

**SCOUT ASSOCIATION OF HONG KONG  
COMMISSIONERS' CLUB  
AUDITED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2007**

**POON SUK CHING**

**CERTIFIED PUBLIC ACCOUNTANT**

*Poon Suk Ching*

**Certified Public Accountant  
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**HONORARY AUDITOR'S REPORT  
TO THE EXECUTIVE COMMITTEE MEMBERS OF  
SCOUT ASSOCIATION OF HONG KONG  
COMMISSIONERS' CLUB**

I have audited the financial statements set out on pages 2 to 10, which comprise the balance sheet as at 31 March 2007, and the income statement and cash flow statement for the period from 1 April 2006 to 31 March 2007, and a summary of significant policies and other explanatory notes.

**Executive Committee Members' responsibilities for the financial statements**

The Executive Committee Members are responsible for the preparation and the true and fair presentation of these financial statements in accordance with the 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 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. 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 judgement, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Club'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 Club'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 the Club's affairs as at 31 March 2007 and of its surplus and cash flow for the year ended 31 March 2007 in accordance with the Hong Kong Financial Reporting Standards.

  
POON Suk Ching  
Certified Public Accountant, Hong Kong

Dated,

17 MAY 2007

**SCOUT ASSOCIATION OF HONG KONG  
COMMISSIONERS' CLUB  
BALANCE SHEET - 31 MARCH 2007**

	Note	2007 HK\$	2006 HK\$
<b>Non-current assets</b>			
Property, plant and equipment	3	390,326.30	510,568.60
<b>Sinking fund</b>			
Cash at bank	6	(59,106.39)	447,906.43
<b>Current assets</b>			
Stocks		6,400.00	9,675.00
Accounts receivable		417,845.17	413,915.70
Utility deposits		108,700.00	108,700.00
Amount due from HK Scout Foundation		4,000,000.00	4,000,000.00
Cash at bank and in hand		1,210,582.24	594,229.90
		<b>5,743,527.41</b>	<b>5,126,520.60</b>
<b>Less : Current liabilities</b>			
Accounts payable		861,705.49	608,015.47
Accrued expenses		399,807.11	425,101.35
Receipt in advance		-	500.00
		<b>1,261,512.60</b>	<b>1,033,616.82</b>
<b>Net current assets</b>		<b>4,482,014.81</b>	<b>4,092,903.78</b>
<b>Net assets</b>		<b>4,813,234.72</b>	<b>5,051,378.81</b>
<b>Accumulated fund</b>			
General fund	4	4,872,341.11	4,603,472.38
Sinking fund	5	(59,106.39)	447,906.43
		<b>4,813,234.72</b>	<b>5,051,378.81</b>

The annexed notes form an integral part of the financial statements.

The financial statements were approved by the Executive Committee on **17 MAY 2007**

Chairman

Honorary Treasurer

**SCOUT ASSOCIATION OF HONG KONG  
COMMISSIONERS' CLUB  
INCOME AND EXPENDITURE ACCOUNT - GENERAL FUND  
FOR THE YEAR ENDED 31 MARCH 2007**

	Note	2007 HK\$	2006 HK\$
<b>Income</b>			
Contractual fee		1,868,952.74	1,751,231.51
Entry fee		94,400.00	75,600.00
Other income	6	417,661.36	494,001.50
		<b>2,381,014.10</b>	<b>2,320,833.01</b>
<b>Less : Expenditure</b>			
Cable TV monthly fees		4,560.00	4,560.00
Depreciation		118,380.26	159,729.58
Insurance		2,170.00	1,761.00
Licence fee		1,019,134.00	1,019,134.00
Management fee		11,260.00	11,260.00
Newspaper and magazine		684.00	1,699.40
Newsletter		26,960.00	20,000.00
Parking coupon		1,270.00	12,390.00
Postage		34,359.60	19,914.80
Printing and stationery		38,436.95	19,706.85
Provident fund		28,940.00	18,052.00
Repairs and maintenance		24,270.00	21,880.00
Salaries		381,460.00	361,010.00
Staff medical allowance		1,500.00	1,795.00
Sponsorship		-	35,000.00
Subsidy to activities		20,677.00	32,996.50
Sundry expenses		6,675.90	7,294.52
Telephone and fax		4,928.44	4,016.44
Written off		6,762.04	-
		<b>1,732,428.19</b>	<b>1,752,200.09</b>
<b>Surplus for the year</b>		<b>648,585.91</b>	<b>568,632.92</b>

There were no recognized surplus or deficits other than the surplus for the year.

The annexed notes form an integral part of these financial statements.

**SCOUT ASSOCIATION OF HONG KONG  
COMMISSIONERS' CLUB  
CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 MARCH 2007**

	2007 HK\$	2006 HK\$
<b>Cash flow from operating activities</b>		
Surplus for the year	648,585.91	568,632.92
Interest income	(36,577.18)	(14,951.20)
Depreciation	118,380.26	159,729.58
Write off	6,762.04	-
Operating profit before changes in working capital	737,151.03	713,411.30
Decrease in stock	3,275.00	2,950.00
Increase in accounts receivables	(3,929.47)	(368,357.15)
Increase in accounts payables	253,690.02	86,381.59
(Decrease)/Increase in accrued expenses	(25,294.24)	171,284.79
Decrease in receipt in advance	(500.00)	-
Decrease in sinking fund	(507,012.82)	(575,141.42)
Cash flow from operating activities	457,379.52	30,529.11
Cash flow from investing activities		
Purchase of fixed assets	(4,900.00)	(542,962.00)
Contribution to SAHK	(250,000.00)	(227,000.00)
Transfer to sinking fund	(129,717.18)	(113,726.58)
Interest income	36,577.18	14,951.20
Net cash generated from/(used in) investing activities	(348,040.00)	(868,737.38)
Net increase in cash and cash equivalents	109,339.52	(838,208.27)
Cash and cash equivalents at 1 April	1,042,136.33	1,880,344.60
Cash and cash equivalents at 31 March	1,151,475.85	1,042,136.33

