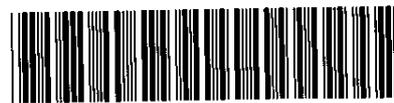


THE HONG KONG FEDERATION OF YOUTH GROUPS
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31ST MARCH 2021



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THE HONG KONG FEDERATION OF YOUTH GROUPS

**REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2021**

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THE HONG KONG FEDERATION OF YOUTH GROUPS

REPORT OF THE COUNCIL

The Council submits its report together with the audited financial statements of The Hong Kong Federation of Youth Groups (the "Federation") for the year ended 31st March 2021.

Principal activities

The Federation is engaged in providing opportunities and facilities for the physical, intellectual, cultural and social development of young men and women and in the operation and administration of youth groups by the setting up of youth centres and other establishments.

Business review

Objectives and Services Provided

The Federation is now the city's main youth work organisation. Since its establishment in 1960, the Federation has been providing opportunities and facilities for the social, educational, cultural and physical development of young people. The Federation is committed to setting up a youth membership network, while continuing to provide quality services that address the issues and concerns of young people's problems and by promoting healthy all-round development. Over 70 service units organise more than 20,000 activities annually, with attendance to the various programmes now standing at 5 million a year.

Services are delivered through our 12 Core Services:

1. Youth S.P.O.Ts
2. M21 Multimedia Services
3. Employment Services
4. Leadership Training
5. Volunteer Services
6. Youth at Risk Services
7. Counselling Services
8. Education Services
9. Parenting Services
10. Creativity Education and Youth Exchange
11. Leisure, Cultural and Sports Services
12. Research and Publications

Future Developments and Challenges

The challenges of the pandemic saw the development of youth services face unprecedented risks as well as new opportunities. Countless supportive services and relief aids were provided to young people and their families. Preventive education and counselling were rendered to help young people manage their emotional wellness and to help them minimize risky behavior. A study on Future Skills was conducted and six areas of future skills were advocated in equipping young people to be future-ready, including resilience, employability and other life skills.

The Federation is committed to realise the Fourth 5-year Plan set out in 2019-20, but is cognisant of changing needs as a result of the current context. Therefore, in addition to the three pillar strategies of "Deepening Engagement", "Enhancing Professionalism" and "Embracing Innovation" to promote the service directions of "Wellness", "Future Skills", and "Healing for Hope", for 2021-22, three further streams of transformation were launched.

THE HONG KONG FEDERATION OF YOUTH GROUPS

REPORT OF THE COUNCIL (CONTINUED)

Business review (Continued)

Future Developments and Challenges (Continued)

These are:

Digitalisation

- The HKFYG Three-year ICT Strategic Plan will be implemented to streamline and reform the service practices with latest technologies. This will include the revamping of the internal systems and building new systems for better user experience and to facilitate data-driven decision making. The new infrastructure will also ensure that the professional workforce is highly IT competent and has the capabilities to identify “Power Users” to sustain any future digitalization.
- The existing Youth S.P.O.Ts will be transformed into “Smart S.P.O.Ts” with different phases which will provide youth members with a fully digitalized environment and infrastructure to learn, work and play.

Upskilling

- The “Living Life Academy” will develop new online courses to expand training capacity. Upskilling youth will ensure that they are offered a wide range of learning opportunities both online and offline, enhancing their competitiveness and quality of life.
- Comprehensive training on “Future Skills” will equip young people in digital, social and emotional competencies, enhance their creativity, resilience, self-efficacy and empathy to face challenges ahead. Special career training programmes will be designed for deprived youth or those with special educational needs or young offenders who are in search for a hopeful future.
- Equipping young people with the latest information and knowledge about developments globally and in the Mainland, especially the Greater Bay Area, where they may find opportunities for internship, employment and start-ups.

Sustainability

- Educational programmes on sustainability will be organized for young people to raise their awareness and practice “green behavior” in everyday life. The Federation’s camp sites and organic farms will be transformed into feature learning bases for informal education on sustainability outside school, where they would be able to experiment their sustainable ideas and to get hands on experience.
- Various types of activities will be organised to inspire green actions in all aspects of daily life, ranging from sports, art, cultural and historical exploration, recycling and upcycling. Leadership training will also be provided to encourage young leaders to build sustainable communities and to engage global leaders for initiatives to address the UN Sustainable Development Goals.
- The concept of “All-round Wellness” will be applied to promote emotional health, positive values and lifestyle, which is essential to a sustainable future. The setting up of “HKFYG Wellness PLUS”, the development of more online programmes on the “Wellness Hub” platform, as well as sports programmes and preventive programmes on high health-risk behaviours will all work towards realizing sustainable wellness.

THE HONG KONG FEDERATION OF YOUTH GROUPS

REPORT OF THE COUNCIL (CONTINUED)

Business review (Continued)

Key Financial Performance

Income of the Federation is obtained primarily from government subvention, as well as grants from the Community Chest of Hong Kong, the Hong Kong Jockey Club Charities Trust, other trust funds, programme fees, and both private and corporate donations.

For the year 2020-21:

- Subvention from HKSAR Government amounted to HK\$318 million, including subsidies under the Employment Support Scheme, representing an increase of 9% over last year.
- Grants and donation from The Hong Kong Jockey Club Charities Trust, Community Chest and other trusts and foundation for recurrent expenses amounted to HK\$106 million, maintaining the same level as last year. Generous donation had been offered to the Federation to provide timely support to our young people on one hand, and to involve our young volunteers to serve the community needs during the pandemic.
- Income from dues and fees dropped to HK\$88 million, a significant decrease of 47% over last year, due to the suspension of services during the year.
- Central administration costs totaled HK\$26 million, contained within 5% of the total expenditure for the year.

Sustainable Development

The Federation is committed to transform into a Green Youth Organization. As the pandemic throw further light on the relationship between human activities and our natural environment, young people now are ever more engaged in protecting mother earth; connected by a vision to build a more sustainable future for the wellness of all. Towards this end, the Federation has incorporated sustainability as one of the three major transformation initiatives in 2021-22. It will organize various environmental education activities to raise youth's awareness and inspire green actions in their daily life.

Professional Youth Work Training

As of 31st March 2021, the Federation had a staff complement of 1,367 persons. They are the most important asset of the Federation. In year 2020-21, we saw staff members accomplished a total of 10,570 training hours by attending 59 in-house and 81 external training activities, achieving a total attendance of 5,044. Zoom online training were organized to replace classroom learning to ensure the health and safety of staff. The HKFYG Executive Leadership Programme had selected 18 staff members in 2020 to attend training programmes, covering risk management, talent development, social impact assessment, legal knowledge for intellectual property rights, and other management skills. In the 2019-20 academic year, 3 staff member completed their agency-attached placements as part of the requirement in attaining their professional qualification and 3 staff members were granted study leave to undertake agency-attached placements in 2020-21 academic year.

Corporate Governance through Risk Management

The Federation recognises the importance of risk management as an essential element to good corporate governance and during the year, staff at different levels continued to be involved in the process. The Report on Risk Assessment and Risk Management was prepared and discussed among senior management and then presented to the Audit Committee and the Council for endorsement. The Risk Register contained eight main categories: strategic; financial; human resources management; project management; operational; technological; reputation and compliance. These were further divided into 20 sub-categories.

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THE HONG KONG FEDERATION OF YOUTH GROUPS

REPORT OF THE COUNCIL (CONTINUED)

Business review (Continued)

Corporate Governance through Risk Management (Continued)

During the past year, close monitoring was made to the risks arising from the prolonged pandemic, including service continuity; financial risk; safety; and changing service needs of users, with prompt mitigation plans being adopted. Work on Healing and Hope, All-round Wellness, and Future Skills addressed the changing needs of youth; while a three-year ICT Strategic Plan (2021-24) was worked out, with the formulation of action items to address different aspects of technological risk.

The Internal Audit Office continues to monitor the adequacy and effectiveness of internal control policies and procedures, as well as to evaluate the efficiency of resource utilisation, and monitoring the risk management process. To ensure improvements, reference continues to be made to best practices and industry guidelines. The Office functions independently, and reports back to the Executive Director, Audit Committee and Council.

Results

The results of the Federation for the year are set out in the statement of comprehensive income on pages 11 and 12.

Council Members of the Federation

The Council Members of the Federation during the year and up to the date of this report were:

Officers:

President	:	Mr WAN Man Yee, BBS JP
Vice President	:	Mr Kenneth CHEN Wei On, SBS
Hon Secretary	:	Dr Allen FUNG Yuk Lun
Hon Treasurer	:	Dr Peter TSOI Ting Kwok, JP

Other Council Members:

Mr Lester Garson HUANG, SBS JP
Mr Vincent CHENG Kin Yuen
Mr Walter CHAN Kar Lok, SBS JP
Ms Junia HO Suk Yin, JP
Dr Hubert CHAN Chung Yee, JP
Ms Clara SHEK Ka Lai
Ms Imma LING Kit Sum
Dr Kitty WU Kit Ying, JP
Prof Paul CHEUNG Ying Sheung
Mr Eugene LIU
Mr Douglas LEE Kar Yan
Ms Jennifer MA Yin Wai
Prof Timothy W. Tong, BBS JP
Mr Raymond Cheng Siu-hong
Mr Joseph Luc Ngai, JP

Ten Council Members, Mr Walter CHAN Kar Lok, SBS JP, Ms Junia HO Suk Yin, JP, Dr Hubert CHAN Chung Yee, JP, Ms Clara SHEK Ka Lai, Ms Imma LING Kit Sum, Dr Kitty WU Kit Ying, JP, Prof Paul CHEUNG Ying Sheung, Mr Eugene LIU, Mr Douglas LEE Kar Yan and Ms Jennifer MA Yin Wai will retire at the coming Annual General Meeting in accordance with Articles 26 and 27 of the Articles of Association and are eligible to offer themselves for re-election.

