

THE BOYS' BRIGADE, HONG KONG
香港基督少年軍

REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019



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 2019.

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 15,000 members with more than 368 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 regular meetings with the companies on Christian education, foot drills, skills training and award programmes.

Our Visions

Whole-Person Development: Being the training base for the whole-person development of 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 ourselves to helping 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.

Living out Christ's Life: Encourage youths to imitate Christ through spiritual disciplining, and influence life with one's own as faith being lived out.

THE BOYS' BRIGADE, HONG KONG

REPORT OF THE DIRECTORS (CONTINUED)

BUSINESS REVIEW (CONTINUED)

Background (continued)

Our Mission

Helping young people develop respectable values and builds a good character based on Christian education and beliefs.

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

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

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

Our Objective

The advancement of the 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 to 21 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 2018-19, we had a total of 368 units in Hong Kong with 15,342 memberships, representing an increase of 4.49% from last year.

BBHK organizes a wide variety of youth activities, including uniformed group training, social work and student support service. We provide series of structured technical skills and leadership training programmes, events and workshops to our members to develop their skills, widen their life experiences and recognize their achievements. In addition, we mobilize our members to serve our community through different voluntary service programmes across the territory.

With the increasing needs on character and family education, we further extend our service in 2010 to promote harmony and positive mind in family. Our signature programmes, including Love Family Project and Experiential Education Programmes, demonstrate our ability and commitment to service our society. These projects also arouse public awareness on these social agendas. We launch our Parent Volunteer Group in February 2019 to strengthen our connection between our members and their parents.

Our school social work division provides professional counselling and consultation services in five schools in Hong Kong. Apart from supporting students on personal growth-related issues, we also offer career development planning and support to students with special educational needs.

THE BOYS' BRIGADE, HONG KONG

REPORT OF THE DIRECTORS (CONTINUED)

BUSINESS REVIEW (CONTINUED)

Our Achievements (continued)

Professional training division is another key stream of our core services. Our Anchor House ("AH"), situated at Noah's Ark, Ma Wan, offers comprehensive adventure training programmes to schools, churches, and different institutions. In addition, BBHK starts organizing an Advanced Diploma in Adventure-based Leadership with HKU School of Professional and Continuing Education since 2017. This programme is recognized by the Qualifications Framework and it is one of the pioneers in nurturing professional trainers in Hong Kong.

We are active in promoting cultural exchange through different mainland and international exchange programmes. Furthermore, we advocate the development Boys' Bridge in Macau, mainland China and Taiwan to share our vision in youth development.

BBHK starts our Waste Recovery Centre in 2011 with the aims to promote environmental protection and offer job opportunities to vulnerable groups and disabled people in Hong Kong. Currently we have 4 recycling service centres and they are recognized by the Hong Kong General Chamber of Social Enterprises in the Social Enterprise Endorsement ("SEE") Mark scheme.

We nurture the spiritual life of our members and the youth in our society through our training programmes and activities. Through different gospel activities, such as fellowship groups, prayer meetings, retreats and workshops, BBHK encourages our members to build up a solid relationship with God with devotion and dedication.

Key Stakeholder Relationships

BBHK keeps our companies and members well informed through our official website and distribution of electronic communications. We establish effective communication channels with our members through annual events, regional activities, committee meetings, companies' visits, surveys and corporate publications.

BBHK maintains close connection with government departments, various local non-government social service agencies and youth uniformed groups. We are 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 Social Welfare Department of the Hong Kong Special Administrative Region (HKSAR), as well as a founding member of Boys' Brigade Asia. We actively participate in forums and seminars with these bodies to share experience and knowledge on organizing youth services and operating of non-governmental organizations.

We consistently obtain feedbacks and insights from our service partners and participants. From time to time, BBHK conducts researches to understand the needs in our society and ways to promote whole person development among youths.

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

THE BOYS' BRIGADE, HONG KONG

REPORT OF THE DIRECTORS (CONTINUED)

BUSINESS REVIEW (CONTINUED)

Principal Risks and Uncertainties

BBHK is a non-governmental organisation and is not fully subvented by the government. Apart from government subventions, majority of our income is derived from one-off programme funding, programme and training income, donations and membership fees, which depends on availability of funding programmes and their application results as well as number of members, participants and donors. In addition, our 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. Its operation faces competition from similar organizations from both the public and private sectors.

