

香港航空青年團
HONG KONG AIR CADET CORPS
(Incorporated in Hong Kong)
For the year ended 31st March 2024

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 2024.

The state of the Corps’ affairs and appropriations

The state of the Corps’ affairs as at 31st March 2024 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 11 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 'Ala', with a long horizontal stroke extending to the right.

Chairman

Dated this Hong Kong : - 2 OCT 2024

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 2024, and the income statement and statement of changes in equity and statement of cash flows for the year then ended, 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 2024, 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 all 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 identified above 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 on the information that we obtained prior to the date of this auditor's report, 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.

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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 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.

Executive Board Members 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. We report our opinion solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of the report.

As part of an audit in accordance with HKSAAs, 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.

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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 : - 2 OCT 2024

HONG KONG AIR CADET CORPS
STATEMENT OF FINANCIAL POSITION
AS AT 31ST MARCH 2024

	Note	As at 31/3/2024 HK\$	As at 31/3/2023 HK\$
Aviation Education Fund	(2)	250,000.00	250,000.00
Flying Eagle Programme Fund	(3)	67,726.20	67,726.20
HYAB Subvention - Happy Family Thematic Project prior to the year 2014	(4)	-	376,368.18
HYAB Subvention - Happy Family Thematic Project	(4a)	(19,807.15)	(22,189.80)
HYAB Subvention - Scheme for Needy Student Members	(5)	863,296.00	539,121.00
HYAB Subvention - Scheme for Needy Student Members prior to the year 2014	(5a)	-	162,772.00
The Hong Kong Jockey Club Charities Trust - Jockey Club Badges : Preparing Tomorrow Leaders	(6)	730,826.22	-
Accumulated Surplus		<u>12,985,363.90</u>	<u>11,653,047.46</u>
Total Funds		<u>14,877,405.17</u>	<u>13,026,845.04</u>
Current Assets			
Cash and bank balances	(7)	8,114,745.02	7,298,398.48
Prepayment, utility, sundry and deposit		312,427.30	258,350.49
Stock	(1e,13)	1,052,311.76	985,939.83
Fixed deposit		5,726,751.65	5,586,887.93
Other receivable	(8)	583,242.50	8,368.35
Property development cost	(9)	386,160.00	-
		<u>16,175,638.23</u>	<u>14,137,945.08</u>
Less : Current Liabilities			
Accruals		642,692.53	567,098.84
Deposit, donation received and other payable	(10)	910,966.25	648,508.95
		<u>1,553,658.78</u>	<u>1,215,607.79</u>
Working Capital		<u>14,621,979.45</u>	<u>12,922,337.29</u>
Add : Non-Current Assets			
Property, Plant and Equipment	(11)	<u>255,425.72</u>	<u>104,507.75</u>
Total Net Assets		<u>14,877,405.17</u>	<u>13,026,845.04</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 2024

	Aviation Education Fund HKS	Flying Eagle Programme Fund HKS	HYAB Subvention - Happy Family Thematic Project prior to the year 2014 HKS	HYAB Subvention - Happy Family Thematic Project HKS	HYAB Subvention - Scheme for Needy Student Members HKS	HYAB Subvention - Scheme for Needy Student Members prior to the year 2014 HKS	Hong Kong Jockey Club Charities Trust - Jockey Club Badges : Preparing Tomorrow's Leaders HKS	Accumulated Surplus HKS	Total HKS
As at 31st March 2022	250,000.00	67,726.20	376,368.18	85,893.00	507,964.00	162,772.00	-	9,931,953.84	11,382,677.22
Additions for the year	-	-	-	111,061.80	346,500.00	-	-	-	457,561.80
Utilisation for the year	-	-	-	(133,251.60)	(37,951.00)	-	-	-	(171,202.60)
Surplus for the year	-	-	-	-	-	-	-	1,721,093.62	1,721,093.62
(Refund) to the Government	-	-	-	(85,893.00)	(277,392.00)	-	-	-	(363,285.00)
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

