



香港航空青年團  
HONG KONG AIR CADET CORPS  
(Incorporated in Hong Kong)  
For the year ended 31st March 2015

## 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

## EXECUTIVE BOARD MEMBERS' REPORT

The Executive Board Members have pleasure in presenting their Report and the Audited Accounts for the year ended 31st March 2015.

### Accounts

The results for the year ended 31st March 2015 and the state of the Corps' affairs at that date are set out in the accounts on pages 1 to 18.

### 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 14 of the accounts.

### Executive Board Members

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

Chau Cham Chiu, Peter	(周湛樵)	
Lo Shung Man	(羅崇文)	
Lee Kwok Wing	(李國榮)	
Loh Hogan	(樂可均)	
Lau Wing Chu, Edwin	(劉榮柱)	
Chow Wai Chung, Edmund	(周偉忠)	
Fung Ying Chung, Joe	(馮應聰)	
Lau Hon Wah, Steve	(劉漢華)	
Pong Oi Lan, Scarlett	(龐愛蘭)	
Ng Wai Cheong	(吳蔚昌)	
Pang Sung Yuen	(彭詢元)	
Wong Ka Lun	(黃家倫)	
Leung Koon Ping	(梁冠平)	
Chan Kwok Chiu	(陳國超)	
Yip Dicky Peter	(葉迪奇)	
Chan Chi Pui, Michael	(陳志培)	(Appointed on 1st January 2015)

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

A handwritten signature in black ink, appearing to be 'Zhou' followed by a stylized surname, written over a horizontal line.

Chairman

Dated this Hong Kong: 10 JUL 2015

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 Hong Kong Air Cadet Corps ("the Corps") set out on pages 1 to 18, which comprise the balance sheet as at 31st March 2015, and the income and expenditure account and statement of change in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

**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, and for such internal control as the Executive Board Members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit, and report solely to you, as a body, in accordance with Section 80 of Schedule 11 to the Hong Kong Companies Ordinance (Cap.622), with reference to Section 141 of the predecessor Hong Kong Companies Ordinance (Cap.32), and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the 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 2015 and of its surplus 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 : 10 JUL 2015

HONG KONG AIR CADET CORPS  
BALANCE SHEET AS AT 31ST MARCH 2015

	Note	As at 31/3/2015 HK\$	As at 31/3/2014 HK\$
Ceremonial Flight Fund	(2)	-	9,435.87
Choir Fund	(3)	-	5,747.00
Capital Projects and Equipment Fund	(4)	62,816.90	130,412.70
Aviation Education Fund	(5)	250,000.00	250,000.00
Flying Eagle Programme Fund	(6)	67,726.20	67,726.20
Education Bureau Fund - Scheme for Needy Student Members	(7)	58,554.50	58,554.50
HAB Subvention - Happy Family	(8)	376,368.18	376,368.18
HAB Subvention - Happy Family Thematic Project	(8a)	64,188.72	(100,550.58)
Yuen Yuen Institute - Ha Fa Shan Campsite	(9)	5,106.83	5,106.83
Hong Kong Jockey Club - Youth Anti-Adversity Project at Ha Fa Shan	(10)	(1,252,569.06)	(1,142,330.51)
Ha Fa Shan Campsite Projects	(11)	(60,424.23)	(8,600.60)
HAB subvention - Scheme for Needy Student Members	(12)	481,024.00	162,772.00
Accumulated Surplus		7,149,948.70	5,071,673.66
Total Funds		7,202,740.74	4,891,315.25
Current Assets			
Cash and bank balances	(13)	4,472,465.33	1,355,822.07
Prepayment, utility and sundry deposit		302,450.17	454,706.41
Stock	(1e)	1,067,188.69	1,087,116.13
		5,842,104.19	2,897,644.61
Less : Current Liabilities			
Accruals		48,000.00	44,000.00
Deposit and donation received		219,462.52	331,085.22
		267,462.52	375,085.22
Working Capital		5,574,641.67	2,522,559.39
Add : Non-current assets			
Property, Plant and Equipment	(14)	367,097.14	453,070.68
Investment in certificate of deposit	(15)	1,261,001.93	1,915,685.18
		1,628,099.07	2,368,755.86
Total Net Assets		7,202,740.74	4,891,315.25

The annexed notes from pages 5 to 18 form part of these financial statements.

