

THE BOYS' BRIGADE, HONG KONG
香港基督少年軍

REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015



THE BOYS' BRIGADE, HONG KONG

REPORT OF THE DIRECTORS

The directors submit their annual report together with the audited financial statements for the year ended 31 March 2015.

PRINCIPAL ACTIVITIES

The principal activities of the company during the year were providing integrated youth services and training activities for young people.

BUSINESS REVIEW

Background

A Brief History

The Boys' Brigade, Hong Kong ("BBHK") was incorporated in Hong Kong as a company limited by guarantee. The Company is engaging principally in the provision of integrated youth services and training for young people.

BBHK was established in 1959. It was established basing on a well-known international Christian uniform organization for youth, The Boys' Brigade, which was founded by Sir William Alexander Smith in 1883 in Glasgow. Nowadays, The Boys' Brigade has become an international mission movement, with Companies established in over 60 countries worldwide.

In Hong Kong, BBHK is currently serving more than 13,000 members, with more than 343 Companies set up in churches, secondary schools, primary schools, kindergartens and youth centres all over Hong Kong. These Companies gather once a week, to train teenagers and children through Christian Education, Foot Drills, Skills Training and Award Programmes. Companies strive to provide teenagers and children with all-round training and help them acquire the positive personality of patience, kindness, loyalty and faithfulness, also the sense of commitment.

Our Visions

Whole Person Development: Being the training base for whole person development in youths, we facilitate exchanges of learning opportunities among local youths with those overseas and in Mainland China.

Character Building: We emphasize the value on character development and devote to help youth to build positive core values.

Youth Integration with Community: We raise youths' awareness to care for the society through services and trainings so as to strengthen their knowledge and willingness to try to take on social responsibilities.

Advocacy of Family Values: We promote the importance of harmony in families, care for their spiritual needs, and strengthen what it entails in a healthy family.

Our Objective

The advancement of Christ's Kingdom among young people and the promotion of habits of Obedience, Reverence, Discipline, Self-respect and all that tends towards a true Christian Manliness.

THE BOYS' BRIGADE, HONG KONG

REPORT OF THE DIRECTORS (CONTINUED)

BUSINESS REVIEW (CONTINUED)

Background (continued)

Our Core Services

Uniformed Group Service
Professional Training Service
School Social Work Service
Character Nurturing Service
Mainland Social Work Professional Supervision Service
Waste Recovery Service

Our Achievements

Members are those boys and girls aged 3 or above who have joined our Companies under our uniformed group services. We have a continuous and stable increase over years in our membership. At the end of 2014-15, we have a total of 339 Companies in Hong Kong with 13,069 memberships. This represents an increase of 6.25% from last year.

We have conducted 2 evaluation researches: "Character-Based Kindergarten Social Work Service" and "Anchor Lamb Uniform Group Service for Kindergarten Students Character and Spiritual Development". Results from both researches showed that BBHK's Uniformed Group Service is an effective and positive way in developing good character for pre-school children and establishing their spiritual foundation.

We celebrated BBHK's 55th Anniversary in 2014. This was Kicked-off in February 2014 with our celebration of the 5th Anniversary of our training center, The Anchor House. During the Anniversary year, we continued to serve our community under our Sharity Social Service Scheme. We travelled to Shantou for the Boys' Brigade Root Seeking Journey in April 2014. We also had our 55th Anniversary Thanksgiving Service and Banquet on 13 July 2014. The celebration was completed with A 4 days 3 nights International Camp from 30 December 2014 to 2 January 2015. This attracted more than 1,200 persons from different Asian countries, including Brunei, China, Indonesia, Macau, Malaysia, Singapore, Thailand and the United Kingdom. Activities included Sharity Community Services, International Boys' Brigade Exchange activities and 55th Anniversary Closing Ceremony.

Key Stakeholder Relationships

BBHK keeps our Companies and members well informed through our official website and the distribution of timely electronic communications. We also maintain good relationship with our members through participation in our annual events, district held activities, committees meetings and companies' visits.

BBHK is a member agency of the Community Chest and the Hong Kong Council of Social Service. We are also one of the uniformed youth organizations subvented by the Home Affairs Bureau. We maintain good relationship with our key stakeholders through regular communication and the submission of annual reports.

