

Youth Outreach

(協青社)

Report of the Executive Committee and
Financial Statements
for the year ended 31 March 2024

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for the year ended 31 March 2024

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Report of the Executive Committee

The Executive Committee submit herewith their annual report together with the audited financial statements for the year ended 31 March 2024.

Principal place of business

Youth Outreach (“the Association”) is a company incorporated and domiciled in Hong Kong and has its registered office and place of operation at 2 Holy Cross Path, Sai Wan Ho, Hong Kong.

Principal activities

The principal activities of the Association are to operate youth centres and youth hostels; provide counseling and social service for young people; and re-establish parental and family links of young people, with a strategic focus at at-risk youth.

Financial statements

The results of the Association for the year ended 31 March 2024 and the state of the Association’s financial position at that date are set out in the financial statements on pages 7 to 24.

Executive Committee members

The Executive Committee members during the financial year and up to the date of this report were:

Ms. Au King Chi
Mr. Chui Wing Hong Eric
Mr. Ho Jonathan
Mr. Lam Wai Hon Patrick
Mr. Leung Tim Chiu Richard
Mr. Liang Vincent
Mr. Mark Kam Ming
Mr. Newbery Peter John
Ms. Tam Kam Lan Annie
Ms. Tang Suk Chun
Ms. Wong Miu Yan Cecilia
Mr. Wong Siu Kee
Ms. Yau Yu Xin Amelia
Mrs. Li Kwong Bo Yu Bonnie (appointed on 1 February 2024)

In accordance with articles 38, 39 and 40 of the Association’s articles of association, the appointed Executive Committee members of the Association shall hold office for two years and are eligible for re-appointment.

No contract of significance to which the Association was a party and in which a member of the Executive Committee had a material interest subsisted at the end of the year or at any time during the year.

Permitted Indemnity Provisions

In accordance with the Articles of Association of the Association, every member of the Executive Committee for the time being of the Association shall be indemnified out of the assets of the Association against any liability to a third party arising out of the execution of the duties of his/her office which is incurred by him/her in or defending any proceedings whether civil or criminal in which judgment is given in his/her favour or in which he/she is acquitted or in connection with any application under the Companies Ordinance in which relief is granted to him/her by the Court in respect of any negligence default breach of duty or breach of trust.

Other than mentioned above, at no time during the year and up to the date of this report, was there any permitted indemnity provision being in force for the benefit of any of the Executive Committee members of the Association.

The Association has taken out and maintained liabilities insurance throughout the year, which provides appropriate cover for certain legal actions that may be brought against its Executive Committee members and officers.

Business Review

Main Business

Founded in 1991, the Association has been walking with at-risk youth over the past three decades, loving what youth love and connecting with youth, as well as letting them to unleash their potential and grow independently. The Association's work began with providing emergency accommodation to runaway youth and has since expanded the mission to helping at-risk youth grow into responsible members of the community.

The Association, as a registered charitable non-government organisation, follows the need of youth and the changing pop culture, adopts innovative and flexible methods to reach out to at-risk youth, and provides them with appropriate services. These include:

- All-night and evening outreaching services
- Emergency accommodation
- 24-hour drop-in youth centre
- 24-hour service hotline
- School-based at-risk youth services
- Psychological counselling, etc.

The Association also operates various service units which employ and train "ex-at-risk youth". The Association leverages youth culture in establishing a training platform to provide opportunities for youth to develop their talents.

Financial Performance

Income of the Association was obtained from government subvention, as well as grants from the Hong Kong Jockey Club Charities Trust, other trust funds, program and service fees, and both private and corporate donations. Below is a summary of the financial information during the year:

	2024 HK\$	2023 HK\$	%
Total income	48,362,935	52,356,316	(7.63)
Total expenditure	49,852,753	49,829,929	0.05
(Deficit)/Surplus for the year	(1,489,818)	2,526,387	158.97

During the year, the decrease in the Association's income was mainly attributable to the decrease of sponsorship income. The increase of total expenditure was due to a combined effect of increase in Program and Services, Administrative and Other Operating Expense, offset by a decrease in Staff Costs due to the staff turnover and the absence of the special COVID-19 allowance provided by Social Welfare Department ("SWD") in the last year.

Relationships with Service Users, Employees and Funding Bodies

Service Users

The Association attaches priority to providing care for its target audience, i.e., at-risk youth and their families. Evaluation forms and/or face-to-face interviews were given to these service users for feedback. There was no serious complaint arisen during the year.