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THE HONG KONG FEDERATION OF YOUTH GROUPS

REPORT OF THE COUNCIL (CONTINUED)

Council Members' material interests in transactions, arrangements and contracts that are significant in relation to the Federation's business

No transactions, arrangements and contracts of significance in relation to the Federation's activities to which the Federation was a party and in which a Council Member of the Federation had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Council Members' interests in the shares and debentures of the Federation or any specified undertaking of the Federation

At no time during the year was the Federation a party to any arrangement to enable the Council Members of the Federation to hold any interests in the shares or debentures of the Federation or its specified undertakings.

Management contracts

No contracts concerning the management and administration of the whole or any substantial part of the business of the Federation were entered into or existed during the year.

Permitted indemnity provisions

At no time during the financial year and up to the date of this Report, there was or is, any permitted indemnity provision being in force for the benefit of any of the Council Members of the Federation (whether made by the Federation or otherwise) or an associated company (if made by the Federation).

Auditors

The financial statements have been audited by PricewaterhouseCoopers who retire and, being eligible, offer themselves for re-appointment.

On behalf of the Council

Mr WAN Man Yee, BBS JP
President

Hong Kong, 11 OCT 2021



**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF THE HONG KONG FEDERATION OF YOUTH GROUPS**
(Incorporated in Hong Kong and limited by guarantee)

Opinion

What we have audited

The financial statements of The Hong Kong Federation of Youth Groups (the "Federation") set out on pages 9 to 44, which comprise:

- the balance sheet as at 31st March 2021;
- the statement of comprehensive income for the year then ended;
- the statement of changes in own funds and reserves for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Federation as at 31st March 2021, and of its financial performance and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Federation 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.

Other Information

The Council Members are responsible for the other information. The other information comprises the information included in the report of the Council and detailed statement of comprehensive income, but does not include the financial statements and our auditor's report thereon.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF THE HONG KONG FEDERATION OF YOUTH GROUPS
(CONTINUED)**

(Incorporated in Hong Kong and limited by guarantee)

Other Information (Continued)

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 Council Members of the Federation and Those Charged with Governance for the Financial Statements

The Council Members are responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the Council Members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Council Members are responsible for assessing the Federation'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 Council Members either intend to liquidate the Federation or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Federation'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 HKSAAs 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.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF THE HONG KONG FEDERATION OF YOUTH GROUPS
(CONTINUED)**

(Incorporated in Hong Kong and limited by guarantee)

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional scepticism 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 Federation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council Members.
- Conclude on the appropriateness of the Council Members' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Federation'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 Federation 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.



PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 11 OCT 2021

THE HONG KONG FEDERATION OF YOUTH GROUPS

**BALANCE SHEET
AS AT 31ST MARCH 2021**

	Note	2021 HK\$	2020 HK\$
ASSETS			
Non-current assets			
Property, plant and equipment	5	454,668,795	381,308,793
Right-of-use assets	6	21,713,176	18,255,345
Intangible asset	7	7,800,000	7,800,000
Financial assets at fair value through profit or loss	9	269,819,123	236,881,007
Other receivables, deposits and prepayments	11	3,564,715	2,888,958
Total non-current assets		<u>757,565,809</u>	<u>647,134,103</u>
Current assets			
Inventories		137,240	86,942
Recoverable from non-recurrent fund grants	10(a)	68,648,405	48,990,372
Other receivables, deposits and prepayments	11	112,055,679	129,995,059
Short-term bank deposits with original maturity over 3 months	12	71,656,935	96,919,612
Cash and deposits at banks and in hand	12	211,339,537	143,410,736
Total current assets		<u>463,837,796</u>	<u>419,402,721</u>
Total assets		<u><u>1,221,403,605</u></u>	<u><u>1,066,536,824</u></u>

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The above balance sheet should be read in conjunction with the accompanying notes.

THE HONG KONG FEDERATION OF YOUTH GROUPS

BALANCE SHEET (CONTINUED)
AS AT 31ST MARCH 2021

	Note	2021 HK\$	2020 HK\$
FUNDS AND LIABILITIES			
Funds and reserves			
Own funds and reserves	13	498,986,813	443,746,854
Other funds and reserves	13	114,822,340	96,226,967
Total funds and reserves		<u>613,809,153</u>	<u>539,973,821</u>
Liabilities			
Non-current liabilities			
Deferred income on non-recurrent fund grants	10(b)	21,662,771	18,391,103
Deferred income	14	442,959,393	369,453,087
Staff medical scheme fund	18(b)	2,453,547	2,256,450
Government reserve and central items	15	5,743,274	4,722,729
Lease liabilities	17	9,533,789	8,137,902
Total non-current liabilities		<u>482,352,774</u>	<u>402,961,271</u>
Current liabilities			
Other payables and accruals	16	91,178,521	92,657,813
Deferred income on non-recurrent fund grants	10(c)	14,936,989	14,891,441
Deferred income on block grant	10(d)	7,860,025	7,265,030
Lease liabilities	17	11,266,143	8,787,448
Total current liabilities		<u>125,241,678</u>	<u>123,601,732</u>
Total liabilities		<u>607,594,452</u>	<u>526,563,003</u>
Total funds and liabilities		<u>1,221,403,605</u>	<u>1,066,536,824</u>

The above balance sheet should be read in conjunction with the accompanying notes.

The financial statements on pages 9 to 44 were approved by the Council on **11 OCT 2021** and were signed on its behalf.

.....
Mr WAN Man Yee, BBS JP
President

.....
Dr Peter TSOI Ting Kwok, JP
Hon Treasurer

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THE HONG KONG FEDERATION OF YOUTH GROUPS

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST MARCH 2021**

	Note	2021 HK\$	2020 HK\$
Income			
Government subvention		318,016,616	292,968,192
Community Chest allocations		6,460,190	4,190,707
The Hong Kong Jockey Club Charities Trust grants		25,555,819	21,345,756
Beat Drugs Fund recurrent grants allocation		8,863,901	9,777,379
Quality Education Fund recurrent grants		1,303,741	4,535,795
Dues and fees		88,468,216	168,190,046
Other donations and income		63,545,866	66,807,367
Interest income		1,084,513	2,484,934
Dividend income		1,434,928	1,842,100
Grants for capital expenditures	14	13,875,066	14,218,523
Net exchange gains		95,492	-
Fair value gains on financial assets at fair value through profit or loss		53,560,665	-
		<u>582,265,013</u>	<u>586,360,799</u>
Expenditure			
Salaries and allowances	18(a)	329,956,571	320,112,981
Retirement benefit costs	18(a)	25,750,340	25,058,785
Short-term, low-value and variable lease expenses		2,438,076	3,394,506
Building management fees		4,665,370	4,649,747
Government rent		745,248	743,535
Rates		2,247,974	2,788,228
Administrative expenses		5,046,697	5,144,302
Utilities		3,989,505	7,112,987
Stores and equipment		13,007,233	12,309,859
Transport and travelling		644,891	925,057
Staff amenities		544,329	506,143
Audit fee		800,336	870,300
Losses on disposal of property, plant and equipment		14,998	408,317
Losses on lease modifications		10,061	-
Depreciation of property, plant and equipment	5	25,932,584	24,715,122
Depreciation of right-of-use assets	6	10,675,627	10,246,628
Interest expenses on lease liabilities		1,315,709	1,349,641
Programme expenses		76,049,247	124,600,136
Miscellaneous expenses		3,874,489	4,721,954
Net exchange losses		-	34,663
Fair value losses on financial assets at fair value through profit or loss		-	17,122,517
		<u>507,709,285</u>	<u>566,815,408</u>
Surplus before other comprehensive income	13	<u>74,555,728</u>	<u>19,545,391</u>

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The above statement of comprehensive income should be read in conjunction with the accompanying notes.

THE HONG KONG FEDERATION OF YOUTH GROUPS

**STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)
FOR THE YEAR ENDED 31ST MARCH 2021**

	Note	2021 HK\$	2020 HK\$
Representing:			
Surplus for the year:			
Own funds and reserves			
- Accumulated fund	13	55,239,959	3,364,131
Other funds and reserves			
- Ching Lok kindergartens/nurseries reserve	13	701,905	56,708
- Lump sum grant reserve	13	14,675,296	11,614,414
- Provident fund reserve	13	3,938,568	4,510,138
		<u>74,555,728</u>	<u>19,545,391</u>
Surplus before other comprehensive income (page 11)		<u>74,555,728</u>	<u>19,545,391</u>
Other comprehensive income for the year		-	-
Surplus after other comprehensive income		<u><u>74,555,728</u></u>	<u><u>19,545,391</u></u>

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The above statement of comprehensive income should be read in conjunction with the accompanying notes.

