

香港航空青年團  
HONG KONG AIR CADET CORPS  
(Incorporated in Hong Kong)  
For the year ended 31st March 2025

## 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")

### 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 2025.

#### The state of the Corps' affairs and appropriations

The state of the Corps' affairs as at 31st March 2025 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 10 of the accounts.

#### Executive Board Members

The Executive Board Members in office during the year and up to date of this report were:-

|                      |         |
|----------------------|---------|
| Lau Wing Chu, Edwin  | (劉 榮 柱) |
| Yip Dicky Peter      | (葉 迪 奇) |
| Lee Kwok Wing        | (李 國 榮) |
| Fung Ying Chung, Joe | (馮 應 聰) |
| Leung Koon Ping      | (梁 冠 平) |
| Lee Joseph           | (李 宗 德) |
| Chan Man Lang        | (陳 孟 麟) |
| Tam Kwok Chi         | (譚 國 治) |
| Tang Shu Pui, Simon  | (鄧 澍 培) |
| Cheng Sui Pong, Paul | (鄭 緒 邦) |
| Lok Yean Ting, Karen | (駱 衍 廷) |
| Yip Chun To, Adrian  | (葉 振 都) |
| Wu Wai Hung          | (胡 偉 雄) |
| Wong Yiu Hong        | (黃 耀 康) |

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 be 'J. K. Tse', written over a horizontal line.

Chairman

Dated this Hong Kong : 22 SEP 2025

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**

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 2025, and the income statement and statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Corps as at 31st March 2025, and of its financial performance and its cash flows for the year then ended in accordance with the Hong Kong Financial Reporting Standard ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

**Basis of Opinion**

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Corps in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Information Other than the Financial Statements and Auditor's Report Thereon**

The Executive Board Members are responsible for the other information. The other information comprises the information included in the Executive Board Members' report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

...../2

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)

**Responsibilities of Executive Board Members and Those Charged With Governance for the Financial Statements**

The Executive Board Members are responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA 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.

In preparing the financial statements, the Executive Board Members are responsible for assessing the Corps' ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Executive Board Members either intend to liquidate the Corps or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corps' financial reporting process.

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corps' internal control.

...../3

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF

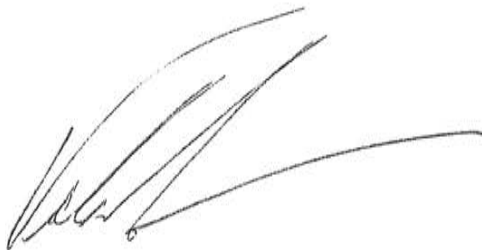
HONG KONG AIR CADET CORPS

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

**Auditor's Responsibilities for the Audit of the Financial Statements (Continued)**

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Executive Board Members.
- Conclude on the appropriateness of the Executive Board Members' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corps' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corps to cease to continue as a going concern.

We communicate with Executive Board Members regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



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

Tse Wing Sing, Victor  
Practising Certificate Number : P03617

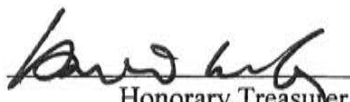
Dated this Hong Kong : 22 SEP 2025

HONG KONG AIR CADET CORPS  
STATEMENT OF FINANCIAL POSITION  
AS AT 31ST MARCH 2025

|                                                                                                   | Note    | As at<br>31/3/2025<br>HK\$  | As at<br>31/3/2024<br>HK\$  |
|---------------------------------------------------------------------------------------------------|---------|-----------------------------|-----------------------------|
| Aviation Education Fund                                                                           | (2)     | 250,000.00                  | 250,000.00                  |
| Flying Eagle Programme Fund                                                                       | (3)     | 67,726.20                   | 67,726.20                   |
| HYAB Subvention<br>- Happy Family Thematic Project                                                | (4)     | -                           | (19,807.15)                 |
| HYAB Subvention - Scheme for Needy<br>Student Members                                             | (5)     | 543,521.00                  | 863,296.00                  |
| The Hong Kong Jockey Club Charities Trust<br>- Jockey Club Badges : Preparing<br>Tomorrow Leaders | (6)     | 463,260.32                  | 730,826.22                  |
| Accumulated Surplus                                                                               |         | <u>44,329,108.75</u>        | <u>12,985,363.90</u>        |
| Total Funds                                                                                       |         | <u><u>45,653,616.27</u></u> | <u><u>14,877,405.17</u></u> |
| <b>Current Assets</b>                                                                             |         |                             |                             |
| Cash and bank balances                                                                            | (7)     | 12,976,626.33               | 8,114,745.02                |
| Prepayment, utility, sundry and deposit                                                           |         | 393,739.29                  | 312,427.30                  |
| Stock                                                                                             | (1e,12) | 953,164.34                  | 1,052,311.76                |
| Fixed deposit                                                                                     |         | -                           | 5,726,751.65                |
| Other receivable                                                                                  | (8)     | 1,708,114.00                | 583,242.50                  |
| Property development cost                                                                         | (9a)    | -                           | 386,160.00                  |
|                                                                                                   |         | <u>16,031,643.96</u>        | <u>16,175,638.23</u>        |
| <b>Less : Current Liabilities</b>                                                                 |         |                             |                             |
| Accruals                                                                                          |         | 2,036,398.71                | 642,692.53                  |
| Deposit, donation received and other<br>payable                                                   |         | <u>896,597.85</u>           | <u>910,966.25</u>           |
|                                                                                                   |         | <u>2,932,996.56</u>         | <u>1,553,658.78</u>         |
| <b>Working Capital</b>                                                                            |         | <u>13,098,647.40</u>        | <u>14,621,979.45</u>        |
| <b>Add : Non-Current Assets</b>                                                                   |         |                             |                             |
| Property, Plant and Equipment                                                                     | (10)    | <u>32,554,968.87</u>        | <u>255,425.72</u>           |
| <b>Total Net Assets</b>                                                                           |         | <u><u>45,653,616.27</u></u> | <u><u>14,877,405.17</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 2025

