

**AGENCY FOR VOLUNTEER SERVICE**

義務工作發展局

**REPORT OF THE DIRECTORS**

The directors have pleasure in submitting their report together with audited financial statements for the year ended 31 March 2009.

**Principal Activities**

The Agency continued to promote and develop volunteer services in Hong Kong. Principal services carried out by the Agency include:

- volunteer referral which refers appropriate volunteers to organization requiring their services;
- volunteer action which provides managed service opportunities for individuals to participate as volunteers;
- provision of training for volunteers and volunteer users;
- provision of technical assistance for organizations to improve their use of volunteer manpower and skills;
- publication, promotion and public education to promote volunteer service; and
- operation of social centre for the elderly.

**Financial Results**

The results of the Agency for the year ended 31 March 2009 are set out on page 5.

**Directors**

During the year and up to the date of this report, the directors of the Agency were:

Mr. Lee Jark Pui, SBS, OBE, JP	Chairman
Dr. Shum Chi Wang	Vice-Chairman
Mr. Tang Kwai Nang, BBS, JP	Vice-Chairman
Mr. Yeung Chi Kin, MBE	Honorary Secretary
Mr. Yung Ha Kuk, Victor	Honorary Treasurer
Mr. Chan Ka Hong, Roland	
Mr. Chan Ka Kui, BBS, JP	
Prof. Kuan Hsin Chi	
Mr. Kwan Kwok Lok, Joseph, MH	
Mr. Kwan Wing Wah, Leo	
Mr. Lee Chee Wah, Wilfred, MH	
Mr. Lee Kai Hung, Kennedy	
Mr. Lo Nai Wai, Stephen	
Dr. Ng Kam Cheung, Stephen	
Ms. Winnie Ng	
Mr. Shiu Lo Sin	(Resigned on 6 November 2008)
Ms. Tsang Pui Kuen, Camilla	
Mr. Yu Yuk Wing, Kenneth	(Appointed on 6 November 2008)

In accordance with the Article 52, 53 and 54 of the Agency's Articles of Association, Dr. Shum Chi Wang, Mr. Yung Ha Kuk, Victor, Mr. Kwan Kwok Lok, Joseph, MH, Mr. Kwan Wing Wah, Leo, Mr. Lo Nai Wai, Stephen and Ms. Tsang Pui Kuen, Camilla retire from office at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

**AGENCY FOR VOLUNTEER SERVICE**

義務工作發展局

**REPORT OF THE DIRECTORS** (Continued)

**Furniture and Equipment**

Movements in furniture and equipment during the year are shown in note 7 to the financial statements.

**Funds**

Particulars of the movements in funds during the year are set out in the statement of changes in funds on page 10 and 11 and in note 8 to note 14 to the financial statements.

**Directors' Interest in Contracts**

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

**Directors' Share and Debenture Options**

At no time during the year was the Agency a party to any arrangement which enabled the directors of the Agency to acquire benefits by means of acquisition of shares in or debentures of the Agency or any other body corporate.

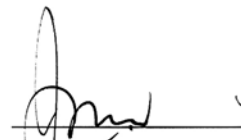
**Management Contracts**

During the year, no contracts concerning the management and administration of the whole or any substantial part of the business of the Agency were entered or existed.

**Auditors**

A resolution for the re-appointment of Messrs. T. K. Lo & Company as auditors of the Agency is to be proposed at the forthcoming annual general meeting.

On behalf of the Board



Chairman  
Hong Kong

27 JUL 2009

# T. K. LO & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

Tel: (852) 2544 2323 Fax: (852) 2543 9762



盧子葵會計師事務所

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF AGENCY FOR VOLUNTEER SERVICE

義務工作發展局

(incorporated in Hong Kong with limited liability)

We have audited the financial statements of Agency For Volunteer Service (the "Agency") set out on pages 5 to 30, which comprise the balance sheet as at 31 March 2009, and the income statement, statement of changes in funds and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

#### Directors' responsibility for the financial statements

The directors are responsible for the preparation and the true and fair presentation of these financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with section 141 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. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

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

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



## INDEPENDENT AUDITOR'S REPORT (Continued)

### TO THE MEMBERS OF AGENCY FOR VOLUNTEER SERVICE

義務工作發展局

(incorporated in Hong Kong with limited liability)

#### Opinion

In our opinion, the financial statements give a true and fair view of the state of the Agency's affairs as at 31 March 2009 and of its surplus and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

