

Composite Furniture and Equipment Grant for Aided Schools

User Guide

Education Bureau
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I. Principles and Rules on Usage

The Composite Furniture and Equipment Grant (CFEG) provides schools with greater flexibility in the use of resources. In this regard, schools should set their spending priorities and allocations in line with the objectives and policies laid down by their School Management Committees (SMCs)/ Incorporated Management Committees (IMCs).

In exercising the flexibility, schools are always required to bear in mind that the interest of students should come first. They should ensure that the expenditure incurred is reasonable and necessary for educational purposes and that the procured Furniture and Equipment (F&E) items are properly recorded, managed and protected from loss or damage. Also, they should ensure that the CFEG is able to cover all the expenditures. Schools should observe the principles of prudence and propriety in the management of resources and have proper checks and balances to safeguard the use of funds in view of their future development.

This User Guide should be read in conjunction with the [Operating Expenses Block Grant \(OEBG\) User Guide](#) and the [Expanded Operating Expenses Block Grant \(EOEBG\) User Guide](#) , as appropriate.

(a) Ambit

The ambit of the CFEG will cover

- (i) F&E items to meet the needs of schools and students;
- (ii) maintenance/repairs fees for F&E items; and
- (iii) insurance premium for non-standard F&E items for school portions.

Schools may make reference to the [F&E List for New Schools](#) issued by the Education Bureau (EDB).

(b) Financial Limit

Subject to funds being available, there is no financial limit for F&E items to be purchased.

(c) Release of Grants [#]

- (i) A new aided school¹ normally uses its Set-up Fund to furnish and equip its premises in the first three years after the school has commenced operation. After that, the CFEG will then be payable to a school when EDB approves the closure of its Set-up Fund Account².
- (ii) The CFEG is disbursed to schools in a single payment annually before the commencement of each school year on a per-class-per-annum basis for the school section and on a per-place-per-annum basis for the boarding section of special schools and ex-practical schools.

(d) Surplus [#]

Unspent CFEG funds of a school can be accumulated up to five times the provision of the CFEG for the year in which the grant is provided. Any exceeding balance is subject to clawback by EDB.

(e) Deficit [#]

- (i) Schools are allowed to use the surplus of the General Domain of the OEGB to cover the deficit of the CFEG.
- (ii) Any deficit of the CFEG not covered by the surplus from the General Domain of the OEGB will have to be borne by non-government funds.

II. Procurement, Financial and Accounting Arrangements

(a) Procurement and Financial Arrangements

Schools should adhere to the procurement procedures stipulated in the [EDBC No. 4/2013](#) on Procurement Procedures in Aided Schools issued on 30 April 2013 and the [Guidelines on Procurement Procedures in Aided Schools](#)

[#] For IMC schools, the CFEG is subsumed in the Baseline Reference of the EOEBG. Please refer to the arrangement set out in the EOEBG User Guide for details.

¹ New aided schools in this User Guide include schools approved for reprovisioning or redevelopment.

² For aided schools with extension works or partial improvement works approved by EDB and provided with government subsidy for procurement of F&E for the new facilities, they should transfer the government subsidy into a Set-up Fund Account. Schools will still be provided with the CFEG. However, the additional classes resulting from the operation of new facilities, if any, will be eligible for CFEG after the first three years and when EDB approves the closure of the Set-up Fund Account.

[\(Updated in October 2025\).](#)

(b) Accounting Arrangements

- (i) Schools should maintain a separate account named “Composite Furniture and Equipment Grant Account” to record the income and expenditure of the CFEG. The expenditure on F&E of this account should be captured in the Balance Sheet under both headings of "Fixed Assets for Furniture and Equipment" and "Composite Furniture and Equipment Grant Utilised". In addition, schools are required to record the procured F&E items in the Fixed Assets Register. A proforma of the Fixed Assets Register is at the Annex.
- (ii) In respect of these grants, schools should submit the financial statements in accordance with the formats promulgated in relevant circular memorandum calling for the submission of the annual audited accounts.

(c) Expenditure Control

- (i) To ensure that the CFEG funds are spent properly and effectively, schools should obtain directives from their SMCs/ IMCs regarding the scope, criteria and rules of allocating funds. Schools should devise their own budget on how to use the CFEG funds and seek the approval of their SMCs/ IMCs of the budget and make the approved budget transparent to parents and teachers.
- (ii) Schools should ensure that the total expenditure is kept within the amount of the CFEG. Also, if any expenditure is found improperly incurred or charged to the CFEG funds, EDB shall ask the school concerned to explain the anomalies. In the absence of acceptable explanations, the school should make good such expenditure by non-government funds.

III. Accountability

Schools have to account for the proper utilization of the CFEG by

- (a) ensuring that they have suitable F&E items for the delivery of educational services and that such F&E items are properly recorded, managed and

protected from loss or damage;

- (b) developing accountable school-based procedures for F&E acquisition/replacement, monitoring and evaluation;
- (c) relating the school budget, including the budget for F&E, to the annual school plan;
- (d) keeping a separate account named “Composite Furniture and Equipment Grant Account” to record the income and expenditure of the CFEG; and
- (e) making available the school report with a financial statement for stakeholders and EDB.

IV. Separate F&E Subsidy outside the CFEG

Separate F&E subsidy will continue to be provided to schools by EDB for

- (a) school administration and management system, education television and information technology in education projects;
- (b) replacing standard F&E items lost in natural disaster, burglary, theft, fire etc.; and
- (c) new initiatives. (However, expenditures on replacement of these F&E items have to be met by the CFEG.)

**Proforma
Fixed Assets Register**

Item	Description	Date of Purchase	Cost		Quantity	Location	Date & reason of write-off	Supervisor's/ Principal's signature	Remarks
			Govt. Funds \$	School Funds \$					