|                                    | Aviation<br>Education<br>Fund | Flying Eagle<br>Programme<br>Fund | HYAB<br>Subvention -<br>Happy Family<br>Thematic Project<br>prior to the<br>year 2014 | HYAB<br>Subvention -<br>Happy Family<br>Thematic<br>Project | HYAB<br>Subvention -<br>Scheme for<br>Needy Student<br>Members | HYAB<br>Subvention -<br>Scheme for<br>Needy Student<br>Members prior to<br>the year 2014 | Hong Kong<br>Jockey Club<br>Charities Trust<br>- Jockey Club<br>Badges :<br>Preparing<br>Tomorrow's<br>Leaders | Accumulated<br>Surplus | Total         |
|------------------------------------|-------------------------------|-----------------------------------|---------------------------------------------------------------------------------------|-------------------------------------------------------------|----------------------------------------------------------------|------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------|------------------------|---------------|
|                                    | HK\$                          | HK\$                              | HK\$                                                                                  | HK\$                                                        | HK\$                                                           | HK\$                                                                                     | HK\$                                                                                                           | HK\$                   | HK\$          |
| As at 31st March 2023              | 250,000.00                    | 67,726.20                         | 376,368.18                                                                            | (22,189.80)                                                 | 539,121.00                                                     | 162,772.00                                                                               | -                                                                                                              | 11,653,047.46          | 13,026,845.04 |
| Additions for the year             | -                             | -                                 | -                                                                                     | 54,279.00                                                   | 346,500.00                                                     | -                                                                                        | 755,000.00                                                                                                     | -                      | 1,155,779.00  |
| Utilisation for the year           | -                             | -                                 | -                                                                                     | (74,086.15)                                                 | (22,325.00)                                                    | -                                                                                        | (24,173.78)                                                                                                    | -                      | (120,584.93)  |
| Surplus for the year               | -                             | -                                 | -                                                                                     | -                                                           | -                                                              | -                                                                                        | -                                                                                                              | 1,332,316.44           | 1,332,316.44  |
| (Refund) to the Government         | -                             | -                                 | (376,368.18)                                                                          | -                                                           | -                                                              | (162,772.00)                                                                             | -                                                                                                              | -                      | (539,140.18)  |
| Reimbursed by the Government       | -                             | -                                 | -                                                                                     | 22,189.80                                                   | -                                                              | -                                                                                        | -                                                                                                              | -                      | 22,189.80     |
| As at 31st March 2024              | 250,000.00                    | 67,726.20                         | -                                                                                     | (19,807.15)                                                 | 863,296.00                                                     | -                                                                                        | 730,826.22                                                                                                     | 12,985,363.90          | 14,877,405.17 |
| Additions for the year             | -                             | -                                 | -                                                                                     | -                                                           | -                                                              | -                                                                                        | 757,349.00                                                                                                     | -                      | 757,349.00    |
| Utilisation for the year           | -                             | -                                 | -                                                                                     | -                                                           | (3,325.00)                                                     | -                                                                                        | (660,038.68)                                                                                                   | -                      | (663,363.68)  |
| Surplus for the year               | -                             | -                                 | -                                                                                     | -                                                           | -                                                              | -                                                                                        | -                                                                                                              | 31,343,744.85          | 31,343,744.85 |
| Transferred to activities' account | -                             | -                                 | -                                                                                     | 4,966.39                                                    | -                                                              | -                                                                                        | -                                                                                                              | -                      | 4,966.39      |
| (Refund) to the Government         | -                             | -                                 | -                                                                                     | -                                                           | (316,450.00)                                                   | -                                                                                        | -                                                                                                              | -                      | (316,450.00)  |
| Underspent over 50% for last year  | -                             | -                                 | -                                                                                     | -                                                           | -                                                              | -                                                                                        | (364,876.22)                                                                                                   | -                      | (364,876.22)  |
| Reimbursed by the Government       | -                             | -                                 | -                                                                                     | 14,840.76                                                   | -                                                              | -                                                                                        | -                                                                                                              | -                      | 14,840.76     |
| As at 31st March 2025              | 250,000.00                    | 67,726.20                         | -                                                                                     | -                                                           | 543,521.00                                                     | -                                                                                        | 463,260.32                                                                                                     | 44,329,108.75          | 45,653,616.27 |

