

Accounting Arrangement for Capacity Enhancement Grant (CEG)

1. For aided and government schools

- (i) CEG has been included in the Special Domain of Operating Expenses Block Grant (OEBG) for aided non-Incorporated Management Committee (non-IMC) schools so that these schools can make use of the surplus of the OEBG General Domain to top up expenditure under the grant and benefit from the surplus retention mechanism applicable to OEBG, i.e. retention of surplus up to 12 months' provision of OEBG.
- (ii) For aided IMC schools / government schools with School Management Committee, CEG has been included in the Expanded Operating Expenses Block Grant (EOEBG) and the Expanded Subject and Curriculum Block Grant (ESCBG) respectively so that these schools can also retain surplus up to 12 months' provision of EOEBG / ESCBG.
- (iii) Aided schools are requested to observe closely [EDB Circular Memorandum No. 156/2024](#) dated 5 August 2024 on OEBG / EOEBG for the use of CEG.
- (iv) Aided schools are required to keep a separate ledger account to record all the income and expenditure chargeable to CEG. Schools are not advised to use CEG beyond its ambit because they are required to account for the use of the grant separately in the annual School Report.

2. For caput schools and schools operating full-time Initiation Programme for newly arrived children (IP schools for NAC)

- (i) Caput schools and IP schools for NAC should maintain a separate ledger account for CEG. Any deficit under CEG should be met by the school's own funds.
- (ii) Caput schools and IP schools for NAC should carry forward any year-end surplus to the next accounting year, subject to a maximum of 12-month provision as per the audited account. Any surplus in excess of the permitted level will be clawed back.

3. For Direct Subsidy Scheme (DSS) schools

DSS schools should maintain a separate ledger account for CEG, and ensure that the total expenditure should be kept within the amount of provision of CEG and avoid deficits as far as possible. Any deficits arising should be borne by the school's own funds or the school sponsoring body. With effect from the 2005/06 school year, DSS schools may retain a maximum surplus of up to 12 months' provision of the CEG provided in that year. Any surplus in excess of the permitted level will be clawed back.