

Draft

**THE QUEEN'S SCOUT (H.K.I.) AND
QUEEN'S GUIDE CLUB**

**FINANCIAL REPORT
FOR THE YEAR ENDED 31 MARCH, 2013**

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
THE QUEEN'S SCOUT (H.K.I.) AND QUEEN'S GUIDE CLUB**

We have audited the financial statements of The Queen's Scout (H.K.I.) and Queen's Guide Club ("the club") set out on pages 3 to 11, which comprise the statement of financial position as at 31 March, 2013, and the statement of comprehensive income, statement of change in funds and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Executive committee's responsibility for the financial statements

The executive committee of the club are responsible for the preparation of financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants, 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.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purposes. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the executive committee and management committee, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
THE QUEEN'S SCOUT (H.K.I.) AND QUEEN'S GUIDE CLUB – cont'd**

Opinion

In our opinion, the financial statements give a true and fair view of the state of the club's affairs as at 31 March, 2013 and of its deficit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards.

Kreston CAC CPA Limited
Certified Public Accountants
CHAN Kwok Cheung
Practising certificate no. P01446

Hong Kong,

THE QUEEN'S SCOUT (H.K.I.) AND QUEEN'S GUIDE CLUB

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH, 2013

	Notes	2013 HK\$	2012 HK\$
Income:			
- Bank interest income		1.19	1.19
- Donation received		510.00	-
- Entrance fees		700.00	900.00
Functions income			
- Tai Tam Run		5,220.00	4,640.00
- AGM 2012		12,800.00	-
- Bowling competition		440.00	-
- Sailing Nov 2012		850.00	-
- Sales of club's souvenirs		1,310.00	5,060.00
- Sponsorship from HKIR		249.00	800.00
- Sponsorship from the fund		6,693.60	3,969.00
- Subscriptions and fees		<u>6,250.00</u>	<u>5,550.00</u>
		35,023.79	20,920.19
Expenditure:			
Cost of souvenirs	(	472.40)	(3,389.20)
Function expenses			
- AGM 2012	(	15,510.30)	(1,417.00)
- Backwoods cooking session	(	- )	( 2,719.50)
- Bowling competition	(	2,097.00)	-
- Tai Tam Run	(	11,913.60)	(8,609.00)
- Sailing Nov 2012	(	3,400.00)	(-)
- Island Scout Day	(	309.50)	(-)
Legal & professional fee	(	400.00)	(400.00)
Postage	(	- )	( 34.40)
Printing & stationery	(	485.00)	(25.00)
Sundry expenses	(	<u>1,788.00)</u>	(<u>3,647.00)</u>
Surplus before income tax	(	1,352.01)	679.09
Income tax	6	<u>-</u>	<u>-</u>
Surplus/(deficit) for the year	(	1,352.01)	679.09
Other comprehensive income/(expenses)		<u>-</u>	<u>-</u>
Total comprehensive income		<u>(1,352.01)</u>	<u>679.09</u>

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

THE QUEEN'S SCOUT (H.K.I.) AND QUEEN'S GUIDE CLUB

STATEMENT OF FINANCIAL POSITION AT 31 MARCH, 2013

	Notes	2013 HK\$	2012 HK\$
Assets			
Non-current assets			
Plant and equipment			
- Equipment	7	<u>1.00</u>	<u>1.00</u>
Current assets			
Bank balances		195,135.71	212,835.32
Inventories – souvenirs		22,733.80	6,376.20
Account and other receivables	8	<u>6,753.60</u>	<u>3,969.00</u>
		<u>224,623.11</u>	<u>223,180.52</u>
Fund assets (per contra)	9	<u>244,366.31</u>	<u>241,919.91</u>
Total assets		<u>468,960.42</u>	<u>465,101.43</u>
Funds and liability			
Funds and reserves			
Accumulated funds	10	<u>212,710.51</u>	<u>214,062.52</u>
The Queen's Scout (H.K.I.) and Guide Club Fund (per contra)	11	<u>244,336.31</u>	<u>241,919.91</u>
Current liability			
Account and other payables	12	<u>11,913.60</u>	<u>9,119.00</u>
Total funds and liability		<u>468,960.42</u>	<u>465,101.43</u>

