HONG KONG PLAYGROUND ASSOCIATION

THE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED 31 MARCH, 2026

INDEPENDENT AUDITOR'S ASSURANCE REPORT ON THE ANNUAL FINANCIAL REPORT TO THE EXECUTIVE COMMITTEE OF HONG KONG PLAYGROUND ASSOCIATION

(Incorporated in Hong Kong under Hong Kong Playground Association Ordinance)

We have audited the financial statements of Hong Kong Playground Association ("the Association") for the year ended 31 March, 2026 in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have issued an unmodified auditor's report thereon dated 25 June, 2026.

Pursuant to the Lump Sum Grant ("LSG") Manual issued by the Social Welfare Department of the Government of the Hong Kong Special Administrative Region ("SWD"), we have been requested to issue this assurance report in connection with the Annual Financial Report ("AFR") of the Association for the year ended 31 March, 2026.

Responsibilities of the Executive Committee

In relation to this report, the Executive Committee are responsible for ensuring the AFR of the Association for the year ended 31 March, 2026 is properly prepared in accordance with the relevant accounting and financial reporting requirements set out in the LSG Manual and other instructions issued by the SWD; and the use of the funds from the LSG by the Association has complied with the purposes as specified in the LSG Manual and other instructions issued by the SWD.

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies Hong Kong Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditor's Responsibility

Our responsibility is to form a conclusion, based on our engagement, and to report our conclusion to you.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised), Assurance Engagements other than Audits or Reviews of Historical Financial Information and with reference to Practice Note 851 (Revised), Reporting on the Annual Financial Reports of Non-governmental Organisations issued by the HKICPA. We have planned and performed our work to obtain reasonable assurance for giving conclusion 1 and obtain limited assurance for giving conclusion 2 below.

The work undertaken in connection with this engagement is less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

In relation to our conclusion 1 below, we have planned and performed such procedures as we considered necessary with reference to the procedures recommended in PN851 (Revised), to satisfy ourselves that the AFR has been properly prepared, in all material respects, in accordance with the relevant accounting and financial reporting requirements set out in the LSG Manual and other instructions issued by the SWD.

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INDEPENDENT AUDITOR'S ASSURANCE 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)

Auditor's Responsibility (continued)

In relation to our conclusion 2 below, we have obtained an understanding in respect of the purposes of the use of the funds as specified in the LSG Manual and other instructions issued by the SWD and obtaining an understanding of the control procedures. We are not required to perform any procedures to search for instances of the use of funds from the LSG by the Association being non-complied with the specified purposes. Our work was limited to reporting non-compliances identified as a result of the procedures performed in relation to conclusion 2 and during the normal course of our work relating to conclusion 1. The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Conclusions

1. In our opinion, the AFR of the Association for the year ended 31 March, 2026 is properly prepared, in all material respects, in accordance with the relevant accounting and financial reporting requirements set out in the LSG Manual and other instructions issued by the SWD.

2. Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the use of the funds from the LSG by the Association has not complied, in all material respects, with the purposes as specified in the LSG Manual and other instructions issued by the SWD.

Intended Users and Purpose

This report is intended solely for submission by the Association to the SWD and is not intended to be, and should not be, used for any other purpose. We agree that a copy of this report may be provided to the SWD without further comment from us.

Fan, Chan & Co. Limited
Certified Public Accountants
Leung Kwong Kin
Practising Certificate Number: P03702

Hong Kong, 25 June, 2026

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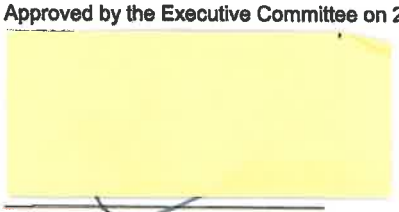
ANNUAL FINANCIAL REPORT
HONG KONG PLAYGROUND ASSOCIATION
1 APRIL 2025 TO 31 MARCH 2026