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 2025

|                                                          | Note | Year ended<br>31/3/2025<br>HK\$ | Year ended<br>31/3/2024<br>HK\$ |
|----------------------------------------------------------|------|---------------------------------|---------------------------------|
| <b>Income</b>                                            |      |                                 |                                 |
| Subvention income                                        | (11) | 3,742,158.00                    | 3,465,848.00                    |
| Membership fee income                                    |      | 42,900.00                       | 50,200.00                       |
| Endowment                                                |      | 1,275,200.00                    | 501,640.00                      |
| Surplus on trading account                               | (12) | 36,440.15                       | 32,012.50                       |
| Surplus fund from flag day                               | (13) | -                               | 321,217.26                      |
| Other income                                             |      | -                               | 3,925.28                        |
| Interest income                                          |      | 79,218.46                       | 152,448.69                      |
| Funding Scheme                                           | (9)  | 31,764,568.30                   | 386,160.00                      |
| Squadron subsidies                                       |      | 8,412.37                        | -                               |
|                                                          |      | <u>36,948,897.28</u>            | <u>4,913,451.73</u>             |
| <b>Less : Direct activities expenses</b>                 |      |                                 |                                 |
| Net deficit on various activities                        | (14) | 875,681.28                      | 953,961.98                      |
| Squadron subsidies                                       |      | -                               | 33,286.41                       |
|                                                          |      | <u>875,681.28</u>               | <u>987,248.39</u>               |
| <b>Less : General and administrative expenses</b>        |      |                                 |                                 |
| Auditors' remuneration                                   |      | 27,000.00                       | 26,000.00                       |
| Bank charges and interest                                |      | 715.44                          | 7,392.65                        |
| Building management fee                                  |      | 26,904.00                       | 26,904.00                       |
| Cleaning charges                                         |      | 90,295.08                       | 60,761.30                       |
| Courier charges                                          |      | 1,091.00                        | 731.00                          |
| Depreciation                                             |      | 1,724,865.59                    | 85,273.03                       |
| Electricity and water                                    |      | 70,243.00                       | 42,000.00                       |
| Insurance                                                |      | 131,508.68                      | 119,384.33                      |
| Licence fee                                              |      | 3,300.00                        | 3,300.00                        |
| Minor purchase, repairs and maintenance                  |      | 49,112.23                       | 10,919.50                       |
| Motor vehicles expenses                                  |      | 55,436.55                       | 47,593.06                       |
| Postage                                                  |      | 3,858.60                        | 1,949.90                        |
| Printing, stationery and leasing charges                 |      | 48,647.60                       | 17,105.84                       |
| Provident fund and mandatory provident fund contribution |      | 125,064.73                      | 106,304.03                      |
| Rent, rates and utilities charges                        |      | 30,167.00                       | 28,282.00                       |
| Souvenir                                                 |      | 40,596.32                       | 742.73                          |
| Staff salaries and contract end gratuities               |      | 1,959,108.28                    | 1,742,093.98                    |
| Storage charges                                          |      | 61,243.90                       | 58,331.08                       |
| Subscription fee                                         |      | 2,423.00                        | 2,623.00                        |
| Sundry expenses                                          |      | 57,420.46                       | 25,585.60                       |
| Telephone and internet charges                           |      | 34,014.00                       | 28,819.00                       |
| Travelling expenses                                      |      | 1,783.20                        | -                               |
| Information technology expenses                          |      | 51,388.23                       | 105,160.00                      |
| Exchange loss                                            |      | 2,663.29                        | 16,569.69                       |
| Loss on written off of obsolete stock                    |      | 190.56                          | 17,311.18                       |
| Professional fee                                         |      | 24,507.65                       | 12,750.00                       |
| Loss on written off of property, plant and equipment     |      |                                 |                                 |
| - Leasehold improvement                                  |      | 1,376.76                        | -                               |
| Security guard service charges                           |      | 104,546.00                      | -                               |
|                                                          |      | <u>4,729,471.15</u>             | <u>2,593,886.90</u>             |
| <b>Total expenses</b>                                    |      | <u>5,605,152.43</u>             | <u>3,581,135.29</u>             |
| <b>Surplus for the year</b>                              |      | <u>31,343,744.85</u>            | <u>1,332,316.44</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 2025

