

香港航空青年團
HONG KONG AIR CADET CORPS
(Incorporated in Hong Kong)
For the year ended 31st March 2022

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 2022.

The state of the Corps’ affairs and appropriations

The state of the Corps’ affairs as at 31st March 2022 are set out in the financial statements on pages 1 to 15.

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 7 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	(鄧樹培)	
Cheng Sui Pong, Paul	(鄭緒邦)	
Lok Yean Ting, Karen	(駱衍廷)	(Appointed on 15th October 2021)
Yip Chun To, Adrian	(葉振都)	(Appointed on 15th October 2021)
Wu Wai Hung	(胡偉雄)	(Appointed on 1st January 2022)
Wong Yiu Hong	(黃耀康)	(Appointed on 1st January 2022)
Ng Wai Cheong	(吳蔚昌)	(Resigned on 1st January 2022)
Chan Chi Pui, Michael	(陳志培)	(Resigned on 16th June 2022)

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



Chairman

Dated this Hong Kong : 19 SEP 2022

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 15, which comprise the statement of financial position as at 31st March 2022, 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 2022, 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 HKSAs, 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 : 19 SEP 2022

HONG KONG AIR CADET CORPS
STATEMENT OF FINANCIAL POSITION
AS AT 31ST MARCH 2022

	Note	As at 31/3/2022 HK\$	As at 31/3/2021 HK\$
Aviation Education Fund	(2)	250,000.00	250,000.00
Flying Eagle Programme Fund	(3)	67,726.20	67,726.20
HAB Subvention - Happy Family Thematic Project prior to the year 2014	(4)	376,368.18	376,368.18
HAB Subvention - Happy Family Thematic Project	(4a)	85,893.00	50,060.00
HAB Subvention - Scheme for Needy Student Members	(5)	507,964.00	474,978.00
HAB Subvention - Scheme for Needy Student Members prior to the year 2014	(5a)	162,772.00	162,772.00
Accumulated Surplus		9,931,953.84	8,371,554.61
Total Funds		11,382,677.22	9,753,458.99
Current Assets			
Cash and bank balances	(6)	8,553,873.25	6,487,848.12
Prepayment, utility, sundry and deposit		185,320.04	170,291.83
Stock	(1e)	856,951.41	864,476.28
Fixed deposit		2,532,280.18	2,531,081.73
Other receivable		5,345.00	25,000.00
		12,133,769.88	10,078,697.96
Less : Current Liabilities			
Accruals and other payable		437,646.80	28,501.00
Deposit and donation received		445,156.85	447,216.85
		882,803.65	475,717.85
Working Capital		11,250,966.23	9,602,980.11
Add : Non-Current Assets			
Property, Plant and Equipment	(7)	131,710.99	150,478.88
Total Net Assets		11,382,677.22	9,753,458.99

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 2022

	Aviation Education Fund HK\$	Flying Eagle Programme Fund HK\$	HAB Subvention - Happy Family Thematic Project prior to the year 2014 HK\$	HAB Subvention - Happy Family Thematic Project HK\$	HAB Subvention - Scheme for Needy Student Members HK\$	HAB Subvention - Scheme for Needy Student Members prior to the year 2014 HK\$	Accumulated Surplus HK\$	Total HK\$
As at 31st March 2020	250,000.00	67,726.20	376,368.18	(57,993.65)	451,144.00	162,772.00	7,117,359.74	8,367,376.47
Additions for the year	-	-	50,060.00	50,060.00	350,000.00	-	-	400,060.00
Utilisation for the year	-	-	-	-	(60,716.00)	-	-	(60,716.00)
Surplus for the year	-	-	-	-	-	-	1,254,194.87	1,254,194.87
Transfer to activities account	-	-	-	46,274.12	-	-	-	46,274.12
Reimbursed by/(Refund) to the Government	-	-	-	11,719.53	(265,450.00)	-	-	(253,730.47)
As at 31st March 2021	250,000.00	67,726.20	376,368.18	50,060.00	474,978.00	162,772.00	8,371,554.61	9,753,458.99
Additions for the year	-	-	-	45,995.00	350,000.00	-	-	395,995.00
Utilisation for the year	-	-	-	(10,162.00)	(27,730.00)	-	-	(37,892.00)
Surplus for the year	-	-	-	-	-	-	1,560,399.23	1,560,399.23
(Refund) to the Government	-	-	-	-	(289,284.00)	-	-	(289,284.00)
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

