

THE BOYS' BRIGADE, HONG KONG
香港基督少年軍

REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018



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 2018.

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. BBHK principally engages in the provision of integrated youth services and training for the youth.

BBHK was established in 1959. With a heritage dating back to 1883, The Boys' Brigade, its genesis, was founded by Sir William Alexander Smith in Glasgow as a well-known international Christian uniform organisation for the youth. Nowadays, The Boys' Brigade has become an international mission movement with its global presence in over 60 countries.

In Hong Kong, BBHK currently serves more than 14,000 members with more than 350 Companies from churches, secondary schools, primary schools, kindergartens and youth centres all over the territory. BBHK strives to provide teenagers and children with all-round training and helps them cultivate positive personality traits comprising patience, kindness, loyalty and faithfulness as well as the sense of commitment through regularly meeting of the Companies on Christian education, foot drills, skills training and award programmes .

Our Visions

Whole-Person Development: Being the training base for whole-person development in youths, we facilitate intercultural learning and exchanges among young people from local, overseas and mainland China.

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

Youth Integration with Community: We raise social awareness of the youth through community services and training so as to enrich their knowledge and enhance their willingness 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 Mission

Help young people develop respectable values and build a good character based on Christian education and beliefs.

THE BOYS' BRIGADE, HONG KONG

REPORT OF THE DIRECTORS (CONTINUED)

BUSINESS REVIEW (CONTINUED)

Background (continued)

Our Mission (continued)

Explore youth leadership potential and train young people to become leaders of the church and society; train life coaches to serve young people.

Promote whole-person growth in youths by adopting the training approach of uniformed group.

Lead young people to know and accept Jesus Christ as the master of their lives.

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.

Our Core Services

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

Our Achievements

Members are those boys and girls aged 3 or above who have joined our units under our uniformed group services. We have a continuous and stable increase in our membership over the years. At the end of 2017-18, we have a total of 357 units in Hong Kong with 14,683 memberships, representing an increase of 3.5% from last year.

In the past years, there was a bloom in the variations of training programmes and activities held by the five District Committees. Examples of training courses include Basic Non-Commissioned Officer ("BNCO") and Advance Non-Commission Officer ("ANCO"), badges training course for Company Section and leadership training camps for Junior Section. Various Brigader-based activities were organised, including drill competitions, basketball races and site visits. In addition, for Officer-based activities, such as Officers' fellowships, prayer meetings, retreats and workshops were also conducted. Meanwhile, the committee members teamed up with the Uniformed Group Division to visit companies and attend Enrolment Services for nearly 400 times.

Apart from the district-based programmes focused on training nature, programmes with other focal points such as community services, gospel activities, youth forum, family cohesion, environmental protection education, character-building, etc. were organised on the headquarters level in order to fulfill our visions and mission.

THE BOYS' BRIGADE, HONG KONG

REPORT OF THE DIRECTORS (CONTINUED)

BUSINESS REVIEW (CONTINUED)

Key Stakeholder Relationships

BBHK keeps our Companies and members well informed through our official website and distribution of timely electronic communications. We also maintain good relationship with our members through participation in our annual events, district held activities, committee 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 organisations subvented by the Home Affairs Bureau. We maintain a good relationship with our key stakeholders through regular communications and annual reports.

BBHK is a caring employer which offers fair remuneration packages. We help our staff members to maintain high productivity, team spirit and morale, in addition to the provision of learning and development opportunities. We maintain a rapport with our employees through regular meetings and other informal communications.

Principal Risks and Uncertainties

Unresolved issues include insufficient office space for the Headquarters and facilities to accommodate over 14,000 members.

BBHK is a non-governmental organisation and hence not fully subvented by the government. Some of the income sources are derived from donations. Certain donation campaigns are carried out on an annual basis, for example, Flag Day, which are subject to application results.

Declines in youth participation to our events are partly due to the continuous decrease in youth population in Hong Kong. Meanwhile, it is not common for the youth nowadays to make commitments to non-leisure nature issues. Similarly, declining self-discipline in the young generations makes uniform group formation less attractive to them.