Approved by the Executive Board on 10 JUL 2015



Chairman



Honorary Treasurer

HONG KONG AIR CADET CORPS  
STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31ST MARCH 2015

	Ceremonial Flight Fund	Choir Fund	Capital Projects and Equipment Fund	Aviation Education Fund	Flying Eagle Programme Fund	EDB Scheme for Needy Student Members	HAB Happy Family Subvention - Happy Family	HAB Happy Family Thematic Project	Yuen Yuen Institute - Ha Fa Shan Campsite	HK Jockey Club - Youth Anti-Adversity Project at Ha Fa Shan	Ha Fa Shan Projects	HAB Subvention - Scheme for Needy Student Members	Accumulated Surplus	Total
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
As at 31st March 2013	9,435.87	5,747.00	192,268.32	250,000.00	67,726.20	58,554.50	493,316.17	-	5,106.83	-	-	15,489.00	5,152,578.84	6,250,222.73
Additions for the year	-	-	-	-	-	-	-	157,394.00	-	-	1,810.00	222,833.00	-	382,037.00
Utilisation for the year	-	-	(61,855.62)	-	-	-	(116,947.99)	(257,944.58)	-	(1,142,330.51)	(5,410.60)	(75,550.00)	-	(1,660,039.30)
(Deficit) for the year	-	-	-	-	-	-	-	-	-	-	-	-	(80,905.18)	(80,905.18)
As at 31st March 2014	9,435.87	5,747.00	130,412.70	250,000.00	67,726.20	58,554.50	376,368.18	(100,550.58)	5,106.83	(1,142,330.51)	(3,600.60)	162,772.00	5,071,673.66	4,891,315.25
Additions for the year	-	-	-	-	-	-	-	388,406.18	-	1,787,313.63	441,275.00	350,000.00	-	2,966,994.81
Utilisation for the year	-	-	(67,595.80)	-	-	-	-	(223,666.88)	-	(1,897,552.18)	(498,098.63)	(31,748.00)	-	(2,718,661.49)
Surplus for the year	-	-	-	-	-	-	-	-	-	-	-	-	2,078,275.04	2,078,275.04
Transferred to surplus account	(9,435.87)	(5,747.00)	-	-	-	-	-	-	-	-	-	-	-	(15,182.87)
As at 31st March 2015	-	-	62,816.90	250,000.00	67,726.20	58,554.50	376,368.18	64,188.72	5,106.83	(1,252,569.06)	(60,424.23)	481,024.00	7,149,948.70	7,202,740.74

