



香港航空青年團
HONG KONG AIR CADET CORPS
(Incorporated in Hong Kong)
For the year ended 31st March 2016

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

REPORT OF EXECUTIVE BOARD MEMBERS

The Executive Board Members submit their annual report together with the audited financial statements for the year ended 31st March 2016.

The state of the Corps’ affairs and appropriations

The state of the Corps’ affairs as at 31st March 2016 are set out in the financial statements 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 and up to date of this report 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)	
Lee Joseph	(李宗德)	(Appointed on 2nd November 2015)
Yam Tat Wing	(任達榮)	(Appointed on 2nd November 2015)

In accordance with Article 44 of the Corps' Articles of Association, all the Executive Board Members retire, at the forthcoming annual general meeting and, 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 read 'Zhouman', written in a cursive style.

Chairman

Dated this Hong Kong : - 4 AUG 2016

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 statement of financial position as at 31st March 2016, and the income statement and statement of change in equity and statement of cash flows of 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 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. 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 2016 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 : - 4 AUG 2016


HONG KONG AIR CADET CORPS
STATEMENT OF FINANCIAL POSITION
AS AT 31ST MARCH 2016

	Note	As at 31/3/2016 HK\$	As at 31/3/2015 HK\$
Capital Projects and Equipment Fund	(4)	2,316.15	62,816.90
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
HAB Subvention - Happy Family	(8)	376,368.18	376,368.18
HAB Subvention - Happy Family Thematic Project	(8a)	(105,443.56)	64,188.72
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)	(1,015,373.93)	(1,252,569.06)
Ha Fa Shan Campsite Projects	(11)	(781,901.69)	(60,424.23)
HAB subvention - Scheme for Needy Student Members	(12)	789,628.00	481,024.00
Accumulated Surplus		<u>7,401,429.61</u>	<u>7,149,948.70</u>
Total Funds		<u><u>6,989,855.79</u></u>	<u><u>7,202,740.74</u></u>
Current Assets			
Cash and bank balances	(13)	4,578,361.77	4,472,465.33
Prepayment, utility and sundry deposit		208,706.87	302,450.17
Stock	(1e)	1,036,043.83	1,067,188.69
		<u>5,823,112.47</u>	<u>5,842,104.19</u>
Less : Current Liabilities			
Accruals		56,850.00	48,000.00
Deposit and donation received		310,242.28	219,462.52
		<u>367,092.28</u>	<u>267,462.52</u>
Working Capital		<u>5,456,020.19</u>	<u>5,574,641.67</u>
Add : Non-current assets			
Property, Plant and Equipment	(14)	272,833.67	367,097.14
Investment in certificate of deposit	(15)	1,261,001.93	1,261,001.93
		<u>1,533,835.60</u>	<u>1,628,099.07</u>
Total Net Assets		<u><u>6,989,855.79</u></u>	<u><u>7,202,740.74</u></u>

Approved on behalf of the Executive Board Members by:



Chairman



Honorary Treasurer

The accompanying Accounting Policies and Explanatory Notes form an integral part of, and should be read in conjunction with, these financial statements.

HONG KONG AIR CADET CORPS
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31ST MARCH 2016

	Ceremonial Flight Fund		Choir Fund		Capital Projects and Equipment Fund		Aviation Education Fund		Flying Eagle Programme Fund		EDB Scheme for Neediest Student Members		HAB Subvention - Happy Family Project		Yuen Yuen Institute - Ha Fa Shan Campsite		HK Jockey Club - Youth Anti-Adversity Project at Ha Fa Shan		Ha Fa Shan Projects		Subvention - Scheme for Needy Student Members		Accumulated Surplus		Total HK\$	
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$		HK\$
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												
Additions for the year	-	-	-	-	-	-	-	308,256.00	-	1,340,657.98	-	350,000.00	-	1,998,913.98												
Utilisation for the year	-	-	(60,500.75)	-	-	-	(413,699.56)	-	-	(1,544,737.85)	(280,202.46)	(41,396.00)	-	(2,340,536.62)												
Surplus for the year	-	-	-	-	-	-	-	-	-	-	-	-	251,480.91	251,480.91												
Reclassification of prior year income	-	-	-	-	-	-	-	-	-	441,275.00	(441,275.00)	-	-	-												
Refunded to the Government	-	-	-	-	-	(58,554.50)	(64,188.72)	-	-	-	-	-	-	(122,743.22)												
As at 31st March 2016	-	-	2,316.15	250,000.00	67,726.20	-	376,368.18	(105,443.56)	5,106.83	(1,015,373.93)	(781,901.69)	789,628.00	7,401,429.61	6,989,855.79												

The accompanying Accounting Policies and Explanatory Notes form an integral part of, and should be read in conjunction with, these financial statements.

