



**HONG KONG SEA CADET CORPS**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2022**



**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF HONG KONG SEA CADET CORPS ("CORPS")**  
(incorporated in Hong Kong under the Hong Kong Sea Cadet Corps Ordinance)

**OPINION**

We have audited the financial statements of Hong Kong Sea Cadet Corps ("the Corps") set out on pages 3 to 14, which comprise the statement of financial position as at 31 March 2022, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Corps as at 31 March 2022, and of its financial performance and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standard for Private Entities ("HKFRS for Private Entities") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

**BASIS FOR OPINION**

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the 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.

**RESPONSIBILITIES OF EXECUTIVE COMMITTEE MEMBERS FOR THE FINANCIAL STATEMENTS**

The executive committee members are responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRS for Private Entities issued by the HKICPA and for such internal control as the executive committee members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the executive committee members 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 committee members either intend to liquidate the Corps or to cease operations, or has no realistic alternative but to do so.

**AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS**

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

to be cont'd/.....

## **AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)**

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with HKSA's, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corps' internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the executive committee members.
- Conclude on the appropriateness of the executive committee members' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the executive committee 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.



Li, Tang, Chen & Co.  
Certified Public Accountants (Practising)  
17/F Leighton Centre  
77 Leighton Road  
Causeway Bay  
Hong Kong

03 AUG 2022

APWS/ACKC

**HONG KONG SEA CADET CORPS**

**STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2022**

	<u>Note</u>	HK\$	<u>2022</u> HK\$	<u>2021</u> HK\$
<b>NON-CURRENT ASSETS</b>				
Property, plant and equipment	3		109,497	112,769
<b>CURRENT ASSETS</b>				
Inventories of uniforms	4	177,033		197,640
Accounts receivable and prepayment		382,552		365,143
Deposits		59,860		59,860
Cash and bank balances		<u>4,817,313</u>		<u>3,138,006</u>
		5,436,758		3,760,649
<b>CURRENT LIABILITIES</b>				
Deferred income	9	110,506		110,506
Accounts payable, sundry creditors and accruals		<u>586,367</u>		<u>567,472</u>
		696,873		677,978
<b>NET CURRENT ASSETS</b>			<u>4,739,885</u>	<u>3,082,671</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITY</b>			4,849,382	3,195,440
<b>NON-CURRENT LIABILITY</b>				
Long service payment provision			<u>139,485</u>	<u>139,485</u>
<b>NET ASSETS</b>			<u>4,709,897</u>	<u>3,055,955</u>
Represented by:				
<b>ACCUMULATED FUND</b>	5		2,031,051	1,082,998
<b>FLAG DAY FUND</b>	6		1,861,093	1,349,609
<b>HAB SUBVENTION - ASSISTANCE SCHEME FOR NEEDY STUDENT MEMBERS</b>	7		<u>817,753</u>	<u>623,348</u>
			<u>4,709,897</u>	<u>3,055,955</u>

The financial statements on pages 3 to 14 were approved and authorised for issue by the Executive Committee on