THE HONG KONG FEDERATION OF YOUTH GROUPS

**STATEMENT OF CHANGES IN OWN FUNDS AND RESERVES
FOR THE YEAR ENDED 31ST MARCH 2021**

	Note	Own funds and reserves HK\$
Balance at 1st April 2019		<u>440,382,723</u>
Comprehensive income		
Surplus for the year	13	3,364,131
Other comprehensive income		-
Total comprehensive income		<u>3,364,131</u>
Balance at 31st March 2020 and 1st April 2020		<u>443,746,854</u>
Comprehensive income		
Surplus for the year	13	55,239,959
Other comprehensive income		-
Total comprehensive income		<u>55,239,959</u>
Balance at 31st March 2021		<u><u>498,986,813</u></u>

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The above statement of changes in own funds and reserves should be read in conjunction with the accompanying notes.

THE HONG KONG FEDERATION OF YOUTH GROUPS

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31ST MARCH 2021

	Note	2021 HK\$	2020 HK\$
Cash flows from operating activities			
Surplus for the year		74,555,728	19,545,391
Adjustments for			
- Depreciation of property, plant and equipment	5	25,932,584	24,715,122
- Depreciation of right-of-use assets	6	10,675,627	10,246,628
- Interest expenses on lease liabilities		1,315,709	1,349,641
- Losses on lease modifications		10,061	-
- Losses on disposal of property, plant and equipment		14,998	408,317
- Grants for capital expenditures	14	(13,875,066)	(14,218,523)
- Interest income		(1,084,513)	(2,484,934)
- Dividend income from financial assets at fair value through profit or loss		(1,434,928)	(1,842,100)
- Fair value (gains)/losses on financial assets at fair value through profit or loss		(53,560,665)	17,122,517
Changes in operating assets and liabilities:			
- Inventories		(50,298)	8,424
- Other receivables, deposits and prepayments		17,089,271	(24,107,556)
- Other payables and accruals		(1,488,922)	(3,723,538)
- Government reserve and central items		1,020,545	251,830
Net cash inflow from operating activities		59,120,131	27,271,219
Cash flows from investing activities			
Purchases of property, plant and equipment	5	(99,307,584)	(111,093,288)
Purchases of financial assets at fair value through profit or loss	9	(113,754,118)	(70,402,142)
Proceeds from disposal of financial assets at fair value through profit or loss	9	137,676,972	68,581,300
Decrease/(increase) in bank deposits with original maturity over 3 months		25,340,777	(12,653,673)
Interest income received		1,203,739	2,479,490
Dividend income received		1,490,054	1,832,249
Net cash outflow from investing activities		(47,350,160)	(121,256,064)
Cash flows from financing activities			
Net cash outflow from non-recurrent fund grants		(19,641,122)	(11,993,573)
Net cash generated from block grant reserve		594,995	873,289
Receipt of non-recurrent fund grants and block grant reserve used in property, plant and equipment	14	87,381,372	97,793,289
Refund of provident fund reserve to Social Welfare Department		(720,396)	(470,142)
Principal elements of lease payments	21(b)	(10,268,937)	(9,824,513)
Interest elements of lease payments	21(b)	(1,315,709)	(1,349,641)
Net cash inflow from financing activities		56,030,203	75,028,709
Net increase/(decrease) in cash and cash equivalents			
Cash and cash equivalents at beginning of the year		67,800,174	(18,956,136)
		143,224,387	162,180,523
Cash and cash equivalents at end of the year	12	211,024,561	143,224,387

The above statement of cash flows should be read in conjunction with accompanying notes.

THE HONG KONG FEDERATION OF YOUTH GROUPS

NOTES TO THE FINANCIAL STATEMENTS

1 Status and activities of the Federation

The Hong Kong Federation of Youth Groups (the "Federation"), an entity limited by guarantee, is a non-profit making organisation and is engaged in providing opportunities and facilities for the physical, intellectual, cultural and social development of young men and women and in the operation and administration of youth groups by the setting up of youth centres and other establishments. The income and property of the Federation are applied solely towards the promotion of the objects set out in the Federation's Article of Association. The Federation's funds are not distributable to its members.

The address of its registered office is at 21st Floor, The Hong Kong Federation of Youth Groups Building, 21 Pak Fuk Road, North Point, Hong Kong.

These financial statements are presented in Hong Kong dollars, unless otherwise stated.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The financial statements of the Federation have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"), which collective term included all applicable individual HKFRS, Hong Kong Accounting Standards ("HKAS") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss, which are carried at fair value.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires the Council Members to exercise their judgement in the process of applying the Federation's 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 4.

(a) Amended standards and conceptual framework adopted by the Federation

The Federation has applied the following amended standards and conceptual framework for the first time for its annual reporting period commencing 1st April 2020:

Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 7, HKFRS 9 and HKAS 39	Interest Rate Benchmark Reform
Amendments to HKAS 1 and HKAS 8	Definition of Material
Conceptual Framework for Financial Reporting	Revised Conceptual Framework for Financial Reporting

The adoption of these amended standards and conceptual framework did not have any material impact on the current or any prior periods.

THE HONG KONG FEDERATION OF YOUTH GROUPS

NOTES TO THE FINANCIAL STATEMENTS

2 Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

(b) New and amended standards and interpretation not yet adopted

Certain new and amended standards and interpretations have been published that are mandatory for the Federation's accounting periods beginning on or after 1st April 2021. The following new and amended standards and interpretation have not been early adopted in these financial statements:

Amendments to HKFRS 16	Covid-19-related Rent Concessions ¹
Amendments to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021 ³
Amendments to HKAS 1	Classification of Liabilities as Current or Non-currents ⁵
Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before Intended Use ⁴
Amendments to HKAS 37	Onerous Contracts - Cost of Fulfilling a Contract ⁴
Amendments to HKFRS 3	Reference to the Conceptual Framework ⁴
Annual Improvements Project	Annual Improvements to HKFRS Standards 2018-2020 (Amendments) ⁴
Amendments to HKFRS 10 and HKAS 28 (2011)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁶
HKAS39, HKFRS4, HKFRS7, HKFRS 9 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2 (amendments) ²
HKFRS 17	Insurance Contracts ⁵
HK Int5 (2020)	Hong Kong Interpretation 5 (2020) Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayments on Demand Clauses ⁵

Note:

- (1) Effective for annual period beginning on or after 1st June 2020
- (2) Effective for annual period beginning on or after 1st January 2021
- (3) Effective for annual period beginning on or after 1st April 2021
- (4) Effective for annual period beginning on or after 1st January 2022
- (5) Effective for annual period beginning on or after 1st January 2023
- (6) Effective for annual period beginning on or after a date to be determined

The Federation has already commenced an assessment of the impact of these new and amended standards and interpretation. According to the preliminary assessment made by the Council Members, no significant impact on the financial performance and position of the Federation is expected when they become effective.

2.2 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of the Federation are measured using the currency of the primary economic environment in which the Federation operates (the "functional currency"). The financial statements are presented in Hong Kong dollars, which is the Federation's functional and presentation currency.

(b) Transactions and balances

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

THE HONG KONG FEDERATION OF YOUTH GROUPS

NOTES TO THE FINANCIAL STATEMENTS

2 Summary of significant accounting policies (Continued)

2.3 Property, plant and equipment

Property, plant and equipment, other than construction in progress, are stated at historical costs less accumulated depreciation and accumulated impairment losses. Historical costs include expenditure that is directly attributable to the acquisition of the items.

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 Federation and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the surplus or deficit during the reporting period in which they are incurred.

Construction in progress represents assets under construction and is stated at cost less impairment losses. Cost comprises direct and other incidental costs (including borrowing costs) incurred during the construction period. No depreciation is made on assets under construction in progress until such time when the relevant assets are available for their intended use.

Depreciation of property, plant and equipment other than construction in progress is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Buildings	Over the lease period or 50 years, whichever is shorter
Leasehold improvements	Over the lease period or useful lives of 5 years, whichever is shorter
Office and programme equipment	3-5 years
Furniture and fixtures	5 years

Museum collection with indefinite useful life is not amortised and is carried at cost less provision of impairment.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal are determined by comparing proceeds with carrying amount. These are included in surplus or deficit.

Leasehold land classified as finance lease is included in right-of-use assets (note 6).

2.4 Intangible assets

Intangible asset represents an investment in an organic farm which has an infinite useful life and which is stated at cost less provision for impairment.

THE HONG KONG FEDERATION OF YOUTH GROUPS

NOTES TO THE FINANCIAL STATEMENTS

2 Summary of significant accounting policies (Continued)

2.5 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2.6 Financial assets

(a) Classification

The Federation classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss); and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in comprehensive income or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Federation has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The Federation reclassifies debt investments when and only when its business model for managing those assets changes.