Employees

The Association has been reviewing employee benefits regularly and introduced improvements from time to time as our resources and priorities permit. At the same time the Association continues to improve and upgrade the skills and knowledge of our employees through on-the-job training and continuous training programs at various levels.

Funding Bodies

The Association receives funding support from government, various charity bodies, and individual and corporate donors. It continues to maintain a close relationship with different funding bodies through regular service reports and inviting them to conduct site visits.

Environmental Policies and Performance

The Association considers the impact of its operation and activity on the environment and community. The Association continues its effort in improving energy-efficiency, promoting energy conservation and minimising environmental impacts from the use of energy, such as the use of LED light bulbs for its all-night outreaching service. Besides, the Association is using an environmentally friendly truck, which offers selective catalytic reduction, for providing services for at-risk youth in the districts during midnight.

Compliance with the Relevant Laws and Regulations

The Association is a Hong Kong incorporated company with limited liability by guarantee and is subject to laws and regulations governing the services provided. The Association has in place Service Quality Standards for complying with the requirement of the Service Performance Monitoring Systems and subvention manuals established by the SWD. Meanwhile, the Association maintains a risk register to review regularly and pays attention to the relevant legal obligations in its operation.

Key Challenges and Strategies Ahead

Operating in the current economic environment is challenging. The Government provides recurrent subvention only for the residential services operated by the Association for at-risk youth and those referred by the court. During the year ended 31 March 2024, this accounts for about 31% of the total expenditure. The Association would be put at substantial risk in the event of sponsorships and donations being discontinued.

Since completion of “Project Lotus-YO Management Review” in 2016, the Association has been conducting regular updates with a view to improving its services, including the integration of Residential Service, Outreaching Service and Clinical Psychological Service to meet the evolving needs of at-risk youth.

The Youth Outreach Jockey Club Building has been in use since 2004. The Association has been granted government funds for the renovation of the SWD-subsented residential units as well as other selected non-subsented units. The renovation project has commenced in September 2023 and is expected to complete in the first half of 2025. Despite the project complexity, the Association is committed to overcoming the challenges and expediting the progress of the project.

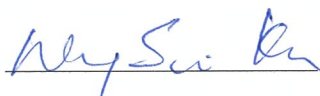
Particulars of Important Events after the Financial Year

There are neither instances nor important events after the financial year which might affect the Association’s ability to continue as a going concern.

Auditor

Peter Chu & Co. retire and, being eligible, offer themselves for re-appointment. A resolution for their reappointment as auditor of the Association is to be proposed at the forthcoming annual general meeting.

By order of the Executive Committee



Wong Siu Kee
President

Hong Kong, 15 October 2024

Independent auditor's report
to the Executive Committee of Youth Outreach
(Incorporated in Hong Kong with limited liability by guarantee)

Opinion

We have audited the financial statements of Youth Outreach ("the Association") set out on pages 7 to 24, which comprise the statement of financial position as at 31 March 2024, and the statement of comprehensive income, statement of changes in general funds 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 Association as at 31 March 2024, 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") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

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 Association 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 Committee are responsible for the other information. The other information comprises all information included in the report of the Executive Committee, 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 express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information 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, 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.

Responsibilities of Executive Committee and Those Charged with Governance for the Financial Statements

The Executive Committee of the Association 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 the Hong Kong Companies Ordinance, and for such internal control as the Executive Committee 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 are responsible for assessing the Association's 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 either intend to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association's 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 this report.

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 Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Executive Committee.
- Conclude on the appropriateness of the Executive Committee's 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 Association's 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 Association 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 those charged with governance 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.



Certified Public Accountants

Hong Kong, 15 October 2024

Statement of comprehensive income
for the year ended 31 March 2024
(Expressed in Hong Kong dollars)

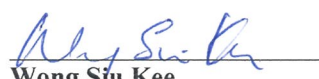
	Note	2024 HK\$	2023 HK\$
Income			
Government lump sum grant and other funding	8	15,328,285	15,722,656
Sponsorship income	9	15,700,795	19,166,435
Donation income		4,187,039	4,372,828
Program and services income	10	7,565,722	7,734,221
Other income	11	5,581,094	5,360,176
		<u>48,362,935</u>	<u>52,356,316</u>
Expenditures			
Staff salaries and provident funds	12	36,143,242	37,466,528
Program and services expenses	13	7,208,417	6,469,601
Administrative expenses	14	4,780,448	4,239,631
Other operating expenses	15	1,720,646	1,654,169
		<u>49,852,753</u>	<u>49,829,929</u>
(Deficit)/Surplus before taxation		(1,489,818)	2,526,387
Taxation	16	-	-
(Deficit)/Surplus for the year		<u>(1,489,818)</u>	<u>2,526,387</u>

The accompanying accounting policies and explanatory notes on pages 11 to 24 form part of these financial statements.