|                                                                                 | Year ended<br>31/3/2025<br>HK\$ | Year ended<br>31/3/2024<br>HK\$ |
|---------------------------------------------------------------------------------|---------------------------------|---------------------------------|
| <b>Cash flows from operating activities</b>                                     |                                 |                                 |
| Surplus for the year                                                            | 31,343,744.85                   | 1,332,316.44                    |
| Depreciation                                                                    | 1,724,865.59                    | 85,273.03                       |
| Interest income                                                                 | (79,218.46)                     | (152,448.69)                    |
| Bank charges and interest                                                       | 715.44                          | 7,392.65                        |
| Loss on written off of property, plant and equipment<br>- Leasehold improvement | 1,376.76                        | -                               |
| <b>Operating surplus before working capital changes</b>                         | <b>32,991,484.18</b>            | <b>1,272,533.43</b>             |
| (Increase) in prepayment, utility and sundry deposit                            | (81,311.99)                     | (54,076.81)                     |
| Decrease/(Increase) in stock                                                    | 99,147.42                       | (66,371.93)                     |
| Increase in accruals                                                            | 1,393,706.18                    | 75,593.69                       |
| (Decrease)/Increase in deposit, donation received<br>and other payable          | (14,368.40)                     | 262,457.30                      |
| (Increase) in other receivable                                                  | (1,124,871.50)                  | (574,874.15)                    |
| Decrease/(Increase) in property development cost                                | 386,160.00                      | (386,160.00)                    |
| <b>Cash generated from operation</b>                                            | <b>33,649,945.89</b>            | <b>529,101.53</b>               |
| Interest income                                                                 | 79,218.46                       | 152,448.69                      |
| Bank charges and interest                                                       | (715.44)                        | (7,392.65)                      |
| <b>Net cash generated from operating activities</b>                             | <b>33,728,448.91</b>            | <b>674,157.57</b>               |
| <b>Cash flows from investing activities</b>                                     |                                 |                                 |
| Payment to acquire property, plant and<br>equipment                             | (34,025,785.50)                 | (236,191.00)                    |
| <b>Net cash (used in) investing activities</b>                                  | <b>(34,025,785.50)</b>          | <b>(236,191.00)</b>             |
| <b>Cash flows from financing activities</b>                                     |                                 |                                 |
| Expenditure on the various surplus fund                                         | (663,363.68)                    | (120,584.93)                    |
| Cash received from donors for the surplus fund                                  | 757,349.00                      | 1,155,779.00                    |
| (Refunded) to the government                                                    | (316,450.00)                    | (539,140.18)                    |
| Reimbursed by the government                                                    | 14,840.76                       | 22,189.80                       |
| Underspent over 50% for last year                                               | (364,876.22)                    | -                               |
| Transferred to the activities account                                           | 4,966.39                        | -                               |
| <b>Net cash (used in)/generated from financing activities</b>                   | <b>(567,533.75)</b>             | <b>518,243.69</b>               |
| <b>(Decrease)/Increase in cash and cash equivalents</b>                         | <b>(864,870.34)</b>             | <b>956,210.26</b>               |
| <b>Cash and cash equivalents brought forward</b>                                | <b>13,841,496.67</b>            | <b>12,885,286.41</b>            |
| <b>Cash and cash equivalents carried forward</b>                                | <b>12,976,626.33</b>            | <b>13,841,496.67</b>            |
| <b>Analysis of the balances of cash and cash equivalents :-</b>                 |                                 |                                 |
| Cash and bank balances                                                          | 12,976,626.33                   | 8,114,745.02                    |
| Fixed deposit                                                                   | -                               | 5,726,751.65                    |
|                                                                                 | <b>12,976,626.33</b>            | <b>13,841,496.67</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 No.1F Shiu Fai Terrace, Wan Chai, 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                     | Over the lease term of 5 years (2024: 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.

**Note 2 Aviation Education Fund**

|                         | As at<br>31/3/2025 | As at<br>31/3/2024 |
|-------------------------|--------------------|--------------------|
|                         | HK\$               | HK\$               |
| Balance brought forward | 250,000.00         | 250,000.00         |
| Balance carried forward | 250,000.00         | 250,000.00         |

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 3 Flying Eagle Programme Fund**

|                         | As at<br>31/3/2025 | As at<br>31/3/2024 |
|-------------------------|--------------------|--------------------|
|                         | 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.

