

**SCOUT ASSOCIATION OF HONG KONG
COMMISSIONERS' CLUB**

(Incorporated in Hong Kong under Scout Association of Hong Kong Ordinance)

FINANCIAL REPORT

FOR THE YEAR ENDED 31 MARCH, 2010

潘麥尹會計師事務所
POON, MAK & WAN
Certified Public Accountants
Hong Kong

**SCOUT ASSOCIATION OF HONG KONG
COMMISSIONERS' CLUB**

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FINANCIAL REPORT

FOR THE YEAR ENDED 31 MARCH, 2010

CONTENTS

	PAGES
REPORT OF THE INDEPENDENT HONORARY AUDITOR	1-2
STATEMENT OF COMPREHENSIVE INCOME	3
STATEMENT OF FINANCIAL POSITION	4-5
STATEMENT OF CHANGES IN FUNDS	6
STATEMENT OF CASH FLOWS	7
NOTES TO THE FINANCIAL STATEMENTS	8-15



潘麥尹會計師事務所
POON, MAK & WAN

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Page 1

REPORT OF THE INDEPENDENT HONORARY AUDITOR

TO THE MEMBERS OF

**SCOUT ASSOCIATION OF HONG KONG
COMMISSIONERS' CLUB**

(Incorporated in Hong Kong under Scout Association of Hong Kong Ordinance)

I have audited the financial statements of Scout Association of Hong Kong Commissioners' Club (the "Club") set out on pages 3 to 15, which comprise the statement of financial position at 31 March, 2010, and the statement of comprehensive income, the statement of changes in funds and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

EXECUTIVE COMMITTEE MEMBERS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Executive Committee Members of the Club 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. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

My responsibility is to express an opinion on these financial statements based on my audit. This report is made solely to you, as a body, and for no other purpose. I do not assume responsibility towards or accept liability to any other person for the contents of the report.

I conducted my audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

OPINION

In my opinion, the financial statements give a true and fair view of the state of affairs of the Club at 31 March, 2010 and of its surplus and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards.



Poon Kin Wing, Kenneth
Certified Public Accountant
Hong Kong, 20 April, 2010

**SCOUT ASSOCIATION OF HONG KONG
 COMMISSIONERS' CLUB**

(Incorporated in Hong Kong under Scout Association of Hong Kong Ordinance)

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH, 2010
 (Expressed in Hong Kong dollars)

	Note	2009
INCOME		
Contractual fee		1,873,419.63
Entry fee		174,100.00
Other income	5	266,363.99
		2,427,331.38
ADMINISTRATIVE AND OTHER OPERATING EXPENSES		
Salaries		467,860.00
Contributions to provident fund		40,871.00
Building management fee		11,256.00
Staff medical allowance		2,152.00
Telephone & fax		3,649.26
Monthly fee for Cable TV		4,560.00
Printing & stationery		27,003.73
Newsletter		26,550.00
Licence fee		1,138,798.00
Insurance		2,351.00
Repairs & maintenance		37,560.00
Advertising		2,679.00
Programme expenses		11,164.20
Postage		27,236.00
Sundry expenses		30,195.10
Depreciation		120,419.20
Fixed assets written off		7,492.28
		(1,936,731.52)
SURPLUS FOR THE YEAR		352,086.85
OTHER COMPREHENSIVE INCOME		0.00
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		352,086.85

The notes on pages 8 to 15 form part of the financial statements

**SCOUT ASSOCIATION OF HONG KONG
COMMISSIONERS' CLUB**

(Incorporated in Hong Kong under Scout Association of Hong Kong Ordinance)

STATEMENT OF FINANCIAL POSITION

AT 31 MARCH, 2010

(Expressed in Hong Kong dollars)

