

Youth Outreach  
(協青社)

Report of the Executive Committee  
and Financial Statements  
for the year ended 31 March 2021

Youth Outreach  
Report of the Executive Committee and Financial  
Statements for the year ended 31 March 2021

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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 2021.

### **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 2021 and the state of the Association’s financial position at that date are set out in the financial statements on pages 6 to 23.

### **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 Lam Wai Hon Patrick	
Mr Leung Tim Chiu Richard	
Mr Vincent Liang	
Mr Mark Kam Ming	(appointed on 25 August 2020)
Dr Newbery Peter John	
Ms Tang Suk Chun	
Ms Wong Miu Yan Cecilia	
Mr Wong Siu Kee	
Ms Yau Yu Xin Amelia	
Mr Wan Wai Yung Alex	(Resigned on 24 April 2020)
Ms Yim Yan Mun Bonny	(Resigned on 15 July 2020)

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 shall be indemnified out of the assets of the Association against any liability to a third party incurred by them arising out of the execution of the duties of his/her office in defending any proceedings, whether civil or criminal, in which judgement is given in their favours.

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

The Association is dedicated to helping at-risk youth grow into responsible members of the community. The Association, as a registered charitable non-government organization, 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

Below is a summary of the financial information during the year:

	2021	2020	Increase/ (decrease)%
	HK\$	HK\$	
Total income	46,126,919	45,389,422	2
Total expenditure	40,125,921	42,775,369	(6)
Surplus for the year	<u>6,000,998</u>	<u>2,614,053</u>	130

During the year, the increase in the Association's income was mainly a result of the increase of government subsidy to employment support and sponsorship. The decrease of total expenditure was mainly attributable to the reduction of program and services expenses and other operating expenses.

The Association made necessary responses to the Covid-19 pandemic. It stepped up efforts in reaching out to at-risk youth via online platforms, while resuming face-to-face services as and when the pandemic situation allowed. The Association had seen an increase in the demand for its clinical psychological consultation services. Though it had to defer or cancel most fund raising campaigns amid social distancing controls, it continued to engage donors and sponsors via various channels.

### 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 minimizing 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 Social Welfare Department. Meanwhile, the Association maintains a risk register to review regularly and pays attention to the relevant legal obligations in its operation.

Principal Risk and Uncertainties

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. In 2020/21, this accounts for about 33% of the total expenditure. The Association would be put at substantial risk in the event of sponsorships and donations being discontinued. Also, it has to face increasingly challenging fundraising landscape in times of economic uncertainty arising from the COVID-19 pandemic and fierce competition from other non-profit fundraising bodies.

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.

Indication of Future Development


On 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 non-subsented units to meet the changing need of at-risk youth. There will be a major renovation of the whole building in the coming years.

**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, 27 October 2021

**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 6 to 23, which comprise the statement of financial position as at 31 March 2021, 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 2021, 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**

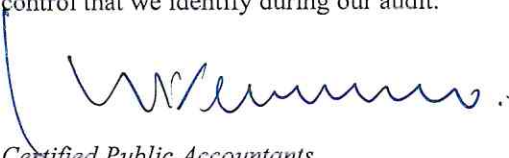
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with section 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 HKSAs 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 HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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, 27 October 2021

Statement of comprehensive income  
for the year ended 31 March 2021  
(Expressed in Hong Kong dollars)

	Note	2021 HK\$	2020 HK\$
<b>Income</b>			
Government lump sum grant and other funding	8	16,744,918	16,962,937
Sponsorship income	9	13,834,164	12,891,825
Donation income		6,839,384	7,994,756
Program and services income	10	3,165,273	4,685,447
Other income	11	5,543,180	2,854,457
	12	<u>46,126,919</u>	<u>45,389,422</u>
<b>Expenditures</b>			
Staff salaries and provident funds	13	31,806,216	30,305,714
Program and services expenses	14	3,443,146	6,130,043
Administrative expenses	15	3,371,593	4,097,309
Other operating expenses	16	1,504,966	2,242,303
		<u>40,125,921</u>	<u>42,775,369</u>
<b>Surplus before taxation</b>		6,000,998	2,614,053
Taxation	17	-	-
<b>Surplus after taxation</b>		<u>6,000,998</u>	<u>2,614,053</u>

The accompanying accounting policies and explanatory notes on pages 10 to 23 form part of these financial statements.