Statement of financial position
at 31 March 2024
(Expressed in Hong Kong dollars)

	Note	2024 HK\$	2023 HK\$
ASSETS			
Non-current assets			
Property, plant and equipment	17	1,510,410	910,188
Current assets			
Accounts receivable		1,891,189	2,231,020
Other receivables, deposits and prepayments		1,334,713	774,310
Payments for building renovation		12,244,372	2,150,834
Cash at bank and in hand		55,966,103	64,225,949
		71,436,377	69,382,113
Total assets		72,946,787	70,292,301
GENERAL FUNDS AND LIABILITIES			
General funds			
Sustainable development fund	18	41,000,000	41,000,000
Accumulated surplus		8,512,108	10,001,926
		49,512,108	51,001,926
Current liabilities			
Deferred income	19	14,343,723	13,113,195
Provision for funding claw back	20	1,532,717	1,327,117
Other payables and accruals		7,558,239	4,850,063
		23,434,679	19,290,375
Total general funds and liabilities		72,946,787	70,292,301

The financial statements on pages 7 to 24 were approved and authorised for issue by the Executive Committee on 15 October 2024


Wong Siu Kee
President


Yau Yu Xin Amelia
Honourary Treasurer

The accompanying accounting policies and explanatory notes on pages 11 to 24 form part of these financial statements.

Statement of changes in general funds
for the year ended 31 March 2024
(Expressed in Hong Kong dollars)

	<i>Sustainable development fund HK\$</i>	<i>Accumulated surplus HK\$</i>	<i>Total HK\$</i>
Balance at 1 April 2022	38,500,000	9,975,539	48,475,539
Surplus for the year	-	2,526,387	2,526,387
Appropriation during the year	2,500,000	(2,500,000)	-
Balance at 31 March 2023 and at 1 April 2023	41,000,000	10,001,926	51,001,926
Deficit for the year	-	(1,489,818)	(1,489,818)
Balance at 31 March 2024	41,000,000	8,512,108	49,512,108

The accompanying accounting policies and explanatory notes on pages 11 to 24 form part of these financial statements.

Statement of cash flows
for the year ended 31 March 2024
(Expressed in Hong Kong dollars)

	Note	2024 HK\$	2023 HK\$
Cash flows from operating activities			
(Deficit)/Surplus for the year		(1,489,818)	2,526,387
<i>Adjustments for:</i>			
Depreciation		734,574	528,309
Bad debts		7,000	131,165
(Gain)/Loss on disposals of property, plant and equipment		(4,500)	10,014
Income released from deferred income	19	(16,679,681)	(20,112,276)
Interest income		(2,071,190)	(1,091,634)
Operating cash flows before working capital changes		(19,503,615)	(18,008,035)
Decrease/(Increase) in accounts receivable		568,201	(507,642)
(Increase)/Decrease in other receivables, deposits and prepayments		(560,403)	957,646
Increase in payments for building renovation		(10,093,538)	(2,150,834)
Increase/(Decrease) in provision for funding claw back		30,906	(80,467)
Increase in other payables and accruals		2,708,176	892,612
Donations received and deferred	19	18,098,258	14,870,254
Donations received in advance refunded to donors		(13,355)	(87,239)
Net cash used in operating activities		(8,765,370)	(4,113,705)
Cash flows from investing activities			
Interest received		1,835,820	877,262
Proceeds from sale of property, plant and equipment		4,500	-
Purchase of property, plant and equipment		(1,334,796)	(591,046)
Net cash generated from investing activities		505,524	286,216
Net decrease in cash and cash equivalents		(8,259,846)	(3,827,489)
Cash and cash equivalents at beginning of year		64,225,949	68,053,438
Cash and cash equivalents at end of year		55,966,103	64,225,949

The accompanying accounting policies and explanatory notes on pages 11 to 24 form part of these financial statements.