	Notes	2025-26 $	2024-25 $
A. INCOME			
1. Lump Sum Grant			
a. Lump Sum Grant (excluding Provident Fund)	1b	103,744,455.00	105,726,619.00
b. Provident Fund	1c	9,751,121.00	10,153,642.00
2. Fee Income	2	-	-
3. Central Items	3	320,160.00	258,984.00
4. Rent and Rates	4	4,348,958.00	3,537,976.00
5. Other Income	5	13,546,234.77	16,631,175.26
6. Interest Received		1,046,433.51	1,502,201.94
TOTAL INCOME		132,757,362.28	137,810,598.20
B. EXPENDITURE			
1. Personal Emoluments			
a. Salaries		94,564,662.06	91,997,339.89
b. Provident Fund	1c	8,480,919.87	8,563,924.60
c. Allowances		425,929.37	375,491.85
d. Other Staff Costs		-	-
Sub-total	6	103,471,511.30	100,936,756.34
2. Other Charges	7	21,043,130.28	21,779,980.16
3. Central Items	3	304,828.00	238,932.00
4. Rent and Rates	4	4,380,175.52	4,200,983.57
TOTAL EXPENDITURE		129,199,645.10	127,156,652.07
C. SURPLUS FOR THE YEAR	8	3,557,717.18	10,653,946.13

The Annual Financial Report from pages 3 to 7 has been prepared in accordance with the requirements as set out in the Lump Sum Grant Subvention Manual.

Approved by the Executive Committee on 25 June, 2026.



Chairman

Executive Director

Remarks:
Income of Rent & Rates in current year does not account for the reimbursement of Rent & Rates underprovided in prior year. R&R reimbursement will only be released for recognized premises after the relevant claims and sufficient supporting documents are duly submitted by the NGO and vetted by SWD. Back-payments of R&R for prior years are shown as a separate item after "Surplus/deficit b/f in Note 8 to the AFR.

	2025-26 $	2024-25 $
Surplus for the year before reimbursement of Rent & Rates	3,557,717.18	10,653,946.13
Add: Projected reimbursable deficit for Rent & Rates (Note 8)	31,217.52	663,007.57
	3,588,934.70	11,316,953.70

NOTES ON THE ANNUAL FINANCIAL REPORT
HONG KONG PLAYGROUND ASSOCIATION
1 APRIL 2025 TO 31 MARCH 2026

1. Lump Sum Grant (LSG)

a. Basis of preparation

The Annual Financial Report (AFR) is prepared in respect of all serivces defined in Funding and Service Agreement (FSA) (including support services to FSA services) funded by the Social Welfare Department (SWD) under the Lump Sum Grant Subvention System and also FSA services / FSA-related activities funded by Other Funds or Donations for Designated Purposes. If NGOs receive funding from (i) specified government funds / subsidy schemes to implement services / projects or (ii) the Hong Kong Jockey Club Charities Trust or the Community Chest to implement welfare services / projects (should meet the conditions stipulated in paragraph 3.7.1 (b) of the Lump Sum Grant Subvention Manual) in 2025-26 and carry them forward to 2026-27, they are neither required to include these in the AFR nor apportion the costs of operating such services / projects, regardless of whether subvented resources are deployed or whether the services/ projects provided are FSA services or FSA-related activities. Specified government funds / subsidy schemes are listed on SWD's website. 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 such as depreciation, provisions and accruals have not been included in the AFR.

b. Lump Sum Grant (excluding Provident Fund)

This represents LSG (excluding Provident Fund) received for the year.

c. Provident Fund

This is Provident Fund received and contributed during the year. Snapshot staff are defined as those staff occupying recognised or holding against subvented posts as at 1 April 2000. Other posts represent those staff that are employed after 1 April 2000. The Provident Fund received and contributed for staff under the Central Items and Other Funds or Donations for Designated Purposes which are separately included as part of the income and expenditure of the relevant disclosures have been shown under **Note 3 and 8**. Details are analysed below:

