

SCOUT ASSOCIATION OF HONG KONG
COMMISSIONERS' CLUB

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2008

POON SUK CHING

CERTIFIED PUBLIC ACCOUNTANT

Poon Suk Ching

**Certified Public Accountant
Hong Kong**

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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 of the Scout Association of Hong Kong, Commissioners' Club (the "Club") set out on pages 3 to 11, which comprise the balance sheet as at 31 March 2008, and the statement of income and expenditure and cash flow statement for the year then ended, 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 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 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 and to report my opinion solely to you in accordance with the agreed terms of engagement, and for no other purpose. I do not assume responsibility towards or accept liability to any other person for the contents of this 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 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 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.

Poon Suk Ching

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Hong Kong**

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

Opinion

In my opinion, the financial statements give a true and fair view of the state of affairs of the Club as at 31 March 2008 and of its surplus and cash flows for the year then ended in accordance with the Hong Kong Financial Reporting Standards.



**POON Suk Ching
Certified Public Accountant, Hong Kong**

Dated, 17 APR 2008

**SCOUT ASSOCIATION OF HONG KONG
COMMISSIONERS' CLUB
BALANCE SHEET - 31 MARCH 2008**

	Note	2008 HK\$	2007 HK\$
Non-current assets			
Property, plant and equipment	3	281,050.32	390,326.30
Sinking fund			
Cash at bank	6	434,205.28	(59,106.39)
Current assets			
Stocks	2c	31,640.00	6,400.00
Accounts receivable		514,155.22	417,845.17
Utility deposits		108,700.00	108,700.00
Payment in advance		3,640.00	-
Amount due from HK Scout Foundation		3,500,000.00	4,000,000.00
Cash and cash equivalents	2d	2,064,969.87	1,210,582.24
		6,223,105.09	5,743,527.41
Less : Current liabilities			
Accounts payable		722,763.30	861,705.49
Accrued expenses		867,804.32	399,807.11
Receipt in advance		200,000.00	-
		1,790,567.62	1,261,512.60
Net current assets		4,432,537.47	4,482,014.81
Net assets		5,147,793.07	4,813,234.72
Funds			
General fund	4	4,713,587.79	4,872,341.11
Sinking fund	5	434,205.28	(59,106.39)
Total funds		5,147,793.07	4,813,234.72

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

The financial statements were approved by the Executive Committee on **17 APR 2008**

Chairman

Honorary Treasurer

**SCOUT ASSOCIATION OF HONG KONG
COMMISSIONERS' CLUB
INCOME AND EXPENDITURE ACCOUNT - GENERAL FUND
FOR THE YEAR ENDED 31 MARCH 2008**

	Note	2008 HK\$	2007 HK\$
Income			
Contractual fee		1,914,486.00	1,868,952.74
Entry fee		134,900.00	94,400.00
Other income	6	618,165.03	417,661.36
		2,667,551.03	2,381,014.10
Less : Expenditure			
Cable TV monthly fees		4,560.00	4,560.00
Depreciation		114,245.98	118,380.26
Insurance		2,150.00	2,170.00
Licence fee		1,078,966.00	1,019,134.00
Management fee		11,256.00	11,260.00
Newspaper and magazine		684.00	684.00
Newsletter		33,180.00	26,960.00
Parking coupon		-	1,270.00
Postage		37,194.80	34,359.60
Printing and stationery		16,106.10	38,436.95
Provident fund		32,834.00	28,940.00
Repairs and maintenance		37,082.80	24,270.00
Salaries		421,040.00	381,460.00
Staff medical allowance		2,400.00	1,500.00
Subsidy to activities		17,122.50	20,677.00
Sundry expenses		1,909.22	6,675.90
Telephone and fax		5,261.28	4,928.44
Written off		-	6,762.04
		1,348,462.68	1,732,428.19
Surplus for the year		851,558.35	648,585.91

