

**THE BOYS' BRIGADE, HONG KONG**  
**香港基督少年軍**

**REPORTS AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2016**



# 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 2016.

### 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 340 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 2015-16, we have a total of 347 Companies in Hong Kong with 13,804 memberships. This represents an increase of 5.62% from last year.

In the past year, there was a bloom in the variations of training programmes and activities held by the five District Committees. Examples of training courses included BNCO & ANCO training courses, badges training course for Company Section and leadership training camps for Junior Section. They also organized various Brigader-based activities, including drill competitions, basketball competitions and visitations. Other than that, Officer-based activities, such as Officers' fellowships, prayer meetings, retreats and workshops, were also held. Meanwhile, the committee members teamed up with the Uniformed Group Division to visit Companies and attend Enrolment Services for almost 400 times.

Apart from the district-based programmes focused on training nature, programmes with other focus like community services, gospel activities, youth forum, family cohesion, environmental protection education, character-building, etc. were organized on the Headquarters level in order to fulfill our vision and mission.

#### 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 together with donation income; we have a surplus of HK\$1.5 million in 2015-16. 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 2015-16 included more than 21% 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 72% of our total income.

# THE BOYS' BRIGADE, HONG KONG

## REPORT OF THE DIRECTORS (CONTINUED)

### BUSINESS REVIEW (CONTINUED)

#### Key performance indicators

	2016	2015	% changes
Members	13,804	13,069	5.62% increase
Total income	HK\$39,349,881	HK\$37,793,678	4.12% increase
Funds received	HK\$12,536,729	HK\$9,963,601	25.83% increase
Program income	HK\$15,860,433	HK\$15,093,227	5.08% increase
Donation income	HK\$2,073,017	HK\$4,284,330	51.61% decrease
Surplus for the year	HK\$1,470,170	HK\$5,588,017	73.69% decrease
Current Ratio	4.54	3.69	23.04% improvement

Decrease in Donation: there was a fund raising campaign for new Headquarters purchase; therefore \$2.1 million was raised on 14-15.

Decrease in Surplus for the year:

1. Decrease in Donation due to above mentioned reason.
2. Increase in operating cost including staff cost, rent & rates, other administrative expenses etc.

#### Future Development

BBHK is planning to expand its operation at Ma Wan. We aim at providing a wider variety of experience and training to students and general public. Besides, we are exploring the needs of SEN (Special Educational Needs) students and are getting ready to develop professional support for serving this target group.

#### 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 Chun Wah	
KONG Yiu Lung	
LAM Wang Kei	
SIU Chi Kong	
WONG Ting Hong	
WU Ting Pang	
CHAN Kang Yu Petros	(appointed on 19 October 2015)
LAM Wai Yin	(appointed on 1 September 2015)
LEE Chun Kwong	(appointed on 1 September 2015)
LEE Chun Ming	(appointed on 1 September 2015)
CHU Ka Chun	(appointed on 1 September 2015 and removed on 2 October 2015)
TAM Wan Chung, Stephen	(resigned on 1 September 2015)
WONG Chun Chin	(resigned on 1 September 2015)
WONG Sing Heung	(resigned on 1 September 2015)
WONG Wai Chi	(resigned on 1 September 2015)

# **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**

The company did not enter into any contract, other than the contracts of service with any directors of the company or any person engaged in the full-time employment of the company, by which a person or entity undertakes the management and administration of the whole or any substantial part of any business of the company.

### **AUDITOR**

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



WU Ting Pang  
Chairman  
Hong Kong, 14 June 2016

**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 2016, 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.

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

**Auditor's responsibility (continued)**

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

**Opinion**

In our opinion, the financial statements give a true and fair view of the financial position of the company as at 31 March 2016, 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, 14 June 2016



