

(1) School Number :	564559
Branch ID :	
(2) Name of School :	LUTHERAN PHILIP HOUSE OI LUN NURSERY SCHOOL
(3) Name of Sponsoring Body :	Lutheran Philip House Ltd.
(4) School type :	
First year joining KGES	Yes
With / Without non-local classes :	Without
(5) Total number of pages of auditor's report (i.e. 5th item in the contents) :	3
(6) Starting date of school year :	
KG Section - Local classes (dd/mm/yyyy) : (KGES)	01/09/2017
CCC Section (dd/mm/yyyy) :	01/09/2017
(7) Period covered by annual accounts :	
<i>For this submission</i>	
From (dd/mm/yyyy) :	01/09/2017
To (dd/mm/yyyy) :	31/08/2018
Only part of the period under KGES	No
<i>For last submission</i>	
From (dd/mm/yyyy) :	01/09/2016
To (dd/mm/yyyy) :	31/08/2017

**Please read "Points to note for filling the Annual Audited Accounts Excel Template" before filling in the statements.**

Note :

Editable cells (mandatory items)

Editable cells (optional items)

Not applicable cells

Non-editable cells

**LUTHERAN PHILIP HOUSE OI LUN  
NURSERY SCHOOL  
AUDITED ACCOUNTS  
FOR THE YEAR ENDED 31ST AUG, 2018**

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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 31st Aug, 2018 are true and correct.

Signed by School Supervisor:

Wu Oi Kuen

Name of School Supervisor:

Wu Oi Kuen

Name of School:

LUTHERAN PHILIP HOUSE OI LUN  
NURSERY SCHOOL

Date:

26 February 2019



Please stamp  
School Chop



**Tam Cheung Lai Sheung & Co.**

Certified Public Accountants - Practising

**譚張麗嫦會計師事務所**

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**INDEPENDENT AUDITOR'S REPORT**

**Accounts for the year ended 31 August, 2018**

**TO THE SCHOOL MANAGEMENT COMMITTEE OF LUTHERAN PHILIP HOUSE LIMITED**

**RE: OI LUN NURSERY SCHOOL**

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**Report on the Audit of the Financial Statements**

**Opinion**

We have audited the financial statements of Lutheran Philip House Limited – Oi Lun Nursery School (the “NURSERY”) set out on pages 8 to 24 from statement 1 to 7, which comprise the Income and Expenditure Account, Balance sheet as at 31 August 2018, Statement of Child Care Centre Subsidy Scheme and Subsidy for Manpower Enhancement, Statement of One-off Start-up Grant, Statement of Trading Operations and Statement of Donation Income, if any, and Notes to the Accounts.

***Compliance with Hong Kong Financial Reporting Standards – Disclaimer of Opinion***

Because of the significance of the matter described in the *Basis for Disclaimer of Opinion on Compliance with Hong Kong Financial Reporting Standards* section of our report, we do not express an opinion on the financial statements as to whether they give a true and fair view of the financial transactions of the Nursery during the year ended 31 August 2018 in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

***Compliance with accounting requirements of the Education Bureau, EDB***

In our opinion:

- (i) the financial statements are prepared, in all material respect, in accordance with the accounting requirements of the Education Bureau Circular No. 7/2016 Free Quality Kindergarten Education (Ref.: EDB/(KGSD)/KE/1/24(C)), relevant letters, circulars and guidelines issued by the EDB and such instructions as may be given by the Permanent Secretary for Education and reflect the financial transactions of the School during the year ended 31 August, 2018 and the financial position of the Nursery as at 31 August, 2018.
- (ii) during the year ended 31 August, 2018, the Nursery has used the government subventions in accordance with the rules and ambits of the government grants as promulgated in the relevant letters, circulars and guidelines issued by the EDB; and
- (iii) the balances of individual grant accounts as at 31 August 2018 are, in all material respects, correct.

**Basis for Opinion**

***Basis for disclaimer of Opinion on Compliance with Hong Kong Financial Reporting Standards***

In accordance with the agreed terms of engagement, our responsibility is to consider whether the financial statements have been properly prepared in accordance with the EDB's related accounting instructions. The School Management Committee, SMC has referred to the EDB's accounting requirements rather than HKFRSs when preparing the financial statements, and has not quantified the departures of these financial statements, and has not quantified the departures of these financial statements from HKFRSs. As it is not practicable for us to quantify the departures, we are unable to fulfil our other responsibility to opine as to whether the financial statements give a true and fair view of the financial transactions of the Nursery.