T. K. LO & COMPANY

Certified Public Accountants

Hong Kong

27 JUL 2009

AGENCY FOR VOLUNTEER SERVICE  
義務工作發展局

INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH 2009

	Notes	2009			2008		
		Recurrent	Designated	Total	Recurrent	Designated	Total
		Programmes	Projects		Programmes	Projects	
HK\$	HK\$	HK\$	HK\$	HK\$	HK\$		
<b>Income</b>							
Government subventions and grants	2	6,029,445	2,780,170	8,809,615	5,628,463	2,886,000	8,514,463
Allocation, donations and fundraising income	3	6,189,028	3,891,770	10,080,798	4,387,212	4,393,051	8,780,263
Other income	3	329,657	147,949	477,606	298,600	286,910	585,510
Less: Elimination of internal income				(344,879)			(149,499)
<b>Total Income</b>		<b>12,548,130</b>	<b>6,819,889</b>	<b>19,023,140</b>	<b>10,314,275</b>	<b>7,565,961</b>	<b>17,730,737</b>
<b>Expenditure</b>							
Personal emoluments		7,702,343	3,605,391	11,307,734	6,761,714	2,014,691	8,776,405
Rent, rates, management fee		1,182,915	14,490	1,197,405	1,041,032	105,628	1,146,660
Administration expenses		946,344	271,766	1,218,110	906,504	118,535	1,025,039
Expenses for fund-raising projects		456,485	—	456,485	55,081	3,649	58,730
Service and programme expenses		1,456,838	3,225,700	4,682,538	1,061,148	5,678,652	6,739,800
Less: Elimination of internal expenses				(344,879)			(149,499)
<b>Total Expenses</b>	4	<b>11,744,925</b>	<b>7,117,347</b>	<b>18,517,393</b>	<b>10,210,479</b>	<b>7,921,155</b>	<b>17,597,135</b>
<b>Income less Expenditure</b>		<b>803,205</b>	<b>(297,458)</b>	<b>505,747</b>	<b>488,796</b>	<b>(355,194)</b>	<b>133,602</b>
Volunteer Talent Bank surplus transferred to other payables		(45,032)	—	(45,032)	—	—	—
Subvention deficit receivable from Social Welfare Department	2(b)	48,695	—	48,695	15,302	—	15,302
Deficit transfer to F & E Replenishment and Minor Works Block Grant	14	13	—	13	9,057	—	9,057
<b>Surplus for the year</b>		<b>806,881</b>	<b>—</b>	<b>806,881</b>	<b>513,155</b>	<b>—</b>	<b>513,155</b>
<b>Net income/(expenditure) in Restricted Funds</b>		<b>—</b>	<b>190,167</b>	<b>190,167</b>	<b>—</b>	<b>(134,183)</b>	<b>(134,183)</b>
<b>Net expenditure in Allocated Funds</b>		<b>—</b>	<b>(487,625)</b>	<b>(487,625)</b>	<b>—</b>	<b>(221,011)</b>	<b>(221,011)</b>

AGENCY FOR VOLUNTEER SERVICE  
義務工作發展局

BALANCE SHEET

AT 31 MARCH 2009

	Notes	2009 HK\$	2008 HK\$
<b>ASSETS</b>			
<b>Non-current assets</b>			
Furniture and equipment	7	223,400	286,153
<b>Current assets</b>			
Accounts and other receivables		1,330,100	353,389
Prepayments and deposits		488,982	272,527
Cash and cash equivalents		9,490,174	8,638,455
<b>Total assets</b>		<b>11,532,656</b>	<b>9,550,524</b>

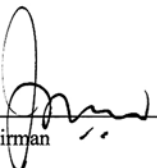
AGENCY FOR VOLUNTEER SERVICE  
義務工作發展局

BALANCE SHEET (Continued)

AT 31 MARCH 2009

	<u>Notes</u>	<u>2009</u> HK\$	<u>2008</u> HK\$
<b>FUNDS AND LIABILITIES</b>			
<b>Agency's Funds</b>			
General Fund	8	882,400	663,969
Agency Development Fund	9	3,000,000	2,150,000
Operation Contingency Fund	10	1,300,000	750,000
Other Allocated Funds		228,783	1,527,958
		<u>5,411,183</u>	<u>5,091,927</u>
<b>Restricted Funds</b>			
Hopeful School Volunteer Service Project	11	1,268,726	1,280,354
Singleton Hostel Service	12	6,454	290,163
Other Designated Services	13	1,189,796	704,292
		<u>2,464,976</u>	<u>2,274,809</u>
<b>Block Grant Reserve</b>			
	14	421	434
		<u>7,876,580</u>	<u>7,367,170</u>
<b>Current liabilities</b>			
Accounts and other payables		343,947	512,389
Deferred income	15	2,672,313	1,335,160
Fees received in advance		217,380	6,490
Rental deposit received		-	12,270
Employee benefit obligations	16	422,436	317,045
		<u>3,656,076</u>	<u>2,183,354</u>
<b>Total funds and liabilities</b>		<u><u>11,532,656</u></u>	<u><u>9,550,524</u></u>

The financial statements on pages 5 to 30 were approved and authorised for issue by the Board of directors on **27 JUL 2009** and are signed on its behalf by:

  
Chairman

  
Honorary Treasurer

AGENCY FOR VOLUNTEER SERVICE  
義務工作發展局

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2009

	<u>2009</u> HK\$	<u>2008</u> HK\$
<b>Operating activities</b>		
Surplus/(Deficit) for the year		
- Recurrent programmes	806,881	513,155
- F & E Replenishment and Minor Works Block Grant	(13)	(9,057)
Net income/(expenditure) in Restricted Funds	190,167	(134,183)
Net expenditure in Allocated Funds	(487,625)	(221,011)
Adjustment for:		
Depreciation of furniture and equipment	175,875	158,786
Interest income	(71,237)	(193,818)
Increase/(Decrease) in employee benefit obligations	105,391	(63,499)
Operating surplus before changes in working capital	<u>719,439</u>	<u>50,373</u>
(Increase)/Decrease in accounts and other receivables	(976,711)	(4,773)
(Increase)/Decrease in prepayments and deposits	(216,455)	(63,148)
Increase/(Decrease) in accounts and other payables	(168,442)	9,593
Increase/(Decrease) in deferred income	1,337,153	1,335,160
Increase/(Decrease) in fees received in advance	210,890	(10,030)
Increase/(Decrease) in rental deposit received	(12,270)	(16,960)
<b>Net cash from operating activities</b>	<u>893,604</u>	<u>1,300,215</u>
<b>Investing activities</b>		
Purchase of furniture and equipment	(113,122)	(226,986)
Government grants for furniture and equipment received	-	5,456
Interest received	71,237	193,818
<b>Net cash used in investing activities</b>	<u>(41,885)</u>	<u>(27,712)</u>