**- 3 AUG 2022**

.....  
Chairman

.....  
Commanding Officer

## HONG KONG SEA CADET CORPS

### STATEMENT OF COMPREHENSIVE INCOME

#### FOR THE YEAR ENDED 31 MARCH 2022

	2022				2021		
	Accumulated fund HK\$	HAB Subvention – Assistance Scheme for Needy Student Members HK\$	Flag Day	Total HK\$	Accumulated fund HK\$	HAB Subvention – Assistance Scheme for Needy Student Members HK\$	Total HK\$
<b>INCOME</b>							
Donation							
Receipt from The Hong Kong Jockey Club (Charities) Limited	2,587,000	-	-	2,587,000	2,587,000	-	2,587,000
The Community Chest of Hong Kong	555,900	-	-	555,900	611,490	-	611,490
The public	15,758	-	-	15,758	5,100	-	5,100
Home Affairs Bureau subvention	3,126,502	-	-	3,126,502	3,126,502	-	3,126,502
Grant and sponsorship income – Note 8	743,589	350,000	566,684	1,660,273	930,477	350,000	1,280,477
Dues and fees	27,900	-	-	27,900	7,750	-	7,750
Sundry income	10,095	-	-	10,095	1,403	-	1,403
Activity and training fee income	146,500	-	-	146,500	19,500	-	19,500
Surplus on sales of uniforms	4,501	-	-	4,501	2,531	-	2,531
	<u>7,217,745</u>	<u>350,000</u>	<u>566,684</u>	<u>8,134,429</u>	<u>7,291,753</u>	<u>350,000</u>	<u>7,641,753</u>
<b>LESS: EXPENDITURE</b>							
Advertising expense	1,193	-	-	1,193	4,771	-	4,771
Auditors' remuneration	38,000	-	-	38,000	51,100	-	51,100
Bank charges	3,815	-	-	3,815	2,490	-	2,490
Boating equipment	-	-	55,200	55,200	58,000	-	58,000
Car park and toll expenses	16,812	-	-	16,812	6,802	-	6,802
Cleaning expenses	24,594	-	-	24,594	13,628	-	13,628
Depreciation	65,392	-	-	65,392	75,148	-	75,148
Electricity and water	99,634	-	-	99,634	42,817	-	42,817
Government rent and rates	108,226	-	-	108,226	110,284	-	110,284
Gas and fuel	92,146	-	-	92,146	35,333	-	35,333
Insurance	134,794	-	-	134,794	113,398	-	113,398
License expense	23,884	-	-	23,884	21,465	-	21,465
Outdoor activities, camping and training	730,758	-	-	730,758	62,189	-	62,189
Printing and stationery	27,225	-	-	27,225	9,839	-	9,839
Repairs and maintenance	298,676	-	-	298,676	310,662	-	310,662
Security guard	224,600	-	-	224,600	224,400	-	224,400
Staff cost:							
- Salaries	3,641,762	-	-	3,641,762	3,505,105	-	3,505,105
- MPF contributions	135,216	-	-	135,216	114,111	-	114,111
Sundry expenses	82,489	-	-	82,489	53,039	-	53,039
Supertee expenses	167,607	-	-	167,607	76,144	-	76,144
Telephone and postage	20,190	-	-	20,190	23,162	-	23,162
Travelling and transportation	1,261	-	-	1,261	12	-	12
Uniform expense – Home Affairs Bureau	-	-	-	-	-	45,234	45,234
Office expenses	45,524	-	-	45,524	21,605	-	21,605
HAB – One-off Funding Expense	19,380	-	-	19,380	230,976	-	230,976
HAB – Sports and Recreational Sites Subsidy Scheme	44,714	-	-	44,714	107,716	-	107,716
HAB – Needy Students Subsidies	-	155,595	-	155,595	-	-	-
HQ Caretaker	221,800	-	-	221,800	148,000	-	148,000
	<u>6,269,692</u>	<u>155,595</u>	<u>55,200</u>	<u>6,480,487</u>	<u>5,422,196</u>	<u>45,234</u>	<u>5,467,430</u>
<b>SURPLUS AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<u>948,053</u>	<u>194,405</u>	<u>511,484</u>	<u>1,653,942</u>	<u>1,869,557</u>	<u>304,766</u>	<u>2,174,323</u>

**HONG KONG SEA CADET CORPS**  
**STATEMENT OF CHANGES IN FUNDS**  
**FOR THE YEAR ENDED 31 MARCH 2022**

	Note	Accumulated fund HK\$	Flag day fund HK\$	HAB Subvention – Assistance Scheme for Needy Student Members HK\$	Total HK\$
<b>At 1.4.2020</b>		(467,977)	1,349,609	-	881,632
Transferred (to)/from		(318,582)	-	318,582	-
Surplus and total comprehensive income for the year	5,6,7	1,869,557	-	304,766	2,174,323
<b>At 31.3.2021 and 1.4.2021</b>		1,082,998	1,349,609	623,348	3,055,955
Transferred (to)/from		(705,889)	511,484	194,405	-
Surplus and total comprehensive income for the year	5,6,7	1,653,942	-	-	1,653,942
<b>At 31.3.2022</b>		2,031,051	1,861,093	817,753	4,709,897

