

香港航空青年團  
HONG KONG AIR CADET CORPS  
(Incorporated in Hong Kong)  
For the year ended 31st March 2011

REPORTS AND ACCOUNTS

謝煜權會計師事務所有限公司  
Raymond Y. K. Tse & Co. CPA Limited  
*Certified Public Accountants (Practising)*  
HONG KONG

HONG KONG AIR CADET CORPS (“The Corps”)

**EXECUTIVE BOARD MEMBERS’ REPORT**

The Executive Board Members have pleasure in presenting their Report and the Audited Accounts for the year ended 31st March 2011.

Accounts

The results for the year ended 31st March 2011 and the state of the Corps’ affairs at that date are set out in the accounts on pages 1 to 14.

Incorporation

The Corps was incorporated in Hong Kong on 1st September 2008 under the Hong Kong Companies Ordinance. The Corps is limited by guarantee and not having a share capital.

Principal Activity

The Principal activity of the Corps is the provision of aviation education and youth development programmes.

Property, Plant and Equipment

The changes in the property, plant and equipment of the Corps are stated in Note 12 of the accounts.

Executive Board Members

The Executive Board Members in office during the year were:-

Chau Cham Chiu, Peter	(周湛樵)	
Lee Kwok Wing	(李國榮)	(Appointed on 5th December 2010)
Leung Koon Ping	(梁冠平)	
Loh Hogan	(樂可均)	
Lau Wing Chu, Edwin	(劉榮柱)	
Pong Oi Lan, Scarlett	(龐愛蘭)	
Chow Wai Chung, Edmund	(周偉忠)	
Lau Hon Wah, Steve	(劉漢華)	
Lo Shung Man	(羅崇文)	
Fung Ying Chung, Joe	(馮應聰)	
Ng Yue Keung	(吳羽強)	
Pang Sung Yuen	(彭詢元)	
Wong Ka Lun	(黃家倫)	
Wong Chung Hie, Jones	(王仲熹)	(Resigned on 5th December 2010)

In accordance with Article 44 of the Corps' Articles of Association, the Executive Board Members retired but, being eligible, offer themselves for re-election.

Executive Board Members' Benefits


None of the Executive Board Members had whether directly or indirectly any interest in significant contracts with the Corps during or at the end of the year.

None of the Executive Board Members had any arrangement with the Corps to enable them to acquire benefits by means of the acquisition of shares in or debentures of the Corps or any other body corporate during or at the end of the year.

Auditors

A resolution for the reappointment of Raymond Y. K. Tse & Co. CPA Limited as auditors of the Corps is to be proposed at the forthcoming Annual General Meeting.

By Order of the Executive Board



Chairman

Dated this Hong Kong : 15 JUN 2011

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF

HONG KONG AIR CADET CORPS

(Incorporated in Hong Kong with liability limited by guarantee and not having a share capital)

We have audited the financial statements of the Corps set out on pages 1 to 14, which comprise the balance sheet as at 31st March 2011, and the income and expenditure account, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

**Executive Board Members' responsibility for the financial statements**

The Executive Board Members are responsible for the preparation and the true and fair presentation of these financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

**Auditor's responsibility**

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

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

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

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF

HONG KONG AIR CADET CORPS

(Incorporated in Hong Kong with liability limited by guarantee and not having a share capital)

**Opinion**

In our opinion, the financial statements give a true and fair view of the state of the Corps' affairs as at 31st March 2011 and of its deficits and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.



Raymond Y. K. Tse & Co. CPA Limited  
Certified Public Accountants (Practising)