AGENCY FOR VOLUNTEER SERVICE  
義務工作發展局

CASH FLOW STATEMENT (Continued)

FOR THE YEAR ENDED 31 MARCH 2009

	<u>2009</u> HK\$	<u>2008</u> HK\$
Net increase in cash and cash equivalents	851,719	1,272,503
Cash and cash equivalents at beginning of year	8,638,455	7,365,952
<b>Cash and cash equivalents at end of year</b>	<b>9,490,174</b>	<b>8,638,455</b>
Cash and cash equivalents at end of year comprise the following:		
Bank balances and cash	3,299,958	6,514,293
Time deposits with original maturity within 3 months	6,190,216	2,124,162
	<u>9,490,174</u>	<u>8,638,455</u>

AGENCY FOR VOLUNTEER SERVICE  
義務工作發展局

STATEMENT OF CHANGES IN FUNDS

FOR THE YEAR ENDED 31 MARCH 2009

	<u>Balance as at</u> <u>1 April 2007</u> HK\$	<u>Surplus/</u> <u>(Deficit)</u> <u>the year</u> HK\$	<u>Net income/</u> <u>(expenditure)</u> <u>for the year</u> HK\$	<u>Transfers</u> HK\$	<u>Note</u>	<u>Balance as at</u> <u>31 March 2008</u> HK\$
<b>AGENCY'S FUNDS</b>						
General Fund	523,162	513,155	-	(372,348)	(a) (b) (c)	663,969
Agency Development Fund	1,850,000	-	-	300,000	(b)	2,150,000
Operation Contingency Fund	750,000	-	-	-		750,000
<u>Other Allocated Funds</u>						
Service Improvement Plan	319,938	-	(1,712)	-		318,226
VAC Service Development	110,000	-	(8,847)	-		101,153
Volunteer Training & Resource Library	848,615	-	(210,452)	-		638,163
Agency Recurrent Support	370,416	-	-	(370,416)	(d)	-
Five-Year Plan Implementation	-	-	-	370,416	(d)	370,416
Rebuild Sichuan Volunteer Programme	-	-	-	100,000	(c)	100,000
Sub-total	1,648,969	-	(221,011)	100,000		1,527,958
Total	<u>4,772,131</u>	<u>513,155</u>	<u>(221,011)</u>	<u>27,652</u>		<u>5,091,927</u>
	<u>Balance as at</u> <u>1 April 2008</u> HK\$	<u>Surplus/</u> <u>(Deficit)</u> <u>the year</u> HK\$	<u>Net income/</u> <u>(expenditure)</u> <u>for the year</u> HK\$	<u>Transfers</u> HK\$	<u>Note</u>	<u>Balance as at</u> <u>31 March 2009</u> HK\$
General Fund	663,969	806,881	-	(588,450)	(e) (f)	882,400
Agency Development Fund	2,150,000	-	-	850,000	(g)	3,000,000
Operation Contingency Fund	750,000	-	-	550,000	(f)	1,300,000
<u>Other Allocated Funds</u>						
Service Improvement Plan	318,226	-	(204,300)	50,000	(f)	163,926
VAC Service Development	101,153	-	-	(101,153)	(g)	-
Volunteer Training & Resource Library	638,163	-	-	(638,163)	(g)	-
Five-Year Plan Implementation	370,416	-	(248,182)	(122,234)	(e) (g)	-
Rebuild Sichuan Volunteer Programme	100,000	-	(35,143)	-		64,857
Sub-total	1,527,958	-	(487,625)	(811,550)		228,783
Total	<u>5,091,927</u>	<u>806,881</u>	<u>(487,625)</u>	<u>-</u>		<u>5,411,183</u>

Note:

- (a) Transferred HK\$27,652 from Other Designated Services to General Fund  
(b) Transferred HK\$300,000 from General Fund to Agency Development Fund  
(c) Transferred HK\$100,000 from General Fund to Rebuild Sichuan Volunteer Programme  
(d) Transferred HK\$370,416 from Agency Recurrent Support to Five-Year Plan Implementation  
(e) Transferred HK\$11,550 from Five-Year Plan Implementation to General Fund  
(f) Transferred HK\$550,000 from General Fund to Operation Contingency Fund and \$50,000 to Service Improvement Plan  
(g) Transferred HK\$101,153 from VAC Service Development, HK\$638,163 from Volunteer Training & Resource Library and HK\$110,684 from Five-Year Plan Implementation to Agency Development Fund

AGENCY FOR VOLUNTEER SERVICE  
義務工作發展局

STATEMENT OF CHANGES IN FUNDS

FOR THE YEAR ENDED 31 MARCH 2009

	Balance as at <u>1 April 2007</u>	Surplus/ (Deficit) <u>the year</u>	Net income/ (expenditure) <u>for the year</u>	Transfers	Note	Balance as at <u>31 March 2008</u>
	HK\$	HK\$	HK\$	HK\$		HK\$
<b>RESTRICTED FUNDS</b>						
Hopeful School Volunteer Service Project	1,510,266	-	(229,912)	-		1,280,354
Singleton Hostel Service	(213,941)	-	504,104	-		290,163
Other Designated Services	1,140,319	-	(408,375)	(27,652)	(a)	704,292
Total	2,436,644	-	(134,183)	(27,652)		2,274,809

	Balance as at <u>1 April 2008</u>	Surplus/ (Deficit) <u>the year</u>	Net income/ (expenditure) <u>for the year</u>	Transfers	Note	Balance as at <u>31 March 2009</u>
	HK\$	HK\$	HK\$	HK\$		HK\$
Hopeful School Volunteer Service Project	1,280,354	-	(11,628)	-		1,268,726
Singleton Hostel Service	290,163	-	(283,709)	-		6,454
Other Designated Services	704,292	-	485,504	-		1,189,796
Total	2,274,809	-	190,167	-		2,464,976

Note:

(a) Transferred HK\$27,652 from Other Designated Services to General Fund

	Balance as at <u>1 April 2007</u>	Surplus/ (Deficit) <u>the year</u>	Balance as at <u>31 March 2008</u>	Surplus/ (Deficit) <u>the year</u>	Note	Balance as at <u>31 March 2009</u>
	HK\$	HK\$	HK\$	HK\$		HK\$
<b>BLOCK GRANT RESERVE</b>	9,491	(9,057)	434	(13)		421

AGENCY FOR VOLUNTEER SERVICE  
義務工作發展局

SIGNIFICANT ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 MARCH 2009

A. Statement of Compliance

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the Hong Kong Companies Ordinance.

