

**THE ROYAL HONG KONG REGIMENT
(THE VOLUNTEERS) ASSOCIATION
REPORT OF THE DIRECTORS
AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

IMCL CPA LIMITED
CERTIFIED PUBLIC ACCOUNTANTS
HONG KONG

THE ROYAL HONG KONG REGIMENT (THE VOLUNTEERS) ASSOCIATION
REPORT OF THE DIRECTORS

The directors have pleasure in submitting their annual report together with the audited financial statements of The Royal Hong Kong Regiment (The Volunteers) Association (皇家香港軍團(義勇軍)協會) (the “Association”) for the year ended December 31, 2018.

PRINCIPAL ACTIVITIES

The principal activities of the Association during the year was maintaining and promoting the interest well being and existing comradeship of all ranks, past and present of the Hong Kong Volunteers Defence Corps, Hong Kong Defence Force, Royal Hong Kong Defence Force (Land Force), Hong Kong Woman Auxiliary Army Corps and the Royal Hong Kong Regiment (The Volunteers), whether or not those bodies themselves or any of them remain in operation or existence.

RESULTS AND APPROPRIATIONS

The deficit of the Association for the year ended December 31, 2018 and the state of affairs of the Association as at that date are set out on pages 5 to 16.

PLANT AND EQUIPMENT

The movements in plant and equipment during the year are set out in note 7 to the financial statements.

FUND AND RESERVE

The movements in foundation fund and volunteer trust fund during the year are set out in the statement of change in equity on page 7.

DIRECTORS

The directors who held office during the year and as at this date were as follow:-

Chan Man Wai	(Appointed on August 31, 2018)
Cheng Kin Moon	
Cheuk Kin Lop, Kent	
Choi Kwok Wah, Johnny	(Resigned on August 31, 2018)
Chung Kin Keung	(Resigned on August 31, 2018)
Fong Heng Hou	(Appointed on August 31, 2018)
Kao Chun Keung	(Appointed on August 31, 2018)
Lai Ka Kui, Bernard	
Lee Wing Yiu, William	
Lo Tik Koon	
Ma Ka Lok, Simon	
Owen Kai Wing, Banny	(Resigned on August 31, 2018)
Pau Chi Leung, Joseph	
Sin Ting Kwong	(Appointed on August 31, 2018)
Tang Kwok Wing, John	(Resigned on August 31, 2018)
To Chi Keung, Gary	
Wan Shun Shing	
Wong Wai Man, Matthew	(Resigned on August 31, 2018)
Wong Ying Piu, Wilbur	
Yuen Man Kam, Bernard	

In accordance with the Article 42 of the Association’s Articles of Association, all directors shall retire from office and shall be eligible for re-election.

THE ROYAL HONG KONG REGIMENT (THE VOLUNTEERS) ASSOCIATION
REPORT OF THE DIRECTORS

(continued)

DIRECTORS (CONTINUED)

The Association did not enter into any contract, other than the contracts of service with the directors or any person engaged in the full-time employment of the Association, whereby any individual, firm or body corporate undertakes the management and administration of the whole, or any substantial part of any business of the Association.

DIRECTORS' INTERESTS IN CONTRACTS

No contracts of significance to which the Association was a party and in which a director of the Association had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

ARRANGEMENTS TO PURCHASES SHARES OR DEBENTURES

At no time during the year was the Association a party to any arrangements to enable the directors of the Association to acquire benefits by means of the acquisition of shares in or debentures of the Association or any other body corporate.

AUDITORS

A resolution for the reappointment of IMCL CPA Limited as auditor of the Association is to be proposed at the forthcoming Annual General Meeting.

On behalf of the Board



Pau Chi Leung, Joseph
Hong Kong,

16 AUG 2019



Independent Auditors' Report

To the members of The Royal Hong Kong Regiment (The Volunteers) Association
(Incorporated in Hong Kong and limited by guarantee)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of The Royal Hong Kong Regiment (The Volunteers) Association ("the Association") set out on pages 5 to 16, which comprise the statement of financial position as at December 31, 2018, and the income and expenditure account, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at December 31, 2018, and of its financial performance and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standard for Private Entities ("HKFRS for Private Entities") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The directors are responsible for the other information. The other information comprises the report of the directors but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors' and Those Charged with Governance for the Financial Statements

The directors are responsible for the preparation of financial statement that give a true and fair view in accordance with HKFRS for Private Entities issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine are 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 directors are responsible for assessing the Company'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 committees either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.



(continued)

Independent Auditors' Report

To the members of The Royal Hong Kong Regiment (The Volunteers) Association
(Incorporated in Hong Kong and limited by guarantee)

Auditors' 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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors.
- Conclude on the appropriateness of the directors' 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 Company'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 Company 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.

IMCL CPA Limited
Certified Public Accountants

CHIN KWAN LAM RAYMOND, AUDITOR
Practising Certificate Number: P03354

Hong Kong, 17 AUG 2019

THE ROYAL HONG KONG REGIMENT (THE VOLUNTEERS) ASSOCIATION
INCOME AND EXPENDITURE ACCOUNT
for the year ended December 31, 2018

	Note	<u>2018</u> HK\$	<u>2017</u> HK\$
REVENUE			
Members' subscription fee		155,600	136,000
Donation from members		28,608	20,388
Surplus on sales of souvenirs	10	20,172	9,204
Surplus on Trailwalker event	11	84,251	44,365
	2(a), 3	288,631	209,957
OTHER REVENUE			
Dividend received		161,693	184,039
Fair value gain on investment		-	568,028
Interest income		500	3
Exchange difference		-	6
Sundry income		6,600	1,000
	2(a)	168,793	753,076
Less: Administrative expenses:			
Accounting fee		4,200	4,000
Audit fee		7,700	7,500
Catering service fee		60,500	58,220
Depreciation		2,904	2,466
Exchange difference		5	-
Fair value loss on investment		591,754	-
Insurance		2,410	2,409
Member's activities expenses	12	25,983	28,353
Mandatory provident funds		12,075	9,000
Office expenses		40,243	43,510
Salaries and allowance		210,000	197,582
		957,774	353,040
(DEFICIT)/SURPLUS FOR THE YEAR	4	(500,350)	609,993

The accompanying Accounting Policies and Explanatory Notes form an integral part of, and should be read in conjunction with, these financial statements.