Continuous decrease in youth population in Hong Kong places challenges to our core service. At the same time, changing in culture and interests of the youth also makes uniformed group formation less attractive to them.

Environmental Policies and Performance

BBHK supports and advocates environmental protection. Our 4 Waste Recovery Centres promote the public awareness on waste recycling and make good use of reusable materials. From operational side, we have been adopting energy-saving approach and encouraging an eco-friendly practice in our workplace.

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\$1.1 million in 2018-19 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 2018-19 included more than 15% 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

	2019	2018	% changes
Members	15,342	14,683	4.49% increase
Total income	HK\$57,046,830	HK\$53,169,282	7.29% increase
Funds received	HK\$21,817,379	HK\$17,946,959	21.57% increase
Programme income	HK\$19,698,118	HK\$18,743,328	5.09% increase
Donation income	HK\$6,127,163	HK\$7,180,655	14.67% decrease
Surplus for the year	HK\$1,162,281	HK\$3,326,820	65.06% decrease
Current ratio	3.46	2.95	17.34% increase

Future Development

2019/20 marks another milestone of BBHK, for which we are going to celebrate our 60th anniversary. To support the growth of our operations, we plan to extend our training facilities in Ma Wan in mid-2019 to strengthen our leading position in youth and adventure training service in Hong Kong. The new 3-storey building is expected to be a home base for our members in the near future.

THE BOYS' BRIGADE, HONG KONG

REPORT OF THE DIRECTORS

DIRECTORS

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

CHAN Kin Wing Benjamin	
FONG Wai Kin Alex	
FUNG Shing Wah	
FUNG Siu Bun	
HO Denny King-Leung	
KING Sik Tai Horace	
KONG Chun Wah	
LAM Wai Yin	
LAM Wang Kei	
LEE Chun Ming	
NG King Tong	
WONG Sing Heung	
WONG Yin Yi	
CHEUNG Lit Man	(appointed on 1 September 2018)
SIU Chi Kong	(appointed on 1 September 2018)
YEUNG Kin Keung William	(resigned on 1 September 2018)
WU Ting Pang	(resigned on 1 September 2018)

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



CHEUNG Lit Man
Chairman
Date, 28 June 2019

**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 22, which comprise the statement of financial position as at 31 March 2019, 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 2019, 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 ("HKSAs") 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, 28 June 2019

THE BOYS' BRIGADE, HONG KONG

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2019

	Note	2019 HK\$	2018 HK\$
Income			
Government subvention		8,726,324	8,565,486
Funds received		21,817,379	17,946,959
Programme income		19,698,118	18,743,328
Donation income		6,127,163	7,180,655
Bank interest income		164,549	9,937
Other income		513,297	722,917
		<u>513,297</u>	<u>722,917</u>
	4	<u>57,046,830</u>	<u>53,169,282</u>
Expenditure			
Staff costs		21,078,517	18,377,571
Rent and rates		1,491,517	1,282,677
Other administrative expenses		2,880,890	3,044,323
Funding expenses		20,663,601	16,878,514
Programme and fund raising expenses		9,770,024	10,259,377
		<u>9,770,024</u>	<u>10,259,377</u>
	5	<u>55,884,549</u>	<u>49,842,462</u>
Surplus before tax		1,162,281	3,326,820
Taxation	9	-	-
Surplus and total comprehensive income for the year		<u>1,162,281</u>	<u>3,326,820</u>


The notes on pages 13 to 22 form an integral part of these financial statements.