**HONG KONG SEA CADET CORPS**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 MARCH 2022**

	<u>2022</u> HK\$	<u>2021</u> HK\$
<b>OPERATING ACTIVITIES</b>		
Surplus for the year		
- Accumulated fund	948,053	1,869,557
- HAB Subvention – Assistance Scheme for Needy Student Members	194,405	304,766
- Regional flag day	511,483	-
	<u>1,653,941</u>	<u>2,174,323</u>
Adjustment for:		
Depreciation	65,392	75,148
<b>Operating profit before changes in working capital</b>	<u>1,719,333</u>	<u>2,249,471</u>
Decrease/(increase) in inventories of uniforms	20,607	(7,947)
Increase in accounts receivable and prepayment	(17,409)	(77,183)
Increase in accounts payable, sundry creditors and accruals	18,895	340,223
<b>NET CASH GENERATED FROM OPERATING ACTIVITIES</b>	<u>1,741,426</u>	<u>2,504,564</u>
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<b>INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(62,119)	(49,296)
<b>NET CASH USED IN INVESTMENT ACTIVITIES</b>	<u>(62,119)</u>	<u>(49,296)</u>
	-----	-----
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	1,679,307	2,455,268
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR</b>	<u>3,138,006</u>	<u>682,738</u>
<b>CASH AND CASH EQUIVALENT AT END OF THE YEAR</b>	<u>4,817,313</u>	<u>3,138,006</u>
	=====	=====
<b>ANALYSIS OF CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	4,817,313	3,138,006
	=====	=====

## HONG KONG SEA CADET CORPS

### NOTES TO THE FINANCIAL STATEMENTS

#### 1. STATUS OF THE CORPS

Hong Kong Sea Cadet Corps (“Corps”) is a non-profit making organization incorporated in Hong Kong under the Hong Kong Sea Cadet Corps Ordinance.

The head office of the Corps is located at 11 Fung Shing Street, Diamond Hill, Kowloon.

The principal activity of the Corps is raising funds through a community-wide appeal and promoting the recreational, social and educational welfare of youth in Hong Kong.

These financial statements are presented in Hong Kong dollars, which is the same as the functional currency of the Corps.

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### a) Basis of preparation:

The financial statements have been prepared in accordance with the Hong Kong Financial Reporting Standard (“HKFRS”) for Private Entities issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with HKFRS for Private Entities requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenditure. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

##### b) Revenue recognition:

Revenue is recognised when the Corps satisfies a performance obligation by transferring promised good or service to a customer and the customer obtains control over the good or service. When the performance obligation is satisfied, revenue is recognised at the amount of the transaction price that is allocated to that performance obligation. Further details of the Corps revenue and other income recognition are as follows:

##### i) Donations for purchase of property, plant and equipment are initially deferred as designated funds and recognised as income on a straight-line basis over the expected lives of the related assets.

Donations for other specific purposes are initially deferred as deferred income and recognised as income when there is a reasonable assurance that the organisation will comply with the conditions attached with them. They are recognised in statement of comprehensive income over the period necessary to match them with the costs they are intended to compensate.

Donations and grant for general purposes are recognised in statement of comprehensive income when the right to receive the donations and grant had been established.



## HONG KONG SEA CADET CORPS

### NOTES TO THE FINANCIAL STATEMENTS

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

b) Revenue recognition: (cont'd)

ii) Subvention, grant and sponsorship income is recognised on an accrual basis.

iii) Memberships fees are recognised when cash is received.

iv) Activities, course and programme fees are recognised upon completion of services provided.

c) Inventories of uniforms:

Inventories are stated at the lower of cost and net realisable value. Cost comprises cost of purchase, which is calculated by using the first-in first-out method. Net realizable value is determined on the basis of anticipated sales proceeds.

d) Property, plant and equipment:

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after the property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of comprehensive income in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the property, plant and equipment, the expenditure is capitalised as an additional cost of that asset.

Depreciation on property, plant and equipment is calculated on the straight-line basis to allocate cost to their residual value over their estimated useful lives as follows:

Boats and vessels	5 years
Motor vehicles	5 years
Furniture, fixtures and office equipment	5 years
Computer equipment	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

e) Receivables:

Receivables are initially recognised at fair value and, thereafter stated at amortised cost less impairment losses for bad and doubtful debts except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less any impairment losses.

