

**Education Bureau**  
**Circular Memorandum No. 107/2018**

From : Permanent Secretary for Education      To: Supervisors of Kindergartens,  
Kindergarten-cum-Child Care Centres  
joining Kindergarten Education Scheme  
- For necessary action

Ref : EDB(FINMS)/KG/555(17/18)      Date: 28 June 2018

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**Submission of 2017/2018 Annual Audited Accounts  
by Kindergartens and Kindergarten-cum-Child Care Centres  
Joining the Kindergarten Education Scheme (“the Scheme”)**

**Purpose**

This circular memorandum requests Supervisors of Kindergartens and Kindergarten-cum-Child Care Centres joining the Kindergarten Education Scheme (collectively referred as “KGs”) to submit their annual audited accounts for the 2017/18 school / financial year within six months after the end date of the accounts.

**Background**

2. According to Education Bureau (EDB) Circular No. [7/2016](#), KGs are required to submit to EDB their annual accounts audited by Certified Public Accountants (practising) registered under the Professional Accountants Ordinance. Guidelines on engagement of auditors are set out in EDB Circular No. [5/2014](#).

**Submission Requirements**

3. The full set of annual audited accounts to be submitted to EDB should comprise –
- (a) the School Supervisor’s Certificate;
  - (b) the Auditor’s Report; and
  - (c) statements as specified at **Annex 1**.

To facilitate KGs’ completion of the required statements, KGs may download for completion and submit the electronic templates through the School Portal at <http://kgac.edb.gov.hk> (please refer to **Annex 2**), followed by a duly signed hardcopy which is identical to the electronic version to EDB. While KGs are highly recommended to use the above electronic templates for the preparation of their annual audited accounts, KGs may still complete the statements directly in **Annex 1** and submit to EDB.

4. The full set of annual audited accounts must be forwarded to the following address **within 6 months** after the end date of the accounts –

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

5. For those KGs receiving subsidies under the Child Care Centre Subsidy Scheme and/or Subsidy for Manpower Enhancement, they should separately account for these subsidies as set out in Statement 3 at **Annex 1** .

6. For closed KGs, they should submit their final audited accounts covering the period up to and including the last day of school operation **no later than four months** from the date of cessation of operation.

### **Points for special attention**

7. In preparing the annual audited accounts, School Supervisors are requested to comply with all relevant terms and conditions of the Scheme set out in EDB Circular No. [7/2016](#) as applicable to the KGs with particular attention to the following –

- (a) KGs should follow the rules and regulations on collection of fees and trading operations as promulgated in EDB Circular No. [16/2013](#). KGs should properly report their school incomes (e.g. school fees, income from sale of school items) in the annual audited accounts. Income generated from activities ancillary to KG's operation but NOT collected from students should be reported in Note 3 of Statement 7 at **Annex 1**.
- (b) KGs will receive various grants and subsidies under the Scheme. These grants and subsidies should be used solely for the purposes specified in the relevant EDB circulars. A non-exhaustive list of expenditure items chargeable to grants and subsidies is set out in Annex to Appendix 3 of EDB Circular No. [7/2016](#).
- (c) KGs should not transfer any funds, including subsidies and surplus, in whatever form, to any organizations including their sponsoring bodies.
- (d) KGs should observe the special accounting treatments for each individual grant and for some specific accounts as set out at **Annex 3** and **Annex 4** respectively.
- (e) KGs should properly disclose all related party transactions and their outstanding balances in Note 9 of Statement 7 at **Annex 1**. Please refer to **Annex 5** for definition.
- (f) KGs should draw their Auditors' attention to the strict certification requirements as set out in the reference notes for Auditors at **Annex 6** prior to the commencement of audit.

- (g) KGs should note that as set out at **Annex 6**, Auditors are required to send to EDB a copy of the management letter, if any, they issued to their School Supervisors on the weaknesses they observed in the internal control of KGs. EDB may require KGs and their Auditors to provide supplementary information, if necessary.

8. All income and expenditure relating to subsidies and grants received by KGs from other government departments / quasi-government funds, which are managed by government bureau / departments other than EDB, should not be included in the audited accounts at **Annex 1**.

### **Remuneration Packages for Key Personnel**

9. As stipulated in paragraph 8 at Appendix 2 of EDB Circular No. 7/2016 issued on 20 July 2016 regarding the implementation details of the new kindergarten (KG) education scheme, on the basis of fairness and reasonableness, the school should put in place a proper and well-defined mechanism to determine remuneration packages for individual staff and the pay adjustment mechanisms. Starting from the submission of the 2017/18 audited accounts, KGs joining the new KG education scheme should complete a **proforma** on remuneration packages of key personnel, signed by the School Supervisor and return separately to the respective Regional Education Office / Joint Office for Kindergartens and Child Care Centres for consideration. The proforma and a completed sample are attached below for action and reference.

[http://www.edb.gov.hk/circular/adhocforme/2018kga\\_proforma-e.doc](http://www.edb.gov.hk/circular/adhocforme/2018kga_proforma-e.doc)

[http://www.edb.gov.hk/circular/adhocforme/2018kga\\_proforma\\_sample-e.pdf](http://www.edb.gov.hk/circular/adhocforme/2018kga_proforma_sample-e.pdf)

### **Enquiries**

10. For enquiries related to annual audited accounts, please contact Accounting Officer I (Management Services)1 at 2892 6269. For enquiries on the proforma on remuneration packages of key personnel, please contact respective School Development Officer or Service Officer as appropriate.

( Ms Clarice LI )

for Permanent Secretary for Education

Encl.

School number : \_\_\_\_\_

**[NAME OF SCHOOL]**  
**AUDITED ACCOUNTS**  
**FOR THE YEAR ENDED \_\_\_\_\_ 2018**

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Note :

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Inapplicable cells

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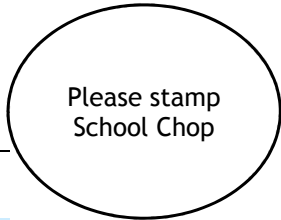
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# SCHOOL SUPERVISOR'S CERTIFICATE

I hereby certify that information and explanation given in Statement 1 to Statement 7 in the Audited Accounts of the school for the accounting year ended \_\_\_\_\_ 2018 are true and correct.