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

Environmental Policies and Performance

BBHK has been adopting energy-saving approach, such as setting the temperature of air conditioning to 25.5°C, switching off light when not in use, to name a few. It encourages an eco- friendly workplace by saving paper (and saving trees) and encouraging electronic communication.

THE BOYS' BRIGADE, HONG KONG

REPORT OF THE DIRECTORS (CONTINUED)

BUSINESS REVIEW (CONTINUED)

Business Model

The business of BBHK is 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 Professional Social Work Supervision Services are both self-financed operations together with donation income; a surplus of approximately HK\$3.3 million in 2017-18 was recorded. 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 obtains other designated funding from the government and other bodies, including public and corporate donors.

Income of BBHK in 2017-18 included more than 20% from government recurrent subvention. Designated funding and income generated from the provision of training also reported a steady growth during the last 3 financial years, which accounted for 72% of our total income.

Key Performance Indicators

	2018	2017	% changes
Members	14,683	14,186	3.5% increase
Total income	HK\$53,169,282	HK\$42,369,656	25.49% increase
Funds received	HK\$17,946,959	HK\$15,006,808	19.59% increase
Programme income	HK\$18,743,328	HK\$15,618,142	20.01% increase
Donation income	HK\$7,180,655	HK\$2,593,774	176.84% increase
Surplus for the year	HK\$3,326,820	HK\$1,197,844	177.73% increase
Current ratio	2.95	3.49	15.47% decrease

Increase in donation income:

BBHK successfully held Flag Day activities in 2017 that contributes the donation of approximately HK\$2,680,000 and significantly increased in donation income to be used for new headquarters projects.

Increase in surplus for the year:

1. Funding and programme income increased by 20%, respectively; and
2. Donation income soared by 176.84%.

Future Development

BBHK has been searching for venue for new Headquarters for future expansion and development. Leveraging with the exploration and collaboration with a church, we will further expand our community services in Kwun Tong to better serve our members and the general public. More professional training programmes will be jointly organised with local universities. Last but not least, being a mission-driven movement, we will continue to facilitate the ministry development in mainland China and Taiwan.

THE BOYS' BRIGADE, HONG KONG

REPORT OF THE DIRECTORS (CONTINUED)

DIRECTORS

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

FONG Wai Kin Alex	
FUNG Siu Bun	
KONG Chun Wah	
LAM Wai Yin	
LAM Wang Kei	
LEE Chun Ming	
NG King Tong	
WONG Sing Heung	
WU Ting Pang	
CHAN Kin Wing Benjamin	(appointed on 1 September 2017)
FUNG Shing Wah	(appointed on 1 September 2017)
HO Denny King-Leung	(appointed on 1 September 2017)
KING Sik Tai Horace	(appointed on 1 September 2017)
WONG Yin Yi	(appointed on 1 September 2017)
YEUNG Kin Keung William	(appointed on 1 September 2017)
CHAN Kang Yu Petros	(resigned on 12 July 2017)
CHEUNG Lit Man	(resigned on 1 September 2017)
KONG Yiu Lung	(resigned on 1 September 2017)
LEE Chun Kwong	(resigned on 1 September 2017)
SIU Chi Kong	(resigned on 1 September 2017)
WONG Tin Hong	(resigned on 1 September 2017)

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.

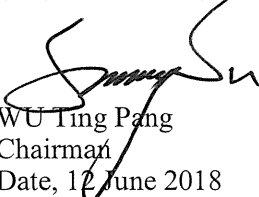
MANAGEMENT CONTRACTS

The Company did not enter into any contract, other than the contracts of service with any director 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
Date, 12 June 2018

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

Opinion

We have audited the financial statements of THE BOYS' BRIGADE, HONG KONG ("the Company") set out on pages 9 to 21, which comprise the statement of financial position as at 31 March 2018, and the income and expenditure account, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 March 2018, and of its financial performance and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards for Private Entities ("HKFRS for Private Entities") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with the HKICPA's *Code of Ethics for Professional Accountants* ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information other than the financial statements and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the report of the directors, but does not include the financial statements and our auditor's reports thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Responsibilities of directors and those charged with governance for the financial statements

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRS for Private Entities issued by the HKICPA 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.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion 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.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with HKSA's, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatements of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

