

Education Bureau
Circular Memorandum No. 141/2013

From : Permanent Secretary for Education To : Supervisors of Kindergartens, Kindergarten-cum-Child Care Centres joining Pre-primary Education Voucher Scheme and / or receiving subsidies under Child Care Centre Subsidy Scheme / rent reimbursement - for necessary action

Ref. : EDB(FINMS)/KG/555(12-13) Date : 5 November 2013

2012/13 Annual Audited Accounts of Kindergartens and Kindergarten-cum-Child Care Centres joining Pre-primary Education Voucher Scheme and / or in receipt of subsidies under Child Care Centre Subsidy Scheme and / or Rent Reimbursement

Purpose

This circular memorandum requests Supervisors of Kindergartens (KGs) /Kindergarten-cum-Child Care Centres (KG-cum-CCCs) which joined the Pre-primary Education Voucher Scheme (PEVS) and / or received subsidies under Child Care Centre Subsidy Scheme (CCCSS) and / or rent reimbursement to submit their audited accounts for the 2012/13 school / financial year. The deadline for submission is **10 February 2014**.

Background

2. Education Bureau Circular (EDBC) Nos. [6/2011](#), No. [3/2008](#) and No. [2/2004](#) respectively require KGs/KG-cum-CCCs joining PEVS and / or receiving CCCSS / rent reimbursement to submit their audited accounts, with the subsidy duly reflected. The accounts must be audited by Certified Public Accountants (practising) registered under the Professional Accountants Ordinance. For guidelines on engagement of auditors, please see EDBC No. [17/2008](#).

Submission Requirements

3. The annual audited accounts to be submitted by schools should comprise the School Supervisor's Certificate, the Auditor's Report and detailed financial statements on the operations of the KGs/KG-cum-CCCs as specified at **Annex 1**. To facilitate preparation by schools, the relevant pro-formas in Excel format can be downloaded from the following addresses :

<https://kgac.edb.gov.hk> (for School Portal users)

or

<http://www.edb.gov.hk/circular/adhocforme/2013fdkg-e.xls> (for non-School Portal users)

/...

4. School Supervisors are reminded that as they have declared and undertaken to observe the terms and conditions of the PEVS / reimbursement of rent / CCCSS, they are obliged to observe and comply with all these terms and conditions, including but not limited to the submission of audited accounts in the prescribed formats to this Bureau for inspection. Schools' attention is particularly drawn to the following points:

- (a) Schools are reminded to observe the list of items to be covered by school fees as set out in Appendix 1 of EDBC No. [16/2013](#), for which parents should not be charged separately.
- (b) Schools should follow the guidelines and general principles on the collection of fees and trading operations as promulgated in EDBC No. [16/2013](#) and properly classify their school incomes (i.e. school fees, income from trading operations and other income ^{Note 1}) and report them in the audited accounts accordingly. Moreover, schools and their auditors may be required to provide supplementary information of their school incomes where necessary.
- (c) Related party ^{Note 2} transactions and their outstanding balances are required to be disclosed in Statement 7 "Notes to the Account" at **Annex 1**. In brief, school should make proper disclosures of related party transactions/outstanding balances in their audited accounts as required in relevant EDB's circulars/directives. If schools had made any disclosure of related party transactions in their 2012/13 fee revision application, they should report such transactions in the 2012/13 audited accounts.
- (d) Schools should draw their auditors' attention to the certification requirements as stated in the reference notes for auditors of schools at **Annex 2** prior to the commencement of audit. Please note that the certification requirements should be strictly complied with.

5. Separate reporting should be provided for all income & expenditure relating to the Teacher Development Subsidy under PEVS by completing Statement 4 of the accounts.

6. Schools joining PEVS and receiving CCCSS subsidy and rent reimbursement at the same time need only to submit **one** set of audited accounts. For schools joining PEVS and operating classes of both local and non-local curriculum, Statement 1A instead of Statement 1 is required.

7. The audited accounts must be forwarded to the Education Bureau together with the signed School Supervisor's Certificate and Auditor's report to the following address **on or before 10 February 2014**.

Note :

1. Other income refers to income from sources other than school fees and income from trading operations. For registration fees, application fees and meal charges which are classified as other income, KGs should obtain the written approval of the Permanent Secretary for Education before collections or making adjustments to these fees as provided in the Education Regulations. In addition to the three items mentioned above, other income also includes income generated from activities ancillary to school's operation which is **NOT** collected from students. Please refer to Note 5 of Statement 7 at **Annex 1** for completion.
2. Please refer to **Annex 3** for definition of a related party.

Management Services Section,
Finance Division,
Education Bureau,
Room 1504, 15/F, Wu Chung House,
213, Queen's Road East,
Wanchai, Hong Kong.

8. To facilitate schools' accurate and easy input of data, schools are advised to use the Excel template downloaded from the addresses as mentioned in paragraph 3 in preparing their audited financial statements and provide the softcopy of the audited financial statements in addition to the hardcopy on a voluntary basis by the said due date -

- electronically through the School Portal Account ^{Note 3}; or
- by submitting a CD.