HONG KONG AIR CADET CORPS  
NOTES TO FINANCIAL STATEMENTS

**Note 4 HYAB Subvention - Happy Family Thematic Project**

|                                                                                        | As at<br>31/3/2025 | As at<br>31/3/2024 |
|----------------------------------------------------------------------------------------|--------------------|--------------------|
|                                                                                        | HK\$               | HK\$               |
| Balance brought forward                                                                | (19,807.15)        | (22,189.80)        |
| Year 2023/2024 remaining balance reimbursed by HYAB                                    | 14,840.76 *        | 22,189.80          |
|                                                                                        | (4,966.39)         | -                  |
| Add : Non-approved expenditure by HYAB transfer to<br>Corps' other activities expenses | 4,966.39 *         | -                  |
|                                                                                        | -                  | -                  |
| Add : Current year's government subvention                                             | -                  | 52,050.00          |
| Participation fee income / Other subsidies                                             | -                  | 2,229.00           |
|                                                                                        | -                  | 54,279.00          |
| Less : Utilisation during the year                                                     | -                  | 71,857.15          |
| Other expenditure                                                                      | -                  | 2,229.00           |
| Balance carried forward                                                                | -                  | (19,807.15)        |

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

\* During the year, HYAB has finalised the Year 2023/2024 Happy Family Thematic Project and the remaining balance of HK\$14,840.76 were reimbursed by HYAB on 26th February 2025. There were a shortage of HK\$4,966.39 which representing the expenditure did not approved by HYAB. As a result, the Corps absorbed this expense and transferred to current years' activities expenses.

HONG KONG AIR CADET CORPS  
NOTES TO FINANCIAL STATEMENTS

**Note 5 HYAB Subvention - Scheme for Needy Student Members**

|                                                       | As at<br>31/3/2025<br>HK\$ | As at<br>31/3/2024<br>HK\$ |
|-------------------------------------------------------|----------------------------|----------------------------|
| Balance brought forward                               | 863,296.00                 | 539,121.00                 |
| (Refund) of last year's unspent<br>subvention to HYAB | (316,450.00)               | -                          |
|                                                       | 546,846.00                 | 539,121.00                 |
| Fund allocated for the year                           | -                          | 346,500.00                 |
|                                                       | 546,846.00                 | 885,621.00                 |
| Utilisation during the year                           | (3,325.00)                 | (22,325.00)                |
| Balance carried forward                               | 543,521.00                 | 863,296.00                 |

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

The subvention scheme for Needy Student Members by HYAB was terminated and the unspent subvention of HK\$543,521.00 was retained and fixed for future determination.

HONG KONG AIR CADET CORPS  
NOTES TO FINANCIAL STATEMENTS

**Note 6 The Hong Kong Jockey Club Charities Trust**  
**- Jockey Club Badges : Preparing Tomorrow's Leaders**

|                                          | As at<br>31/3/2025<br>HK\$ | As at<br>31/3/2024<br>HK\$ |
|------------------------------------------|----------------------------|----------------------------|
| Balance brought forward                  | 730,826.22                 | -                          |
| Add : Donation received                  | 755,000.00                 | 755,000.00                 |
| Other received                           | 2,349.00                   | -                          |
|                                          | <u>1,488,175.22</u>        | <u>755,000.00</u>          |
| Less : Underspent over 50% for last year | <u>(364,876.22)</u>        | -                          |
|                                          | 1,123,299.00               | 755,000.00                 |
| Less : Utilisation during the year       | <u>(660,038.68)</u>        | <u>(24,173.78)</u>         |
| Balance carried forward                  | <u>463,260.32</u>          | <u>730,826.22</u>          |

Jockey Club Badges : Preparing Tomorrow's Leader (the "Project") was donated by The Hong Kong Jockey Club Charities Trust (the "Trust") for uniformed groups to launch a two-year programme to nurture youth leadership and commitment to serve.

The project started on 1st December 2023 and end on 30th November 2025. The Corps have received two years donation totally HK\$1,510,000.00. An underspent for last year of HK\$364,876.22 was uphold by the Trust.

The Trust will select and appoint an auditor to access whether the donation have been fully and properly applied to the approved project in accordance with the approved project scope and the Budget and whether the Corps has complied with the conditions set out in the grant letter from the Trust and the Conditions of Grant set out herein.