HONG KONG AIR CADET CORPS  
INCOME AND EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED 31ST MARCH 2015

	Note	Year ended 31/3/2015 HK\$	Year ended 31/3/2014 HK\$
<b>Income</b>			
Subvention income	(16)	3,103,400.00	1,935,200.00
Membership fee income		126,140.00	167,220.00
Endowment		864,616.74	809,035.00
Surplus fund from flag day	(17)	364,686.29	555,280.56
Other income		18,095.95	26,845.51
Interest income		121,641.26	201.69
Surplus on trading account	(18)	32,139.52	18,168.83
Endowment on fellowship gala dinner		2,061,576.00	-
Surplus transfer from capital fund	(21)	15,182.87	-
		<u>6,707,478.63</u>	<u>3,511,951.59</u>
<b>Less : Expenditure</b>			
Advertising		-	880.00
Auditors' remuneration		22,000.00	22,000.00
Bank charges and interest		2,988.80	3,212.60
Building management fee		13,758.00	13,201.00
Cleaning charges		36,544.50	35,756.90
Courier charges		4,310.50	3,975.00
Depreciation		125,615.00	155,665.40
Electricity and water		35,108.88	43,595.68
Entertainment		4,097.00	8,746.50
Exchange loss		87,838.94	1.03
Insurance		116,958.68	100,534.41
Licence fee		7,695.00	7,020.00
Loss on written off of general furniture, fixtures and equipment		8,388.54	28,058.11
Minor purchase, repairs and maintenance		207,577.68	77,964.46
Motor vehicles expenses		15,353.72	14,457.14
Net deficit on various activities	(19)	1,851,186.08	821,044.80
Postage		2,334.20	1,406.20
Printing and stationery		29,178.68	7,160.10
Provident fund and mandatory provident fund contribution		105,552.74	100,931.34
Rent, rates and utilities charges		40,051.00	69,710.00
Souvenir		60,215.52	101,370.95
Squadron subsidies		127,131.64	106,986.55
Staff salaries and contract end gratuities		1,670,511.84	1,796,766.30
Storage charges		24,325.25	36,048.00
Subscription fee		2,400.00	2,200.00
Sundry expenses		5,705.00	11,469.40
Telephone and internet charges		21,772.00	22,473.00
Travelling expenses		604.40	221.90
		<u>4,629,203.59</u>	<u>3,592,856.77</u>
<b>Surplus/(Deficit) for the year</b>		<u>2,078,275.04</u>	<u>(80,905.18)</u>



HONG KONG AIR CADET CORPS  
CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31ST MARCH 2015

	Year ended 31/3/2015 HK\$	Year ended 31/3/2014 HK\$
<b>Cash flows from operating activities</b>		
Surplus/(Deficit) for the year	2,078,275.04	(80,905.18)
Depreciation	125,615.00	155,665.40
Interest income	(121,641.26)	(201.69)
Bank charges and interest	2,988.80	3,212.60
Loss on written off of general furniture, fixtures and equipment	8,388.54	28,058.11
<b>Operating surplus before working capital changes</b>	<b>2,093,626.12</b>	<b>105,829.24</b>
Decrease/(Increase) in prepayment, utility and and sundry deposit	152,256.24	(358,177.05)
Decrease in stock	19,927.44	134,286.60
Increase in accruals	4,000.00	14,595.50
(Decrease)/Increase in deposit and donation received	(111,622.70)	94,383.00
<b>Cash generated from/(used in) operation</b>	<b>2,158,187.10</b>	<b>(9,082.71)</b>
Interest income	121,641.26	201.69
Bank charges and interest	(2,988.80)	(3,212.60)
<b>Net cash generated from/(used in) operating activities</b>	<b>2,276,839.56</b>	<b>(12,093.62)</b>
<b>Cash flows from investing activities</b>		
Payment to acquire property, plant and equipment	(48,030.00)	(51,150.00)
<b>Net cash (used in) investing activities</b>	<b>(48,030.00)</b>	<b>(51,150.00)</b>
<b>Cash flows from financing activities</b>		
Expenditure on the various surplus fund	(2,718,661.49)	(1,660,039.30)
Cash received from donors for the surplus fund	2,966,994.81	382,037.00
Net surplus on fund transferred to income account	(15,182.87)	-
<b>Net cash generated from/(used in) financing activities</b>	<b>233,150.45</b>	<b>(1,278,002.30)</b>
<b>Increase/(Decrease) in cash and cash equivalents</b>	<b>2,461,960.01</b>	<b>(1,341,245.92)</b>
<b>Cash and cash equivalents brought forward</b>	<b>3,271,507.25</b>	<b>4,612,753.17</b>
<b>Cash and cash equivalents carried forward</b>	<b>5,733,467.26</b>	<b>3,271,507.25</b>
<b>Analysis of the balances of cash and cash equivalents :-</b>		
Cash and bank balances	4,472,465.33	1,355,822.07
Investment in certificate of deposit	1,261,001.93	1,915,685.18
	<b>5,733,467.26</b>	<b>3,271,507.25</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%
General motor vehicles	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\$1,500 per employee per month under the MPF Scheme with effective from 1st June 2014. 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.

