

Guidelines on Differentiation of School Funds and Assets before the Establishment of an Incorporated Management Committee

Introduction

The following provisions of the Education (Amendment) Ordinance 2004 govern the funds and assets of a school:

- (i) Section 40AE(1)(a) and (c) provides that the sponsoring body of a school shall be responsible for meeting the cost of furnishing and equipping the new school premises of the school to, where applicable, standards as recommended by the Permanent Secretary and maintaining full control of the use of funds and assets owned by it.
- (ii) Section 40AF(2)(a), (d) and (e) stipulates that an incorporated management committee of a school may:
 - ◆ take on lease, purchase or otherwise acquire, and hold, manage and enjoy property of any description, and sell, let or otherwise dispose of the same;
 - ◆ use and dispose of the funds and assets owned by it; and
 - ◆ handle funds and assets received from the Government in the capacity of a trustee.
- (iii) Section 40AH stipulates that no property belonging to and provided by the Government, the sponsoring body or any other person for the operation of a school shall, by reason only of the establishment of the incorporated management committee of the school, become property of the committee. The incorporated management committee of a school shall hold any subsidy received from the Government in accordance with code of aid as trustee.
- (iv) Section 40BE(c) provides that on the cancellation of the registration or provisional registration of a school, the Permanent Secretary shall apply the properties (owned by the incorporated management committee of the school before its dissolution) to settle the liabilities (if any) of the

committee which are outstanding immediately before its dissolution in such manner as he considers fair. Where (after such settlement) any property which was donated to the committee remains, the Permanent Secretary shall return the property to the donor unless the donor indicated at the time of the donation that he did not wish to reclaim the property in the event of the dissolution of the committee.

2. To avoid confusion, operating schools and planned schools shall differentiate clearly the ownership of funds and assets in respect of the Government, the sponsoring body and the school before establishing an incorporated management committee.

Differentiation of Funds and Assets of a School

3. The description and ownership of the general funds and assets of a school are listed in the **Appendix**. Funds and assets owned by the Government mainly include all the recurrent and non-recurrent grants provided by the Government, school premises built and the land owned by the Government, as well as any furniture, equipment, book and teaching aid etc purchased with government grants and Quality Education Fund. As for the non-government funds and assets of a school, they may belong to the school or the sponsoring body or other donors. Before establishing an IMC, the school should refer to the Appendix and discuss with its sponsoring body with the aim to delineate clearly their respective ownership of school assets. Where the property is a donation, the school should ascertain whether the donor had, at the time of donation, indicated that he did not wish to reclaim the property in the event of the dissolution of the IMC to avoid dispute in the future.

4. As there is no guarantee that the list of school funds and assets at the Appendix is exhaustive, the relevant parties, delineating the ownership of funds and assets, should examine carefully all the funds and assets of the school to avoid omission. Schools in need of advice or assistance may contact their respective Senior School Development Officers.

Funds and Assets of a School before Establishing an Incorporated Management Committee

Source	Funds	Assets	*Ownership
Government	Recurrent and non-recurrent grants provided by the Government	<ul style="list-style-type: none"> ◆ Schools premises built and the land owned by the Government, furniture, equipment, books and teaching aids purchased with government grants 	Government
Government	Quality Education Fund	<ul style="list-style-type: none"> ◆ School facilities such as air-conditioners, computer equipment, etc. 	Government
Sponsoring body	<ul style="list-style-type: none"> ◆ Set-up fund ◆ Donation 	<ul style="list-style-type: none"> ◆ Furniture, equipment, books and teaching aids purchased with the set-up fund ◆ Furniture, equipment, books and teaching aids donated by the sponsoring body 	School
Sponsoring body	Scholarship provided by the sponsoring body	<ul style="list-style-type: none"> ◆ School premises built and the land owned by the sponsoring body ◆ Other non-government properties within the school premises, such as church 	Sponsoring body or school (depending on the agreement between the sponsoring body and the school)
Student/business undertaking/organisation/others	<u>School income</u> <ul style="list-style-type: none"> ◆ School fees 		Government