Auditor's responsibilities for the audit of the financial statements (continued)

- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Roger Kam & Co.
Certified Public Accountants (Practising)

Hong Kong, 12 June 2018

THE BOYS' BRIGADE, HONG KONG

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2018

	Note	2018 HK\$	2017 HK\$
Income			
Government subvention		8,565,486	8,492,328
Funds received		17,946,959	15,006,808
Programme income		18,743,328	15,618,142
Donation income		7,180,655	2,593,774
Bank interest income		9,937	97,797
Other income		<u>722,917</u>	<u>560,807</u>
	4	<u>53,169,282</u>	<u>42,369,656</u>
Expenditure			
Staff costs		18,377,571	17,157,323
Rent and rates		1,282,677	1,215,477
Other administrative expenses		3,044,323	2,156,563
Funding expenses		16,878,514	14,026,875
Programme and fund raising expenses		<u>10,259,377</u>	<u>6,615,574</u>
	5	<u>49,842,462</u>	<u>41,171,812</u>
Surplus before tax		3,326,820	1,197,844
Taxation	8	<u>-</u>	<u>-</u>
Surplus and total comprehensive income for the year		<u>3,326,820</u>	<u>1,197,844</u>

The notes on pages 13 to 21 form an integral part of these financial statements.


THE BOYS' BRIGADE, HONG KONG

STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2018

	Note	2018 HK\$	2017 HK\$
Non-current assets			
Property, plant and equipment	9	402,129	242,660
Current assets			
Accounts receivables		5,773,523	4,248,300
Payments in advance		712,956	1,034,651
Deposits and prepayments		1,557,464	732,480
Fixed deposits		-	3,200,000
Cash and bank balances		27,283,624	19,088,329
		<u>35,327,567</u>	<u>28,303,760</u>
Current liabilities			
Bank overdraft – unsecured		238,043	-
Accounts payables and receipts in advance		9,727,586	7,219,518
Accrued expenses		1,906,318	654,237
Provision for long service payments		102,169	243,905
		<u>11,974,116</u>	<u>8,117,660</u>
Net current assets		<u>23,353,451</u>	<u>20,186,100</u>
NET ASSETS		<u>23,755,580</u>	<u>20,428,760</u>
RESERVES			
General fund		7,797,835	4,548,598
Youth development fund		2,914,179	2,899,436
Reserve from LSG (except provident fund)		104,295	899,446
Provident fund reserve		248,305	248,999
Reserve for new headquarters - general purpose		8,105,368	7,059,580
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 Taiwan Ministry		304,240	442,588
Reserve for HAB needy students		14,520	63,275
		<u>23,755,580</u>	<u>20,428,760</u>

Approved and authorised for issue by the Board of Directors on 12 June 2018


 WU Ting Pang
 Chairman


 LAM Wai Yin
 Treasurer

The notes on pages 13 to 21 form an integral part of these financial statements.

THE BOYS' BRIGADE, HONG KONG

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2018

	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 Taiwan Ministry HK\$	Reserve for HAB needy students HK\$	Total HK\$
Balance at 1 April 2016	3,833,979	2,868,126	870,009	275,592	7,016,402	3,780,372	486,466	-	99,970	19,230,916
Surplus for the year	1,160,051	31,310	-	-	43,178	-	-	-	(36,695)	1,197,844
Transfer from reserve for Taiwan Ministry	(442,588)	-	-	-	-	-	-	442,588	-	-
Transfer to reserve for from LSG (except provident fund)	(29,437)	-	29,437	-	-	-	-	-	-	-
Transfer from provident fund reserve	26,593	-	-	(26,593)	-	-	-	-	-	-
Balance at 31 March 2017	4,548,598	2,899,436	899,446	248,999	7,059,580	3,780,372	486,466	442,588	63,275	20,428,760
Surplus for the year	2,315,044	14,743	-	-	1,045,788	-	-	-	(48,755)	3,326,820
Transfer from reserve for Taiwan Ministry	138,348	-	-	-	-	-	-	(138,348)	-	-
Transfer to reserve from LSG (except provident fund)	795,151	-	(795,151)	-	-	-	-	-	-	-
Transfer from provident fund reserve	694	-	-	(694)	-	-	-	-	-	-
Balance at 31 March 2018	7,797,835	2,914,179	104,295	248,305	8,105,368	3,780,372	486,466	304,240	14,520	23,755,580

The notes on pages 13 to 21 form an integral part of these financial statements.