## HONG KONG SEA CADET CORPS

### NOTES TO THE FINANCIAL STATEMENTS

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

f) Payables:

Payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

g) Impairment:

At the end of each reporting period, the Corps reviews the carrying amounts of its tangible assets and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverse, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, such that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

h) Cash and cash equivalents:

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Corps cash management.

i) Employee benefits:

i) The Corps' contributions to the mandatory provident fund scheme are expensed as incurred. The assets of the scheme is held separately from those of the Corps in independently administrated funds.

ii) Certain Corps' employees have completed the required number of years of service in the Corps, who are eligible for long service payments under the Hong Kong Employment Ordinance in the event of the termination of their employment. The Corps is liable to make such payments in the event that such a termination of employment meets the circumstances specified in the Employment Ordinance.

A provision is recognised in respect of the probable future long service payments expected to be made. The provision is based on the best estimate of the probable future payments which have been earned by the employees from their service in the Corps to the end of reporting period.

## HONG KONG SEA CADET CORPS

### NOTES TO THE FINANCIAL STATEMENTS

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

j) Related parties:

- a) A person, or a close member of that person's family, is related to the Corps if that person:
  - i) has control or joint control over the Corps;
  - ii) has significant influence over the Corps; or
  - iii) is a member of the key management personnel of the Corps or the Corps' parent.
- b) An entity is related to the Corps if any of the following conditions applies:
  - i) The entity and the Corps are members of the same group.
  - ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  - iii) Both entities are joint ventures of the same third party.
  - iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - v) The entity is a post-employment benefit plan for the benefit of employees of either the Corps or an entity related to the Corps.
  - vi) The entity is controlled or jointly controlled by a person identified in (a).
  - vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
  - viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Corps or to the Corps' parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

k) Provisions:

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, 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 events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

## HONG KONG SEA CADET CORPS

### NOTES TO THE FINANCIAL STATEMENTS

#### 3. PROPERTY, PLANT AND EQUIPMENT

Details of the movements of property, plant and equipment are as follows:

	<u>Boats and vessels</u> HK\$	<u>Motor vehicles</u> HK\$	<u>Furniture, fixtures and office equipment</u> HK\$	<u>Computer equipment</u> HK\$	<u>Total</u> HK\$
Cost:					
At 1 April, 2020	776,438	567,530	1,494,209	193,099	3,031,276
Additions	-	-	35,040	14,256	49,296
At 31 March 2021	<u>776,438</u>	<u>567,530</u>	<u>1,529,249</u>	<u>207,355</u>	<u>3,080,572</u>
Accumulated depreciation:					
At 1 April, 2020	776,438	567,530	1,369,547	179,140	2,892,655
Charge for the year	-	-	66,966	8,182	75,148
At 31 March 2021	<u>776,438</u>	<u>567,530</u>	<u>1,436,513</u>	<u>187,322</u>	<u>2,967,803</u>
Net book value:					
At 31 March 2021	<u>-</u>	<u>-</u>	<u>92,736</u>	<u>20,033</u>	<u>112,769</u>
Cost:					
At 1 April, 2021	776,438	567,530	1,529,249	207,355	3,080,572
Additions	-	-	45,843	16,276	62,119
At 31 March 2022	<u>776,438</u>	<u>567,530</u>	<u>1,575,092</u>	<u>223,631</u>	<u>3,142,691</u>
Accumulated depreciation:					
At 1 April, 2021	776,438	567,530	1,436,513	187,322	2,967,803
Charge for the year	-	-	54,631	10,761	65,392
At 31 March 2022	<u>776,438</u>	<u>567,530</u>	<u>1,491,144</u>	<u>198,083</u>	<u>3,033,195</u>
Net book value:					
At 31 March 2022	<u>-</u>	<u>-</u>	<u>83,948</u>	<u>25,548</u>	<u>109,496</u>

**HONG KONG SEA CADET CORPS**

**NOTES TO THE FINANCIAL STATEMENTS**

**4. INVENTORIES OF UNIFORMS**

All inventories of uniforms for the year are stated at cost.

