

THE BOYS' BRIGADE, HONG KONG
香港基督少年軍

REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017



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 2017.

PRINCIPAL ACTIVITIES

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

BUSINESS REVIEW

Background

A Brief History

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

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

In Hong Kong, BBHK is currently serving more than 14,000 members, with more than 350 Companies set up in churches, secondary schools, primary schools, kindergartens and youth centres all over Hong Kong. These Companies gather once a week, to train teenagers and children through Christian Education, Foot Drills, Skills Training and Award Programmes. Companies strive to provide teenagers and children with all-round training and help them acquire the positive personality of patience, kindness, loyalty and faithfulness, also the sense of commitment.

Our Visions

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

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

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

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

Our 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.

Background (continued)

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 over years in our membership. At the end of 2016-17, we have a total of 351 units in Hong Kong with 14,186 memberships. This represents an increase of 2.77% from last year.

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

Apart from the district-based programmes focused on training nature, programmes with other focus like community services, gospel activities, youth forum, family cohesion, environmental protection education, character-building, etc. were organised on the Headquarters level in order to fulfill our vision 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 the 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 good relationship with our key stakeholders through regular communication and the submission of annual reports.

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

Principal Risks and Uncertainties

There are insufficient office space and facilities to service over 14,000 members.

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

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

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

Environmental Policies and Performance

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

THE BOYS' BRIGADE, HONG KONG

REPORT OF THE DIRECTORS (CONTINUED)

BUSINESS REVIEW (CONTINUED)

Business Model

BBHK's business has a mixed mode of operations. Our uniformed Group Service is partially subvented by the Government whereas our School Social Work Service is fully subvented by the Lump Sum Grant arrangement under the Social Welfare Department. Our Professional Training Services and Mainland Social Work Professional Supervision Services are both self-financed operations together with donation income; we have a surplus of approximate HK\$1.2 million in 2016-17. Our Character Nurturing Service and Waste Recovery Service are supported by designated funds from The Family Council, Commission on Youth, and The Environment & Conservation Fund. Apart from the above, BBHK also has other designated funds from the Government and other funding bodies, including public and corporate donors.

Income of BBHK in 2016-17 included more than 20% from Government recurrent subvention. Designated funds and income generated from the provision of training also reported a steady growth during last 3 financial years and accounted for 72% of our total income.

Key performance indicators

	2017	2016	% changes
Members	14,186	13,804	2.77% increase
Total income	HK\$42,369,656	HK\$39,349,881	7.67% increase
Funds received	HK\$15,006,808	HK\$12,536,729	19.70% increase
Programme income	HK\$15,618,142	HK\$15,860,433	1.53% decrease
Donation income	HK\$2,593,774	HK\$2,073,017	25.12% increase
Surplus for the year	HK\$1,197,844	HK\$1,470,170	18.52% decrease
Current ratio	3.49	4.54	23.13% decrease

Increase in donation income:

Two important fund-raising activities (Fund walk and Charity Sales of Candies) were successfully held that contributes the donation of approximate HK\$850,000

Decrease in surplus for the year:

1. Increase in operating cost including staff cost, rent, other administrative expenses, etc.
2. Decrease in programme income

Future Development

Due to the service expansion and development, BBHK is still searching for new Headquarters for future development. With the exploration and cooperation with a church, we will further expand our services in Kwun Tong in order to better serve our members and the general public. Besides, more professional training programmes will be jointly organised with local universities. Last but not least, being a mission driven movement, we will continue to help the ministry development of 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:-

CHAN Kang Yu Petros

CHEUNG Lit Man

FUNG Siu Bun

KONG Chun Wah

KONG Yiu Lung

LAM Wai Yin

LAM Wang Kei

LEE Chun Kwong

LEE Chun Ming

SIU Chi Kong

WONG Ting Hong

WU Ting Pang

FONG Wai Kin Alex

(appointed on 1 September 2016)

NG King Tong

(appointed on 1 September 2016)

WONG Sing Heung

(appointed on 1 September 2016)

CHEUNG Kai Sum

(resigned on 1 September 2016)

FUNG Shing Wah

(resigned on 1 September 2016)

KING Sik Tai, Horace

(resigned on 1 September 2016)