Signed by School Supervisor: \_\_\_\_\_



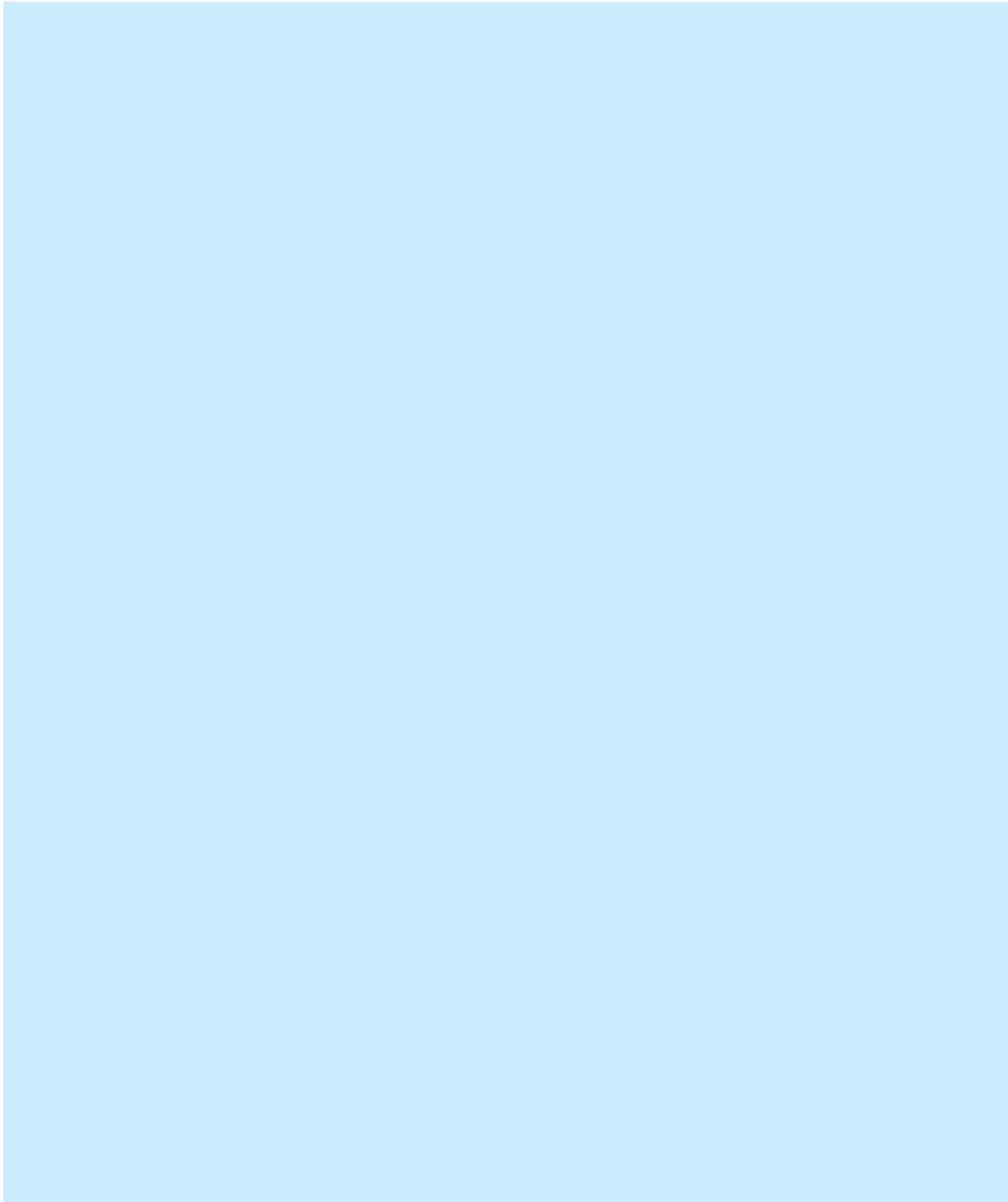
Name of School Supervisor: \_\_\_\_\_

Name of School: \_\_\_\_\_

Date: \_\_\_\_\_

# AUDITOR'S REPORT

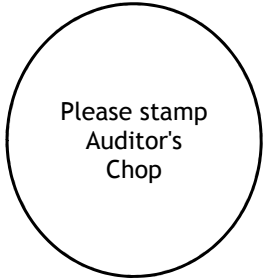
To [Name of School]



Signed by Auditor: \_\_\_\_\_

Name of Auditor: \_\_\_\_\_

Date: \_\_\_\_\_







**INCOME AND EXPENDITURE ACCOUNT  
FOR THE PERIOD FROM \_\_\_\_\_ 2017 TO \_\_\_\_\_ 2018**

Statement	KG Scheme Funds (under Kindergarten Education Scheme (KGES)) (Remark 1)											School Funds (Remark 1)				Total	
	Local Kindergarten Section											-----Optional (Remark 2)-----				2017/18	2016/17
	Teacher Salary Related Subsidy		Premises Related Subsidy (Premises Maintenance Grant related)		Premises Related Subsidy (Others)		Other Operating Expenses Related Subsidy		Grant for Support to Non-Chinese Speaking (NCS) Students		Grant for a Cook	Sub-total	Local Kindergarten Section	Child Care Centre Section	Non-local Kindergarten Section		
	Half-day session	Whole-day / Long whole-day session	Half-day session	Whole-day / Long whole-day session	Half-day session	Whole-day / Long whole-day session	Half-day session	Whole-day / Long whole-day session	Half-day session	Whole-day / Long whole-day session						\$	\$
Surplus / (Deficit) from operation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Profit / (Loss) from trading operations	5																
Donation income	6																
<b>Surplus / (Deficit) for the year</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Accumulated surplus / (deficit) brought forward from previous year																	
(Please specify the reason)	1A																
(Please specify the reason)																	
(Please specify the reason)																	
(Please specify the reason)																	
Deficit for the year transferred to : Other Operating Expenses Related Subsidy School Funds																	
Deficit from One-off Start-up Grant	4																
Transfer from / (to) other reserves	7 - Note 7																
<b>Surplus / (Deficit) for the year after transfer</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Amount to be clawed back by Education Bureau for the year	7 - Note 8																
<b>Surplus / (Deficit) carried forward to next year</b>	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

**Remarks:**

1. KG Scheme Funds and School Funds mean "income from government subsidies/grants" and "non-government funds" respectively as stated in the Education Bureau Circular No. 7/2016 and related circulars on the Scheme.
2. It is optional for schools to further apportion the income and expenditure items under School Funds to local kindergarten section, non-local kindergarten section and child care centre section.