B. Basis of Preparation

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

C. Revenue Recognition

- i) Subvention, allocation, grant and donation income are recognised when there is reasonable certainty that the amounts will be received.
- ii) Interest income is recognised on a time apportionment basis using the effective interest rate.
- iii) Rental income is recognised on a straight-line basis over the lease terms.
- iv) Membership subscriptions are accounted for on cash basis.

D. Furniture and Equipment

Furniture and equipment held for use in the supply of services, for rental to others, or for administrative purposes, are stated in the balance sheet at cost less accumulated depreciation and impairment.

Depreciation is charged to write off the costs of the assets, net of expected residual value of assets, over their estimated useful lives using the straight-line method. The estimated useful lives used are as follows:

Computers	3 years
Furniture and equipment	5 years
Leasehold improvement	3 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

**AGENCY FOR VOLUNTEER SERVICE**

義務工作發展局

**SIGNIFICANT ACCOUNTING POLICIES**

**FOR THE YEAR ENDED 31 MARCH 2009**

**E. Leases**

Operating lease payments are recognised as expenses in the income statement on straight-line basis over the lease terms.

**F. Impairment of Assets**

At each balance sheet date, the Agency reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where an impairment loss subsequently reverses, the carrying amount of the asset other than goodwill is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years.

**G. Cash and Cash Equivalents**

Cash and cash equivalents comprises cash on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having maturity of not more than three months at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are also included as a component of cash and cash equivalents for the purpose of cash flow statement.

**H. Employee Benefits**

A liability is recognised when an employee has provided service in exchange for employee benefits to be paid and an expense is recognised when the Agency consumes the economic benefits arising from such service.

The Agency operates a defined contribution retirement plan for qualifying staff. The plan assets are held in separate trustee administered funds. Contributions payable to the plan are recognised as expenses when an employee has rendered service to the Agency.

Expected cost is recognised as a liability at the balance sheet date when an employee has rendered service that increases his/her entitlement to future cash payment for accumulating compensated absences.

**AGENCY FOR VOLUNTEER SERVICE**

義務工作發展局

**SIGNIFICANT ACCOUNTING POLICIES**

**FOR THE YEAR ENDED 31 MARCH 2009**

**I. Government Grants and Assistance**

Government grants are not recognised until there is reasonable assurance that the Agency will comply with the conditions attaching to them and the grants will be received. They are recognised as income over the periods necessary to match them with the related costs, which they are intended to compensate, on a systematic basis. Government grants related to assets are presented in the balance sheet by deducting the grant in arriving at the carrying amount of the asset.

**J. HKFRS Not Yet Effective**

A number of new or revised HKFRS are not yet effective and have not been adopted in these financial statements. While the adoption of them may result in new disclosure requirements, it is unlikely to have a significant impact on the Agency's financial position and performance. They include:

Effective for Periods Beginning on or after 1 July 2008

- HK(IFRIC)-Int 13: Customer Loyalty Programmes

Effective for Periods Beginning on or after 1 October 2008

- HK(IFRIC)-Int 16: Hedges of a Net Investment in a Foreign Operation

Effective for Periods Beginning on or after 1 January 2009

- HKAS 1 (Revised): Presentation of Financial Statements
- HKAS 23 (Revised): Borrowing Costs
- HKAS 27 & HKFRS 1 (Amendments): Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
- HKAS 32 & HKAS 1 (Amendments): Puttable Financial Instruments and Obligations Arising on Liquidation
- HKFRS 2 (Amendments): Vesting Conditions and Cancellations
- HKFRS 7 (Amendments): Improving Disclosures about Financial Instruments
- HKFRS 8: Operating Segments
- HK(IFRIC) - Int 15: Agreements for the Construction of Real Estate
- 2008 Annual improvements to various HKFRS (except HKFRS 5)

Effective for Periods Ending on or after 30 June 2009

- HK(IFRIC)-Int 9 & HKAS 39 (Amendments): Embedded Derivatives

Effective for Transactions on or after 1 July 2009

- HK(IFRIC)-Int 18: Transfers of Assets from Customers

Effective for Periods Beginning on or after 1 July 2009

- HKAS 39 (Amendment): Eligible Hedged Items
- HKFRS 1 (Revised): First-time Adoption of HKFRS

- HKFRS 3 (Revised) & HKAS 27 (Revised): Business Combinations and Consolidation and Separate Financial Statements
- HK(IFRIC)-Int 17: Distributions of Non-cash Assets to Owners

- 2008 annual improvement to HKFRS 5

- 2009 annual improvements to HKFRS 2, HKAS 38 and HK(IFRIC)-Int 9 & 16

Effective for Periods Beginning on or after 1 January 2010

- 2009 annual improvements to various HKFRS (unless otherwise specified)

**AGENCY FOR VOLUNTEER SERVICE**  
**義務工作發展局**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2009**

**1. General**

The Agency, a company incorporated in Hong Kong with limited liability by guarantee, is a non-profit making public service organisation dedicated to playing a proactive and pivotal role in building a civil society and caring community through the promotion and development of sustainable volunteerism. It develops partnership with all sectors of the community to mobilize and facilitate individuals, groups and organizations to provide value added and quality volunteer service.

