



Chapter Three:

Financial Affairs

3.1 Principles of Financial Management

The establishment and resources allocation of PTAs are built on the support and trust of members of the public, and parents in particular. In order to strengthen the standing and continuity of the PTA, the school and the PTA should handle matters relating to PTA's income and expenditure in a serious, open and fair manner. PTAs registered in accordance with the Societies Ordinance or the Companies Ordinance should be a financially independent body, of which the financial management should be guided by the principles of prudence and propriety to ensure effective and proper use of financial resources. Where necessary, the financial principles and arrangements should also be stipulated in the constitution to safeguard assets and ensure the proper use of funds, thereby enhancing the accountability and transparency of financial management.

A) Treasurer

- To be responsible for preparing financial budgets for the PTA, maintaining proper and accurate accounts of all financial records of the PTA, and compiling financial reports to precisely reflect and report the PTA's financial and asset status, so as to ensure that all resources are allocated according to the mission and objectives of the PTA.
- Accurate financial records can help the PTA Executive Committee formulate/ make appropriate financial plans/decisions, and also complement or support the development of the PTA.

B) Financial budgets

- Financial budgets manifest the PTA's business plan and its implementation for the year ahead. Relevant views of all members shall be solicited and fully considered in preparing the budgets, which should be closely tied in with the business plan, development and operational needs of the PTA, and may even complement/ support the plan and development of the school. A well-planned budget facilitates the PTA's proper use of all resources, and avoids unnecessary financial deficits. If necessary, the financial budgets may also be adopted at the General Meeting before putting into effect.
- In the event that the school's development is involved in the financial budget, the PTA should fully communicate with the school in advance, and prior approval should be obtained from the school subject to the plan and operational needs.

C) Financial Statements

- Financial statements are intended to provide clear information to reflect the financial situations, financial performance and cash flows of the PTA. They can assist the Executive Committee in monitoring the income and expenditure to achieve a fiscal balance as far as practicable, and enable all members to gain an understanding of the financial performance of the PTA and the implementation of its business.
- The financial situations should clearly reflect the PTA's assets and liabilities, whereas the financial performance shows the income and expenditure of the year concerned. All financial statements should present the financial situations, financial performance and cash flows of the PTA in a truthful and unbiased manner, and the information therein must be clear, organised, accurate, unbiased, reliable and complete.

- In general, a complete set of PTA financial statements should include (based on the accounting period of the PTA):
 1. Balance sheet (statement of financial position) *
 2. Statement of income and expenditure (consolidated profit and loss account)
 3. Cash flow statement

* *The contents of the balance sheet include:*

 - *Non-current assets (such as furniture, appliances);*
 - *Current assets (such as bank account balances and cash balance); and*
 - *Short-term liabilities (such as amounts payable).*
- Please refer to [Appendix III \(A\)](#) for the sample statement of income and expenditure.

D) Auditing

- The purpose of auditing financial reports is to review all accounts within a certain period to check whether they have been properly recorded and give a true and fair view in accordance with the general accounting principles and standards. To maintain its independence, the PTA should invite a person experienced in auditing to be the honorary or voluntary auditor.
- For PTAs registered as a limited company, only “practice units” (this term has the meaning given by section 2(1) of the Accounting and Financial Reporting Council Ordinance (Cap. 588)) are eligible to be appointed as its auditor.

3.2 Sources of Income

A) Fees

1. Membership fee (generally speaking, all parents of current students will automatically become members)
2. Activity fees



B) Subsidies

1. Home-School Co-operation Grants (please refer to paragraph 3.3 of Chapter 3 in this Handbook for details)
 2. Subsidies/donations from other organisations (please refer to paragraph 3.5 of Chapter 3 in this Handbook for details)
- The above are the common sources of income of PTAs. PTAs and schools should determine the charges for different kinds of activities according to their school-based circumstances, fiscal status and financial needs of the activities.
 - Most PTAs collect nominal membership fee. The membership fee should be collected in accordance with the fee-charging criteria stipulated in the constitution.
 - If there is a special need for the PTA to charge its members an additional fee, prior passage of the relevant resolution at the General Meeting and the approval of the school should be sought, so as to avoid unnecessary disputes between the school and the parents.