Provident Fund Contribution	**Snapshot Staff**	**Other Posts**	**2025-26 Total**
	$	**$**	**$**
Subvention Received	4,600,435.00	5,150,686.00	9,751,121.00
Provident Fund Contribution Paid during the Year	(4,338,624.79)	(4,142,295.08)	(8,480,919.87)
Surplus for the Year	261,810.21	1,008,390.92	1,270,201.13
Add : Surplus brought forward	1,041,098.62	12,070,491.57	13,111,590.19
Add : Additional subvention received for 2023/24 per SWD Ref: (51) in SWD 0075-0010-0060 -0080-0035 on 20/3/2025	-	269,890.00	269,890.00
Less: Refund to Government1 Recovery of surplus in 2023/24 for Snapshot Staff per SWD Ref: (51) in SWD 0075-0010 -0060-0080-0035 on 20/3/2025	(558,730.00)	-	(558,730.00)
Less: Transfer of Provident Fund Reserve for use in the same areas as LSG Reserve [1]	-	-	-
Surplus c/f	744,178.83	13,348,772.49	14,092,951.32

[1] Surplus of the Snapshot Staff Provident Fund will be used to offset future Provident Fund provision for Snapshot Staff and therefore cannot be transferred for use in the same areas as LSG Reserve.

NOTES ON THE ANNUAL FINANCIAL REPORT
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1 APRIL 2025 TO 31 MARCH 2026

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 Subvention Manual.

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 Provident Fund received and contributed for staff under the Central Items have been separately included as part of the income and expenditure of the relevant items (paragraph 5.5.4(c) of the LSG Subvention Manual).

The income and expenditure of each of the Central Items are as follows:

	2025-26	2024-25
a. Income	$	$
After School Care Programme	320,160.00	258,984.00
Total	320,160.00	258,984.00
b. Expenditure		
After School Care Programme	304,828.00	238,932.00
Total	304,828.00	238,932.00

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 have not been included in AFR.

5. Other Income

This includes all income, other than recognised fee income for subvented welfare services, received during the year in the operation of subvented services including income from other services that are incidental to the operation, programme income, etc. Other Funds or Donations for Designated Purposes may be included in AFR if they are used to finance expenditure of the FSA services / FSA-related activities and have been separately included in the relevant disclosures under the "Other Funds or Donations for Designated Purposes" column in Note 8 of the AFR.

The breakdown on Other Income is as follows:

	2025-26	2024-25
Other income	$	$
(a) Programme income	4,770,069.42	6,477,864.32
(b) Production income	-	-
(c) Utilised allocation under Central Items (CI) After School Care Programme (ASCP)/ Enhanced ASCP/ ASCP(PC) -Fee Waiving Waiving Subsidy Scheme (FWSS)* which forms as part of Other Income	304,828.00	238,932.00
(d) Reimbursement of Maternity Leave Pay from Labour Department	-	-
(e) Subsidy received for Abolition of MPF Offsetting Arrangement from Labour Department	-	-
(f) Miscellaneous income (e.g. general donation, photocopying charges, etc.)	8,776,165.35	10,153,310.94
Sub-Total	13,851,062.77	16,870,107.26
Less: Utilised allocation under CI: ASCP/ Enhanced ASCP / ASCP(PC) -FWSS which forms as part of Other Income*	(304,828.00)	(238,932.00)
Total	13,546,234.77	16,631,175.26

* For those programmes which are regarded as FSA services only.

NOTES ON THE ANNUAL FINANCIAL REPORT
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1 APRIL 2025 TO 31 MARCH 2026

Personal Emoluments

Personal Emoluments include salary, provident fund, and salary-related allowances.