Accounting policies and explanatory notes to the financial statements

1 General information

Youth Outreach (“the Association”) was incorporated in Hong Kong with limited liability by guarantee and not having a share capital. Every member of the Association undertakes to contribute not more than five hundred Hong Kong dollars in the event of the Association being wound up.

The principal activities of the Association are to operate youth centres and youth hostels; to provide counseling and social service for young people; and re-establish parental and family links of young people, with a strategic focus at at-risk youth.

These principal activities are provided by the Association through the following services:

- (i) All-night and evening outreaching services;
- (ii) Emergency accommodation;
- (iii) 24-hour drop-in youth centre;
- (iv) 24-hour service hotline;
- (v) School-based at-risk youth services; and
- (vi) Psychological counselling services.

2 Basis of preparation

These financial statements have been prepared in accordance with the Hong Kong Financial Reporting Standard for Private Entities (“HKFRS for Private Entities”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the Hong Kong Companies Ordinance. These financial statements are presented in Hong Kong dollar unless otherwise stated.

3 Adoption of new and revised Hong Kong Financial Reporting Standard for Private Entities

Up to the date of issue of these financial statements, the HKICPA has not issued amendments to HKFRS for Private Entities which would have a material effect on the Association’s results and financial position for the current and prior period.

4 Significant accounting policies

The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with the HKFRS for Private Entities requires the use of certain critical accounting estimates. It also requires the management to exercise its judgement in the process of applying the accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 5.

The following are the specific accounting policies that are necessary for a proper understanding of the financial statements:

(a) Property, plant and equipment

Property, plant and equipment are stated in the statement of financial position at cost less accumulated depreciation and impairment losses.

Gains and losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in the statement of comprehensive income on the date of retirement or disposal.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives as follows:

Building improvements	5 years
Furniture and fixtures	3 years
Computer and office equipment	3 years
Sound equipment	3 years
Motor vehicles	3 years

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Association and the cost of the item can be measured reliably. All other repairs and maintenance are recognised in the statement of comprehensive income during the period in which they are incurred.

The residual values, useful lives and depreciation method are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date.

(b) Impairment of assets

An assessment is made at the end of each reporting date to determine whether there is any indication of impairment or reversal of previous impairment, including items of property, plant and equipment. In the event that an asset's carrying amount exceeds its recoverable amount, the carrying amount is reduced to its recoverable amount and an impairment loss is recognised in the statement of comprehensive income. 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 years.

(c) Accounts and other receivables

Accounts and other receivables are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of receivables is established when there is objective evidence that the Association will not be able to collect all amounts due according to the original terms of the receivables.

(d) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, other short-term highly liquid investments with original maturities of three months or less.

(e) Accounts and other payables

Accounts and other payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

(f) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Association 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 expenditure 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.

(g) Revenue recognition

Provided it is probable that the economic benefits will flow to the Association and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in the statement of comprehensive income as follows:

- (i) Subsidies from the government are recognised at their fair value where there is a reasonable assurance that the subsidies will be received, and the Association will comply with all attached conditions. Government subsidies relating to the purchase of property, plant and equipment are deferred and credited to profit or loss on a straight-line basis over the expected lives of the related assets.
- (ii) Sponsorship income, when there is reasonable assurance that the sponsorship will be received and all attaching conditions will be complied with.
- (iii) Donation income, when received.
- (iv) Program and services income, when services are performed.
- (v) Licence income, in equal instalments over the periods covered by the licence agreement.
- (vi) Committee membership fee income, on a time proportion basis.
- (vii) Bank interest income, as it accrues using the effective interest method.

(h) Employee benefits

Salaries, annual bonuses, paid annual leave and the cost to the Association of non-monetary benefits are accrued in the year in which the associated services are rendered by employees of the Association. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

Contributions to Mandatory Provident Funds as required under the Hong Kong Mandatory Provident Fund Schemes Ordinance are recognised as an expense in the statement of comprehensive income as incurred.

(i) Operating lease charges

Where the Association has the use of assets under operating leases, payments made under the leases are charged to the statement of comprehensive income in equal instalments over the accounting periods covered by the lease term except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in the statement of comprehensive income as an integral part of the aggregate net lease payments made. Contingent rentals are charged to the statement of comprehensive income in the accounting period in which they are incurred.