Tse Wing Sing, Victor  
Practising Certificate Number : P03617

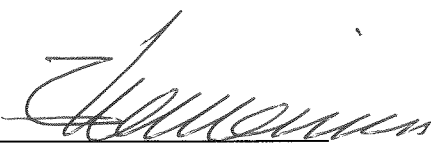
Dated this Hong Kong : 15 JUN 2011


HONG KONG AIR CADET CORPS  
BALANCE SHEET AS AT 31ST MARCH 2011

	Note	As at 31/3/2011 HK\$	As at 31/3/2010 HK\$
<b>Ceremonial Flight Fund</b>	(2)	9,435.87	9,435.87
<b>Choir Fund</b>	(3)	5,747.00	5,747.00
<b>Capital Projects and Equipment Fund</b>	(4)	267,664.80	489,944.30
<b>Aviation Education Fund</b>	(5)	250,000.00	250,000.00
<b>Flying Eagle Programme Fund</b>	(6)	109,426.20	109,426.20
<b>Education Bureau Fund - Scheme for Needy Student Members</b>	(7)	58,554.50	45,348.50
<b>HAB Subvention - Happy Family</b>	(8)	269,550.92	-
<b>Yuen Yuen Institute - Ha Fa Shan</b>	(9)	1,000,000.00	-
<b>Accumulated Surplus</b>		<u>3,325,037.57</u>	<u>3,391,661.12</u>
<b>Total Fund</b>		<u>5,295,416.86</u>	<u>4,301,562.99</u>
<b>Current Assets</b>			
Cash and bank balances	(10)	2,591,136.17	1,600,546.85
Fixed deposit		2,200,035.56	1,546,049.45
Prepayment, utility and sundry deposit		169,975.71	95,885.07
Stock	(1e)	606,339.43	642,419.78
		<u>5,567,486.87</u>	<u>3,884,901.15</u>
<b>Less : Current Liabilities</b>			
Accruals		542,963.19	54,461.00
Deposit received		237,680.73	128,464.00
Membership fee received in advance	(11)	2,022.00	14,064.00
		<u>782,665.92</u>	<u>196,989.00</u>
<b>Working Capital</b>		<u>4,784,820.95</u>	<u>3,687,912.15</u>
<b>Add : Property, Plant and Equipment</b>	(12)	<u>510,595.91</u>	<u>613,650.84</u>
<b>Total Net Assets</b>		<u>5,295,416.86</u>	<u>4,301,562.99</u>

The annexed notes from pages 5 to 14 form part of these financial statements.

Approved by the Executive Board on 15 JUN 2011

  
Chairman

  
Honorary Treasurer

HONG KONG AIR CADET CORPS  
STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31ST MARCH 2011

	Ceremonial Flight Fund HK\$	Choir Fund HK\$	Capital Projects and Equipment Fund HK\$	Aviation Education Fund HK\$	Flying Eagle Programme Fund HK\$	EDB Scheme for Needy Student Members HK\$	HAB Subvention - Happy Family HK\$	Yuen Yuen Institute - Ha Fa Shan HK\$	Accumulated Surplus HK\$	Total HK\$
Balance transfer from former HKACC (the society)	9,435.87	5,747.00	408,432.30	250,000.00	109,426.20	62,838.50	-	-	2,767,732.49	3,613,612.36
Additions for the period	-	-	173,052.00	-	-	20,000.00	-	-	-	193,052.00
Utilisation for the period	-	-	(91,540.00)	-	-	(37,490.00)	-	-	-	(129,030.00)
Surplus for the period	-	-	-	-	-	-	-	-	623,928.63	623,928.63
As at 31st March 2010	9,435.87	5,747.00	489,944.30	250,000.00	109,426.20	45,348.50	-	-	3,391,661.12	4,301,562.99
Additions for the year	-	-	19,228.00	-	-	30,000.00	435,800.00	1,000,000.00	-	1,485,028.00
Utilisation for the year	-	-	(241,507.50)	-	-	(16,794.00)	(166,249.08)	-	-	(424,550.58)
(Deficit) for the year	-	-	-	-	-	-	-	-	(66,623.55)	(66,623.55)
As at 31st March 2011	9,435.87	5,747.00	267,664.80	250,000.00	109,426.20	58,554.50	269,550.92	1,000,000.00	3,325,037.57	5,295,416.86