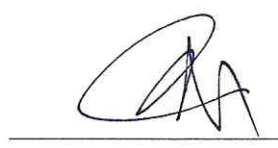


Statement of financial position  
at 31 March 2021  
(Expressed in Hong Kong dollars)

	Note	2021 HK\$	2020 HK\$
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	18	424,053	948,640
<b>Current assets</b>			
Accounts receivable		4,809,575	3,502,408
Other receivables, deposits and prepayments		1,089,249	492,804
Cash at bank and in hand		63,817,372	57,995,041
		69,716,196	61,990,253
<b>Total assets</b>		70,140,249	62,938,893
<b>GENERAL FUNDS AND LIABILITIES</b>			
<b>General funds</b>			
Sustainable development fund	19	38,500,000	33,000,000
Accumulated surplus		10,470,882	9,969,884
		48,970,882	42,969,884
<b>Current liabilities</b>			
Deferred income	20	17,689,539	16,997,007
Provision for funding claw back	21	251,832	963,341
Other payables and accruals		3,227,996	2,008,661
		21,169,367	19,969,009
<b>Total general funds and liabilities</b>		70,140,249	62,938,893

The financial statements on pages 6 to 23 were approved and authorised for issue by the Executive Committee on 27 October 2021

  
Wong Siu Kee  
President

  
Yau Yu Xin Amelia  
Honourary Treasurer

The accompanying accounting policies and explanatory notes on pages 10 to 23 form part of these financial statements.

Statement of changes in general funds  
for the year ended 31 March 2021  
(Expressed in Hong Kong dollars)

	<i>Sustainable development fund HK\$</i>	<i>Accumulated surplus HK\$</i>	<i>Total HK\$</i>
Balance at 1 April 2019	30,500,000	9,855,831	40,355,831
Surplus for the year	-	2,614,053	2,614,053
Appropriation during the year	2,500,000	(2,500,000)	-
Balance at 31 March 2020 and at 1 April 2020	33,000,000	9,969,884	42,969,884
Surplus for the year	-	6,000,998	6,000,998
Appropriation during the year (note 19)	5,500,000	(5,500,000)	-
Balance at 31 March 2021	38,500,000	10,470,882	48,970,882

The accompanying accounting policies and explanatory notes on pages 10 to 23 form part of these financial statements.

**Statement of cash flows**  
**for the year ended 31 March 2021**  
*(Expressed in Hong Kong dollars)*

	<i>Note</i>	<i>2021</i> <i>HK\$</i>	<i>2020</i> <i>HK\$</i>
<b>Cash flows from operating activities</b>			
Surplus for the year		6,000,998	2,614,053
<i>Adjustments for:</i>			
Depreciation		712,760	1,008,871
Bad debts		28,573	59,750
Gain on disposals of property, plant and equipment		-	(14,000)
Income released from deferred income	20	(14,208,368)	(12,638,479)
Interest income		(450,926)	(744,053)
		<hr/>	<hr/>
<b>Operating cash flows before working capital changes</b>		(7,916,963)	(9,713,858)
(Increase)/Decrease in accounts receivable		(1,335,740)	4,658,476
(Increase)/Decrease in other receivables, deposits and prepayments		(596,445)	677,953
(Decrease)/Increase in provision for funding claw back		(711,509)	72,367
Increase/(Decrease) in other payables and accruals		1,219,335	(2,485,255)
Donations received and deferred		14,904,894	16,819,117
Donations in advance refunded to donors		(3,994)	(696,999)
		<hr/>	<hr/>
<b>Net cash generated from operating activities</b>		5,559,578	9,331,801
<b>Investing activities</b>			
Interest received		450,926	744,053
Purchase of property, plant and equipment		(188,173)	(346,141)
Proceeds on disposal of property, plant and equipment		-	14,000
		<hr/>	<hr/>
<b>Net cash generated from investing activities</b>		262,753	411,912
<b>Net increase in cash and cash equivalents</b>		5,822,331	9,743,713
Cash and cash equivalents at beginning of year		57,995,041	48,251,328
		<hr/>	<hr/>
<b>Cash and cash equivalents at end of year</b>		63,817,372	57,995,041
		<hr/>	<hr/>