THE BOYS' BRIGADE, HONG KONG

STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2019

	Note	2019 HK\$	2018 HK\$
Non-current assets			
Property, plant and equipment	10	1,293,036	402,129
Current assets			
Accounts receivables		5,743,447	5,773,523
Payments in advance		2,464,806	712,956
Deposits and prepayments		2,194,055	1,557,464
Fixed deposit		4,500,000	-
Cash and bank balances		18,319,142	27,283,624
		33,221,450	35,327,567
Current liabilities			
Bank overdraft – unsecured		-	238,043
Accounts payables and receipts in advance		7,552,715	9,727,586
Accrued expenses		1,907,439	1,906,318
Provision for long service payments		136,471	102,169
		9,596,625	11,974,116
Net current assets		23,624,825	23,353,451
NET ASSETS		24,917,861	23,755,580
RESERVES			
General fund		8,805,499	7,797,835
Youth development fund		2,935,078	2,914,179
Reserve from LSG (except provident fund)		218,719	104,295
Provident fund reserve		246,029	248,305
Reserve for new headquarters - general purpose		8,118,168	8,105,368
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		298,032	304,240
Reserve for HAB needy students		29,498	14,520
		24,917,861	23,755,580

Approved and authorised for issue by the Board of Directors on 28 June 2019


CHEUNG Lit Man
Chairman


LAM Wai Yin
Treasurer

The notes on pages 13 to 22 form an integral part of these financial statements.

THE BOYS' BRIGADE, HONG KONG

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2019

	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 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 from reserve for 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
Surplus for the year	1,113,604	20,899	-	-	12,800	-	-	-	14,978	1,162,281
Transfer from reserve for Taiwan Ministry	6,208	-	-	-	-	-	-	(6,208)	-	-
Transfer to reserve from LSG (except provident fund)	(114,424)	-	114,424	-	-	-	-	-	-	-
Transfer from provident fund reserve	2,276	-	-	(2,276)	-	-	-	-	-	-
Balance at 31 March 2019	8,805,499	2,935,078	218,719	246,029	8,118,168	3,780,372	486,466	298,032	29,498	24,917,861

The notes on pages 13 to 22 form an integral part of these financial statements.

THE BOYS' BRIGADE, HONG KONG

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2019

	Note	2019 HK\$	2018 HK\$
Cash flows from operating activities			
Surplus before tax		1,162,281	3,326,820
Adjustments for:-			
Bank interest income	4	(164,549)	(9,937)
Depreciation	5	457,773	204,697
Gain on disposal of motor vehicle		-	(98,000)
Loss on disposal of property, plant and equipment	5	-	817,713
Provision for / (reversal of) long service payments		34,302	(141,736)
Operating surplus before changes in working capital		1,489,807	4,099,557
Increase in accounts receivables and payments in advance		(1,721,774)	(1,203,528)
Increase in deposits and prepayments		(636,591)	(824,984)
(Decrease) / increase in accounts payables, receipts in advance and accrued expenses		(2,173,750)	3,760,149
Net cash (used in) / generated from operating activities		(3,042,308)	5,831,194
Cash flows from investing activities			
Purchases of property, plant and equipment	10	(1,348,680)	(1,181,879)
Proceeds from disposal of motor vehicle		-	98,000
Bank interest received		164,549	9,937
Net cash used in investing activities		(1,184,131)	(1,073,942)
Net (decrease) / increase in cash and cash equivalents		(4,226,439)	4,757,252
Cash and cash equivalents at beginning of the year		27,045,581	22,288,329
Cash and cash equivalents at end of the year		22,819,142	27,045,581
Analysis of the balances of cash and cash equivalents			
Cash and bank balances		18,319,142	27,283,624
Fixed deposit		4,500,000	-
Bank overdraft		-	(238,043)
		<u>22,819,142</u>	<u>27,045,581</u>

The notes on pages 13 to 22 form an integral part of these financial statements.

