

**HONG KONG PLAYGROUND ASSOCIATION**  
**THE ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2010**

**CONTENTS**

	<b>PAGE</b>
REVIEW REPORT	1
INCOME AND EXPENDITURE ACCOUNT	2
NOTES TO THE ANNUAL FINANCIAL REPORT	3 - 6

**范 陳 會 計 師 行**  
***FAN, CHAN & CO.***  
CERTIFIED PUBLIC ACCOUNTANTS  
HONG KONG

**REVIEW REPORT ON THE ANNUAL FINANCIAL REPORT  
TO THE EXECUTIVE COMMITTEE OF  
HONG KONG PLAYGROUND ASSOCIATION**  
(Incorporated in Hong Kong under Hong Kong Playground Association Ordinance)

We have audited the financial statements of Hong Kong Playground Association ("the Association") for the year ended 31<sup>st</sup> March, 2010 and have issued an unqualified auditors' report thereon dated 15 June, 2010.

We conducted our review of the attached Annual Financial Report on pages 2 to 6 of the Association for the year ended 31<sup>st</sup> March, 2010 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<sup>st</sup> March, 2010.

- 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

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.

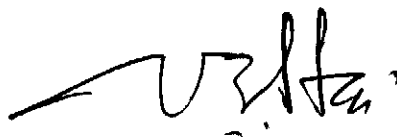
*Fan, Chan & Co.*

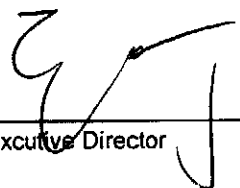
\_\_\_\_\_  
Fan, Chan & Co.  
Certified Public Accountants  
Hong Kong, 15 June, 2010

**ANNUAL FINANCIAL REPORT**  
**HONG KONG PLAYGROUND ASSOCIATION**  
**1 APRIL 2009 TO 31 MARCH 2010**

	Notes	2009-10 \$	2008-09 \$
<b>A. INCOME</b>			
1. Lump Sum Grant			
a. Lump Sum Grant (excluding Provident Fund)	1b	56,505,756	55,804,400
b. Provident Fund	1c	6,956,563	6,689,570
3. Fee Income	2	266,470	280,530
4. Central Items	3	10,730,189	10,730,189
5. Rent & Rates	4	2,358,994	2,250,247
6. Other Income	5	15,553,704	16,868,007
7. Interest Received		34,161	245,270
<b>TOTAL INCOME</b>		<u>92,405,837</u>	<u>92,868,213</u>
<b>B. EXPENDITURE</b>			
1. Personal Emoluments			
a. Salaries		57,712,421	56,857,594
b. Provident Fund	1c	6,400,563	6,162,098
<b>Sub-total</b>	6	<u>64,112,984</u>	<u>63,019,692</u>
2. Other Charges	7	15,767,002	17,305,491
3. Central Items	3	10,462,090	10,359,592
4. Rent & Rates	4	2,677,607	2,540,494
<b>TOTAL EXPENDITURE</b>		<u>93,019,683</u>	<u>93,225,269</u>
<b>C. (DEFICIT) FOR THE YEAR</b>	8	<u>(613,846)</u>	<u>(357,056)</u>

Approved by the Executive Committee on 15 June, 2010

  
 \_\_\_\_\_  
 Chairman

  
 \_\_\_\_\_  
 Executive Director

**NOTES ON THE ANNUAL FINANCIAL REPORT  
HONG KONG PLAYGROUND ASSOCIATION  
1 APRIL 2009 TO 31 MARCH 2010**

**1. Lump Sum Grant**

- a. **Basis of preparation**
- (i) 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 should not be included in the AFR.
- (ii) For units that are subvented at 80%/85% support, only 80%/85% (as appropriate) of the expenditure should be 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 Item should be shown under 3. In other words, such PF should not be included here (LSG Circular No.1/2001). Details are analysed below:

<u>Provident Fund Contribution</u>	Snapshot Staff \$	6.8% and Other Posts \$	Total \$
Subvention Received	5,736,778	1,219,785	6,956,563
Provident Fund Contribution	(5,535,904)	(864,659)	(6,400,563)
Paid during the Year			
Surplus/(Deficit) for the Year	200,874	355,126	556,000
Add : Surplus/(Deficit) b/f			
As previously reported	1,384,908	1,069,119	2,454,027
Adjustment for transfer to SWD LSG Reserve	(25)	(22)	(47)
As restated	1,384,883	1,069,097	2,453,980
<b>Surplus/(Deficit) c/f</b>	<u>1,585,757</u>	<u>1,424,223</u>	<u>3,009,980</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.