HONG KONG AIR CADET CORPS  
INCOME AND EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED 31ST MARCH 2011

	<u>Note</u>	<u>Year ended</u> <u>31/3/2011</u> HK\$	<u>Period ended</u> <u>31/3/2010</u> HK\$
<b>Income</b>			
Subvention income	(13)	1,860,540.00	1,725,000.00
Membership fee income		147,552.00	161,252.00
Endowment		596,753.69	1,102,666.05
Surplus fund from flag day	(14)	570,292.97	601,212.29
Other income		15,760.10	6,220.00
Bank interest income		3,150.03	7,730.64
Surplus on trading account	(15)	112,784.70	123,871.58
		<u>3,306,833.49</u>	<u>3,727,952.56</u>
<b>Less : Expenditure</b>			
Advertising		15,368.00	4,800.00
Auditors' remuneration		16,000.00	15,000.00
Bank charges and interest		2,222.45	2,539.50
Building management fee		10,996.00	10,884.00
Cleaning charges		27,018.50	27,704.60
Courier charges		5,665.00	6,047.00
Depreciation		183,731.67	223,883.19
Electricity and water		45,103.45	49,025.70
Entertainment		7,970.00	2,187.00
Freight charges		100.00	200.00
Insurance		80,669.57	63,458.10
Licence fee		6,480.00	6,480.00
Loss on written off of general furniture, fixtures and equipment		5,371.26	-
Minor purchase, repairs and maintenance		130,796.02	81,977.92
Motor vehicles expenses		39,597.39	39,633.27
Net deficit on various activities	(16)	834,911.38	743,633.82
Postage		2,281.00	3,235.40
Printing and stationery		29,496.40	45,956.49
Provident fund and mandatory provident fund contribution		74,466.18	70,787.71
Rent, rates and utilities charges		92,737.00	43,050.00
Souvenir		45,565.90	45,611.68
Squadron subsidies		192,069.81	176,844.62
Staff salaries and contract end gratuities		1,410,972.27	1,336,159.21
Storage charges		60,161.60	42,823.60
Subscription fee		2,600.00	7,300.00
Sundry expenses		13,488.30	18,426.80
Telephone and internet charges		37,041.79	35,920.82
Travelling expenses		576.10	453.50
		<u>3,373,457.04</u>	<u>3,104,023.93</u>
<b>(Deficit)/Surplus for the year/period</b>		<u><u>(66,623.55)</u></u>	<u><u>623,928.63</u></u>



HONG KONG AIR CADET CORPS  
CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31ST MARCH 2011

	Year ended 31/3/2011 <u>HK\$</u>	Period ended 31/3/2010 <u>HK\$</u>
<b>Cash flow from operating activities</b>		
(Deficit)/Surplus for the year/period	(66,623.55)	623,928.63
Depreciation	183,731.67	223,883.19
Bank interest income	(3,150.03)	(7,730.64)
Bank charges and interest	2,222.45	2,539.50
Loss on written off general property, plant and equipment	<u>5,371.26</u>	<u>-</u>
<b>Operating surplus before working capital changes</b>	<b>121,551.80</b>	<b>842,620.68</b>
(Increase) in prepayment, utility and sundry deposit	(74,090.64)	(95,885.07)
Decrease/(Increase) in stock	36,080.35	(642,419.78)
Increase in accruals	488,502.19	54,461.00
Increase in deposit received	109,216.73	128,464.00
(Decrease)/Increase in membership fee received in advance	<u>(12,042.00)</u>	<u>14,064.00</u>
<b>Cash generated from operation</b>	<b>669,218.43</b>	<b>301,304.83</b>
Bank interest income	3,150.03	7,730.64
Net assets taken over from former HKACC (the society)	-	3,613,612.36
Opening adjustment for net book value for property, plant and equipment	-	(822,134.03)
Bank charges and interest	<u>(2,222.45)</u>	<u>(2,539.50)</u>
<b>Net cash generated from operating activities</b>	<b><u>670,146.01</u></b>	<b><u>3,097,974.30</u></b>
<b>Cash flows from investing activities</b>		
Payment to acquire property, plant and equipment	<u>(86,048.00)</u>	<u>(15,400.00)</u>
<b>Net cash (used in) investing activities</b>	<b><u>(86,048.00)</u></b>	<b><u>(15,400.00)</u></b>
<b>Cash flows from financing activities</b>		
Expenditure on the various surplus fund	(424,550.58)	(129,030.00)
Cash received from donors for the surplus fund	<u>1,485,028.00</u>	<u>193,052.00</u>
<b>Net cash generated from financing activities</b>	<b><u>1,060,477.42</u></b>	<b><u>64,022.00</u></b>
<b>Increase in cash and cash equivalents</b>	<b>1,644,575.43</b>	<b>3,146,596.30</b>
<b>Cash and cash equivalents brought forward</b>	<b><u>3,146,596.30</u></b>	<b><u>-</u></b>
<b>Cash and cash equivalents carried forward</b>	<b><u><u>4,791,171.73</u></u></b>	<b><u><u>3,146,596.30</u></u></b>
<b>Analysis of the balances of cash and cash equivalents :-</b>		
Cash and bank balances	2,591,136.17	1,600,546.85
Fixed deposit	<u>2,200,035.56</u>	<u>1,546,049.45</u>
	<b><u><u>4,791,171.73</u></u></b>	<b><u><u>3,146,596.30</u></u></b>