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

Hong Kong, 14 June 2017

**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 2017, 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 2017, 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, 14 June 2017

THE BOYS' BRIGADE, HONG KONG

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2017

	Note	2017 HK\$	2016 HK\$
Income			
Government subvention		8,492,328	8,288,687
Funds received		15,006,808	12,536,729
Programme income		15,618,142	15,860,433
Donation income		2,593,774	2,073,017
Bank interest income		97,797	137,696
Other income		<u>560,807</u>	<u>453,319</u>
	4	<u>42,369,656</u>	<u>39,349,881</u>
Expenditure			
Staff costs		17,157,323	15,672,336
Rent and rates		1,215,477	1,033,741
Other administrative expenses		2,156,563	2,261,608
Funding expenses		14,026,875	11,505,635
Programme and fund raising expenses		<u>6,615,574</u>	<u>7,406,391</u>
	5	<u>41,171,812</u>	<u>37,879,711</u>
Surplus before tax		1,197,844	1,470,170
Taxation	7	<u>-</u>	<u>-</u>
Surplus and total comprehensive income for the year		<u>1,197,844</u>	<u>1,470,170</u>

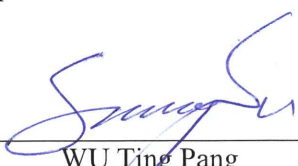
The notes on pages 13 to 21 form an integral part of these financial statements.

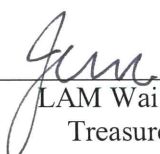
THE BOYS' BRIGADE, HONG KONG

STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2017

	Note	2017 HK\$	2016 HK\$
Non-current assets			
Property, plant and equipment	8	242,660	407,740
Current assets			
Accounts receivables		4,248,300	3,085,213
Payments in advance		1,034,651	1,714,934
Deposits and prepayments		732,480	729,368
Fixed deposits		3,200,000	12,071,761
Cash and bank balances		19,088,329	6,540,244
		28,303,760	24,141,520
Current liabilities			
Accounts payables and receipts in advance		7,219,518	4,179,443
Accrued expenses		654,237	802,266
Provision for long service payments		243,905	336,635
		8,117,660	5,318,344
Net current assets		20,186,100	18,823,176
NET ASSETS		20,428,760	19,230,916
RESERVES			
General fund		4,548,598	3,833,979
Youth development fund		2,899,436	2,868,126
Reserve from LSG (except provident fund)		899,446	870,009
Provident fund reserve		248,999	275,592
Reserve for new headquarters - general purpose		7,059,580	7,016,402
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		442,588	-
Reserve for HAB needy students		63,275	99,970
		20,428,760	19,230,916

Approved and authorised for issue by the Board of Directors on 14 June 2017


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 2017

	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 2015	2,213,880	2,903,103	803,402	297,806	7,060,148	3,780,372	486,466	-	215,569	17,760,746
Surplus for the year	1,664,492	(34,977)	-	-	(43,746)	-	-	-	(115,599)	1,470,170
Transfer to reserve from LSG (except provident fund)	(66,607)	-	66,607	-	-	-	-	-	-	-
Transfer from provident fund reserve	22,214	-	-	(22,214)	-	-	-	-	-	-
Balance at 31 March 2016	3,833,979	2,868,126	870,009	275,592	7,016,402	3,780,372	486,466	-	99,970	19,230,916
Surplus for the year	1,160,050	31,310	-	-	43,178	-	-	-	(36,695)	1,197,844
Transfer to reserve for Taiwan Ministry	(442,588)	-	-	-	-	-	-	442,588	-	-
Transfer to reserve from LSG (except provident fund)	(29,436)	-	29,436	-	-	-	-	-	-	-
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