THE BOYS' BRIGADE, HONG KONG

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

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 2019

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 2019

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 2019

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 2019

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 2019

4 INCOME

Note	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\$	Reserve for Taiwan Ministry HK\$	2019 Total HK\$	2018 Total HK\$
Government subvention:								
Home Affairs Bureau (Headquarters)	4,540,000	-	-	-	-	-	4,540,000	4,540,000
Government subvention income	37,356	-	-	-	-	-	37,356	39,006
Social Welfare Department (Others)	-	29,760	-	-	-	-	29,760	29,755
Social Welfare Department (School social work unit)	-	4,119,208	-	-	-	-	4,119,208	3,956,725
	<u>4,577,356</u>	<u>4,148,968</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,726,324</u>	<u>8,565,486</u>
Funds received:								
Community Chest	738,800	-	-	-	-	-	738,800	717,200
Stedfast Association, Hong Kong Limited	400,000	-	-	-	-	-	400,000	400,000
Anchorer project	275,500	-	-	-	-	-	275,500	420,000
Education Bureau (SB after school learning)	4,244,854	-	-	-	-	-	4,244,854	2,897,966
Constitutional and Mainland Affairs Bureau 「童」一屋簷下	-	-	-	-	-	-	-	41,700
Committee on the Promotion of Civic Education 泰自遊 - 考察交流計劃	48,772	-	-	-	-	-	48,772	150,743
Environment and Conservation Fund Secretariat Environment & Conservation Fund	8,583,303	-	-	-	-	-	8,583,303	6,703,423
Home Affairs Department Enhancing Self-reliance Through District Partnership Programme (ESR) Programme (Be Brave - 創藝館)	1,636,147	-	-	-	-	-	1,636,147	-
Home Affairs Bureau Assistance Scheme to Needy Student Members One off funding to support improvement works for the training facilities	-	-	-	-	550,000	-	550,000	550,000
Thematic fund	128,678	-	-	-	-	-	128,678	-
HSBC - Scavengers Experience (執紙皮換菠蘿包)	2,987,924	-	-	-	-	-	2,987,924	2,060,211
Ho Tung Fund	-	-	-	-	-	-	-	116,800
Quality Education Fund Secretariat Quality Education Fund	1,283,678	-	-	-	-	-	1,283,678	159,769
Sir David Trench Fund	71,790	-	-	-	-	-	71,790	23,129
Standing Committee on Language Education & Project of Adventure Time - Word Detective	176,348	-	-	-	-	-	176,348	440,252
Social Welfare Department - Child Development Fund (CDF) Projects	691,585	-	-	-	-	-	691,585	697,529
	<u>21,267,379</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>550,000</u>	<u>-</u>	<u>21,817,379</u>	<u>17,946,959</u>
Programme income:								
Uniformed group training	671,264	-	-	-	-	-	671,264	558,439
Non-uniformed group training / others	17,405,842	4,829	38,840	-	-	-	17,449,511	16,339,740
Annual Activities and Other Projects	1,460,208	-	-	-	-	-	1,460,208	1,525,586
River Pearl Delta Social Service Project	117,135	-	-	-	-	-	117,135	319,563
	<u>19,654,449</u>	<u>4,829</u>	<u>38,840</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,698,118</u>	<u>18,743,328</u>
Donation income:								
Donation income	3,078,488	-	-	13,000	-	-	3,091,488	4,365,283
Donation income from flag day	3,021,164	-	-	-	-	-	3,021,164	2,683,611
Donation income from charity sales	14,511	-	-	-	-	-	14,511	131,761
	<u>6,114,163</u>	<u>-</u>	<u>-</u>	<u>13,000</u>	<u>-</u>	<u>-</u>	<u>6,127,163</u>	<u>7,180,655</u>
Bank interest income:								
Bank interest income	164,248	301	-	-	-	-	164,549	9,937
	<u>164,248</u>	<u>301</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>164,549</u>	<u>9,937</u>
Other income:								
Other income	513,297	-	-	-	-	-	513,297	722,917
	<u>513,297</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>513,297</u>	<u>722,917</u>
	<u>52,290,892</u>	<u>4,154,098</u>	<u>38,840</u>	<u>13,000</u>	<u>550,000</u>	<u>-</u>	<u>57,046,830</u>	<u>53,169,282</u>