HONG KONG AIR CADET CORPS  
NOTES TO FINANCIAL STATEMENTS

**Reporting entity**

Hong Kong Air Cadet Corps ("the Corps") was incorporated in Hong Kong under the Hong Kong Companies Ordinance with limited liabilities. The Corps is limited by guarantee and not having a share capital. The Corps' registered office is located at Room D, 32nd Floor, Lippo Centre, Tower 1, 89 Queensway, Hong Kong. The Corps' principal activity is the provision of aviation education and youth development programmes.

**Note 1 Basis of preparation and accounting policies**

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standard issued by the Hong Kong Institute of Certified Public Accountants and have been prepared under the accrual basis of accounting and on the basis that the Corps is a going concern.

The financial statements have been prepared on the historical cost basis.

The followings are the specific accounting policies that are necessary for a proper understanding of the financial statements:-

**(a) Revenue**

Revenue is recognised when it is probable that the economic benefits will flow to the Corps and when the revenue can be measured reliably, on the following bases:-

- (i) Sale of goods is recognised when the goods are delivered and the risks and rewards of ownership have passed to the customer;
- (ii) Interest income is recognised on a time proportion basis taking into account the principal outstanding and the interest applicable;
- (iii) Membership fees is recognised when the income is received and receivable;
- (iv) Government grants is recognised as income over the period necessary to match them with the related cost which they are intended to compensate, on a systematic basis; and
- (v) Endowment income is recognised when the income is received.

HONG KONG AIR CADET CORPS  
NOTES TO FINANCIAL STATEMENTS

**Note 1 Basis of preparation and accounting policies (Continued)**

**(b) Property, plant and equipment**

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

The depreciable amount of an item of property, plant and equipment is allocated on a systematic basis over its estimated useful life using the reducing balance method. The principal annual rates used for depreciation are as follows:-

Leasehold improvement	30%
General furniture, fixtures and equipment	25%
Donated furniture, fixtures and equipment	25%

**(c) Impairment of assets**

An assessment is made at each balance sheet date to determine whether there is any indication of impairment or reversal of previous impairment, including items of property, plant and equipment, intangible assets and long-term investments. In the event that an asset's carrying amount exceeds its recoverable amount, the carrying amount is reduced to recoverable amount and an impairment loss is recognised in the income statement. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount, however not to an amount higher than the carrying amount that would have been determined (net of amortisation or depreciation), had no impairment losses been recognised for the asset in prior period.

**(d) Translation of foreign currencies**

Foreign currency transactions during the year are translated into Hong Kong dollars at the exchange rates ruling at the transaction dates. Monetary assets and liabilities in foreign currencies are translated into Hong Kong dollars at the exchange rates ruling at the balance sheet date. Exchange gains and losses are dealt with in the Profit and Loss Account.

**(e) Stock**

Stock are stated at the lower of cost (using a weighted average basis) and net realisable value. In arriving at net realisable value an allowance has been made for deterioration and obsolescence.

**(f) Income tax**

The Corps being a not-for-profit organisation is exempted from Hong Kong Profits Tax by virtue of Section 88 of the Inland Revenue Ordinance on 1st September 2008.

HONG KONG AIR CADET CORPS  
NOTES TO FINANCIAL STATEMENTS

**Note 1 Basis of preparation and accounting policies (Continued)**

**(g) Cash flows**

For the purpose of the cash flow statement, cash and cash equivalents includes cash in hand, cash at bank and net of bank overdraft.

**(h) Cash equivalents**

Cash equivalents represents short-term highly liquid investments which are readily convertible into known amounts of cash and which were within three months of maturity when acquired; less advances from banks repayable within three months from the date of the advance.

**(i) Operating leases**

Leases where substantially all the risks and rewards of ownership of assets are not transferred to the lessee are accounted for as operating leases. Annual rents applicable to such operating leases are charged to the income statement on a straight-line basis over the lease term.

**(j) Provision and contingent liabilities**

Provisions are recognised for liabilities of uncertain timing or amount when the Corps has a legal or constructive obligation arising as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

**(k) Employee benefits**

(i) Salaries, wages, contract end gratuities are accrued in the period in which the associated services are rendered by employees of the Corps.