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 2017

	Note	2017 HK\$	2016 HK\$
Cash flows from operating activities			
Surplus before tax		1,197,844	1,470,170
Adjustments for:-			
Bank interest income	4	(97,797)	(137,696)
Depreciation	5	183,080	219,483
(Reversal of) / provision for long service payments		<u>(92,730)</u>	<u>83,448</u>
Operating surplus before changes in working capital		1,190,397	1,635,405
Increase in accounts receivables and payments in advance		(482,804)	(671,095)
Increase in deposits and prepayments		(3,112)	(324,396)
Increase / (decrease) in accounts payables, receipts in advance and accrued expenses		<u>2,892,046</u>	<u>(1,122,873)</u>
Net cash generated from / (used in) operating activities		<u>3,596,527</u>	<u>(482,959)</u>
Cash flows from investing activities			
Purchases of property, plant and equipment	8	(18,000)	(49,980)
Bank interest received		<u>97,797</u>	<u>137,696</u>
Net cash generated from investing activities		<u>79,797</u>	<u>87,716</u>
Net increase / (decrease) in cash and cash equivalents		3,676,324	(395,243)
Cash and cash equivalents at beginning of the year		<u>18,612,005</u>	<u>19,007,248</u>
Cash and cash equivalents at end of the year		<u>22,288,329</u>	<u>18,612,005</u>
Analysis of the balances of cash and cash equivalents			
Cash and bank balances		19,088,329	6,540,244
Fixed deposits		<u>3,200,000</u>	<u>12,071,761</u>
		<u>22,288,329</u>	<u>18,612,005</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 2017

1 GENERAL

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

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

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

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

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

2 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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

3 SIGNIFICANT ACCOUNTING POLICIES

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

(a) Property, plant and equipment

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

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

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

THE BOYS' BRIGADE, HONG KONG

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

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 2017

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 2017

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 2017

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 2017

4 INCOME

	General fund - school social work unit	Youth development fund	Reserve for new headquarters- general purpose	Reserve for HAB needy students	Reserve for Taiwan Ministry	2017 Total	2016 Total
General fund - headquarters	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
Government subvention:							
Home Affairs Bureau (Headquarters)	4,540,000	-	-	-	-	4,540,000	4,540,000
Government subvention income	39,006	-	-	-	-	39,006	34,570
Social Welfare Department (Others)	-	69,575	-	-	-	69,575	63,589
Social Welfare Department (School social work unit)	-	3,843,747	-	-	-	3,843,747	3,650,528
	4,579,006	3,913,322	-	-	-	8,492,328	8,288,687
Funds received:							
Community Chest	696,300	-	-	-	-	696,300	743,600
Stedfast Association, Hong Kong Limited	320,328	-	-	-	-	320,328	300,000
Education Bureau (SB after school learning)	1,844,724	-	-	-	-	1,844,724	706,996
Constitutional and Mainland Affairs Bureau 「童」一屋簷下	7,301	-	-	-	-	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」	259,416	-	-	-	-	259,416	-
Environment and Conservation Fund Secretariat Environment & Conservation Fund	5,704,103	-	-	-	-	5,704,103	4,787,259
Home Affairs Department Enhancing Self-reliance Through District Partnership Programme (ESR)	2,329,865	-	-	-	-	2,329,865	1,376,532
Home Affairs Bureau Assistance Scheme to Needy Student Members	550,000	-	-	-	-	550,000	665,605
Thematic fund 「對話」- 青少年話劇團演	1,602,052	-	-	-	-	1,602,052	1,288,484
HSBC - Community for AI (Charity) Scavengers Experience (執紙皮換菠蘿包)	90,062	-	-	-	-	90,062	-
Kowloon City District Council 以物易物咁嘅嘢 社區減廢行動 - 齊齊咁嘅嘢	199,981	-	-	-	-	199,981	196,330
Kowloon City District Youth Programme Committee BB Teen Power	-	-	-	-	-	-	53,894
Lee Hysan Foundation	337,522	-	-	-	-	337,522	354,494
Operation Santa Claus (Sharity) Office for Film, Newspaper & Article Healthy Comic Strip Contest	412,695	-	-	-	-	412,695	489,952
Providence Foundation (Sharity)	405,000	-	-	-	-	405,000	254,024
Ho Tung Fund	70,100	-	-	-	-	70,100	68,500
Sir David Trench Fund	11,000	-	-	-	-	11,000	-
Standing Committee on Language Education & Project of Adventure Time - Word Detective	141,837	-	-	-	-	141,837	132,087
Social Welfare Department - Child Development Fund (CDF) Projects	24,522	-	-	-	-	24,522	-
	15,006,808	-	-	-	-	15,006,808	12,536,729
Programme income:							
Uniformed group training	520,206	-	-	-	-	520,206	618,461
Non-uniformed group training / others	12,280,209	4,328	80,750	-	-	12,365,287	13,066,386
Annual Activities and Other Projects	935,957	-	-	-	510,233	1,446,190	818,705
River Pearl Delta Social Service Project	1,286,459	-	-	-	-	1,286,459	1,356,881
	15,022,831	4,328	80,750	-	510,233	15,618,142	15,860,433
Donation income:							
Donation income	2,550,596	-	-	43,178	-	2,593,774	2,073,017
	2,550,596	-	-	43,178	-	2,593,774	2,073,017
Bank interest income:							
Bank interest income	97,744	52	-	-	1	97,797	137,696
	97,744	52	-	-	1	97,797	137,696
Other income:							
Other income	560,807	-	-	-	-	560,807	453,319
	560,807	-	-	-	-	560,807	453,319
	37,817,792	3,917,702	80,750	43,178	1	510,233	42,369,656
							39,349,881