## BALANCE SHEET

		2017/18	2016/17
	<i>Statement</i>	As at <u>      </u> 2018	As at <u>      </u> 2017
		\$	\$
<b>Non-current Assets</b>			
Fixed Assets	7 - Note 3	-	-
Others (Please specify)			
Others (Please specify)			
Others (Please specify)			
Others (Please specify)			
Others (Please specify)			
		-	-
<b>Current Assets</b>			
Stocks	5	-	-
Accounts receivable and prepayments			
Bank deposits with original maturities over three months			
Cash and cash equivalents			
Others (Please specify)			
Others (Please specify)			
Others (Please specify)			
Others (Please specify)			
Others (Please specify)			
Others (Please specify)			
Others (Please specify)			
Others (Please specify)			
Others (Please specify)			
		-	-
<b>Current Liabilities</b>			
School fees received in advance			
Accounts payable and accruals			
Amount refundable to Education Bureau	7 - Note 8	-	-
Others (Please specify)			
Others (Please specify)			
Others (Please specify)			
Others (Please specify)			
Others (Please specify)			
Others (Please specify)			
Others (Please specify)			
Others (Please specify)			
Others (Please specify)			
		-	-
<b>Net Current Assets / (Liabilities)</b>		-	-
<b>Non-current Liabilities</b>			
Bank loan			
Others (Please specify)			
Others (Please specify)			
Others (Please specify)			
Others (Please specify)			
		-	-
<b>Total Assets net of Current Liabilities</b>		-	-

**BALANCE SHEET**

	<i>Statement</i>	2017/18	2016/17
		As at _____ 2018	As at _____ 2017
		\$	\$
<b>Reserves</b>			
Accumulated surplus / (deficit)	1	-	-
Other reserves (Please specify)	7 - Note 7	-	-
Other reserves (Please specify)	7 - Note 7	-	-
Other reserves (Please specify)	7 - Note 7	-	-
Other reserves (Please specify)	7 - Note 7	-	-
Other reserves (Please specify)	7 - Note 7	-	-
		<hr/>	<hr/>
		-	-
		<hr/>	<hr/>
<b>Retained Surplus</b>			
Subsidies / grants from Education Bureau			
Subsidies / grants under Free Quality Kindergarten Education Scheme	1	-	
One-off Start-up Grant	4	-	-
		<hr/>	<hr/>
		-	-
		<hr/>	<hr/>
<b>Total Reserves and Retained Surplus</b>		<hr/> <hr/>	<hr/> <hr/>
		-	-

## STATEMENT OF CHILD CARE CENTRE SUBSIDY SCHEME AND SUBSIDY FOR MANPOWER ENHANCEMENT

	<i>Statement</i>	From _____ 2017 to _____ 2018 \$	From _____ 2016 to _____ 2017 \$
<b>Income</b>			
Subsidy received under the Child Care Centre Subsidy Scheme ( <i>Remark 1</i> )	<i>1</i>	-	-
Subsidy for Manpower Enhancement ("SME") ( <i>Remark 2</i> )	<i>1</i>	-	
<b>Total Income</b>		-	-
<b>Expenditure</b>			
Salary and provident fund / mandatory provident fund ( <i>Remarks 1 and 2</i> )			
Child care supervisor's ("CCS's") salaries			
Child care workers' ("CCW's") salaries			
Employer's Contribution to Provident Fund Scheme / Mandatory Provident Fund Scheme for CCSs and CCWs			
<b>Total expenditure</b>		-	-
<b>Surplus (<i>Remark 3</i>) / (Deficit)</b>			
Surplus refundable to Education Bureau ("EDB") / (Deficit) for the period			-
Surplus refundable to Social Welfare Department ("SWD") / (Deficit) for the period			
<b>Total surplus / (deficit)</b>		-	-

**Remark :**

1. According to EDBC No. 3/2008, the subsidy under the Child Care Centre Subsidy Scheme (CCCSS) should be spent solely on CCS's / CCW's salaries and Provident Fund / Mandatory Provident Fund expenses.
2. According to SWD's notification letter issued to schools, the SME should be spent solely on CCS's / CCW's salaries and Provident Fund / Mandatory Provident Fund expenses and it has to be spent in the school year to which it is granted.
3. Any unspent amount of the allocation will be clawed back by the Government of the Hong Kong Special Administrative Region ("the Government") after the review of the annual audited accounts. If the CCC service of the aided KG-cum-CCC is terminated, the entire unspent subsidy based on the audited accounts as at the date of closure will be clawed back by the Government. The surplus from CCCSS and SME will be calculated on pro-rata basis and returned to EDB and SWD accordingly.

## STATEMENT OF ONE-OFF START-UP GRANT

		From _____ 2017 to _____ 2018	From _____ 2016 to _____ 2017
<i>Statement</i>		\$	\$
<b>Income</b>			
Grant received			
<b>Expenditure</b>			
For the implementation of Free Quality Kindergarten Education Scheme			
Additional staff salaries and related expenses			
Hiring of services			
Furniture and equipment for additional teachers			
Small-scale renovations			
Others (Please specify)			
Others (Please specify)			
Others (Please specify)			
Others (Please specify)			
Others (Please specify)			
Others (Please specify)			
Others (Please specify)			
Others (Please specify)			
Others (Please specify)			
<b>Total Expenditure</b>		-	-
<b>Surplus / (Deficit) for the period</b>		-	-
Surplus brought forward from previous period	2	-	
Deficit transferred to Income and Expenditure Account (Remark 1)	1	-	
<b>Surplus for the period after transfer</b>		-	-
Amount refundable to Education Bureau (Remark 2)	7 - Note 8		
<b>Surplus carried forward to next period</b>	2	-	-

**Remark:**

1. Deficit should be borne by the surplus (if any) from other operating expenses related subsidy (i.e. 40% of the basic unit subsidy) and then by School Funds.
2. Any surplus at at 31<sup>st</sup> July, 2019 or the date of closure / withdrawal / exclusion of the KG from the Scheme, whichever is earlier, should be returned to Education Bureau.

