

Youth Outreach
(協青社)

Report of the Executive Committee
and Financial Statements
for the year ended 31 March 2022

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Statements for the year ended 31 March 2022

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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 2022.

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 2022 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 Liang Vincent	
Mr Mark Kam Ming	
Mr Newbery Peter John	
Ms Tang Suk Chun	
Ms Wong Miu Yan Cecilia	
Mr Wong Siu Kee	
Ms Yau Yu Xin Amelia	
Mr Chui Wing Hong Eric	(appointed on 4 July 2022)
Mr Ho Jonathan	(appointed on 1 October 2022)
Ms Tam Kam Lan Annie	(appointed on 1 October 2022)

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

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:

	2022 HK\$	2021 HK\$	Increase/ (decrease)%
Total income	45,420,941	46,126,919	(2)
Total expenditure	45,916,284	40,125,921	14
(Deficit)/Surplus for the year	<u>(495,343)</u>	<u>6,000,998</u>	(108)

During the year, the decrease in the Association's income was mainly attributable to last year's government subsidy to employment support and sponsorship granted not recurred this year. The increase of total expenditure was mainly attributable to the increase of staff cost.

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 2021/22, 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. 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

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 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, 26 October 2022

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 2022, 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 2022, and of its financial performance and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standard for Private Entities ("HKFRS for Private Entities") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") 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, 26 October 2022

Statement of comprehensive income
for the year ended 31 March 2022
(Expressed in Hong Kong dollars)

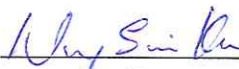
	Note	2022 HK\$	2021 HK\$
Income			
Government lump sum grant and other funding	8	14,950,752	16,744,918
Sponsorship income	9	16,719,141	13,834,164
Donation income		4,937,060	6,839,384
Program and services income	10	5,872,268	3,165,273
Other income	11	2,941,720	5,543,180
		<u>45,420,941</u>	<u>46,126,919</u>
Expenditures			
Staff salaries and provident funds	13	35,190,446	31,954,167
Program and services expenses	14	5,571,443	3,295,195
Administrative expenses	15	3,491,971	3,371,593
Other operating expenses	16	1,662,424	1,504,966
		<u>45,916,284</u>	<u>40,125,921</u>
(Deficit)/Surplus before taxation		(495,343)	6,000,998
Taxation	17	-	-
(Deficit)/Surplus after taxation		<u>(495,343)</u>	<u>6,000,998</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 2022
(Expressed in Hong Kong dollars)

	Note	2022 HK\$	2021 HK\$
ASSETS			
Non-current assets			
Property, plant and equipment	18	857,465	424,053
Current assets			
Accounts receivable		1,854,543	4,809,575
Other receivables, deposits and prepayments		1,159,396	1,089,249
Cash at bank and in hand		68,053,438	63,817,372
		<u>71,067,377</u>	<u>69,716,196</u>
Total assets		<u><u>71,924,842</u></u>	<u><u>70,140,249</u></u>
GENERAL FUNDS AND LIABILITIES			
General funds			
Sustainable development fund	19	38,500,000	38,500,000
Accumulated surplus		9,975,539	10,470,882
		<u>48,475,539</u>	<u>48,970,882</u>
Current liabilities			
Deferred income	20	18,978,307	17,689,539
Provision for funding claw back	21	476,702	251,832
Other payables and accruals		3,994,294	3,227,996
		<u>23,449,303</u>	<u>21,169,367</u>
Total general funds and liabilities		<u><u>71,924,842</u></u>	<u><u>70,140,249</u></u>

The financial statements on pages 6 to 23 were approved and authorised for issue by the Executive Committee on 26 October 2022


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 2022
(Expressed in Hong Kong dollars)

	<i>Sustainable development fund HK\$</i>	<i>Accumulated surplus HK\$</i>	<i>Total HK\$</i>
Balance 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	5,500,000	(5,500,000)	-
	<hr/>		
Balance at 31 March 2021 and at 1 April 2021	38,500,000	10,470,882	48,970,882
Deficit for the year	-	(495,343)	(495,343)
	<hr/>		
Balance at 31 March 2022	38,500,000	9,975,539	48,475,539
	<hr/> <hr/>		

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 2022
(Expressed in Hong Kong dollars)