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

Approved and authorised for issue by
The Queen's Scout (HKI) and Queen's Guide Club executive committee on

THE QUEEN'S SCOUT (H.K.I.) AND QUEEN'S GUIDE CLUB

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH, 2013

	2013 HK\$	2012 HK\$
Cash flows from/(used in) operating activities (note a)	(17,700.80)	6,833.10
Cash flows from investing activity (note b)	<u>1.19</u>	<u>1.19</u>
Net increase in cash and cash equivalents	(17,699.61)	6,834.29
Opening cash and cash equivalents	<u>212,835.32</u>	<u>206,001.03</u>
Closing cash and cash equivalents	<u>195,135.71</u>	<u>212,835.32</u>
Closing cash and cash equivalents represents:-		
Bank balances	<u>195,135.71</u>	<u>212,835.32</u>

Note a

	2013 HK\$	2012 HK\$
Cash flows from operating activities		
Surplus/(deficit) before income tax	(1,352.01)	679.09
Interest income	<u>(1.19)</u>	<u>(1.19)</u>
Operating cash flows before working capital change	(1,353.20)	677.90
(Increase)/decrease in:		
- Account and other receivables	(2,784.60)	(3,219.00)
- Inventories	(16,357.60)	965.20
(Decrease)/increase in:		
- Account and other payables	<u>2,794.60</u>	<u>8,409.00</u>
Cash generated/(used in) from operations	(17,700.80)	6,833.10
Income tax paid	<u>-</u>	<u>-</u>
	<u>(17,700.80)</u>	<u>6,833.10</u>

Note b

	2013 HK\$	2012 HK\$
Cash flows from investing activity		
Interest received	<u>1.19</u>	<u>1.19</u>

THE QUEEN'S SCOUT (H.K.I.) AND QUEEN'S GUIDE CLUB**STATEMENT OF CHARGES IN FUNDS
FOR THE YEAR ENDED 31 MARCH, 2013**

	2013 HK\$	2012 HK\$
Opening balance – total funds	214,062.52	213,383.43
Total comprehensive income/(expenses) for the year	(<u>1,352.01</u>)	<u>679.09</u>
Closing balance – total funds	<u>212,710.51</u>	<u>214,062.52</u>

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

THE QUEEN'S SCOUT (H.K.I.) AND QUEEN'S GUIDE CLUB

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH, 2013**

(1) General

The scout association is a body corporate with perpetual succession, established under The Scout Association of Hong Kong Ordinance. The Queen's Scout (H.K.I.) and Queen's Guide Club ("the club"), registered with the Hong Kong Island Region, of said association and has its registered office at Room 1111, Hong Kong Scout Centre, Austin Road, Kowloon, Hong Kong.

The purpose of the club is to further and promote the scout movement within Hong Kong.

(2) Statement of compliance

These financial statements have been prepared in accordance with accounting principles generally accepted in Hong Kong, including Hong Kong Financial Reporting Standards ("HKFRSs").

The Hong Kong Institute of Certified Public Accountants ("HKICPA") has issued a number of new and revised HKFRSs which are generally effective for accounting year ended 31 March, 2013. The club has adopted the remaining new and revised HKFRSs which are effective and relevant to these financial statements. The adoption of new or revised HKFRSs has not had any significant impact on the results for the current or prior accounting periods and, accordingly, no prior period adjustment has been required.

Up to the date of issue of these financial statements, the HKICPA has further issued a number of amendments and new HKFRSs which are not yet effective for the accounting year ended 31 March, 2013 and which have not been early adopted in these financial statements. Initial assessment has indicated that the adoption of these non-effective HKFRSs would not have a significant impact on the club's financial statements in the year of initial application.

(3) Basis of preparation

These financial statements include statement of financial position, statement of comprehensive income, statement of changes in funds, statement of cash flows and related notes.