Should your school choose to provide the softcopy in addition to the hardcopy of the audited financial statements, please ensure that the softcopy and the hardcopy submitted are identical.

9. For closed schools, the final audited accounts covering the period up to and including the last day of school operation should be submitted **no later than four months** from the date of cessation of operation.

Enquiries

10. For enquiries on this circular memorandum, please contact Ms Catherine WONG, Accounting Officer I (Management Services) 1, of the Finance Division at 2892 6269.

(Ms Clarice Li)
for Permanent Secretary for Education

Encl.

Note :

3. Please refer to **Annex 5** for guidelines in submission of softcopy of audited accounts through the School Portal.

Name of School : _____

School type : ***KG / KG-cum-CCC** [*Please delete whichever is inappropriate]***PEVS / Non-PEVS*****CCCSS / Non-CCCSS*****Rent Reimbursement / Non-Rent Reimbursement****ACCOUNTS FOR THE YEAR ENDED _____ 2013****CONTENTS**

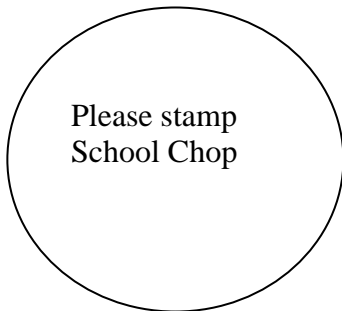
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Name of School : _____

ACCOUNTS FOR THE YEAR ENDED _____ 2013

SCHOOL SUPERVISOR'S CERTIFICATE

I hereby certify that the information and explanations given in *Statements 1/1A, 2, 3, 4, 5, 6 and 7 in the Accounts of the School for the year ended _____2013 are true and correct.



Signed : _____
(School Supervisor)

Name of School Supervisor : _____

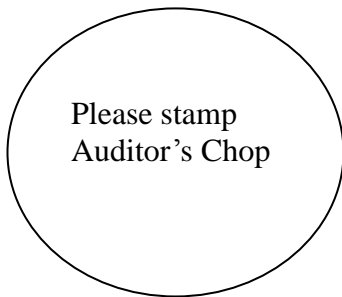
Date : _____

* delete whichever is inappropriate

Name of School : _____

ACCOUNTS FOR THE YEAR ENDED _____ 2013

AUDITOR'S REPORT



Signed : _____
(Auditor)

Name of Auditor : _____

Date : _____

Statement 1

(Page 1 of 2)

For KGs/KG-cum-CCCs joining PEVS and/or receiving CCCSS and/or Rent Reimbursement

(For those KGs/KG-cum-CCCs joining PEVS and operating classes of both local and non-local curriculum, they should prepare Statement 1A instead.)

Name of School : _____

School type: *KG/KG-cum-CCC
***PEVS/Non-PEVS**

[*Please delete whichever is inappropriate.]

**INCOME AND EXPENDITURE ACCOUNT
 FOR THE YEAR ENDED _____ 2013**

	\$	Current Year \$	Previous Year \$	Remarks (or Notes)
INCOME				
School Fees				
- from parents				
- from PEVS				
- from Kindergarten and Child Care Centre Fee Remission Scheme				
Less : Fee Remission (financed by school)				
Subsidy received under the Child Care Centre Subsidy Scheme				Per Statement 3
Reimbursement of Government Rent				
Reimbursement of Rates				
Reimbursement of Rent				
Other Income (Note 1)				Per Statement 7
TOTAL INCOME (a)				
EXPENDITURE (Note 2)				
Salaries				
- Teaching Staff (including Principal)				Per Statement 3
- Non-teaching Staff				
Employer's Contribution to Provident Fund Scheme				
- Teaching Staff (including Principal)				Per Statement 3
- Non-teaching Staff				
Severance Pay/Long-service Pay				
- Teaching Staff (including Principal)				
- Non-teaching Staff				
Supervisor's Remuneration				
Government Rent				
Rates				
Rent				
Depreciation				
- School Premises				
- Furniture/Equipment/Fixtures/Fittings				Per Statement 7 (item 1)
- Computer Hardware and Software				
- Others				

(to be continued)

Statement 1

Name of School : _____

	\$	Current Year \$	Previous Year \$	Remarks (or Notes)
Major Repairs and Maintenance (for items costing \$8,000 or above each)				
Minor Repairs and Maintenance (for items costing below \$8,000 each)				
Audit Fee				
Other Expenditure (Note 3)				Per Statement 7
TOTAL EXPENDITURE (b)				
Surplus/(Deficit) from the operation [(a) – (b)]				
Profit/(Loss) from Trading Operations (Note 4)				Per Statement 5
Donation Income (Note 5)				Per Statement 6
SURPLUS/(DEFICIT) FOR THE YEAR				
ACCUMULATED SURPLUS/(DEFICIT) BROUGHT FORWARD FROM PREVIOUS YEAR				
TRANSFER TO/(FROM) RESERVE (Note 6)				Per Statement 7
ACCUMULATED SURPLUS/(DEFICIT) CARRIED FORWARD TO NEXT YEAR				

Note

1. Please provide breakdowns for “Other Income” in Statement 7.
2. Please observe the guiding principles on scope of expenditure at Annex 4.
3. Please provide breakdowns for “Other Expenditure” in Statement 7.
4. For KGs with trading operations such as sale of school items and provision of paid services, please provide details of such income and corresponding costs in Statement 5.
5. For KGs with donations received, please provide details of income from donation and corresponding expenditure in Statement 6.
6. Please specify the nature of surplus transfer to/(from) reserve e.g. school development for educational purpose in Statement 7.