**(l) Certificate of deposit**

Certificate of deposit are stated at cost subject to the currency fluctuation of Renminbi.

**Note 2 Ceremonial Flight Fund**

	<u>Note</u>	<u>As at 31/3/2015 HK\$</u>	<u>As at 31/3/2014 HK\$</u>
Balance brought forward		9,435.87	9,435.87
Transferred to the current year's income and expenditure account	(21)	(9,435.87)	-
Balance carried forward		<u>-</u>	<u>9,435.87</u>

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

HONG KONG AIR CADET CORPS  
NOTES TO FINANCIAL STATEMENTS

**Note 3 Choir Fund**

	<u>Note</u>	<u>As at 31/3/2015</u> HK\$	<u>As at 31/3/2014</u> HK\$
Balance brought forward		5,747.00	5,747.00
Transferred to the current year's income and expenditure account	(21)	(5,747.00)	-
Balance carried forward		<u>-</u>	<u>5,747.00</u>

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

**Note 4 Capital Projects and Equipment Fund**

	<u>As at 31/3/2015</u> HK\$	<u>As at 31/3/2014</u> HK\$
Balance brought forward	130,412.70	192,268.32
Utilisation during the year	(67,595.80)	(61,855.62)
Balance carried forward	<u>62,816.90</u>	<u>130,412.70</u>

The fund is earmarked to finance capital projects and equipment acquisition essential to the ongoing 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**

	<u>As at 31/3/2015</u> HK\$	<u>As at 31/3/2014</u> HK\$
Balance brought forward	250,000.00	250,000.00
Balance carried forward	<u>250,000.00</u>	<u>250,000.00</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.

HONG KONG AIR CADET CORPS  
NOTES TO FINANCIAL STATEMENTS

**Note 6 Flying Eagle Programme Fund**

	As at 31/3/2015	As at 31/3/2014
	HK\$	HK\$
Balance brought forward	67,726.20	67,726.20
Balance carried forward	67,726.20	67,726.20

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.

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

	As at 31/3/2015	As at 31/3/2014
	HK\$	HK\$
Balance brought forward	58,554.50	58,554.50
Balance carried forward	58,554.50	58,554.50

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 31/3/2015	As at 31/3/2014
	HK\$	HK\$
Balance brought forward	376,368.18	493,316.17
Utilisation during the year	-	(116,947.99)
Balance carried forward	376,368.18	376,368.18

The fund was provided by Home Affairs Bureau ("HAB") to promote a closer tie between members and their families by engaging the latter in Corps' activities and programmes. The subvention scheme was terminated and the surplus fund of HK\$376,368.18 is retained and fixed for future determination.

HONG KONG AIR CADET CORPS  
NOTES TO FINANCIAL STATEMENTS

**Note 8a HAB Subvention - Happy Family Thematic Project**

	As at 31/3/2015	As at 31/3/2014
	HK\$	HK\$
(Deficit) brought forward	(100,550.58)	-
Reimbursement of last year's (deficit)	99,683.18	-
	(867.40)	-
Add : Non-approved expenditure by HAB transfer to Corps' other activities expenses	867.40	-
	-	-
Current year's government subvention	288,723.00	157,394.00
	288,723.00	157,394.00
Less : Utilisation during the year	(224,534.28)	(257,944.58)
Surplus/(Deficit) carried forward	64,188.72	(100,550.58)

The fund was provided by Home Affairs Bureau ("HAB") to promote a closer tie between members and their families by engaging the latter in Corps' activities and programmes.