**STATEMENT OF TRADING OPERATIONS  
FOR THE PERIOD FROM \_\_\_\_ 2017 TO \_\_\_\_ 2018**

		Textbook	Exercise book	School bus	School uniform	School Bag	Bedding	Activity outside regular school hours	Stationery	Teaching/ Learning material	Snack/Food/ Refreshment	Others (Please specify)	Others (Please specify)	Others (Please specify)	Total	
	Statement	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
<b>Income</b> (Remark 1)																-
<b>Cost of Sales</b>																
Opening stock	2															-
Add : Purchases																
Others (Please specify)																-
Others (Please specify)																-
Others (Please specify)																-
Others (Please specify)																-
Others (Please specify)																-
Less: Closing stock	2															-
<b>Total Cost of Sales</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Profit/ (Loss) for the year</b>	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Profit / (Loss) as a % of total cost of sales (Remark 2)																

**Remark:**

- Any discount or block sum of money received from trading operators / suppliers should be entered into school accounts as income. Parents should be notified in advance of such sum.
- According to EDBC No. 16/2013, no profit should be generated from sale of textbooks. The profit from the sale of other school items and provision of paid services should be limited to 15% of total costs involved.

## STATEMENT OF DONATION INCOME

	<i>Statement</i>	From _____ 2017 to _____ 2018 \$	From _____ 2016 to _____ 2017 \$
<b>Donation Income</b>			
<b>Expenditure</b> <i>(Remark 1)</i>			
Extra-curricular activities			
Purchase of teaching equipment			
Repairs and maintenance			
Scholarship			
Others <i>(Please specify)</i>			
Others <i>(Please specify)</i>			
Others <i>(Please specify)</i>			
Others <i>(Please specify)</i>			
Others <i>(Please specify)</i>			
Others <i>(Please specify)</i>			
Others <i>(Please specify)</i>			
Others <i>(Please specify)</i>			
<b>Total Expenditure</b>		-	-
<b>Unspent balance</b> <i>(Remark 2)</i>	<i>1</i>	-	-

**Remark :**

1. Expenditure which cannot be fully covered by donation should be recognised in the income and expenditure account (Statement 1).
2. Unspent balance should be transferred to the Income and Expenditure Account.

## NOTES TO THE ACCOUNTS

### 1. General Information

The principal activity of the school is to provide kindergarten [and nursery, please delete as appropriate] educational services.

The school has joined the Kindergarten Education Scheme (“the Scheme”) of the Education Bureau since 2017/18 school year and has undertaken to fulfil the terms and conditions of the Scheme.

### 2. Basis of Preparation

This set of accounts has been prepared in accordance with the requirements set out in relevant letters, circulars and guidelines issued by the Education Bureau for the Scheme. All amounts are presented in Hong Kong dollars.

The school has maintained separate books of accounts to record the income, expenditure and transactions of each type of subsidies and grants received under the Scheme (named as KG Scheme Funds (“KGSF”)), as well as those of the kindergarten and nursery (if applicable) operation but not covered by the scheme (named as School Funds (“SF”)). The statements included in this set of accounts are prepared on the basis of these books of accounts and where applicable, report separately the income, expenditure and operating surplus / deficit for different sections (kindergarten and child care centre), streams (local and non-local curriculum) and sessions (half-day, whole-day and long whole-day) as specified by the Education Bureau.

In preparing the statements, the school has strictly followed the principles below :

- (i) All direct expenses which can be separately attributable to KGSF or SF are fully taken up and borne by such fund, and recorded directly in the accounts for the related sections, streams and sessions;
- (ii) Identifiable local kindergarten expenses which are not allowable in / chargeable to KGSF are fully borne by SF;
- (iii) Salaries and related expenses of principal and teaching staff are allocated to KGSF and SF according to their relative duties in different sections and streams as designated by the school. The apportionment ratio adopted by the school during the year was :

Child Care Centre <i>(if applicable)</i>	Local Kindergarten Classes	Non-Local Kindergarten Classes <i>(if applicable)</i>
:	<b>100%</b>	:

- (iv) Expenses incurred on a school basis are allocated to KGSF and SF based on yearly [please specify as appropriate] average student enrolments of respective sections and streams; and
- (v) All expenses allocated to local kindergarten section are further allocated, if applicable, to different sessions based on respective yearly average student enrolments and the ratio of half-day to whole-day / long whole-day expenditure per student. The ratio adopted by the school during the year was:

Half-day	Whole-day/ Long whole-day
:	(1.6 to 2 , please specify )



**NOTES TO THE ACCOUNTS**

**2. Basis of Preparation (Cont'd)**



NOTES TO THE ACCOUNTS

3. Fixed Assets

	School premises	Leasehold improvements	Furniture/ Equipment/ Fixtures/ Fittings	Computer hardware and software	Others	Total
	\$	\$	\$	\$	\$	\$
<b>Cost</b>						
As at _____ 2017						-
Additions ( <i>Remark 1</i> )	-	-	-	-		-
Transfer ( <i>Remark 1</i> )			-		-	-
Disposals						-
Written off						-
As at _____ 2018	-	-	-	-	-	-
<b>Accumulated Depreciation</b>						
As at _____ 2017						-
Depreciation						
KG Scheme Funds	-	-	-	-		-
School Funds	-	-	-	-		-
Transfer ( <i>Remark 1</i> )			-		-	-
Disposals						-
Written off						-
As at _____ 2018	-	-	-	-	-	-
<b>Net Book Value</b>						
As at _____ 2017	-	-	-	-	-	-
As at _____ 2018	-	-	-	-	-	-
Threshold amount ( <i>Remark 2</i> )						
Depreciation Rate (%)						

**Remark :**

- From 2017/18 school year onwards, fixed assets (including items brought forward or newly acquired items) must be grouped under 4 categories, namely School premises, Leasehold improvements, Furniture/ Equipment/ Fixtures/ Fittings, and Computer hardware and software. Therefore, any items brought forward under the category of "Others" must be transferred to these 4 categories.
- Please provide the threshold amount (i.e. if the relevant expenditure is up to or in excess of that amount, the item acquired would be treated as fixed assets) for each type of assets.