	2022	2021
Note	HK\$	HK\$
Cash flows from operating activities		
(Deficit)/Surplus for the year	(495,343)	6,000,998
<i>Adjustments for:</i>		
Depreciation	418,798	712,760
Bad debts	-	28,573
Income released from deferred income	20 (16,114,766)	(14,208,368)
Interest income	(230,642)	(450,926)
Operating cash outflows before working capital changes	(16,421,953)	(7,916,963)
Decrease/(Increase) in accounts receivable	2,955,032	(1,335,740)
Increase in other receivables, deposits and prepayments	(70,147)	(596,445)
Increase/(Decrease) in provision for funding claw back	224,870	(711,509)
Increase in other payables and accruals	766,298	1,219,335
Donations received and deferred	17,938,534	14,904,894
Donations received in advance refunded to donors	(535,000)	(3,994)
Net cash generated from operating activities	4,857,634	5,559,578
Cash flows from investing activities		
Interest received	230,642	450,926
Purchases of property, plant and equipment	(852,210)	(188,173)
Net cash (used in)/generated from investing activities	(621,568)	262,753
Net increase in cash and cash equivalents	4,236,066	5,822,331
Cash and cash equivalents at beginning of year	63,817,372	57,995,041
Cash and cash equivalents at end of year	68,053,438	63,817,372

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.

(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 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:

	2022	2021
	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:

	2022	2021
	HK\$	HK\$
Crisis residential centres and transitional house	14,172,912	14,128,843
Reimbursement of deficit on provident fund (note 21)	65,604	63,291
Rent and rates	533,497	380,648
Special Allowance for staff in respect of COVID-19	100,165	133,731
	<u>14,872,178</u>	<u>14,706,513</u>
SWD - 「跨區深宵外展服務」	-	1,835,456
Income released from staff training fund	47,650	39,031
- Social Welfare Development Fund (note 20)	23,664	93,920
Lotteries Fund - Wifi Project	7,260	69,998
Others	78,574	2,038,405
	<u>14,950,752</u>	<u>16,744,918</u>

9 Sponsorship income

Included in the income was an amount of HK\$5,147,350 (2020/21:HK\$2,030,699) 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\$7,489,141 (2020/21:Nil) was received from the Trust.

10 Program and services income

	2022	2021
	HK\$	HK\$
Psychological counselling service income	1,298,168	1,372,929
Course and performance income	3,758,487	1,320,397
Venue and equipment rental income	468,970	136,140
Training & accommodation income	270,540	284,520
Miscellaneous income	76,103	51,287
	<u>5,872,268</u>	<u>3,165,273</u>

11 Other income

	<i>2022</i>	<i>2021</i>
	<i>HK\$</i>	<i>HK\$</i>
7-Eleven stores operating income	1,219,325	909,189
License income	1,348,082	1,279,000
Employment support scheme from government	-	2,750,316
Bank interest income	230,642	450,926
Income released from fixed assets fund (note 20)	137,727	135,299
Others	5,944	18,450
	<hr/>	<hr/>
	2,941,720	5,543,180
	<hr/> <hr/>	<hr/> <hr/>

Youth Outreach
Financial statements for the year ended 31 March 2022

12 Income represented by the principal activities

	2022						2021							
	Government		Sponsorship		Donation		Government		Sponsorship		Donation			
	LSG and other funding	Income	Income	Income	LSG and other funding	Income	Income	Income	Income	Income	Income			
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
Outreaching services	-	5,059,550	1,542	2,438,809	544	7,500,445	1,835,457	6,455,586	1,641	539,023	-	8,831,707		
Residential services	14,872,178	307,489	1,996	270,540	137,744	15,589,947	14,572,782	153,600	1,224	284,520	135,323	15,147,445		
Youth development services	-	5,570,645	200	1,857,911	400	7,429,156	-	2,747,531	11,650	967,421	1,950	3,728,552		
Psychological services	-	5,762,433	-	1,298,168	-	7,060,601	-	4,436,320	-	1,372,929	-	5,809,245		
Fund raising	-	-	4,925,678	5,640	-	4,931,318	-	17,221	6,757,855	-	-	6,775,076		
Others	78,574	19,024	7,644	1,200	2,803,032	2,909,474	336,679	23,906	67,014	1,380	5,405,907	5,834,886		
	14,950,752	16,719,141	4,937,060	5,872,268	2,941,720	45,420,941	16,744,918	13,834,164	6,839,384	3,165,273	5,543,180	46,126,915		