HONG KONG AIR CADET CORPS
INCOME STATEMENT
FOR THE YEAR ENDED 31ST MARCH 2016

	Note	Year ended 31/3/2016 HK\$	Year ended 31/3/2015 HK\$
Income			
Subvention income	(16)	3,103,400.00	3,103,400.00
Membership fee income		130,070.00	126,140.00
Endowment		1,262,634.19	864,616.74
Surplus fund from flag day	(17)	371,455.34	364,686.29
Other income		12,792.46	18,095.95
Interest income		70,689.35	121,641.26
Surplus on trading account	(18)	97,516.22	32,139.52
Endowment on fellowship gala dinner		-	2,061,576.00
Surplus transfer from capital fund	(21)	-	15,182.87
		<u>5,048,557.56</u>	<u>6,707,478.63</u>
Less : Expenditure			
Auditors' remuneration		22,000.00	22,000.00
Bank charges and interest		2,983.60	2,988.80
Building management fee		14,889.00	13,758.00
Cleaning charges		39,087.50	36,544.50
Courier charges		3,734.00	4,310.50
Depreciation		93,219.05	125,615.00
Electricity and water		37,514.90	35,108.88
Entertainment		30,244.00	4,097.00
Exchange loss		27,166.13	87,838.94
Insurance		124,302.06	116,958.68
Licence fee		8,370.00	7,695.00
Loss on written off of general furniture, fixtures and equipment		1,044.42	8,388.54
Minor purchase, repairs and maintenance		176,664.21	207,577.68
Motor vehicles expenses		18,062.54	15,353.72
Net deficit on various activities	(19)	1,696,908.83	1,851,186.08
Postage		3,067.50	2,334.20
Printing and stationery		21,309.55	29,178.68
Provident fund and mandatory provident fund contribution		112,977.14	105,552.74
Rent, rates and utilities charges		36,862.00	40,051.00
Souvenir		63,155.93	60,215.52
Squadron subsidies		142,820.90	127,131.64
Staff salaries and contract end gratuities		2,011,032.54	1,670,511.84
Storage charges		47,662.75	24,325.25
Subscription fee		2,200.00	2,400.00
Sundry expenses		9,376.00	5,705.00
Sundry expenses - claim paid	(22)	1,000.00	-
Telephone and internet charges		26,718.00	21,772.00
Travelling expenses		204.10	604.40
Legal and professional fee		22,500.00	-
		<u>4,797,076.65</u>	<u>4,629,203.59</u>
Surplus for the year		<u>251,480.91</u>	<u>2,078,275.04</u>

The accompanying Accounting Policies and Explanatory Notes form an integral part of, and should be read in conjunction with, these financial statements.

HONG KONG AIR CADET CORPS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31ST MARCH 2016

	Year ended 31/3/2016	Year ended 31/3/2015
	HK\$	HK\$
Cash flows from operating activities		
Surplus for the year	251,480.91	2,078,275.04
Depreciation	93,219.05	125,615.00
Interest income	(70,689.35)	(121,641.26)
Bank charges and interest	2,983.60	2,988.80
Loss on written off of general furniture, fixtures and equipment	1,044.42	8,388.54
Operating surplus before working capital changes	278,038.63	2,093,626.12
Decrease in prepayment, utility and and sundry deposit	93,743.30	152,256.24
Decrease in stock	31,144.86	19,927.44
Increase in accruals	8,850.00	4,000.00
Increase/(Decrease) in deposit and donation received	90,779.76	(111,622.70)
Cash generated from operation	502,556.55	2,158,187.10
Interest income	70,689.35	121,641.26
Bank charges and interest	(2,983.60)	(2,988.80)
Net cash generated from operating activities	570,262.30	2,276,839.56
Cash flows from investing activities		
Payment to acquire property, plant and equipment	-	(48,030.00)
Net cash (used in) investing activities	-	(48,030.00)
Cash flows from financing activities		
Expenditure on the various surplus fund	(2,340,536.62)	(2,718,661.49)
Cash received from donors for the surplus fund	1,998,913.98	2,966,994.81
Net surplus on fund transferred to income statement	-	(15,182.87)
Refunded to the government	(122,743.22)	-
Net cash (used in)/generated from financing activities	(464,365.86)	233,150.45
Increase in cash and cash equivalents	105,896.44	2,461,960.01
Cash and cash equivalents brought forward	5,733,467.26	3,271,507.25
Cash and cash equivalents carried forward	5,839,363.70	5,733,467.26
Analysis of the balances of cash and cash equivalents :-		
Cash and bank balances	4,578,361.77	4,472,465.33
Investment in certificate of deposit	1,261,001.93	1,261,001.93
	5,839,363.70	5,733,467.26

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 statement of financial position 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 statement of financial position date. Exchange gains and losses are dealt with in the income statement.