With effective from 1st April 2014, the Happy Family project was funded by a new Thematic subvention scheme by Home Affairs Bureau. The Corps signed a commitment letter (承諾書) and confirmed to receive a 50% subvention in advance. Upon the completion of the project of each year, the Corps is required to file the audited financial statements carried out by a professional body to HAB. The approved remaining deficit/surplus will be reimbursed by/refunded to HAB subject to the approval of the audited financial statement.

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

	As at 31/3/2015	As at 31/3/2014
	HK\$	HK\$
Balance brought forward	5,106.83	5,106.83
Balance carried forward	5,106.83	5,106.83

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 Hong Kong Jockey Club - Youth Anti-Adversity Project at Ha Fa Shan**

The Corps was granted a fund of HK\$3,600,000 from the Hong Kong Jockey Club Charities Trust on 6th June 2013 to support the Youth Anti-Adversity Project at Ha Fa Shan in Tsuen Wan for three years. The approved budgeted funds are divided into three categories as which are detailed as follows:-

	HK\$
1. Capital expenditure	1,270,000.00
2. Purchase of a 7-seater motor van	300,000.00
3. Operating expenses for 3 years	2,030,000.00
Total approved budgeted funds	<u>3,600,000.00</u>

A separate detailed income and expenditure account will be audited to verify the validity of the expenses. The following approved income and expenditure account are summarized as follows:-

	As at 31/3/2014 HK\$	Additions during the year HK\$	As at 31/3/2015 HK\$
Donation received	-	1,787,313.63	1,787,313.63
Less : Expenditures			
1) Capital expenditure	712,057.00	518,699.20	1,230,756.20
2) Purchase of a 7-seater motor van - SM7880	274,757.00	-	274,757.00
3) Year 1 operating expenses	-	1,534,369.49	1,534,369.49
4) Pre-operating expenses	155,516.51	-	155,516.51
	<u>1,142,330.51</u>	<u>2,053,068.69</u>	<u>3,195,399.20</u>
	(1,142,330.51)	(265,755.06)	(1,408,085.57)
Less : Reclassification of pre-operating expenses	-	(155,516.51)	(155,516.51)
Balance carried forward	<u>(1,142,330.51)</u>	<u>(110,238.55)</u>	<u>(1,252,569.06)</u>

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**Note 11 Ha Fa Shan Campsite Projects**

	<u>Note</u>	<u>As at</u> <u>31/3/2015</u>	<u>As at</u> <u>31/3/2014</u>
		<u>HK\$</u>	<u>HK\$</u>
Campsite fee income		<u>441,275.00</u>	<u>1,810.00</u>
Less : Operating expenses		<u>342,582.12</u>	<u>5,410.60</u>
Reclassification of pre-operating expenses	(10)	<u>155,516.51</u>	<u>-</u>
		<u>498,098.63</u>	<u>5,410.60</u>
(Loss) for the year		<u>(56,823.63)</u>	<u>(3,600.60)</u>
(Debit) balance brought forward		<u>(3,600.60)</u>	<u>-</u>
(Debit) balance carried forward		<u>(60,424.23)</u>	<u>(3,600.60)</u>

Except for the grants from the Hong Kong Jockey Club Charities Trust, the Corps is operating a profit and loss account separately in respect of campsite revenue from third parties and its operating expenses.

**Note 12 HAB Subvention - Scheme for Needy Student Members**

	<u>As at</u> <u>31/3/2015</u>	<u>As at</u> <u>31/3/2014</u>
	<u>HK\$</u>	<u>HK\$</u>
Balance brought forward	<u>162,772.00</u>	<u>15,489.00</u>
Fund allocated	<u>350,000.00</u>	<u>222,833.00</u>
	<u>512,772.00</u>	<u>238,322.00</u>
Utilisation during the year	<u>(31,748.00)</u>	<u>(75,550.00)</u>
Balance carried forward	<u>481,024.00</u>	<u>162,772.00</u>

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

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**Note 13 Cash and bank balances**