THE BOYS' BRIGADE, HONG KONG

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

5 EXPENDITURE

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	2019 Total HKS	2018 Total HKS
Staff costs:								
Staff salaries and allowances	16,139,415	3,600,017	-	-	-	-	19,739,432	17,234,191
Provident fund / MPF contribution	1,012,229	326,856	-	-	-	-	1,339,085	1,143,380
	<u>17,151,644</u>	<u>3,926,873</u>	-	-	-	-	<u>21,078,517</u>	<u>18,377,571</u>
Rent and rates:								
Rent and rates	1,454,161	37,356	-	-	-	-	1,491,517	1,282,677
	<u>1,454,161</u>	<u>37,356</u>	-	-	-	-	<u>1,491,517</u>	<u>1,282,677</u>
Other administrative expenses:								
Advertising, promotion and administrative expenses	401,537	6,517	-	-	-	-	408,054	302,104
Building management fee	473,289	-	-	-	-	-	473,289	489,536
Depreciation	457,773	-	-	-	-	-	457,773	204,697
Electricity, water, internet, telephone and fax	347,086	18,214	-	-	-	-	365,300	331,064
Exchange loss	-	-	-	-	-	-	-	1,346
Insurance	263,037	24,836	-	-	-	-	287,873	187,233
Loss on disposal of property, plant and equipment	-	-	-	-	-	-	-	817,713
Repairs, maintenance and renovation	285,075	1,684	-	-	-	-	286,759	201,860
Staff development and welfare	105,896	12,376	-	-	-	-	118,272	114,848
Sundry expenses	344,508	15,470	-	-	-	-	359,978	272,742
Travelling and transportation	122,270	1,322	-	-	-	-	123,592	121,180
	<u>2,800,471</u>	<u>80,419</u>	-	-	-	-	<u>2,880,890</u>	<u>3,044,323</u>
Funding expenses:								
Anchorer project	275,500	-	-	-	-	-	275,500	420,000
Education Bureau (SB after school learning)	4,244,854	-	-	-	-	-	4,244,854	2,897,966
Constitutional and Mainland Affairs Bureau 「童」一屋簷下	-	-	-	-	-	-	-	41,700
Committee on the Promotion of Civic Education 泰自游 考察交流計劃	48,772	-	-	-	-	-	48,772	150,743
Environment and Conservation Fund Secretariat Environment & Conservation Fund	8,583,303	-	-	-	-	-	8,583,303	6,703,423
Home Affairs Department Enhancing Self-Reliance Through district Partnership Programme (ESR)	-	-	-	-	-	-	-	2,386,459
Partnership Programme - (Be Brave - 創藝館)	1,636,147	-	-	-	-	-	1,636,147	-
Home Affairs Bureau Assistance Scheme to needy student members	-	-	-	-	535,022	-	535,022	598,755
One off funding to support improvement works for the training facilities	128,678	-	-	-	-	-	128,678	-
Thematic Fund	2,987,924	-	-	-	-	-	2,987,924	2,060,211
HSBC Scavengers Experience (執紙皮換菠蘿包)	-	-	-	-	-	-	-	181,778
Ho Tung Fund	-	-	-	-	-	-	-	116,800
Quality Education Fund Secretariat Quality Education Fund	1,283,678	-	-	-	-	-	1,283,678	159,769
Sir David Trench Fund	71,790	-	-	-	-	-	71,790	23,129
Standing Committee on Language Education & Project of Adventure Time - Word Detective	176,348	-	-	-	-	-	176,348	440,252
Social Welfare Department clawed back Child Development Fund (CDF) Projects	691,585	-	-	-	-	-	691,585	697,529
	<u>20,128,579</u>	-	-	-	<u>535,022</u>	-	<u>20,663,601</u>	<u>16,878,514</u>
Programme expenses:								
Uniformed group training	257,576	-	-	-	-	-	257,576	283,419
Non-uniformed group training / others	6,262,246	10,531	17,941	-	-	-	6,290,718	7,136,086
Annual activities and other projects	2,744,768	-	-	-	-	6,208	2,750,976	2,119,824
River Pearl Delta Social Service Project	35,983	-	-	-	-	-	35,983	245,389
	<u>9,300,573</u>	<u>10,531</u>	<u>17,941</u>	-	-	<u>6,208</u>	<u>9,335,253</u>	<u>9,784,718</u>
Fund Raising expenses:								
Expenditures for fund raising	176,989	-	-	200	-	-	177,189	241,655
Expenditures for flag day	255,766	-	-	-	-	-	255,766	215,106
Expenditures for charity sales - 樂滿罐	1,816	-	-	-	-	-	1,816	17,898
	<u>434,571</u>	-	-	<u>200</u>	-	-	<u>434,771</u>	<u>474,659</u>
	<u>51,269,999</u>	<u>4,055,179</u>	<u>17,941</u>	<u>200</u>	<u>535,022</u>	<u>6,208</u>	<u>55,884,549</u>	<u>49,842,462</u>