(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. 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 31/3/2016</u>	<u>As at 31/3/2015</u>
		<u>HK\$</u>	<u>HK\$</u>
Balance brought forward		-	9,435.87
Transferred to the income statement	(21)	-	(9,435.87)
Balance carried forward		<u>-</u>	<u>-</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</u> <u>31/3/2016</u> <u>HK\$</u>	<u>As at</u> <u>31/3/2015</u> <u>HK\$</u>
Balance brought forward		-	5,747.00
Transferred to the income statement	(21)	-	(5,747.00)
Balance carried forward		<u>-</u>	<u>-</u>

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

Note 4 Capital Projects and Equipment Fund

	<u>As at</u> <u>31/3/2016</u> <u>HK\$</u>	<u>As at</u> <u>31/3/2015</u> <u>HK\$</u>
Balance brought forward	62,816.90	130,412.70
Utilisation during the year	(60,500.75)	(67,595.80)
Balance carried forward	<u>2,316.15</u>	<u>62,816.90</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</u> <u>31/3/2016</u> <u>HK\$</u>	<u>As at</u> <u>31/3/2015</u> <u>HK\$</u>
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 31/3/2016	As at 31/3/2015
	HK\$	HK\$
Balance brought forward	67,726.20	67,726.20
Balance carried forward	<u>67,726.20</u>	<u>67,726.20</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.

Note 7 Education Bureau Fund - Scheme for Needy Student Members

	As at 31/3/2016	As at 31/3/2015
	HK\$	HK\$
Balance brought forward	58,554.50	58,554.50
Refund to Education Bureau	(58,554.50)	-
Balance carried forward	<u>-</u>	<u>58,554.50</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.

By a letter E.D.B. (ESP/A)/ADM/20/1/2(1) dated 17th July 2015, the Corps was required to refund the surplus fund to Education Bureau.

Note 8 HAB Subvention - Happy Family

	As at 31/3/2016	As at 31/3/2015
	HK\$	HK\$
Balance brought forward	376,368.18	376,368.18
Balance carried forward	<u>376,368.18</u>	<u>376,368.18</u>

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 31/3/2016	As at 31/3/2015
	HK\$	HK\$
Surplus/(Deficit) brought forward	64,188.72	(100,550.58)
Reimbursement of last year's (deficit)	-	99,683.18
Refund to Home Affairs Bureau	(64,188.72)	-
	-	(867.40)
Add : Non-approved expenditure by HAB transfer to Corps' other activities expenses	-	867.40
	-	-
Add: Current year's government subvention	308,256.00	288,723.00
	308,256.00	288,723.00
Less : Utilisation during the year	413,699.56	(224,534.28)
(Deficit)/Surplus carried forward	<u>(105,443.56)</u>	<u>64,188.72</u>

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 Corps signed a commitment letter (承諾書) on 29th April 2015 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.

During the year, HAB has finalised the subvention for the year ended 31st March 2015 and required the Corps to refund the surplus of HK\$73,909.40. The excess of HK\$9,720.68 were reclassified as non-approved expenditure and taken into current year's activities expenditure.

Note 9 Yuen Yuen Institute - Ha Fa Shan Campsite

	As at 31/3/2016	As at 31/3/2015
	HK\$	HK\$
Balance brought forward	5,106.83	5,106.83
Balance carried forward	<u>5,106.83</u>	<u>5,106.83</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 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 expenses. The following income and expenditure account are summarized as follows:-

	As at 31/3/2015 HK\$	Additions during the year HK\$	As at 31/3/2016 HK\$
Donation received	<u>1,787,313.63</u>	<u>525,290.98</u>	<u>2,312,604.61</u>
Less : Expenditures			
1) Capital expenditure	1,230,756.20	14,163.70	1,244,919.90
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) Year 2 operating expenses	-	1,530,574.15	1,530,574.15
	<u>3,039,882.69</u>	<u>1,544,737.85</u>	<u>4,584,620.54</u>
Less : Camp site income			
Year 1 Reclassification from Ha Fa Shan Project	-	441,275.00	441,275.00
Year 2	-	815,367.00	815,367.00
	<u>-</u>	<u>1,256,642.00</u>	<u>1,256,642.00</u>
	<u>3,039,882.69</u>	<u>288,095.85</u>	<u>3,327,978.54</u>
Balance carried forward	<u>(1,252,569.06)</u>	<u>237,195.13</u>	<u>(1,015,373.93)</u>

During the year, the Corps has submitted HK\$885,558.76 expenses for the period from 04/2015 to 03/2016 to the Hong Kong Jockey Club Charities Trust and is pending their approval. Subsequent to the statement of financial position date on 15th July 2016 Hong Kong Jockey Club Charities Trust has approved HK\$507,743.80 which representing the 04/2015 to 09/2015 expenses and will be deposited to Corps' bank account.