Statement 1A

(Page 1 of 2)

For KGs/KG-cum-CCCs joining PEVS and operating classes of both local and non-local curriculum

Name of School : _____

School type: *KG/KG-cum-CCC

[*Please delete whichever is inappropriate.]

**INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED _____ 2013**

	Current Year \$			Previous Year \$	Remarks (or Notes)
	Local Curriculum Classes	Non-Local Curriculum Classes	Total	Total	
INCOME					
School Fees - from parents - from PEVS - from Kindergarten and Child Care Centre Fee Remission Scheme Less : Fee Remission (financed by school)					
Subsidy received under the Child Care Centre Subsidy Scheme Reimbursement of Government Rent Reimbursement of Rates Reimbursement of Rent Other Income (Note 1)					Per Statement 3 Per Statement 7
TOTAL INCOME (a)					
EXPENDITURE (Note 2)					
Salaries - Teaching Staff (including Principal) - Non-teaching Staff Employer's Contribution to Provident Fund Scheme - Teaching Staff (including Principal) - Non-teaching Staff Severance Pay/Long-service Pay - Teaching Staff (including Principal) - Non-teaching Staff Supervisor's Remuneration Government Rent Rates Rent Depreciation - School Premises - Furniture/Equipment/Fixtures/Fittings - Computer Hardware and Software - Others					Per Statement 3 Per Statement 3 Per Statement 7 (item 1)

(to be continued)

Statement 1A

(Page 2 of 2)

Name of School : _____

	Current Year \$			Previous Year \$	Remarks (or Notes)
	Local Curriculum Classes	Non-Local Curriculum Classes	Total	Total	
Major Repairs and Maintenance (for items costing \$8,000 or above each)					Per Statement 7
Minor Repairs and Maintenance (for items costing below \$8,000 each)					
Audit Fee					
Other Expenditure (Note 3)					
TOTAL EXPENDITURE (b)					
Surplus/(Deficit) from the operation [(a) – (b)]					
Profit/(Loss) from Trading Operations (Note 4)					Per Statement 5
Donation Income (Note 5)					Per Statement 6
SURPLUS/(DEFICIT) FOR THE YEAR					
ACCUMULATED SURPLUS/(DEFICIT) BROUGHT FORWARD FROM PREVIOUS YEAR					
TRANSFER TO/(FROM) RESERVE (Note 6)					Per Statement 7
ACCUMULATED SURPLUS/(DEFICIT) CARRIED FORWARD TO NEXT YEAR					

Note

1. Please provide breakdowns for “Other Income” in Statement 7.
2. Please observe the guiding principles on scope of expenditure at Annex 4.
3. Please provide breakdowns for “Other Expenditure” in Statement 7.
4. For KGs with trading operations such as sale of school items and provision of paid services, please provide details of such income and corresponding costs in Statement 5.
5. For KGs with donations received, please provide details of income from donation and corresponding expenditure in Statement 6.
6. Please specify the nature of surplus transfer to/(from) reserve e.g. school development for educational purpose in Statement 7.

Statement 2

For KGs/KG-cum-CCCs joining PEVS and/or receiving CCCSS and/or Rent Reimbursement

Name of School : _____

School type: *KG/KG-cum-CCC
*PEVS/Non-PEVS

[*Please delete whichever is inappropriate]

BALANCE SHEET AS AT _____ 2013

	\$	Current Year \$	Previous Year \$	Remarks (or Notes)
NON-CURRENT ASSETS				
Fixed Assets				Per Statement 7
Other Non-Current Assets (please specify)				
TOTAL NON-CURRENT ASSETS				
CURRENT ASSETS				
Stock of Exercise Books, Stationery and Uniform etc.				Per Statement 5
Sundry Debtors and Prepayments				
Rental & Utility Deposit				
Cash at bank and in hand				
Other Current Assets (please specify)				
TOTAL CURRENT ASSETS				
CURRENT LIABILITIES				
School Fees Received in Advance				
Bank Overdraft				
Sundry Creditors and Accrual				
Other Current Liabilities (please specify)				
TOTAL CURRENT LIABILITIES				
NET CURRENT ASSETS/(LIABILITIES)				
TOTAL ASSETS NET OF CURRENT LIABILITIES				
REPRESENTED BY :				
RESERVE (please specify)				
ACCUMULATED FUND				Per Statement 1/1A
SURPLUS OF GRANT/SUBSIDIES FROM GOVERNMENT				
Teacher Development Subsidy				Per Statement 4
LONG TERM LIABILITIES				
Bank Loan				
Other Long Term Liabilities (please specify)				