Employee entitlements to sick leave and maternity leave are recognized when the absences occur.

HONG KONG AIR CADET CORPS  
NOTES TO FINANCIAL STATEMENTS

**Note 1 Basis of preparation and accounting policies (Continued)**

**(k) Employee benefits (Continued)**

(ii) The Corps operates a defined contribution mandatory provident fund scheme ("MPF Scheme") and provident fund Scheme ("P-Fund Scheme") for its employees in Hong Kong. The assets of the MPF Scheme and P-Fund Scheme are held separately from those of the Corps in independent administered funds.

The Corps and the employees are required to contribute 5% of the employees' relevant income, subject to a maximum of HK\$1,000 per employee per month under the MPF Scheme. The Corps is also required to contribute a maximum of 15% of the employee's relevant income under the P-Fund Scheme. The Corps has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due and prepared contributions are recognised as an asset to the extent that a cash refund is available.

**Note 2 Ceremonial Flight Fund**

	As at 31/3/2011	As at 31/3/2010
	HK\$	HK\$
Balance brought forward	9,435.87	-
Balance transfer from former HKACC (the society)	-	9,435.87
Balance carried forward	<u>9,435.87</u>	<u>9,435.87</u>

The fund represents donation received to acquire musical instrument and uniform for ceremonial flight purpose.

**Note 3 Choir Fund**

	As at 31/3/2011	As at 31/3/2010
	HK\$	HK\$
Balance brought forward	5,747.00	-
Balance transfer from former HKACC (the society)	-	5,747.00
Balance carried forward	<u>5,747.00</u>	<u>5,747.00</u>

The fund represents donation received to acquire musical equipment and uniform for choir.

HONG KONG AIR CADET CORPS  
NOTES TO FINANCIAL STATEMENTS

**Note 4 Capital Projects and Equipment Fund**

	As at <u>31/3/2011</u>	As at <u>31/3/2010</u>
	HK\$	HK\$
Balance brought forward	489,944.30	-
Balance transfer from former HKACC (the society)	-	408,432.30
Donation received	<u>19,228.00</u>	<u>173,052.00</u>
	<b>509,172.30</b>	<b>581,484.30</b>
Utilisation during the year/period	<u>241,507.50</u>	<u>91,540.00</u>
Balance carried forward	<u><u>267,664.80</u></u>	<u><u>489,944.30</u></u>

The fund is earmarked to finance capital projects and equipment acquisition essential to the on going development of the Corps. The fund shall be maintained by transfers from the operational surplus of the Corps and by money generated from fund raising projects.

**Note 5 Aviation Education Fund**

	As at <u>31/3/2011</u>	As at <u>31/3/2010</u>
	HK\$	HK\$
Balance brought forward	250,000.00	-
Balance transfer from former HKACC (the society)	-	250,000.00
Balance carried forward	<u><u>250,000.00</u></u>	<u><u>250,000.00</u></u>

The fund is earmarked to support activities, programmes, projects in relating to aviation education, flying training and aeromodelling in the Corps. The fund shall be maintained by transfers from the operational surplus of the Corps and by money generated from fund raising projects.

**Note 6 Flying Eagle Programme Fund**

	As at <u>31/3/2011</u>	As at <u>31/3/2010</u>
	HK\$	HK\$
Balance brought forward	109,426.20	-
Balance transfer from former HKACC (the society)	-	109,426.20
Balance carried forward	<u><u>109,426.20</u></u>	<u><u>109,426.20</u></u>

The fund was set up from donations received under the Operation Flying Eagle Corporate Citizenship Programme founded by Specialist Flight Lieutenant Michael Fitzgerald Wong to support educational helicopter flying.

HONG KONG AIR CADET CORPS  
NOTES TO FINANCIAL STATEMENTS

**Note 7 Education Bureau Fund - Scheme for Needy Student Members**

	As at <u>31/3/2011</u>	As at <u>31/3/2010</u>
	HK\$	HK\$
Balance brought forward	45,348.50	-
Balance transfer from former HKACC (the society)	-	62,838.50
Fund allocated	<u>30,000.00</u>	<u>20,000.00</u>
	75,348.50	82,838.50
Surplus funding returned to Education Bureau of the Government of HKSAR	-	(12,839.00)
Utilisation during the year	<u>(16,794.00)</u>	<u>(24,651.00)</u>
Balance carried forward	<u><u>58,554.50</u></u>	<u><u>45,348.50</u></u>

The fund was provided by the Education Bureau to assist the needy student members of uniformed groups in purchasing uniforms, participating in camping/outing activities or joining leadership training courses.