(b) Recognition and derecognition

Regular way purchases and sale of financial assets are recognised on trade-date, the date on which the Federation commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Federation has transferred substantially all the risks and rewards of ownership.

(c) Measurement

At initial recognition, the Federation measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in surplus or deficit.

THE HONG KONG FEDERATION OF YOUTH GROUPS

NOTES TO THE FINANCIAL STATEMENTS

2 Summary of significant accounting policies (Continued)

2.6 Financial assets (Continued)

(c) Measurement (Continued)

Debt instruments

Subsequent measurement of debt instruments depends on the Federation's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Federation classifies its debt instruments:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in surplus or deficit using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in surplus or deficit. Impairment losses are presented as separate line item in surplus or deficit.
- **Fair value through other comprehensive income:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in surplus or deficit. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to surplus or deficit. Interest income from these financial assets is included in surplus or deficit using the effective interest rate method. Foreign exchange gains and losses and impairment expenses are presented as separate line item in surplus or deficit.
- **Fair value through profit or loss:** Assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss is recognised in surplus or deficit in the period in which it arises.

Equity instruments

The Federation subsequently measures all equity investments at fair value. Where the Council Members have elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to surplus or deficit following the derecognition of the investment. Dividends from such investments continue to be recognised in surplus or deficit.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in surplus or deficit. Impairment losses (and reversal of impairment losses) on equity investments measured at fair value through other comprehensive income are not reported separately from other changes in fair value.

(d) Impairment

The Federation assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Impairment on financial assets is measured as either 12-month expected credit losses or lifetime expected credit loss, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime expected credit losses. Refer to note 3.1(c) for more details on credit risk.

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THE HONG KONG FEDERATION OF YOUTH GROUPS

NOTES TO THE FINANCIAL STATEMENTS

2 Summary of significant accounting policies (Continued)

2.7 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet where the Federation currently has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The Federation has also entered into arrangements that do not meet the criteria for offsetting but still allow for the related amounts to be set off in certain circumstances, such as bankruptcy or the termination of a contract.

2.8 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out basis. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.9 Receivables

Receivables are classified as current assets if collection is expected in one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current assets.

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment.

2.10 Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts, if any.

2.11 Payables

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

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

2.12 Provisions

Provisions are recognised when the Federation has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

THE HONG KONG FEDERATION OF YOUTH GROUPS

NOTES TO THE FINANCIAL STATEMENTS

2 Summary of significant accounting policies (Continued)

2.13 Subvention, grants and donations

Subvention, grants and donations, which are earmarked for specific purposes, are initially recognised as deferred income when there is a reasonable assurance that the Federation will comply with the conditions attached to it and that the subvention, grants and donations will be received. They are recognised in surplus or deficit on a systematic basis to match with the related costs for which they are intended to be used; whereas the subvention, grants and donations for capital expenditures and/or for the business acquisition are recorded as deferred income upon purchases of the related assets and/or the business.

Other subvention, grants and donations are recognised as income when the right to receive is established and/or on an accrual basis.

2.14 Deferred income

Deferred income on capital expenditures represents subvention, grants and donations which were used for the purchases of property, plant and equipment. They are released and credited to surplus or deficit on a straight-line basis over the estimated useful lives of the related assets when the assets are available for use, to the extent of the related depreciation expenses for that period.

Deferred income on museum collections represents the antiques donated from several donors. It is released and credited to surplus or deficit to the extent when the antiques are impaired.

Other deferred income represents the intangible asset arising from investment in organic farm by the Federation. It is released and credited to surplus or deficit to the extent when the intangible asset is impaired or when the related business is disposed of.

2.15 Income recognition

(a) Subvention, grants and donations

Subvention, grants and donations are recognised on the basis set out in note 2.13.

(b) Dues and fees

Dues and fees are recognised when the programmes or courses are held or services are rendered. Income is recognised over time when the customers simultaneously receive and consume the benefit from the Federation's performance.

A contract liability is recognised when a customer pays consideration, or is contractually required to pay consideration and the amount is already due, before the Federation recognises the related revenue. The Federation recognised its contract liabilities as "receipt in advance for programmes and courses" under "other payables and accruals" in the balance sheet.

(c) Other donations and income

Other donations and income are recognised when the right to receive payment is established.

(d) Interest income

Interest income on financial assets at amortised cost calculated using the effective interest method is recognised in surplus or deficit. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

THE HONG KONG FEDERATION OF YOUTH GROUPS

NOTES TO THE FINANCIAL STATEMENTS

2 Summary of significant accounting policies (Continued)

2.15 Income recognition (Continued)

(e) Dividend income

Dividend income is recognised when the right to receive payment is established.

2.16 Employee benefits

(a) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(b) Retirement benefit costs

The Federation operates defined contribution retirement schemes for its employees.

Contributions to the schemes are calculated based on certain percentage of the employee's salary. The assets of the schemes are held separately in independently administered funds.

Contributions to the schemes are charged to surplus or deficit as incurred and are not reduced by contributions forfeited by those employees who leave the scheme prior to vesting fully in the contributions.

2.17 Leases (as a lessee)

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Federation.

Contracts may contain both lease and non-lease components. The Federation allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of properties, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- amounts expected to be payable by the Federation under residual value guarantees;
- the exercise price of a purchase option if the Federation is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the Federation exercising that option.

Lease payments to be made under reasonably certain extension options, if any, are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for the Federation, the Federation's incremental borrowing rate is used, being the rate that the Federation would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

THE HONG KONG FEDERATION OF YOUTH GROUPS

NOTES TO THE FINANCIAL STATEMENTS

2 Summary of significant accounting policies (Continued)

2.17 Leases (as a lessee) (Continued)

To determine the incremental borrowing rate, the Federation:

- where possible, uses recent third-party financing received by the Federation as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Federation, which does not have recent third party financing; and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

Lease payments are allocated between principal and finance cost. The finance cost is charged to comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in-substance fixed payments.

When the lease liability is reassessed, the corresponding adjustment is reflected in the right-of-use asset, or comprehensive income if the right-of-use asset is already reduced to zero.

Variable lease payments are not included as part of the measurement and initial recognition of the lease liability. The Federation shall recognise those lease payments in surplus or deficit in the periods that triggered those lease payments.

Payments associated with short-term and low-value leases are recognised on a straight-line basis as an expense in surplus or deficit. Short-term leases are leases with a lease term of 12 months or less without a purchase option.

3 Financial risk and fund risk management

The Federation's activities expose it to a variety of financial risks: foreign exchange risk, price risk, credit risk, liquidity risk, and cash flow and fair value interest rate risk. The Federation's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Federation's financial performance.

Risk management is carried out by the Investment Task Group under policies approved by the Council Members. The Council Members provide guidelines for overall risk management, as well as written policies covering specific areas.

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THE HONG KONG FEDERATION OF YOUTH GROUPS

NOTES TO THE FINANCIAL STATEMENTS

3 Financial risk and fund risk management (Continued)

3.1 Financial risk factors (Continued)

(a) Foreign exchange risk

Foreign exchange risk arises where future transactions, recognised assets and liabilities are denominated in a currency that is not the Federation's functional currency. The Federation operates in Hong Kong and is exposed to foreign exchange risk primarily with respect to the United States dollars.

In the opinion of the Council Members, Hong Kong dollars are reasonably stable with the United States dollars under the Linked Exchange Rate System. Accordingly, no sensitivity analysis is presented.

(b) Price risk

The Federation is exposed to securities price risk because investments held by the Federation are classified on the balance sheet as financial assets at fair value through profit or loss. An Investment Task Group was formed to manage its price risk arising from investments in securities by diversification of its investment portfolio in accordance with the investment policy, strategies and limits set by the Council Members.

Investments held by the Federation are publicly traded, the fair value is determined with reference to quoted market price. At 31st March 2021, if the price index has increased/decreased by 5% with all other variables held constant and all the Federation's instruments move in correlation with the index, surplus would have been approximately HK\$13,491,000 (2020: HK\$11,844,000) higher/lower mainly as a result of net fair value gains/losses on the Federation's financial assets at fair value through profit or loss.

(c) Credit risk

The Federation has exposures to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash at banks and deposits with banks, as well as credit exposure to outstanding recoverable from non-recurrent fund grants, other receivables and deposits.

Risk management

The Federation manages the risk arising from bank balances by placing them with banks with high credit rating.

The Federation closely monitors the outstanding receivables for non-recurrent fund grants and other receivables for programme fees and donations which are mainly due from various government departments and reputable non-profit organisations. Based on historical experience, these financial assets are settled upon maturity and the risk of default is low.

As set out in note 3.1(b) above, the Federation has also set up an Investment Task Group which manages its credit risk in respect of its investments, and the Federation only makes investments in lower risk financial instruments.

THE HONG KONG FEDERATION OF YOUTH GROUPS

NOTES TO THE FINANCIAL STATEMENTS

3 Financial risk and fund risk management (Continued)

3.1 Financial risk factors

(c) Credit risk (Continued)

Impairment of financial assets

The Federation's financial assets at amortised cost are subject to the expected credit loss model (note 2.6(d)).