**NOTES TO THE ACCOUNTS**

**4. Details of Additions of Fixed Assets**

	Date of purchase/ commission	From _____ 2017 to _____ 2018 Cost \$
(i) School premises <i>(Please specify)</i> <i>(Please specify)</i> <i>(Please specify)</i> <i>(Please specify)</i> <i>(Please specify)</i>		-
(ii) Leasehold improvements <i>(Please specify)</i> <i>(Please specify)</i> <i>(Please specify)</i> <i>(Please specify)</i> <i>(Please specify)</i>		-
(iii) Furniture/ Equipment/ Fixtures/ Fittings <i>(Please specify)</i> <i>(Please specify)</i> <i>(Please specify)</i> <i>(Please specify)</i> <i>(Please specify)</i> <i>(Please specify)</i> <i>(Please specify)</i> <i>(Please specify)</i> <i>(Please specify)</i> <i>(Please specify)</i> <i>(Please specify)</i>		-
(iv) Computer hardware and software <i>(Please specify)</i> <i>(Please specify)</i> <i>(Please specify)</i> <i>(Please specify)</i> <i>(Please specify)</i> <i>(Please specify)</i> <i>(Please specify)</i> <i>(Please specify)</i> <i>(Please specify)</i> <i>(Please specify)</i> <i>(Please specify)</i>		-
(v) Others <i>(Remark 1)</i> <i>(Please specify)</i> <i>(Please specify)</i> <i>(Please specify)</i> <i>(Please specify)</i> <i>(Please specify)</i> <i>(Please specify)</i> <i>(Please specify)</i>		-
<b>Total</b>		-

**Remark :**

- From 2017/18 school year onwards, fixed assets (including items brought forward or newly acquired items) must be grouped under 4 categories, namely School premises, Leasehold improvements, Furniture/ Equipment/ Fixtures/ Fittings, and Computer hardware and software. Therefore, any items brought forward under the category of "Others" must be transferred to these 4 categories.





NOTES TO THE ACCOUNTS

7. Other Reserves

As at \_\_\_\_\_ 2017

Transfer from/(to) Income and Expenditure Statement (Statement 1)

*(Please specify the nature)*

*(Please specify the nature)*

*(Please specify the nature)*

*(Please specify the nature)*

As at \_\_\_\_\_ 2018

Other reserves <i>(Please specify)</i>	Other reserves <i>(Please specify)</i>	Other reserves <i>(Please specify)</i>	Other reserves <i>(Please specify)</i>	Other reserves <i>(Please specify)</i>	<b>Total</b>
\$	\$	\$	\$	\$	\$
					-
					-
					-
					-
					-
-	-	-	-	-	-

NOTES TO THE ACCOUNTS

8. Amount refundable to Education Bureau

KG Scheme Funds (under Kindergarten Education Scheme (KGES))													
Teacher Salary Related Subsidy		Premises Related Subsidy (Premises Maintenance Grant related)		Premises Related Subsidy (Others)		Other Operating Expenses Related Subsidy		Grant for Support to Non-Chinese Speaking Students (NCS)	Grant for a Cook	One-off Start-up Grant	Child Care Centre Subsidy Scheme	Total	
Half-day session	Whole-day / Long whole-day session	Half-day session	Whole-day / Long whole-day session	Half-day session	Whole-day / Long whole-day session	Half-day session	Whole-day / Long whole-day session						
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
As at _____ 2017													-
Amount refundable to Education Bureau	-	-	-	-	-	-	-	-	-	-	-	-	-
Amount refunded to Education Bureau													-
As at _____ 2018	-	-	-	-	-	-	-	-	-	-	-	-	-

NOTES TO THE ACCOUNTS

9. Related party transactions

	From _____ 2017 to _____ 2018 \$	From _____ 2016 to _____ 2017 \$
(i) Amount due from related parties		
School sponsoring body <i>(Please specify its name and nature of transaction)</i>		
Others <i>(Please specify name of the party and nature of transaction)</i>		
Others <i>(Please specify name of the party and nature of transaction)</i>		
Others <i>(Please specify name of the party and nature of transaction)</i>		
Others <i>(Please specify name of the party and nature of transaction)</i>		
Others <i>(Please specify name of the party and nature of transaction)</i>		
Others <i>(Please specify name of the party and nature of transaction)</i>		
Others <i>(Please specify name of the party and nature of transaction)</i>		
	-	-
(ii) Amount due to related parties		
School sponsoring body <i>(Please specify its name and nature of transaction)</i>		
Others <i>(Please specify name of the party and nature of transaction)</i>		
Others <i>(Please specify name of the party and nature of transaction)</i>		
Others <i>(Please specify name of the party and nature of transaction)</i>		
Others <i>(Please specify name of the party and nature of transaction)</i>		
Others <i>(Please specify name of the party and nature of transaction)</i>		
Others <i>(Please specify name of the party and nature of transaction)</i>		
Others <i>(Please specify name of the party and nature of transaction)</i>		
Others <i>(Please specify name of the party and nature of transaction)</i>		
	-	-
(iii) Receipt from related parties during the year		
School sponsoring body <i>(Please specify its name and nature of transaction)</i>		
Others <i>(Please specify name of the party and nature of transaction)</i>		
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	-	-
(iv) Payment to related parties during the year		
School sponsoring body <i>(Please specify its name and nature of transaction)</i>		
Others <i>(Please specify name of the party and nature of transaction)</i>		
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**Procedures for downloading of “Procedural Guide for Using the  
‘Electronic Templates for Annual Audited Accounts’”  
through the Education Bureau School Portal**

- (1) Enter the following URL address in the internet browser: <http://kgac.edb.gov.hk>