The club adopts single statement of comprehensive income approach under which an income statement displaying components of surplus or deficit forms the upper part while a statement of comprehensive income beginning with surplus or deficit and displaying components of other comprehensive income forms the lower part. Other comprehensive income is those items that are dealt with in relevant fund/reserve direct.

(a) Measurement basis

The measurement basis used in preparing these financial statements is historical cost. The respective accounting policies are shown in note (5). These financial statements are presented in Hong Kong dollars, which is the company's functional currency.

(b) Critical accounting estimates and judgements

No accounting estimates and judgement are considered to be critical in the preparation of these financial statements.

THE QUEEN'S SCOUT (H.K.I.) AND QUEEN'S GUIDE CLUB

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH, 2013**

(4) Financial instruments

Financial assets and financial liabilities are recognised on the statement of financial position when the club becomes a party to the contractual provisions of the instrument. They are accounted for in accordance with the respective accounting policies stated in note (5). The club has classified the carrying value of its financial assets in the following categories:-

	2013 HK\$'000	2012 HK\$'000
Financial assets at fair value through profit or loss (held for trading)	-	-
Held-to-maturity investments	-	-
Loans and receivables	201	216
Available-for-sale financial assets	<u>-</u>	<u>-</u>
	<u>201</u>	<u>216</u>

The club has classified the carrying value of its financial liabilities in the following categories:-

	2013 HK\$'000	2012 HK\$'000
Financial liabilities at fair value through profit or loss (held for trading)	-	-
Financial liabilities at amortised cost	<u>11</u>	<u>9</u>
	<u>11</u>	<u>9</u>

The executive committee consider that the carrying values of the financial assets and financial liabilities approximate to their fair values.

The club exposed to various kinds of risks in its operation and financial instruments. The risks include market risk (foreign currency risk, interest rate risk and other price risk), liquidity risk and credit risk. The club's risk management objectives and policies mainly focus on minimising the potential adverse effects of these risks on the club by closely monitoring the individual exposure as follows:-

(a) Foreign currency risk management

The club's transactions are mainly denominated in Hong Kong dollars. The foreign currency risk during the year and at the reporting date is insignificant.

(b) Interest rate risk management

The club's income and operating cash flows are substantially independent of changes in market interest rates as the club has no significant interest-bearing assets and interest-bearing loans during the year, even at the reporting date.

(c) Other price risk management

The club did not have other price risk on the financial instruments during the year, even at the reporting date.

THE QUEEN'S SCOUT (H.K.I.) AND QUEEN'S GUIDE CLUB

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH, 2013**

(4) **Financial instruments** – cont'd

(d) Credit risk management

The club has no credit risk during the year, even at the reporting date.

(e) Liquidity risk management

The club has no liquidity risk during the year, even at the reporting date.

(5) **Principal accounting policies**

(a) Plant and equipment

The club states its plant and equipment at nominal value of HK\$1 and to write off the cost of additions if any, in the year of acquisition.

(b) Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdraft that are mature shortly or repayable on demand and form an integral part of the club's cash management are also included as a component of cash and cash equivalents.

(c) Inventories

The club's souvenirs such as badges, souvenir and T-shirt, are stated at the lower of cost of purchase and net realisable value. Cost is valued by the method of first-in first-out basis. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to disposal.

(d) Account and other receivables

Account and other receivables are initially measured at fair value and thereafter stated at amortised cost less bad and doubtful debts, if any. Receivables without any fixed repayment terms or the effect of discounting being immaterial are measured at cost less bad and doubtful debt, if any.

(e) Account payable

Account payable is initially measured at fair value and subsequently stated at amortised cost. Unless the effect of discounting would be material, they are stated at cost.

(f) Revenue recognition

(i) Donation income is recognised when the donation is received.

(ii) Function income is recognised when the function is completed.

THE QUEEN'S SCOUT (H.K.I.) AND QUEEN'S GUIDE CLUB

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH, 2013**

(5) Principal accounting policies – cont'd

(g) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the club 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 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 nonoccurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(6) Income tax

The club was registered with the Hong Kong Island Region of the Scout Association of Hong Kong which is exempted from Hong Kong profits tax under Section 88 of the Inland Revenue Ordinance.