	Note		2009
ASSETS			
CURRENT ASSETS			
Bank & cash balances	6	2,790,384.93	2,116,980.36
Account receivables		353,484.83	374,974.61
Amount due from HK Scout Foundation	7	3,500,000.00	3,500,000.00
Utility deposits		108,700.00	108,700.00
Sundry deposits		0.00	56,850.00
Inventories	8	23,655.00	7,905.00
		6,776,224.76	6,165,409.97
NON-CURRENT ASSETS			
Fixed assets	9	197,270.64	340,497.84
TOTAL ASSETS		6,973,495.40	6,505,907.81

**SCOUT ASSOCIATION OF HONG KONG
COMMISSIONERS' CLUB**

(Incorporated in Hong Kong under Scout Association of Hong Kong Ordinance)

STATEMENT OF FINANCIAL POSITION

AT 31 MARCH, 2010

(Expressed in Hong Kong dollars)

Note

2009

LIABILITIES AND FUNDS

CURRENT LIABILITIES

Account payables		1,321,193.12	944,677.89
Deposits received		200,000.00	200,000.00
		1,521,193.12	1,144,677.89

TOTAL LIABILITIES

1,521,193.12

1,144,677.89

FUNDS

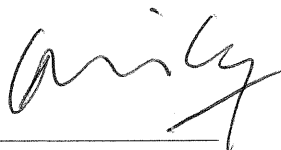
General fund	10	5,062,630.75	4,866,150.86
Sinking fund	11	389,671.53	495,079.06
		5,452,302.28	5,361,229.92

TOTAL LIABILITIES AND FUNDS

6,973,495.40

6,505,907.81

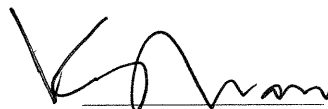
Approved and authorized for issue by the Executive Committee on 20 April, 2010



Chairman



Honorary Treasurer



Honorary Secretary

The notes on pages 8 to 15 form part of the financial statements

**SCOUT ASSOCIATION OF HONG KONG
 COMMISSIONERS' CLUB**

(Incorporated in Hong Kong under Scout Association of Hong Kong Ordinance)

**STATEMENT OF CHANGES IN FUNDS
 FOR THE YEAR ENDED 31 MARCH, 2010**

(Expressed in Hong Kong dollars)

	General fund	Sinking fund	Total
AT 1. 4.2008	4,713,587.79	434,205.28	5,147,793.07
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	352,086.85	0.00	352,086.85
TRANSFER TO SINKING FUND	(69,523.78)	69,523.78	0.00
CONTRIBUTIONS TO SCOUT ASSOCIATION OF HONG KONG FOR PROMOTING AND DEVELOPING SCOUTING	(130,000.00)	0.00	(130,000.00)
EXPENSES	0.00	(8,650.00)	(8,650.00)
AT 31.3.2009 AND 1.4.2009	4,866,150.86	495,079.06	5,361,229.92
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	490,599.86	0.00	490,599.86
TRANSFER TO SINKING FUND	(98,119.97)	98,119.97	0.00
CONTRIBUTIONS TO SCOUT ASSOCIATION OF HONG KONG FOR PROMOTING AND DEVELOPING SCOUTING	(196,000.00)	0.00	(196,000.00)
EXPENSES	0.00	(203,527.50)	(203,527.50)
AT 31.3.2010	5,062,630.75	389,671.53	5,452,302.28

**SCOUT ASSOCIATION OF HONG KONG
 COMMISSIONERS' CLUB**

(Incorporated in Hong Kong under Scout Association of Hong Kong Ordinance)

**STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED 31 MARCH, 2010**

(Expressed in Hong Kong dollars)

2009

CASH FLOWS FROM OPERATING ACTIVITIES

Surplus for the year	490,599.86	352,086.85
Adjustments for:		
Depreciation	143,227.20	120,419.20
Fixed assets written off	0.00	7,492.28
Interest income	(220.29)	(6,445.63)
Operating surplus before changes in working capital	633,606.77	473,552.70
Increase in inventories	(15,750.00)	23,735.00
Decrease in account receivables	21,489.78	139,180.61
Decrease in sundry deposits	56,850.00	(56,850.00)
Decrease in prepayments	0.00	3,640.00
Increase in account payables	376,515.23	(645,889.73)
Decrease in sinking fund	(105,407.53)	60,873.78
Net cash inflow from operating activities	967,304.25	(1,757.64)