THE BOYS' BRIGADE, HONG KONG

REPORT OF THE DIRECTORS (CONTINUED)

BUSINESS REVIEW (CONTINUED)

Key Stakeholder Relationships (continued)

BBHK is a caring employer that offers fair remuneration package. We help our staff members to maintain high productivity, team spirit and morale and assist them to explore learning and development opportunities. We maintain good relationship with our employees through regular meetings and other informal communications.

Principal Risks and Uncertainties

There are insufficient office space and facilities to service over 13,000 members.

BBHK is a Non-Government Organization, we are not fully subvented by the Government. Some of the income sources come from donations. However, some of the donation campaigns are to be held annually, depending on the application result, e.g. Flag Day.

Declines in youth participation due to the continuous decrease in youth population. For the youth, there are too many choices for them. Many youths nowadays also do not like disciplines, which make uniform groups are less attractive to them.

The Anchor House is a self-sustained social enterprise providing adventure training programs to members, churches, corporations and the general public at the Noah's Ark. Safety issues and appropriate insurance coverage are of utmost importance.

Environmental Policies and Performance

The BBHK has been adopting the energy-saving plan, such as through setting the temperature of air conditioning to 25.5°C, switching off light when not using, etc. It encourages an environmental friendly workplace with saving paper, use of used paper for printing and encouraging e-communication.

Business Model

BBHK's business has a mixed mode of operations. Our uniformed Group Service is partially subvented by the Government whereas our School Social Work Service is fully subvented by the Lump Sum Grant arrangement under the Social Welfare Department. Our Professional Training Services and Mainland Social Work Professional Supervision Services are both self-financed operations which we reported a surplus of \$1.8 million in 2013-14. Our Character Nurturing Service and Waste Recovery Service are supported by designated funds from The Family Council, Commission on Youth, and The Environment & Conservation Fund. Apart from the above, BBHK also has other designated funds from the Government and other funding bodies, including public and corporate donors.

Income of BBHK in 2014-15 included more than 20% from Government recurrent subvention. Designated funds and income generated from the provision of training also reported a steadily growth during last 3 financial years and accounted for 66% of our total income.

THE BOYS' BRIGADE, HONG KONG

REPORT OF THE DIRECTORS (CONTINUED)

BUSINESS REVIEW (CONTINUED)

Key performance indicators

	2015	2014	% changes
Membership	13,069	12,300	6.25% increase
Total income	HK\$37,793,678	HK\$31,178,773	21.21% increase
Funds received	HK\$9,963,601	HK\$7,479,643	33.21% increase
Program income	HK\$15,093,227	HK\$13,032,964	15.81% increase
Donation income	HK\$4,284,330	HK\$3,388,308	26.44% increase
Current Ratio	3.69	3.50	5.43% improvement

Future Development

BBHK will expand its operation at Ma Wan. We will take over the operation of the liberal learning center in July 2015, which acts as a learning center for students and public on liberal education. A butterfly display house and a pottery display house are included in this expansion plan. This will enable us to be able to provide a wider variety of experience and training to students and general public.

DIRECTORS

The directors of the company during the year and up to the date of this report were:-

CHEUNG Lit Man	
CHEUNG Kai Sum	
FUNG Shing Wah	
FUNG Siu Bun	
KING Sik Tai, Horace	
KONG Yiu Lung	
LAM Wang Kei	
SIU Chi Kong	
TAM Wan Chung, Stephen	
WONG Sing Heung	
WONG Wai Chi	
WU Ting Pang	
KONG Chun Wah	(appointed on 1 September 2014)
WONG Ting Hong	(appointed on 1 September 2014)
WONG Chun Chin	(appointed on 17 September 2014)
LEE Chun Kwong	(resigned on 1 September 2014)
YUN Ching Shun, Christopher	(resigned on 17 September 2014)

In accordance with Article 42 of the company's Articles of Association, all directors will continue in office for three years from the date of appointment and are not subject to rotation or retirement at the annual general meetings.

THE BOYS' BRIGADE, HONG KONG

REPORT OF THE DIRECTORS (CONTINUED)

DIRECTORS' RIGHTS TO ACQUIRE SHARES AND DEBENTURES

At no time during the year was the company a party to any arrangements to enable the directors of the company to acquire benefits by means of the acquisition of shares in, or debentures of, the company or any other body corporate.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the company were entered into or existed during the year.