Statement 3

For KG-cum-CCCs receiving CCCSS

Name of School : _____

**STATEMENT OF CHILD CARE CENTRE SUBSIDY SCHEME
FOR THE YEAR ENDED _____ 2013**

	Current Year \$	Previous Year \$	Remarks (or Notes)
INCOME			
Subsidy Received Under the Child Care Centre Subsidy Scheme :			Per Statement *1/1A
EXPENDITURE			
Salary and Provident Fund			
Salaries excluding Allowances - Teaching Staff (including Principal)			Per Statement *1/1A
Employer's Contribution to Provident Fund Scheme - Teaching Staff (including Principal) serving groups or classes that count towards subsidy			Per Statement *1/1A
TOTAL SALARY AND PROVIDENT FUND			
SURPLUS/(DEFICIT) FOR THE YEAR			

*Please delete whichever is inappropriate

Statement 4

For KGs/KG-cum-CCCs joining PEVS

Name of School : _____

**STATEMENT OF TEACHER DEVELOPMENT SUBSIDY
FOR THE YEAR ENDED _____ 2013**

	Current Year \$	Previous Year \$	Remarks (or Notes)
INCOME			
Subsidy Received			
Interest Income			
TOTAL INCOME			
EXPENDITURE			
Reimbursed Course Fees			
Payments for Supply Teacher (including the MPF)			
School-Based Training			
TOTAL EXPENDITURE			
SURPLUS/(DEFICIT) FOR THE YEAR			
SURPLUS/(DEFICIT) BROUGHT FORWARD FROM PREVIOUS YEAR			
ADD: ADJUSTMENTS (PLEASE SPECIFY)			
LESS: AMOUNT RETURNED TO EDB			
SURPLUS/(DEFICIT) TO BE CARRIED FORWARD TO NEXT YEAR			Per Balance Sheet
OR			
Amount to be clawed back by EDB (<u>Note</u>)			

Note

According to EDBC No. 1/2007, the unspent balance as at end of the 2011/12 school year would be clawed back by EDB. Please explain if the clawback amount differs from the reported figure in the "Statement of Teacher Development Subsidy for Clawback Purpose" submitted to EDB earlier (if applicable).

Statement 5

For KGs/KG-cum-CCCs joining PEVS and/or receiving CCCSS and/or receiving Rent Reimbursement

Name of School : _____

**STATEMENT OF TRADING OPERATIONS
FOR THE YEAR ENDED _____ 2013**

	School Bus <small>(Notes 1 & 4)</small>	Text books <small>(Notes 1 & 4)</small>	Exercise Books <small>(Notes 1 & 4)</small>	School Uniform <small>(Notes 1 & 4)</small>	School Bag/Bags <small>(Notes 1 & 4)</small>	Beddings <small>(Notes 1 & 4)</small>	Activities <small>(Notes 1 & 4)</small>	Stationery <small>(Notes 1 & 4)</small>	Teaching/Learning Material <small>(Notes 1 & 4)</small>	Snack/Food/Refreshment <small>(Notes 1 & 4)</small>	Others (Please specify) <small>(Notes 1 & 4)</small>	Total
Income (a)	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Less: Cost of Sales (b)												
Opening Stock												
Add : Purchases Other Expenses (please specify)												
Less : Closing Stock												
Profit/(Loss) for the year (c) = (a) – (b) (Transfer to Income and Expenditure Account)												
Profit/(Loss) % (c)/(b) (Notes 2 & 3)												

Note

1. Please state the description of the trading operations and put each activity under **SEPARATE** columns. Sale of textbooks should be shown as a separate activity.
2. The profit from the sale of exercise books, schools uniforms, stationery, equipment and other school items (other than textbooks) / provision of paid services should be limited to 15% of the cost price / total cost involved according to EDBC No.16/2013.
3. No profit would be generated from sale of textbooks. Some schools may not be able to implement the no-profit policy immediately, they should stop such an arrangement when the earliest opportunity arises. In the interim, discount or block sum of money received by the school should not in any case exceed the percentage of rebate it previously obtained. For details, please refer to EDBC No. 17/2003.
4. Any discount or block sum of money received from trading operators / suppliers should be entered into school accounts as an item of income.