CASH FLOWS FROM INVESTING ACTIVITIES

Payments for purchase of fixed assets	0.00	(187,359.00)
Contributions to Scout Association of Hong Kong	(196,000.00)	(130,000.00)
Transfer to sinking fund	(98,119.97)	(69,523.78)
Interest received	220.29	6,445.63
Net cash outflow from investing activities	(293,899.68)	(380,437.15)

NET INCREASE IN CASH AND CASH EQUIVALENTS	673,404.57	(382,194.79)
CASH AND CASH EQUIVALENTS AT 1.4.2009	2,116,980.36	2,499,175.15
CASH AND CASH EQUIVALENTS AT 31.3.2010	2,790,384.93	2,116,980.36

**SCOUT ASSOCIATION OF HONG KONG
COMMISSIONERS' CLUB**

(Incorporated in Hong Kong under Scout Association of Hong Kong Ordinance)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH, 2010**

(Expressed in Hong Kong dollars)

1. GENERAL INFORMATION

The Club is a scout unit of Scout Association of Hong Kong which is a body corporate with perpetual succession established under Scout Association of Hong Kong Ordinance. The registered office of the Club is located at 8/F., Hong Kong Scout Centre, Scout Path, Austin Road, Kowloon, Hong Kong.

The Club is a non-profit making organization and its principal activity is to provide facilities and activities to the members. The Club is operated under a membership system where all members are required to pay membership fees and programme fees.

On cessation or dissolution of the Club, Scout Association of Hong Kong would be the legal owner of all funds and assets under the name of the Club.

The functional currency of the Club is Hong Kong dollars. These financial statements are presented in Hong Kong dollars.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collectively includes all applicable individual HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and accounting principles generally accepted in Hong Kong.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Club. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Club for the current and prior accounting periods reflected in these financial statements.

(b) Basis of preparation of the financial statements

The measurement basis used in the preparation of the financial statements is the historical cost basis.

The preparation of financial statements in conformity with HKFRSs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(c) Fixed assets, depreciation and impairment losses

Fixed assets are stated at cost less depreciation and any impairment losses. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its present working condition and location for its intended use. Expenditure incurred after the fixed asset has been put into operation, such as repairs and maintenance and overhaul costs, is normally charged to the statement of comprehensive income in the financial period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the fixed asset, the expenditure is capitalised as an additional cost of the fixed asset. The gain or loss arising from disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of comprehensive income.

Depreciation is calculated to write off the cost of the fixed assets on the straight line basis over their anticipated useful lives at the following annual rates:

Office equipment	20%
Furniture & fixtures	20%

(d) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost includes the cost of purchase computed using the first-in-first-out method. Net realisable value is based on anticipated selling price.

(e) Assets held for use in operating leases

Where the Club leases out assets under operating lease, the assets are included in the statement of financial position according to their nature and, where applicable, are depreciated in accordance with the Club's depreciation policies. Revenue arising from operating leases is recognised in accordance with the Club's revenue recognition policies.

(f) Receivables

Receivables are initially recognised at fair value and thereafter stated at amortised costs less impairment of receivables, except where the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less impairment of receivables.

(g) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

(h) Payables

Payables are initially recognised at fair value and thereafter stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(i) Impairment of assets

Internal and external sources of information are reviewed at each date of statement of financial position to identify indications that the assets may be impaired or an impairment loss previously recognised no longer exists or may have decreased. If any such indication exists, the asset's recoverable amount is estimated. The recoverable amount of an asset is the greater of its net selling price and value in use. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment losses are recognised immediately in the statement of comprehensive income.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the statement of comprehensive income.