OTHER MATTERS

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

AUDITORS

The financial statements have been audited by Messrs Roger Kam & Co., Certified Public Accountants (Practising), who retire and, being eligible, offer themselves for re-appointment at the forthcoming annual general meeting.

On behalf of the board



CHEUNG Lit Man
Chairman
Hong Kong, 17 June 2015

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
THE BOYS' BRIGADE, HONG KONG
(incorporated in Hong Kong with limited liability by guarantee)**

We have audited the financial statements of THE BOYS' BRIGADE, HONG KONG ("the company") set out on pages 8 to 20, which comprise the statement of financial position as at 31 March 2015, and the income and expenditure account, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards for Private Entities issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. This report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
THE BOYS' BRIGADE, HONG KONG
(incorporated in Hong Kong with limited liability by guarantee)**

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the company as at 31 March 2015, and of its financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards for Private Entities and have been properly prepared in compliance with the Hong Kong Companies Ordinance.


Roger Kam & Co.
Certified Public Accountants (Practising)

Hong Kong, 17 June 2015

THE BOYS' BRIGADE, HONG KONG

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2015

	Note	2015 HK\$	2014 HK\$
Income			
Government subvention		8,049,625	6,882,714
Funds received		9,963,601	7,479,643
Program income		15,093,227	13,032,964
Donation income		4,284,330	3,388,308
Bank interest income		11,415	8,472
Other income		<u>391,480</u>	<u>386,672</u>
	4	<u>37,793,678</u>	<u>31,178,773</u>
Expenditure			
Staff costs		13,862,561	12,801,709
Rent and rates		614,102	569,389
Other administrative expenses		2,049,581	2,598,596
Funding expenses		8,734,454	6,602,715
Program and fund raising expenses		<u>6,944,963</u>	<u>6,742,332</u>
	5	<u>32,205,661</u>	<u>29,314,741</u>
Surplus before tax		5,588,017	1,864,032
Taxation	7	<u>-</u>	<u>-</u>
Surplus and total comprehensive income for the year		<u>5,588,017</u>	<u>1,864,032</u>


The notes on pages 12 to 20 form an integral part of these financial statements.

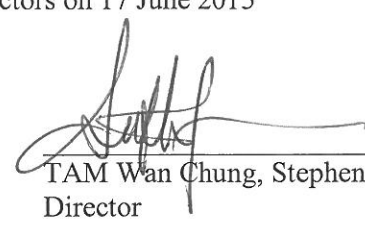
THE BOYS' BRIGADE, HONG KONG

STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2015

	Note	2015 HK\$	2014 HK\$
Non-current assets			
Property, plant and equipment	8	577,243	224,964
Construction in progress	9	-	-
		<u>577,243</u>	<u>224,964</u>
Current assets			
Accounts receivable		2,610,994	1,740,456
Payments in advance		1,518,058	991,628
Deposits and prepayments		404,972	351,289
Fixed deposits		11,211,000	-
Cash and bank balances		7,821,635	13,647,017
		<u>23,566,659</u>	<u>16,730,390</u>
Current liabilities			
Bank overdraft		25,387	-
Account payables and receipts in advance		5,123,503	3,558,915
Accrued expenses		981,079	1,057,984
Provision for long service payments		253,187	165,726
		<u>6,383,156</u>	<u>4,782,625</u>
Net current assets		<u>17,183,503</u>	<u>11,947,765</u>
NET ASSETS		<u>17,760,746</u>	<u>12,172,729</u>
RESERVES			
General fund		2,213,880	1,687,028
Youth development fund		2,903,103	2,892,856
Reserve from LSG (except provident fund)		803,402	812,059
Provident fund reserve		297,806	313,815
Reserve for new headquarters - general purpose		7,060,148	2,200,133
Reserve for new headquarters - use for renovation		3,780,372	3,780,372
Reserve for new headquarters - use for purchase of furniture and fixtures		486,466	486,466
Reserve for HAB needy students		215,569	-
		<u>17,760,746</u>	<u>12,172,729</u>

Approved and authorised for issue by the Board of Directors on 17 June 2015


CHEUNG Lit Man
Director


TAM Wan Chung, Stephen
Director

The notes on pages 12 to 20 form an integral part of these financial statements.