HONG KONG AIR CADET CORPS  
NOTES TO FINANCIAL STATEMENTS

**Note 7 Cash and bank balances**

|                                          | As at<br>31/3/2025<br>HK\$ | As at<br>31/3/2024<br>HK\$ |
|------------------------------------------|----------------------------|----------------------------|
| HSBC - HK Dollar - Current Account No.:- |                            |                            |
| #808-620280-001                          | 264,690.52                 | 256,255.75                 |
| #808-620280-002                          | 804,602.83                 | 2,539,832.38               |
| #808-620280-003                          | 164,471.60                 | 135,737.85                 |
| #808-620280-004                          | 121,277.68                 | 213,634.44                 |
| #808-620280-005                          | 1,023,819.71               | 1,323,819.71               |
| #808-620280-006                          | 316,361.26                 | 478,161.26                 |
| #808-620280-007                          | 265,412.84                 | 338,289.84                 |
| #808-620280-008                          | 75,676.57                  | 75,676.57                  |
| #808-620280-009                          | 618,850.93                 | 754,641.83                 |
| #817-429079-001                          | 80,329.71                  | 80,329.71                  |
| HSBC - HK Dollar - Saving Account No.:-  |                            |                            |
| #808-620298-292                          | 25,360.23                  | 25,204.13                  |
| #808-620280-292                          | 32,135.37                  | 31,937.57                  |
| #848-176319-838                          | 2,099,667.76               | 1,431,695.63               |
| #741-641641-838                          | 6,787,487.00               | 127,496.14                 |
| HSBC - CNY Dollar - Saving Account No.:- |                            |                            |
| #848-176319-838                          | 293,927.32                 | 296,263.31                 |
| Cash in hand                             | 2,555.00                   | 5,768.90                   |
|                                          | <u>12,976,626.33</u>       | <u>8,114,745.02</u>        |

**Note 8 Other receivable**

Including in the amounts, there were a receivable of HK\$1,573,000.00 for the funding scheme "To Support the use of Vacant Government Sites By Non-Government Organisations" which is funded by the Development Bureau to the Corps. The receivable amounts represents the Corps expected to be received from Development Bureau for the release of retention money payable of HK\$1,562,000.00 and the audit fee of HK\$11,000.00. The Independent Auditors' Assurance Report and Project Accounts was issued on 16th July 2025.

Another amount of HK\$123,560.00 was the advance payment of a project 2023-2024 年度「青年內地交流資助計劃」- "大灣區創造前程、把握機遇之旅" (Ref: HYAB/YA1/7-5/2(2023-24)(H129-8)) funded by the Youth Development Commission to the Corps. The event was coordinated by the Heart to Root Association and carried out from 27th December 2023 to 30th December 2023. The Project Accounts would be submitted to YDC for approval.

HONG KONG AIR CADET CORPS  
NOTES TO FINANCIAL STATEMENTS

**Note 9 Funding Scheme**

|                  | As at<br>31/3/2025   | As at<br>31/3/2024 |
|------------------|----------------------|--------------------|
|                  | HK\$                 | HK\$               |
| Government grant | <u>31,764,568.30</u> | <u>386,160.00</u>  |

The Corps obtained a government grant from the Planning and Lands Branch of Development Bureau under the Funding Scheme to Support the Use of Vacant Government Sites by Non-Government Organisation for setting to a Proposed Youth Training Centre at Shiu Fai Terrace, Stubbs Road, Hong Kong ("Funding Scheme").

The main contract works was completed and substantial completion certificate was issued on 10th January 2025 by the consultant. The main contractor were required to fix up the defective works and variation works subsequent to the statement of financial position date.

In view of the major contracts works have been completed, the Corps' Finance Committee agreed to capitalise the property development cost HK\$32,150,728.30 into leasehold improvement on 1st January 2025. The detail breakdown are disclosed in Note 9a.

**Note 9a Property Development cost**

The accumulated total amount of property development cost as at 31st March 2025 of HK\$32,150,728.30 was categorized as follows:-

|                                                | As at<br>31/3/2025   | As at<br>31/3/2024 |
|------------------------------------------------|----------------------|--------------------|
|                                                | HK\$                 | HK\$               |
| Consultancy fee                                | 2,430,450.00         | 376,100.00         |
| Audit fee                                      | 21,000.00            | 10,000.00          |
| Pre-construction works                         | 947,278.30           | -                  |
| Main contract works                            | 28,752,000.00        | -                  |
|                                                | <u>32,150,728.30</u> | <u>386,100.00</u>  |
| Less : Capitalisation to leasehold improvement | <u>32,150,728.30</u> | <u>-</u>           |
|                                                | <u>-</u>             | <u>386,100.00</u>  |

The Corps will continued to capitalise the variation work and relevant expenses until the contract work are fully completed.