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 2024

	Note	Year ended 31/3/2024 HK\$	Year ended 31/3/2023 HK\$
Income			
Subvention income	(12)	3,465,848.00	3,620,658.00
Membership fee income		50,200.00	45,000.00
Endowment		501,640.00	330,825.00
Surplus on trading account	(13)	32,012.50	60,747.44
Surplus fund from flag day	(14)	321,217.26	320,135.48
Other income		3,925.28	972.26
Interest income		152,448.69	58,490.00
Funding Scheme	(9)	386,160.00	-
		<u>4,913,451.73</u>	<u>4,436,828.18</u>
Less : Direct activities expenses			
Net deficit on various activities	(15)	953,961.98	528,789.44
Squadron subsidies		33,286.41	46,781.00
		<u>987,248.39</u>	<u>575,570.44</u>
Less : General and administrative expenses			
Auditors' remuneration		26,000.00	25,000.00
Bank charges and interest		7,392.65	4,790.10
Building management fee		26,904.00	22,689.00
Cleaning charges		60,761.30	55,552.20
Courier charges		731.00	669.00
Depreciation		85,273.03	35,023.24
Electricity and water		42,000.00	38,590.40
Insurance		119,384.33	110,571.50
Licence fee		3,300.00	3,300.00
Minor purchase, repairs and maintenance		10,919.50	19,703.70
Motor vehicles expenses		47,593.06	51,422.60
Postage		1,949.90	2,053.50
Printing, stationery and leasing charges		17,105.84	22,653.83
Provident fund and mandatory provident fund contribution		106,304.03	101,873.64
Rent, rates and utilities charges		28,282.00	16,262.00
Souvenir		742.73	29,829.53
Staff salaries and contract end gratuities		1,742,093.98	1,442,432.63
Storage charges		58,331.08	54,282.10
Subscription fee		2,623.00	2,330.00
Sundry expenses		25,585.60	19,108.00
Telephone and internet charges		28,819.00	26,962.14
Travelling expenses		-	198.00
Information technology expenses		105,160.00	7,022.21
Exchange loss		16,569.69	25,145.00
Loss on written off of obsolete stock		17,311.18	22,699.80
Professional fee		12,750.00	-
		<u>2,593,886.90</u>	<u>2,140,164.12</u>
Total expenses		<u>3,581,135.29</u>	<u>2,715,734.56</u>
Surplus for the year		<u>1,332,316.44</u>	<u>1,721,093.62</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 2024

	Year ended 31/3/2024 HK\$	Year ended 31/3/2023 HK\$
Cash flows from operating activities		
Surplus for the year	1,332,316.44	1,721,093.62
Depreciation	85,273.03	35,023.24
Interest income	(152,448.69)	(58,490.00)
Bank charges and interest	7,392.65	4,790.10
Operating surplus before working capital changes	1,272,533.43	1,702,416.96
(Increase) in prepayment, utility and sundry deposit	(54,076.81)	(73,030.45)
(Increase) in stock	(66,371.93)	(128,988.42)
Increase in accruals	75,593.69	129,452.04
Increase in deposit, donation received and other payable	262,457.30	203,352.10
(Increase) in other receivable	(574,874.15)	(3,023.35)
(Increase) in property development cost	(386,160.00)	-
Cash generated from operation	529,101.53	1,830,178.88
Interest income	152,448.69	58,490.00
Bank charges and interest	(7,392.65)	(4,790.10)
Net cash generated from operating activities	674,157.57	1,883,878.78
Cash flows from investing activities		
Payment to acquire property, plant and equipment	(236,191.00)	(7,820.00)
Net cash (used in) investing activities	(236,191.00)	(7,820.00)
Cash flows from financing activities		
Expenditure on the various surplus fund	(120,584.93)	(171,202.60)
Cash received from donors for the surplus fund	1,155,779.00	457,561.80
(Refunded) to the government	(539,140.18)	(363,285.00)
Reimbursed by the government	22,189.80	-
Net cash generated from/(used in) financing activities	518,243.69	(76,925.80)
Increase in cash and cash equivalents	956,210.26	1,799,132.98
Cash and cash equivalents brought forward	12,885,286.41	11,086,153.43
Cash and cash equivalents carried forward	13,841,496.67	12,885,286.41
Analysis of the balances of cash and cash equivalents :-		
Cash and bank balances	8,114,745.02	7,298,398.48
Fixed deposit	5,726,751.65	5,586,887.93
	13,841,496.67	12,885,286.41

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 31 Sung Wong Toi Road, Kowloon. 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	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 31/3/2024	As at 31/3/2023
	HK\$	HK\$
Balance brought forward	<u>250,000.00</u>	<u>250,000.00</u>
Balance carried forward	<u>250,000.00</u>	<u>250,000.00</u>

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 31/3/2024	As at 31/3/2023
	HK\$	HK\$
Balance brought forward	<u>67,726.20</u>	<u>67,726.20</u>
Balance carried forward	<u>67,726.20</u>	<u>67,726.20</u>

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 prior to the year 2014

	As at 31/3/2024	As at 31/3/2023
	HK\$	HK\$
Balance brought forward	376,368.18	376,368.18
Less : Unspent subvention refunded to HYAB	<u>(376,368.18)</u>	<u>-</u>
Balance carried forward	<u>-</u>	<u>376,368.18</u>