THE BOYS' BRIGADE, HONG KONG

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

6 INCOME AND EXPENDITURE OF FLAG DAY FUND-RAISING ACTIVITIES

	2019 HK\$	2018 HK\$
	(FD/T021/2018)	(FD/T027/2017)
Donation income	3,021,164	2,683,611
Expenditure	<u>(255,766)</u>	<u>(215,106)</u>
Net donation income	<u>2,765,398</u>	<u>2,468,505</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 INCOME AND EXPENDITURE OF CHARITY SALES – 樂滿罐

	2019 HK\$	2018 HK\$
#2017/163/1		
Charity sales and donation income	-	21,747
Expenditures	<u>-</u>	<u>(3,517)</u>
Net charity sales and donation income	-----	----- 18,230
#2017/185/1		
Charity sales and donation income	-	74,861
Expenditures	<u>-</u>	<u>(9,919)</u>
Net charity sales and donation income	-----	----- 64,942
#2018/045/1		
Charity sales and donation income	-	35,153
Expenditures	<u>-</u>	<u>(4,462)</u>
Net charity sales and donation income	-----	----- 30,691
#2018/140/1		
Charity sales and donation income	14,511	-
Expenditures	<u>(1,816)</u>	<u>-</u>
	-----	-----
	12,695	-
Net charity sales and donation income	<u>12,695</u>	<u>113,863</u>

For the funds raised in the 樂滿罐, net income had been used for the service development of The Boys Brigade, Hong Kong.

THE BOYS' BRIGADE, HONG KONG

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

8 DIRECTORS' REMUNERATION

According to the clause 45 under the Company's Memorandum and Articles of association, all directors are not allowed for drawing salary and allowance.

9 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.

10 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 2018	3,461,609	339,822	153,684	933,796	347,636	5,236,547
Additions	<u>1,348,680</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,348,680</u>
At 31 March 2019	<u>4,810,289</u>	<u>339,822</u>	<u>153,684</u>	<u>933,796</u>	<u>347,636</u>	<u>6,585,227</u>
Accumulated depreciation						
At 1 April 2018	3,354,609	333,822	153,684	922,776	69,527	4,834,418
Charge for the year	<u>376,736</u>	<u>6,000</u>	<u>-</u>	<u>5,510</u>	<u>69,527</u>	<u>457,773</u>
At 31 March 2019	<u>3,731,345</u>	<u>339,822</u>	<u>153,684</u>	<u>928,286</u>	<u>139,054</u>	<u>5,292,191</u>
Net book value						
At 31 March 2019	<u>1,078,944</u>	<u>-</u>	<u>-</u>	<u>5,510</u>	<u>208,582</u>	<u>1,293,036</u>
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>

11 LEASE COMMITMENTS

At 31 March 2019, the Company had future aggregate minimum commitments under non-cancellable operating leases in respect of land and buildings as follows:

	2019 HK\$	2018 HK\$
Within one year	4,734,100	2,276,460
In the second to fifth years	13,973,400	4,220,965
More than five years	<u>5,802,900</u>	<u>-</u>
	<u>24,510,400</u>	<u>6,497,425</u>

THE BOYS' BRIGADE, HONG KONG

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

12 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:

	2019 HK\$	2018 HK\$
<u>Key management personnel</u>		
Salaries	2,804,342	2,646,120
Provident fund / MPF contributions	274,172	264,612
<u>Related company</u>		
Stedfast Association, Hong Kong Limited		
- Funds and donations received from	<u>480,417</u>	<u>550,501</u>

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.

13 CAPITAL COMMITMENT

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

	2019 HK\$	2018 HK\$
Construction in progress of headquarter	<u>-</u>	<u>928,680</u>