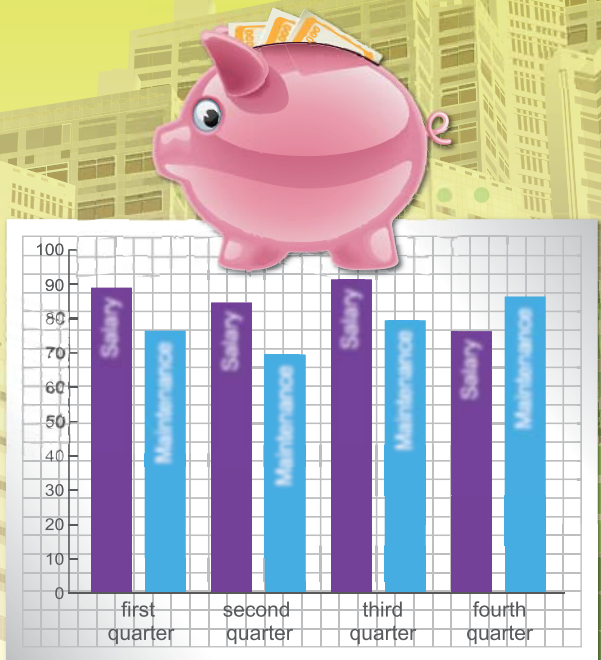


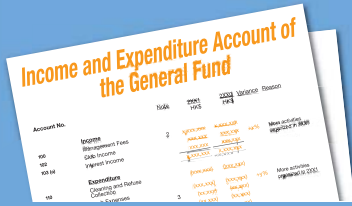
Financial Management and Auditing of Owners' Corporations (OCs)

Building Management Ordinance (Cap. 344)



Sections 20 and 21 and Schedule 5 of the Building Management Ordinance:

An OC: shall establish and maintain a general fund (e.g. management expenses)



may establish and maintain a contingency fund to provide for expenditure of an urgent nature and improvement and maintenance works, etc.



shall prepare an annual budget for the OC



The management committee:

shall determine the amount of contribution by the owners (e.g. management fees)



Section 27 of the Building Management Ordinance:

A management committee shall:

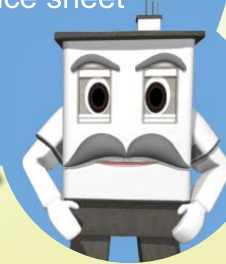
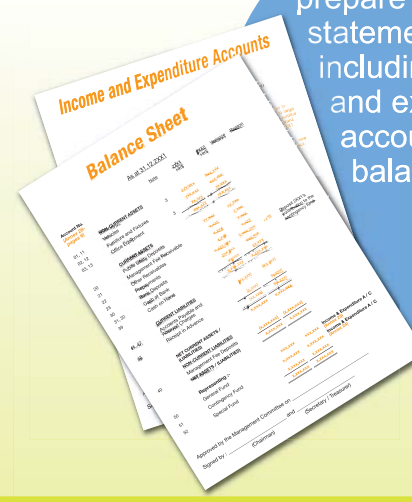
maintain proper books, records of account and other financial records



display the quarterly summaries of income and expenditure in a prominent place in the building for seven consecutive days



prepare a financial statement annually, including an income and expenditure account as well as a balance sheet



The financial statements of a building with more than 50 flats shall be audited by an accountant retained by the OC by a resolution passed at the general meeting of the OC to ensure proper management of the accounts of the OC in the interests of owners.

The audited financial statements, together with the accountant's report, shall be laid before the owners at the annual general meeting of the OC.



Sections 20, 21 and 27 and Schedule 5 of the Building Management Ordinance

September 2015