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 2022

	Note	Year ended 31/3/2022 HK\$	Year ended 31/3/2021 HK\$
Income			
Subvention income	(8)	3,666,050.00	3,667,050.00
Membership fee income		66,700.00	16,200.00
Endowment		804,420.00	475,920.00
Surplus on trading account	(9)	28,070.28	9,364.16
Surplus fund from flag day	(10)	392,171.46	-
Other income		1,620.00	10,000.00
Interest income		1,600.25	44,076.76
Exchange gain		13,432.83	91,062.73
		<u>4,974,064.82</u>	<u>4,313,673.65</u>
Less : Direct activities expenses			
Net deficit on various activities	(11)	229,127.21	126,497.94
Squadron subsidies		165,000.00	-
		<u>394,127.21</u>	<u>126,497.94</u>
Less : General and administrative expenses			
Auditors' remuneration		25,000.00	25,000.00
Bank charges and interest		4,806.35	4,660.50
Building management fee		16,788.00	16,788.00
Cleaning charges		46,758.40	50,043.10
Courier charges		474.00	314.00
Depreciation		44,171.26	50,541.91
Electricity and water		44,164.68	22,765.00
Insurance		122,650.01	143,856.12
Licence fee		3,300.00	4,400.00
Loss on written off of general furniture, fixtures and equipment		2,244.63	467.19
Minor purchase, repairs and maintenance		239,689.10	100,345.60
Motor vehicles expenses		48,822.30	40,227.40
Postage		2,186.20	3,274.50
Printing, stationery and leasing charges		28,565.26	23,821.52
Provident fund and mandatory provident fund contribution		124,043.07	130,577.99
Rent, rates and utilities charges		19,012.00	12,012.00
Souvenir		30,679.95	44,728.97
Staff salaries and contract end gratuities		2,096,444.48	2,106,458.20
Storage charges		52,911.71	30,286.50
Subscription fee		2,530.00	2,330.00
Sundry expenses		9,874.30	11,504.60
Telephone and internet charges		28,660.40	29,936.00
Travelling expenses		26.20	249.10
Information Technology expenses		25,736.08	78,392.64
		<u>3,019,538.38</u>	<u>2,932,980.84</u>
Total expenses		<u>3,413,665.59</u>	<u>3,059,478.78</u>
Surplus for the year		<u>1,560,399.23</u>	<u>1,254,194.87</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 2022