**Tam Cheung Lai Sheung & Co.**

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**INDEPENDENT AUDITOR'S REPORT (CONT'D)**

**Accounts for the year ended 31 August, 2018**

**TO THE SCHOOL MANAGEMENT COMMITTEE OF LUTHERAN PHILIP HOUSE LIMITED**

**RE: OI LUN NURSERY SCHOOL**

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**Basis for Opinion (cont'd)**

***Basis for Opinion on Compliance with the accounting requirements of the EDB***

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA's") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the School in accordance with the HKICPA's *Code of Ethics for Professional Accountants* ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on compliance with the accounting requirements of the EDB.

**Emphasis of Matter – Basis of Accounting and Restriction on Distribution and Use**

We draw attention to Note 1 to the financial statements, which describes the basis of accounting which has been designed to meet the requirements of the EDB and accordingly is not intended to give a true and fair view of the financial transactions of the School in accordance with HKFRSs, or any other framework designed to provide fair presentation. The financial statements are prepared to assist the Nursery to meet the requirements of the EDB. As a result, the financial statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

**Responsibilities of School Management Committee and Those Charged with Governance for the financial statements**

The SMC of the Nursery is responsible for the preparation of the financial statements in accordance with the accounting requirements of the EDB, which require the financial statements to be prepared in accordance with its Education Bureau Circular No. 7/2016 and related circulars on the Scheme related accounting instructions, and for such internal control as the SMC determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the SMC is responsible for assessing the Nursery's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the SMC either intends to liquidate the Nursery or to cease operations, or has no realistic alternative but to do so.

In addition, the SMC is responsible to ensure the Nursery has used the government subventions in accordance with the applicable rules issued by the EDB and the correctness of the balances of individual grant accounts. Those charged with governance are responsible for overseeing the School's financial reporting process.

**Auditor's Responsibilities for the Audit of the Financial Statements**

***Compliance with Hong Kong Financial Reporting Standards***

Our responsibility is to conduct an audit of the Nursery's financial statements in accordance with HKSA's issued by the HKICPA and to issue an auditor's report. However, because of the matter described in the *Basis for Disclaimer of Opinion on Compliance with Hong Kong Financial Reporting Standards* section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements on compliance with Hong Kong Financial Reporting Standards.



# **Tam Cheung Lai Sheung & Co.**

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## **INDEPENDENT AUDITOR'S REPORT (CONT'D)**

**Accounts for the year ended 31 August, 2018**

**TO THE SCHOOL MANAGEMENT COMMITTEE OF LUTHERAN PHILIP HOUSE LIMITED**

**RE: OI LUN NURSERY SCHOOL**

### **Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)**

#### *Compliance with the accounting requirements of the EDB*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. In addition, we are also engaged to report as to whether the Nursery has used the government subvention in accordance with the applicable rules issued by the EDB and whether the balances of individual grant accounts are, in all material respects, correct.

As part of an audit in accordance with HKSA's, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess then risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Nursery's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the SMC.
- Conclude on the appropriateness of the SMC's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Nursery ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Nursery to cease to continue as going concern.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

In forming our opinion on the use of government subventions, our opinion thereon was based on the evidence obtained during the course of our audit of the financial statements, and when reporting on the balances of individual grant accounts, we report as to whether they are, in all material respects, correct in so far as the balances agree to the books and records made available to us.

Tam Cheung Lai Sheung & Co

*Tam Cheung Lai Sheung & Co*  
Certified Public Accountants, Practising



Hong Kong, 26 February, 2019

Room 906, Nathan Centre, 580G-K Nathan Road, Kowloon, Hong Kong.  
香港九龍彌敦道580G-K號彌敦中心906室