THE BOYS' BRIGADE, HONG KONG

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

5 EXPENDITURE

	General fund - headquarters HK\$	General fund - school social work unit HK\$	Youth development fund HK\$	Reserve for new headquarters- general HK\$	Reserve for HAB needy students HK\$	Reserve for Taiwan Ministry HK\$	2017 Total HK\$	2016 Total HK\$
Staff costs:								
Staff salaries and allowances	12,454,312	3,623,779	-	-	-	-	16,078,091	14,645,556
Provident fund / MPF contribution	763,577	315,655	-	-	-	-	1,079,232	943,332
Provision for long service payment	-	-	-	-	-	-	-	83,448
	13,217,889	3,939,434	-	-	-	-	17,157,323	15,672,336
Rent and rates:								
Rent and rates	1,176,471	39,006	-	-	-	-	1,215,477	1,033,741
	1,176,471	39,006	-	-	-	-	1,215,477	1,033,741
Other administrative expenses:								
Advertising and promotion	153,831	5,818	-	-	-	-	159,649	165,694
Bank charges	8,140	-	-	-	-	-	8,140	24,507
Building management fee	487,733	-	-	-	-	-	487,733	487,733
Cleaning and sanitation	16,205	1,892	-	-	-	-	18,097	22,356
Depreciation	183,080	-	-	-	-	-	183,080	219,483
Electricity, water, telephone and fax	241,145	25,756	-	-	-	-	266,901	260,696
Exchange loss	8,272	-	-	-	-	-	8,272	119,247
Insurance	190,478	27,337	-	-	-	-	217,815	191,295
IT supporting service	99,723	2,379	-	-	-	-	102,102	88,360
License fee	-	-	-	-	-	-	-	405
Membership fee	31,576	-	-	-	-	-	31,576	41,396
Newspaper & periodicals	-	1,864	-	-	-	-	1,864	1,776
Postage and courier charges	29,926	34	-	-	-	-	29,960	26,668
Printing and stationery	142,199	8,699	-	-	-	-	150,898	143,793
Repairs and maintenance	188,483	5,248	-	-	-	-	193,731	130,056
Staff development and welfare	108,464	25,781	-	-	-	-	134,245	161,421
Storage fee	10,970	-	-	-	-	-	10,970	9,725
Sundry expenses	31,800	769	-	-	-	-	32,569	51,412
Travelling and transportation	118,372	589	-	-	-	-	118,961	115,585
	2,050,397	106,166	-	-	-	-	2,156,563	2,261,608
Funding expenses:								
Education Bureau (SB after school learning)	1,844,724	-	-	-	-	-	1,844,724	706,996
Constitutional and Mainland Affairs Bureau 「童」一展旗下	7,301	-	-	-	-	-	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」	259,416	-	-	-	-	-	259,416	-
Environment and Conservation Fund Secretariat Environment & Conservation Fund	5,704,103	-	-	-	-	-	5,704,103	4,787,259
Home Affairs Department Enhancing Self-Reliance Throught district Partnership Programme (ESR)	2,329,865	-	-	-	-	-	2,329,865	1,376,532
Home Affairs Bureau Assistance Scheme to needy student members	550,000	-	-	-	36,696	-	586,696	665,605
Thematic Fund 「對話」- 青少年話劇區演	1,602,052	-	-	-	-	-	1,602,052	1,288,484
HSBC Community for AI (Charity)	-	-	-	-	-	-	-	219,881
Scavengers Experience (軟紙皮換菠蘿包)	90,061	-	-	-	-	-	90,061	-
Kowloon City District Council 以物易物咖啡廳 社區減廢行動 - 齊齊咁嘅嘢	199,981	-	-	-	-	-	199,981	-
Kowloon City District Youth Programme Committee - BB Teen Power	-	-	-	-	-	-	-	53,894
Lee Hysan Foundation Operation Santa Claus (Sharity)	337,522	-	-	-	-	-	337,522	354,494
Office for Film, Newspaper & Article Administration Healthy Comic Strip Contest	412,695	-	-	-	-	-	412,695	489,952
Providence Foundation (Sharity)	405,000	-	-	-	-	-	405,000	254,024
Ho Tung Fund	70,100	-	-	-	-	-	70,100	68,500
Sir David Trench Fund	11,000	-	-	-	-	-	11,000	-
Standing Committee on Language Education & Project of Adventure Time - Word Detective	141,837	-	-	-	-	-	141,837	132,087
Social Welfare Department clawed back Child Development Fund (CDF) Projects	24,522	-	-	-	-	-	24,522	12,506
	13,990,179	-	-	-	36,696	-	14,026,875	11,505,635
Programme expenses:								
Uniformed group training	277,651	-	-	-	-	-	277,651	390,123
Non-uniformed group training / others	4,366,507	6,872	49,440	-	-	-	4,422,819	4,666,167
Annual activities and other projects	998,902	-	-	-	-	67,645	1,066,547	915,979
River Pearl Delta Social Service Project	828,667	-	-	-	-	-	828,667	1,230,457
Others	-	-	-	-	-	-	-	165,605
	6,471,727	6,872	49,440	-	-	67,645	6,595,684	7,368,331
Fund Raising expenses:								
Expenditures for Fund Raising	19,890	-	-	-	-	-	19,890	38,060
	19,890	-	-	-	-	-	19,890	38,060
	36,926,553	4,091,478	49,440	-	36,696	67,645	41,171,812	37,879,711