Tips

If circumstances permit, PTAs may consider establishing relevant mechanisms to provide membership fee/activity fee remissions for families with financial needs.

3.3 Home-School Co-operation Grants

The annual provision of the Home-School Co-operation Grants (the Grants) by EDB is to encourage schools to set up PTAs and organise home-school co-operation activities and/ or parent education programmes or activities.

Starting from the 2026/27 school year, application from public-sector schools (including government, aided (including special schools) and caput schools) and Direct Subsidy Scheme (DSS) schools is not required. Kindergartens (KGs), kindergarten-cum-child care centres (KG-cum-CCCs), and private primary and secondary schools offering a formal curriculum (including private independent schools, international schools and English Schools Foundation schools; hereinafter collectively referred to as "private schools") and their PTAs may refer to the website of the Committee on Home-School Co-operation (CHSC) /relevant EDB circular memorandums, and submit their applications according to the requirements and the application deadlines.

The details of the Grants are as follows:

	Public-sector schools and DSS schools	KGs, KG-cum-CCCs and private schools	
Type of the Grant	Consolidated Home-School Co-operation Activities Grant	Grant for Setting Up PTAs	Consolidated Home-School Co-operation Activities Grant
Scope of the Grant	- To organise <u>at least two</u> home-school co-operation and/ or parent education programmes or activities. The activities can be organised by an individual school/ PTA or jointly by different schools/PTAs. Activities should aim at deepening home-school co-operation and enhancing parent education - To subsidise the recurrent expenditure of PTAs	A grant provided to schools planning to set up PTAs in the current school year to subsidise the recurrent expenditure of their PTAs, including purchasing furniture for their PTAs, publishing newsletters, acquiring stationery and other commodities, etc.	- To organise <u>at least two</u> home-school co-operation and/ or parent education programmes or activities. Such activities can be organised by an individual school/ PTA or jointly by different schools/ PTAs. Activities should aim at deepening home-school co-operation and enhancing parent education - To subsidise the recurrent expenditure of PTA (for schools with PTAs set up)
Grant Amount	Fixed amount	Fixed amount	To be approved according to the nature, estimated number of participants, etc., of the activities
Application	Application is not required.	Schools are required to log in to the "Home-School Co-operation Grants e-Application System" (https://hscg.chsc.hk/e_application/en) to submit the e-application form on or before the application deadline each year (Remarks: For schools planning to set up PTAs or schools with PTAs newly set up in the current school year, applications are accepted throughout the school year)	
Handling of Surplus	Depending on the type of school	PTAs can retain the unspent amount until it is fully utilised	Schools must return the unspent amount to the HKSAR Government by crossed cheque
Details	Please refer to EDB Circular No. 9/2026 or visit the " Consolidated Home-School Co-operation Activities Grant " webpage on the CHSC website 	Please refer to EDB Circular Memorandum of the current school year or visit the " Application for Home-School Co-operation Grants " webpage on the CHSC website 	
Remarks	- All schools should be responsible for monitoring the activities subsidised by the Grants. All activity reports, evaluation forms, financial records (including books of accounts, original copy of receipts, payment vouchers/ invoices and other relevant documents) must be kept for at least 7 years by schools for accounting and auditing purposes - School <u>must</u> evaluate the effectiveness of the activity or share the outcome with parents, and submit the "e-Home-School Co-operation Activities Evaluation Form" after the activity		

3.4 Financial Records

All financial records of the PTA must be properly kept, including documents recording financial/business transactions, or other documents that enable affairs of the PTA to be traced and verified through the accounting system. Regardless of using paper-based/computerised mode of book keeping, it must be ensured that all records are documented in a clear and orderly manner.