**INCOME AND EXPENDITURE ACCOUNT**  
FOR THE PERIOD FROM 1ST SEP, 2017 TO 31ST AUG, 2018

KG Scheme Funds (under Kindergarten Education Scheme (KGES)) (Remark 1)												School Funds (Remark 1)				Total	
Local Kindergarten Section												-----Optional (Remark 2)-----					
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	Sub-total	2017/18	2016/17	
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										
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$					\$	\$	
-	3,225,825					-	2,150,550			5,376,375					5,376,375		
-	222,940									222,940					222,940		
		-	-			-	-			-					-		
						-	-			-		17,268		17,268	17,268	36,996	
						-	-			-		33,200		33,200	33,200	37,100	
								-		-					-		
									189,060	189,060					189,060		
															-	2,400,450	
											4,425	539,019	-	543,444	543,444	2,235,367	
												47,170		47,170	47,170	41,714	
												86,898		86,898	86,898		
											4,454	531,553	-	552,693	552,693	725,190	
-	3,448,765	-	-	-	-	-	2,150,550	-	189,060	5,788,375	8,879	1,255,108	-	1,280,673	7,069,048	5,476,817	



**INCOME AND EXPENDITURE ACCOUNT**  
FOR THE PERIOD FROM 1ST SEP, 2017 TO 31ST AUG, 2018

		KG Scheme Funds (under Kindergarten Education Scheme (KGES)) (Remark 1)											School Funds (Remark 1)				Total	
		Local Kindergarten Section											-----Optional (Remark 2)-----					
		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	Sub-total	2017/18	2016/17
Statement		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		-	(476,849)	-	-	-	-	-	857,834	-	61,170	442,155	(47,650)	334,912	-	303,969	746,124	283,720
Profit / (Loss) from trading operations	5															9,786	9,786	2,013
Donation income	6															-	-	-
<b>Surplus / (Deficit) for the year</b>		-	(476,849)	-	-	-	-	-	857,834	-	61,170	442,155	(47,650)	334,912	-	313,755	755,910	285,733
Accumulated surplus / (deficit) brought forward from previous year		-	-	-	-	-	-	-	-	-	-	-	-			292,063	292,063	6,330
(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		-	476,849	-	-	-	-	-	(476,849)	-		-					-	
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>		-	-	-	-	-	-	-	380,985	-	61,170	442,155	(47,650)	334,912	-	605,818	1,047,973	292,063
Amount to be clawed back by Education Bureau for the year	7 - Note 8	-	-	-	-	-	-	-	-	-	-	-					-	
<b>Surplus / (Deficit) carried forward to next year</b>	2	-	-	-	-	-	-	-	380,985	-	61,170	442,155	(47,650)	334,912	-	605,818	1,047,973	292,063

**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
	Statement	As at 31st Aug, 2018	As at 31st Aug, 2017
		\$	\$
<b>Non-current Assets</b>			
Fixed Assets	7 - Note 3	2,413	56,529
Others (Please specify)			-
Others (Please specify)			-
Others (Please specify)			-
Others (Please specify)			-
Others (Please specify)			-
		2,413	56,529
<b>Current Assets</b>			
Stocks	5	63,757	59,370
Accounts receivable and prepayments		34,609	4,249
Bank deposits with original maturities over three months			
Cash and cash equivalents		1,494,121	588,242
Others (Rental & Utility Deposit)		16,000	16,000
Others (Please specify)			-
Others (Please specify)			-
Others (Please specify)			-
Others (Please specify)			-
Others (Please specify)			-
Others (Please specify)			-
Others (Please specify)			-
Others (Please specify)			-
		1,608,487	667,861
<b>Current Liabilities</b>			
School fees received in advance		195,930	63,082
Accounts payable and accruals		141,778	85,245
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)			-
		337,708	148,327
<b>Net Current Assets / (Liabilities)</b>		1,270,779	519,534
<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>		1,273,192	576,063

**BALANCE SHEET**

		2017/18	2016/17
	<i>Statement</i>	<u>As at 31st Aug, 2018</u>	<u>As at 31st Aug, 2017</u>
		\$	\$
<b>Reserves</b>			
Accumulated surplus / (deficit)	<i>1</i>	605,818	292,063
Other reserves <i>(Please specify)</i>	<i>7 - Note 7</i>	-	-
Other reserves <i>(Please specify)</i>	<i>7 - Note 7</i>	-	-
Other reserves <i>(Please specify)</i>	<i>7 - Note 7</i>	-	-
Other reserves <i>(Please specify)</i>	<i>7 - Note 7</i>	-	-
Other reserves <i>(Please specify)</i>	<i>7 - Note 7</i>	-	-
		<u>605,818</u>	<u>292,063</u>
<b>Retained Surplus</b>			
Subsidies / grants from Education Bureau			
Subsidies / grants under Free Quality Kindergarten Education Scheme	<i>1</i>	442,155	
One-off Start-up Grant	<i>4</i>	225,219	284,000
		<u>667,374</u>	<u>284,000</u>
<b>Total Reserves and Retained Surplus</b>		<u><u>1,273,192</u></u>	<u><u>576,063</u></u>