(j) Foreign exchange

Items included in the financial statements are measured using the currency of the primary economic environment in which the Association operates (“the functional currency”). These financial statements are presented in Hong Kong dollars, which is the Association’s functional and presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in income or expenditure.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was determined.

(k) Related parties

For the purpose of these financial statements, related party includes a person and entity as defined below:

- (1) A person or a close member of that person's family is related to the Association if that person:
 - (i) is a member of the key management personnel of the Association or of a parent of the Association;
 - (ii) has control over the Association; or
 - (iii) has joint control or significant influence over the reporting entity or has significant voting power in it.
- (2) An entity is related to the Association if any of the following conditions applies:
 - (i) the entity and the Association are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) either entity is an associate or joint venture of the other entity (or of a member of a group of which the other entity is a member).
 - (iii) both entities are joint ventures of a third entity.
 - (iv) either 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 Association or an entity related to the Association. If the reporting entity is itself such a plan, the sponsoring employers are also related to the plan.
 - (vi) the entity is controlled or jointly controlled by a person identified in (1).
 - (vii) a person identified in (1)(i) has significant voting power in the entity.

5 Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(a) Property, plant and equipment and depreciation

The Association determines the estimated useful lives, residual values and related depreciation charges for the Association's property, plant and equipment. This estimate is based on the historical experience of the actual useful lives and residual values of property, plant and equipment of similar nature and functions. The Association will revise the depreciation charge where useful lives and residual values are different to those previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned.

(b) Impairment loss for bad and doubtful debts

The Association makes impairment loss for bad and doubtful debts based on assessments of the recoverability of the accounts and other receivables, including the current creditworthiness and the past collection history of each debtor. Impairments arise where events or changes in circumstances indicate that the balances may not be collectible. The identification of bad and doubtful debts requires the use of judgement and estimates. Where the actual result is different from the original estimate, such difference will impact the carrying value of the accounts and other receivables and doubtful debt expenses in the year in which such estimate has been changed.

6 Financial risk management

(a) Credit risk

The Association's credit risk arises from cash and bank balances and accounts and other receivables.

The Association's bank balances are placed in internationally reputable and creditworthy financial institutions. As such, no significant credit risk is anticipated.

For accounts and other receivables, the Association considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

The maximum exposure to credit risk is represented by the carrying amounts of each financial asset in the statement of financial position.

(b) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents so as to enable the Association to meet its liabilities as and when they fall due and to continue operating for the foreseeable future. In the opinion of the Executive Committee, the Association does not have significant liquidity risk.

(c) Cash flow interest rate risk

Apart from the bank balances, which carry interest at market rates, the Association has no other significant interest-bearing assets and liabilities.

At 31 March 2024 and 2023, 50 basis point increase/decrease in interest rate on bank balances and the change was not significant to the financial statements. Accordingly, no sensitivity analysis was performed.

7 Benefits and interests of the Executive Committee members

Benefits and interests of the Executive Committee members disclosed pursuant to section 383 of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

	2024 HK\$	2023 HK\$
Fees	Nil	Nil
Other emoluments	Nil	Nil
Retirement benefit	Nil	Nil

8 Government lump sum grant and other funding

Lump sum grants (“LSG”) received during the year from the Social Welfare Department (“SWD”) of the Hong Kong Special Administrative Region (“HKSAR”) in respect of the following:

	2024 HK\$	2023 HK\$
Crisis residential centres and transitional house (Claw back of surplus)/Reimbursement of deficit on provident fund (note 20)	14,872,323 (118,454)	14,317,805 80,467
Rent and rates	533,497	533,497
Special allowance for staff in respect of COVID-19	-	690,778
	<u>15,287,366</u>	<u>15,622,547</u>
Income released from staff training fund - Social Welfare Development Fund (“SWDF”) (note 19)	-	22,600
Lotteries Fund - Wi-Fi Project	17,748	23,664
Others	23,171	53,845
	<u>40,919</u>	<u>100,109</u>
	<u>15,328,285</u>	<u>15,722,656</u>

9 Sponsorship income

Included in the income was an amount of HK\$6,152,861 (2023: HK\$5,715,023) attributed by the project “Youth Outreach Jockey Club: REACH-U Youth Programme” which was supported by the Hong Kong Jockey Club Charities Trust (the “Trust”).