Note 4a HYAB Subvention - Happy Family Thematic Project

	As at 31/3/2024	As at 31/3/2023
	HK\$	HK\$
Balance brought forward	(22,189.80)	85,893.00
Unspent subvention refunded to HYAB	-	(85,893.00)
Year 2022/2023 remaining balance reimbursed by HYAB	<u>22,189.80</u> *	<u>-</u>
	-	-
Add : Current year's government subvention	52,050.00	95,290.00
Participation fee income / Other subsidies	<u>2,229.00</u>	<u>15,771.80</u>
	54,279.00	111,061.80
Less : Utilisation during the year	71,857.15	117,479.80
Other expenditure	<u>2,229.00</u>	<u>15,771.80</u>
Balance carried forward	<u>(19,807.15)</u>	<u>(22,189.80)</u>

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 2022/2023 Happy Family Thematic Project and the remaining balance of HK\$22,189.80 were reimbursed by HYAB on 19th September 2023.

Under the letter reference no. HYAB/HA1/1/3/40/2023-24/3 dated 10th March 2023 issued by the HYAB and the letter of commitment (承諾書) signed by the Corps dated 15th March 2023, HYAB agreed to grant a subvention of HK\$104,100.00 to the Corps for the operation of a series of activities under the Happy Family Thematic Funding Project (衝上雲霄樂聚天倫系列). During the year, the Corps received 50% of the subvention in advance in the amount of HK\$52,050.00 for the expenditures on various activities. Upon the completion of the project each year, the Corps is required to file the audited financial statements carried out by a professional body to HYAB. The remaining balance of HK\$19,807.15 will be reimbursed by HYAB subject to the approval of the final reports and auditors' report.

HONG KONG AIR CADET CORPS
NOTES TO FINANCIAL STATEMENTS

Note 5 HYAB Subvention - Scheme for Needy Student Members

	As at <u>31/3/2024</u>	As at <u>31/3/2023</u>
	HK\$	HK\$
Balance brought forward	539,121.00	507,964.00
(Refund) of last year's unspent subvention to HYAB	-	(277,392.00)
	<u>539,121.00</u>	<u>230,572.00</u>
Fund allocated for the year	<u>346,500.00</u>	<u>346,500.00</u>
	<u>885,621.00</u>	<u>577,072.00</u>
Utilisation during the year	<u>(22,325.00)</u>	<u>(37,951.00)</u>
Balance carried forward	<u><u>863,296.00</u></u>	<u><u>539,121.00</u></u>

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.

In accordance with the Memorandum of Administrative Arrangements ("MAA"), the total amount of the reserve for the unspent subvention from HYAB at the financial year end exceeding 50% of the subvention for that year should be refunded to the Government by netting off in the subvention for the next financial year. Subsequent to statement of financial position date, the Corps had returned the unspent subvention of HK\$316,450.00 to HYAB on 7th August 2024. (2023: HK\$277,392.00)

Note 5a HYAB Subvention - Scheme for Needy Student Members prior to Year 2014

	As at <u>31/3/2024</u>	As at <u>31/3/2023</u>
	HK\$	HK\$
Balance brought forward	162,772.00	162,772.00
Less : Unspent subvention refunded to HYAB	<u>(162,772.00)</u>	-
Balance carried forward	<u><u>-</u></u>	<u><u>162,772.00</u></u>

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 31/3/2024	As at 31/3/2023
	HK\$	HK\$
Donation received	755,000.00	-
Less : Utilisation during the year	(24,173.78)	-
Balance carried forward	<u>730,826.22</u>	<u>-</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.

A donation from the Trust of HK\$2,660,000.00 has been approved for the Corps. The Corps signed the reply letter on 22nd November 2023 to confirm the project would start on 1st December 2023 and end on 30th November 2025. The first instalment of the Trust's agreed donations of HK\$755,000.00 was received on 29th December 2023.