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

	<i>Statement</i>	From 1st Sep, 2017 to 31st Aug, 2018 \$	From 1st Sep, 2016 to 31st Aug, 2017 \$
<b>Income</b>			
Subsidy received under the Child Care Centre Subsidy Scheme ( <i>Remark 1</i> )	1	47,170	41,714
Subsidy for Manpower Enhancement ("SME") ( <i>Remark 2</i> )	1	86,898	
<b>Total Income</b>		134,068	41,714
<b>Expenditure</b>			
Salary and provident fund / mandatory provident fund ( <i>Remarks 1 and 2</i> )			
Child care supervisor's ("CCS's") salaries		26,720	-
Child care workers' ("CCW's") salaries		355,630	595,620
Employer's Contribution to Provident Fund Scheme / Mandatory Provident Fund Scheme for CCSs and CCWs		17,293	29,778
<b>Total expenditure</b>		399,643	625,398
<b>Surplus (<i>Remark 3</i>) / (Deficit)</b>			
Surplus refundable to Education Bureau ("EDB") / (Deficit) for the period		(93,439)	(583,684)
Surplus refundable to Social Welfare Department ("SWD") / (Deficit) for the period		(172,136)	
<b>Total surplus / (deficit)</b>		(265,575)	(583,684)

**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

	<i>Statement</i>	From 1st Sep, 2017 to 31st Aug, 2018 \$	From 1st Sep, 2016 to 31st Aug, 2017 \$
<b>Income</b>			
Grant received		-	284,000
<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		55,781	-
Small-scale renovations		3,000	-
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)		-	-
Others (Please specify)		-	-
<b>Total Expenditure</b>		58,781	-
<b>Surplus / (Deficit) for the period</b>		(58,781)	284,000
Surplus brought forward from previous period	2	284,000	
Deficit transferred to Income and Expenditure Account (Remark 1)	1	-	
<b>Surplus for the period after transfer</b>		225,219	284,000
Amount refundable to Education Bureau (Remark 2)	7 - Note 8		
<b>Surplus carried forward to next period</b>	2	225,219	284,000

**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 1ST SEP, 2017 TO 31ST AUG, 2018**

Statement	Textbook \$	Exercise book \$	School bus \$	School uniform \$	School Bag \$	Bedding \$	Activity outside regular school hours \$	Stationery \$	Teaching/ Learning material \$	Snack/Food/ Refreshment \$	Lable etc. \$	Publication \$	BB & Other \$	Total \$
<b>Income (Remark 1)</b>	54,825	68,230	-	40,179	3,964	-	9,359	2,333	10,856	-	605	5,725	2,430	198,506
<b>Cost of Sales</b>														
Opening stock	-	-	-	33,192	20,375	-	-	-	-	-	-	-	5,803	59,370
Add : Purchases	54,841	66,042	-	37,030	-	-	8,383	2,040	10,526	-	600	5,145	8,500	193,107
Others (Please specify)														-
Others (Please specify)														-
Others (Please specify)														-
Others (Please specify)														-
Others (Please specify)														-
Others (Please specify)														-
Less: Closing stock	-	-	-	35,136	16,903	-	-	-	-	-	-	-	11,718	63,757
<b>Total Cost of Sales</b>	54,841	66,042	-	35,086	3,472	-	8,383	2,040	10,526	-	600	5,145	2,585	188,720
<b>Profit/ (Loss) for the year</b>	(16)	2,188	-	5,093	492	-	976	293	330	-	5	580	(155)	9,786
Profit / (Loss) as a % of total cost of sales (Remark 2)	-0.03%	3.31%		14.52%	14.17%		11.64%	14.36%	3.14%		0.83%	11.27%	-6.00%	5.19%

**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 1st Sep, 2017 to 31st Aug, 2018 \$	From 1st Sep, 2016 to 31st Aug, 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>			
Others <i>(Please specify)</i>			
<b>Total Expenditure</b>		-	-
<b>Unspent balance</b> <i>(Remark 2)</i>	1	-	-