(j) Revenue recognition

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

- (i) Contractual fees are recognised on a time proportion in accordance with the substance of the relevant agreement.
- (ii) Entry fees are recognised on a cash basis.
- (iii) Interest income is recognised on a time proportion basis.
- (iv) Yield from investment is recognised on actual receipt in accordance with the substance of the relevant agreement.
- (v) Rental income under operating lease is recognised on a time proportion basis in accordance with the lease terms.
- (vi) Income not designated for any specific purpose is dealt with at the discretion of the Executive Committee.

(k) Retirement benefit schemes

The Club maintains a defined contribution staff retirement scheme, an exempted Recognised Occupational Retirement Schemes under the Hong Kong Mandatory Provident Fund Schemes Ordinance, for all qualified employees. The amount of the employer's contributions payable to the Club's defined contribution scheme is charged directly to the statement of comprehensive income when incurred.

3. CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued one new HKFRS, a number of amendments to HKFRSs and new Interpretations that are first effective for the current accounting period of the Club. Of these, the following developments are relevant to the Club's financial statements:

HKAS 1 (revised 2007), Presentation of financial statements

As a result of the adoption of HKAS 1 (revised 2007), the income and expenditure account is renamed as the "Statement of Comprehensive Income", the balance sheet is renamed as the "Statement of Financial Position" and the Cash Flow Statement is renamed as the "Statement of Cash Flows". All income and expenses arising from transactions are presented under the "Statement of Comprehensive Income", and the total carried to the "Statement of Changes in Funds". This change in presentation has no effect on reported surplus or deficit, total income and expense or net assets for any period presented.

4. ACCOUNTING ESTIMATES AND JUDGMENTS

The methods, estimates and judgments the Executive Committee Members used in applying the Club's accounting policies have a significant impact on the Club's financial position and operating results. Some of the accounting policies require the Club to apply estimates and judgments, on matters that are inherently uncertain. Certain critical accounting judgments in applying the Club's accounting policies are described below.

Depreciation

Fixed assets are depreciated on a straight-line basis over the estimated useful lives. The Club reviews annually the useful life of an asset. The depreciation expenses for future periods are adjusted if there are significant changes from previous estimates.

5. OTHER INCOME

2009

Investment returns from HK Scout Foundation	157,500.00	171,500.00
Interest income	220.29	6,445.63
Sales of red wine	111,060.00	19,680.00
Sales of tie	0.00	15.00
Spending commission rebate	57,276.96	67,174.86
Handling charges received	1,600.00	800.00
Donations	5,000.00	0.00
Rental income	12,000.00	0.00
Sundry income	0.00	748.50
	344,657.25	266,363.99

6. BANK AND CASH BALANCES

2009

Deposits with bank	206,623.55	206,589.37
Bank and cash balances	2,583,761.38	1,910,390.99
Cash and cash equivalents in the statement of cash flows	2,790,384.93	2,116,980.36

7. AMOUNT DUE FROM HK SCOUT FOUNDATION

2009

At 1.4.2009	3,500,000.00	3,500,000.00
Net movement during the year	0.00	0.00
At 31.3.2010	3,500,000.00	3,500,000.00

Amount due from HK Scout Foundation is unsecured, non-interest-bearing and has no fixed repayment terms.

8. INVENTORIES

2009

Goods for resale	23,655.00	7,905.00
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9. FIXED ASSETS