# THE BOYS' BRIGADE, HONG KONG

## INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2016

	Note	2016 HK\$	2015 HK\$
<b>Income</b>			
Government subvention		8,288,687	8,049,625
Funds received		12,536,729	9,963,601
Program income		15,860,433	15,093,227
Donation income		2,073,017	4,284,330
Bank interest income		137,696	11,415
Other income		<u>453,319</u>	<u>391,480</u>
	4	<u>39,349,881</u>	<u>37,793,678</u>
<b>Expenditure</b>			
Staff costs		15,672,336	13,862,561
Rent and rates		1,033,741	614,102
Other administrative expenses		2,261,608	2,049,581
Funding expenses		11,505,635	8,734,454
Program and fund raising expenses		<u>7,406,391</u>	<u>6,944,963</u>
	5	<u>37,879,711</u>	<u>32,205,661</u>
<b>Surplus before tax</b>		1,470,170	5,588,017
Taxation	7	<u>-</u>	<u>-</u>
<b>Surplus and total comprehensive income for the year</b>		<u>1,470,170</u>	<u>5,588,017</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 2016

	Note	2016 HK\$	2015 HK\$
<b>Non-current assets</b>			
Property, plant and equipment	8	407,740	577,243
<b>Current assets</b>			
Accounts receivables		3,085,213	2,610,994
Payments in advance		1,714,934	1,518,058
Deposits and prepayments		729,368	404,972
Fixed deposits		12,071,761	11,211,000
Cash and bank balances		6,540,244	7,821,635
		24,141,520	23,566,659
<b>Current liabilities</b>			
Bank overdraft		-	25,387
Accounts payables and receipts in advance		4,179,443	5,123,503
Accrued expenses		802,266	981,079
Provision for long service payments		336,635	253,187
		5,318,344	6,383,156
<b>Net current assets</b>		18,823,176	17,183,503
<b>NET ASSETS</b>		19,230,916	17,760,746
<b>RESERVES</b>			
General fund		3,833,979	2,213,880
Youth development fund		2,868,126	2,903,103
Reserve from LSG (except provident fund)		870,009	803,402
Provident fund reserve		275,592	297,806
Reserve for new headquarters - general purpose		7,016,402	7,060,148
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		99,970	215,569
		19,230,916	17,760,746

Approved and authorised for issue by the Board of Directors on 14 June 2016

  
 WU Ting Pang  
 Chairman

  
 KING Sik Tai  
 Treasurer

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 2016

	General fund HK\$	Youth development fund HK\$	Reserve from Lump Sum Grant (LSG) (except provident fund) HK\$	Provident fund reserve HK\$	Reserve for new headquarters - general purpose HK\$	Reserve for new headquarters - use for renovation 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 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 to 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
Surplus for the year	1,664,492	(34,977)	-	-	(43,746)	-	-	-	1,470,170
Transfer to reserve from LSG (except provident fund)	(66,607)	-	66,607	-	-	-	-	-	-
Transfer from provident fund reserve	22,214	-	-	(22,214)	-	-	-	-	-
Balance as at 31 March 2016	3,833,979	2,868,126	870,009	275,592	7,016,402	3,780,372	486,466	99,970	19,230,916

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 2016

	Note	2016 HK\$	2015 HK\$
<b>Cash flows from operating activities</b>			
Surplus before tax		1,470,170	5,588,017
Adjustments for:-			
Bank interest income	4	(137,696)	(11,415)
Depreciation	5	219,483	229,718
Provision for long service payments	5	83,448	87,461
		<u>1,635,405</u>	<u>5,893,781</u>
<b>Operating surplus before changes in working capital</b>			
Increase in accounts receivables and payments in advance		(671,095)	(1,396,968)
Increase in deposits and prepayments		(324,396)	(53,683)
(Decrease) / increase in accounts payables, receipts in advance and accrued expenses		<u>(1,122,873)</u>	<u>1,487,683</u>
<b>Net cash (used in) / generated from operating activities</b>		<u>(482,959)</u>	<u>5,930,813</u>
<b>Cash flows from investing activities</b>			
Purchases of property, plant and equipment	8	(49,980)	(581,997)
Bank interest received		137,696	11,415
		<u>87,716</u>	<u>(570,582)</u>
<b>Net cash generated from / (used in) investing activities</b>		<u>87,716</u>	<u>(570,582)</u>
<b>Net (decrease) / increase in cash and cash equivalents</b>		<u>(395,243)</u>	<u>5,360,231</u>
<b>Cash and cash equivalents at beginning of the year</b>		<u>19,007,248</u>	<u>13,647,017</u>
<b>Cash and cash equivalents at end of the year</b>		<u>18,612,005</u>	<u>19,007,248</u>
<b>Analysis of the balances of cash and cash equivalents</b>			
Fixed deposits		12,071,761	11,211,000
Cash and bank balances		6,540,244	7,821,635
Bank overdraft		-	(25,387)
		<u>18,612,005</u>	<u>19,007,248</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 2016

### 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 dispense with the word "Limited" in company name.

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 Standards 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 2016

### 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 receivables

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

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 2016

### 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 2016

### 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\$30,000. 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 Hong Kong dollars, 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 profit or loss.