THE BOYS' BRIGADE, HONG KONG

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2015

	General fund HK\$	Youth development fund HK\$	Reserve from Lump Sum Grant (LSG) (except provident fund) HK\$	Provident fund reserve HK\$	Reserve for youth square HK\$	Reserve for new headquarters - general purpose HK\$	Reserve for new headquarters - use for renovation and fixtures HK\$	Reserve for new headquarters - use for purchase of furniture and fixtures HK\$	Reserve for needy students HK\$	Total HK\$
Balance as at 1 April 2013	1,609,556	2,914,845	786,503	375,632	355,323	-	3,780,372	486,466	-	10,308,697
Surplus for the year	1,541,211	(1,810)	-	-	(375,502)	700,133	-	-	-	1,864,032
Amount set aside for new headquarters premise fund	(1,500,000)	-	-	-	-	1,500,000	-	-	-	-
Transfer from Youth Development Fund	-	(20,179)	-	-	20,179	-	-	-	-	-
Transfer to reserve from LSG (except provident fund)	(25,556)	-	25,556	-	-	-	-	-	-	-
Transfer from provident fund reserve	61,817	-	-	(61,817)	-	-	-	-	-	-
Balance as at 31 March 2014	1,687,028	2,892,856	812,059	313,815	-	2,200,133	3,780,372	486,466	-	12,172,729
Surplus for the year	3,463,994	10,247	-	-	-	2,113,776	-	-	-	5,588,017
Transfer to reserve for needy students	(215,569)	-	-	-	-	-	-	-	215,569	-
Amount set aside for new headquarters premise fund	(2,500,000)	-	-	-	-	2,500,000	-	-	-	-
Transfer to reserve for new headquarters - general purpose	(246,239)	-	-	-	-	246,239	-	-	-	-
Transfer from reserve from LSG (except provident fund)	8,657	-	(8,657)	-	-	-	-	-	-	-
Transfer from provident fund reserve	16,009	-	-	(16,009)	-	-	-	-	-	-
Balance as at 31 March 2015	2,213,880	2,903,103	803,402	297,806	-	7,060,148	3,780,372	486,466	215,569	17,760,746

The notes on pages 12 to 20 form an integral part of these financial statements.

THE BOYS' BRIGADE, HONG KONG

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2015

	Note	2015 HK\$	2014 HK\$
Cash flows from operating activities			
Surplus before tax		5,588,017	1,864,032
Adjustments for:-			
Bank interest income	4	(11,415)	(8,472)
Depreciation	5	229,718	664,139
Provision for long service payments	5	87,461	15,631
Written-off construction in progress		-	197,000
Operating surplus before changes in working capital		5,893,781	2,732,330
(Increase) / decrease in accounts receivable and payments in advance		(1,396,968)	1,001,538
(Increase) / decrease in deposits and prepayments		(53,683)	51,392
Increase / (decrease) in account payables, receipts in advance and accrued expenses		1,487,683	(2,390,549)
Net cash generated from operating activities		5,930,813	1,394,711
Cash flows from investing activities			
Purchases of property, plant and equipment	8	(581,997)	(56,187)
Bank interest received		11,415	8,472
Net cash used in investing activities		(570,582)	(47,715)
Net increase in cash and cash equivalents		5,360,231	1,346,996
Cash and cash equivalents at beginning of the year		13,647,017	12,300,021
Cash and cash equivalents at end of the year		19,007,248	13,647,017
Analysis of the balances of cash and cash equivalents			
Fixed deposits		11,211,000	-
Cash and bank balances		7,821,635	13,647,017
Bank overdraft		(25,387)	-
		<u>19,007,248</u>	<u>13,647,017</u>

The notes on pages 12 to 20 form an integral part of these financial statements.

THE BOYS' BRIGADE, HONG KONG

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

1 GENERAL

The company was incorporated in Hong Kong as a non-private company limited by guarantee and is engaged in provision of integrating youth service and training activities for young people. The company's registered office and business address is located at Ground Floor, Block A, Lok Man Sun Chuen, To Kwa Wan, Kowloon, Hong Kong.

