

HONG KONG PLAYGROUND ASSOCIATION

THE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED 31 MARCH, 2015

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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, 2015 and have issued an unqualified auditors' report thereon dated 26 June, 2015.

We conducted our review of the attached Annual Financial Report on pages 2 to 6 of the Association for the year ended 31 March, 2015 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, 2015.

- 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, 2015.

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, 26 June, 2015


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HONG KONG PLAYGROUND ASSOCIATION
1 APRIL 2014 TO 31 MARCH 2015

	Notes	2014-15 \$	2013-14 \$
A. INCOME			
1. Lump Sum Grant			
a. Lump Sum Grant (excluding Provident Fund)	1b	72,815,335	66,818,570
b. Provident Fund	1c	9,635,587	8,969,908
3. Fee Income	2	200,440	222,510
4. Central Items	3	1,240,719	11,270,016
5. Rent and Rates	4	2,776,420	2,754,765
6. Other Income	5	19,723,209	19,939,833
7. Interest Received		77,778	90,556
TOTAL INCOME		<u>106,469,488</u>	<u>110,066,158</u>
B. EXPENDITURE			
1. Personal Emoluments			
a. Salaries		75,137,437	71,241,187
b. Provident Fund	1c	8,848,684	8,520,080
Sub-total	6	83,986,121	79,761,267
2. Other Charges	7	19,858,435	19,929,743
3. Central Items	3	1,239,163	10,531,479
4. Rent and Rates	4	3,512,174	3,541,853
TOTAL EXPENDITURE		<u>108,595,893</u>	<u>113,764,342</u>
C. (DEFICIT) FOR THE YEAR	8	<u>(2,126,405)</u>	<u>(3,698,184)</u>

Approved by the Executive Committee on 26 June, 2015



 Chairman



 Executive Director

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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	7,648,378	1,987,209	9,635,587
Provident Fund Contribution Paid during the Year	<u>(7,221,211)</u>	<u>(1,627,473)</u>	<u>(8,848,684)</u>
Surplus/(Deficit) for the Year	427,167	359,736	786,903
Add : Surplus/(Deficit) b/f	<u>2,705,442</u>	<u>2,545,935</u>	<u>5,251,377</u>
Surplus/(Deficit) c/f	<u><u>3,132,609</u></u>	<u><u>2,905,671</u></u>	<u><u>6,038,280</u></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:

	2014-15	2013-14
	\$	\$
a. <u>Income</u>		
Programme Workers posts for 6 years from 2008-09 to 2013-14	-	9,432,576
Permanent and/or Time- defined Programme Assistants for social services	1,231,719	1,837,440
After School Care Programme	<u>9,000</u>	<u>-</u>
Total	<u><u>1,240,719</u></u>	<u><u>11,270,016</u></u>
b. <u>Expenditure</u>		
Programme Workers posts for 6 years from 2008-09 to 2013-14	7,500	8,694,039
Permanent and/or Time- defined Programme Assistants for social services	1,231,663	1,837,440
After School Care Programme	<u>-</u>	<u>-</u>
Total	<u><u>1,239,163</u></u>	<u><u>10,531,479</u></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.	9	5,003,666
HK\$600,001 - HK\$700,000 p.a.	6	3,886,276
HK\$700,001 - HK\$800,000 p.a.	5	3,672,802
HK\$800,001 - HK\$900,000 p.a.	22	17,915,125
HK\$900,001 - HK\$1,000,000 p.a.	3	2,714,079
>HK\$1,000,000 p.a.	7	7,581,084
	<u>52</u>	<u>40,773,032</u>

7. Other Charges

The breakdown on Other Charges is as follows:

	2014-15	2013-14
Other Charges	\$	\$
(a) Utilities	1,378,967	1,377,283
(b) Food	-	-
(c) Administrative Expenses	810,611	797,766
(d) Stores and Equipment	1,377,619	1,290,105
(e) Repairs & Maintenance	335,756	311,846
(f) Special Allowances	-	-
(g) Programme Expenses	6,974,710	7,532,508
(h) Transportation and Travelling	257,630	283,612
(i) Insurance	426,788	419,903
(j) Miscellaneous	8,296,354	7,916,720
Total	<u>19,858,435</u>	<u>19,929,743</u>

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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
	\$	\$	\$	\$	\$
Income					
Lump Sum Grant	82,450,922	-	-	-	82,450,922
Fee Income	200,440	-	-	-	200,440
Other Income	19,723,209	-	-	-	19,723,209
Interest Received (Note (1))	77,778	-	-	-	77,778
Rent and Rates	-	-	2,776,420	-	2,776,420
Central Items	-	-	-	1,240,719	1,240,719
Total Income (a)	102,452,349	-	2,776,420	1,240,719	106,469,488
Expenditure					
Personal Emoluments	83,978,621	-	-	-	83,978,621
Other Charges	19,865,935	-	-	-	19,865,935
Rent and Rates	-	-	3,512,174	-	3,512,174
Central Items	-	-	-	1,239,163	1,239,163
Total Expenditure (b)	103,844,556	-	3,512,174	1,239,163	108,595,893
Surplus/(Deficit) for the year (a) - (b)	(1,392,207)	-	(735,754)	1,556	(2,126,405)
Less (Surplus)/Deficit of Provident Fund	(786,903)	-	-	-	(786,903)
Surplus/(Deficit) for the year	(2,179,110)	-	(735,754)	1,556	(2,913,308)
Add: Surplus/(Deficit) b/f	5,566,435	-	(1,569,467)	1,467,670	5,464,638
	3,387,325	-	(2,305,221)	1,469,226	2,551,330
Add: Reallocation of account as approved by Unrecognised rent and rates by SWD	-	-	-	-	-
Backpayment of Rent & Rates for 2011/12 to 2013/14	-	-	229,827	-	229,827
Adjustment for After School Care Programme '2004/05	-	-	284,721	-	284,721
After School Care Programme 2013/14 Sponsor Income	-	-	-	-	-
Less Reallocation of account as approved by Expenditure for After School Care Programme '2013/14	-	-	-	-	-
Less Refund to Government	-	-	(44,786)	(702,883)	(747,669)
Surplus/(Deficit) c/f (Note (4))	3,387,325	-	(1,835,459)	766,343	2,318,209

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 cumulative unspent balance as at 30.11.2014 (i.e. amount of surplus c/f) for permanent/ time-defined Care Assistant and Programme Assistant posts, if any, as per Schedule for Central Items.
- (4) 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**).
- (5) 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.