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 31/3/2024	As at 31/3/2023
	HK\$	HK\$
HSBC - HK Dollar - Current Account No.:-		
#808-620280-001	256,255.75	268,728.54
#808-620280-002	2,539,832.38	2,197,285.87
#808-620280-003	135,737.85	149,135.87
#808-620280-004	213,634.44	450,244.84
#808-620280-005	1,323,819.71	1,202,464.81
#808-620280-006	478,161.26	564,961.26
#808-620280-007	338,289.84	390,989.84
#808-620280-008	75,676.57	75,676.57
#808-620280-009	754,641.83	978.11
#817-429079-001	80,329.71	197,879.71
HSBC - HK Dollar - Saving Account No.:-		
#808-620298-292	25,204.13	25,096.99
#808-620280-292	31,937.57	31,775.26
#848-176319-838	1,431,695.63	1,420,259.78
#741-641641-838	127,496.14	-
HSBC - CNY Dollar - Saving Account No.:-		
#848-176319-838	296,263.31	315,486.13
Cash in hand	5,768.90	7,434.90
	<u>8,114,745.02</u>	<u>7,298,398.48</u>

Note 8 Other receivable

Including in the amounts, there were a remaining balance of HK\$190,922.50 for a project 2023-2024年度「青年內地交流資助計劃」- "北京、上海、無錫-探索機遇未來之旅" (Ref: HYAB/YA1/7-5/2(2023-24)(H129-7)) funded by the Youth Development Commission ("YDC") to the Corps. The event was coordinated by the Heart to Root Association and carried out from 22nd July 2023 to 19th August 2023. The Independent Auditor's Assurance Report and Project Accounts was issued on 2nd April 2024. Subsequent to statement of financial position date, the Corps received the remaining balance on 16th July 2024.

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 31/3/2024	As at 31/3/2023
	HK\$	HK\$
Government grant	<u>386,160.00</u>	<u>-</u>
Less : Property development cost		
Consultancy fee	376,160.00	-
Audit fee	<u>10,000.00</u>	<u>-</u>
	<u>386,160.00</u>	<u>-</u>
(Deficit) for the period	<u>-</u>	<u>-</u>

The Corps obtained a government grant not exceeding HK\$39,800,000.00 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 estimated completion date would be 31st March 2025.

The Executive Board Members agreed that the progress payment grant received from the Government are recognized into current year's income statements and the development cost such as consultancy fee, contract work and relevant cost would be capitalized as leasehold improvement upon 100% completion.

Note 10 Deposit, donation received and other payable

Including in the amounts, there were an unused amount of HK\$14,395.50 in respect of a project "香港航空青年團 - 公民教育2023"(Reference : HYAB/HA2/10-5/3/12/092(22-23)) funded by the Committee on the Promotion of Civil Education (the "CPCE"). The unused subvention will be refunded to CPCE subject to the approval of the audited financial statement.

HONG KONG AIR CADET CORPS
NOTES TO FINANCIAL STATEMENTS

Note 11 Property, plant and equipment

At Cost	Leasehold Improvement HK\$	General Furniture, Fixtures and Equipment HK\$	Donated Furniture, Fixtures and Equipment HK\$	General Motor Vehicles HK\$	Total HK\$
As at 31st March 2023	1,311,996.80	1,083,486.60	20,726.00	285,500.00	2,701,709.40
Additions	-	236,191.00 *	-	-	236,191.00
As at 31st March 2024	1,311,996.80	1,319,677.60	20,726.00	285,500.00	2,937,900.40
Less : Accumulated Depreciation					
As at 31st March 2023	1,310,030.00	993,013.21	20,716.56	273,441.88	2,597,201.65
Charge for the year	590.04	81,666.10	2.36	3,014.53	85,273.03
As at 31st March 2024	1,310,620.04	1,074,679.31	20,718.92	276,456.41	2,682,474.68
Net Book Value					
As at 31st March 2024	1,376.76	244,998.29	7.08	9,043.59	255,425.72
As at 31st March 2023	1,966.80	90,473.39	9.44	12,058.12	104,507.75

* Part of computer equipment purchased are accordance with Home and Youth Affair Bureau one off funding under "Pandemic Improvement Project" for year 2021/2022.

HONG KONG AIR CADET CORPS
NOTES TO FINANCIAL STATEMENTS

Note 12 Subvention income

	Year ended 31/3/2024	Year ended 31/3/2023
	HK\$	HK\$
Home and Youth Affairs Bureau		
- Recurrent subvention	2,693,758.00	2,693,758.00
- One-off funding for National Education	-	225,000.00
Community Chest		
- Recurrent subvention	701,900.00	701,900.00
- One off supplementary allocation	70,190.00 *	-
	<u>3,465,848.00</u>	<u>3,620,658.00</u>

* The Community Chest approved a One-off Supplementary Allocation in 2023/2024 to the Corps as a gesture of support under the economic sentiment and overall manpower shortage condition. The Corps received funding of HK\$70,190.00 from the Community Chest for 2 projects on 15th November 2023.

The one off funding 2022/2023 for National Education of HK\$225,000.00 were fully utilized and have been approved by HYAB. The expenditure were taken up in the current year's financial statements.