During the year, HK\$5,901,647 (2023: HK\$5,397,638) was received from the Trust.

10 Program and services income

	2024 HK\$	2023 HK\$
Psychological counselling service income	1,395,201	1,711,300
Course and performance income	4,590,112	4,979,049
Venue and equipment rental income	500,052	506,720
Training and accommodation income	331,580	279,180
Performance and show income	637,309	157,470
Miscellaneous income	111,468	100,502
	<u>7,565,722</u>	<u>7,734,221</u>

11 Other income

	2024 HK\$	2023 HK\$
7-Eleven stores operating income	1,319,515	1,141,288
License income	1,695,789	1,361,367
Employment support scheme #	-	1,562,000
Bank interest income	2,071,190	1,091,634
Income released from fixed assets fund (note 19)	225,515	186,424
Gain on disposals of property, plant and equipment	4,500	-
Others	264,585	17,463
	<u>5,581,094</u>	<u>5,360,176</u>

In the prior year, the Association successfully applied for funding support from the Employment Support Scheme under the Anti-epidemic Fund, set up by the Government of the HKSAR. The purpose of the funding was to provide financial support to enterprises to retain their employees who would otherwise be made redundant. Under the terms of the grant, the Association was required not to make redundancies during the subsidy period and to spend all the funding on paying wages to the employees.

12 Staff salaries and provident funds

	2024			2023		
	Salaries	Mandatory provident fund	Total	Salaries	Mandatory provident fund	Total
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
Program Operating staff	25,637,034	1,198,979	26,836,013	26,202,052	1,372,633	27,574,685
Central Administration staff*	5,416,318	227,192	5,643,510	5,361,167	229,173	5,590,340
Information Technology staff	1,440,277	71,564	1,511,841	1,273,566	64,033	1,337,599
Building Management staff	1,682,535	89,790	1,772,325	1,695,790	88,500	1,784,290
Program Assistants	378,694	859	379,553	1,135,503	44,111	1,179,614
	<u>34,554,858</u>	<u>1,588,384</u>	<u>36,143,242</u>	<u>35,668,078</u>	<u>1,798,450</u>	<u>37,466,528</u>

* Central Administration staff included the salaries and provident fund of the staff for donors-engagement duties.

13 Program and services expenses

	2024 HK\$	2023 HK\$
Course and performance expenses	3,393,078	2,264,329
Program expenses	2,508,207	2,662,016
Freelance and outsourcing expenses	650,807	934,507
Miscellaneous expenses	656,325	608,749
	<u>7,208,417</u>	<u>6,469,601</u>

14 Administrative expenses

	2024 HK\$	2023 HK\$
Electricity	1,469,276	1,299,373
Gas	115,625	110,456
Water	21,718	8,417
Rental charges	227,779	-
Building management fee	150,025	-
Rates and government rent	551,795	522,160
Repairs and maintenance	935,255	1,132,977
Insurance	598,174	462,444
Staff welfare	106,443	59,932
Medical expenses	3,278	7,273
Permit and membership fees	30,214	66,823
Workshop management fees	283,096	260,000
Audit fee	156,013	166,925
Bank charges	44,030	29,241
Others	87,727	113,610
	<u>4,780,448</u>	<u>4,239,631</u>

15 Other operating expenses

	<i>2024</i>	<i>2023</i>
	<i>HK\$</i>	<i>HK\$</i>
Depreciation	734,574	528,309
Loss on disposals of property, plant and equipment	-	10,014
Computer expenses	626,596	615,702
Consumables	74,926	145,471
Newspapers and reference books	13,008	8,514
Internet and broadband expenses	43,009	31,768
Mobile phone expenses	31,794	33,083
Postage	14,240	14,163
Staff training	63,909	45,040
Store and equipment	57,886	39,605
Telecommunications	42,855	21,396
Bad debts	7,000	131,165
Others	10,849	29,939
	<hr/>	<hr/>
	1,720,646	1,654,169
	<hr/>	<hr/>

16 Taxation

The Association has been granted the status as a charitable institution since 16 May 1997 and is exempt from Hong Kong profits tax therefrom. All income and expenditures of the Association are non-taxable/non-deductible respectively.