Statement 6

For KGs/KG-cum-CCCs joining PEVS and/or receiving CCCSS and/or receiving Rent Reimbursement

Name of School : _____

**STATEMENT OF DONATION INCOME
FOR THE YEAR ENDED _____ 2013**

	Current Year \$	Previous Year \$	Remark (or Notes)
DONATION INCOME			
EXPENDITURE (PLEASE SPECIFY)			
-			
-			
-			
-			
-			
-			
-			
-			
-			
TOTAL EXPENDITURE			
NET BALANCE			Per Statement *1/1A
(Transfer to Income and Expenditure Account)			

*Please delete whichever is inappropriate

Statement 7

(Page 1 of 4)

For KGs/KG-cum-CCCs joining PEVS and/or receiving CCCSS and/or Rent Reimbursement

Name of School : _____

NOTES TO THE ACCOUNTS

1. FIXED ASSETS

	School Premises	Furniture / Equipment / Fixtures/Fittings	Computer Hardware and Software	Others (Please specify)	Total
	\$	\$	\$	\$	\$
<u>At Cost</u>					
Balance as at _____	_____	_____	_____	_____	_____
Add: Additions During the Year (Remark 1)	_____	_____	_____	_____	_____
Less: Disposal During the Year	_____	_____	_____	_____	_____
Balance as at _____	=====	=====	=====	=====	=====
<u>Accumulated Depreciation</u>					
Balance as at _____	_____	_____	_____	_____	_____
Add: Depreciation for the Year	_____	_____	_____	_____	_____
Less: Depreciation for Disposed Items for the year	_____	_____	_____	_____	_____
Balance as at _____	=====	=====	=====	=====	=====
<u>Net Book Value</u>					
Balance as at _____ (beginning of the year)	=====	=====	=====	=====	=====
Balance as at _____ (end of the year)	=====	=====	=====	=====	=====
Threshold amount (Remark 2)	=====	=====	=====	=====	
Depreciation rate (%)	=====	=====	=====	=====	

Remarks

- (1) For all KGs/KG-cum-CCCs joining PEVS, details must be provided in Note 2 to the Accounts.
- (2) Please provide the threshold amount (i.e. the amount where at or above which the relevant expenditure would be treated as fixed asset) for each type of assets.

(to be continued)

Statement 7

(Page 2 of 4)

Name of School : _____

NOTES TO THE ACCOUNTS

2. DETAILS OF ADDITIONS OF FIXED ASSETS DURING 2012/13

List of fixed assets by nature and item	Purchase/ commission date	Cost
1. School Premises (please specify) 1.1 1.2 :		\$
	Total:	
2. Furniture/equipment/fixtures/fittings (please specify) 2.1 2.2 :		
	Total:	
3. Computer hardware & software (please specify) 3.1 3.2 :		
	Total:	
4. Others (please specify) 4.1 4.2 :		
	Total:	

(Per Note 1 to the Accounts)

(to be continued)

Statement 7

Name of School : _____

NOTES TO THE ACCOUNTS

3. OTHER EXPENDITURE

	Current Year		Previous Year
	\$		\$
	Local Curriculum Classes	Non-Local Curriculum Classes	Total
Expenses on meal preparation			
Furniture and equipment and teaching aids other than those included in the fixed assets			
Water			
Electricity			
Telephone, fax line and internet service charges			
Cleaning			
Printing and stationery			
Teaching consumables			
Insurance			
First aid and fire safety equipment			
Transportation fees for school administration purposes			
Expenses on regular learning activities for all students			
Others (please specify)			
-			
	_____	_____	_____
	=====	=====	=====

4. RELATED PARTY TRANSACTION(S)

	Current Year	Previous Year
	\$	\$
Amount due from related party(ies) (please specify)		
-		
-		
Amount due to related party(ies) (please specify)		
-		
-		
Payment to related party(ies) (please specify)		
-		
-		
Receipt from related party(ies) (please specify)		
-		
-		

(to be continued)

Statement 7

(Page 4 of 4)

Name of School : _____

NOTES TO THE ACCOUNTS

5. OTHER INCOME

	Current Year \$		Previous Year \$
	Local Curriculum Classes	Non-Local Curriculum Classes	Total
Meal Charges			
Application Fee / Registration Fee			
Subsidies from School Sponsoring Body			
Course Fee Refund to Teachers			
Receipt from Designated Grants (e.g. Subsidy from the Environment and Conservation Fund)			
Bank Interest Income			
Insurance Compensation			
Others (please specify)			
-			
-			
-			
	_____	_____	_____
	=====	=====	=====

6. TRANSFER TO / (FROM) RESERVE (PLEASE SPECIFY)

	Current Year \$		Previous Year \$
	Local Curriculum Classes	Non-Local Curriculum Classes	Total
-			
-			
-			
-			
	_____	_____	_____
	=====	=====	=====

Reference Notes
for Auditors of Kindergartens (KGs) / Kindergarten-cum-Child Care Centres (KG-cum-CCCs)
which joined Pre-primary Education Voucher Scheme (PEVS) and /or received subsidies under
Child Care Centre Subsidy Scheme (CCCSS) and / or Rent Reimbursement
in the 2012/13 School Year

Education Bureau Circular (EDBC) No. [6/2011](#), No. [3/2008](#) and No. [2/2004](#) respectively require KGs/KG-cum-CCCs joining PEVS and/or in receipt of CCCSS and/or rent reimbursement to submit their audited accounts, with the subsidy duly reflected. The accounts must be audited by Certified Public Accountants (practising) registered under the Professional Accountants Ordinance.^{Note 1} This requirement is laid down in order to enable the Permanent Secretary for Education to satisfy that the schools have properly applied the subsidies received from the government to the purposes for which they were paid.