Note 13 Surplus on trading account

	Note	Year ended 31/3/2024	Year ended 31/3/2023
		HK\$	HK\$
Sales		<u>106,699.50</u>	<u>217,389.00</u>
Less : Cost of goods sold			
Opening stock		985,939.83	856,951.41
Add : Purchase		<u>169,956.88</u>	<u>347,065.00</u>
		1,155,896.71	1,204,016.41
Less : Closing stock	(1e)	1,052,311.76	985,939.83
Closing stock transfer to souvenir account		11,586.77	38,735.22
Write off of obsolete stock		<u>17,311.18</u>	<u>22,699.80</u>
		74,687.00	156,641.56
Surplus from trading account transfer to income statement		<u>32,012.50</u>	<u>60,747.44</u>

HONG KONG AIR CADET CORPS
NOTES TO FINANCIAL STATEMENTS

Note 14 Surplus fund from flag day

	Year ended 31/3/2024	Year ended
	HK\$	31/3/2023 HK\$
Income		
Appeal letters	169,284.00	157,833.00
Flag day collection	159,649.25	174,653.20
	328,933.25	332,486.20
Less : Expenditure		
Audit fee	2,800.00	2,800.00
Cleaning and repair fees of flag bags	1,270.75	1,397.00
Certificate and souvenirs for helpers	-	2,492.43
Insurance	2,637.64	2,896.89
Printing and stationery	758.00	2,282.00
Postage	-	393.00
Sundry expenses	249.60	89.40
	7,715.99	12,350.72
Surplus fund transfer to income statement	321,217.26	320,135.48

The Flag Day Appeal of Hong Kong Air Cadet Corps was held on 15th April 2023 under Public Subscription Permit No. : FD/R066/2023 issued by The Social Welfare Department on 12th December 2022. The flag day surplus fund account was audited on 23rd June 2023. The net proceeds from the flag day has been fully utilised during the financial year 2023-2024 and the net fund raised has been used to implement programmes and activities to enable development of young people's ability and social responsibility, thereby grooming them to become citizens with a love for the country and Hong Kong, and be in a position to contribute to the Hong Kong Aviation Industry.

Examples of activities related to the youth development include aviation education, disciplinary training, field activities, development of civic awareness, community service programmes and international exchange programmes (Remarks : the Corps has utilized funds and subsidies from other sources along with Flag Day revenue to conduct the aforementioned activities.)

HONG KONG AIR CADET CORPS
NOTES TO FINANCIAL STATEMENTS

Note 15 Net deficit on various activities

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

	Year ended 31/3/2024	Year ended 31/3/2023
	HK\$	HK\$
Adult training	6,164.00	2,131.40
Adventure Activities Squadron	17,110.04	16,141.92
Annual dinner	-	(18,200.00)
Vocational Qualifications Unit	2,752.47	-
Aircraft Engineering Workshop	(21,993.70)	120,450.41
International Air Cadet Exchange Programme	7.10	-
International Air Cadet Exchange Association	1,912.79	1,909.57
Other activities and courses	20,655.20	62,000.00
Technical Operations Support Wing	-	320.00
Training activities	71,838.34	15,115.89
Mainland and local activities	12,169.60	11,144.00
Operations group programmes	390,008.31	85,544.96
Skills Development and Support Group Activities	59,785.79	62,197.16
Youth Development in Aviation Programme	-	107,286.31
Advanced Aviation Education Programme		
- Fixed Wing	2,667.84	(85,346.94)
- Helicopter	8,832.73	(1,139.44)
Annual Parade	-	149,234.20
Summer camp	108,051.47	-
Ila Fa Shan - Youth Anti-Adversity Programme	274,000.00	-
	<u>953,961.98</u>	<u>528,789.44</u>

Note 16 Executive Board Members' remuneration

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

	Year ended 31/3/2024	Year ended 31/3/2023
	HK\$	HK\$
Fees	-	-
Other emoluments	-	-
	<u>-</u>	<u>-</u>

HONG KONG AIR CADET CORPS
NOTES TO FINANCIAL STATEMENTS

Note 17 Capital commitments

As at 31st March 2024, the Corps had capital commitments as follows:-

	Year ended 31/3/2024	Year ended 31/3/2023
	HK\$	HK\$
<u>In respect of the Proposed Youth Training Centre</u>		
Contracted for	39,413,840.00	-
Authorised but not contracted for	-	-
	<u>39,413,840.00</u>	<u>-</u>

Note 18 Approval of financial statements

These financial statements were authorised for issue by the Corps' Executive Board Members
on - 2 OCT 2024