	As at 31/3/2015 HK\$	As at 31/3/2014 HK\$
HSBC - HK Dollar - Current Account No.:-		
#808-620280-001	58,024.48	8,108.36
#808-620280-002	578,364.41	355,916.22
#808-620280-003	94,818.99	70,209.61
#808-620280-004	21,234.50	82,489.71
#808-620280-005	50,931.08	13,991.72
#808-620280-006	18,415.33	7,295.33
#808-620280-007	142,725.90	15,425.90
#808-620280-008	105,624.89	11,856.09
#808-620280-009	5,578.11	5,108.11
#817-429079-001	68,187.88	5,106.83
HSBC - HK Dollar - Saving Account No.:-		
#808-620298-292	25,001.16	25,000.70
#808-620280-292	106,650.45	446,641.47
#848-176319-838	2,504,438.15	304,611.65
HSBC - CNY Dollar - Saving Account No.:-		
#848-176319-838	688,491.40	81.77
Cash in hand	3,978.60	3,978.60
	<u>4,472,465.33</u>	<u>1,355,822.07</u>

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Note 14 Property, plant and equipment

At Cost	Leasehold Improvement HK\$	General Furniture, Fixtures and Equipment HK\$	Donated Furniture, Fixtures and Equipment HK\$	General Motor Vehicles HK\$	Total HK\$
As at 31st March 2014	1,311,996.80	1,432,707.55	20,726.00	285,500.00	3,050,930.35
Additions	-	48,030.00	-	-	48,030.00
Less : Written off	-	(122,907.11)	-	-	(122,907.11)
As at 31st March 2015	1,311,996.80	1,357,830.44	20,726.00	285,500.00	2,976,053.24
Less : Accumulated Depreciation					
As at 31st March 2014	1,263,257.56	1,189,095.54	20,600.32	124,906.25	2,597,859.67
Charge for the year	14,621.77	70,813.37	31.42	40,148.44	125,615.00
Less : Written back	-	(114,518.57)	-	-	(114,518.57)
As at 31st March 2015	1,277,879.33	1,145,390.34	20,631.74	165,054.69	2,608,956.10
Net Book Value					
As at 31st March 2015	34,117.47	212,440.10	94.26	120,445.31	367,097.14
As at 31st March 2014	48,739.24	243,612.01	125.68	160,593.75	453,070.68

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**Note 15 Investment in certificate of deposit**

The coupon rate of certificate of deposit is 5.50% per annum payable in half-yearly basis and the maturity date is 6th February 2018. The certificate of deposit is not protected by the Deposit Protection Scheme in Hong Kong.

**Note 16 Subvention income**

	Year ended 31/3/2015	Year ended 31/3/2014
	HK\$	HK\$
Home Affairs Bureau Subvention	2,480,000.00	1,330,000.00
Community Chest	623,400.00	605,200.00
	<u>3,103,400.00</u>	<u>1,935,200.00</u>

**Note 17 Surplus fund from flag day**

	Year ended 31/3/2015	Year ended 31/3/2014
	HK\$	HK\$
<b>Income</b>		
Appeal letters	56,975.00	87,270.00
Flag day collection	345,686.80	510,477.50
	<u>402,661.80</u>	<u>597,747.50</u>
<b>Less : Expenditure</b>		
Audit fee	2,600.00	2,400.00
Computer flag bag record system	-	2,000.00
Cleaning and repair fees of flag bags	3,232.20	1,623.20
Certificate and souvenirs for helpers	4,945.35	6,478.20
Insurance	2,200.00	5,800.00
Printing and stationery	7,403.90	2,092.50
Postage	1,205.70	568.00
Sundry expenses	5,250.00	5,150.00
Transportation charges	11,138.36	16,355.04
	<u>37,975.51</u>	<u>42,466.94</u>
<b>Surplus fund transfer to income and expenditure account</b>	<u>364,686.29</u>	<u>555,280.56</u>

The Flag Day Appeal of Hong Kong Air Cadet Corps was held on 6th September 2014 under Public Subscription Permit No.: FD/R004/2014 was issued by Social Welfare Department on 6th December 2013. The Flag day surplus fund account was audited on 17th November 2014. The net proceeds from the flag day has been fully utilised during the financial year 2014 to 2015 and the fund raised has been used to implement programmes and sustain activities to be conducted in the year 2014/2015.