(7) Equipment

The equipment represents the club's flags and the club's blazer badge master copy and stated at nominal value.

(8) Account and other receivables

	2013 HK\$	2012 HK\$
Account receivable	60.00	-
Amount due from the fund	<u>6,693.60</u>	<u>3,969.00</u>
	<u>6,753.60</u>	<u>3,969.00</u>

(9) Fund assets

	2013 HK\$	2012 HK\$
Long term listed investments	202,380.00	200,700.00
Bank balances	<u>48,649.91</u>	<u>45,388.91</u>
	251,029.91	246,088.91
Amount due to the club	(6,693.60)	(3,969.00)
Accruals	(-)	(200.00)
Total fund assets	<u>244,336.31</u>	<u>241,919.91</u>

The fund assets are held in name of the club.

THE QUEEN'S SCOUT (H.K.I.) AND QUEEN'S GUIDE CLUB

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH, 2013**

(10) Accumulated funds

	2013 HK\$	2012 HK\$
Balance at the beginning of the year	214,062.52	213,383.43
Surplus/(deficit) for the year	(<u>1,352.01</u>)	<u>679.09</u>
Balance at the end of the year	<u>212,710.51</u>	<u>214,062.52</u>

(11) The Queen's Scout (H.K.I.) and Queen's Guide Club Fund

The Queen's Scout (H.K.I.) and Queen's Guide Club Fund ('the fund') was established by the club from the HK\$100,000 donation being a cheque in name of Mak Foundation Limited dated 19 November, 2000 from Mrs. Cecilia YUE, on the occasion of the Club's opening ceremony of "Mak's Path" at Tai Tam Scout Centre in memory of its two past deceased Presidents. The fund is managed by the fund management committee with a view to providing support to the Scout Movement in Hong Kong from the investment income generated from the fund each year. The fund assets are shown in note (9).

(12) Accounts and other payables

	2013 HK\$	2012 HK\$
Accruals	<u>11,913.60</u>	<u>9,119.00</u>

Draft

**THE QUEEN'S SCOUT (H.K.I.) AND
QUEEN'S GUIDE CLUB FUND**

**FINANCIAL REPORT
FOR THE YEAR ENDED 31 MARCH, 2013**

**INDEPENDENT AUDITOR'S REPORT
TO THE EXECUTIVE COMMITTEE OF
THE QUEEN'S SCOUT (H.K.I.) AND QUEEN'S GUIDE CLUB FUND**

We have audited the financial statements of The Queen's Scout (H.K.I.) and Queen's Guide Club Fund ("the fund") set out on pages 3 to 11, which comprise the statement of financial position as at 31 March, 2013, and the statement of comprehensive income, statement of change in funds and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Fund Management committee's responsibility for the financial statements

The fund management committee are responsible for the preparation of financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants, and for such internal control as the fund management committee determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purposes. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the executive committee and management committee, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**INDEPENDENT AUDITOR'S REPORT
TO THE EXECUTIVE COMMITTEE OF
THE QUEEN'S SCOUT (H.K.I.) AND QUEEN'S GUIDE CLUB FUND – cont'd**

Opinion

In our opinion, the financial statements give a true and fair view of the state of the fund's affairs as at 31 March, 2013 and of its surplus and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards.

Kreston CAC CPA Limited
Certified Public Accountants
CHAN Kwok Cheung
Practising certificate no. P01446

Hong Kong,

THE QUEEN'S SCOUT (H.K.I.) AND QUEEN'S GUIDE CLUB FUND

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH, 2013**

	Notes	2013 HK\$	2012 HK\$
Income:			
- Dividend income from listed shares		7,590.00	7,440.00
- Donation received		<u>200.00</u>	<u>100.00</u>
		7,790.00	7,540.00
Custodian fee		(360.00)	(360.00)
Sponsorship to Tai Tam Run held by the club		<u>(6,693.60)</u>	<u>(3,969.00)</u>
Surplus before income tax		736.40	3,211.00
Income tax	6	<u>-</u>	<u>-</u>
Surplus for the year		736.40	3,211.00
Other comprehensive income/(expenses)			
- Change in fair value of long-term investments		<u>1,680.00</u>	<u>104,324.01</u>
Total comprehensive income		<u><u>2,416.40</u></u>	<u><u>107,535.01</u></u>