(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 2016

### 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 2016

### 4 INCOME

	General fund - headquarters HK\$	General fund - school social work unit HK\$	Youth development fund HK\$	Reserve for new headquarters - general purpose HK\$	Reserve for HAB needy students HK\$	2016 Total HK\$	2015 Total HK\$
Government subvention:							
Home Affairs Bureau (Headquarters)	4,540,000	-	-	-	-	4,540,000	4,540,000
Government subvention income	34,570	-	-	-	-	34,570	-
Social Welfare Department (Others)	-	63,589	-	-	-	63,589	34,993
Social Welfare Department (School social work unit)	-	3,650,528	-	-	-	3,650,528	3,474,632
	<u>4,574,570</u>	<u>3,714,117</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,288,687</u>	<u>8,049,625</u>
Funds received:							
Community Chest	743,600	-	-	-	-	743,600	656,300
Stedfast Association, Hong Kong Limited	300,000	-	-	-	-	300,000	300,000
Education Bureau (SB after school learning)	706,996	-	-	-	-	706,996	443,758
Environment and Conservation Fund Secretariat							
Environment & Conservation Fund	4,787,259	-	-	-	-	4,787,259	2,995,721
Home Affairs Department							
Enhancing Self-reliance Through District Partnership Programme (ESR)	1,376,532	-	-	-	-	1,376,532	711,253
Home Affairs Bureau							
Assistance Scheme to Needy Student Members	665,605	-	-	-	-	665,605	550,000
Exchange and service program in Chaozhou	-	-	-	-	-	-	104,871
Funding Rec'd - Tai Po Lam Chuen	-	-	-	-	-	-	122,833
One-off funding	-	-	-	-	-	-	146,926
Thematic fund	1,288,484	-	-	-	-	1,288,484	1,525,882
International camp	-	-	-	-	-	-	1,040,885
「對話」 - 青少年話劇匯演	473,706	-	-	-	-	473,706	-
HSBC - Community for AI (Charity)	219,881	-	-	-	-	219,881	70,119
Kowloon City District Council - 以物易物咪睇嘢	196,330	-	-	-	-	196,330	-
Kowloon City District Youth Programme Committee							
BB Teen Power	53,894	-	-	-	-	53,894	-
Lee Hysan Foundation	354,494	-	-	-	-	354,494	935,365
Operation Santa Claus (Sharity)	425,385	-	-	-	-	425,385	132,057
Office for Film, Newspaper & Article Healthy							
Comic Strip Contest	489,952	-	-	-	-	489,952	173,767
Providence Foundation (Sharity)	254,024	-	-	-	-	254,024	-
Ho Tung Fund	68,500	-	-	-	-	68,500	-
Sir David Trench Fund for Recreation	-	-	-	-	-	-	53,864
Standing Committee on Language Education & Project of Adventure Time - Word Deductive	132,087	-	-	-	-	132,087	-
	<u>12,536,729</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,536,729</u>	<u>9,963,601</u>
Programme income:							
Uniformed group training	618,461	-	-	-	-	618,461	553,870
Non-uniformed group training / others	13,011,616	4,000	50,770	-	-	13,066,386	10,703,205
Annual Activities and Other Projects	818,705	-	-	-	-	818,705	1,646,023
River Pearl Delta Social Service Project	1,356,881	-	-	-	-	1,356,881	2,190,129
	<u>15,805,663</u>	<u>4,000</u>	<u>50,770</u>	<u>-</u>	<u>-</u>	<u>15,860,433</u>	<u>15,093,227</u>
Donation income:							
Donation income	2,066,763	-	-	6,254	-	2,073,017	4,284,330
	<u>2,066,763</u>	<u>-</u>	<u>-</u>	<u>6,254</u>	<u>-</u>	<u>2,073,017</u>	<u>4,284,330</u>
Bank interest income:							
Bank interest income	137,629	61	-	-	6	137,696	11,415
	<u>137,629</u>	<u>61</u>	<u>-</u>	<u>-</u>	<u>6</u>	<u>137,696</u>	<u>11,415</u>
Other income:							
Other income	453,319	-	-	-	-	453,319	391,480
	<u>453,319</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>453,319</u>	<u>391,480</u>
	<u>35,574,673</u>	<u>3,718,178</u>	<u>50,770</u>	<u>6,254</u>	<u>6</u>	<u>39,349,881</u>	<u>37,793,678</u>