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

	2022			2021		
	Salaries HK\$	Mandatory provident fund HK\$	Total HK\$	Salaries HK\$	Mandatory provident fund HK\$	Total HK\$
Program Operating staff	24,129,688	1,320,851	25,450,539	22,862,114	1,268,865	24,130,979
Central Administration staff (*remark)	4,919,344	198,569	5,117,913	3,907,615	172,454	4,080,069
Information Technology staff	1,084,349	55,073	1,139,422	962,533	52,554	1,015,087
Building Management staff	1,575,561	84,906	1,660,467	1,175,409	75,451	1,250,860
Program Assistants	1,749,889	72,216	1,822,105	1,417,288	59,884	1,477,172
	<u>33,458,831</u>	<u>1,731,615</u>	<u>35,190,446</u>	<u>30,324,959</u>	<u>1,629,208</u>	<u>31,954,167</u>

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

14 Program and services expenses

	2022 HK\$	2021 HK\$
Course and performance expenses	1,682,066	358,501
Program expenses	2,582,180	1,329,004
Freelance & outsourcing expenses	575,241	735,521
Miscellaneous expenses	731,956	872,169
	<u>5,571,443</u>	<u>3,295,195</u>

15 Administrative expenses

	2022 HK\$	2021 HK\$
Electricity	1,109,882	776,897
Gas	100,225	90,131
Water	8,981	12,039
Rates and government rent	516,522	573,173
Repairs and maintenance	760,577	872,053
Insurance	445,469	485,943
Staff welfare	21,218	53,442
Medical expenses	36,281	76,880
Permit and membership fees	47,587	15,594
Workshop management fees	288,000	286,600
Audit fee	-	41,208
Bank charges	31,968	22,863
Others	125,261	64,770
	<u>3,491,971</u>	<u>3,371,593</u>

16 Other operating expenses

	2022 HK\$	2021 HK\$
Depreciation	418,798	712,760
Computer expenses	814,318	416,185
Consumables	137,575	95,206
Newspapers and reference books	492	401
Internet and broadband expenses	34,346	41,124
Mobile phone expenses	27,023	29,127
Postage	17,942	19,444
Staff training	139,485	96,287
Store and equipment	40,687	28,828
Telecommunications	28,983	32,557
Bad debts	-	28,573
Others	2,775	4,474
	<u>1,662,424</u>	<u>1,504,966</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 non-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 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 and at 1 April 2021	5,450,727	180,359	5,832,737	1,975,323	1,579,046	15,018,192
Additions	-	164,308	687,902	-	-	852,210
Disposals	-	(4,775)	(85,360)	-	-	(90,135)
As at 31 March 2022	5,450,727	339,892	6,435,279	1,975,323	1,579,046	15,780,267
<i>Aggregate depreciation</i>						
As 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 and at 1 April 2021	5,450,727	178,335	5,410,708	1,975,323	1,579,046	14,594,139
Charge for the year	-	2,860	415,938	-	-	418,798
Disposals	-	(4,775)	(85,360)	-	-	(90,135)
As at 31 March 2022	5,450,727	176,420	5,741,286	1,975,323	1,579,046	14,922,802
<i>Net carrying values</i>						
As at 31 March 2022	-	163,472	693,993	-	-	857,465
As at 31 March 2021	-	2,024	422,029	-	-	424,053

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.

No appropriation from accumulated surplus to sustainable development fund was made for the year (2020/21: HK\$5,500,000).

20 Deferred income

	<i>Balance at</i>		<i>Claw back</i>	<i>Transfer</i>	<i>Recognised</i>	<i>Balance at</i>
	<i>1 April.2021</i>	<i>Addition</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	318,453	222,004	-	(146,725)	-	393,732
Fixed assets fund	70,036	-	-	596,725	(137,727)	529,034
Staff training fund – Social Welfare Development Fund – Phase 3	524,003	52,605	-	(450,000)	(47,650)	78,958
Others	26,700	-	-	-	(4,880)	21,820
Partnership fund for the disadvantaged	-	1,605,622	-	-	(792,894)	812,728
Repair & maintenance fund - Coin fund	20,747	-	-	-	(14,144)	6,603
Other programs	16,729,600	16,058,303	(535,000)	-	(15,117,471)	17,135,432
	<u>17,689,539</u>	<u>17,938,534</u>	<u>(535,000)</u>	<u>-</u>	<u>(16,114,766)</u>	<u>18,978,307</u>
	<i>Balance at</i>		<i>Claw back</i>		<i>Recognised</i>	<i>Balance at</i>
	<i>1 April.2020</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>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)	-
Repair & maintenance 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>

- (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\$137,727 (2020/21: HK\$135,299) from the fixed assets fund represents the depreciation charge for the year of those fixed assets purchased.
- (c) Included in addition of the Social Welfare Development Fund – Phase 3 for the year was HK\$5 (2020/21: HK\$4) interest earned therefrom for the year.