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

THE QUEEN'S SCOUT (H.K.I.) AND QUEEN'S GUIDE CLUB FUND

STATEMENT OF FINANCIAL POSITION AT 31 MARCH, 2013

	Notes	2013 HK\$	2012 HK\$
Assets			
Non-current assets			
Long term investments	7	<u>202,380.00</u>	<u>200,700.00</u>
Current assets			
Bank balances		<u>48,649.91</u>	<u>45,388.91</u>
Total assets		<u>251,029.91</u>	<u>246,088.91</u>
Funds and liability			
Funds and reserves			
Accumulated funds	8	138,332.30	137,595.90
Investment revaluation reserve	9	<u>106,004.01</u>	<u>104,324.01</u>
		<u>244,336.31</u>	<u>241,919.91</u>
Current liability			
Amount due to the club		6,693.60	3,969.00
Accruals		<u>-</u>	<u>200.00</u>
		<u>6,693.60</u>	<u>4,169.00</u>
Total funds and liability		<u>251,029.91</u>	<u>246,088.91</u>

Approved and authorised for issue by
The Queen's Scout (HKI) and Queen's Guide Club executive committee on .

Approved and authorised for issue by
The Queen's Scout (HKI) and Queen's Guide Club Fund Management Committee on .

THE QUEEN'S SCOUT (H.K.I.) AND QUEEN'S GUIDE CLUB FUND

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH, 2013

	2013 HK\$	2012 HK\$
Cash flows used in operating activities (note a)	(4,329.00)	(260.00)
Cash flows from investing activity (note b)	<u>7,590.00</u>	<u>7,440.00</u>
Net increase in cash and cash equivalents	3,261.00	7,180.00
Opening cash and cash equivalents	<u>45,388.91</u>	<u>38,208.91</u>
Closing cash and cash equivalents	<u><u>48,649.91</u></u>	<u><u>45,388.91</u></u>
Closing cash and cash equivalents represents:-		
Bank balances	<u><u>48,649.91</u></u>	<u><u>45,388.91</u></u>

Note a

	2013 HK\$	2012 HK\$
Cash flows used in operating activities		
Surplus before income tax	736.40	3,211.00
Dividend income	(7,590.00)	(7,440.00)
Operating cash flows before working capital change	(6,853.60)	(4,229.00)
Increase/(decrease) in:		
- Amount due to the club	2,724.60	3,969.00
- Accruals	(200.00)	(-)
Cash used in operations	(4,329.00)	(260.00)
Income tax paid/(refund)	<u>-</u>	<u>-</u>
	<u><u>(4,329.00)</u></u>	<u><u>(260.00)</u></u>

Note b

	2013 HK\$	2012 HK\$
Cash flows from investing activity		
Dividend from listed equity securities	<u><u>7,590.00</u></u>	<u><u>7,440.00</u></u>

THE QUEEN'S SCOUT (H.K.I.) AND QUEEN'S GUIDE CLUB FUND**STATEMENT OF CHARGES IN FUNDS
FOR THE YEAR ENDED 31 MARCH, 2013**

	2013 HK\$	2012 HK\$
Opening balance – total funds	241,919.91	134,384.90
Total comprehensive income for the year	<u>2,416.40</u>	<u>107,535.01</u>
Closing balance – total funds	<u><u>244,336.31</u></u>	<u><u>241,919.91</u></u>

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

THE SCOUT ASSOCIATION OF HONG KONG – HONG KONG ISLAND REGION THE QUEEN’S SCOUT (H.K.I.) AND QUEEN’S GUIDE CLUB FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2013