The accompanying accounting policies and explanatory notes on pages 10 to 23 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 and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

(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) Lump sum grant, when grants are approved and received.
- (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 risks

The Association has no significant interest-bearing assets and liabilities. The Association's income, expense and operating cash flows are substantially independent of changes in market interest rates.



**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:

	2021	2020
	HK\$	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 SAR in respect of the following:

	2021	2020
	HK\$	HK\$
Crisis residential centres and transitional house	14,128,843	14,019,724
Reimbursement of deficit on provident fund (note 21)	63,291	12,806
Rent and rates	380,648	586,804
Central items – Special Allowance for staff in respect of COVID-19	133,731	136,517
	<u>14,706,513</u>	<u>14,755,851</u>
SWD - 「跨區深宵外展服務」	1,835,456	1,836,000
Income released from Lotteries fund (note 20)	-	157,994
Income released from staff training fund - Social Welfare Development Fund (note 20)	39,031	121,800
Lotteries Fund - Wifi Project	93,920	-
Others	69,998	91,292
	<u>2,038,405</u>	<u>2,207,086</u>
	<u>16,744,918</u>	<u>16,962,937</u>

**9 Sponsorship income**

Included in the income was an amount of HK\$2,030,699 (2019/20:NIL) attributed by a new 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\$908,017 (2019/20:HK\$6,650,846) was received from the Trust for the project “Youth Outreach Jockey Club: Youth Cultural Frontline”.

**10 Program and services income**

	2021	2020
	HK\$	HK\$
Psychological counselling service income	1,372,929	93,224
Course income	1,320,397	3,156,113
Venue and equipment rental income	136,140	511,035
Training & accommodation income	284,520	345,100
Performance and shows income	-	434,950
Miscellaneous income	51,287	145,025
	<u>3,165,273</u>	<u>4,685,447</u>

**11 Other income**

	<i>2021</i>	<i>2020</i>
	<i>HK\$</i>	<i>HK\$</i>
7-Eleven stores operating income	909,189	1,085,738
License income	1,279,000	948,838
Employment support scheme from government	2,750,316	-
Bank interest income	450,926	744,053
Income released from fixed assets fund (note 20)	135,299	69,428
Others	18,450	6,400
	<hr/>	<hr/>
	5,543,180	2,854,457
	<hr/> <hr/>	<hr/> <hr/>

*Youth Outreach  
Financial statements for the year ended 31 March 2021*

**12 Income represented by the principal activities**

	2021				2020				TOTAL	Other Income	TOTAL
	Government LSG and other funding HK\$	Sponsorship Income HK\$	Donation Income HK\$	Program and Services income HK\$	Government LSG and other funding HK\$	Sponsorship Income HK\$	Donation Income HK\$	Program and Services income HK\$			
<b>Outreaching services</b>	1,835,457	6,455,586	1,641	539,023	1,836,000	6,352,490	4,834	2,677,840	-	10,871,164	
<b>Residential services</b>	14,572,782	153,600	1,224	284,520	14,777,327	248,718	1,472	266,840	69,445	15,363,802	
<b>Youth development services</b>	-	2,747,531	11,650	967,421	-	3,465,825	5,200	1,555,644	400	5,027,069	
<b>Psychological services</b>	-	4,436,320	-	1,372,929	-	2,715,244	2	94,132	-	2,809,378	
<b>Fund raising</b>	-	17,221	6,757,855	-	-	57,558	7,983,248	251	-	8,041,057	
<b>Others</b>	336,679	23,906	67,014	1,380	349,610	51,990	-	90,740	2,784,612	3,276,952	
	<u>16,744,918</u>	<u>13,834,164</u>	<u>6,839,384</u>	<u>3,165,273</u>	<u>16,962,937</u>	<u>12,891,825</u>	<u>7,994,756</u>	<u>4,685,447</u>	<u>2,854,457</u>	<u>45,389,422</u>	

In compliance with the Special Condition 12(b) of the Private Treaty Grant, all the income generated by the Facilities has been used for the running and operation of the Integrated Services Centre.