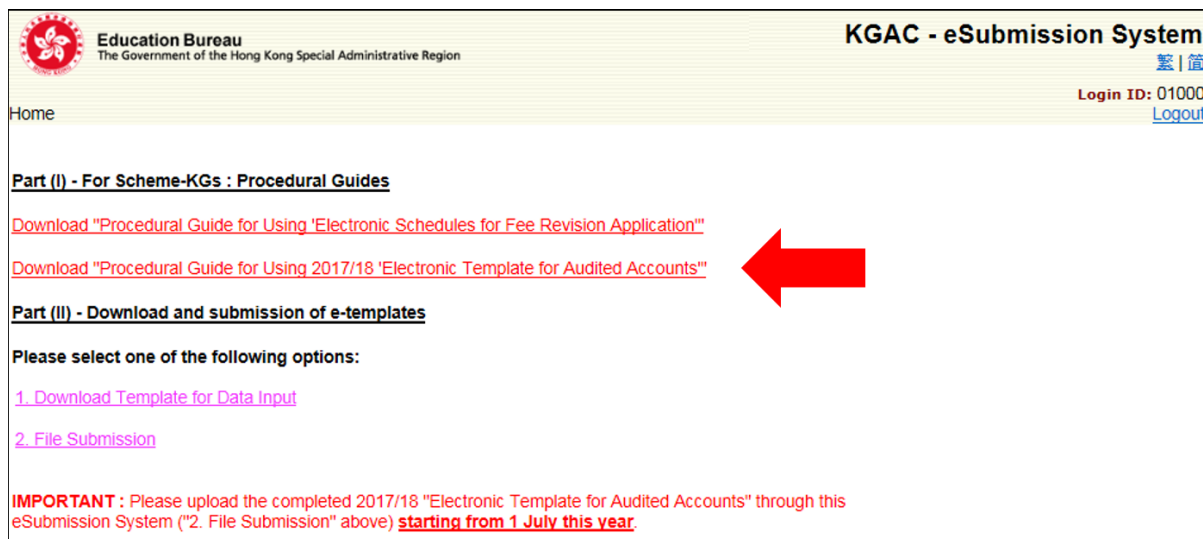


- (2) On the Education Bureau (EDB) School Portal login page, enter the ‘Login Name’ (i.e. Login name starting with a capital letter ‘K’ as prefix, e.g. K + 10 digits) and ‘Password’ to log on.

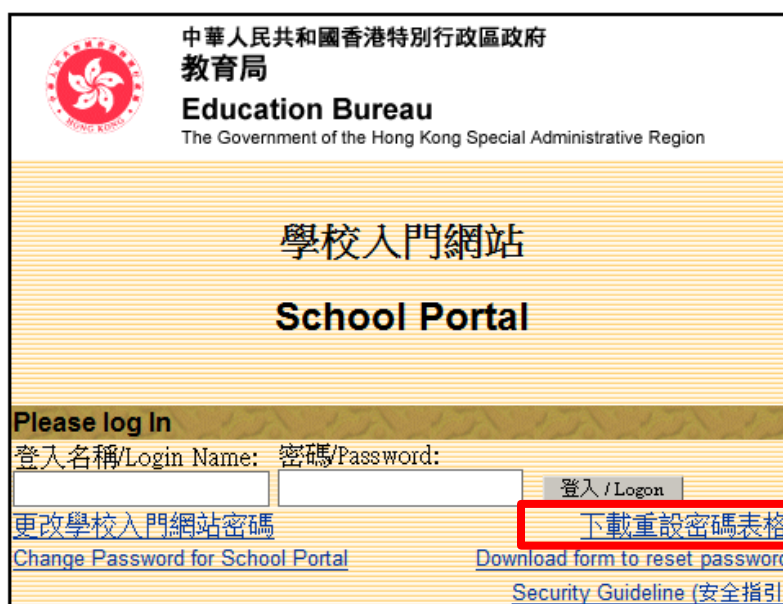
 A screenshot of the Education Bureau School Portal login page. The page features the Education Bureau logo and name in both Chinese and English. The main heading is "學校入門網站" and "School Portal". Below this, there is a "Please log In" section. A red box highlights the "登入名稱/Login Name:" and "密碼/Password:" fields. A red arrow points to the "登入 / Logon" button. At the bottom, there are links for "更改學校入門網站密碼" and "下載重設密碼表格".

If you forget your login password, please refer to paragraph 5 below.

- (3) After logon, click the link “Download Procedural Guide for Using 2017/18 ‘Electronic Template for Audited Accounts’” in the main menu of KGAC – eSubmission System.



- (4) The procedural guide is in PDF format and provides detailed **guidance notes about downloading/uploading and filling in the Electronic Templates.** Please download, print and **read the procedural guide** before filling in the Electronic Templates.
- (5) If you forget your login password for EDB School Portal, click “Download form to reset password” to download the form. Then fax the completed form to the EDB School Portal support team (Fax number: 2117 0759).



**Points for special attention for individual grants**

Ref. No.	Grant Name	Relevant EDB document	Points for special attention and year-end surplus treatment
1	Basic half-day (HD) unit subsidy and additional subsidy for whole-day (WD) and long-whole day (LWD) services	EDBC No. 7/2016	<p>(a) 60% of the basic unit subsidy (including basic HD unit subsidy and additional subsidy for WD and LWD services) is regarded as the salary portion and must be used on teaching staff salaries and related expenses (such as mandatory provident fund (MPF), provident fund (PF), long service payment, etc.). KGs may deploy any portion of the remaining 40% subsidy for teaching staff salaries and related expenses, but not vice versa.</p> <p>(b) Expenditure on teaching staff salary (including employer's contribution to the MPF, PF, Long Service Payment or Severance Pay, if any) out of the basic unit subsidy (including basic HD unit subsidy and additional subsidy for WD and LWD services) should be separately reflected in the annual audited accounts.</p> <p>(c) KGs shall report separately the income, expenditure and operating surplus / deficit for different sections (KG and Child Care Centre classes), streams (local and non-local curriculum) and sessions (HD, WD and LWD), if any, in their annual audited accounts.</p> <p>(d) On condition that the KGs are able to offer free quality HD services and maintain fees for WD / LWD services at a reasonable fee level, they are allowed to accumulate a surplus up to one-year provision of the respective grants. Specifically,</p> <p>(i) the grants relating to teaching staff salary and related expenses (such as MPF, PF, long service payment, etc.) cover the total of the relevant portion (set at 60%) of the basic unit subsidy (including basic HD unit subsidy and additional subsidy for WD and LWD services) and the tide-over grant. The reserve ceiling is the current year provision of the above subsidy; and</p> <p>(ii) the surplus of 40% portion (i.e. the portion other than teaching staff salary and related expenses) of the basic unit subsidy (including basic HD unit subsidy and additional subsidy for WD and LWD services) will be capped at the current year provision of the relevant portion.</p>