	Year ended 31/3/2022	Year ended 31/3/2021
	HK\$	HK\$
Cash flows from operating activities		
Surplus for the year	1,560,399.23	1,254,194.87
Depreciation	44,171.26	50,541.91
Interest income	(1,600.25)	(44,076.76)
Bank charges and interest	4,806.35	4,660.50
Loss on written off of general furniture, fixtures and equipment	2,244.63	467.19
Operating surplus before working capital changes	1,610,021.22	1,265,787.71
(Increase) in prepayment, utility and sundry deposit	(15,028.21)	(85,677.08)
Decrease in stock	7,524.87	46,270.01
Increase/(Decrease) in accruals and other payable	409,145.80	(12,499.00)
(Decrease)/Increase in deposit and donation received	(2,060.00)	5,630.00
Decrease in accounts receivable	-	212,844.92
Decrease/(Increase) in other receivable	19,655.00	(25,000.00)
Cash generated from operation	2,029,258.68	1,407,356.56
Interest income	1,600.25	44,076.76
Bank charges and interest	(4,806.35)	(4,660.50)
Net cash generated from operating activities	2,026,052.58	1,446,772.82
Cash flows from investing activities		
Payment to acquire property, plant and equipment	(27,648.00)	(75,458.00)
Net cash (used in) investing activities	(27,648.00)	(75,458.00)
Cash flows from financing activities		
Expenditure on the various surplus fund	(37,892.00)	(60,716.00)
Cash received from donors for the surplus fund	395,995.00	400,060.00
(Refunded) to the government	(289,284.00)	(253,730.47)
Transfer to activities account	-	46,274.12
Net cash generated from financing activities	68,819.00	131,887.65
Increase in cash and cash equivalents	2,067,223.58	1,503,202.47
Cash and cash equivalents brought forward	9,018,929.85	7,515,727.38
Cash and cash equivalents carried forward	11,086,153.43	9,018,929.85
Analysis of the balances of cash and cash equivalents :-		
Cash and bank balances	8,553,873.25	6,487,848.12
Fixed deposit	2,532,280.18	2,531,081.73
	11,086,153.43	9,018,929.85

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 Office 1104, 11/F., Tower 1, Admiralty Centre, 18 Harcourt Road, Hong Kong. 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 31/3/2022	As at 31/3/2021
	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 31/3/2022	As at 31/3/2021
	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 HAB Subvention - Happy Family Thematic Project prior to the year 2014

	As at 31/3/2022	As at 31/3/2021
	HK\$	HK\$
Balance brought forward	376,368.18	376,368.18
Balance carried forward	<u>376,368.18</u>	<u>376,368.18</u>

The fund was provided by Home Affairs Bureau ("HAB") to promote a closer tie between members and their families by engaging the latter in Corps' activities and programmes. The subvention scheme was terminated and the surplus fund of HK\$376,368.18 is retained and fixed for future determination.

Note 4a HAB Subvention - Happy Family Thematic Project

	As at 31/3/2022	As at 31/3/2021
	HK\$	HK\$
Surplus/(Deficit) brought forward	50,060.00	(57,993.65)
Reimbursement of last year's (deficit) by HAB	-	11,719.53
	<u>50,060.00</u>	<u>(46,274.12)</u>
Add : Non-approved expenditure by HAB transfer to Corps' other activities expenses	-	46,274.12
	<u>50,060.00</u>	-
Add : Current year's government subvention	45,560.00	50,060.00
Participation fee income / Other subsidies	435.00	-
	<u>96,055.00</u>	<u>50,060.00</u>
Less : Utilisation during the year	9,727.00	-
Other expenditure	435.00	-
Surplus carried forward	<u>85,893.00</u>	<u>50,060.00</u>

The fund was provided by Home Affairs Bureau ("HAB") to promote a closer tie between members and their families by engaging the latter in Corps' activities and programmes.

The government subvention for 2020/2021 Happy Family Thematic Project of HK\$50,060 had been refunded to HAB on 7th May 2022.

The Corps signed a commitment letter (承諾書) on 26th March 2021 and confirmed to receive a 50% subvention in advance for the operation of 2021/2022 Happy Family Thematic Project. 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 HAB. The approved remaining deficit/surplus will be reimbursed by/refunded to HAB subject to the approval of the audited financial statement.

HONG KONG AIR CADET CORPS
NOTES TO FINANCIAL STATEMENTS

Note 5 HAB Subvention - Scheme for Needy Student Members

	As at <u>31/3/2022</u>	As at <u>31/3/2021</u>
	HK\$	HK\$
Balance brought forward	474,978.00	451,144.00
(Refund) of last year's excess subvention to HAB	<u>(289,284.00)</u>	<u>(265,450.00)</u>
	185,694.00	185,694.00
Fund allocated for the year	<u>350,000.00</u>	<u>350,000.00</u>
	535,694.00	535,694.00
Utilisation during the year	<u>(27,730.00)</u>	<u>(60,716.00)</u>
Balance carried forward	<u><u>507,964.00</u></u>	<u><u>474,978.00</u></u>

The fund was provided by the Home Affairs Bureau ("HAB") to assist the needy student members of uniformed groups in purchasing uniforms, participating in camping/outing activities and joining leadership training courses.