### 13 Staff salaries and provident funds

	2021			2020		
	Salaries HK\$	Mandatory provident fund HK\$	Total HK\$	Salaries HK\$	Mandatory provident fund HK\$	Total HK\$
Program Operating staff	22,778,783	1,268,865	24,047,648	21,346,832	1,204,779	22,551,611
Central Administration staff (*remark)	3,860,094	172,454	4,032,548	3,667,634	154,019	3,821,653
Information Technology staff	953,866	52,554	1,006,420	926,839	47,311	974,150
Building Management staff	1,170,722	75,451	1,246,173	1,665,108	90,521	1,755,629
Program Assistants	1,413,543	59,884	1,473,427	1,149,793	52,878	1,202,671
	<u>30,177,008</u>	<u>1,629,208</u>	<u>31,806,216</u>	<u>28,756,206</u>	<u>1,549,508</u>	<u>30,305,714</u>

Remark: Those included the salaries and provident fund of the staff for donors-engagement duties.

### 14 Program and services expenses

	2021 HK\$	2020 HK\$
Course and performance expenses	358,501	2,432,540
Program expenses	1,151,042	2,335,765
Government funding expenses	177,962	167,043
Freelance & outsourcing expenses	735,521	522,080
Miscellaneous expenses	1,020,120	672,615
	<u>3,443,146</u>	<u>6,130,043</u>

**15 Administrative expenses**

	2021	2020
	HK\$	HK\$
Electricity	776,897	996,249
Gas	90,131	98,244
Water	12,039	27,904
Rates and government rent	573,173	608,106
Repairs and maintenance	872,053	1,355,319
Insurance	485,943	509,913
Staff welfare	53,442	45,647
Medical expenses	76,880	5,726
Permit and membership fees	15,594	76,492
Workshop management fees	286,600	230,000
Audit fee	41,208	6,124
Bank charges	22,863	24,161
Others	64,770	113,424
	<u>3,371,593</u>	<u>4,097,309</u>

**16 Other operating expenses**

	2021	2020
	HK\$	HK\$
Depreciation	712,760	1,008,871
Computer expenses	416,185	520,444
Consumables	95,206	187,083
Newspapers and reference books	401	5,760
Internet and broadband expenses	41,124	42,658
Mobile phone expenses	29,127	33,686
Postage	19,444	25,283
Staff training	96,287	229,614
Store and equipment	28,828	99,579
Telecommunications	32,557	38,243
Gain on disposals of property, plant and equipment	-	(14,000)
Bad debts	28,573	59,750
Others	4,474	5,332
	<u>1,504,966</u>	<u>2,242,303</u>

## 17 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 and deductible respectively.

## 18 Property, plant and equipment

	<i>Building improvements</i>	<i>Furniture and fixtures</i>	<i>Computer and office equipment</i>	<i>Sound equipment</i>	<i>Motor vehicles</i>	<i>Total</i>
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
<i>Costs</i>						
As at 1 April 2019	5,450,727	209,516	5,549,090	1,975,323	1,994,477	15,179,133
Additions	-	909	345,232	-	-	346,141
Disposals	-	-	-	-	(415,431)	(415,431)
As at 31 March 2020 and at 1 April 2020	5,450,727	210,425	5,894,322	1,975,323	1,579,046	15,109,843
Additions	-	-	188,173	-	-	188,173
Disposals	-	(30,066)	(249,758)	-	-	(279,824)
As at 31 March 2021	5,450,727	180,359	5,832,737	1,975,323	1,579,046	15,018,192
<i>Aggregate depreciation</i>						
As at 1 April 2019	5,119,547	198,917	4,279,499	1,975,323	1,994,477	13,567,763
Charge for the year	234,680	5,391	768,800	-	-	1,008,871
Disposals	-	-	-	-	(415,431)	(415,431)
As at 31 March 2020 and at 1 April 2020	5,354,227	204,308	5,048,299	1,975,323	1,579,046	14,161,203
Charge for the year	96,500	4,093	612,167	-	-	712,760
Disposals	-	(30,066)	(249,758)	-	-	(279,824)
As at 31 March 2021	5,450,727	178,335	5,410,708	1,975,323	1,579,046	14,594,139
<i>Net carrying values</i>						
As at 31 March 2021	-	2,024	422,029	-	-	424,053
As at 31 March 2020	96,500	6,117	846,023	-	-	948,640