HONG KONG AIR CADET CORPS
NOTES TO FINANCIAL STATEMENTS

Note 11 Ha Fa Shan Campsite Projects

	<u>Note</u>	As at 31/3/2016 HK\$	As at 31/3/2015 HK\$
Campsite fee income		-	441,275.00
Less : Operating expenses		280,202.46	342,582.12
Reclassification of pre-operating expenses	(10)	-	155,516.51
		<u>280,202.46</u>	<u>498,098.63</u>
(Loss) for the year		<u>(280,202.46)</u>	<u>(56,823.63)</u>
Less: Reclassification of last year campsite income		(441,275.00)	-
(Debit) balance brought forward		<u>(60,424.23)</u>	<u>(3,600.60)</u>
(Debit) balance carried forward		<u>(781,901.69)</u>	<u>(60,424.23)</u>

Except for the grants from the Hong Kong Jockey Club Charities Trust, the Corps is operating a profit and loss account separately for the non-approved operating expenses.

Note 12 HAB Subvention - Scheme for Needy Student Members

	As at 31/3/2016 HK\$	As at 31/3/2015 HK\$
Balance brought forward	481,024.00	162,772.00
Fund allocated	350,000.00	350,000.00
	<u>831,024.00</u>	<u>512,772.00</u>
Utilisation during the year	(41,396.00)	(31,748.00)
Balance carried forward	<u>789,628.00</u>	<u>481,024.00</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.

HONG KONG AIR CADET CORPS
NOTES TO FINANCIAL STATEMENTS

Note 13 Cash and bank balances

	As at	As at
	31/3/2016	31/3/2015
	HK\$	HK\$
HSBC - HK Dollar - Current Account No.:-		
#808-620280-001	75,947.98	58,024.48
#808-620280-002	995,819.97	578,364.41
#808-620280-003	89,259.44	94,818.99
#808-620280-004	25,490.57	21,234.50
#808-620280-005	113,849.86	50,931.08
#808-620280-006	5,148.06	18,415.33
#808-620280-007	38,725.90	142,725.90
#808-620280-008	5,103.89	105,624.89
#808-620280-009	4,978.11	5,578.11
#817-429079-001	107,769.47	68,187.88
HSBC - HK Dollar - Saving Account No.:-		
#808-620298-292	25,001.62	25,001.16
#808-620280-292	106,652.52	106,650.45
#848-176319-838	2,374,439.04	2,504,438.15
HSBC - CNY Dollar - Saving Account No.:-		
#848-176319-838	606,196.74	688,491.40
Cash in hand	3,978.60	3,978.60
	<u>4,578,361.77</u>	<u>4,472,465.33</u>

HONG KONG AIR CADET CORPS
NOTES TO FINANCIAL STATEMENTS

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 2015	1,311,996.80	1,357,830.44	20,726.00	285,500.00	2,976,053.24
Less : Written off	-	(12,398.00)	-	-	(12,398.00)
As at 31st March 2016	1,311,996.80	1,345,432.44	20,726.00	285,500.00	2,963,655.24
Less : Accumulated Depreciation					
As at 31st March 2015	1,277,879.33	1,145,390.34	20,631.74	165,054.69	2,608,956.10
Charge for the year	10,235.24	52,848.92	23.56	30,111.33	93,219.05
Less : Written back	-	(11,353.58)	-	-	(11,353.58)
As at 31st March 2016	1,288,114.57	1,186,885.68	20,655.30	195,166.02	2,690,821.57
Net Book Value					
As at 31st March 2016	23,882.23	158,546.76	70.70	90,333.98	272,833.67
As at 31st March 2015	34,117.47	212,440.10	94.26	120,445.31	367,097.14

HONG KONG AIR CADET CORPS
NOTES TO FINANCIAL STATEMENTS

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 31/3/2016	Year ended 31/3/2015
	HK\$	HK\$
Home Affairs Bureau Subvention	2,480,000.00	2,480,000.00
Community Chest	623,400.00	623,400.00
	<u>3,103,400.00</u>	<u>3,103,400.00</u>