While cash at banks and short term bank deposits are also subject to the impairment requirements of HKFRS 9 "Financial Instruments", the identified impairment loss was immaterial as they are mainly deposited in reputable banks.

For other financial assets at amortised cost, no impairment provision is determined as at 31st March 2021 as in the opinion of the Council Members, the expected credit loss is immaterial (2020: nil) since the counterparties have no past default history.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

(d) Liquidity risk

The Federation adopts a prudent liquidity risk management by maintaining sufficient cash to meet its operating needs.

The table below analyses the Federation's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	2021 HK\$	2020 HK\$
<u>Less than 1 year</u>		
Other payables and accruals (note 16)	15,006,142	32,000,370
Undiscounted lease liabilities (note 17)	12,480,446	9,618,630
	<u>27,486,588</u>	<u>41,619,000</u>
<u>Between 1 and 5 years</u>		
Undiscounted lease liabilities (note 17)	10,008,370	8,264,392
<u>Over 5 years</u>		
Undiscounted lease liabilities (note 17)	23,941	24,941
	<u>37,518,899</u>	<u>49,908,333</u>

(e) Cash flow and fair value interest rate risk

Other than the bank balances and bank deposits which carry interest at prevailing market interest rates, the Federation has no other significant interest-bearing assets or liabilities.

At 31st March 2021, if interest rates on interest-bearing bank deposits had been 50 basis points higher/lower with all other variables held constant, surplus for the year would have been HK\$1,410,000 (2020: HK\$1,197,000) higher/lower, as a result of higher/lower interest income on bank deposits.

THE HONG KONG FEDERATION OF YOUTH GROUPS

NOTES TO THE FINANCIAL STATEMENTS

3 Financial risk and fund risk management (Continued)

3.2 Fund risk management

The Federation's objectives when managing fund are to safeguard the Federation's ability to continue as a going concern. The Federation's overall strategy remains unchanged from prior years.

In order to maintain or adjust the fund structure, the Federation may appeal for donations from the government and the general public.

3.3 Fair value estimation

The table below analyses the Federation's financial instruments carried at fair value as at 31st March 2021 and 2020 by level of the inputs to valuation techniques used to measure fair value, such inputs are categorised into three levels within a fair value hierarchy as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

	2021 HK\$	2020 HK\$
Financial assets – level 1		
Financial assets at fair value through profit or loss	125,349,531	97,524,179
Financial assets – level 2		
Financial assets at fair value through profit or loss	144,469,592	139,356,828
	<u>269,819,123</u>	<u>236,881,007</u>

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Federation is the current bid price. These instruments are included in level 1.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

The carrying values less impairment provision of receivables and payables are a reasonable approximation of their fair value due to their short maturities. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Federation for similar financial instruments.

THE HONG KONG FEDERATION OF YOUTH GROUPS

NOTES TO THE FINANCIAL STATEMENTS

4 Critical accounting estimates and assumptions

Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Federation makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions 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) Estimated impairment of museum collection

Museum collection is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amounts are determined based on value-in-use calculations or market valuations. These calculations require the use of judgements and estimates.

Management judgement is required in the area of asset impairment particularly in assessing: (i) whether an event has occurred that may indicate that the related asset value may not be recoverable; and (ii) whether the carrying value of an asset can be supported by the recoverable amount, being the fair value less costs to sell.

(b) Lease term and discount rate determination

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). Potential future cash outflows would not be included in the lease liability unless it is reasonably certain that the leases will be extended (or not terminated). The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

In determining the discount rate, the Federation is required to exercise considerable judgement in relation to determining the discount rate taking into account the nature of the underlying assets and terms and conditions of the leases, at both the commencement date and the effective date of the modification.

THE HONG KONG FEDERATION OF YOUTH GROUPS

NOTES TO THE FINANCIAL STATEMENTS

5 Property, plant and equipment

	Buildings HK\$	Leasehold improve- ments HK\$	Office and programme equipment HK\$	Furniture and fixtures HK\$	Museum collection HK\$	Construction in progress HK\$	Total HK\$
At 1st April 2019							
Cost	143,401,205	308,294,690	49,280,827	26,774,088	61,091,000	95,650,364	684,492,174
Accumulated depreciation	(33,345,062)	(291,119,451)	(42,715,201)	(21,973,516)	-	-	(389,153,230)
Net book amount	110,056,143	17,175,239	6,565,626	4,800,572	61,091,000	95,650,364	295,338,944
Year ended 31st March 2020							
Opening net book amount	110,056,143	17,175,239	6,565,626	4,800,572	61,091,000	95,650,364	295,338,944
Additions	68,338,844	8,297,062	7,515,297	7,451,706	-	19,490,379	111,093,288
Disposals	-	(351,198)	-	(57,119)	-	-	(408,317)
- Cost	-	(2,449,243)	(2,792,804)	(1,178,674)	-	-	(6,420,721)
- Accumulated depreciation	-	2,098,045	2,792,804	1,121,555	-	-	6,012,404
Transfer	80,417,869	-	-	-	-	(80,417,869)	-
Depreciation	(5,827,178)	(8,993,824)	(6,631,614)	(3,262,506)	-	-	(24,715,122)
Closing net book amount	252,985,678	16,127,279	7,449,309	8,932,653	61,091,000	34,722,874	381,308,793
At 31st March 2020							
Cost	292,157,918	314,142,509	54,003,320	33,047,120	61,091,000	34,722,874	789,164,741
Accumulated depreciation	(39,172,240)	(298,015,230)	(46,554,011)	(24,114,467)	-	-	(407,855,948)
Net book amount	252,985,678	16,127,279	7,449,309	8,932,653	61,091,000	34,722,874	381,308,793

THE HONG KONG FEDERATION OF YOUTH GROUPS

NOTES TO THE FINANCIAL STATEMENTS

5 Property, plant and equipment (Continued)

Year ended 31st March 2021

	Buildings HK\$	Leasehold improve- ments HK\$	Office and programme equipment HK\$	Furniture and fixtures HK\$	Museum collection HK\$	Construction in progress HK\$	Total HK\$
Opening net book amount	252,985,678	16,127,279	7,449,309	8,932,653	61,091,000	34,722,874	381,308,793
Additions	4,990,955	4,063,071	11,774,565	3,351,748	-	75,127,245	99,307,584
Disposals	-	-	(4,998)	(10,000)	-	-	(14,998)
- Cost	-	(807,825)	(1,051,285)	(571,618)	-	-	(2,430,728)
- Accumulated depreciation	-	807,825	1,046,287	561,618	-	-	2,415,730
Depreciation	(5,926,998)	(7,696,451)	(8,704,425)	(3,604,710)	-	-	(25,932,584)
Closing net book amount	252,049,635	12,493,899	10,514,451	8,669,691	61,091,000	109,850,119	454,668,795
At 31st March 2021							
Cost	297,148,873	317,397,755	64,726,600	35,827,250	61,091,000	109,850,119	886,041,597
Accumulated depreciation	(45,099,238)	(304,903,856)	(54,212,149)	(27,157,559)	-	-	(431,372,802)
Net book amount	252,049,635	12,493,899	10,514,451	8,669,691	61,091,000	109,850,119	454,668,795

THE HONG KONG FEDERATION OF YOUTH GROUPS

NOTES TO THE FINANCIAL STATEMENTS

5 Property, plant and equipment (Continued)

As at 31st March 2021, part of a building with a carrying value of HK\$41,317,815 (2020: HK\$42,448,877) was rented to other voluntary organisations at nominal yearly consideration of HK\$1 (2020: HK\$1) each under related operating lease agreements.

One of the Federation's building was situated on a piece of land in Zhong Shan, Guangdong Province, PRC, held by the Federation under land use rights expiring in 2065, with a carrying value of HK\$106,283 as at 31st March 2021 (2020: HK\$108,698).

6 Right-of-use assets

	Leasehold land HK\$	Office and youth centre premises HK\$	Total HK\$
At 1st April 2019			
Cost	1,752,110	22,677,767	24,429,877
Accumulated depreciation	-	-	-
Net book amount	1,752,110	22,677,767	24,429,877
Year ended 31st March 2020			
Opening net book amount	1,752,110	22,677,767	24,429,877
Additions	-	4,072,096	4,072,096
Depreciation	(64,885)	(10,181,743)	(10,246,628)
Closing net book amount	1,687,225	16,568,120	18,255,345
At 31st March 2020			
Cost	1,752,110	26,749,863	28,501,973
Accumulated depreciation	(64,885)	(10,181,743)	(10,246,628)
Net book amount	1,687,225	16,568,120	18,255,345
Year ended 31st March 2021			
Opening net book amount	1,687,225	16,568,120	18,255,345
Additions	-	4,624,114	4,624,114
Modifications	-	9,509,344	9,509,344
De-recognition	-	-	-
- Cost	-	(660,237)	(660,237)
- Accumulated depreciation	-	660,237	660,237
Depreciation	(64,885)	(10,610,742)	(10,675,627)
Closing net book amount	1,622,340	20,090,836	21,713,176
At 31st March 2021			
Cost	1,752,110	40,223,084	41,975,194
Accumulated depreciation	(129,770)	(20,132,248)	(20,262,018)
Net book amount	1,622,340	20,090,836	21,713,176

THE HONG KONG FEDERATION OF YOUTH GROUPS

NOTES TO THE FINANCIAL STATEMENTS

6 Right-of-use assets (Continued)

For the above leasehold land of organic farm and office premises in Hong Kong, the Federation is the registered owner of these land interests. Upfront payments were made to acquire these land interests and there are no ongoing payments to be made under the terms of the land lease (i.e. no lease liabilities are recognised), other than government rents and rates and other payments to the relevant government authorities, which may vary from time to time.