During the year, the Corps received HK\$350,000 from HAB (2021 : HK\$350,000) for the Scheme.

In accordance with the Memorandum of Administrative Arrangements ("MAA"), the total amount of the reserve for the unused subvention from HAB 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. The Corps will be required to refund HK\$289,284 for the last year's excess subvention. (2021: HK\$265,450).

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

	As at <u>31/3/2022</u>	As at <u>31/3/2021</u>
	HK\$	HK\$
Balance brought forward	<u>162,772.00</u>	<u>162,772.00</u>
Balance carried forward	<u><u>162,772.00</u></u>	<u><u>162,772.00</u></u>

In accordance with the Memorandum of Administrative Arrangements ("MAA"), the Corps was required to refund the unused surplus of the year 2014 in the amount of HK\$162,772.00 to HAB. However, HAB did not request the Corps to refund the surplus up to audited report date and therefore the Corps considered to disclose separately.

HONG KONG AIR CADET CORPS
NOTES TO FINANCIAL STATEMENTS

Note 6 Cash and bank balances

	As at	As at
	31/3/2022	31/3/2021
	HK\$	HK\$
HSBC - HK Dollar - Current Account No.:-		
#808-620280-001	270,638.11	271,754.23
#808-620280-002	3,166,010.44	2,430,446.56
#808-620280-003	237,258.29	233,437.09
#808-620280-004	127,452.04	66,082.96
#808-620280-005	879,273.97	487,102.51
#808-620280-006	1,433,941.26	674,811.26
#808-620280-007	345,483.84	278,832.84
#808-620280-008	75,676.57	41,576.57
#808-620280-009	978.11	978.11
#817-429079-001	197,879.71	197,879.71
HSBC - HK Dollar - Saving Account No.:-		
#808-620298-292	25,038.43	25,037.93
#808-620280-292	31,701.11	31,700.48
#848-176319-838	1,417,162.35	1,417,433.92
HSBC - CNY Dollar - Saving Account No.:-		
#848-176319-838	340,279.02	326,473.95
Cash in hand	5,100.00	4,300.00
	<u>8,553,873.25</u>	<u>6,487,848.12</u>

HONG KONG AIR CADET CORPS
NOTES TO FINANCIAL STATEMENTS

Note 7 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 2021	1,311,996.80	1,096,218.60	20,726.00	285,500.00	2,714,441.40
Additions	-	27,648.00	-	-	27,648.00
Less : Written off	-	(48,200.00)	-	-	(48,200.00)
As at 31st March 2022	1,311,996.80	1,075,666.60	20,726.00	285,500.00	2,693,889.40
Less : Accumulated Depreciation					
As at 31st March 2021	1,307,982.92	971,207.05	20,709.22	264,063.33	2,563,962.52
Charge for the year	1,204.17	37,603.73	4.19	5,359.17	44,171.26
Less : Written back	-	(45,955.37)	-	-	(45,955.37)
As at 31st March 2022	1,309,187.09	962,855.41	20,713.41	269,422.50	2,562,178.41
Net Book Value					
As at 31st March 2022	2,809.71	112,811.19	12.59	16,077.50	131,710.99
As at 31st March 2021	4,013.88	125,011.55	16.78	21,436.67	150,478.88