Note 17 Surplus fund from flag day

	Year ended 31/3/2016	Year ended 31/3/2015
	HK\$	HK\$
Income		
Appeal letters	115,030.00	56,975.00
Flag day collection	282,624.85	345,686.80
	<u>397,654.85</u>	<u>402,661.80</u>
Less : Expenditure		
Audit fee	2,600.00	2,600.00
Cleaning and repair fees of flag bags	1,515.50	3,232.20
Certificate and souvenirs for helpers	730.00	4,945.35
Insurance	-	2,200.00
Printing and stationery	1,867.00	7,403.90
Postage	598.40	1,205.70
Sundry expenses	5,250.00	5,250.00
Transportation charges	13,638.61	11,138.36
	<u>26,199.51</u>	<u>37,975.51</u>
Surplus fund transfer to income statement	<u>371,455.34</u>	<u>364,686.29</u>

The Flag Day Appeal of Hong Kong Air Cadet Corps was held on 23rd January 2016 under Public Subscription Permit No.: FD/R093/2015 issued by Social Welfare Department on 24th March 2015. The flag day surplus fund account was audited on 5th April 2016. The net proceeds from the flag day has been fully utilised during the financial year 2015-2016 and the fund raised has been used to implement programmes and sustain activities to be conducted in the year 2015-2016.

HONG KONG AIR CADET CORPS
NOTES TO FINANCIAL STATEMENTS

Note 18 Surplus on trading account

	Note	Year ended 31/3/2016	Year ended 31/3/2015
		HK\$	HK\$
Sales		307,424.50	278,896.50
Less : Cost of goods sold			
Opening stock		1,067,188.69	1,087,116.13
Add : Purchase		178,763.42	226,829.54
		<u>1,245,952.11</u>	<u>1,313,945.67</u>
Less : Closing stock	(1e)	1,036,043.83	1,067,188.69
		<u>209,908.28</u>	<u>246,756.98</u>
Surplus from trading account transfer to income statement		<u>97,516.22</u>	<u>32,139.52</u>

Note 19 Net deficit on various activities

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

	Year ended 31/3/2016	Year ended 31/3/2015
	HK\$	HK\$
Adult training	(7,753.79)	7,216.40
Advanced Aviation Education Programme (Fixed Wing)	(25,624.66)	(28,991.30)
Advanced Aviation Education Programme (Helicopter)	(31,971.89)	(62,349.35)
Adventure Activities Squadron	14,367.00	7,022.50
Annual parade	111,177.03	84,214.39
Vocational Qualifications Unit	41,065.31	6,533.00
Fund walk	(36,585.60)	(62,831.80)
Liaison Unit activities	19,816.54	16,222.89
International air cadet exchange	409,557.47	403,996.05
International Air Cadet Exchange Association	25,850.69	48,907.53
Mainland and local activities	192,594.85	15,172.27
Other activities and courses	125,590.77	119,969.10
Scholarship for glider aviator training programme	226,157.00	87,454.00
Technical Operations Support Wing	35,392.85	5,851.55
Training activities	305,661.40	190,263.31
UK training team programme	127,994.69	134,188.19
Summer camp	84,289.07	58,078.90
Cost of fellowship gala dinner	-	770,240.74
Operations group programmes	79,330.10	50,027.71
	<u>1,696,908.83</u>	<u>1,851,186.08</u>

HONG KONG AIR CADET CORPS
NOTES TO FINANCIAL STATEMENTS

Note 20 Executive Board Members' remuneration

Executive Board Members' remuneration disclosed pursuant to section 383(1) of the Companies Ordinance is as follows:-

	Year ended 31/3/2016	Year ended 31/3/2015
	HK\$	HK\$
Fees	-	-
Other emoluments	-	-
	<u> </u>	<u> </u>

Note 21 Surplus transfer from capital fund

	Year ended 31/3/2016	Year ended 31/3/2015
	HK\$	HK\$
Surplus transfer from		
Ceremonial Flight Fund	-	9,435.87
Choir Fund	-	5,747.00
	<u> </u>	<u> </u>
	<u> </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 income statement for the year ended 31st March 2015.

Note 22 Sundry expenses - claim paid

During the year, the insurance company confirmed the insurance coverage of the claims paid to Tseung Kwan O Aeromodelling site fire was HK\$2,260,000 and the Corps was required to pay HK\$1,000 for the full settlement.

Note 23 Approval of financial statements

These financial statements were authorised for issue by the Corps' Executive Board Members
on - 4 AUG 2016