The leasehold land of office premises contains variable lease payments that are based on 3% of the rateable value of the land determined by the Rating and Valuation Department of the Hong Kong Government of Special Administrative Region from time to time (i.e. government rents). The relevant lease agreement expires on 10th August 2055. The future cash outflows of government rents are not capitalised in lease liabilities and are expensed to profit or loss when incurred.

The Federation leases various office and youth centre premises. Rental contracts are typically made for fixed period of 1 to 5 years but may have extension options. Lease terms are negotiated on an individual basis and contain a range of different terms and conditions. The lease agreements do not impose covenants, but leased assets cannot be used as security for borrowing purposes.

Details of the maturity analysis of lease liabilities and total cash outflow for leases in 2021 are set out in notes 17 and 21(b) respectively.

7 Intangible asset

	Investment in organic farm HK\$
At 1st April 2019, 31st March 2020 and 2021	
Cost and net book amount	<u>7,800,000</u>

8 Financial instruments by category

	2021 HK\$	2020 HK\$
Financial assets		
Financial assets at amortised cost		
Recoverable from non-recurrent fund grants (note 10(a))	68,648,405	48,990,372
Other receivables and deposits (note 11)	113,013,393	129,409,431
Short-term bank deposits with original maturity over 3 months (note 12)	71,656,935	96,919,612
Cash and deposits at banks and in hand (note 12)	211,339,537	143,410,736
Financial assets at fair value through profit or loss (note 9)	269,819,123	236,881,007
	<u>734,477,393</u>	<u>655,611,158</u>
Financial liabilities		
Financial liabilities at amortised cost		
Other payables and accruals (note 16)	15,006,142	32,000,370
Lease liabilities (note 17)	20,799,932	16,925,350
	<u>35,806,074</u>	<u>48,925,720</u>

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THE HONG KONG FEDERATION OF YOUTH GROUPS

NOTES TO THE FINANCIAL STATEMENTS

9 Financial assets at fair value through profit or loss

As at 31st March 2021, the Federation's financial assets at fair value through profit or loss includes overseas unlisted funds with following details:

	2021 HK\$	2020 HK\$
At beginning of the year	236,881,007	253,348,242
Additions	113,754,118	70,402,142
Disposals	(137,676,972)	(68,581,300)
Fair value gains/(losses)	56,860,970	(18,288,077)
At end of the year	<u>269,819,123</u>	<u>236,881,007</u>

During the year ended 31st March 2021, fair value gains on financial assets at fair value through profit or loss of HK\$3,300,305 (2020: loss of HK\$1,165,560) was transferred to Leadership Development Fund as the securities were originally held under this Fund.

The carrying values of the financial assets at fair value through profit or loss are denominated in United States dollars.

The maximum exposure to credit risk at the reporting date is the fair value of the securities.

10 Non-recurrent fund grants

(a) Movement on non-recurrent fund grants grouped under current assets:

Year ended 31st March 2021

	At 1st April 2020 HK\$	Grant received during the year HK\$	Expenditure during the year HK\$	Debited to surplus or deficit HK\$	At 31st March 2021 HK\$
Lotteries Fund Grant	5,348,538	(426,185)	404,184	-	5,326,537
Jockey Club Grant	23,842,908	(51,414,579)	78,014,444	(704,214)	49,738,559
Sir David Trench Fund for Recreation	397,108	(161,063)	430,567	(455)	666,157
Home Affairs Bureau & Lotteries Fund Grant on Youth Hostel Scheme	19,401,818	(14,039,590)	7,554,924	-	12,917,152
Maximum exposure to credit risk	<u>48,990,372</u>	<u>(66,041,417)</u>	<u>86,404,119</u>	<u>(704,669)</u>	<u>68,648,405</u>

THE HONG KONG FEDERATION OF YOUTH GROUPS

NOTES TO THE FINANCIAL STATEMENTS

10 Non-recurrent fund grants (Continued)

(a) Movement on non-recurrent fund grants grouped under current assets: (Continued)

Year ended 31st March 2020

	At 1st April 2019 HK\$	Grant received during the year HK\$	Expenditure during the year HK\$	Debited to surplus or deficit HK\$	At 31st March 2020 HK\$
Lotteries Fund Grant	6,235,364	(1,094,668)	382,419	(174,577)	5,348,538
Jockey Club Grant	12,775,985	(8,823,056)	19,889,979	-	23,842,908
Sir David Trench Fund for Recreation	58,701	(576,888)	915,295	-	397,108
Home Affairs Bureau & Lotteries Fund Grant on Youth Hostel Scheme	17,669,367	(72,977,528)	74,709,979	-	19,401,818
Maximum exposure to credit risk	<u>36,739,417</u>	<u>(83,472,140)</u>	<u>95,897,672</u>	<u>(174,577)</u>	<u>48,990,372</u>

(b) Movement on non-recurrent fund grants grouped under non-current liabilities:

Leadership Development Fund

	2021 HK\$	2020 HK\$
At beginning of the year	18,391,103	19,548,238
Investment income received during the year (note)	3,358,011	94,882
Expenditure during the year (note)	(86,343)	(1,252,017)
At end of the year	<u>21,662,771</u>	<u>18,391,103</u>

Note:

During the year ended 31st March 2021, included in the investment income received (2020: grant expenditure), there was fair value gains on financial assets at fair value through profit or loss of HK\$3,300,305 (2020: losses of HK\$1,165,560).

THE HONG KONG FEDERATION OF YOUTH GROUPS

NOTES TO THE FINANCIAL STATEMENTS

10 Non-recurrent fund grants (Continued)

(c) Movement on non-recurrent fund grants grouped under current liabilities:

Year ended 31st March 2021

	At 1st April 2020 HK\$	Grant received during the year HK\$	Expenditure during the year HK\$	At 31st March 2021 HK\$
Positive Life Youth Improvement Award	426,176	-	-	426,176
HKFYG Lee Shau Kee Primary School Development Fund (note)	1,763,621	10,020	-	1,773,641
Youth Business Fund	7,366,990	20,566	(24,042)	7,363,514
Social Enterprise Fund	5,334,654	39,004	-	5,373,658
	<u>14,891,441</u>	<u>69,590</u>	<u>(24,042)</u>	<u>14,936,989</u>

Year ended 31st March 2020

	At 1st April 2019 HK\$	Grant received during the year HK\$	Expenditure during the year HK\$	At 31st March 2020 HK\$
Positive Life Youth Improvement Award	426,176	-	-	426,176
HKFYG Lee Shau Kee Primary School Development Fund (note)	1,738,425	25,196	-	1,763,621
Youth Business Fund	7,263,803	113,897	(10,710)	7,366,990
Social Enterprise Fund	5,214,080	120,574	-	5,334,654
	<u>14,642,484</u>	<u>259,667</u>	<u>(10,710)</u>	<u>14,891,441</u>

Note:

This fund has been transferred from the unspent donation from Dr. Lee Shau Kee towards the setting up of the HKFYG Lee Shau Kee Primary School. The fund is designated towards the educational development of both the students and teachers of the school, as well as upgrading school facilities.

THE HONG KONG FEDERATION OF YOUTH GROUPS

NOTES TO THE FINANCIAL STATEMENTS

10 Non-recurrent fund grants (Continued)

(d) Movement on block grant reserve grouped under current liabilities:

	2021 HK\$	2020 HK\$
At beginning of the year	7,265,030	6,391,741
Add: Block grant received during the year	4,114,000	3,568,000
Interest income	26,846	74,743
	4,140,846	3,642,743
Less: Expenditure during the year		
Minor works projects	(1,783,678)	(2,024,460)
Furniture and equipment	(1,762,173)	(744,994)
	(3,545,851)	(2,769,454)
At end of the year	7,860,025	7,265,030

This reserve account is the grant from the Lotteries Fund for the replenishment of furniture and equipment and minor work projects. Under the Lotteries Fund Manual, as at the end of each financial year, the balance of the grant not utilised will be carried forward to the next financial year for use on items and projects covered by the Block Grant.

11 Other receivables, deposits and prepayments

	2021 HK\$	2020 HK\$
Business start-up loan receivables	1,771,758	1,577,076
Other receivables	108,537,361	125,446,544
Utility deposits	2,704,274	2,385,811
	113,013,393	129,409,431
Financial assets, maximum exposure to credit risk		
Prepayments	2,607,001	3,474,586
	115,620,394	132,884,017
Less: Non-current portion	(3,564,715)	(2,888,958)
	112,055,679	129,995,059

The business start-up loan receivables are unsecured, interest free and with fixed repayment terms. The effective interest rate on the loan receivables for amortisation measurement is 0.02% (2020: 0.12%).