**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 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 (if applicable)		Local Kindergarten Classes		Non-Local Kindergarten Classes (if applicable)
11%	:	89%	:	

- (iv) Expenses incurred on a school basis are allocated to KGSF and SF based on yearly from 1st September, 2017 to 31st August, 2018, 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
	:	Not applicable (1.6 to 2 , please specify)



## LUTHERAN PHILIP HOUSE OI LUN NURSERY SCHOOL

## NOTES TO THE ACCOUNT

## 2. Basis of Preparation (cont'd)

## 2.1 Property, plant and equipment

Plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Nursery and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed in the statement of profit or loss and other comprehensive income during the financial period in which they are incurred.

Depreciation on other assets is calculated using the straight-line method to allocate their costs to their residual values over their estimated useful lives, as follows:

Furniture, fixtures, equipment and decoration	25% - 33.33% per annum
Computer hardware and software	33.33% per annum

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each end of the reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

## 2.2 Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the first-in, first-out method. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

## 2.3 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposited held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

## 2.4 Employee benefits

Employee benefits represent short term employee benefits and contributions to defined contribution retirement plans.

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

## 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 1st Sep, 2017			362,671	57,075	442,700	862,446
Additions ( <i>Remark 1</i> )	-	-	3,620	-		3,620
Transfer ( <i>Remark 1</i> )			442,700	-	(442,700)	-
Disposals			-	-		-
Written off			-	-		-
As at 31st Aug, 2018	-	-	808,991	57,075	-	866,066
<b>Accumulated Depreciation</b>						
As at 1st Sep, 2017			312,026	51,191	442,700	805,917
Depreciation						
KG Scheme Funds	-	-	-	-		-
School Funds	-	-	51,852	5,884		57,736
	-	-	51,852	5,884		57,736
Transfer ( <i>Remark 1</i> )			442,700	-	(442,700)	-
Disposals			-	-		-
Written off			-	-		-
As at 31st Aug, 2018	-	-	806,578	57,075	-	863,653
<b>Net Book Value</b>						
As at 1st Sep, 2017	-	-	50,645	5,884	-	56,529
As at 31st Aug, 2018	-	-	2,413	-	-	2,413
Threshold amount ( <i>Remark 2</i> )			3,000	3,000		
Depreciation Rate (%)			33.3%	33.3%		

**Remark :**

1. 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.
2. 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 1st Sep, 2017 to 31st Aug, 2018 Cost \$
(i) School premises		
(Please specify)		
(Please specify)		
(Please specify)		
(Please specify)		
(Please specify)		
		-
(ii) Leasehold improvements		
(Please specify)		
(Please specify)		
(Please specify)		
(Please specify)		
(Please specify)		
		-
(iii) Furniture/ Equipment/ Fixtures/ Fittings		
Towngas 煮食爐	29/6/2018	3,620
(Please specify)		
(Please specify)		
(Please specify)		
(Please specify)		
(Please specify)		
(Please specify)		
(Please specify)		
(Please specify)		
(Please specify)		
(Please specify)		
		3,620
(iv) Computer hardware and software		
(Please specify)		
(Please specify)		
(Please specify)		
(Please specify)		
(Please specify)		
(Please specify)		
(Please specify)		
(Please specify)		
(Please specify)		
(Please specify)		
		-
(v) Others (Remark 1)		
(Please specify)		
(Please specify)		
(Please specify)		
(Please specify)		
(Please specify)		
(Please specify)		
(Please specify)		
<b>Total</b>		<b>3,620</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.

## 5. Other Income

## 6. Other Expenditure

- 20 -

### 6. Other Expenditure (Cont'd)

- 21 -

NOTES TO THE ACCOUNTS

7. Other Reserves

	Other reserves (Please specify)	Other reserves (Please specify)	Other reserves (Please specify)	Other reserves (Please specify)	Other reserves (Please specify)	Total
	\$	\$	\$	\$	\$	\$
As at 1st Sep, 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 31st Aug, 2018	-	-	-	-	-	-

**8. Amount refundable to Education Bureau**

As at 31st Aug, 2018

## NOTES TO THE ACCOUNTS

## 9. Related party transactions

	From 1st Sep, 2017 to 31st Aug, 2018	From 1st Sep, 2016 to 31st Aug, 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>		
	-	-
(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>		
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>		
	-	-
(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>		
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>		
	-	-