The company is a member agency of the Community Chest and the Hong Kong Council of Social Service.

On 25 February 2009, the company was approved by the Inland Revenue Department to be a charitable institution or trust of a public character, which is entitled to exemption from tax under Section 88 of the Inland Revenue Ordinance.

On 7 November 2012, the company was approved by the Companies Registry to change its name from "The Boys' Brigade, Hong Kong Limited" to "The Boys' Brigade, Hong Kong" of having been granted a licence to omit the word "Limited".

Under the provision of the company's Memorandum and Articles of Association, the liability of the members is limited and every member shall, in the event of the company being wound up, contribute such amount as may be required to meet the liabilities of the company but not exceeding HK\$10 each.

2 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared in accordance with the Hong Kong Financial Reporting Standard for Private Entities ("HKFRS for Private Entities") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the requirements of the Hong Kong Companies Ordinance. The financial statements have been prepared under the historical cost convention.

3 SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with generally accepted accounting principles in Hong Kong and with accounting standards issued by the HKICPA.

(a) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to allocate the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The following annual rates are used for the depreciation of property, plant and equipment:-

Leasehold improvements	- lower of lease term or 20%
Computer equipment	- 33 1/3%
Electrical equipment	- 33 1/3%
Furniture and fixtures	- 33 1/3%
Motor vehicles	- 20%

THE BOYS' BRIGADE, HONG KONG

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Property, plant and equipment (continued)

If there is an indication that there has been a significant change in the depreciation rate, useful life or residual value of an asset, the depreciation of that asset is revised prospectively to reflect the new expectations.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

(b) Accounts and other receivable

Accounts and other receivables are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of accounts and other receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

(c) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, demand deposits and other short-term highly liquid investments with original maturities of three months or less. Bank overdraft is shown within borrowings in current liabilities on the statement of financial position.

(d) Impairment of non-financial assets, other than inventories

At each reporting date, property, plant and equipment are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If an estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset (or group of related assets) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

(e) Operating leases

Leases where substantially all the risks and rewards of ownership of assets remain with the leasing company are accounted for as operating leases. Rentals applicable to such operating leases are charged to profit or loss on a straight-line basis over the lease terms.

THE BOYS' BRIGADE, HONG KONG

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Accounts and other payables

Accounts and other payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

(g) Provisions

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of obligation can be made. Expenditures for which a provision has been recognised are charged against the related provision in the year in which the expenditures are incurred. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Where the company expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

(h) Income recognition

Funds received and donations and other income is measured at the fair value of the consideration received or receivable and represents fee income. Income is recognised in profit or loss provided that it is probable that the economic benefits will flow to the company and when the income and costs, if applicable, can be measured reliably, as follows:

- i) Government grants and subvention are recognised as income over the periods necessary to match them with related costs. Grants related to expense items are recognised in the same period in which those expenses are charged in the income and expenditure account and are deducted from the reporting related expense.
- ii) Funds received are recognised as income on receipt. Donations-in-kind received are not recorded and reflected in the financial statements as it is usually not practicable or possible to obtain or determine their precise fair value.
- iii) Program income is recognised in the period in which the relevant program is completed.
- iv) Donation income is recognised as income upon receipt.
- v) Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

THE BOYS' BRIGADE, HONG KONG

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Employee benefits

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

The company operates a Mandatory Provident Fund Scheme (the MPF scheme) under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance and not previously covered by the defined benefit retirement plan. The MPF scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF scheme, the employer and its employees are each required to make compulsory contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK\$25,000 (HK\$30,000 with effect from 1 June 2014). Contributions to the plan vest immediately.

(i) Translation of foreign currencies

Items included in the financial statements are measured using the currency of the primary economic environment in which the company operates ("the functional currency"). The financial statements are presented in, which is the company's functional and presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in profit or loss within "finance costs". All other foreign exchange gains and losses are presented in profit or loss within "other income" or "other expenses."

(j) Related parties

For the purpose of these financial statements, related party includes a person and entity as defined below:-

- i) a person or a close member of that person's family is related to the company if that person is a member of the key management personnel of the company.
- ii) a person or a close member of that person's family is related to the company if that person has control over the company or has joint control or significant influence over the company or has significant voting power in it.

