

Y. H. CHEUNG & COMPANY

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INDEPENDENT ASSURANCE REPORT

TO THE BOARD OF DIRECTORS OF

THE HONG KONG BASEBALL ASSOCIATION LIMITED ("the Association")

We have been engaged to perform a reasonable assurance engagement on the accompanying Association's Annual Accounts of the cash subvention and the related programmes expenditure ("Annual Accounts") set out on pages 1 to 11 (attached herewith) for the year ended 31 March 2013, which have been prepared by the Board of Directors of the Association in connection with the requirements of Leisure and Cultural Services Department ("LCSD") of the Government of the Hong Kong Special Administrative Region ("the Government").

Respective Responsibilities of the Board of Directors and Auditors

The Board of Directors of the Association is responsible for the preparation of the accompanying Annual Accounts and for ensuring that they have been properly prepared from the books and records of the Association and drawn up in compliance with the provisions of the Subvention Agreement for the year 2012-13 made between the Government and the Association. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation of the accompanying Annual Accounts that are free from material misstatement, selecting and applying appropriate accounting policies. The Board of Directors is also responsible for ensuring that the Association has complied with the provisions of the Subvention Agreement, the Code of Conduct and the Procurement Guidelines which the Association has deposited with the Government.

It is our responsibility to report on whether the Annual Accounts have been drawn up in compliance with the provisions of the Subvention Agreement and the Auditor's Guide as stipulated in Clause 6(e) of the Subvention Agreement, and the Association has complied with the provisions of the Subvention Agreement, the Code of Conduct concerning the procedural requirements in processing declaration on conflict of interests and application for acceptance of advantages and the Procurement Guidelines of the Association, based on our reasonable assurance engagement, and to report our conclusions solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.



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INDEPENDENT ASSURANCE REPORT

TO THE BOARD OF DIRECTORS OF

THE HONG KONG BASEBALL ASSOCIATION LIMITED ("the Association")

Basis of Conclusions

We have conducted our work in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" issued by the Hong Kong Institute of Certified Public Accountants. This Standard requires that we comply with ethical requirements and plan and perform the assurance engagement to obtain reasonable assurance whether the Annual Accounts have been properly prepared from the books and records of the Association and drawn up in all material respects in compliance with the provisions of the Subvention Agreement and the Auditor's Guide, and the Association has complied with the provisions of the Subvention Agreement, the Code of Conduct concerning the procedural requirements in processing declaration on conflict of interests and application for acceptance of advantages and the Procurement Guidelines of the Association.

We planned and performed our reasonable assurance engagement so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give our conclusions as to whether the Annual Accounts have been properly prepared from the books and records of the Association and drawn up in compliance with the provisions of the Subvention Agreement and the Auditor's Guide, and the Association has complied with the provisions of the Subvention Agreement, the Code of Conduct concerning the procedural requirements in processing declaration on conflict of interests and application for acceptance of advantages and the Procurement Guidelines of the Association. We believe that our reasonable assurance engagement provides a reasonable basis for our conclusions.

Conclusions

In our opinion, based on the foregoing, the Annual Accounts for the year ended 31 March 2013 have been properly prepared from the books and records of the Association and drawn up in compliance with the provisions of the Subvention Agreement and the Auditor's Guide, and the Association has complied with the provisions of the Subvention Agreement, the Code of Conduct concerning the procedural requirements in processing declaration on conflict of interests and application for acceptance of advantages and the Procurement Guidelines of the Association.



Y. H. Cheung & Company
Certified Public Accountants*
Hong Kong
13 September 2013



HONG KONG BASEBALL ASSOCIATION



**Summary of Cash Subvention to The Hong Kong Baseball Association Limited
under the Sports Subvention Scheme of Leisure and Cultural Services Department
for the Financial Year Ended 31 March 2013**

	<u>HK\$</u>	
Cash subvention from LCSD (Note 1)		
Original cash subvention allocated at the beginning of the financial year		
(i) Subvention for Personnel Expenses	936,092.00	
(ii) Subvention for Office Expenses	117,450.00	
(iii) Subvention for Programme Expenses	2,692,865.00	
	3,746,407.00	(a)
(i) Pay Rate Adjustment	89,462.00	
(ii) Additional Funding -- "RUN"	236,112.00	
Add: Additional subvention from LCSD	325,574.00	(b)
	-	
Less: Subvention netted-off for 2012-13 (Note 2)	-	(c)
Total cash subvention from LCSD for the year	4,071,981.00	(d)=(a)+(b)-(c)
Expenditure (Note 3)		
(i) Subvention for Personnel Expenses	838,637.20	
(ii) Subvention for Office Expenses	266,693.21	
(iii) Subvention for Programme Expenses	3,615,651.58	
(iv) Additional Funding -- "RUN"	194,133.36	
Total expenditure incurred for the year 2012-13	4,915,115.35	(e)
Surplus/(Deficiency) of subvention over expenditure	(843,134.35)	(f)=(d)-(e)
Other income (i.e. other than LCSD subvention) (Note 4)		
(i) Entry fee / Admission fee	1,303,987.40	
(ii) Bank interest generated from LCSD Subvention and Reserve Fund	180.54	
(iii) Sponsorship / Donation	22,828.00	
(iv) Contribution from the Association	53,473.82	
(v) Other Resources	118,038.03	
	1,498,507.79	(g)
Total Surplus/(Deficiency) of income over expenditure	655,373.44	(h)=(f)+(g)

Note 1: The amount reflects the cash subvention granted to the Association as stated in the Subvention Agreement.

Note 2: This refers to the amount of subvention allocated for 2012-13 which is subsequently netted off by the LCSD within 2012-13 (e.g. due to cancellation of programmes).

Note 3: This represents the total cash expenditure incurred for subvented posts, office expenses and programme expenses (met by either LCSD subvention/sponsorship/donation/NSA/other resources).

Note 4: "Other income" excludes subvention under the Arts and Sport Development Fund.