**Note 8 HAB Subvention - Happy Family**

	As at <u>31/3/2011</u>	As at <u>31/3/2010</u>
	HK\$	HK\$
Donation received	435,800.00	-
Utilisation during the year	<u>(166,249.08)</u>	<u>-</u>
Balance carried forward	<u><u>269,550.92</u></u>	<u><u>-</u></u>

The fund was provided by Home Affairs Bureau to promote a closer tie between members and their family by engaging the latter in Corps activities and programmes.

**Note 9 Yuen Yuen Institute - Ha Fa Shan Campsite**

	As at <u>31/3/2011</u>	As at <u>31/3/2010</u>
	HK\$	HK\$
Donation received from Yuen Yuen Institute	<u>1,000,000.00</u>	-
Balance carried forward	<u><u>1,000,000.00</u></u>	<u><u>-</u></u>

The fund was provided by Yuen Yuen Institute to construct the Ha Fa Shan campsite and related facilities for use as an outdoor training base by young people of Hong Kong. All expenditures should be approved by the Committee - 下花山營地建設諮詢委員會.

HONG KONG AIR CADET CORPS  
NOTES TO FINANCIAL STATEMENTS

**Note 10 Cash and bank balance**

	As at 31/3/2011	As at 31/3/2010
	HK\$	HK\$
HSBC - HK Dollar - Current Account No.:-		
#808-620280-001	78,770.06	13,671.13
#808-620280-002	142,878.89	181,002.70
#808-620280-003	176,322.36	145,292.66
#808-620280-004	218,206.22	19,101.41
#808-620280-005	9,207.81	60,394.11
#808-620280-006	11,508.69	96,428.50
#808-620280-007	39,631.30	115,203.10
#808-620280-008	113,006.38	104,722.70
#808-620280-009	12,770.11	23,410.11
#817-429079-001	1,000,000.00	-
HSBC - HK Dollar - Saving Account No.:-		
#808-620298-292	10,340.96	774,499.32
#808-620280-292	774,514.79	62,842.51
Cash in hand	3,978.60	3,978.60
	<u>2,591,136.17</u>	<u>1,600,546.85</u>

**Note 11 Membership fees received in advance**

Membership fees received in advance is transferred to the income and expenditure account in the year to which the membership fees are related.



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**Note 12 Property, plant and equipment**

	<u>Leasehold Improvement</u> HK\$	<u>General Furniture, Fixtures and Equipment</u> HK\$	<u>Donated Furniture, Fixtures and Equipment</u> HK\$	<u>Total</u> HK\$
<b>At Cost</b>				
As at 31st March 2010	1,311,996.80	1,783,681.93	20,726.00	3,116,404.73
Additions	-	86,048.00	-	86,048.00
Written off	-	(70,670.38)	-	(70,670.38)
<b>As at 31st March 2011</b>	<b><u>1,311,996.80</u></b>	<b><u>1,799,059.55</u></b>	<b><u>20,726.00</u></b> *	<b><u>3,131,782.35</u></b>
<b>Less : Accumulated Depreciation</b>				
As at 31st March 2010	1,109,001.22	1,373,423.88	20,328.79	2,502,753.89
Charge for the year	60,898.67	122,733.70	99.30	183,731.67
Written back	-	(65,299.12)	-	(65,299.12)
<b>As at 31st March 2011</b>	<b><u>1,169,899.89</u></b>	<b><u>1,430,858.46</u></b>	<b><u>20,428.09</u></b>	<b><u>2,621,186.44</u></b>
<b>Net Book Value</b>				
<b>As at 31st March 2011</b>	<b><u>142,096.91</u></b>	<b><u>368,201.09</u></b>	<b><u>297.91</u></b>	<b><u>510,595.91</u></b>
As at 31st March 2010	<u>202,995.58</u>	<u>410,258.05</u>	<u>397.21</u>	<u>613,650.84</u>

\* During the year, there are two motor vehicles with registration No.: KW7348 and JZ7012 donated by third parties.