The Agency's registered office is located at Room 602, Duke of Windsor Social Service Building, 15 Hennessy Road, Wanchai, Hong Kong.

The income and property of the Agency must be applied solely towards the promotion of the objects set out in the Agency's memorandum of association. The Agency funds are not distributable to its members. In the event of the Agency being wound up, every member shall contribute to the assets of the Agency to the extent of HK\$100 each.

The Agency is a charitable institution of public character approved by the Inland Revenue Department and is exempt from Hong Kong Profits Tax by virtue of Section 88 of the Inland Revenue Ordinance.

The financial statements are presented in Hong Kong dollars, the functional currency of the primary economic environment in which the Agency operates.

**AGENCY FOR VOLUNTEER SERVICE**  
**義務工作發展局**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2009**

**2. Government Subventions and Grants**

The nature of government subventions and grants recognised in the income statement for the year are as follows:

Notes	2009			2008		
	Recurrent Programmes HK\$	Designated Projects HK\$	Total HK\$	Recurrent Programmes HK\$	Designated Projects HK\$	Total HK\$
Subvention from Home Affairs Bureau (a)	4,560,000	—	4,560,000	4,342,000	—	4,342,000
Subvention from Social Welfare Department (b)	1,459,495	150,000	1,609,495	1,279,919	—	1,279,919
Home Affairs Department Social Welfare Department – Partnership Fund for the Disadvantaged (c)	—	2,000,000	2,000,000	—	2,000,000	2,000,000
Leisure and Cultural Services Department (d)	—	630,170	630,170	—	851,000	851,000
(e)	—	—	—	—	35,000	35,000
	<b>6,019,495</b>	<b>2,780,170</b>	<b>8,799,665</b>	<b>5,621,919</b>	<b>2,886,000</b>	<b>8,507,919</b>
F & E Replenishment and Minor Works Block Grant: Block Grant received (f)	13,000	—	13,000	12,000	—	12,000
Less: Grant related to assets deducted from cost of furniture and equipment	(3,050)	—	(3,050)	(5,456)	—	(5,456)
	<b>9,950</b>	<b>—</b>	<b>9,950</b>	<b>6,544</b>	<b>—</b>	<b>6,544</b>
	<b>6,029,445</b>	<b>2,780,170</b>	<b>8,809,615</b>	<b>5,628,463</b>	<b>2,886,000</b>	<b>8,514,463</b>

**Notes:**

- (a) Subvention from Home Affairs Bureau  
The subvention is for operating the Agency and providing services to user.
- (b) Subvention from Social Welfare Department  
The subvention is for operating social centres. Surplus on certain recognised expenses including rent, rates and employment of Programme Assistant, is transferred to the social welfare subvention surplus account and is refundable to the Department. Deficit on them is receivable from the Department.
- (c) Home Affairs Department  
The subvention is for Singleton Hostel Service.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2009

2. Government Subventions and Grants (Continued)

- (d) The grant from Social Welfare Department – Partnership Fund for the Disadvantaged is used for the project of International Volunteer Day (“IVD”) We Share to Care Volunteering Campaign.
- (e) The grant from Leisure and Cultural Services Department is used for the project of Cultural Services Volunteers Scheme.
- (f) Furniture and Equipment Replenishment and Minor Works Block Grant  
The subvention from Lotteries Fund is for furniture and equipment replenishment and minor works in the Western Garden Social Centre for the Elderly (Note 14).

3. Allocation, Donations and Other Income

	2009			2008		
	Recurrent Programmes HK\$	Designated Projects HK\$	Total HK\$	Recurrent Programmes HK\$	Designated Projects HK\$	Total HK\$
<u>Allocation, Donations and Fund-raising Income</u>						
Allocation from The Community Chest	3,411,450	–	3,411,450	3,249,000	–	3,249,000
Allocation from 2009 East Asian Games (Hong Kong) Limited recognised as income	–	2,025,247	2,025,247	–	201,040	201,040
Donation from The Hong Kong Jockey Club						
Charities Trust	910,000	–	910,000	–	760,000	760,000
Fund raising project income	805,596	–	805,596	179,218	98,159	277,377
Recurrent service registration and service fee income	1,022,486	–	1,022,486	919,661	–	919,661
Designated project fee income	–	4,012	4,012	–	71,000	71,000
Sponsorship/Donation income	–	1,862,511	1,862,511	–	3,262,852	3,262,852
Other donations	39,496	–	39,496	39,333	–	39,333
	<b>6,189,028</b>	<b>3,891,770</b>	<b>10,080,798</b>	<b>4,387,212</b>	<b>4,393,051</b>	<b>8,780,263</b>
<u>Other income</u>						
Interest income	61,606	17,689	79,295	192,866	16,250	209,116
Membership subscriptions	30,277	–	30,277	29,374	–	29,374
Administration support recovery	165,600	–	165,600	–	–	–
Sundry income	72,174	130,260	202,434	76,360	270,660	347,020
	<b>329,657</b>	<b>147,949</b>	<b>477,606</b>	<b>298,600</b>	<b>286,910</b>	<b>585,510</b>
Less: Elimination of internal income			(344,879)			(149,499)
	<b>6,518,685</b>	<b>4,039,719</b>	<b>10,213,525</b>	<b>4,685,812</b>	<b>4,679,961</b>	<b>9,216,274</b>