If the PTA chooses to retain relevant information and source documents, such as cheque stubs, invoices, bank deposit slips and bank statements, in the form of electronic records, it must be ensured that back-up copies of all the information saved in the computer are available, and that the retention arrangements of relevant records and source documents should also comply with [Section 8 of the Electronic Transactions Ordinance \(Cap. 553\)](#) of Hong Kong Legislation.

A) Banking Records

- Use a cash book to record all business transactions involving cash (the minimum bookkeeping system).
- Regularly deposit all incomes into a designated bank account.
- Pay all expenses by cheque whenever possible to create a permanent record of related payment items on bank statements.
- The cheque stubs or covering payment vouchers should record the date of payment, the name of the payee, details of relevant expenses, and the amount of the cheque.
- Keep self-carboning duplicate of bank deposit slips and bank statements properly in date order.
- Reconcile and compare the items and balances recorded on bank statements with those shown in cash books on a regular basis (e.g. monthly).



Tips

The bank should be notified immediately of any changes in the signatory of the bank account/cheque for appropriate action due to a change of term of the Executive Committee or other reasons

B) Records of Incomes

- Records that record and explain all incomes must be kept.
- Various ways of recording can be used, including books of accounts, receipts, etc.
- Receipts are used to record sums received by the PTA. The most suitable type of receipt is pre-printed and consecutively numbered with duplicates. The name of the PTA should appear on every receipt.
- Fee notes could be prepared to enumerate the nature of payment, the payer's information and the receipt numbers for regular review.

C) Records of Expenses

- Records that record and explain all expenses must be kept.
- Prior consent/authorisation of the Executive Committee must be obtained for approval and endorsement on all expenses incurred by the PTA.
- Various ways of recording can be used, including book of accounts, payment receipts, cheque stubs, invoices, petty cash system, etc.

- All payment should be made by cheques whenever possible. When payment is made, payment receipts should be requested regardless of the format of payment.
- The payment receipts should clearly show details such as date, name of supplier or service provider, amount and description of items paid for. If the payment receipt does not contain sufficient details, an additional notation should be clearly recorded.
- Diaries or similar records should only be used where no other proof of payment is available.
- Where cash is used for small purchases or small items, a petty cash system can be used to settle day-to-day small expenses. However, receipts should be obtained whenever possible to support the expenses incurred.
- The bank should be notified immediately of any changes in the signatory of cheques/withdrawal slips for appropriate action when the authorised Executive Committee member(s) has/have completed his/her/their term of office or resigned.

Tips



- All incomes and expenditures should be recorded in the account books as soon as possible.
- All financial records and relevant documents, such as receipts, must be kept for at least seven years.
- To avoid the print on receipts become faint with time, these receipts may be photocopied for filing or retained in electronic records.

D) Records of Assets (if any)

- If the PTA owns certain assets, relevant records must be kept, including date of purchase and costs, date of sales and price, and the dates and costs for any other expenses related to the assets.
- A Fixed Assets Register should be used to record the items of fixed assets. Please refer to [Appendix III \(B\)](#) for the sample Register.

Hong Kong Legislation
Section 8 of the Electronic Transactions
Ordinance (Cap. 553)



3.5 Other Reference Materials for Financial Matters

A) Purchasing Goods or Hiring Services

- PTAs should develop an effective and properly controlled procurement system to ensure that procurement in their day-to-day operation is conducted in a transparent and competitive manner. It shall be the duty of the Executive Committee to ensure the openness, fairness and competitiveness of procurement procedures at all times, and with adequate checks and balances.

- For details, please refer to the [“Best Practice Checklist – Governance and Internal Control in Schools”](#) and the [“Corruption Prevention Toolkit on Kindergarten’s Operations”](#) of ICAC, EDB [Circular No. 4/2013 on “Procurement Procedures in Aided Schools”](#), the [“Reference Materials on Procurement Procedures in Aided Schools”](#) webpage of EDB, and the [“Guidelines on Procurement Procedures in Kindergartens”](#).