# THE BOYS' BRIGADE, HONG KONG

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

### 5 EXPENDITURE

	General fund - headquarters HK\$	General fund - school social work unit HK\$	Youth development fund HK\$	Reserve for headquarters- general purpose HK\$	Reserve for HAB needy students HK\$	2016 Total HK\$	2015 Total HK\$
<b>Staff costs:</b>							
Staff salaries and allowances	11,286,873	3,358,683	-	-	-	14,645,556	12,956,247
Provident fund / MPF contribution	657,506	285,826	-	-	-	943,332	818,853
Provision for long service payment	83,448	-	-	-	-	83,448	87,461
	<u>12,027,827</u>	<u>3,644,509</u>	-	-	-	<u>15,672,336</u>	<u>13,862,561</u>
<b>Rent and rates:</b>							
Rent and rates	999,172	34,569	-	-	-	1,033,741	614,102
	<u>999,172</u>	<u>34,569</u>	-	-	-	<u>1,033,741</u>	<u>614,102</u>
<b>Other administrative expenses:</b>							
Advertising and promotion	158,486	7,208	-	-	-	165,694	114,044
Bank charges	24,498	9	-	-	-	24,507	30,063
Building management fee	487,733	-	-	-	-	487,733	465,962
Cleaning and sanitation	19,741	2,615	-	-	-	22,356	16,910
Depreciation	219,483	-	-	-	-	219,483	229,718
Electricity, water, telephone and fax	235,594	25,102	-	-	-	260,696	247,486
Exchange loss	119,247	-	-	-	-	119,247	-
Insurance	163,685	27,610	-	-	-	191,295	176,402
IT supporting service	87,871	489	-	-	-	88,360	67,206
License fee	405	-	-	-	-	405	6,460
Membership fee	41,396	-	-	-	-	41,396	31,714
Newspaper & periodicals	-	1,776	-	-	-	1,776	1,758
Postage and courier charges	26,537	131	-	-	-	26,668	29,325
Printing and stationery	132,016	11,777	-	-	-	143,793	151,763
Repairs and maintenance	127,642	2,414	-	-	-	130,056	141,558
Staff development and welfare	138,536	22,885	-	-	-	161,421	163,670
Storage fee	9,725	-	-	-	-	9,725	8,284
Sundry expenses	43,599	7,813	-	-	-	51,412	48,630
Travelling and transportation	114,695	890	-	-	-	115,585	118,628
	<u>2,150,889</u>	<u>110,719</u>	-	-	-	<u>2,261,608</u>	<u>2,049,581</u>
<b>Funding expenses:</b>							
Education Bureau (SB after school learning)	706,996	-	-	-	-	706,996	443,138
Environment and Conservation Fund Secretariat							
Environment & Conservation Fund	4,787,259	-	-	-	-	4,787,259	2,995,721
Home Affairs Department							
Enhancing Self-Reliance Through district							
Partnership Programme (ESR)	1,376,532	-	-	-	-	1,376,532	711,253
Home Affairs Bureau							
Assistance Scheme to needy student members	665,605	-	-	-	-	665,605	334,431
Exchange and service program in Chaozhou	-	-	-	-	-	-	104,871
One-off funding	-	-	-	-	-	-	146,926
Thematic Fund	1,288,484	-	-	-	-	1,288,484	1,525,882
International camp	-	-	-	-	-	-	1,040,885
「對話」- 青少年話劇匯演	473,706	-	-	-	-	473,706	-
HSBC - Community for All (Charity)	219,881	-	-	-	-	219,881	70,119
Kowloon City District Council - 以物易物咁嘅嘢	196,330	-	-	-	-	196,330	-
Kowloon City District Youth Programme Committee							
- BB Teen Power	53,894	-	-	-	-	53,894	-
Lee Hysan Foundation	354,494	-	-	-	-	354,494	935,365
Operation Santa Claus (Sharity)	425,385	-	-	-	-	425,385	132,057
Office for Film, Newspaper & Article							
Administration Healthy Comic Strip Contest	489,952	-	-	-	-	489,952	173,767
Providence Foundation (Sharity)	254,024	-	-	-	-	254,024	-
Ho Tung Fund	68,500	-	-	-	-	68,500	-
Sir David Trench Fund for recreation	-	-	-	-	-	-	53,864
Standing Committee on Language Education &							
Project of Adventure Time - Word Detective	132,087	-	-	-	-	132,087	-
Social Welfare Department clawed back	-	12,506	-	-	-	12,506	66,175
	<u>11,493,129</u>	<u>12,506</u>	-	-	-	<u>11,505,635</u>	<u>8,734,454</u>
<b>Programme expenses:</b>							
Uniformed group training	390,123	-	-	-	-	390,123	260,586
Non-uniformed group training / others	4,569,788	10,632	85,747	-	-	4,666,167	3,947,240
Annual activities and other projects	915,979	-	-	-	-	915,979	1,374,438
River Pearl Delta Social Service Project	1,230,457	-	-	-	-	1,230,457	1,329,762
Others	-	-	-	50,000	115,605	165,605	-
	<u>7,106,347</u>	<u>10,632</u>	<u>85,747</u>	<u>50,000</u>	<u>115,605</u>	<u>7,368,331</u>	<u>6,912,026</u>
<b>Fund Raising expenses:</b>							
Expenditures for Fund Raising	38,060	-	-	-	-	38,060	32,937
	<u>38,060</u>	-	-	-	-	<u>38,060</u>	<u>32,937</u>
	<u>33,815,424</u>	<u>3,812,935</u>	<u>85,747</u>	<u>50,000</u>	<u>115,605</u>	<u>37,879,711</u>	<u>32,205,661</u>