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義務工作發展局

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2009

4. Expenditure

	2009			2008		
	Recurrent Programmes HK\$	Designated Projects HK\$	Total HK\$	Recurrent Programmes HK\$	Designated Projects HK\$	Total HK\$
<u>Personal Emoluments</u>						
Salaries	7,011,586	2,799,018	9,810,604	6,060,108	1,892,273	7,952,381
Provident fund	583,897	221,469	805,366	619,164	118,408	737,572
Long service payment	–	551,596	551,596	–	–	–
Accumulating compensated absences	106,860	33,308	140,168	82,442	4,010	86,452
	<b>7,702,343</b>	<b>3,605,391</b>	<b>11,307,734</b>	<b>6,761,714</b>	<b>2,014,691</b>	<b>8,776,405</b>
<u>Rent, Rates and Management Fee</u>						
Rent	1,075,593	–	1,075,593	933,101	42,525	975,626
Rates	2,736	110	2,846	12,163	17,023	29,186
Management fee	104,586	14,380	118,966	95,768	46,800	141,848
	<b>1,182,915</b>	<b>14,490</b>	<b>1,197,405</b>	<b>1,041,032</b>	<b>105,628</b>	<b>1,146,660</b>
<u>Administration Expenses</u>						
Audit fee	34,500	9,000	43,500	28,750	6,250	35,000
Agency affairs	94,878	–	94,878	117,942	–	117,942
Utilities	210,258	12,886	223,144	159,481	11,166	170,647
Depreciation of furniture and equipment	98,972	76,903	175,875	115,225	36,601	151,826
General office expenses	163,560	155,080	318,640	165,650	55,281	220,931
Repairs and maintenance	126,750	–	126,750	76,605	–	76,605
Insurance	36,684	–	36,684	43,408	–	43,408
Staff recruitment	12,404	5,904	18,308	51,579	4,248	55,827
Volunteer staff system	77,688	–	77,688	–	–	–
Staff development and welfare	90,650	11,993	193,293	147,864	4,989	152,853
	<b>946,344</b>	<b>271,766</b>	<b>1,218,110</b>	<b>906,504</b>	<b>118,535</b>	<b>1,025,039</b>
Expenses for Fund Raising Project	456,485	–	456,485	55,081	3,649	58,730
Recurrent Programmes Operation Expenses	1,456,838	–	1,456,838	1,061,148	–	1,061,148
Service Projects Operation Expenses	–	3,225,700	3,225,700	–	5,678,652	5,678,652
	<b>1,456,838</b>	<b>3,225,700</b>	<b>4,682,538</b>	<b>1,061,148</b>	<b>5,678,652</b>	<b>6,739,800</b>
Less: Elimination of internal expenses			(344,879)			(149,499)
<b>Total Expenditure</b>	<b>11,744,925</b>	<b>7,117,347</b>	<b>18,517,393</b>	<b>9,825,479</b>	<b>7,921,155</b>	<b>17,597,135</b>

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2009

5. Directors' Remuneration

None of the directors received or will receive any remuneration in respect of their services to the Agency during the year (2008: Nil).

6. Staff Costs

The total staff costs of the Agency incurred during the year are as follows:

	<u>2009</u> HK\$	<u>2008</u> HK\$
Income Statement (Personal emoluments):		
Salaries	9,810,604	7,952,381
Provident fund	805,366	737,572
Long service payment	551,596	-
Accumulating compensated absences	140,168	86,452
	<u>11,307,734</u>	<u>8,776,405</u>
Income statement (Included in service and programme expenses):		
Salaries	519,410	647,085
Provident fund	25,750	10,825
	<u>545,160</u>	<u>657,910</u>
Total staff costs	<u>11,852,894</u>	<u>9,434,315</u>

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2009

7. Furniture and Equipment

	<u>Computers</u> HK\$	<u>Furniture and Equipment</u> HK\$	<u>Leasehold Improvement</u> HK\$	<u>Total</u> HK\$
<b>Cost</b>				
At 1 April 2007	158,603	208,162	-	366,765
Additions	134,685	65,761	26,540	226,986
	<u>293,288</u>	<u>273,923</u>	<u>26,540</u>	<u>593,751</u>
At 31 March 2008				
<b>Less: Government grants related to assets above</b>				
At 1 April 2007	-	4,870	-	4,870
Additions	4,080	1,376	-	5,456
	<u>4,080</u>	<u>6,246</u>	<u>-</u>	<u>10,326</u>
At 31 March 2008				
<b>Less: Accumulated Depreciation</b>				
At 1 April 2007	91,852	46,634	-	138,486
Charge for the year	96,403	53,536	8,847	158,786
	<u>188,255</u>	<u>100,170</u>	<u>8,847</u>	<u>297,272</u>
At 31 March 2008				
<b>Carrying Amount</b>				
At 31 March 2008	<u>100,953</u>	<u>167,507</u>	<u>17,693</u>	<u>286,153</u>

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FOR THE YEAR ENDED 31 MARCH 2009

7. Furniture and Equipment (Continued)

	Computers HK\$	Furniture and Equipment HK\$	Leasehold Improvement HK\$	Total HK\$
<b>Cost</b>				
At 1 April 2008	293,288	273,923	26,540	593,751
Additions	30,898	53,274	32,000	116,172
At 31 March 2009	<u>324,186</u>	<u>327,197</u>	<u>58,540</u>	<u>709,923</u>
<b>Less: Government grants related to assets above</b>				
At 1 April 2008	4,080	6,246	—	10,326
Additions	850	2,200	—	3,050
At 31 March 2009	<u>4,930</u>	<u>8,446</u>	<u>—</u>	<u>13,376</u>
<b>Less: Accumulated Depreciation</b>				
At 1 April 2008	188,255	100,170	8,847	297,272
Charge for the year	78,170	87,970	9,735	175,875
At 31 March 2009	<u>266,425</u>	<u>188,140</u>	<u>18,582</u>	<u>473,147</u>
<b>Carrying Amount</b>				
At 31 March 2008	<u>52,831</u>	<u>130,611</u>	<u>39,958</u>	<u>223,400</u>

The Agency applied HKAS 16 from 1 April 2005. The carrying amount of furniture and equipment used as the deemed cost at 1 April 2005 was zero as the cost of furniture and equipment is written off in full on acquisition in prior years.