As at 31st March 2021, in the opinion of the Council Members, the expected credit loss for other receivables and deposits is immaterial, thus, no loss allowance is made (2020: nil) (note 3.1(c)). The Federation does not hold any collateral as security.

The carrying values of other receivables, deposits and prepayments approximate their fair values as at 31st March 2021 and 2020 and are denominated in Hong Kong dollars. 0050

THE HONG KONG FEDERATION OF YOUTH GROUPS

NOTES TO THE FINANCIAL STATEMENTS

12 Cash and cash equivalents and short-term bank deposits

	2021 HK\$	2020 HK\$
Cash at banks and in hand	92,076,959	62,311,183
Short-term deposits with original maturity below 3 months	119,262,578	81,099,553
	<hr/>	<hr/>
Cash and deposits at banks and in hand	211,339,537	143,410,736
Less: Staff medical scheme fund	(314,976)	(186,349)
	<hr/>	<hr/>
Cash and cash equivalents as shown in the statement of cash flows	<u>211,024,561</u>	<u>143,224,387</u>
	<hr/>	<hr/>
Short-term deposits with original maturity over 3 months	71,656,935	96,919,612
Less: Staff medical scheme fund	(2,170,300)	(2,092,200)
	<hr/>	<hr/>
Short-term deposits with original maturity over 3 months as shown in the statement of cash flows	<u>69,486,635</u>	<u>94,827,412</u>
	<hr/>	<hr/>
Maximum exposure to credit risk	<u>281,903,956</u>	<u>239,383,792</u>

Cash at banks earns interest on floating rates based on daily bank deposit rates. The effective interest rate on short-term bank deposits was 0.14% (2020: 0.94%); these deposits have an average maturity of 107 days (2020: 120 days).

Cash and cash equivalents and short-term bank deposits are denominated in the following currencies.

	2021 HK\$	2020 HK\$
Hong Kong dollars	282,089,856	239,452,691
United States dollars	576,447	574,382
Renminbi	330,169	303,275
	<hr/>	<hr/>
	<u>282,996,472</u>	<u>240,330,348</u>

THE HONG KONG FEDERATION OF YOUTH GROUPS

NOTES TO THE FINANCIAL STATEMENTS

13 Funds and reserves

	Own funds and reserves						Other funds and reserves							
	Accumulated fund (note (a))	Building fund (note (b))	Camp and hostel reserve (note (c))	Non-funding and service agreement reserve (note (d))	Youth support fund (note (e))	Deferred capital reserve (note (f))	Tsuen Wan indoor sports centre accumulated fund (note (g))	Youth hostel reserve (note (h))	Sub-total	Ching Lok kindergartens/nurseries reserve (note (i))	Lump sum grant reserve (note (j))	Provident fund reserve (note (k))	Sub-total	Total
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
At 1st April 2019	9,062,049	23,265,641	74,653,149	305,988,148	7,852,512	19,314,964	246,260	-	440,382,723	9,783,530	41,033,719	29,698,600	80,515,849	520,898,572
Surplus for the year (Note)	3,364,131	-	-	-	-	-	-	-	3,364,131	56,708	11,614,414	4,510,138	16,181,260	19,545,391
Transfer between funds and reserves	(3,067,805)	(4,578,241)	2,848,355	1,868,562	(273,827)	3,449,216	(246,260)	-	-	-	-	-	-	-
Surplus recovered by Social Welfare Department	-	-	-	-	-	-	-	-	-	-	-	(470,142)	(470,142)	(470,142)
At 31st March 2020 and 1st April 2020	9,358,375	18,687,400	77,501,504	307,856,710	7,578,685	22,764,180	-	-	443,746,854	9,840,238	52,648,133	33,738,596	96,226,967	539,973,821
Surplus for the year (Note)	55,239,959	-	-	-	-	-	-	-	55,239,959	701,905	14,675,296	3,938,568	19,315,769	74,555,728
Transfer between funds and reserves	(55,192,199)	3,847,046	(877,931)	51,918,367	1,031,726	(1,580,474)	-	853,465	-	-	-	-	-	-
Surplus recovered by Social Welfare Department	-	-	-	-	-	-	-	-	-	-	-	(720,396)	(720,396)	(720,396)
At 31st March 2021	9,406,135	22,534,446	76,623,573	359,775,077	8,610,411	21,183,706	-	853,465	498,986,813	10,542,143	67,323,429	36,956,768	114,822,340	613,809,153

Note: During the year ended 31st March 2021, fair value gains on financial assets at fair value through profit or loss amounting to HK\$3,300,305 (2020: losses of HK\$1,165,560) were transferred to Leadership Development Fund as the securities were originally held under this Fund.

THE HONG KONG FEDERATION OF YOUTH GROUPS

NOTES TO THE FINANCIAL STATEMENTS

13 Funds and reserves (Continued)

(a) Accumulated fund

This fund represents surplus transferred from surplus or deficit which is not covered by other funds and reserves.

(b) Building fund

This fund is established for the proceeds from fund raising activities for capital projects, and interest income generated from the savings, deposits and other financial instruments of the Federation not being governed by specific guidelines of the funding bodies transferred from the accumulated fund. The fund is intended to be used to meet the funding requirements for capital projects in the coming years.

(c) Camp and hostel reserve

Under the Leisure and Cultural Services Department's Subvention Principles for Non-government Organisation Camps and Sea Activity Centres, all subvented income generated from the camps should be used to cover their recurrent expenses and to improve their services. For surplus generated from dues and fees which are not governed by Leisure and Cultural Services Department's Subvention Principles, it is transferred to a separate reserve account and is designated for the expenditure, such as the recurrent repairs and maintenance costs, of the camp.

(d) Non-funding and service agreement reserve

This reserve represents the savings out of activities not related to the Funding and Service Agreements of the Social Welfare Department transferred from the accumulated fund. The reserve is designated to provide a buffer for covering the possible inadequacy of recurrent funding in the coming years.

(e) Youth support fund

This fund was established at the 50th anniversary of the Federation. The objective of this fund is to meet the financial needs of the youths.

(f) Deferred capital reserve

This reserve represents the unamortised carrying value of property, plant and equipment funded by the Federation's internal funding. They are released and credited to the related accumulated funds on a straight-line basis over the estimated useful lives of the related assets when the assets are available for use, to the extent of the related depreciation expense for that period.

(g) Tsuen Wan indoor sports centre accumulated fund

The Tsuen Wan Indoor Sports Centre is a venture between the Federation and the Hong Kong Housing Society. Under the agreement dated 27th September 1996, any surplus or deficit from its operations is required to be held in an accumulated fund and separate from that of the Federation. Any surplus funds maintained by the centre may only be used towards its own purposes. The venture expired in June 2018.

(h) Youth hostel reserve

This reserve represents unspent government subvention on Tai Po youth hostel. Any surplus or deficit from its operations is required to be held in an accumulated fund and separate from that of the Federation. Any surplus funds maintained by the centre may only be used towards its own purposes. 0053

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NOTES TO THE FINANCIAL STATEMENTS

13 Funds and reserves (Continued)

(i) Ching Lok kindergartens/nurseries reserve

The nurseries have also been registered as kindergartens with effect from 1st September 2005, and are funded by the Education Bureau. Under both the Social Welfare Department's Guide to Social Welfare Subventions, and the circular memorandum issued by the Education Bureau from time to time, any operating surplus or deficit incurred by an aided day nursery/kindergarten is required to be transferred to a separate reserve account. Any surplus funds maintained by the nursery/kindergarten may only be used towards its own purposes.

(j) Lump sum grant reserve

This reserve is designated for unspent government subvention granted under the Lump Sum Grant transferred from the accumulated fund. Under the Lump Sum Grant Manual, at the end of each financial year, agencies are allowed to maintain this reserve within the ceiling of 25% of the agencies' operating expenditure excluding provident fund for the year. The Social Welfare Department has withheld the clawback of the Lump Sum Grant Reserve above the 25% cap for the accumulated balance up to the financial year 2006/07, as a transitional measure to facilitate agencies achieving financial viability upon the cessation of the Tide Over Grant. For the financial years 2007/08 to 2020/21, the lump sum grant reserve has not reached the above mentioned ceiling. The reserve provides a buffer for covering the possible inadequacy of the Lump Sum Grant in the coming years. Surplus funds maintained in the reserve must be used on the activities covered by the Funding and Service Agreements and the related support services.

(k) Provident fund reserve

This reserve represents unspent government subvention on provident fund under the Lump Sum Grant. Surplus funds maintained in the reserve may only be used for provident fund commitments in the future for the staff covered by the Lump Sum Grant.