17 Property, plant and equipment

	<i>Building improvements</i> HK\$	<i>Furniture and fixtures</i> HK\$	<i>Computer and office equipment</i> HK\$	<i>Sound equipment</i> HK\$	<i>Motor vehicles</i> HK\$	<i>Total</i> HK\$
<i>Costs</i>						
At 1 April 2022	5,450,727	339,892	6,435,279	1,975,323	1,579,046	15,780,267
Additions	-	-	591,046	-	-	591,046
Disposals	-	(48,507)	(1,046,909)	-	-	(1,095,416)
At 31 March 2023 and at 1 April 2023	5,450,727	291,385	5,979,416	1,975,323	1,579,046	15,275,897
Additions	-	-	1,334,796	-	-	1,334,796
Disposals	-	-	(32,740)	-	(209,480)	(242,220)
At 31 March 2024	5,450,727	291,385	7,281,472	1,975,323	1,369,566	16,368,473
<i>Aggregate depreciation</i>						
At 1 April 2022	5,450,727	176,420	5,741,286	1,975,323	1,579,046	14,922,802
Charge for the year	-	80,538	447,771	-	-	528,309
Written back on disposals	-	(47,577)	(1,037,825)	-	-	(1,085,402)
At 31 March 2023 and at 1 April 2023	5,450,727	209,381	5,151,232	1,975,323	1,579,046	14,365,709
Charge for the year	-	54,417	680,157	-	-	734,574
Written back on disposals	-	-	(32,740)	-	(209,480)	(242,220)
At 31 March 2024	5,450,727	263,798	5,798,649	1,975,323	1,369,566	14,858,063
<i>Net carrying values</i>						
At 31 March 2024	-	27,587	1,482,823	-	-	1,510,410
At 31 March 2023	-	82,004	828,184	-	-	910,188

The Association is located at a building in Hong Kong. The land where the building is erected was granted by the Government of the HKSAR on 24 September 1999 for a period of 50 years, at a nominal premium of HK\$1,000 ("the Private Treaty Grant"). Under the condition in the Private Treaty Grant, the Government of the HKSAR has the right to resume and re-take possession of the land by giving 12 months' notice. The building was donated by The Hong Kong Jockey Club Charities Trust.

18 Sustainable development fund

The sustainable development fund is set up for the future major repairs and maintenance work of the building of the Association and for the funding of new service development.

There was no appropriation for the year. By a resolution passed by the Executive Committee on 13 October 2023, an appropriation of HK\$2,500,000 from accumulated surplus to sustainable development fund was made for the prior year.

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19 Deferred income

	Balance at 1.4.2022	Additions	Claw back to donors	Reclassified from other receivables	Refunded to donors	Transfer	Recognised as income	Balance at 1.4.2023	Additions	Interest earned	Claw back to donors	Transfer	Recognised as income	Balance at 31.3.2024
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
Lotteries fund - Furniture and equipment replenishment and minor works block grant reserve	393,732	221,708	-	-	-	(61,296)	(21,105)	533,039	225,000	1,848	-	(7,380)	(23,171)	729,336
Fixed assets fund (note 11)	529,034	-	-	-	-	61,296	(186,424)	403,906	-	-	-	9,958	(225,515)	188,349
Lotteries fund - YO building renovation	-	604,100	-	-	-	-	-	604,100	3,193,496	-	-	-	-	3,797,596
Staff training fund - SWDF - Phase 3 (note 8)	78,958	288	-	-	-	-	(22,600)	56,646	-	-	(56,646)	-	-	-
Others	21,820	-	-	-	-	-	(5,000)	16,820	-	-	-	-	-	16,820
Partnership fund for the disadvantaged	812,728	-	(302,425)	-	-	-	(510,303)	-	-	-	-	-	-	-
Repair & maintenance fund - Coin fund	6,603	-	-	-	-	-	(6,603)	-	-	-	-	-	-	-
Other programs	17,135,432	14,044,158	(614,190)	358,188	(64,663)	-	(19,360,241)	11,498,684	14,677,914	-	(131,403)	(2,578)	(16,430,995)	9,611,622
	18,978,307	14,870,254	(916,615)	358,188	(64,663)	-	(20,112,276)	13,113,195	18,096,410	1,848	(188,049)	-	(16,679,681)	14,343,723

- (a) Funds received with special purpose are initially recorded as deferred income. They are released to income when the services performed or delivered over the period of the program.
- (b) The income recognised during the year of HK\$225,515 (2023: HK\$186,424) from the fixed assets fund represents the depreciation charge for the year of those fixed assets purchased.
- (c) No interest was earned during the year. Included in additions of the SWDF - Phase 3 for the prior year was interest of HK\$288 earned therefrom for that year.