The Association is located at a building in Hong Kong. The land where the building is erected was granted by the government of the Hong Kong SAR 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 Hong Kong SAR 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.

**19 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.

By a resolution passed by the Executive Committee on 27 October 2021, an appropriation of HK\$5,500,000 from accumulated surplus to sustainable development fund was made for the year ended 31 March 2021.

## 20 Deferred income

	<i>Balance at</i>		<i>Claw back</i>		<i>Recognised as income</i>	<i>Balance at 31 March 2021</i>
	<i>1 April.2020</i>	<i>Addition</i>	<i>to donors</i>	<i>Transfer</i>		
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
Lotteries fund - Furniture and equipment replenishment and minor works block grant reserve	204,505	219,002	-	(105,054)	-	318,453
Fixed assets fund	100,281	-	-	105,054	(135,299)	70,036
Staff training fund – Social Welfare Development Fund – Phase 3	555,630	7,404	-	-	(39,031)	524,003
Others	40,606	-	-	-	(13,906)	26,700
Partnership fund for the disadvantaged	222,215	-	-	-	(222,215)	-
Concorde psychological service - Seed fund	287,605	-	-	-	(287,605)	-
Impairment fund - Coin fund	35,747	-	-	-	(15,000)	20,747
Other programs	15,550,418	14,678,488	(3,994)	-	(13,495,312)	16,729,600
	<u>16,997,007</u>	<u>14,904,894</u>	<u>(3,994)</u>	<u>-</u>	<u>(14,208,368)</u>	<u>17,689,539</u>
	<i>Balance at</i>		<i>Claw back</i>		<i>Recognised</i>	<i>Balance at</i>
	<i>1 April.2019</i>	<i>Addition</i>	<i>to donors</i>	<i>Transfer</i>	<i>as income</i>	<i>31 March</i>
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>2020</i>
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
Lotteries fund - Furniture and equipment replenishment and minor works block grant reserve	152,496	210,003	-	-	(157,994)	204,505
Fixed assets fund	169,709	-	-	-	(69,428)	100,281
Staff training fund – Social Welfare Development Fund – Phase 3	342,425	335,005	-	-	(121,800)	555,630
Others	109,596	-	-	-	(68,990)	40,606
Partnership fund for the disadvantaged	282,988	300,000	-	300,000	(660,773)	222,215
Concorde psychological service - Seed fund	287,605	-	-	-	-	287,605
Impairment fund - Coin fund	35,747	-	-	-	-	35,747
Other programs	12,132,802	15,974,109	(696,999)	(300,000)	(11,559,494)	15,550,418
	<u>13,513,368</u>	<u>16,819,117</u>	<u>(696,999)</u>	<u>-</u>	<u>(12,638,479)</u>	<u>16,997,007</u>

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.

The income recognised during the year of HK\$135,299 (2019/20: HK\$69,428) from the fixed assets fund represents the depreciation charge for the year of those fixed assets purchased.

Included in addition for the year, there was HK\$4 (2019/20: HK\$5) interest earned from the Social Welfare Development Fund – Phase 3 for the year.