THE BOYS' BRIGADE, HONG KONG

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- (j) Related parties (continued)
 - iii) the entity and the company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - iv) either entity is an associate or joint venture of the other entity (or of a member of a group of which the other entity is a member).
 - v) both entities are joint ventures of a third entity.
 - vi) either entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - vii) the entity is a post-employment benefit plan for the benefit of employees of either the company or an entity related to the company. If the reporting entity is itself such a plan, the sponsoring employers are also related to the plan.
 - viii) the entity is controlled or jointly controlled by a person identified in (i) and (ii).
 - ix) a person identified in (i) has significant voting power in the entity.

THE BOYS' BRIGADE, HONG KONG

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

4 INCOME

	General fund - headquarters	General fund - school social work unit	Youth development fund	Reserve for new headquarters- general purpose	2015 Total HK\$	2014 Total HK\$
Government subvention:						
Home Affairs Bureau (Headquarters)	4,540,000	-	-	-	4,540,000	2,420,000
Social Welfare Department (Others)	-	34,993	-	-	34,993	94,141
Social Welfare Department (School social work unit)	-	3,474,632	-	-	3,474,632	4,368,573
	<u>4,540,000</u>	<u>3,509,625</u>	<u>-</u>	<u>-</u>	<u>8,049,625</u>	<u>6,882,714</u>
Funds received:						
Community Chest	656,300	-	-	-	656,300	637,100
Stedfast Association, Hong Kong Limited	300,000	-	-	-	300,000	300,000
Education Bureau (SB after school learning)	443,758	-	-	-	443,758	256,536
Environment and Conservation Fund Secretariat						
Environment & Conservation Fund	2,995,721	-	-	-	2,995,721	2,259,705
Home Affairs Department						
Enhancing Self-reliance Through District Partnership Programme (ESR)	711,253	-	-	-	711,253	1,070,577
Home Affairs Bureau						
Assistance Scheme to Needy Student Members	550,000	-	-	-	550,000	200,000
Sichuan Charity Service Programme	-	-	-	-	-	253,999
Exchange and service program in Chaozhou	104,871	-	-	-	104,871	-
Funding Rec'd - Tai Po Lam Chuen	122,833	-	-	-	122,833	-
One-off funding	146,926	-	-	-	146,926	25,908
Thematic fund	1,525,882	-	-	-	1,525,882	1,338,057
International camp	1,040,885	-	-	-	1,040,885	-
HSBC - Community for AI (Charity)	70,119	-	-	-	70,119	-
Lee Hysan Foundation	935,365	-	-	-	935,365	634,179
Operation Santa Claus (Sharity)	132,057	-	-	-	132,057	-
Office for Film, Newspaper & Article Healthy Comic Strip Contest	173,767	-	-	-	173,767	-
Providence Foundation (Sharity)	-	-	-	-	-	403,004
Sir David Trench Fund for Recreation	53,864	-	-	-	53,864	72,190
The Hong Kong Chinese Christian Churches Union (Mission Matching Fund)	-	-	-	-	-	28,388
	<u>9,963,601</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,963,601</u>	<u>7,479,643</u>
Programme income:						
Uniformed group training	553,870	-	-	-	553,870	785,343
Non-uniformed group training / others	10,652,935	5,650	44,620	-	10,703,205	8,917,412
Annual Activities and Other Projects	1,646,023	-	-	-	1,646,023	-
River Pearl Delta Social Service Project	2,190,129	-	-	-	2,190,129	3,330,209
	<u>15,042,957</u>	<u>5,650</u>	<u>44,620</u>	<u>-</u>	<u>15,093,227</u>	<u>13,032,964</u>
Donation income:						
Donation income	2,153,990	-	-	2,130,340	4,284,330	3,388,308
	<u>2,153,990</u>	<u>-</u>	<u>-</u>	<u>2,130,340</u>	<u>4,284,330</u>	<u>3,388,308</u>
Bank interest income:						
Bank interest income	11,350	65	-	-	11,415	8,472
	<u>11,350</u>	<u>65</u>	<u>-</u>	<u>-</u>	<u>11,415</u>	<u>8,472</u>
Other income:						
Other income	391,480	-	-	-	391,480	386,672
	<u>391,480</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>391,480</u>	<u>386,672</u>
	<u>32,103,378</u>	<u>3,515,340</u>	<u>44,620</u>	<u>2,130,340</u>	<u>37,793,678</u>	<u>31,178,773</u>