HONG KONG AIR CADET CORPS  
NOTES TO FINANCIAL STATEMENTS

**Note 10 Property, plant and equipment**

| At Cost                                | Leasehold<br>Improvement<br>HK\$ | General<br>Furniture,<br>Fixtures and<br>Equipment<br>HK\$ | Donated<br>Furniture,<br>Fixtures and<br>Equipment<br>HK\$ | General<br>Motor<br>Vehicles<br>HK\$ | Total<br>HK\$        |
|----------------------------------------|----------------------------------|------------------------------------------------------------|------------------------------------------------------------|--------------------------------------|----------------------|
| As at 31st March 2024                  | 1,311,996.80                     | 1,319,677.60                                               | 20,726.00                                                  | 285,500.00                           | 2,937,900.40         |
| Additions                              | 32,617,988.30                    | 1,407,797.20                                               | -                                                          | -                                    | 34,025,785.50        |
| (Written off)                          | (1,311,996.80)                   | -                                                          | -                                                          | -                                    | (1,311,996.80)       |
| <b>As at 31st March 2025</b>           | <b>32,617,988.30</b>             | <b>2,727,474.80</b>                                        | <b>20,726.00</b>                                           | <b>285,500.00</b>                    | <b>35,651,689.10</b> |
| <b>Less : Accumulated Depreciation</b> |                                  |                                                            |                                                            |                                      |                      |
| As at 31st March 2024                  | 1,310,620.04                     | 1,074,679.31                                               | 20,718.92                                                  | 276,456.41                           | 2,682,474.68         |
| Charge for the year                    | 1,630,899.42                     | 91,703.50                                                  | 1.77                                                       | 2,260.90                             | 1,724,865.59         |
| (Written back)                         | (1,310,620.04)                   | -                                                          | -                                                          | -                                    | (1,310,620.04)       |
| <b>As at 31st March 2025</b>           | <b>1,630,899.42</b>              | <b>1,166,382.81</b>                                        | <b>20,720.69</b>                                           | <b>278,717.31</b>                    | <b>3,096,720.23</b>  |
| <b>Net Book Value</b>                  |                                  |                                                            |                                                            |                                      |                      |
| As at 31st March 2025                  | 30,987,088.88                    | 1,561,091.99                                               | 5.31                                                       | 6,782.69                             | 32,554,968.87        |
| As at 31st March 2024                  | 1,376.76                         | 244,998.29                                                 | 7.08                                                       | 9,043.59                             | 255,425.72           |

HONG KONG AIR CADET CORPS  
NOTES TO FINANCIAL STATEMENTS

**Note 11 Subvention income**

|                                    | Year ended<br>31/3/2025 | Year ended<br>31/3/2024 |
|------------------------------------|-------------------------|-------------------------|
|                                    | HK\$                    | HK\$                    |
| Home and Youth Affairs Bureau      |                         |                         |
| - Recurrent subvention             | -                       | 2,693,758.00            |
| Government Flying Service          |                         |                         |
| - Recurrent subvention             | 3,040,258.00            | -                       |
| Community Chest                    |                         |                         |
| - Recurrent subvention             | 701,900.00              | 701,900.00              |
| - One off supplementary allocation | -                       | 70,190.00               |
|                                    | <u>3,742,158.00</u>     | <u>3,465,848.00</u>     |

Starting from the 2024-2025 fiscal year the Corps received sponsorship from the Government Flying Service. The Corps was under policy aegis of the Home and Youth Affairs Bureau for the 2023-2024 fiscal year.

**Note 12 Surplus on trading account**

|                                                                      | Note | Year ended<br>31/3/2025 | Year ended<br>31/3/2024 |
|----------------------------------------------------------------------|------|-------------------------|-------------------------|
|                                                                      |      | HK\$                    | HK\$                    |
| <b>Sales</b>                                                         |      | <u>110,727.50</u>       | <u>106,699.50</u>       |
| <b>Less : Cost of goods sold</b>                                     |      |                         |                         |
| Opening stock                                                        |      | 1,052,311.76            | 985,939.83              |
| Add : Purchase                                                       |      | <u>22,460.00</u>        | <u>169,956.88</u>       |
|                                                                      |      | 1,074,771.76            | 1,155,896.71            |
| Less : Closing stock                                                 | (1e) | 953,164.34              | 1,052,311.76            |
| Closing stock transfer to<br>souvenir account                        |      | 47,129.51               | 11,586.77               |
| Write off of obsolete stock                                          |      | <u>190.56</u>           | <u>17,311.18</u>        |
|                                                                      |      | 74,287.35               | 74,687.00               |
| <b>Surplus from trading account transfer to<br/>income statement</b> |      | <u>36,440.15</u>        | <u>32,012.50</u>        |