8. General Fund

	2009 HK\$	2008 HK\$
Accumulated surplus brought forward	663,969	523,162
Surplus transferred from income statement	218,431	140,807
Accumulated surplus carried forward	<u>882,400</u>	<u>663,969</u>

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2009

9. Agency Development Fund

	2009 HK\$	2008 HK\$
Balance brought forward	2,150,000	1,850,000
Transferred from income statement out of current year's surplus	—	300,000
Transferred from Other Allocated Funds	850,000	—
Balance carried forward	<u>3,000,000</u>	<u>2,150,000</u>

Agency Development Fund is designated for the Agency's future development related to improvement of service quality and efficiency enhancement.

10. Operation Contingency Fund

	2009 HK\$	2008 HK\$
Balance brought forward	750,000	750,000
Transferred from income statement out of current years surplus	550,000	—
Balance carried forward	<u>1,300,000</u>	<u>750,000</u>

Operation Contingency Fund is set up to meet contingency and any uncertain financial needs.

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FOR THE YEAR ENDED 31 MARCH 2009

11. Hopeful School Volunteer Service Project

	<u>2009</u> HK\$	<u>2008</u> HK\$
Balance brought forward	1,280,354	1,510,266
Net expenditure	(11,628)	(229,912)
Balance carried forward	<u>1,268,726</u>	<u>1,280,354</u>

Donation for the Hopeful School Volunteer Services Project are for restricted purposes. Hopeful schools are situated in Shaoguan City and Qingyuan City in Guangdong Province, and Chongqing City in Sichuan Province, China.

12. Singleton Hostel Service

	<u>2009</u> HK\$	<u>2008</u> HK\$
Balance brought forward	290,163	(213,941)
Net (expenditure)/income	(283,709)	504,104
Balance carried forward	<u>6,454</u>	<u>290,163</u>

Grants received from Home Affairs Department under the Singleton Hostel Service are allotted specially for the operation of specific singleton hostels and are used only for restricted purposes.

In line with the policy of Home Affairs Department, the Singleton Hostel Service has been phasing out in 4 years ended 31 March 2009. HK\$2,000,000 per year for 4 years, making a total sum of HK\$8,000,000, has been allocated for the 4-year settlement plan from 2005/2006 to 2008/2009.

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FOR THE YEAR ENDED 31 MARCH 2009

13. Other Designated Services Funds

Unspent balances of donations and sponsorships for service projects with designated purposes which have not yet been completed at the year end date are recorded in designated funds. The balance of the designated funds and their movements during the year are listed below:

	<u>2009</u> HK\$	<u>2008</u> HK\$
Other designated services funds brought forward	704,292	1,140,319
<u>Current year net income/(expenditure):</u>		
– Cultural Services Volunteers Scheme	–	(31,231)
– Hong Kong Volunteer Award	389,982	(153,659)
– IVD We Share to Care Volunteering Campaign	(29,264)	148,641
– Volunteer Talent Bank	–	(160,918)
– Lotteries Fund One-off Human Resources Management Subsidy	124,786	–
– Golden Age Retired Persons Volunteering Project	–	(63,860)
– Referral Service Enhancement Plan	–	(175,000)
	<u>485,504</u>	<u>(436,027)</u>
Other designated services funds carried forward	<u>1,189,796</u>	<u>704,292</u>
Representing:		
Lotteries Fund One-off Human Resources Management Subsidy (Note a)	124,786	–
Hong Kong Volunteer Award	945,633	555,651
IVD We Share to Care Volunteering Campaign	119,377	148,641
	<u>1,189,796</u>	<u>704,292</u>

Note a

Movement of Lotteries Fund One-off Human Resources Management subsidy:

	HK\$	HK\$
Income		
One-off Subsidy received		150,000
Interest Income received		–
		<u>150,000</u>
Expenditure		
Staff Training	(1,603)	
Service Programmes	(22,708)	
Existing Services	(903)	(25,214)
	<u>(25,214)</u>	
Net income for the year		124,786
Amount of One-off Subsidy / Cumulative net income brought forward from previous year		–
Cumulative net income carried forward to next financial year		<u>124,786</u>

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FOR THE YEAR ENDED 31 MARCH 2009

14. Block Grant Reserve

	<u>2009</u> HK\$	<u>2008</u> HK\$
Balance brought forward	434	9,491
Block Grant received during the year	13,000	12,000
Interest income	37	619
Less: Expenditure during the year		
– Furniture and equipment	(3,050)	(5,456)
– Minor works	(10,000)	(16,220)
Deficit for the year	(13)	(9,057)
Balance carried forward	<u>421</u>	<u>434</u>

The above grant was received from the Lotteries Fund for furniture and equipment replenishment and minor works of Western Garden Social Centre for the Elderly.