	Office equipment	Furniture & fixtures	Total
Cost:			
At 1.4.2008	347,532.75	7,907,783.80	8,255,316.55
Additions	183,359.00	4,000.00	187,359.00
Written off	(19,320.00)	(6,735.00)	(26,055.00)
At 31.3.2009 & 1.4.2009	511,571.75	7,905,048.80	8,416,620.55
Additions	0.00	0.00	0.00
At 31.3.2010	511,571.75	7,905,048.80	8,416,620.55
Accumulated depreciation:			
At 1.4.2008	329,023.89	7,645,242.34	7,974,266.23
Charge for the year	25,978.55	94,440.65	120,419.20
Written back	(14,789.71)	(3,773.01)	(18,562.72)
At 31.3.2009 & 1.4.2009	340,212.73	7,735,909.98	8,076,122.71
Charge for the year	37,665.84	105,561.36	143,227.20
At 31.3.2010	377,878.57	7,841,471.34	8,219,349.91
Net carrying amounts:			
At 31.3.2010	133,693.18	63,577.46	197,270.64
At 31.3.2009	171,359.02	169,138.82	340,497.84

10. GENERAL FUND

2009

At 1.4.2009	4,866,150.86	4,713,587.79
Total comprehensive income for the year	490,599.86	352,086.85
Transfer to sinking fund	(98,119.97)	(69,523.78)
Contributions to Scout Association of Hong Kong for promoting and developing Scouting	(196,000.00)	(130,000.00)
At 31.3.2010	5,062,630.75	4,866,150.86

General fund was set up for financing daily operations, such as the payment of salaries, allowances and related expenses of the staff of the Club, as well as all management expenses and daily operating expenses incurred by the Club. The surplus of the fund can be used to subsidize Scout Association of Hong Kong.

11. SINKING FUND

2009

At 1.4.2009	495,079.06	434,205.28
Transfer from general fund	98,119.97	69,523.78
Expenses	(203,527.50)	(8,650.00)
At 31.3.2010	389,671.53	495,079.06

Sinking fund was set up for financing future decoration, equipment and facilities.

12. FUNDS MANAGEMENT

Funds comprise of general fund and sinking fund as stated on the statement of financial position. The Club's objective when managing the funds is to safeguard its ability to continue as going concern, so that it can continue to provide benefits and welfare to its members.

The Club manages the fund by regularly monitoring its current and expected liquidity requirements.

13. FINANCIAL INSTRUMENTS

Exposure to liquidity and interest rate risks arises in the normal course of the Club's operation. These risks are limited by the Club's financial management policies and practices described below.

(a) Liquidity risk

The Club has no significant exposure to liquidity risk. At 31 March, 2010, the Club maintains adequate reserves of cash to meet its liquidity requirements in the short and longer term.

(b) Interest rate risk

The Club is exposed to interest rate risk through the impact of rate changes on bank deposits. Except for the Club's bank deposits, the Club has no significant interest-bearing assets. The Club does not use any derivative instruments to reduce its economic exposure to changes in interest rates.

Sensitivity analysis

At 31 March, 2010, it is estimated that a general increase or decrease of 1 percent in interest rates, with all other variables held constant, would increase or decrease the Club's surplus for the year by approximately \$27,000.00 (2009: \$21,000.00) and the general fund.

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the date of statement of financial position and had been applied to the exposure to interest rate risk for both derivative and non-derivative financial instruments in existence at that date.

- (c) Fair values of financial instruments carried at other than fair values

All financial instruments are carried at amounts not materially different from their fair values at 31 March, 2010 and 2009.

14. CONTINGENT LIABILITIES

At 31 March, 2010, the Club had no material outstanding contingent liabilities.

15. COMMITMENTS

- (a) Capital commitments

At 31 March, 2010, the Club had the following capital commitments:

		2009
Contracted but not provided for	0.00	56,850.00
Authorized but not contracted for	0.00	0.00

- (b) Operating lease commitments

At 31 March, 2010, the Club had no material operating lease commitments.

16. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR

Up to the date of issue of these financial statements, the HKICPA has issued the following amendments, new standards and interpretations which are not yet effective for the year and which may be relevant to the Club's operations and financial statements:

	Effective for accounting periods beginning on or after
Improvements to HKFRSs 2009	1 July, 2009 or 1 January, 2010

The Club is in the process of making an assessment of what the impact of these amendments, new standards and interpretations is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Club's results of operations and financial position.