

**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, 2017

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

**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, 2017

CONTENTS

	PAGES
REPORT OF THE INDEPENDENT HONORARY AUDITORS	1-2
STATEMENT OF INCOME AND EXPENDITURES AND OTHER COMPREHENSIVE INCOME	3
STATEMENT OF FINANCIAL POSITION	4
STATEMENT OF CHANGES IN FUNDS	5
STATEMENT OF CASH FLOWS	6
NOTES TO THE FINANCIAL STATEMENTS	7-14



REPORT OF THE INDEPENDENT HONORARY AUDITORS

TO THE MEMBERS OF
**SCOUT ASSOCIATION OF HONG KONG
COMMISSIONERS' CLUB**

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

We have audited the financial statements of Scout Association of Hong Kong Commissioners' Club (the "Club") set out on pages 3 to 14, which comprise the statement of financial position as at 31 March, 2017, and the statement of income and expenditures and other comprehensive income, the statement of changes in funds and the 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 Club as at 31 March, 2017 and of its financial performance and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

BASIS FOR 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 Club 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.

RESPONSIBILITIES OF EXECUTIVE COMMITTEE MEMBERS' AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

The Executive Committee Members of the Club 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 for such internal control as the Executive Committee 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 Committee Members of the Club are responsible for assessing the Club's 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 Committee Members either intend to liquidate the Club or to cease operations, or have no realistic alternative but to do so.

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

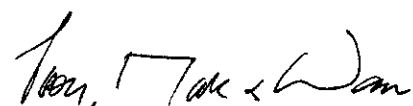
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of the report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's 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 HKSA's, 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 Club's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Executive Committee Members.
- Conclude on the appropriateness of the Executive Committee 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 Club's 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 Club to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance 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.



Poon, Mak & Wan
Certified Public Accountant
Hong Kong, 13 JUN 2017

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

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

**STATEMENT OF INCOME AND EXPENDITURES
 AND OTHER COMPREHENSIVE INCOME**

FOR THE YEAR ENDED 31 MARCH, 2017

(Expressed in Hong Kong dollars)

	Note	2017	2016
INCOME			
Contractual fee		2,662,720.10	2,675,418.98
Entry fee		144,000.00	133,000.00
Programme income		579.00	514.70
Other income	4	214,759.56	222,027.15
		3,022,058.66	3,030,960.83
ADMINISTRATIVE AND OTHER OPERATING EXPENSES			
Salaries		707,820.00	676,140.00
Contributions to provident fund		106,176.00	101,424.00
Building management fee		23,911.20	22,140.00
Staff medical allowance		1,642.90	870.00
Telephone & fax		19,659.00	19,387.80
Printing & stationery		28,081.34	61,729.09
Advertising		17,741.00	0.00
Newsletter		18,850.00	24,274.00
Gardening		91,800.00	0.00
Licence fee	5	1,732,386.00	1,694,152.00
Insurance		3,637.00	5,957.00
Repairs & maintenance		1,920.00	1,320.00
Postages		19,699.00	29,696.00
Sundry expenses		15,104.90	5,016.29
Fixed assets written off		0.00	65,029.36
Depreciation		433,647.49	557,645.66
		(3,222,075.83)	(3,264,781.20)
DEFICIT FOR THE YEAR		(200,017.17)	(233,820.37)
OTHER COMPREHENSIVE INCOME		0.00	0.00
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(200,017.17)	(233,820.37)

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

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

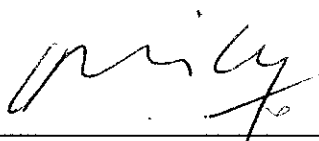
STATEMENT OF FINANCIAL POSITION

AT 31 MARCH, 2017

(Expressed in Hong Kong dollars)

