

HONG KONG PLAYGROUND ASSOCIATION

THE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED 31 MARCH, 2016

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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, 2016 and have issued an unqualified auditors' report thereon dated 30 June, 2016.

We conducted our review of the attached Annual Financial Report on pages 2 to 6 of the Association for the year ended 31 March, 2016 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, 2016.

- 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, 2016.

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.

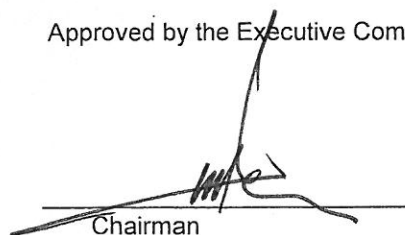
Fan, Chan & Co.

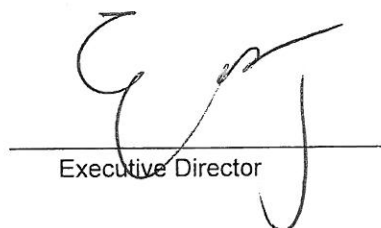
Fan, Chan & Co.
Certified Public Accountants
Hong Kong, 30 June, 2016

ANNUAL FINANCIAL REPORT
HONG KONG PLAYGROUND ASSOCIATION
1 APRIL 2015 TO 31 MARCH 2016

	Notes	2015-16 \$	2014-15 \$
A. INCOME			
1. Lump Sum Grant			
a. Lump Sum Grant (excluding Provident Fund)	1b	77,406,658	72,815,335
b. Provident Fund	1c	10,082,184	9,635,587
3. Fee Income	2	188,020	200,440
4. Central Items	3	22,500	1,240,719
5. Rent and Rates	4	3,020,723	2,776,420
6. Other Income	5	21,644,364	19,723,209
7. Interest Received		29,806	77,778
TOTAL INCOME		112,394,255	106,469,488
B. EXPENDITURE			
1. Personal Emoluments			
a. Salaries		78,108,454	75,137,437
b. Provident Fund	1c	9,005,931	8,848,684
Sub-total	6	87,114,385	83,986,121
2. Other Charges	7	20,546,092	19,858,435
3. Central Items	3	14,250	1,239,163
4. Rent and Rates	4	3,653,821	3,512,174
TOTAL EXPENDITURE		111,328,548	108,595,893
C. SURPLUS/ (DEFICIT) FOR THE YEAR	8	1,065,707	(2,126,405)

Approved by the Executive Committee on 30 June, 2016


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 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. Please note that the PF received and contributed for staff under the Central Items have been shown under 3. Details are analysed below:

<u>Provident Fund Contribution</u>	Snapshot Staff \$	6.8% and Other Posts \$	Total \$
Subvention Received	7,840,191	2,241,993	10,082,184
Provident Fund Contribution Paid during the Year	(7,111,912)	(1,894,019)	(9,005,931)
Surplus for the Year	728,279	347,974	1,076,253
Add : Surplus b/f	3,132,609	2,905,671	6,038,280
Add : Transfer from Snapshot Staff to 6.8% & Other Posts	(1,755,832)	1,755,832	-
Less: Refund to Government	(949,610)	-	(949,610)
Surplus c/f	<u>1,155,446</u>	<u>5,009,477</u>	<u>6,164,923</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 have been 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:

	2015-16	2014-15
a. <u>Income</u>	\$	\$
Programme Workers posts for 6 years from 2008-09 to 2013-14	-	-
Permanent and/or Time- defined Programme Assistants for social services	-	1,231,719
After School Care Programme	22,500	9,000
Total	<u>22,500</u>	<u>1,240,719</u>
 b. <u>Expenditure</u>		
Programme Workers posts for 6 years from 2008-09 to 2013-14	14,250	7,500
Permanent and/or Time- defined Programme Assistants for social services	-	1,231,663
After School Care Programme	-	-
Total	<u>14,250</u>	<u>1,239,163</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 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.

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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.	29	15,408,801
HK\$600,001 - HK\$700,000 p.a.	3	1,926,956
HK\$700,001 - HK\$800,000 p.a.	5	3,739,350
HK\$800,001 - HK\$900,000 p.a.	24	20,318,846
HK\$900,001 - HK\$1,000,000 p.a.	4	3,917,175
>HK\$1,000,000 p.a.	6	6,782,028
	<u>71</u>	<u>52,093,156</u>

7. Other Charges

The breakdown on Other Charges is as follows:

	2015-16	2014-15
Other Charges	\$	\$
(a) Utilities	1,437,187	1,378,967
(b) Food	-	-
(c) Administrative Expenses	910,009	810,611
(d) Stores and Equipment	1,233,309	1,377,619
(e) Repairs & Maintenance	393,739	335,756
(f) Special Allowances	-	-
(g) Programme Expenses	7,796,261	6,974,710
(h) Transportation and Travelling	257,610	257,630
(i) Insurance	497,380	426,788
(j) Miscellaneous	8,020,597	8,296,354
Total	<u>20,546,092</u>	<u>19,858,435</u>

HONG KONG PLAYGROUND ASSOCIATION
NOTES TO THE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED 31ST MARCH, 2016

8. Analysis of Reserve Fund

	Analysis of Reserve Fund				
	Lump Sum	Special One-off Grant (SOG)	Sub-total LSG, SOG & Interest Received	Rent and Rates	Central Items
Income	Grant (LSG) HK\$	HK\$	HK\$	HK\$	HK\$
Lump Sum Grant	87,488,842	0	87,488,842	-	-
Fee Income	188,020	-	188,020	-	-
Other Income	21,644,364	-	21,644,364	-	-
Interest Received	29,806	-	29,806	-	-
Rent and Rates	-	-	0	3,020,723	-
Central Items	-	-	0	-	22,500
Total Income	109,351,032	0	109,351,032	3,020,723	22,500
					112,394,255
	Expenditure				
Personal Emoluments	87,114,385	0	87,114,385	-	-
Other Charges	20,546,092	-	20,546,092	-	-
Rent and Rates	-	-	0	3,653,821	-
Central Items	-	-	0	-	14,250
Total Expenditure	107,660,477	0	107,660,477	3,653,821	14,250
					111,328,548
Surplus/(Deficit) for the year	1,690,555	0	1,690,555	(633,098)	8,250
Less: (Surplus)/Deficit of provident fund	(1,076,253)	-	(1,076,253)	-	-
Surplus/(Deficit) for the year	614,302	0	614,302	(633,098)	8,250
Add: Surplus/(deficit) brought forward	3,387,325	-	3,387,325	(1,835,459)	766,342
Add: Unrecognised Modernization Works	(225,415)	-	(225,415)	885	-
Unrecognised Rent & Rates by SWD					885
Adjustment for overstated income in 2014/15					1,500
Backpayment of Rent & Rates for 2011/12 to 2014/15				677,401	677,401
Less: Refund to Government			0	(6,115)	(738,537)
Surplus/(deficit) carried forward	3,776,212	0	3,776,212	(1,796,386)	37,555
					2,017,381