14 Deferred income

	Deferred income on capital expenditures HK\$	Deferred income on museum collection HK\$	Other deferred income HK\$	Total HK\$
At 1st April 2019	216,987,321	61,091,000	7,800,000	285,878,321
Additions	97,793,289	-	-	97,793,289
Release to surplus or deficit for the year	(14,218,523)	-	-	(14,218,523)
At 31st March 2020 and 1st April 2020	300,562,087	61,091,000	7,800,000	369,453,087
Additions	87,381,372	-	-	87,381,372
Release to surplus or deficit for the year	(13,875,066)	-	-	(13,875,066)
At 31st March 2021	<u>374,068,393</u>	<u>61,091,000</u>	<u>7,800,000</u>	<u>442,959,393</u>

THE HONG KONG FEDERATION OF YOUTH GROUPS

NOTES TO THE FINANCIAL STATEMENTS

15 Government reserve and central items

Movement on government reserve and central items grouped under non-current liabilities:

	2021 HK\$	2020 HK\$
At beginning of the year	4,722,729	4,470,899
Add: Subvention received and receivable for the year	18,442,321	16,412,931
Less: Expenditure during the year	(16,754,446)	(15,551,643)
Surplus grant recovered by the government	(667,330)	(609,458)
	(17,421,776)	(16,161,101)
At end of the year	<u>5,743,274</u>	<u>4,722,729</u>

This represents unspent government subvention not covered by the Lump Sum Grant and will be reverted to the Social Welfare Department, Leisure and Cultural Services Department or the Education Bureau whichever is appropriate, by means of deduction from the subvention to be released in subsequent years.

16 Other payables and accruals

	2021 HK\$	2020 HK\$
Other payables and accruals, financial liabilities	15,006,142	32,000,370
Receipt in advance for programmes and courses (Note (a))	13,194,279	12,015,948
Social welfare development fund receipt in advance from Lotteries Fund (Note (b))	1,678,094	3,676,898
Other subvention/donation receipt in advance	48,076,335	33,133,084
Unutilised annual leave	12,405,267	11,068,033
Deposits received	818,404	763,480
	<u>91,178,521</u>	<u>92,657,813</u>

The carrying values of other payables and accruals approximate their fair values as at 31st March 2021 and 2020 and are denominated in Hong Kong dollars.

Notes:

- (a) Income recognised during the year ended 31st March 2021 that was included in the "receipt in advance for programmes and courses" balance at the beginning of the year amounted to HK\$12,015,948 (2020: HK\$18,484,399). The Federation expects to deliver the services to satisfy the remaining performance obligations of these contract liabilities within one year or less.

THE HONG KONG FEDERATION OF YOUTH GROUPS

NOTES TO THE FINANCIAL STATEMENTS

16 Other payables and accruals (Continued)

(b) Movement on social welfare development fund receipt in advance from the Lotteries Fund:

	Social welfare development fund		
	Phase 2 HK\$	Phase 3 HK\$	Total HK\$
At 1st April 2019	401,099	2,908,289	3,309,388
Add: Subvention received during the year	-	2,892,473	2,892,473
Add: Interest income	-	14,655	14,655
Less: Expenditure during the year			
- Scope A: Training and professional development programme	-	(593,861)	(593,861)
- Scope B: Business system upgrading services	-	(1,027,084)	(1,027,084)
- Scope C: Studies aiming at enhancing service delivery	-	(469,211)	(469,211)
- Administrative support	-	(48,363)	(48,363)
Less: Refund during the year	(401,099)	-	(401,099)
At 31st March 2020 and 1st April 2020	-	3,676,898	3,676,898
Add: Subvention received during the year	-	96,000	96,000
Add: Interest income	-	1,203	1,203
Less: Expenditure during the year			
- Scope A: Training and professional development programme	-	(459,274)	(459,274)
- Scope B: Business system upgrading services	-	(1,630,733)	(1,630,733)
- Scope C: Studies aiming at enhancing service delivery	-	-	-
Administrative support	-	(6,000)	(6,000)
At 31st March 2021	-	1,678,094	1,678,094

17 Lease liabilities

	2021 HK\$	2020 HK\$
Non-current	9,533,789	8,137,902
Current	11,266,143	8,787,448
	<u>20,799,932</u>	<u>16,925,350</u>
Minimum lease payments		
- Within one year	12,480,446	9,618,630
- Later than one year and no later than five years	10,008,370	8,264,392
- Over five years	23,941	24,941
Total undiscounted lease liabilities	22,512,757	17,907,963
Less: total future interest expenses	(1,712,825)	(982,613)
Present value of lease liabilities	<u>20,799,932</u>	<u>16,925,350</u>

The carrying amount of lease liabilities is denominated in Hong Kong dollars.

The nature of the Federation's leasing activities by type of right-of-use assets recognised on balance sheet are detailed in note 6.

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NOTES TO THE FINANCIAL STATEMENTS

18 Employee benefit expenses

(a) Staff costs

	2021 HK\$	2020 HK\$
Salaries and allowances	329,956,571	320,112,981
Retirement benefit costs	25,750,340	25,058,785
	<u>355,706,911</u>	<u>345,171,766</u>
Represented by:		
Central administration:		
- Salaries and allowances	20,534,671	20,024,193
- Retirement benefit costs	2,190,961	2,165,350
Core Services (Youth S.P.O.Ts):		
- Salaries and allowances	103,343,942	98,589,340
- Retirement benefit costs	8,609,171	8,264,988
Core Services (Other services):		
- Salaries and allowances	185,284,996	180,538,459
- Retirement benefit costs	13,550,743	13,221,993
Development and support:		
- Salaries and allowances	20,792,962	20,960,988
- Retirement benefit costs	1,399,465	1,406,455
	<u>355,706,911</u>	<u>345,171,766</u>

(b) Staff medical scheme fund

The Federation operates a staff contributory medical scheme. Under the terms of the scheme, contributions are received from the Federation and the scheme members to defray members' medical expenses up to certain limits. The fund is held in a separate bank account.

19 Taxation

The Federation, being a charitable organisation, is exempted from Hong Kong profits tax by virtue of Section 88 of the Inland Revenue Ordinance.

20 Benefits and interests of Council Members

The following disclosures are made pursuant to section 383(1)(a) to (f) of the Hong Kong Companies Ordinance (Cap. 622) and Parts 2 to 4 of the Companies (Disclosure of Information about Benefits of Directors) Regulation (Cap. 622G):

During the year, no emoluments, retirement benefits, payments or benefits in respect of termination of Council Members' services were paid, directly or indirectly, to the Council Members; nor are any payable (2020: nil). No emoluments was paid or recoverable in respect of accepting office as a Council Members (2020: nil). No consideration was provided to or receivable by third parties for making available Council Members' services (2020: nil). There are no loans, quasi-loans or other dealings in favour of the Council Members, their controlled bodies corporate and connected entities (2020: nil).

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THE HONG KONG FEDERATION OF YOUTH GROUPS

NOTES TO THE FINANCIAL STATEMENTS

20 Benefits and interests of Council Members (Continued)

No Council Members had a material interest, directly or indirectly, in any significant transactions, arrangements and contracts in relation to the Federation's business to which the Federation was or is a party that subsisted at the end of the year or at any time during the year (2020: nil).

21 Cash flow information

(a) Non-cash transactions

The additions, modifications and derecognitions of right-of-use assets (note 6) are non-cash financing activities.

(b) Reconciliation of liabilities arising from financing activities during the year.

	Lease liabilities	
	2021 HK\$	2020 HK\$
At 1st April	16,925,350	22,677,767
Cash flows from financing activities		
- Payment for lease liabilities	(10,268,937)	(9,824,513)
- Interest paid	(1,315,709)	(1,349,641)
Non-cash movements		
- Additions	4,624,114	4,072,096
- Modifications	9,519,405	-
- Interest payable	1,315,709	1,349,641
At 31st March	<u>20,799,932</u>	<u>16,925,350</u>

22 Capital commitments

As at 31st March 2021 and 2020, the total outstanding capital commitments for purchase of furniture and equipment, major construction and renovation work were as follows:

	2021 HK\$	2020 HK\$
Contracted but not provided for	23,728,158	105,765,496
Authorised but not contracted for	44,019,242	47,409,110
	<u>67,747,400</u>	<u>153,174,606</u>

Of the total outstanding capital commitments stated above, the outstanding capital commitments in respect of replenishment of furniture and equipment and minor works under the block grant reserve were as follows:

	2021 HK\$	2020 HK\$
Authorised but not contracted for	<u>7,860,025</u>	<u>7,265,030</u>

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NOTES TO THE FINANCIAL STATEMENTS

23 Non-cancellable operating lease commitments

As at 31st March 2021 and 2020, the Federation had commitments for minimum lease payments in relation to non-cancellable operating leases in respect of youth centre premises are payable as follows:

	2021 HK\$	2020 HK\$
No later than one year	222,359	313,538
Later than one year and no later than five years	4,001	4,000
Later than five years	22,000	23,000
	<u>248,360</u>	<u>340,538</u>

24 Related party transactions

Key management compensation comprises of:

	2021 HK\$	2020 HK\$
Salaries and allowances	9,856,175	9,723,223
Retirement benefit costs	1,460,426	1,367,543
	<u>11,316,601</u>	<u>11,090,766</u>