u>(14,250)</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 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. In this respect, donations have been included if it is used to finance expenditure reflected in the AFR. The breakdown on Other Income (paragraph 2.29 of LSG Manual (October 2016)) is as follows:

	<b>2016-17</b>	<b>2015-16</b>
<b>Other Income</b>	<b>\$</b>	<b>\$</b>
a. Fees and charges for services incidental to the operation of subvented services	21,541,623	21,644,364
b. Others	-	-
<b>Total</b>	<u>21,541,623</u>	<u>21,644,364</u>

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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 \$700,000 each paid under LSG is appended below:

<b>Analysis of Personal Emoluments</b>	<b>No of Posts</b>	<b>\$</b>
HK\$700,001 - HK\$800,000 p.a.	4	2,927,096
HK\$800,001 - HK\$900,000 p.a.	27	23,795,856
HK\$900,001 - HK\$1,000,000 p.a.	0	-
HK\$1,000,001 - HK\$1,100,000 p.a.	8	8,688,789
HK\$1,100,001 - HK\$1,200,000 p.a.	0	-
>HK\$1,200,000 p.a.	1	1,552,110
	<u>40</u>	<u>36,963,851</u>

**7. Other Charges**

The breakdown on Other Charges is as follows:

	<b>2016-17</b>	<b>2015-16</b>
<b>Other Charges</b>	<b>\$</b>	<b>\$</b>
(a) Utilities	1,330,965	1,437,187
(b) Food	-	-
(c) Administrative Expenses	649,963	910,009
(d) Stores and Equipment	1,439,763	1,233,309
(e) Repairs & Maintenance	557,542	393,739
(f) Special Allowances	-	-
(g) Programme Expenses	6,597,601	7,796,261
(h) Transportation and Travelling	316,597	257,610
(i) Insurance	608,323	497,380
(j) Miscellaneous	9,351,502	8,020,597
<b>Total</b>	<u>20,852,256</u>	<u>20,546,092</u>

**7a. Special One-off Grant Payments**

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

	<b>2016-17</b>	<b>2015-16</b>
	<b>\$</b>	<b>\$</b>
(a) Voluntary Retirement Scheme	-	-
(b) Compensation Scheme	-	-
(c) Staff Training & Development	-	-
(d) Other Staff-related Initiatives	-	-
<b>Total</b>	<u>-</u>	<u>-</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	91,203,532	-	-	-	91,203,532
Fee Income	185,600	-	-	-	185,600
Other Income	21,541,623	-	-	-	21,541,623
Interest Received (Note (1))	44,881	-	-	-	44,881
Rent and Rates	-	-	3,283,131	-	3,283,131
Central Items	-	-	-	40,500	40,500
<b>Total Income (a)</b>	<b>112,975,636</b>	<b>-</b>	<b>3,283,131</b>	<b>40,500</b>	<b>116,299,267</b>
<b>Expenditure</b>					
Personal Emoluments	92,026,445	-	-	-	92,026,445
Other Charges	20,852,256	-	-	-	20,852,256
Rent and Rates	-	-	3,801,509	-	3,801,509
Central Items	-	-	-	15,000	15,000
<b>Total Expenditure (b)</b>	<b>112,878,701</b>	<b>-</b>	<b>3,801,509</b>	<b>15,000</b>	<b>116,695,210</b>
<b>Surplus/(Deficit) for the year (a) - (b)</b>	<b>96,935</b>	<b>-</b>	<b>(518,378)</b>	<b>25,500</b>	<b>(395,943)</b>
<u>Less</u> (Surplus)/Deficit of Provident Fund	<u>(670,915)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(670,915)</u>
<b>Surplus/(Deficit) for the year</b>	<b>(573,980)</b>	<b>-</b>	<b>(518,378)</b>	<b>25,500</b>	<b>(1,066,858)</b>
<u>Add:</u> Surplus/(Deficit) b/f	<u>3,776,212</u>	<u>-</u>	<u>(1,796,386)</u>	<u>37,555</u>	<u>2,017,381</u>
	<b>3,202,232</b>	<b>-</b>	<b>(2,314,764)</b>	<b>63,055</b>	<b>950,523</b>
<u>Add:</u> Unrecognised Modernization Works	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Backpayment of Rent & Rates for 2011/12 to 2014/15	-	-	1,645,431	-	1,645,431
<u>Less</u> Refund to Government	<u>(74)</u>	<u>-</u>	<u>(865)</u>	<u>(56)</u>	<u>(995)</u>
<b>Surplus/(Deficit) c/f (Note (3))</b>	<b>3,202,158</b>	<b>-</b>	<b>(670,198)</b>	<b>62,999</b>	<b>2,594,959</b>

**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 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.