THE BOYS' BRIGADE, HONG KONG

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2018

	Note	2018 HK\$	2017 HK\$
Cash flows from operating activities			
Surplus before tax		3,326,820	1,197,844
Adjustments for:-			
Bank interest income	4	(9,937)	(97,797)
Depreciation	5	204,697	183,080
Gain on disposal of motor vehicle		(98,000)	-
Loss on disposal of property, plant and equipment	5	817,713	-
Reversal of / provision for long service payments		(141,736)	(92,730)
Operating surplus before changes in working capital		4,099,557	1,190,397
Increase in accounts receivables and payments in advance		(1,203,528)	(482,804)
Increase in deposits and prepayments		(824,984)	(3,112)
Increase in accounts payables, receipts in advance and accrued expenses		3,760,149	2,892,046
Net cash generated from operating activities		5,831,194	3,596,527
Cash flows from investing activities			
Purchases of property, plant and equipment	9	(1,181,879)	(18,000)
Proceeds from disposal of motor vehicle		98,000	-
Bank interest received		9,937	97,797
Net cash (used in) / generated from investing activities		(1,073,942)	79,797
Net increase in cash and cash equivalents		4,757,252	3,676,324
Cash and cash equivalents at beginning of the year		22,288,329	18,612,005
Cash and cash equivalents at end of the year		27,045,581	22,288,329
Analysis of the balances of cash and cash equivalents			
Cash and bank balances		27,283,624	19,088,329
Fixed deposits		-	3,200,000
Bank overdraft		(238,043)	-
		<u>27,045,581</u>	<u>22,288,329</u>

The notes on pages 13 to 21 form an integral part of these financial statements.

THE BOYS' BRIGADE, HONG KONG

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

1 GENERAL

The Company was incorporated in Hong Kong as a non-private company limited by guarantee and is engaged in provision of integrated 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%
Furniture and fixtures	- 33 1/3%
Electrical equipment	- 33 1/3%
Computer equipment	- 33 1/3%
Motor vehicle	- 20%

THE BOYS' BRIGADE, HONG KONG

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

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 2018

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) Programme income is recognised in the period in which the relevant programme 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 2018

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.

(j) 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.

(k) 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 2018

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) 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 2018