	Note	2017	2016
NON-CURRENT ASSETS			
Fixed assets	6	684,043.80	1,106,991.29
CURRENT ASSETS			
Inventories	7	20,124.00	25,738.00
Accounts receivable		322,212.25	306,518.49
Amount due from Hong Kong Scout Foundation	8	2,500,000.00	2,500,000.00
Utility deposits		107,500.00	107,500.00
Bank & cash balances	9	2,959,692.63	2,863,078.72
		5,909,528.88	5,802,835.21
CURRENT LIABILITIES			
Accounts payable		680,660.89	786,277.54
Deposits received		200,000.00	200,000.00
		880,660.89	986,277.54
NET CURRENT ASSETS		5,028,867.99	4,816,557.67
NET ASSETS		5,712,911.79	5,923,548.96
FUNDS			
General fund	10	5,579,123.86	5,779,141.03
Sinking fund	11	133,787.93	144,407.93
TOTAL FUNDS		5,712,911.79	5,923,548.96

Approved and authorised for issue by the Executive Committee on 13 JUN 2017



Hui Chiu Yin, John
 Chairman



Ma Hok Yam, Ernest
 Honorary Treasurer



Lau Fu Kwok
 Honorary Secretary

**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, 2017**

(Expressed in Hong Kong dollars)

	General Fund	Sinking Fund	Total
AT 1.4.2015	6,012,961.40	201,647.93	6,214,609.33
DEFICIT FOR THE YEAR	(233,820.37)	0.00	(233,820.37)
OTHER COMPREHENSIVE INCOME	0.00	0.00	0.00
UTILISATION	0.00	(57,240.00)	(57,240.00)
AT 31.3.2016 AND 1.4.2016	5,779,141.03	144,407.93	5,923,548.96
DEFICIT FOR THE YEAR	(200,017.17)	0.00	(200,017.17)
OTHER COMPREHENSIVE INCOME	0.00	0.00	0.00
UTILISATION	0.00	(10,620.00)	(10,620.00)
AT 31.3.2017	5,579,123.86	133,787.93	5,712,911.79

**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, 2017**

(Expressed in Hong Kong dollars)

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Deficit for the year	(200,017.17)	(233,820.37)
Adjustments for:		
Fixed assets written off	0.00	65,029.36
Depreciation	433,647.49	557,645.66
Interest income	(67.56)	(74.15)
Operating surplus before changes in working capital	233,562.76	388,780.50
Decrease in inventories	5,614.00	24,534.00
Increase in accounts receivable	(15,693.76)	25,404.01
Decrease in accounts payable	(105,616.65)	(300,032.68)
Decrease in sinking fund	(10,620.00)	(57,240.00)
Net cash inflow from operating activities	107,246.35	81,445.83
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for purchase of fixed assets	(10,700.00)	(887,747.00)
Interest received	67.56	74.15
Net cash outflow from investing activities	(10,632.44)	(887,672.85)
NET INCREASE IN CASH AND CASH EQUIVALENTS	96,613.91	(806,227.02)
CASH AND CASH EQUIVALENTS AT 1.4.2016	2,863,078.72	3,669,305.74
CASH AND CASH EQUIVALENTS AT 31.3.2017	2,959,692.63	2,863,078.72

**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, 2017

(Expressed in Hong Kong dollars)

1. GENERAL INFORMATION

The Club is a subsidiary 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 entry 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. The financial statements are presented in Hong Kong dollars.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

The 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 the 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, except for investments in trading securities and available-for-sales financial assets which are stated at fair value. Non-current assets and disposal groups held for sale are stated at the lower of carrying amount and fair value less costs to sell.

The preparation of the 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 recognised as an expense 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 profit or loss.

Depreciation is calculated to write off the cost of the fixed assets using the straight-line method over their estimated useful lives at an annual rate as follows:

Office equipment	20%
Furniture & fixtures	20%
Leasehold improvements	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 losses, except where the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less impairment losses.

(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 the end of each reporting period to identify indications that the assets other than investment properties and inventories may be impaired or impairment losses 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 profit or loss.

Where impairment losses subsequently reverse, 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 losses been recognised for the asset in prior years. A reversal of impairment losses is recognised immediately in profit or loss.

(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) Service income is recognised when the relevant service is provided.
- (iv) Interest income is recognised on a time proportion basis.
- (v) Yield from investment is recognised on income received in accordance with the substance of the relevant agreement.
- (vi) Rental income under operating lease is recognised on a time proportion basis in accordance with the lease term.
- (vii) 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 recognised as an expense when incurred.

3. CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued a number of amendments to HKFRSs and new Interpretations that are first effective for the current accounting period of the Club. None of these developments have had a material effect on how the Club's results and financial position for the current or prior periods have been prepared or presented.