The analysis on number of posts with annual Personal Emoluments over $1,000,000 each paid under LSG is appended below:

Analysis of Personal Emoluments paid under LSG	**No. of Posts**	**2025-26 $**
HK$1,000,001 - HK$1,100,000 p.a.	6	6,382,647.41
HK$1,100,001 - HK$1,200,000 p.a.	9	10,109,189.26
HK$1,200,001 - HK$1,300,000 p.a.	3	3,712,735.05
HK$1,300,001 - HK$1,400,000 p.a.	1	1,312,442.42
HK$1,400,001 - HK$1,500,000 p.a.	-	-
>HK$1,500,000 p.a.	1	1,514,118.75
	20	23,031,132.89

7. Other Charges

This refers to expenses, other than personal emoluments, incurred in the operation and excluded expenditure for FSA services / FSA-related activities supported by Other Funds or Donations for Designated Purposes, which have been separately included in the relevant disclosures under the "Other Funds or Donations for Designated Purposes" column in Note 8 of the AFR.

The breakdown on Other Charges is as follows:

Other Charges	**2025-26 $**	**2024-25 $**
(a) Utilities	1,721,791.72	1,715,584.88
(b) Food (including food for service users)	-	-
(c) Administrative Expenses	1,492,503.97	1,438,522.01
(d) Stores and Equipment	1,075,252.72	1,489,317.06
(e) Minor Repair & Maintenance	807,207.91	797,368.60
(f) Special Allowances	-	-
(g) Programme Expenses	8,610,928.66	7,955,211.19
(h) Transportation and Travelling	278,825.82	277,170.30
(i) Insurance	504,121.85	539,960.94
(j) Honorarium to Instructors	6,123,169.75	7,173,098.40
(k) Miscellaneous	734,155.88	632,678.78
Sub-Total	21,347,958.28	22,018,912.16
Less: Utilised allocation under CI: ASCP/ Enhanced ASCP / ASCP(PC) - FWSS* which forms as part of Other Income FSA services/ FSA-related activities*	(304,828.00)	(238,932.00)
Total	21,043,130.28	21,779,980.16

* For those programmes which are regarded as FSA services only.

NOTES ON THE ANNUAL FINANCIAL REPORT
HONG KONG PLAYGROUND ASSOCIATION
1 APRIL 2025 TO 31 MARCH 2026

8. Analysis of Lump Sum Grant Reserve and balances of other SWD subvention

	Lump Sum Grant (LSG)	Holding Account (HA)	Other Funds or Donations for Designated Purposes	Adjustment for Utilised allocation under ASCP / Enhanced ASCP / ASCP(PC) - FWSS	Rent and Rates	Central Items (CI)	Total
	$	$	$	$	$	$	$
Income							
Lump Sum Grant	113,495,576.00	-	-	-	-	-	113,495,576.00
Fee Income	-	-	-	-	-	-	-
Other Income	13,851,062.77	-	1,702,886.65	(304,828.00)	-	-	15,249,121.42
Interest Received (Note (1))	1,046,433.51	-	-	-	-	-	1,046,433.51
Rent and Rates	-	-	-	-	4,348,958.00	-	4,348,958.00
Central Items	-	-	-	-	-	320,160.00	320,160.00
Total Income (a)	128,393,072.28	-	1,702,886.65	(304,828.00)	4,348,958.00	320,160.00	134,460,248.93
Expenditure							
Personal Emoluments	103,471,511.30	-	234,510.00	-	-	-	103,706,021.30
Other Charges	21,347,958.28	-	1,151,091.07	(304,828.00)	-	-	22,194,221.35
Rent and Rates	-	-	-	-	4,380,175.52	-	4,380,175.52
Central Items	-	-	-	-	-	304,828.00	304,828.00
Total Expenditure (b)	124,819,469.58	-	1,385,601.07	(304,828.00)	4,380,175.52	304,828.00	130,585,246.17
Surplus/(Deficit) for the year (a) - (b)	3,573,602.70	-	317,285.58	-	(31,217.52)	15,332.00	3,875,002.76
Less: Surplus of Provident Fund	(1,270,201.13)	-	-	-	-	-	(1,270,201.13)
Surplus/(Deficit) for the Year (excl. PF)	2,303,401.57	-	317,285.58	-	(31,217.52)	15,332.00	2,604,801.63
Surplus/(Deficit) b/f (Note (2))	38,385,335.05	3,018,097.49	879,525.79	-	(661,944.98)	112,360.76	41,733,374.11
	40,688,736.62	3,018,097.49	1,196,811.37	-	(693,162.50)	127,692.76	44,338,175.74
Add: Refund from Government Backpayment of Rent & Rates for 2024/25	-	-	-	-	676,711.69	-	676,711.69
Less: Reversal of Surplus c/f for incompleted Hong Kong Jockey Club Charities Trust projects as at 31 March 2025 (Note (6))	-	-	(879,525.79)	-	-	-	(879,525.79)
Transfer from Other Funds / (to) LSG Reserve ^	317,285.58	-	(317,285.58)	-	-	-	-
Surplus/(Deficit) c/f (Note (4))	41,006,022.20	3,018,097.49	-	-	(16,450.81)	127,692.76	44,135,361.64