THE BOYS' BRIGADE, HONG KONG

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

5 EXPENDITURE

	General fund - headquarters HK\$	General fund - school social work unit HK\$	Youth development fund HK\$	Reserve for new headquarters- general purpose HK\$	2015 Total HK\$	2014 Total HK\$
Staff costs:						
Staff Salaries and allowances	9,849,635	3,106,612	-	-	12,956,247	12,023,714
Provident fund / MPF contribution	583,297	235,556	-	-	818,853	762,364
Provision for long service payment	87,461	-	-	-	87,461	15,631
	<u>10,520,393</u>	<u>3,342,168</u>	<u>-</u>	<u>-</u>	<u>13,862,561</u>	<u>12,801,709</u>
Rent and rates:						
Rent and rates	579,109	34,993	-	-	614,102	569,389
	<u>579,109</u>	<u>34,993</u>	<u>-</u>	<u>-</u>	<u>614,102</u>	<u>569,389</u>
Other administrative expenses:						
Advertising and promotion	106,573	7,471	-	-	114,044	161,675
Bank charges	29,937	126	-	-	30,063	31,376
Building management fee	465,962	-	-	-	465,962	444,191
Cleaning and sanitation	15,164	1,746	-	-	16,910	7,813
Consultancy expenses	-	-	-	-	-	250,750
Depreciation	229,718	-	-	-	229,718	664,139
Electricity, water, telephone and fax	223,155	24,331	-	-	247,486	239,621
Exchange loss	-	-	-	-	-	28,219
Insurance	150,084	26,318	-	-	176,402	165,541
IT supporting service	66,981	225	-	-	67,206	53,536
License fee	6,460	-	-	-	6,460	-
Membership fee	31,714	-	-	-	31,714	29,028
Newspaper & periodicals	-	1,758	-	-	1,758	1,794
Postage and courier charges	29,288	37	-	-	29,325	38,473
Printing and stationery	144,521	7,242	-	-	151,763	122,365
Repairs and maintenance	136,398	5,160	-	-	141,558	109,166
Staff development and welfare	141,196	22,474	-	-	163,670	87,486
Storage fee	8,284	-	-	-	8,284	6,875
Sundry expenses	43,891	4,739	-	-	48,630	49,040
Travelling and transportation	117,968	660	-	-	118,628	107,508
	<u>1,947,294</u>	<u>102,287</u>	<u>-</u>	<u>-</u>	<u>2,049,581</u>	<u>2,598,596</u>
Funding expenses:						
Education Bureau (SB after school learning)	443,138	-	-	-	443,138	256,536
Environment and Conservation Fund Secretariat						
Environment & Conservation Fund	2,995,721	-	-	-	2,995,721	2,259,705
Home Affairs Department						
Enhancing Self-Reliance Through district						
Partnership Programme (ESR)	711,253	-	-	-	711,253	1,070,577
Home Affairs Bureau						
Assistance Scheme to needy student members	334,431	-	-	-	334,431	200,000
Sichuan Charity Service Programme	-	-	-	-	-	253,999
Exchange and service program in Chaozhou	104,871	-	-	-	104,871	-
One-off funding	146,926	-	-	-	146,926	25,908
Thematic Fund	1,525,882	-	-	-	1,525,882	1,338,057
International camp	1,040,885	-	-	-	1,040,885	-
HSBC - Community for AI (Charity)	70,119	-	-	-	70,119	-
Lee Hysan Foundation	935,365	-	-	-	935,365	634,179
Operation Santa Claus (Sharity)	132,057	-	-	-	132,057	-
Office for Film, Newspaper & Article						
Administration Healthy Comic Strip Contest	173,767	-	-	-	173,767	-
Providence Foundation (Sharity)	-	-	-	-	-	403,004
Sir David Trench Fund for recreation	53,864	-	-	-	53,864	72,190
The Hong Kong Chinese Christian Churches						
Union (Mission Matching Fund)	-	-	-	-	-	28,389
Social Welfare Department clawed back	-	66,175	-	-	66,175	60,171
	<u>8,668,279</u>	<u>66,175</u>	<u>-</u>	<u>-</u>	<u>8,734,454</u>	<u>6,602,715</u>
Programme expenses:						
Uniformed group training	260,586	-	-	-	260,586	836,316
Non-uniformed group training / others	3,904,987	7,880	34,373	-	3,947,240	3,195,890
Annual activities and other projects	1,374,438	-	-	-	1,374,438	-
River Pearl Delta Social Service Project	1,329,762	-	-	-	1,329,762	2,710,126
	<u>6,869,773</u>	<u>7,880</u>	<u>34,373</u>	<u>-</u>	<u>6,912,026</u>	<u>6,742,332</u>
Fund Raising expenses:						
Expenditures for Fund Raising	16,373	-	-	16,564	32,937	-
	<u>16,373</u>	<u>-</u>	<u>-</u>	<u>16,564</u>	<u>32,937</u>	<u>-</u>
	<u>28,601,221</u>	<u>3,553,503</u>	<u>34,373</u>	<u>16,564</u>	<u>32,205,661</u>	<u>29,314,741</u>