The Club has not applied any new standard or interpretation that is not yet effective for the current accounting period.

4. OTHER INCOME

	2017	2016
Investment returns from Hong Kong Scout Foundation	115,000.00	115,000.00
Interest income	67.56	74.15
Sales of red wine	3,192.00	14,276.00
Sales of scarf	50.00	14.00
Donation	10,000.00	0.00
Spending commission rebate	57,925.00	63,563.00
Handling charges received	4,500.00	5,100.00
Rental income	24,000.00	24,000.00
Rebate commission	25.00	0.00
	214,759.56	222,027.15

5. LICENCE FEE

The Club paid licence fee amounted to \$1,730,736.00 and \$1,650.00 (2016: \$1,692,912.00 and \$1,240.00) to the Headquarters of Scout Association of Hong Kong and Liquor Licensing Board respectively.

6. FIXED ASSETS

	Leasehold improvements	Office equipment	Furniture & fixtures	Total
Cost:				
At 1.4.2015	2,609,190.73	557,376.75	7,905,048.80	11,071,616.28
Additions	887,747.00	0.00	0.00	887,747.00
Written off	(98,080.00)	0.00	0.00	(98,080.00)
At 31.3.2016 & 1.4.2016	3,398,857.73	557,376.75	7,905,048.80	11,861,283.28
Additions	0.00	10,700.00	0.00	10,700.00
At 31.3.2017	3,398,857.73	568,076.75	7,905,048.80	11,871,983.28
Accumulated depreciation:				
At 1.4.2015	1,803,934.62	520,713.55	7,905,048.80	10,229,696.97
Charge for the year	549,344.66	8,301.00	0.00	557,645.66
Written back	(33,050.64)	0.00	0.00	(33,050.64)
At 31.3.2016 & 1.4.2016	2,320,228.64	529,014.55	7,905,048.80	10,754,291.99
Charge for the year	425,828.16	7,819.33	0.00	433,647.49
At 31.3.2017	2,746,056.80	536,833.88	7,905,048.80	11,187,939.48
Net carrying amounts:				
At 31.3.2017	652,800.93	31,242.87	0.00	684,043.80
At 31.3.2016	1,078,629.09	28,362.20	0.00	1,106,991.29

7. INVENTORIES

	2017	2016
Goods for resale	20,124.00	25,738.00

8. AMOUNT DUE FROM HONG KONG SCOUT FOUNDATION

	2017	2016
At 1.4.2016	2,500,000.00	2,500,000.00
Net movement during the year	0.00	0.00
At 31.3.2017	2,500,000.00	2,500,000.00

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

9. BANK AND CASH BALANCES

	2017	2016
Bank and cash balances	2,959,692.63	2,863,078.72
Cash and cash equivalents in the statement of cash flows	2,959,692.63	2,863,078.72

10. GENERAL FUND

	2017	2016
At 1.4.2016	5,779,141.03	6,012,961.40
Total comprehensive loss for the year	(200,017.17)	(233,820.37)
At 31.3.2017	5,579,123.86	5,779,141.03

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 subsidise Scout Association of Hong Kong.

11. SINKING FUND

	2017	2016
At 1.4.2016	144,407.93	201,647.93
Utilisation	(10,620.00)	(57,240.00)
At 31.3.2017	133,787.93	144,407.93

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 of managing the funds is to safeguard its ability to continue as a 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, 2017, 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, 2017, it is estimated that a general increase or decrease of 1 percent in interest rates, with all other variables held constant, would have decreased or increased the Club's deficit for the year by approximately \$28,900.00 (2016: \$28,100.00) and increased or decreased the general fund.

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of the reporting period 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, 2017 and 2016.

14. CONTINGENT LIABILITIES

At 31 March, 2017, the Club had no material outstanding contingent liabilities.

15. COMMITMENTS

At 31 March, 2017, the Club had no material capital and 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 the 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
Amendments to HKAS 7	Statement of cash flows: Disclosure initiative	1 January, 2017
HKFRS 9	Financial instruments	1 January, 2018
HKFRS 15	Revenue from contract with customers	1 January, 2018

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.