THE BOYS' BRIGADE, HONG KONG

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

6 DIRECTORS' REMUNERATION

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

	2017 HK\$	2016 HK\$
As directors	-	-
For management	-	-
	-	-

7 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.

8 PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK\$	Furniture and fixtures HK\$	Electrical equipment HK\$	Computer equipment HK\$	Motor vehicles HK\$	Total HK\$
Cost						
At 1 April 2016	3,461,609	321,822	153,684	917,266	188,754	5,043,135
Additions	-	18,000	-	-	-	18,000
At 31 March 2017	3,461,609	339,822	153,684	917,266	188,754	5,061,135
Accumulated depreciation						
At 1 April 2016	3,140,609	307,353	153,684	882,746	151,003	4,635,395
Charge for the year	107,000	20,469	-	17,860	37,751	183,080
At 31 March 2017	3,247,609	327,822	153,684	900,606	188,754	4,818,475
Net book value						
At 31 March 2017	214,000	12,000	-	16,660	-	242,660
At 31 March 2016	321,000	14,469	-	34,520	37,751	407,740

THE BOYS' BRIGADE, HONG KONG

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

9 LEASE COMMITMENTS

At 31 March 2017, the Company had future aggregate minimum commitments under non-cancellable operating leases in respect of land and buildings as follows:

	2017 HK\$	2016 HK\$
Within one year	2,117,585	2,266,518
In the second to fifth years	4,918,782	4,842,992
More than five years	292,343	1,461,717
	<u>7,328,710</u>	<u>8,571,227</u>

10 RELATED PARTY TRANSACTIONS

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

	2017 HK\$	2016 HK\$
<u>Key management personnel</u>		
Salaries	2,590,380	2,486,160
Provident fund / MPF contributions	251,151	229,688
<u>Related company</u>		
Stedfast Association, Hong Kong Limited		
- Funds and donations received from	376,580	326,254
- Reimbursement of expenses	<u>20,328</u>	<u>-</u>

Mr. CHEUNG Lit Man and Rev. KONG Yiu Lung, the Company's directors, are also the directors of Stedfast Association, Hong Kong Limited for both year.

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