15. Deferred Income

	<u>2009</u> HK\$	<u>2008</u> HK\$
Allocation from 2009 East Asian Games (Hong Kong) Limited:		
Balance brought forward	1,335,160	–
Allocation received during the year	3,072,400	1,536,200
Less: Recognised as income in current year	(2,025,247)	(201,040)
Balance carried forward	<u>2,382,313</u>	<u>1,335,160</u>
Allocation from Home Affairs Bureau:		
Allocation received during the year and balance carried forward	<u>290,000</u>	–
	<u>2,672,313</u>	<u>1,335,160</u>

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16. Employee Benefit Obligations

	HK\$
<u>Accumulating Compensated Absences</u>	
At 1 April 2007	380,544
Additions	86,452
Utilisation	(149,951)
At 31 March 2008	317,045
Additions	140,168
Utilisation	(34,777)
At 31 March 2009	<u>422,436</u>

17. Operating Lease

The Agency as lessee

At the balance sheet date, the Agency has the following future minimum lease payment commitments under non-cancellable operating leases.

	<u>2009</u> HK\$	<u>2008</u> HK\$
Within one year	742,209	1,004,705
In between two to five years	835,505	1,509,066
	<u>1,577,714</u>	<u>2,513,771</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2009

18. Fund Management

The Agency's objectives when managing fund are:

- To safeguard the Agency's ability to continue as a going concern;
- To support the Agency's stability and growth; and
- To provide adequate fund for the purpose of achieving the Agency's objectives.

In particular, the Agency has set up Agency Development Fund and Operation Contingency Fund for the development of the Agency and to cope with unforeseeable circumstances.

The Agency defines total of all funds as its capital. The Agency is not subject to externally imposed capital requirements. The Agency regularly reviews and manages its fund structure and makes adjustments to the fund structure in light of changes in Agency's operating results. The Agency has no debt. It also maintains sufficient cash and cash equivalent to meet all payment obligations.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2009

19. Financial Risk Management

The Agency's business exposes to credit, liquidity and interest rate risks.

(a) Credit risk

Credit risk means the risk of debtors unable to pay amounts in full when due. The Agency's credit risk is very low because the outstanding balance of accounts and other receivable is relatively small. The Agency limits its exposure to credit risk by rigorously selecting the deposit-takers. Deposits are placed only with banks or financial institutions approved by the Board of Directors from time to time.

(b) Liquidity Risk

Liquidity risk is the risk that funds will not be available to meet liabilities as they fall due, and it results from amount and maturity mismatches of assets and liabilities. The Agency's policy is to regularly monitor its short and long term liquidity requirements. The following table details the remaining contractual maturities of the Agency's undiscounted cash flows of liabilities at end of each reporting period:

	<u>Within one year</u>	<u>In between 2</u>	<u>After 5 years</u>
	HK\$	<u>to 5 years</u>	HK\$
		HK\$	HK\$
<b><u>2009</u></b>			
Accounts and other payables	343,947	-	-
Deferred income	2,672,313	-	-
Fee received in advance	217,380	-	-
Employee benefit obligations	422,436	-	-
	<u>3,656,076</u>	<u>-</u>	<u>-</u>
<b><u>2008</u></b>			
Accounts and other payables	512,389	-	-
Deferred income	1,335,160	-	-
Fee received in advance	6,490	-	-
Rental deposit received	12,270	-	-
Employee benefit obligations	317,045	-	-
	<u>2,183,354</u>	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2009

19. Financial Risk Management (Continued)

(c) Liquidity Risk

The fair value or future cash flows of interest-bearing assets and liabilities of the Agency will fluctuate because of changes in market interest rates. It is the Agency's policy to minimise the interest rate risk by monthly review to the appropriate level of such assets and liabilities in view of the tendency of market interest rates. The following table details the interest rate profile of the Agency at end of each reporting period and their sensitivity analyses based on expected changes of interest rate:

	2009		2008	
	Effective interest rate	HK\$	Effective interest rate	HK\$
	%		%	
<b>Fixed rate:</b>				
Bank deposits	0.56	6,190,216	1.68	2,124,159
<b>Variable rate:</b>				
Bank deposits	0.03	1,447,433	0.16	3,857,082
Net interest-bearing assets	0.46	7,637,649	0.70	5,981,241
<b>Sensitivity analyses:</b>				
Expected change in interest rate		1.96%		1.45%
Effect on surplus for the year		149,698		86,728

The sensitivity analyses to market risks above are deduced from historical data, relevant price indices and mathematical methods. They represent the individual reasonable possible increase or decrease in value of the Agency's annual income arising from related market risks at end of each reporting period. The analyses are performed on the same bases for the previous year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2009

20. Critical Accounting Estimates and Judgements

The Agency is not aware of any of its accounting estimates and assumptions be subject to significant risk of causing a material adjustment to the carrying amounts of assets and liabilities.

21. Comparative Figures

In order to conform with the current year's presentation, certain comparative figures for 2008 have been restated. Details are as follows:

- Income and expenditure of Hopeful School Volunteer Service Project with net deficit of HK\$229,912 is included in designated projects of the income statement. Previously, a separate income and expenditure statement was prepared.
- Income and expenditure of Singleton Hostel Service with net surplus of HK\$504,104 is included in designated projects of the income statement. Previously, a separate income and expenditure statement was prepared.
- Internal income and internal expenditure of HK\$149,499 is eliminated in the income statement.
- Administration support income from Home Affairs Department of HK\$385,000 is eliminated against staff costs.
- Service Improvement Plan, VAC Service Development, Volunteer Training and Resource Library, Agency Recurrent Support, Five-Year Plan Implementation and Rebuild Sichuan Volunteer Programme are reclassified from Designated Fund to Other Allocated Funds. Other Designated Funds are reclassified as Other Designated Service Funds under Restricted Funds.
- Hopeful School Volunteer Service Project and Singleton Hostel Service are grouped under Restricted Funds.