THE BOYS' BRIGADE, HONG KONG

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

6 DIRECTORS' REMUNERATION

Directors' remuneration disclosed pursuant to section 383 of the Hong Kong Companies Ordinance is as follows:-

	2015 HK\$	2014 HK\$
As directors	-	-
For management	-	-
	<u>-</u>	<u>-</u>

7 TAXATION

No provision for Hong Kong profits tax has been made as the company is exempted under Section 88 of the Inland Revenue Ordinance.

8 PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK\$	Furniture and fixtures HK\$	Electrical equipment HK\$	Computer equipment HK\$	Motor vehicles HK\$	Total HK\$
Cost						
At 1 April 2014	3,240,889	278,425	153,684	863,686	188,754	4,725,438
Additions	<u>535,000</u>	<u>43,397</u>	<u>-</u>	<u>3,600</u>	<u>-</u>	<u>581,997</u>
At 31 March 2015	<u>3,775,889</u>	<u>321,822</u>	<u>153,684</u>	<u>867,286</u>	<u>188,754</u>	<u>5,307,435</u>
Accumulated depreciation						
At 1 April 2014	3,178,502	264,458	153,684	828,328	75,502	4,500,474
Charge for the year	<u>145,707</u>	<u>27,381</u>	<u>-</u>	<u>18,879</u>	<u>37,751</u>	<u>229,718</u>
At 31 March 2015	<u>3,324,209</u>	<u>291,839</u>	<u>153,684</u>	<u>847,207</u>	<u>113,253</u>	<u>4,730,192</u>
Net book value						
At 31 March 2015	<u>451,680</u>	<u>29,983</u>	<u>-</u>	<u>20,079</u>	<u>75,501</u>	<u>577,243</u>
At 31 March 2014	<u>62,387</u>	<u>13,967</u>	<u>-</u>	<u>35,358</u>	<u>113,252</u>	<u>224,964</u>

THE BOYS' BRIGADE, HONG KONG

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

9 CONSTRUCTION IN PROGRESS

	2015 HK\$	2014 HK\$
Cost		
At the beginning of the year	-	197,000
Written off	-	(197,000)
At the end of the year	-	-

10 LEASE COMMITMENTS

At 31 March 2015, the company had future aggregate minimum commitments under non-cancellable operating leases in respect of land and buildings as follows:

	2015 HK\$	2014 HK\$
Within one year	1,007,356	773,446
In the second to fifth years	272,516	352,572
	<u>1,279,872</u>	<u>1,126,018</u>

11 RELATED PARTY TRANSACTIONS

In addition to the transactions / information disclosed elsewhere in these financial statements, during the year, the company had the following transactions with its related party:

	2015 HK\$	2014 HK\$
<u>Related company</u>		
Funds and donations received from Stedfast Association, Hong Kong Limited	<u>405,346</u>	<u>366,451</u>

Rev. FUNG Shing Wah (2014: Rev. KONG Yiu Lung), the company's director, is also the director of Stedfast Association, Hong Kong Limited.

All the related transactions were in accordance with the terms authorised by the Board of Directors.

12 COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year's presentation.