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 2008**

	2008 HK\$	2007 HK\$
Cash flows from operating activities		
Surplus for the year	851,558.35	648,585.91
Interest income	(45,443.38)	(36,577.18)
Depreciation	114,245.98	118,380.26
Write off	-	6,762.04
Operating profit before changes in working capital	920,360.95	737,151.03
(Increase)/Decrease in stock	(25,240.00)	3,275.00
(Increase) in accounts receivables	(96,310.05)	(3,929.47)
(Increase) in payment in advance	(3,640.00)	-
Decrease in amount due from HK Scout Foundation	500,000.00	-
(Decrease)/Increase in accounts payables	(138,942.19)	253,690.02
Increase/(Decrease) in accrued expenses	467,997.21	(25,294.24)
Increase/(Decrease) in receipt in advance	200,000.00	(500.00)
Increase/(Decrease) in sinking fund	493,311.67	(507,012.82)
Cash flows from operating activities	2,317,537.59	457,379.52
Cash flows from investing activities		
Purchase of fixed assets	(4,970.00)	(4,900.00)
Contribution to SAHK	(340,000.00)	(250,000.00)
Transfer to sinking fund	(670,311.67)	(129,717.18)
Interest income	45,443.38	36,577.18
Net cash generated from/(used in) investing activities	(969,838.29)	(348,040.00)
Net increase in cash and cash equivalents	1,347,699.30	109,339.52
Cash and cash equivalents at 1 April	1,151,475.85	1,042,136.33
Cash and cash equivalents at 31 March	2,499,175.15	1,151,475.85

**SCOUT ASSOCIATION OF HONG KONG
COMMISSIONERS' CLUB
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2008**

	2008	2007
	HK\$	HK\$
ANAYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS		
Cash at bank and in hand	2,064,969.87	1,210,582.24
Cash at bank – Sinking Fund	434,205.28	(59,106.39)
	<u>2,499,175.15</u>	<u>1,151,475.85</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 2008**

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

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

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 2008**

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. 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.

d. Cash and cash equivalents

Cash and cash equivalents include cash in hand, cash at banks and demand deposits with bank.

e. Income recognition

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

Interest income is recognized on a time proportion basis, taking into account the principal amounts outstanding and the interest rates applicable.

Income not designated for any specific purpose is dealt with at the discretion of the Executive Committee.

f. Taxation

The Commissioner's Club is exempted from Hong Kong taxation 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 2008**

3. FIXED ASSETS

	Office Equipment HK\$	Furniture and Fixtures HK\$	Total HK\$
Cost			
At 1.4.2007	342,562.75	7,907,783.80	8,250,346.55
Additions	4,970.00	-	4,970.00
At 31.3.2008	<u>347,532.75</u>	<u>7,907,783.80</u>	<u>8,255,316.55</u>
Aggregate depreciation			
At 1.4.2007	321,085.91	7,538,934.34	7,860,020.25
Charges for the year	7,937.98	106,308.00	114,245.98
At 31.3.2008	<u>329,023.89</u>	<u>7,645,242.34</u>	<u>7,974,266.23</u>
Net book value			
At 31.3.2008	<u>18,508.86</u>	<u>262,541.46</u>	<u>281,050.32</u>
Cost			
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	<u>342,562.75</u>	<u>7,907,783.80</u>	<u>8,250,346.55</u>
Aggregate depreciation			
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	<u>321,085.91</u>	<u>7,538,934.34</u>	<u>7,860,020.25</u>
Net book value			
At 31.3.2007	<u>21,476.84</u>	<u>368,849.46</u>	<u>390,326.30</u>

**SCOUT ASSOCIATION OF HONG KONG
COMMISSIONERS' CLUB
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2008**

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 1.4.2007	4,872,341.11
Surplus for the year	<u>851,558.35</u>
	5,723,899.46
Less: Contributions to SAHK for Promoting and developing scouting	(340,000.00)
Less: Transfer to sinking fund	<u>(670,311.67)</u>
General fund at 31.3.2008	<u><u>4,713,587.79</u></u>

**SCOUT ASSOCIATION OF HONG KONG
COMMISSIONERS' CLUB
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2008**

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 1.4.2007	(59,106.39)
Add: Transfer from income and expenditure account	670,311.67
	611,205.28
Less: Expenses	(177,000.00)
	434,205.28

6. OTHER INCOME

	2008 HK\$	2007 HK\$
Bank interest received	45,443.38	36,577.18
Donation from Wing Lung Bank	99,082.65	111,979.18
Handling charges	1,000.00	-
Investment returns from Hong Kong Scout Foundation for the years 2007/08 & 2006/07	290,365.00	268,780.00
Sales of red wine	182,274.00	-
Sales of scarf and ties	-	325.00
	618,165.03	417,661.36