Notes:

\# Including an amount $ being the utilised allocation under CI:ASCP / Enhanced ASCP/ ASCP(PC) -FWSS*

* For those programmes which are regarded as FSA-related activities only

^ Balance generated from those completed FSA services / FSA-related activities which are funded by Other Funds or Donations for Designated Purposes.

(1) Interest received on LSG, HA and PF reserves, Rent and Rates, Central Items are included as one item under LSG; and the item is considered as part of LSG reserve.

(2) Accumulated balance of LSG Surplus b/f from previous years (including all interest received in previous years (see (1) above), the balance of HA and balance of Other Funds or Donations for Designated Purposes should be separately reported.

(3) Amount of LSG Reserve used to cover the salary adjustment for Infirmary Care Supplement, if any, as per Schedule for Central Items.

(4) For NGOs without HA, separate disclosure of the movement of HA in their respective AFRs is not necessary.
The level of LSG cumulative reserve will be capped at 25% of the NGO's operating expenditure (i.e. Total Expenditure excluding Provident Fund Contribution) for the year.
For NGOs with HA, with effect from 2022-23, the calculation of the annual claw-back is as follows:
i) With Snapshot Staff (SS) [i.e. Position of SS as at 1 September being reported on the Agency Staff List submitted by NGO last year was greater than zero]
The level of LSG cumulative reserve will be capped at 25% of the NGO's operating expenditure (i.e. Total Expenditure excluding Provident Fund Contribution) for the year.
ii) Without SS [i.e. Position of SS as at 1 September being reported on the Agency Staff List submitted by NGO last year (which is regarded as Year 0) was zero]
For the next three years (Year 1 to Year 3), the level of LSG cumulative reserve will be capped at 25% of the NGO's operating expenditure (i.e. Total Expenditure excluding Provident Fund Contribution) for the year. From the fourth financial year (Year 4) onwards, the level of LSG cumulative reserve and HA reserve will be counted altogether and the combined reserve amount will be capped at 25% of the NGO's operating expenditure (i.e. Total Expenditure excluding Provident Fund Contribution) for the year. In this regard, separate disclosure of the movement of HA in their respective AFRs is not necessary.
[For details of (4)(i) and (4)(ii) above, please also refer to SWD's letter under reference (11) in SWD/S/109/1/10 of 4 April 2022.]

(5) As a support measure for the implementation of the Productivity Enhancement Programme, the claw-back arrangement of LSG cumulative reserve amount exceeding 25% of the NGO's operating expenditure would be suspended from 2023-24 (for NGOs with 2024-25 provisional subvention allocation of $50M or more) / 2024-25 (for NGOs with 2024-25 provisional subvention allocation of less than $50M) until 2028-29 as stipulated in SWD's letter under reference (1) / (2) / (3) / (4) in SWD 0075-0010-0060-0080-0040 of 3 March 2025.

(6) With reference to paragraph 3.7.1 -3.7.3 of the Lump Sum Grant Subvention Manual, the Association is not required to include such projects in the AFR and to apportion the costs of operating such projects. Instead, these projects are reported in Annex 5A (3.5). Therefore, the Surplus c/f reported in the 2024/25 AFR has been reversed in 2025/26 AFR.