(1) **General**

The Queen’s Scout (H.K.I.) and Queen’s Guide Club Fund (‘the fund’) was established by The Queen’s Scout (H.K.I.) and Queen’s Guide Club (“the club”) from the HK\$100,000 donation being a cheque in name of Mak Foundation Limited dated 19 November, 2000 from Mrs. Cecilia YUE, on the occasion of the Club’s opening ceremony of “Mak’s Path” at Tai Tam Scout Centre in memory of it’s two past deceased Presidents. The fund is managed by the fund management committee with a view to providing support to the Scout Movement in Hong Kong from the investment income generated from the fund each year.

(2) **Statement of compliance**

These financial statements have been prepared in accordance with accounting principles generally accepted in Hong Kong, including Hong Kong Financial Reporting Standards (“HKFRSs”).

The Hong Kong Institute of Certified Public Accountants (“HKICPA”) has issued a number of new and revised HKFRSs which are generally effective for accounting year ended 31 March, 2013. The fund has adopted the remaining new and revised HKFRSs which are effective and relevant to these financial statements. The adoption of new or revised HKFRSs has not had any significant impact on the results for the current or prior accounting periods and, accordingly, no prior period adjustment has been required.

Up to the date of issue of these financial statements, the HKICPA has further issued a number of amendments and new HKFRSs which are not yet effective for the accounting year ended 31 March, 2013 and which have not been early adopted in these financial statements. Initial assessment has indicated that the adoption of these non-effective HKFRSs would not have a significant impact on the fund’s financial statements in the year of initial application.

(3) **Basis of preparation**

These financial statements include statement of financial position, statement of comprehensive income, statement of changes in funds, statement of cash flows and related notes.

The fund adopts single statement of comprehensive income approach under which an income statement displaying components of surplus or deficit forms the upper part while a statement of comprehensive income beginning with surplus or deficit and displaying components of other comprehensive income forms the lower part. Other comprehensive income is those items that are dealt with in relevant fund/reserve direct.

(a) **Measurement basis**

The measurement basis used in preparing these financial statements is historical cost, except for long term investments, which are stated at market value. The accounting policy on investments is shown in note 5(a). These financial statements are presented in Hong Kong dollars, which is the fund’s functional currency.

THE QUEEN'S SCOUT (H.K.I.) AND QUEEN'S GUIDE CLUB FUND

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH, 2013**

(3) **Basis of preparation** – cont'd

(b) Critical accounting estimates and judgements

No accounting estimates and judgement are considered to be critical in the preparation of these financial statements.

(4) **Financial instruments**

Financial assets and financial liabilities are recognised on the statement of financial position when the fund becomes a party to the contractual provisions of the instrument. They are accounted for in accordance with the respective accounting policies stated in note (5). The fund has classified the carrying value of its financial assets in the following categories:-

	2013 HK\$'000	2012 HK\$'000
Financial assets at fair value through profit or loss (held for trading)	-	-
Held-to-maturity investments	-	-
Loans and receivables	49	45
Available-for-sale financial assets	<u>202</u>	<u>201</u>
	<u>251</u>	<u>246</u>

The fund has classified the carrying value of its financial liabilities in the following categories:-

	2013 HK\$'000	2012 HK\$'000
Financial liabilities at fair value through profit or loss (held for trading)	-	-
Financial liabilities at amortised cost	<u>6</u>	<u>4</u>
	<u>6</u>	<u>4</u>

The fund management committee consider that the carrying values of the financial assets and financial liabilities approximate to their fair values.

THE QUEEN'S SCOUT (H.K.I.) AND QUEEN'S GUIDE CLUB FUND

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH, 2013**

(4) **Financial instruments** – cont'd

The fund exposed to various kinds of risks in its operation and financial instruments. The risks include market risk (foreign currency risk, interest rate risk and other price risk), liquidity risk and credit risk. The fund's risk management objectives and policies mainly focus on minimising the potential adverse effects of these risks on the fund by closely monitoring the individual exposure as follows:-

(a) **Foreign currency risk management**

The fund's transactions are mainly denominated in Hong Kong dollars. The foreign currency risk during the year and at the reporting date is insignificant.