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**Note 18 Surplus on trading account**

	<u>Note</u>	<u>Year ended</u> <u>31/3/2015</u>	<u>Year ended</u> <u>31/3/2014</u>
		<u>HK\$</u>	<u>HK\$</u>
<b>Sales</b>		<b>278,896.50</b>	<b>338,477.00</b>
<b>Less : Cost of goods sold</b>			
Opening stock		1,087,116.13	1,221,402.73
Add : Purchase		226,829.54	186,021.57
		<b>1,313,945.67</b>	<b>1,407,424.30</b>
Less : Closing stock	(1e)	1,067,188.69	1,087,116.13
		<b>246,756.98</b>	<b>320,308.17</b>
<b>Surplus from trading account transfer to income and expenditure account</b>		<b>32,139.52</b>	<b>18,168.83</b>

**Note 19 Net deficits on various activities**

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

	<u>Year ended</u> <u>31/3/2015</u>	<u>Year ended</u> <u>31/3/2014</u>
	<u>HK\$</u>	<u>HK\$</u>
Adult training	7,216.40	(33,630.13)
Advanced Aviation Education Programme (Fixed Wing)	(28,991.30)	829.60
Advanced Aviation Education Programme (Helicopter)	(62,349.35)	82,178.28
Adventure Activities Squadron	7,022.50	10,089.79
Annual dinner	-	1,634.41
Annual parade	84,214.39	71,784.00
Beating retreat	-	18,415.10
Vocational Qualifications Unit	6,533.00	7,043.51
Fund walk	(62,831.80)	(109,242.70)
Liaison Unit activities	16,222.89	21,014.50
International air cadet exchange	403,996.05	252,247.66
International Air Cadet Exchange Association	48,907.53	39,478.66
Mainland and local activities	15,172.27	10,547.50
Other activities and courses	119,969.10	8,953.23
Scholarship for glider aviator training programme	87,454.00	134,912.00
Technical Operations Support Wing	5,851.55	10,266.15
Training activities	190,263.31	165,354.31
UK training team programme	134,188.19	103,928.13
Summer camp	58,078.90	25,240.80
Cost of fellowship gala dinner	770,240.74	-
Operations group programmes	50,027.71	-
	<b>1,851,186.08</b>	<b>821,044.80</b>

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**Note 20 Executive Board Members' remuneration**

Executive Board Members' remuneration disclosed pursuant to Section 78 of Schedule 11 to the Hong Kong Companies Ordinance (Cap. 622), which requires compliance with Section 161 of the predecessor Hong Kong Companies Ordinance (Cap. 32), is as follows:-

	Year ended 31/3/2015	Year ended 31/3/2014
	HK\$	HK\$
Fees	-	-
Other emoluments	-	-

**Note 21 Surplus transfer from capital fund**

	Year ended 31/3/2015	Year ended 31/3/2014
	HK\$	HK\$
Surplus transfer from		
Ceremonial Flight Fund	9,435.87	-
Choir Fund	5,747.00	-
	<u>15,182.87</u>	<u>-</u>

The Executive Board Members considered that there are no fund received and utilized for Ceremonial Flight Fund and Choir Fund. The net surplus brought forward is transferred to the current year's income and expenditure account.

**Note 22 Comparative figures**

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

**Note 23 Contingent liabilities**

There was a hill fire broke out at the HKACC Tseung Kwan O Aeromodelling site on 30th November 2013 and the quantum of the insurance compensation claim is not yet quantifiable.