2. Auditors should submit an Auditor's Report on the school accounts, and **EACH** statement to the accounts should be stamped with the identification chop of the Auditors. The Auditor's Report should state whether in the Auditor's opinion -

- (a) the accounts give a true and fair view of the state of the school's affairs as at the balance sheet date and of its results for the accounting year then ended; and
- (b) the school has used the government subsidies in accordance with the rules and ambits as promulgated in the EDBC No. [6/2011](#) (in particular all KGs/KG-cum-CCCs joining PEVS shall **NOT** transfer the surplus, in whatever form, to any of their sponsoring bodies or other organizations), EDBC No. [3/2008](#), EDBC No. [2/2004](#), relevant letters, circulars, circular memoranda and guidelines (in particular the guiding principles on scope of expenditure at **Annex 4**) issued by the Education Bureau.^{Note 2}

3. The Auditors should draw the attention of the School Supervisors to weaknesses in internal controls discovered during the course of their audit and that they should report items which are considered material in a letter (i.e. management letter) with recommendations for improvement. The Auditors should also send a copy of the management letter to EDB for information.

4. If the Auditors are of the opinion that proper books of accounts have not been kept by the school, or if the balance sheet and income and expenditure account are not in agreement with the books of accounts, or if the Auditors are not able to obtain all the information and explanations which, to the best of their knowledge and belief, are necessary for the purpose of their audit, they should make appropriate qualifications in their reports.

Note:

1. This means "certified public accountants (practising)" with effect from the commencement of the Professional Accountants (Amendment) Ordinance 2004 on 8 September 2004. "Certified public accountant (practising)" means a certified public accountant holding a practising certificate.
2. Auditors should note that "Code of Aid" is not applicable to Kindergartens.

Definition of Related Party

A *related party* is a person or entity that is related to the kindergarten preparing its financial statements.

(a) A person or a close member of that person's family ^{Note 1} is related to a kindergarten if that person:

- (i) has control or joint control over the kindergarten;
- (ii) has significant influence over the kindergarten; or
- (iii) is a member of the key management personnel of the kindergarten or of a sponsoring body of the kindergarten.

(b) An entity is related to a kindergarten if any of the following conditions applies:

- (i) The entity and the kindergarten are members of the same group (which means that each parent, subsidy and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third party and the other entity is an associate of the third party.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the kindergarten or an entity related to the kindergarten. If the kindergarten is itself such a plan, the sponsoring employers are also related to the kindergarten.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Note:

1. Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

- (a) that person's parents, children, spouse or domestic partner;
- (b) children of that person's spouse or domestic partner; and
- (c) dependants of that person or that person's spouse or domestic partner.

**Guiding Principles on Scope of Expenditure
for Kindergartens under the Pre-primary Education Voucher Scheme**

Aim

The following paragraphs set out some guiding principles on the scope of expenditure for kindergartens (KGs) under the Pre-primary Education Voucher Scheme (PEVS).

Guiding Principles

2. In the use of resources from school fees including the fee subsidy under PEVS, KGs should be prudent and always put students' interest as the first priority. KGs should have sound financial planning and good budgeting in deploying their resources and should ensure that expenditure incurred is reasonable and necessary. Expenditure of KGs should be basically devoted to supporting teaching and learning activities, the operation of the KG and maintenance of the standard of education service. Details of the scope of expenditure are listed below:

- (a) Salaries (including payment for supply teachers), provident fund, mandatory provident fund, severance or long service payment of teaching and non-teaching staff employed
- (b) The remuneration of school supervisors
- (c) Rent and management fees, rates and government rent for the KG/ KG-cum-CCC premises
- (d) Furniture and equipment for school and education purposes
- (e) Teaching aids such as library books, reference materials and worksheets for teachers and students
- (f) Expenses on repairs, maintenance and improvement works of the KG/ KG-cum-CCC premises including installation of air-conditioners, double-glaze windows and exhaust fans, maintenance contract, inspection fees for maintaining fire, gas, electrical installation and building safety
- (g) Water and electricity (including air-conditioning) charges, telephone line, fax line and internet service charges
- (h) Cleaning fees (including cleaning contract and the provision of cleaning facilities to students)
- (i) Expenses on printing, paper, teachers' stationery and other consumables for teaching activities
- (j) Postage charges and publications
- (k) Insurance premium and expenses on first aid and fire safety equipment
- (l) Audit fees and other service charges in connection with school administration

(to be continued)