20 Provision for funding claw back

	<i>Surplus on provident fund HK\$</i>	<i>Surplus on other projects HK\$</i>	<i>Total HK\$</i>
Balance at 1 April 2022	454,125	22,577	476,702
Reimbursement of deficit (note 8)	(80,467)	-	(80,467)
Provision for the year	-	953,458	953,458
Payment during the year	-	(22,576)	(22,576)
Balance at 31 March 2023 and 1 April 2023	373,658	953,459	1,327,117
Transfer from SWDF (note 22)	-	56,645	56,645
Transfer from Lotteries Fund			
- Wi-Fi project (note 23)	-	131,404	131,404
Claw back of surplus (note 8)	118,454	-	118,454
Provision for the year	-	162,452	162,452
Payment during the year	-	(13,355)	(13,355)
Written back on general provision for provident fund	(250,000)	-	(250,000)
Balance at 31 March 2024	242,112	1,290,605	1,532,717

21 Movement of the furniture and equipment replenishment and minor works block grant reserve

	<i>2024 HK\$</i>	<i>2023 HK\$</i>
Opening balance of block grant reserve	533,039	393,732
<i>Income:</i>		
Lotteries fund received	225,000	220,000
Interest income	1,848	1,708
	226,848	221,708
<i>Expenditures:</i>		
Minor purchases (Furniture and equipment)	14,095	61,296
Minor works	16,456	21,105
	30,551	82,401
Closing balance of block grant reserve	729,336	533,039

As at 31 March 2024, there was no capital commitment in respect of furniture and equipment replenishment and minor works block grant.

22 Use of the SWDF - Phase 3 funded by Lotteries Fund

	2024 HK\$	2023 HK\$
Opening balance of SWDF	56,646	78,958
Allocation from SWDF during the financial year	-	(17,600)
Interest received during the financial year	-	288
	<u>56,646</u>	<u>61,646</u>
Expenditure under SWDF during the year:		
Expenditure for projects under scope A	-	(5,000)
	<u>(56,646)</u>	<u>-</u>
Provision for claw back (note 20)	(56,646)	-
	<u>-</u>	<u>56,646</u>
Closing balance of SWDF	-	56,646

The above expenditures under the SWDF have been incurred in accordance with the requirements stipulated in SWDF Guidance Notes for Application, SWD's approval letter(s) and the procurement of projects and services are in line with the procedures specified in the Lotteries Fund Manual.

23 Income and Expenditure Statement for Lotteries Fund Experimental Project(s) of limited duration

	2024 HK\$	2023 HK\$
Income		
Lotteries fund grant	-	72,600
Expenditure		
Operating expenses	17,748	23,664
(Deficit)/Surplus for the year	<u>(17,748)</u>	<u>48,936</u>
Cumulated income brought forward	290,400	217,800
Cumulated expenditure brought forward	(141,248)	(117,584)
Cumulated surplus brought forward	149,152	100,216
Provision for claw back (note 20)	<u>(131,404)</u>	<u>-</u>
Cumulated surplus carried forward	<u>-</u>	<u>149,152</u>

All income and expenditure were received and incurred for the Lotteries Fund projects (Wi-Fi project 35141-837-4510-0000) and in accordance with the Lotteries Fund Manual and the instructions issued by SWD.

24 Commitments

(a) Capital commitments

Capital commitments outstanding at 31 March 2024 not provided for in the financial statements are as follows:

	2024 HK\$	2023 HK\$
Contracted for	40,255,955	2,119,470
Authorised, but not contracted for	-	-
	<u>40,255,955</u>	<u>2,119,470</u>

(b) Commitments under operating leases

The Association rents a warehouse under operating lease for a period of 18 months with fixed rentals over the same period.

	2024 HK\$	2023 HK\$
Minimum lease payments under operating leases recognised as an expense during the year	<u>227,779</u>	<u>-</u>

At 31 March 2024, the Association had outstanding commitments under non-cancellable operating leases that fall due as follows:

	2024 HK\$	2023 HK\$
Within one year	<u>182,000</u>	<u>-</u>

25 Comparative figures

As a result of a separate disclosure of payments for building renovation in the statement of financial position, certain comparative figures have been adjusted to conform to current year's presentation.