4 INCOME

Note	General fund - headquarters HKS	General fund - school social work unit HKS	Youth development fund HKS	Reserve for new headquarters- general purpose HKS	Reserve for HAB needy students HKS	Reserve for Taiwan Ministry HKS	2018	2017
							Total HKS	Total HKS
Government subvention:								
Home Affairs Bureau (Headquarters)	4,540,000	-	-	-	-	-	4,540,000	4,540,000
Government subvention income	39,006	-	-	-	-	-	39,006	39,006
Social Welfare Department (Others)	-	29,755	-	-	-	-	29,755	69,575
Social Welfare Department (School social work unit)	-	3,956,725	-	-	-	-	3,956,725	3,843,747
	<u>4,579,006</u>	<u>3,986,480</u>	-	-	-	-	<u>8,565,486</u>	<u>8,492,328</u>
Funds received:								
Community Chest	717,200	-	-	-	-	-	717,200	696,300
Stedfast Association, Hong Kong Limited	400,000	-	-	-	-	-	400,000	320,328
Anchormer project	420,000	-	-	-	-	-	420,000	-
Education Bureau (SB after school learning)	2,897,966	-	-	-	-	-	2,897,966	1,844,724
Constitutional and Mainland Affairs Bureau 「童」一屋簷下	41,700	-	-	-	-	-	41,700	7,301
Committee on the Promotion of Civic Education 泰自遊 - 考察交流計劃	150,743	-	-	-	-	-	150,743	-
真·交流 - 「考察新加坡、馬來西亞政治、 經濟、民生之現況」	-	-	-	-	-	-	-	259,416
Environment and Conservation Fund Secretariat Environment & Conservation Fund	6,703,423	-	-	-	-	-	6,703,423	5,704,103
Home Affairs Department Enhancing Self-reliance Through District Partnership Programme (ESR)	2,386,459	-	-	-	-	-	2,386,459	2,329,865
Home Affairs Bureau Assistance Scheme to Needy Student Members	550,000	-	-	-	-	-	550,000	550,000
Thematic fund	2,060,211	-	-	-	-	-	2,060,211	1,602,052
HSBC - Scavengers Experience (執紙皮換菠蘿包)	181,778	-	-	-	-	-	181,778	90,062
Kowloon City District Council 社區減廢行動 - 齊齊咁啱嘢	-	-	-	-	-	-	-	199,981
Lee Hysan Foundation	-	-	-	-	-	-	-	337,522
Office for Film, Newspaper & Article Healthy Comic Strip Contest	-	-	-	-	-	-	-	412,695
Providence Foundation (Sharity)	-	-	-	-	-	-	-	405,000
Ho Tung Fund	116,800	-	-	-	-	-	116,800	70,100
Quality Education Fund Secretariat Quality Education Fund	159,769	-	-	-	-	-	159,769	-
Sir David Trench Fund	23,129	-	-	-	-	-	23,129	11,000
Standing Committee on Language Education & Project of Adventure Time - Word Detective	440,252	-	-	-	-	-	440,252	141,837
Social Welfare Department - Child Development Fund (CDF) Projects	697,529	-	-	-	-	-	697,529	24,522
	<u>17,946,959</u>	-	-	-	-	-	<u>17,946,959</u>	<u>15,006,808</u>
Programme income:								
Uniformed group training	558,439	-	-	-	-	-	558,439	520,206
Non-uniformed group training / others	16,279,402	4,198	56,140	-	-	-	16,339,740	12,365,287
Annual Activities and Other Projects	1,525,586	-	-	-	-	-	1,525,586	1,446,190
River Pearl Delta Social Service Project	319,563	-	-	-	-	-	319,563	1,286,459
	<u>18,682,990</u>	<u>4,198</u>	<u>56,140</u>	-	-	-	<u>18,743,328</u>	<u>15,618,142</u>
Donation income:								
Donation income	3,450,674	-	-	1,046,370	-	-	4,497,044	2,593,774
Donation income for flag day	2,683,611	-	-	-	-	-	2,683,611	-
	<u>6,134,285</u>	-	-	<u>1,046,370</u>	-	-	<u>7,180,655</u>	<u>2,593,774</u>
Bank interest income:								
Bank interest income	9,834	52	-	-	-	51	9,937	97,797
	<u>9,834</u>	<u>52</u>	-	-	-	<u>51</u>	<u>9,937</u>	<u>97,797</u>
Other income:								
Other income	722,917	-	-	-	-	-	722,917	560,807
	<u>722,917</u>	-	-	-	-	-	<u>722,917</u>	<u>560,807</u>
	<u>48,075,991</u>	<u>3,990,730</u>	<u>56,140</u>	<u>1,046,370</u>	-	<u>51</u>	<u>53,169,282</u>	<u>42,369,656</u>