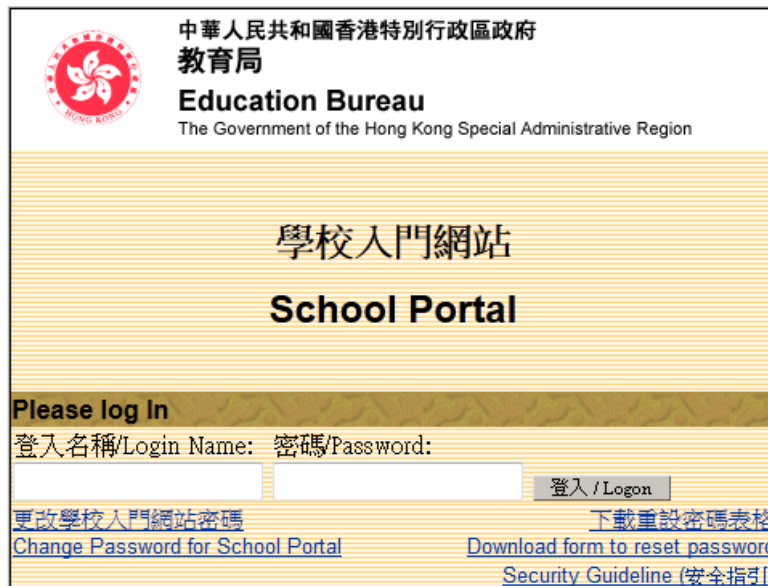
- (m) Transportation fees for school administration purposes
- (n) Expenses on regular learning activities for all students, conducted either inside or outside the school premises (these should include expenses for birthday parties, graduation ceremony, school outing, picnics and visits.)
- (o) Items such as student handbooks, profiles, student portfolios, graduation certificates and identity cards, etc which are necessary for the operation of the school
- (p) Other expenses directly related to the teaching activities, school operation and maintenance of the standard of education service for educational purposes

3. Additional Points to Note:

- 3.1 Separate ledgers should be prepared to report all income and expenditure relating to the One-off School Development Grant for Kindergartens (if applicable).
- 3.2 For PEVS KGs operating classes of both local and non-local curriculum, separate ledgers should be prepared to report all income and expenditure in respect of the classes for each of the two curriculums.
- 3.3 All income and expenditure relating to trading activities such as sale of school items that are collected under **Education Bureau (EDB) Circular (C) No. 16/2013** should be analyzed as per the format in **Statement 5** to EDB call circular memorandum for annual audited accounts of KGs.
- 3.4 As stipulated in the terms and conditions of PEVS for NPM KGs, the PEVS NPM KGs shall not transfer the surplus, in whatever form, to any of their sponsoring bodies or other organizations. Expenditure items not related to paragraph 2 above or not basically devoted to teaching and learning activities should be disallowed.

**Procedures for Submission of Softcopy of Audited Accounts
Through School Portal**

(1) Login using the School Portal Account



中華人民共和國香港特別行政區政府
教育局
Education Bureau
The Government of the Hong Kong Special Administrative Region

學校入門網站
School Portal

Please log in

登入名稱/Login Name: 密碼/Password:

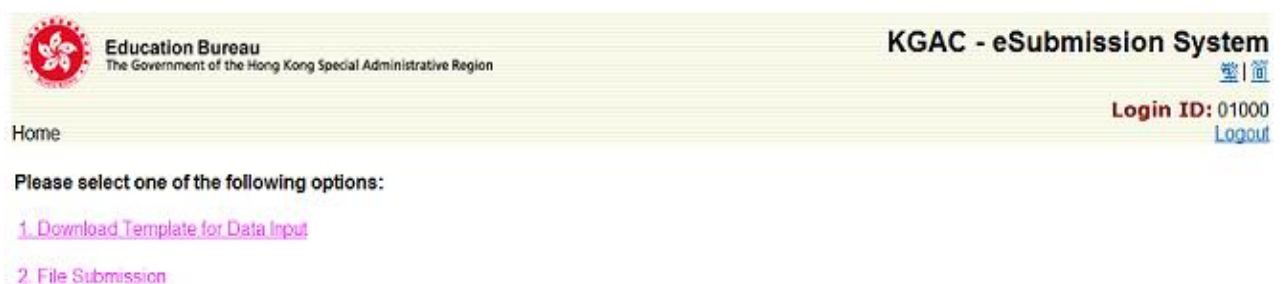
登入 / Logon

[更改學校入門網站密碼](#) [下載重設密碼表格](#)
[Change Password for School Portal](#) [Download form to reset password](#)
[Security Guideline \(安全指引\)](#)

Note: Since the School Portal has been upgraded recently, if you encounter any problem on accessing your applications via your previous bookmark, please kindly click the link below to recreate your bookmark.