B) Trading Operations of Schools

- PTAs of primary, secondary and special schools are required to observe the principles and arrangements as set out in prevailing EDB circular on Trading Operations in Schools should they be delegated by the School Management Committee (SMC) or the IMC to make arrangements for trading operations in the schools. Any profits or net income arising from such trading operations should be credited into the school accounts and applied for the purposes directly benefitting students of the schools.
- Before delegations take place, prior approval should be obtained from the SMC or the IMC, and all such records must be properly documented. The PTA shall submit relevant tender or quotation documents to the SMC or the IMC for record keeping purposes.
- For details, please refer to EDB [Circular No. 10/2016 on “Trading Operations in Schools”](#) and the [“Reference Materials on Trading Operations”](#) webpage of the EDB.
- For KGs, if the PTAs conduct trading operations for their KGs, prior approval should be obtained from the SMC, and such record should be properly documented. The SMCs have the obligation to ensure that the procurements conducted by the PTAs comply with the requirements of “Guidelines on Procurement Procedures in Kindergartens”, and observe the guidelines as stipulated in EDB [Circular No. 16/2013 “Collection of Fees, Sales of School Items and Provision of Paid Services in Kindergartens”](#).



EDB Circular No.
10/2016
"Trading Operation in
Schools"



EDB Webpage
"Reference Materials on
Trading Operations"



EDB Circular No. 16/2013
"Collection of Fees, Sale of School
Items and Provision of Paid Services in
Kindergartens"

C) Fund-raising Activities

- For organising general charitable fund-raising activities in public places, please visit the ["Public Subscription Permit \(General Charitable Fund-raising Activities\)"](#) webpage of the Social Welfare Department (SWD).
- When the PTA participates in a fund-raising activity organised by the school (for the school's own purposes/for outside charitable institutions), the intended purposes of the fund-raising activity should be explicitly specified to its members and any particular amount of the contributions should not be suggested. The PTA should keep proper records of funds collected and obtain official receipts from the charitable institutions concerned. The documents shall be retained for the information of members and for record purposes.
- If the PTA plans to hold fund-raising activities for own purposes within the school but the PTA is not a registered charitable institution which is exempt from taxes under Section 88 of the Inland Revenue Ordinance, prior approval from the Permanent Secretary for Education must be sought. Depending on the nature and form of fund-raising activities, schools and/or PTAs are required to seek approval from other relevant government departments.
- For details, please refer to the ["Guides on Charitable Fund-raising Activities"](#) webpage of SWD, the ["Fund-raising Activities in Schools"](#) webpage of EDB and the ["Corruption Prevention Guide for Management of Charities, Donation and Fund-raising Activities"](#) of ICAC.



SWD webpage
"Public Subscription Permit
(General Charitable Fund-
raising Activities)"



SWD webpage
"Guides on Charitable
Fund-raising Activities"



EDB webpage
"Fund-raising Activities in
Schools"



"Corruption Prevention
Guide for Management of
Charities, Donation and
Fund-raising Activities"

D) Acceptance of Advantages and Donations

- When dealing with the acceptance of advantages and donations, PTAs should make reference to the EDB [Circular No. 3/2022 on "Acceptance of Advantages and Donations by Schools and their Staff"](#) and the ["Best Practice Checklist - Governance and Internal Control in Schools"](#) or the ["Corruption Prevention Toolkit on Kindergartens' Operations"](#) of ICAC to avoid contravention of the Prevention of Bribery Ordinance or leading to situations or allegations of conflict of interest, as well as to promote effective integrity management and internal control measures.



EDB
Circular No. 3/2022 on "Acceptance
of Advantages and Donations by
Schools and their Staff"



ICAC
"Best Practice Checklist -
Governance and Internal
Control in Schools"



ICAC
"Corruption Prevention
Toolkit on Kindergartens'
Operations"