**Note 13 Subvention income**

	<u>Year ended 31/3/2011</u> HK\$	<u>Period ended 31/3/2010</u> HK\$
Home Affairs Bureau Subvention	<b>1,298,740.00</b>	1,190,000.00
Community Chest	<b>561,800.00</b>	535,000.00
	<b><u>1,860,540.00</u></b>	<b><u>1,725,000.00</u></b>

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**Note 14 Surplus fund from flag day**

	<b>Year ended</b> <b>31/3/2011</b>	<b>Period ended</b> <b>31/3/2010</b>
	<b>HK\$</b>	<b>HK\$</b>
<b>Income</b>		
Appeal letters	173,945.00	98,220.00
Flag day collection	457,722.10	554,803.30
	<u>631,667.10</u>	<u>653,023.30</u>
<b>Less : Expenditure</b>		
Audit fee	2,000.00	2,000.00
Computerized flag bag recording system	-	2,000.00
Cleaning and repair fees of flags bags	2,736.60	4,083.70
Certificate and souvenirs for helpers	23,710.00	21,100.00
Insurance	2,700.00	2,700.00
Printing and stationery	8,237.00	494.11
Postage	126.00	374.20
Sundry expenses	9,910.50	5,599.00
Transportation charges	11,954.03	13,460.00
	<u>61,374.13</u>	<u>51,811.01</u>
<b>Surplus fund transfer to income and expenditure account</b>	<u>570,292.97</u>	<u>601,212.29</u>

The Flag Day Appeal of Hong Kong Air Cadet Corps was held on 2nd October 2010 and the above surplus fund account was audited on 17th December 2010. The net proceeds raised from the Flag Day 2010-2011 is used to implement programmes and sustain activities to be conducted in the year 2010-2011.

**Note 15 Surplus on trading account**

	<u>Note</u>	<b>Year ended</b> <b>31/3/2011</b>	<b>Period ended</b> <b>31/3/2010</b>
		<b>HK\$</b>	<b>HK\$</b>
<b>Sales</b>		<u>267,246.02</u>	<u>396,971.88</u>
<b>Less : Cost of goods sold</b>			
Opening stock		642,419.78	-
Opening stock transfer from former HKACC (the society)		-	663,426.18
Add : Purchase		118,380.97	252,093.90
		<u>760,800.75</u>	<u>915,520.08</u>
Less : Closing stock	(1e)	606,339.43	642,419.78
		<u>154,461.32</u>	<u>273,100.30</u>
<b>Surplus from trading account transfer to income and expenditure account</b>		<u>112,784.70</u>	<u>123,871.58</u>

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**Note 16 Net deficits on various activities**

During the year/period, the Corps has the deficit/(surplus) on the various activities as follows:-

	<b>Year ended</b>	Period ended
	<b>31/3/2011</b>	31/3/2010
	<b>HK\$</b>	<b>HK\$</b>
Adult training	3,315.31	(13,207.70)
Advance aviation education programme (Fixed Wing)	-	(82,403.11)
Advance aviation education programme (Helicopter)	(7,155.09)	55,648.49
Adventure Activities squadron	(4,921.14)	6,183.60
Annual parade	-	62,022.00
Annual dinner	43,321.35	40,828.90
Beating retreat	(627.73)	(4,797.70)
Vocational Qualification Organisation	2,570.40	(1,390.00)
Dragonfly	52,814.30	28,783.16
Fellowship dinner	-	34,299.80
Fund walk	(131,152.20)	(186,302.90)
Liaison unit activities	17,113.50	10,604.20
International air cadet exchange	433,838.85	426,615.51
International air cadet exchange association	54,891.56	49,091.41
Mainland and local activities	81,596.77	-
Other activities and courses	57,871.90	76,113.96
Scholarship for glider aviator training programme	112,170.00	93,384.00
Summer camp	4,490.00	458.80
Technical Operations Support Wing	17,511.15	17,359.90
Training activities	79,024.45	54,987.70
UK training team programme	18,238.00	75,353.80
	<b>834,911.38</b>	<b>743,633.82</b>

**Note 17 Executive Board Members' remuneration**

Executive Board Members' remuneration disclosed pursuant to Section 161 of the Hong Kong Companies Ordinance is as follows:-

	<b>Year ended</b>	Period ended
	<b>31/3/2011</b>	31/3/2010
	<b>HK\$</b>	<b>HK\$</b>
Fees	-	-
Other emoluments	-	-

**Note 18 Comparative figures**

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