**5. ACCUMULATED FUND**

	<u>2022</u> HK\$	<u>2021</u> HK\$
Balance brought forward	1,082,998	(467,977)
Transferred to Flag fund	(511,484)	-
Transferred to HAB Subvention – Assistance Scheme for Needy Student Members (note 7)	(194,405)	(318,582)
Surplus and total comprehensive income for the year	<u>1,653,942</u>	<u>1,869,557</u>
Balance carried forward	<u><u>2,031,051</u></u>	<u><u>1,082,998</u></u>

**6. FLAG DAY FUND**

	<u>2022</u> HK\$	<u>2021</u> HK\$
Balance brought forward	1,349,609	1,349,609
Transferred from Accumulated Fund (note 5)	<u>511,484</u>	<u>-</u>
Balance carried forward	<u><u>1,861,093</u></u>	<u><u>1,349,609</u></u>

The flag day fund is established for supporting major development project and purchase of boating and other equipment and other non-recurring expenses relating to the sea activity centres.

**7. HAB SUBVENTION – ASSISTANCE SCHEME FOR NEEDY STUDENT MEMBERS**

	<u>2022</u> HK\$	<u>2021</u> HK\$
Balance brought forward	623,348	-
Transferred from Accumulated Fund (note 5)	194,405	318,582
Surplus and total comprehensive income	<u>-</u>	<u>304,766</u>
Balance carried forward	<u><u>817,753</u></u>	<u><u>623,348</u></u>

Note:

The amount represents the balance for this Scheme recognized under Accumulated Fund in previous years.

## HONG KONG SEA CADET CORPS

### NOTES TO THE FINANCIAL STATEMENTS

#### 8. GRANT AND SPONSORSHIP INCOME

	<u>2022</u> HK\$	<u>2021</u> HK\$
Home Affairs Bureau		
- Assistance to needy student members	350,000	350,000
- Installment of project disbursement cost to uniformed group thematic proposal	427,589	110,477
- Regional Flag Day - Kowloon	566,684	-
- HAB - Support subvented uniformed groups and youth-related non-governmental organisation amidst the COVID-19 pandemic	-	246,000
- HAB - Sports and Recreational Sites Subsidy Scheme	300,000	500,000
	<u>1,644,273</u>	<u>1,206,477</u>
Grantham Scholarships Fund		
- The Grantham Uniformed Youth Groups Outstanding Service Award	16,000	16,000
Sir David Trench Fund		
- For purchase equipment	-	58,000
	<u>1,660,273</u>	<u>1,280,477</u>

On 15th May 2021, the flag day fund-raising activity of Hong King Sea Cadet Corps was held in Kowloon region under Public Subscription Permit No.: FD/R059/2021 issued by Social Welfare Department. The flag-day fund account was audited on 9th August 2021.

	HK\$	HK\$
INCOME		
Street collections		108,433
Other forms of appeals		<u>493,283</u>
		601,716
EXPENSE		
Flag bags production	21,300	
Food coupon	6,000	
Insurance	1,872	
Credit card charge	3,406	
HSBC Payme charge	454	
Auditor fee	<u>2,000</u>	
		<u>35,032</u>
Balance carried forward		<u>566,684</u>

The net proceeds of the flag day fund-raising is to use for:

- 1) Supporting the improvement work project for the HKSCC Water Sports Centre at Tsam Chuk Wan in Sai Kung; and
- 2) Purchasing boating and training equipment.

**HONG KONG SEA CADET CORPS**

**NOTES TO THE FINANCIAL STATEMENTS**

**9. DEFERRED INCOME**

	Ultimate Dream Enterprises Ltd. <u>(Mr. Alex Tai)</u> HK\$	Ng Teng Fong Charitable Foundation Limited HK\$	「同心同根萬里行」 Fund Reserve HK\$	<u>Total</u> HK\$
At 1 April 2020, 2021 and 31 March 2021, 2022	46,725	100,000	(36,219)	110,506
Current portion	<u>(46,725)</u>	<u>(100,000)</u>	<u>36,219</u>	<u>(110,506)</u>
Non-current portion	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

**10. TAXATION**

The Corps, being a non-profit making Corps, is exempted from Hong Kong profits tax by virtue of Section 88 of the Hong Kong Inland Revenue Ordinance.