HONG KONG AIR CADET CORPS  
NOTES TO FINANCIAL STATEMENTS

**Note 13 Surplus fund from flag day**

|                                                  | <b>Year ended<br/>31/3/2025</b> | <b>Year ended<br/>31/3/2024</b> |
|--------------------------------------------------|---------------------------------|---------------------------------|
|                                                  | <b>HK\$</b>                     | <b>HK\$</b>                     |
| <b>Income</b>                                    |                                 |                                 |
| Appeal letters                                   | -                               | 169,284.00                      |
| Flag day collection                              | -                               | 159,649.25                      |
|                                                  | <u>-</u>                        | <u>328,933.25</u>               |
| <b>Less : Expenditure</b>                        |                                 |                                 |
| Audit fee                                        | -                               | 2,800.00                        |
| Cleaning and repair fees of flag bags            | -                               | 1,270.75                        |
| Insurance                                        | -                               | 2,637.64                        |
| Printing and stationery                          | -                               | 758.00                          |
| Sundry expenses                                  | -                               | 249.60                          |
|                                                  | <u>-</u>                        | <u>7,715.99</u>                 |
| <b>Surplus fund transfer to income statement</b> | <u>-</u>                        | <u>321,217.26</u>               |

The Corps had applied for the 2024-2025 Regional Flag Day. Subsequent to the Regional Flag Day Selection held on 9th November 2023, the Corps was put on the waiting list but no flag day occasions were available.

HONG KONG AIR CADET CORPS  
NOTES TO FINANCIAL STATEMENTS

**Note 14 Net deficit on various activities**

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

|                                                 | Year ended<br>31/3/2025 | Year ended<br>31/3/2024 |
|-------------------------------------------------|-------------------------|-------------------------|
|                                                 | HK\$                    | HK\$                    |
| Adult training                                  | 8,964.00                | 6,164.00                |
| Adventure Activities Squadron                   | 22,674.45               | 17,110.04               |
| Annual event activities                         | 130,289.55              | -                       |
| Vocational Qualifications Unit                  | 24,079.54               | 2,752.47                |
| Aircraft Engineering Workshop                   | 12,895.21               | (21,993.70)             |
| International Air Cadet Exchange Programme      | 194,774.40              | 7.10                    |
| International Air Cadet Exchange Association    | 11,124.23               | 1,912.79                |
| Other activities and courses                    | 45,133.70               | 20,655.20               |
| Assistance Scheme for members                   | 34,061.00               | -                       |
| Training activities                             | 1,071.08                | 71,838.34               |
| Mainland and local activities                   | 14,366.64               | 12,169.60               |
| Operations group programmes                     | 106,529.32              | 390,008.31              |
| Skills Development and Support Group Activities | 31,296.71               | 59,785.79               |
| Advanced Aviation Education Programme           |                         |                         |
| - Fixed Wing                                    | (7,186.37)              | 2,667.84                |
| - Helicopter                                    | -                       | 8,832.73                |
| Annual Parade                                   | 122,133.32              | -                       |
| Summer camp                                     | 123,474.50              | 108,051.47              |
| Ha Fa Shan - Youth Anti-Adversity Programme     | -                       | 274,000.00              |
|                                                 | <u>875,681.28</u>       | <u>953,961.98</u>       |

**Note 15 Executive Board Members' remuneration**

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

|                  | Year ended<br>31/3/2025 | Year ended<br>31/3/2024 |
|------------------|-------------------------|-------------------------|
|                  | HK\$                    | HK\$                    |
| Fees             | -                       | -                       |
| Other emoluments | -                       | -                       |

HONG KONG AIR CADET CORPS  
NOTES TO FINANCIAL STATEMENTS

**Note 16 Capital commitments**

As at 31st March 2025, the Corps had capital commitments as follows:-

|                                                         | Year ended<br>31/3/2025<br>HK\$ | Year ended<br>31/3/2024<br>HK\$ |
|---------------------------------------------------------|---------------------------------|---------------------------------|
| <u>In respect of the Proposed Youth Training Centre</u> |                                 |                                 |
| Contracted for                                          | 1,050,790.00                    | 39,413,840.00                   |
| Authorised but not contracted for                       | -                               | -                               |
|                                                         | <u>1,050,790.00</u>             | <u>39,413,840.00</u>            |
| <br><u>In respect of flight simulator</u>               |                                 |                                 |
| Contracted for                                          | 577,548.00                      | -                               |
| Authorised but not contracted for                       | -                               | -                               |
|                                                         | <u>577,548.00</u>               | <u>-</u>                        |

**Note 17 Approval of financial statements**

These financial statements were authorised for issue by the Corps' Executive Board Members  
on **22 SEP 2025**