(b) **Interest rate risk management**

The fund's income and operating cash flows are substantially independent of changes in market interest rates as the fund has no significant interest-bearing assets and interest-bearing loans during the year, even at the reporting date.

(c) **Other price risk management**

The fund's long-term investments expose to the price risk. As the fund's policy is only to invest such investments by its surplus funds, the exposure on price risk is just temporary and may not have significant impact on the fund's long-term financial background.

At the reporting date, the carrying values of long-term investments and the effect of possible price change are as follows:-

<u>Long-term investments</u>		<u>Fluctuation</u>		<u>+/- Net assets</u>	
2013	2012	2013	2012	2013	2012
HK\$'000	HK\$'000			HK\$'000	HK\$'000
202	201	+ 20%	+ 20%	+40	+40
		- 20%	- 20%	- 40	- 40

The above sensitivity analysis was prepared on the basis of change of stock price only with all other variables held constant, same basis as last year. No effect on the fund's profit/loss as the change in market value is dealt with investment revaluation reserve.

(d) **Credit risk management**

The fund has no credit risk during the year, even at the reporting date.

(e) **Liquidity risk management**

The fund has no liquidity risk during the year, even at the reporting date.

THE QUEEN'S SCOUT (H.K.I.) AND QUEEN'S GUIDE CLUB FUND**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH, 2013****(5) Principal accounting policies****(a) Long-term investments**

Investments other than those held for trading and held to maturity are classified as long-term investments and are stated in the statement of financial position at fair value/market value. Gain or loss on the fair value/market value changes of investments is one of other comprehensive income and recognised directly in the investment revaluation reserves.

When the investments are sold, the cumulative gain or loss previously recognised directly in investment revaluation reserve is recognised in the income statement.

When a decline in the fair value/market value of an investment has been recognised directly in investment revaluation reserve and there is objective evidence that the investment is impaired, the cumulative loss that had been recognised directly in investment revaluation reserve is removed from investment revaluation reserve and recognised in the income statement even though the investment has not been sold.

Investments in equity securities those do not have a quoted market price in an active market and whose fair value cannot be reliably measured are recognised in the statement of financial position at cost less impairment losses.

(b) Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdraft that are mature shortly or repayable on demand and form an integral part of the fund's cash management are also included as a component of cash and cash equivalents.

(c) Revenue recognition

Dividend income from listed shares is recognised upon actual receipt basis in accordance with credit advice of the cash distribution proceeds to the security account and the bank account.

(d) Account payable

Account payable is initially measured at fair value and subsequently stated at amortised cost. Unless the effect of discounting would be material, they are stated at cost.

(6) Income tax

The fund was set up by the club, registered with the Hong Kong Island Region, is a part of the Scout Association of Hong Kong which is exempted from Hong Kong profits tax under Section 88 of the Inland Revenue Ordinance.

THE QUEEN'S SCOUT (H.K.I.) AND QUEEN'S GUIDE CLUB FUND

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH, 2013

(7) Long-term investments

	2013 HK\$	2012 HK\$
Listed equity securities in Hong Kong, at market value	<u>202,380.00</u>	<u>200,700.00</u>

Long-term investment is 3,000 shares of CLP Holdings Limited kept in The Hong Kong & Shanghai Banking Corporation. The market value of these listed investments is derived from quoted price in active market.

(8) Accumulated funds

	2013 HK\$	2012 HK\$
Balance at the beginning of the year	137,595.90	134,384.90
Surplus for the year	<u>736.40</u>	<u>3,211.00</u>
Balance at the end of the year	<u>138,332.30</u>	<u>137,595.90</u>

(9) Investment revaluation reserve

	2013 HK\$	2012 HK\$
Balance at the beginning of the year	104,324.01	-
Change in market value of investments	<u>1,680.00</u>	<u>104,324.01</u>
Balance at the end of the year	<u>106,004.01</u>	<u>104,324.01</u>