# THE BOYS' BRIGADE, HONG KONG

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

### 6 DIRECTORS' REMUNERATION

Directors' remuneration disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance is as follows:-

	2016 HK\$	2015 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\$
<b>Cost</b>						
At 1 April 2015	3,775,889	321,822	153,684	867,286	188,754	5,307,435
Additions	-	-	-	49,980	-	49,980
Disposals	(314,280)	-	-	-	-	(314,280)
At 31 March 2016	<u>3,461,609</u>	<u>321,822</u>	<u>153,684</u>	<u>917,266</u>	<u>188,754</u>	<u>5,043,135</u>
<b>Accumulated depreciation</b>						
At 1 April 2015	3,324,209	291,839	153,684	847,207	113,253	4,730,192
Charge for the year	130,680	15,514	-	35,539	37,750	219,483
Written back upon disposals	(314,280)	-	-	-	-	(314,280)
At 31 March 2016	<u>3,140,609</u>	<u>307,353</u>	<u>153,684</u>	<u>882,746</u>	<u>151,003</u>	<u>4,635,395</u>
<b>Net book value</b>						
At 31 March 2016	<u>321,000</u>	<u>14,469</u>	<u>-</u>	<u>34,520</u>	<u>37,751</u>	<u>407,740</u>
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>

# THE BOYS' BRIGADE, HONG KONG

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

### 9 LEASE COMMITMENTS

At 31 March 2016, the company had future aggregate minimum commitments under non-cancellable operating leases in respect of land and buildings as follows:

	2016 HK\$	2015 HK\$
Within one year	2,266,518	1,008,155
In the second to fifth years	4,842,992	272,516
More than five years	1,461,717	-
	<u>8,571,227</u>	<u>1,280,671</u>

### 10 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 parties:

	2016 HK\$	2015 HK\$
<u>Key management personnel</u>		
Salaries	2,486,160	2,397,141
Provident fund / MPF contribution	229,688	221,658
<u>Related company</u>		
Funds and donations received from Stedfast Association, Hong Kong Limited	<u>326,254</u>	<u>405,346</u>

Mr. CHEUNG Lit Man and Rev. KONG Yiu Lung (2015: Mr. FUNG Shing Wah), the company's directors, are also the directors of Stedfast Association, Hong Kong Limited.

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