## 21 Provision for funding claw back

	<i>Surplus on provident fund HK\$</i>	<i>Surplus on rent &amp; rates HK\$</i>	<i>Surplus on other projects HK\$</i>	<i>Total HK\$</i>
Balance at 1 April 2019	595,826	-	295,148	890,974
Reimbursement of deficit (note 8)	(12,806)	-	-	(12,806)
Provision for the year	-	-	696,999	696,999
Payment during the year	-	-	(611,826)	(611,826)
	<hr/>			
Balance at 31 March 2020 and at 1 April 2020	583,020	-	380,321	963,341
Reimbursement of deficit (note 8)	(63,291)	-	-	(63,291)
Provision for the year	-	-	3,994	3,994
Payment during the year	-	(293,088)	(359,124)	(652,212)
	<hr/>			
Balance at 31 March 2021	519,729	(293,088)	25,191	251,832
	<hr/> <hr/>			

## 22 Donation income

### Fund raising event

Donation income included the income from fund raising event "Landmark Christmas" (Public Subscription Permit No: 2020/115/1) held during the period from 17 November 2020 to 3 January 2021.

	<i>HK\$</i>
Gross income raised	84,302
Gross expenditure incurred	<u>5,521</u>
Surplus for the event*	<u>78,781</u>

\* Surplus is used for supporting at-risk youth services offered by the Association.

## 23 Comparative figures

Certain comparative figures have been added or re-classified to conform with the current year's presentation.

## Statements for 'Non-statutory accounts' for the purpose of section 436(3) of the Hong Kong Companies Ordinance

The following financial information relating to the years ended 31 March 2021 and 2020 included in pages 25 to 27 does not constitute the Association's statutory financial statements but is derived therefrom. Further information relating to those statutory financial statements required to be disclosed in accordance with Section 436 of the Hong Kong Companies Ordinance is as follows:

The Association has delivered the statutory financial statements for the year ended 31 March 2020 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance. The Association will file the statutory financial statements for the year ended 31 March 2021 to the Registrar of Companies.

The Association's auditor has reported on the statutory financial statements for the years ended 31 March 2021 and 2020. The auditor's reports were unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its reports; and did not contain a statement under section 406(2) or 407(2) or (3) of the Hong Kong Companies Ordinance.

**Movement of the furniture and equipment replenishment  
and minor works block grant reserve**  
(Expressed in Hong Kong dollars)

	<i>HK\$</i>	<i>HK\$</i>
Balance of block grant reserve at 1 April 2020		204,505
<i>Income:</i>		
Lotteries fund received	219,000	
Interest income	<u>2</u>	
		219,002
<i>Expenditures:</i>		
Minor purchases (Furniture and equipment)	105,054	
Minor works	<u>-</u>	
		<u>105,054</u>
Balance of block grant reserve at 31 March 2021		<u><u>318,453</u></u>

**Capital commitments**

As at 31 March 2021, there was no capital commitment in respect of furniture and equipment replenishment and minor works block grant.

  
Lawrence Tse

**Tse Ching Yuen**

*Executive Director*

Hong Kong, 27 October 2021

## Disclosure in NGO's Audited Financial Statements

### Use of the Social Welfare Development Fund (SWDF) Phase 3 funded by Lotteries Fund For the Financial Year (2020-2021)

Name of NGO: \_\_\_\_\_ Youth Outreach \_\_\_\_\_

Code of NGO: \_\_\_\_\_ 833 \_\_\_\_\_

	Particulars	\$	\$
(a)	Balance of SWDF brought forward :		(a) 555,630
(b)	Allocation from SWDF during the financial year :		(b) 7,400
(c)	Interest received during the financial year :		(c) 4
(d)	Expenditure under SWDF during the year :		
	1. Expenditure for projects under scope A	39,031	
	2. Expenditure for projects under scope B(non-IT)	-	
	3. Expenditure for projects under scope B(IT)	-	
	4. Expenditure for projects under scope C	-	
	5. Expenditure for administrative support	-	
	Total expenditure during the financial year :		(d) 39,031
(e)	Balance carried forward to the next financial year : (e) = (a) + (b) + (c) - (d)		(e) 524,003

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.

  
**Tse Ching Yuen**

*Executive Director*

Hong Kong, 27 October 2021