Ref. No.	Grant Name	Relevant EDB document	Points for special attention and year-end surplus treatment
			(e) For unspent government subsidies, upon accumulation to the prescribed level above, EDB reserves the right to make any adjustment in the subsidies payable to the KG for claw back based on the annual audited accounts.
2	Tide-over grant (ToG)	EDBC No. 7/2016  EDBCM No. 13/2017  EDBCM No. 15/2017	<p>(a) The ToG is a one-off time-limited grant for a maximum of 5 years starting from the 2017/18 school year.</p> <p>(b) The ToG, together with the salary portion of the basic unit subsidy (i.e. 60% of the basic HD unit subsidy and additional subsidy for WD and LWD services), must be used on teaching staff salaries and related expenses (such as MPF, long service payment, etc.).</p> <p>(c) KGs are allowed to accumulate a surplus up to one-year provision of the subsidy and grants relating to teaching staff salary and related expenses (such as MPF, PF, long service payment, etc.), that is the total of the relevant portion (set at 60%) of the basic unit subsidy (including basic HD unit subsidy and additional subsidy for WD and LWD services) and the ToG. The reserve ceiling is the current year provision of the above subsidy. EDB will claw back accumulated surplus exceeding the reserve ceiling based on the annual audited accounts.</p>
3	Rental subsidy (RSS)	EDBC No. 7/2016  EDBCM No. 32/2017	<p>(a) KGs under RSS should (i) spend the rental subsidy solely on rental expenditure for school portion of classes offering local curriculum under KG section; and (ii) return the unspent rental subsidy, if any, in full.</p> <p>(b) Some KGs will not be provided subsidy to cover the full rental cost because (i) low fill-up rate; (ii) “dual” caps; and/or (iii) the rental cost exceeds the market rent as assessed by the Rating and Valuation Department (RVD). The difference between the actual rental expenditure and the market rent as assessed by RVD should not be charged to subsidy under the Scheme. It should be borne by school’s own funds.</p>

Ref. No.	Grant Name	Relevant EDB document	Points for special attention and year-end surplus treatment
4	Premises maintenance grant	EDBC No. 7/2016  EDBCM No. 15/2017	<p>(a) The grant covers repair and maintenance works of the registered school premises of KGs, and such works fall under the responsibility of the owner of the premises. For KGs operating in part of the premises concerned, only the relevant portion of the repair and maintenance expenses that should be shared by the Scheme-KG is chargeable to the grant.</p> <p>(b) If, in a particular year, the accumulated surplus of the grant reaches 500% of the current year provision, EDB will suspend the disbursement of grant and claw back the excessive surplus of that year according to the annual audited accounts for the same year. Any grant further disbursed subsequent to that year will also be clawed back. If the accumulated surplus drops later, the disbursement of grant will only resume when the accumulated surplus by then drops below 100% of the current year provision.</p> <p>(c) Any deficit should be borne by at least one of the following two funds: (1) surplus of 40% (i.e. other than teaching staff salary and related expenses) basic unit subsidy (including basic HD unit subsidy and additional subsidy for WD and LWD services), if any, and/or (2) School Funds. If surplus of the 40% of the basic unit subsidy, if any, is insufficient to cover the deficit, the deficit balance should be borne by School Funds.</p>
5	Grant for a Cook	EDBC No. 7/2016  EDBCM No. 15/2017	<p>(a) Only for payment of salaries, employers' contributions to MPF / Provident Fund and other salary-related expenditure for the employment of cook(s).</p> <p>(b) KGs are allowed to accumulate a surplus up to the current year provision of the grant. EDB will claw back excessive surplus based on the annual audited accounts.</p> <p>(c) Any deficit should be borne firstly by school's income from meal charges. If surplus of such income (if any) is insufficient to cover the deficit, the deficit balance should be borne by school's own funds.</p>

Ref. No.	Grant Name	Relevant EDB document	Points for special attention and year-end surplus treatment
6	Grant for support to non-Chinese speaking (NCS) students	EDBC No. 7/2016 EDBCM No. 15/2017	<p>(a) KGs should use the grant solely to enhance support to the NCS students. The grant may be used for appointing additional staff or acquiring services to provide teachers with more manpower support and for teachers' professional training to develop effective strategies to help NCS students learn Chinese, raise teachers' cultural and religious sensitivity in handling NCS students and enhance the communication with the parents of NCS students.</p> <p>(b) KGs are allowed to accumulate a surplus up to the current year provision of the grant. EDB will claw back excessive surplus based on the annual audited accounts.</p>
7	One-off Start-up Grant	EDBCM No. 23/2017 <a href="#">“Guide to Procurement of Goods and Services and Appointment of Staff” in relation to One-off Start-up Grant</a> <a href="#">“Guidelines on Procurement Procedures in Kindergartens”</a>	<p>(a) KGs should deploy the grant for preparatory work in the implementation of the Scheme from the 2017/18 school year. They can use the grant flexibly for employing additional staff, hiring services, procuring furniture and equipment for additional teachers under improved teacher-pupil ratio or conducting small-scale renovation. To allow room and time for KGs to plan and adjust school-based procedures and guidelines in the initial years of implementation, they may use the grant up to 31 July 2019.</p> <p>(b) KGs should follow the “Guide to Procurement of Goods and Services and Appointment of Staff” and the latest version of “Guidelines on Procurement Procedures in Kindergartens” in procuring goods and services by using the grant.</p> <p>(c) EDB will claw back the unspent balance based on the annual audited accounts.</p>

**Points for accounting officers' special attention on specific accounts**

Relevant EDB document: Kindergarten Administration Guide (EDBCM No.15/2017)