21 Provision for funding claw back

	<i>Surplus on provident fund HK\$</i>	<i>Surplus on rent & rates HK\$</i>	<i>Surplus on other projects HK\$</i>	<i>Total HK\$</i>
Balance 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 and at 1 April 2021	519,729	(293,088)	25,191	251,832
Reimbursement of deficit (note 8)	(65,604)	293,088	-	227,484
Provision for the year	-	-	1,380	1,380
Payment during the year	-	-	(3,994)	(3,994)
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Balance at 31 March 2022	454,125	-	22,577	476,702

22 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 2022 and 2021 included in pages 25 to 29 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 2021 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 2022 to the Registrar of Companies.

The Association's auditor has reported on the statutory financial statements for the years ended 31 March 2022 and 2021. 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)

	HK\$	HK\$
Balance of block grant reserve at 1 April 2021		318,453
<i>Income:</i>		
Lotteries fund received	222,000	
Interest income	<u>4</u>	
		222,004
<i>Expenditures:</i>		
Minor purchases (Furniture and equipment)	146,725	
Minor works	<u>-</u>	
		<u>146,725</u>
Balance of block grant reserve at 31 March 2022		<u><u>393,732</u></u>

Capital commitments

As at 31 March 2022, there was no capital commitment in respect of furniture and equipment replenishment and minor works block grant.



Chung Ming Tat
Executive Director
Hong Kong, 26 October 2022

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 (2021-2022)

Name of NGO: _____ Youth Outreach _____

Code of NGO: _____ 833 _____

	Particulars	\$	\$
(a)	Balance of SWDF brought forward :		(a) 524,003
(b)	Allocation from SWDF during the financial year :		(b) 52,600
(c)	Interest received during the financial year :		(c) 5
(d)	Expenditure under SWDF during the year :		
	1. Expenditure for projects under scope A	47,650	
	2. Expenditure for projects under scope B(non-IT)	-	
	3. Expenditure for projects under scope B(IT)	450,000	
	4. Expenditure for projects under scope C	-	
	5. Expenditure for administrative support		
	Total expenditure during the financial year :		(d) 497,650
(e)	Balance carried forward to the next financial year : (e) = (a) + (b) + (c) - (d)		(e) 78,958

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.



Chung Ming Tat

Executive Director

Hong Kong, 26 October 2022

**Income and Expenditure Statement for
Community Partnership Programme 2020**

DS - HSBC- CPP 青·滙多元智能課後情緒及學習支援計劃			
活動一至活動三			
計劃時期: 01/09/2020 – 31/08/2021			
		<u>HK\$</u>	<u>HK\$</u>
收入			
	已收贊助		473,656.40
	學生收入		16,200.00
支出			
	活動開支 - 活動場地及設備租用	101,200.00	
	活動開支 - 導師費	16,000.00	
	活動開支 - 導師費(社工)	270,000.00	
	行政費	44,701.85	
	活動開支 - 宣傳	9,091.85	
	活動開支 - 義工津貼 (高中生)	17,475.00	
	活動開支 - 義工津貼 (大學生)	158,775.00	
	活動開支 - 膳食	3,227.70	
	活動開支 - 其他 /雜項	14,124.80	
		<u>634,596.20</u>	
			(634,596.20)
短缺			<u>(144,739.80)</u>
應收贊助			144,739.80
			<u>-</u>

**Income and Expenditure Statement for
Community Partnership Programme 2020**

ABC - 匯豐香港社區夥伴計劃 2020 - 『雲上好心「晴」』		
活動一至活動七		
計劃時期: 15/07/2020 – 31/08/2021		
	<u>HK\$</u>	<u>HK\$</u>
收入		
已收贊助		489,748.00
支出		
活動開支 - 比賽嘉許獎品	36,634.40	
活動開支 - 其他 / 雜項	6,072.95	
活動開支 - 宣傳	31,094.60	
活動開支 - 活動場地及設備租用	94,440.00	
活動開支 - 活動場地裝飾	11,719.10	
活動開支 - 訓練物資 / 創新科技支援	145,594.00	
活動開支 - 參加者紀念品	26,581.30	
活動開支 - 義工津貼	3,500.00	
活動開支 - 運輸 / 交通費用	2,990.00	
活動開支 - 導師費	157,500.00	
活動開支 - 膳食	15,657.90	
	<hr/> 531,784.25	
攝錄機	14,921.00	
投影機	17,060.70	
手提電腦	18,672.00	
	<hr/> 50,653.70	
		(582,437.95)
短缺		<hr/> (92,689.95)
應收贊助		92,689.95
		<hr/> - <hr/>