HONG KONG AIR CADET CORPS
NOTES TO FINANCIAL STATEMENTS

Note 8 Subvention income

	Year ended 31/3/2022	Year ended 31/3/2021
	HK\$	HK\$
Home Affairs Bureau		
- Recurrent subvention	2,719,150.00	2,719,150.00
- Extra support funding	-	246,000.00
- One-off funding	245,000.00 *	-
Community Chest	<u>701,900.00</u>	<u>701,900.00</u>
	<u>3,666,050.00</u>	<u>3,667,050.00</u>

* HAB invited the Corps to apply a one-off funding of HK\$245,000 on top of the recurrent subvention to carry out improvement projects to prepare for returning to normalcy in view of the continuing challenges of the pandemic. A report detailing the expenditure of the provision is expected by the time the fund is expensed fully, or by 15th February 2023. Any unspent provision carried forward beyond the 12 months shall continue to be accounted for by means of a six-monthly financial report until all is spent.

Note 9 Surplus on trading account

	<u>Note</u>	Year ended 31/3/2022	Year ended 31/3/2021
		HK\$	HK\$
Sales		<u>75,329.50</u>	<u>31,565.00</u>
Less : Cost of goods sold			
Opening stock		864,476.28	910,746.29
Add : Purchase		<u>69,077.03</u>	<u>16,497.80</u>
		933,553.31	927,244.09
Less : Closing stock	(1e)	856,951.41	864,476.28
Closing stock transfer to souvenir account		<u>29,342.68</u>	<u>40,566.97</u>
		<u>47,259.22</u>	<u>22,200.84</u>
Surplus from trading account transfer to income statement		<u>28,070.28</u>	<u>9,364.16</u>

HONG KONG AIR CADET CORPS
NOTES TO FINANCIAL STATEMENTS

Note 10 Surplus fund from flag day

	Year ended 31/3/2022	Year ended 31/3/2021
	HK\$	HK\$
Income		
Appeal letters	112,677.13	-
Flag day collection	290,035.90	-
	<u>402,713.03</u>	<u>-</u>
Less : Expenditure		
Audit fee	2,700.00	-
Cleaning and repair fees of flag bags	971.75	-
Certificate and souvenirs for helpers	2,272.61	-
Insurance	2,726.09	-
Printing and stationery	1,245.00	-
Postage	390.00	-
Sundry expenses	236.12	-
	<u>10,541.57</u>	<u>-</u>
Surplus fund transfer to income statement	<u><u>392,171.46</u></u>	<u><u>-</u></u>

The Flag Day Appeal of Hong Kong Air Cadet Corps was held on 18th September 2021 under Public Subscription Permit No: FD/R040/2021 issued by Social Welfare Department on 17th December 2020. The flag day surplus fund account was audited on 19th November 2021. The net proceeds from the flag day has been fully utilised during the financial year 2021-2022 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 11 Net deficit on various activities

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

	Year ended 31/3/2022	Year ended 31/3/2021
	HK\$	HK\$
Adult training	(8,546.00)	9,964.00
Adventure Activities Squadron	71,489.00	45,000.00
Annual dinner	7,036.29	-
Vocational Qualifications Unit	(35,540.15)	-
Aircraft Engineering Workshop	52,727.75	-
International Air Cadet Exchange Programme	28.40	-
International Air Cadet Exchange Association	1,001.12	-
Other activities and courses	4,200.00	7,400.82
Technical Operations Support Wing	310.00	300.00
Training activities	53,356.33	13,392.00
Summer camp	-	46,274.12
Operations group programmes	36,780.94	4,167.00
Skills Development and Support Group Activities	46,283.53	-
	<u>229,127.21</u>	<u>126,497.94</u>

Note 12 Executive Board Members' remuneration

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

	Year ended 31/3/2022	Year ended 31/3/2021
	HK\$	HK\$
Fees	-	-
Other emoluments	-	-
	<u>-</u>	<u>-</u>

Note 13 Approval of financial statements

These financial statements were authorised for issue by the Corps' Executive Board Members on **19 SEP 2022**