[Click here to bookmark your School Portal Logon Page](#)

(2) Select the appropriate option from the menu



Education Bureau
The Government of the Hong Kong Special Administrative Region

KGAC - eSubmission System

Home

Please select one of the following options:

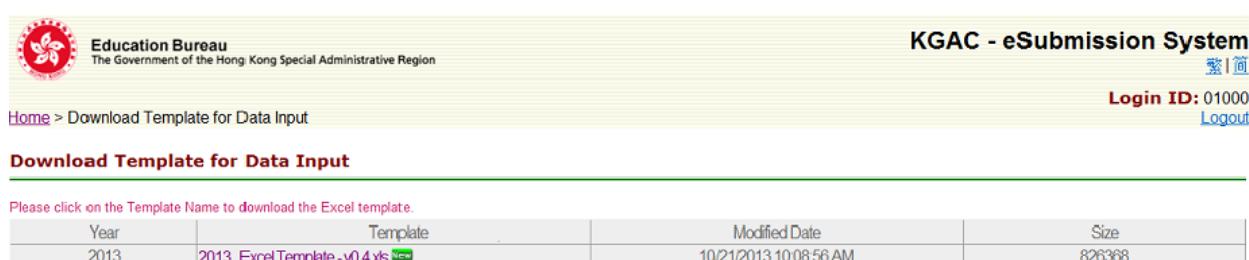
- [1. Download Template for Data Input](#)
- [2. File Submission](#)

Login ID: 01000
Logout

(to be continued)

Procedures for Submission of Softcopy of Audited Accounts Through School Portal

- (3) Select Option 1 for downloading the template for the preparation of Audited Accounts.



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KGAC - eSubmission System
[繁體](#)
Login ID: 01000
[Logout](#)

[Home](#) > Download Template for Data Input

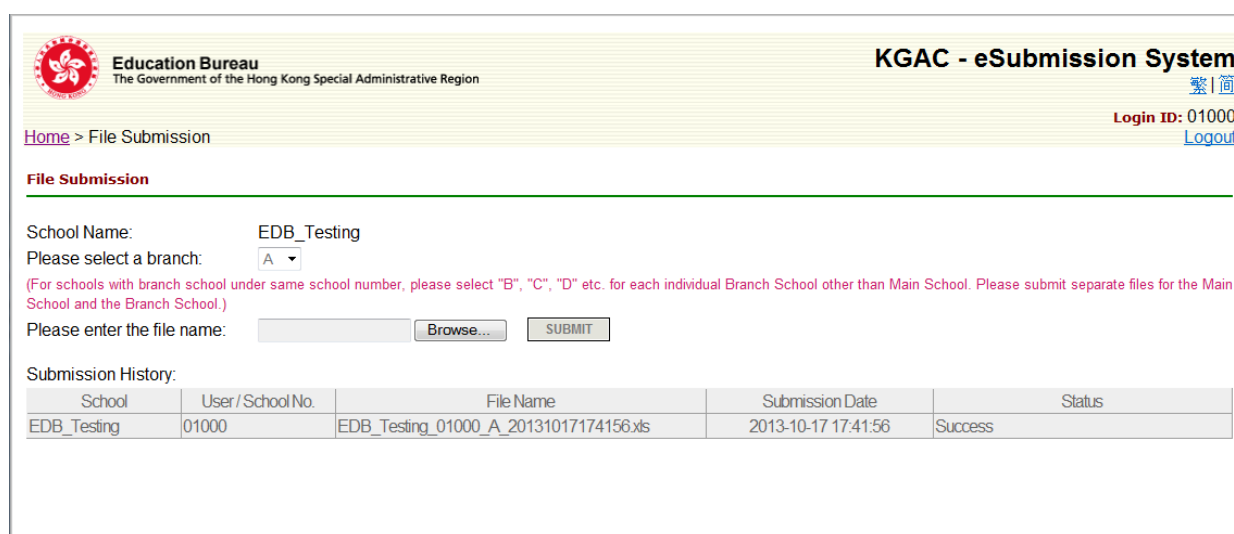
Download Template for Data Input

Please click on the Template Name to download the Excel template.

Year	Template	Modified Date	Size
2013	2013_ExcelTemplate-v0.4.xls	10/21/2013 10:08:56 AM	826368

Click on the filename under “Template” to download the excel template.

- (4) Select Option 2 for the submission of file.



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KGAC - eSubmission System
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[Home](#) > File Submission

File Submission

School Name: EDB_Testing
Please select a branch:

(For schools with branch school under same school number, please select "B", "C", "D" etc. for each individual Branch School other than Main School. Please submit separate files for the Main School and the Branch School.)

Please enter the file name:

Submission History:

School	User / School No.	File Name	Submission Date	Status
EDB_Testing	01000	EDB_Testing_01000_A_20131017174156.xls	2013-10-17 17:41:56	Success

- (5) Click the “Browse” button to locate the softcopy of the audited accounts.
- (6) For schools having more than 1 branch under the same school number, please select different values (say "B", "C", "D" etc. for each individual Branch School other than Main School). Please submit separate files for the Main School and the Branch School.
- (7) Click “Submit” to send the file.

(IMPORTANT: Please only use the Excel template provided by EDB. The submission file format should be “School No. + Branch ID (Default “A”) + date (ddmmyy). For example, 123456A050313.xls. Only file extension of “.xls” or “.xlsx” is allowed.)