

Education Bureau
Circular Memorandum No. XXX/2018

(Chinese version will follow)

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

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

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

Purpose

This circular memorandum requests Supervisors of Kindergartens and Kindergarten-cum-Child Care Centres joining the Free Quality 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**.

Templates for the annual accounts can be downloaded from the following address –

- (a) <https://kgac.edb.gov.hk> (for School Portal users), or
- (b) <http://www.edb.gov.hk/circular/adhocforme/2018fdkg-e.xls> (for non-School Portal users)

KGs are highly recommended to use the above templates for preparation of their annual accounts and submit to EDB the soft copy electronically (through the School Portal Account or in CD) in addition to the hard copy of the audited accounts. Procedures for uploading the soft copy through the School Portal Account are set out at **Annex 2**.

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. KGs with financial year different from school year should obtain prior approval of EDB.

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

7. 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

8. 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 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.

9. 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**.

Enquiries

10. For enquiries, please contact xxx.

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for Permanent Secretary for Education

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