Ref. No.	Account Name (Statement No.)	Points for special attention
1	Teacher salary related expenses – (i) Salaries and Provident Fund / Mandatory Provident Fund (ii) Severance / long service payment (Statement 1 at Annex 1)	(a) The expenses are allocated to KG Scheme Funds and School Funds (Note 1) according to the weighting of their relative duties in different sections and streams as designated by KGs. (b) If the Teacher Salary Related Subsidy is insufficient to cover the expenses, the deficit, after topping up by transferring of surplus from Other Operating Expenses Subsidy (if any), should be borne by School Funds. (c) Kindergartens must strictly follow the salary range of the corresponding rank when remunerating teaching staff. If the salaries of the teaching staff are beyond the salary ranges, kindergartens must not use government subsidy to cover the difference even if there is a surplus in the salary portion of the basic unit subsidy, i.e. at least 60%. The difference shall be borne by the School Funds and recorded under the account of School Funds for that year.
2	Rental of school premises (Statement 1 at Annex 1)	If the rental subsidy is insufficient to cover the rental value assessed by Ratings and Valuation Department, the deficit, after topping up by transferring of surplus from Other Operating Expenses Subsidy (if any), should be borne by School Funds.
3	Depreciation of fixed assets other than school premises (Statement 1 at Annex 1)	Depreciation should be charged to KG Scheme Funds or School Funds according to the classification of fixed assets as set out in 5 below.
4	(i) Other income, e.g. donation income (ii) Other expenditure, e.g. electricity (Statement 1 at Annex 1)	(a) Income received / expenses incurred for the whole school should be allocated in accordance with the following basis – (i) To KG Scheme Funds and School Funds based on annual average student enrolment of respective sections (KG and Child Care Centre) and streams (Local and Non-local); and (ii) To half-day, whole-day and long whole-day sessions based on the respective annual average student enrolments and the ratio of half-day to whole-day / long whole-day expenditure per pupil. (b) Any interest derived should be apportioned into KG Scheme Funds and School Funds as far as practicable.

Ref. No.	Account Name (Statement No.)	Points for special attention
5	Fixed assets (Statement 2 at Annex 1)	<p>(a) KGs should decide whether the fixed assets acquired before joining the Scheme (i.e. 1 September 2017) should be grouped under KG Scheme Funds or School Funds.</p> <p>(b) KGs should keep fixed assets register to indicate the classification of fixed assets under KG Scheme Funds, School Funds and One-off Start-up Grant, if any.</p> <p>(c) For fixed assets purchased under the One-off Start-up Grant, separate ledger accounts and statements should be kept and no depreciation should be charged to KG Scheme Funds or School Funds as the expenses have been fully charged under the grant.</p> <p>(d) Once the fixed assets have been recorded under the KG Scheme Funds, KGs should not reallocate the fixed assets to School Funds without EDB's prior approval.</p> <p>(e) All fixed assets subject to depreciation must be classified under one of the following categories:</p> <ul style="list-style-type: none"> <li>- School Premises;</li> <li>- Leasehold Improvements;</li> <li>- Furniture, Equipment, Fixtures and Fittings;</li> <li>- Computer Hardware and Software.</li> </ul> <p>(f) Only depreciation expenditure of those fixed assets under KG Scheme Funds would be borne by KG Scheme Funds. All the rest should be borne by School Funds.</p> <p>(g) Upon closure of KGs, voluntary withdrawal or revocation, of the Scheme, fixed assets under KG Scheme Funds should be disposed of according to EDB's instruction.</p>
6	Cash and bank equivalents (Statement 2 at Annex 1)	<p>(a) Government subsidies / grants would only be paid to bank account in the KG's registered name.</p> <p>(b) Any surplus funds which are not immediately required may be placed under fixed deposits with banks licensed under the Banking Ordinance.</p>
7	Liabilities (Statement 2 at Annex 1)	All liabilities (including long-term and short-term) before KGs joining the Scheme should be recorded under School Funds and should not be charged to KG Scheme Funds.

Note 1: KG Scheme Funds and School Funds mean "government subsidies/grants" and "non-government funds" respectively in the Education Bureau Circular No. 7/2016 and related circulars on the Scheme.



### Definition of Related Party

A *related party* is a person or entity that is related to a KG.

- (1) A person or a close member of that person's family<sup>Note 1</sup> is related to a KG if that person –
- (a) has control or joint control over the KG;
  - (b) has significant influence over the KG; or
  - (c) is a member of the key management personnel of the KG or of a sponsoring body of the KG.
- (2) An entity is related to a KG if any of the following conditions applies -
- (a) The entity and the KG are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  - (b) 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).
  - (c) Both entities are joint ventures of the same third party.
  - (d) One entity is a joint venture of a third party and the other entity is an associate of the third party.
  - (e) The entity is a post-employment benefit plan for the benefit of employees of either the KG or an entity related to the KG. If the KG is itself such a plan, the sponsoring employers are also related to the KG.
  - (f) The entity is controlled or jointly controlled by a person identified in (1) above.
  - (g) A person identified in (1)(a) 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).

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**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.

**Reference Notes**  
**for Auditors of KGs under the Kindergarten Education Scheme**  
**in the 2017/18 School Year**

Education Bureau (EDB) Circular No. [7/2016](#) requires KGs joining the Kindergarten Education Scheme to submit their audited accounts, with the subsidies they received from the Government and the expenditure incurred under the subsidies properly reflected. The accounts must be audited by Certified Public Accountants (practising) registered under the Professional Accountants Ordinance<sup>Note 1</sup>. This is to ensure that the KGs have properly applied the subsidies for the purposes as specified by EDB vide relevant circulars and letters and that only allowable expenditures are charged against the subsidies.

2. Auditors should submit an Auditor's Report on the KG's 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 KG's affairs as at the balance sheet date and of its results for the accounting year then ended;
- (b) the school has used the subsidies under the Kindergarten Education Scheme in accordance with the rules and ambits as promulgated in the EDB Circular No. [7/2016](#), relevant letters, circulars, circular memoranda and guidelines issued by EDB<sup>Note 2</sup>; and
- (c) the balances of individual grant accounts are, in all material respects, correct.

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.

4. If the Auditors are of the opinion that proper books of accounts have not been kept by the KGs, or if the balance sheet and / or 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.

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**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.