**SCOUT ASSOCIATION OF HONG KONG  
COMMISSIONERS' CLUB  
CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 MARCH 2007**

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	<b>2007</b>	2006
	<b>HK\$</b>	HK\$
<b>ANAYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS</b>		
Cash at bank and in hand	<b>1,210,582.24</b>	594,229.90
Cash at bank – Sinking Fund	<b>(59,106.39)</b>	447,906.43
	<b><u>1,151,475.85</u></b>	<u>1,042,136.33</u>

The annexed notes form an integral part of these financial statements.

**SCOUT ASSOCIATION OF HONG KONG  
COMMISSIONERS' CLUB  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2007**

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**1. ORGANIZATION AND ACTIVITIES**

The Commissioners' 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 for the purpose of providing facilities and activities to the members. The Club is operated under a membership system where all members are required to pay membership fees and program fees.

**2. SIGNIFICANT ACCOUNTING POLICIES**

**a. Basis of preparation**

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (HKFRSs), Hong Kong Accounting Standards (HKASs) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (HKICPA), accounting principles generally accepted in Hong Kong. They have been prepared under the historical cost convention.

**b. Property, plant and equipment**

Property, plant and equipment are stated at cost less depreciation and impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated to write off the cost, less their residual values, if any, over their estimated useful lives, using the straight line method, at the following rates per annum:

Furniture and fixtures	20%
Office equipment	20%

The residual value and useful life of an asset are reviewed, and adjusted, if appropriate, at each balance sheet date.

**SCOUT ASSOCIATION OF HONG KONG  
COMMISSIONERS' CLUB  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2007**

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**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**b. Property, plant and equipment (Cont'd)**

The Club assesses at each reporting date whether there is any indication that any items of property, plant and equipment may be impaired and that an impairment loss recognized in prior periods for an item may have decreased. If any such indication exists, the Club estimates the recoverable amount of the item. An impairment loss, being the amount by which the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount, or a reversal of impairment loss is recognized immediately in income and expenditure account.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in the income and expenditure account when the item is derecognised and is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

**c. Income and expenditure**

Income and expenditure are accounted for on an accrual basis except for donations and annual subscription which are recognised for on a cash basis.

Income not designated for any specific purpose is either dealt with in the income and expenditure account or credited to the Member Foundation Fund at the discretion of the executive committee.

**d. Stocks**

Stocks are stated at the lower of cost and net realisable value, cost being calculated on a first in first out basis. Net realisable value is determined on the basis of current anticipated sales proceeds less estimated selling expenses.

**e. Taxation**

The Commissioner's Club is exempted from Hong Kong Profits Tax under Section 88 of the Inland Revenue Ordinance.

**SCOUT ASSOCIATION OF HONG KONG  
COMMISSIONERS' CLUB  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2007**

**3. FIXED ASSETS**

	Office Equipment HK\$	Furniture and Fixtures HK\$	Total HK\$
<b>Cost</b>			
At 1.4.2006	337,662.75	7,916,083.80	8,253,746.55
Additions	4,900.00	-	4,900.00
Written off	-	(8,300.00)	(8,300.00)
At 31.3.2007	342,562.75	7,907,783.80	8,250,346.55
<b>Aggregate depreciation</b>			
At 1.4.2006	309,665.66	7,433,512.29	7,743,177.95
Charges for the year	11,420.25	106,960.01	118,380.26
Written off	-	(1,537.96)	(1,537.96)
At 31.3.2007	321,085.91	7,538,934.34	7,860,020.25
<b>Net book value</b>			
At 31.3.2007	21,476.84	368,849.46	390,326.30
At 31.3.2006	27,997.09	482,571.51	510,568.60

**SCOUT ASSOCIATION OF HONG KONG  
COMMISSIONERS' CLUB  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2007**

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**4. GENERAL FUND**

General fund was set up for financing daily operations, such as the payment of salaries, allowances and related expenses of the staff of the Commissioners' 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.

The movement of the General fund is as follows:-

	HK\$
General fund at 1.4.2006	4,603,472.38
Surplus for the year	<u>648,585.91</u>
	5,252,058.29
Less: Contributions to SAHK for Promoting and developing scouting	250,000.00
Less: Transfer to sinking fund	<u>129,717.18</u>
General fund at 31.3.2007	<u><u>4,872,341.11</u></u>

**SCOUT ASSOCIATION OF HONG KONG  
COMMISSIONERS' CLUB  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2007**

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**5. SINKING FUND**

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

The movement of the Sinking fund is as follows:-

	HK\$
Sinking fund at 1.4.2006	447,906.43
Add: Transfer from income and expenditure account	129,717.18
	577,623.61
Less: Expenses	588,730.00
Less: Professional fee	48,000.00
	(59,106.39)
Sinking fund at 31.3.2007	

**6. OTHER INCOME**

	2007 HK\$	2006 HK\$
Bank interest received	36,577.18	14,951.20
Donation from Wing Lung Bank	111,979.18	123,158.30
Handling charges	-	500.00
Investment returns from Hong Kong Scout Foundation for the years 2006/07 & 2005/06	268,780.00	350,087.00
Other income		4,760.00
Sales of scarf and ties	325.00	545.00
	417,661.36	494,001.50