THE BOYS' BRIGADE, HONG KONG

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

5 EXPENDITURE

Note	General fund - headquarters HK\$	General fund - school social work unit HK\$	Youth development fund HK\$	Reserve for new headquarters- fund general purpose HK\$	Reserve for HAB heady students HK\$	Reserve for Taiwan Ministry HK\$	2018 Total HK\$	2017 Total HK\$
Staff costs:								
Staff salaries and allowances	13,764,157	3,470,034	-	-	-	-	17,234,191	16,078,091
Provident fund / MPF contribution	837,045	306,335	-	-	-	-	1,143,380	1,079,232
	<u>14,601,202</u>	<u>3,776,369</u>	-	-	-	-	<u>18,377,571</u>	<u>17,157,323</u>
Rent and rates:								
Rent and rates	1,243,671	39,006	-	-	-	-	1,282,677	1,215,477
	<u>1,243,671</u>	<u>39,006</u>	-	-	-	-	<u>1,282,677</u>	<u>1,215,477</u>
Other administrative expenses:								
Advertising and promotion	156,519	8,020	-	-	-	-	164,539	159,649
Bank charges	16,961	1,591	-	-	-	-	18,552	8,140
Building management fee	489,536	-	-	-	-	-	489,536	487,733
Cleaning and sanitation	24,305	1,815	-	-	-	-	26,120	18,097
Depreciation	204,697	-	-	-	-	-	204,697	183,080
Electricity, water, telephone and fax	286,192	24,735	-	-	-	-	310,927	266,901
Exchange loss	1,346	-	-	-	-	-	1,346	8,272
Insurance	170,289	16,945	-	-	-	-	187,234	217,815
IT supporting service	136,564	598	-	-	-	-	137,162	102,102
Loss on disposal of property, plant and equipment	817,713	-	-	-	-	-	817,713	-
Membership fee	11,350	-	-	-	-	-	11,350	31,576
Newspaper & periodicals	-	1,589	-	-	-	-	1,589	1,864
Postage and courier charges	18,467	37	-	-	-	-	18,504	29,960
Printing and stationery	97,215	1,166	-	-	-	-	98,381	150,898
Relocation fee	43,000	-	-	-	-	-	43,000	-
Repairs and maintenance	200,456	1,404	-	-	-	-	201,860	193,731
Staff development and welfare	104,267	10,581	-	-	-	-	114,848	134,245
Storage fee	19,776	-	-	-	-	-	19,776	10,970
Sundry expenses	51,245	4,764	-	-	-	-	56,009	32,569
Travelling and transportation	119,217	1,963	-	-	-	-	121,180	118,961
	<u>2,969,115</u>	<u>75,208</u>	-	-	-	-	<u>3,044,323</u>	<u>2,156,563</u>
Funding expenses:								
Anchorage project	420,000	-	-	-	-	-	420,000	-
Education Bureau (SB after school learning)	2,897,966	-	-	-	-	-	2,897,966	1,844,724
Constitutional and Mainland Affairs Bureau 「童」一屋簷下	41,700	-	-	-	-	-	41,700	7,301
Committee on the Promotion of Civic Education 真·交流·「考察新加坡、馬來西亞政治、 經濟、民生之現況」 泰自游 考察交流計劃	150,743	-	-	-	-	-	150,743	259,416
Environment and Conservation Fund Secretariat Environment & Conservation Fund	6,703,423	-	-	-	-	-	6,703,423	5,704,103
Home Affairs Department Enhancing Self-Reliance Through district Partnership Programme (ESR)	2,386,459	-	-	-	-	-	2,386,459	2,329,865
Home Affairs Bureau Assistance Scheme to needy student members Thematic Fund	550,000	-	-	-	48,755	-	598,755	586,696
HSBC Scavengers Experience (執紙皮換菠蘿包)	181,778	-	-	-	-	-	181,778	90,061
Kowloon City District Council 社區減廢行動 - 齊齊做嘢嘢	-	-	-	-	-	-	-	199,981
Kowloon City District Youth Programme Committee Lee Hysan Foundation	-	-	-	-	-	-	-	337,522
Office for Film, Newspaper & Article Administration Healthy Comic Strip Contest	-	-	-	-	-	-	-	412,695
Providence Foundation (Sharity)	-	-	-	-	-	-	-	405,000
Ho Tung Fund	116,800	-	-	-	-	-	116,800	70,100
Quality Education Fund Secretariat Quality Education Fund	159,769	-	-	-	-	-	159,769	-
Sir David Trench Fund	23,129	-	-	-	-	-	23,129	11,000
Standing Committee on Language Education & Project of Adventure Time - Word Detective	440,252	-	-	-	-	-	440,252	141,837
Social Welfare Department clawed back Child Development Fund (CDF) Projects	697,529	-	-	-	-	-	697,529	24,522
	<u>16,829,759</u>	-	-	-	48,755	-	<u>16,878,514</u>	<u>14,026,875</u>
Programme expenses:								
Uniformed group training	283,419	-	-	-	-	-	283,419	277,651
Non-uniformed group training / others	7,082,414	12,275	41,397	-	-	-	7,136,086	4,422,819
Annual activities and other projects	1,981,425	-	-	-	-	138,399	2,119,824	1,066,547
River Pearl Delta Social Service Project	245,389	-	-	-	-	-	245,389	828,667
	<u>9,592,647</u>	<u>12,275</u>	<u>41,397</u>	-	-	<u>138,399</u>	<u>9,784,718</u>	<u>6,595,684</u>
Fund Raising expenses:								
Expenditures for fund raising	258,971	-	-	582	-	-	259,553	19,890
Expenditures for flag day	215,106	-	-	-	-	-	215,106	-
	<u>474,077</u>	-	-	<u>582</u>	-	-	<u>474,659</u>	<u>19,890</u>
	<u>45,710,471</u>	<u>3,902,858</u>	<u>41,397</u>	<u>582</u>	<u>48,755</u>	<u>138,399</u>	<u>49,842,462</u>	<u>41,171,812</u>