**NOTES ON THE ANNUAL FINANCIAL REPORT  
HONG KONG PLAYGROUND ASSOCIATION  
1 APRIL 2009 TO 31 MARCH 2010**

**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 should be separately included as part of the income and expenditure of the relevant items (LSG Circular No.1/2001). The income and expenditure of each of the Central Items are as follows:

	2009-10	2008-09
<b>a. <u>Income</u></b>	<b>\$</b>	<b>\$</b>
Programme Work posts for 3 years from 2008-09 to 2010-11	9,432,576	9,432,576
Programme Assistant (PA)/Care Assistants (CA) allocated vide management letter ref.(17) in SWD/S/203/1 Pt.8 dated 17 March 2007	1,297,613	1,297,613
<b>Total</b>	<u><u>10,730,189</u></u>	<u><u>10,730,189</u></u>
<b>b. <u>Expenditure</u></b>		
Programme Work posts for 3 years from 2008-09 to 2010-11	9,212,294	9,082,771
Programme Assistant (PA)/Care Assistants (CA) allocated vide management letter ref.(17) in SWD/S/203/1 Pt.8 dated 17 March 2007	1,249,796	1,276,821
<b>Total</b>	<u><u>10,462,090</u></u>	<u><u>10,359,592</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 be 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 need not be included as Other Income in AFR. However, treatment of fees and charges as specified under para.2.29 to 2.30 of the Manual remains unchanged (LSG Circular No.1/2001).

**NOTES ON THE ANNUAL FINANCIAL REPORT**  
**HONG KONG PLAYGROUND ASSOCIATION**  
**1 APRIL 2009 TO 31 MARCH 2010**

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.	11	6,115,263
HK\$600,001 - HK\$700,000 p.a.	19	12,479,922
HK\$700,001 - HK\$800,000 p.a.	-	-
HK\$800,001 - HK\$900,000 p.a.	7	5,912,158
HK\$900,001 - HK\$1,000,000 p.a.	-	-
>HK\$1,000,000 p.a.	1	1,142,127

7. **Other Charges**

The breakdown on Other Charges is as follows

	2009-10	2008-09
<b>Other Charges</b>	<b>\$</b>	<b>\$</b>
(a) Utilities	1,317,555	1,353,108
(b) Food	-	-
(c) Administrative Expenses	604,692	739,356
(d) Stores and Equipment	942,764	1,337,364
(e) Repairs & Maintenance	360,520	472,388
(f) Special Allowances	-	-
(g) Programme Expenses	5,716,756	6,318,028
(h) Transportation and Travelling	239,497	233,701
(i) Insurance	316,008	260,320
(j) Miscellaneous	6,269,210	6,591,226
<b>Total</b>	<u>15,767,002</u>	<u>17,305,491</u>

**NOTES ON THE ANNUAL FINANCIAL REPORT**  
**HONG KONG PLAYGROUND ASSOCIATION**  
**1 APRIL 2009 TO 31 MARCH 2010**

**3. Analysis of Reserve Fund**

	Analysis of Reserve Fund				
	Lump Sum Grant (LSG)	Special One-off Grant (SOG)	Rent and Rates	Central Items	Total
	\$	\$	\$	\$	\$
<b>Income</b>					
Lump Sum Grant	63,462,319	-	-	-	63,462,319
Fee Income	266,470	-	-	-	266,470
Other Income	15,553,704	-	-	-	15,553,704
Interest Received (Note (1))	34,161	-	-	-	34,161
Rent and Rates	-	-	2,358,994	-	2,358,994
Central Items	-	-	-	10,730,189	10,730,189
<b>Total Income (a)</b>	<b>79,316,654</b>	<b>-</b>	<b>2,358,994</b>	<b>10,730,189</b>	<b>92,405,837</b>
<b>Expenditure</b>					
Personal Emoluments	64,112,984	-	-	-	64,112,984
Other Charges	15,767,002	-	-	-	15,767,002
Rent and Rates	-	-	2,677,607	-	2,677,607
Central Items	-	-	-	10,462,090	10,462,090
<b>Total Expenditure (b)</b>	<b>79,879,986</b>	<b>-</b>	<b>2,677,607</b>	<b>10,462,090</b>	<b>93,019,683</b>
<b>Surplus/(Deficit) for the year (a) - (b)</b>	(563,332)	-	(318,613)	268,099	(613,846)
<u>Less</u> Surplus/(Deficit) of Provident Fund	(556,000)	-	-	-	(556,000)
<b>Surplus/(Deficit) for the year</b>	(1,119,332)	-	(318,613)	268,099	(1,169,846)
<u>Add:</u> Surplus/(Deficit) b/f	18,513,684	(99,711)	(831,453)	370,597	17,953,117
	17,394,352	(99,711)	(1,150,066)	638,696	16,783,271
<u>Add:</u> Backpayment for 2007/08 & 2008/09 from SWD	-	-	492,199	-	492,199
Refund of Annual Surplus over-clawback of 2007/08 by SWD	-	-	51,822	-	51,822
Adjustment for interest income for prior years to be transferred to F&E Replenishment BG	(2,752)	-	-	-	(2,752)
Adjustment for Depreciation Effect for 2006/07	328,383	-	-	-	328,383
Adjustment for transfer from SWD Provident Fund for 2007/08	47	-	-	-	47
<u>Less</u> Refund to Government	-	-	(87,072)	(370,597)	(457,669)
<b>Surplus/(Deficit) c/f (Note (3))</b>	<b>17,720,030</b>	<b>(99,711)</b>	<b>(693,117)</b>	<b>268,099</b>	<b>17,195,301</b>

**Notes:**

- (1) Interest received on LSG and PF reserves, rent and rates, central items, Special One-off Grant should be included as one item under LSG.
- (2) 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 Annex 2.
- (3) 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.