THE BOYS' BRIGADE, HONG KONG

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

6 INCOME AND EXPENDITURE OF FLAG DAY FUND-RAISING ACTIVITIES

	2018 HK\$	2017 HK\$
Donation income	2,683,611	-
Expenditure	<u>(215,106)</u>	<u>-</u>
Net donation income	<u>2,468,505</u>	<u>-</u>

For the funds raised in the flag day, 70% of net income had been used for uniformed group service and remaining 30% had been used for administrative support.

7 DIRECTORS' REMUNERATION

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

	2018 HK\$	2017 HK\$
As directors	-	-
For management	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

8 TAXATION

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

9 PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK\$	Furniture and fixtures HK\$	Electrical equipment HK\$	Computer equipment HK\$	Motor vehicle HK\$	Total HK\$
Cost						
At 1 April 2017	3,461,609	339,822	153,684	917,266	188,754	5,061,135
Additions	694,000	-	-	140,243	347,636	1,181,879
Disposal	<u>(694,000)</u>	<u>-</u>	<u>-</u>	<u>(123,713)</u>	<u>(188,754)</u>	<u>(1,006,467)</u>
At 31 March 2018	<u>3,461,609</u>	<u>339,822</u>	<u>153,684</u>	<u>933,796</u>	<u>347,636</u>	<u>5,236,547</u>
Accumulated depreciation						
At 1 April 2017	3,247,609	327,822	153,684	900,606	188,754	4,818,475
Charge for the year	107,000	6,000	-	22,170	69,527	204,697
Written back on disposal	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(188,754)</u>	<u>(188,754)</u>
At 31 March 2018	<u>3,354,609</u>	<u>333,822</u>	<u>153,684</u>	<u>922,776</u>	<u>69,527</u>	<u>4,834,418</u>
Net book value						
At 31 March 2018	<u>107,000</u>	<u>6,000</u>	<u>-</u>	<u>11,020</u>	<u>278,109</u>	<u>402,129</u>
At 31 March 2017	<u>214,000</u>	<u>12,000</u>	<u>-</u>	<u>16,660</u>	<u>-</u>	<u>242,660</u>

THE BOYS' BRIGADE, HONG KONG

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

10 LEASE COMMITMENTS

At 31 March 2018, the Company had future aggregate minimum commitments under non-cancellable operating leases in respect of land and buildings as follows:

	2018 HK\$	2017 HK\$
Within one year	2,276,460	2,117,585
In the second to fifth years	4,220,965	4,918,782
More than five years	-	292,343
	<u>6,497,425</u>	<u>7,328,710</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 parties:

	2018 HK\$	2017 HK\$
<u>Key management personnel</u>		
Salaries	2,646,120	2,590,380
Provident fund / MPF contributions	264,612	251,151
<u>Related company</u>		
Stedfast Association, Hong Kong Limited		
- Funds and donations received from	550,501	376,580
- Reimbursement of expenses	-	20,328

Mr. FONG Wai Kin Alex, Mr. HO Denny King-Leung, Mr. LAM Wang Kei and Ms. WONG Yin Yi, the Company's directors, are also the directors of Stedfast Association, Hong Kong Limited for the year.

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

12 CAPITAL COMMITMENT

Capital expenditure at the reporting date but not yet incurred is as follows:-

	2018 HK\$	2017 HK\$
Construction in progress of headquarter	<u>928,680</u>	<u>-</u>