THE ROYAL HONG KONG REGIMENT (THE VOLUNTEERS) ASSOCIATION
STATEMENT OF FINANCIAL POSITION
as at December 31, 2018

	Note	<u>2018</u> HK\$	<u>2017</u> HK\$
Non-current assets			
Plant and equipment	2(g), 7	11,613	9,866
Long-term investment	2(f), 8	2,616,013	3,092,026
		<u>2,627,626</u>	<u>3,101,892</u>
Current assets			
Inventories	2(i), 9	196,714	169,785
Other receivables	2(j)	221,716	230,584
Prepayment		3,804	2,932
Deposit paid		-	4,455
Cash and bank balances		838,355	920,779
		<u>1,260,589</u>	<u>1,328,535</u>
Less: current liabilities			
Account payables and accruals	2(k)	99,127	163,713
Members' deposit		57,800	34,100
Deposit received		-	880
		<u>156,927</u>	<u>198,693</u>
Net current assets		<u>1,103,662</u>	<u>1,129,842</u>
NET ASSETS		<u><u>3,731,288</u></u>	<u><u>4,231,734</u></u>
FUND AND RESERVES			
Foundation fund		3,416,638	3,916,988
Volunteer trust fund	14	314,650	314,746
		<u>3,731,288</u>	<u>4,231,734</u>

The financial statements on page 5 to 16 were approved, authorized for issue and signed by the Board of directors on

16 AUG 2019



Pau Chi Leung, Joseph



Ma Ka Lok

The accompanying Accounting Policies and Explanatory Notes form an integral part of, and should be read in conjunction with, these financial statements.

THE ROYAL HONG KONG REGIMENT (THE VOLUNTEERS) ASSOCIATION
STATEMENT OF CHANGE IN EQUITY
for the year ended December 31, 2018

	Foundation <u>fund</u> HK\$	Volunteer trust <u>fund</u> HK\$	<u>Total</u> HK\$
Balance as at January 1, 2017	3,306,995	314,740	3,621,735
Surplus for the year	609,993	-	609,993
Fund movement	-	6	6
Balance as at December 31, 2017	3,916,988	314,746	4,231,734
Deficit for the year	(500,350)	-	(500,350)
Fund movement	-	(96)	(96)
Balance as at December 31, 2018	<u>3,416,638</u>	<u>314,650</u>	<u>3,731,288</u>

The accompanying Accounting Policies and Explanatory Notes form an integral part of, and should be read in conjunction with, these financial statements.

THE ROYAL HONG KONG REGIMENT (THE VOLUNTEERS) ASSOCIATION

STATEMENT OF CASH FLOWS

for the year ended December 31, 2018

	<u>2018</u>	<u>2017</u>
	HK\$	HK\$
CASH FLOWS FROM OPERATING ACTIVITIES		
(Deficit)/Surplus for the year	(500,350)	609,993
Adjustments for:		
Depreciation	2,904	2,466
Interest income	(500)	(3)
Dividend received	(161,693)	(184,039)
Fair value gain/(loss) on investment	591,754	(568,028)
Operating deficit before working capital changes	<u>(67,885)</u>	<u>(139,611)</u>
(Increase) / decrease in inventories	(26,929)	10,325
Decrease / (increase) in other receivables	8,868	(12,504)
(Increase) / decrease in prepayemnt	(872)	127
Decrease in deposit paid	4,455	25,995
(Decrease)/increase in account payable and accruals	(64,586)	5,177
Increase / (decrease) in members' deposit	23,700	(9,700)
Decrease in deposit received	(880)	(4,880)
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	<u>(124,129)</u>	<u>(125,071)</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Purchases of plant and equipment	(4,651)	(960)
Dividend received (net)	45,952	69,210
Interest received	500	3
NET CASH INFLOW FROM INVESTING ACTIVITIES	<u>41,801</u>	<u>68,253</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Movement of volunteer trust fund	(96)	6
NET CASH (OUTFLOW)/INFLOW FROM FINANCING ACTIVITIES	<u>(96)</u>	<u>6</u>
NET DECREASE		
IN CASH AND CASH EQUIVALENTS	<u>(82,424)</u>	<u>(56,812)</u>
CASH AND CASH EQUIVALENTS		
AT BEGINNING OF THE YEAR	<u>920,779</u>	<u>977,591</u>
CASH AND CASH EQUIVALENTS		
AT THE END OF THE YEAR	<u>838,355</u>	<u>920,779</u>
ANALYSIS OF THE BALANCE OF		
CASH AND CASH EQUIVALENTS		
Cash in bank	836,355	918,779
Cash in hand	2,000	2,000
	<u>838,355</u>	<u>920,779</u>

THE ROYAL HONG KONG REGIMENT (THE VOLUNTEERS) ASSOCIATION
ACCOUNTING POLICIES AND EXPLANATORY NOTES
TO THE FINANCIAL STATEMENTS

Reporting entity

The Royal Hong Kong Regiment (The Volunteers) Association (皇家香港軍團(義勇軍)協會) (the “Association”) was incorporated in Hong Kong with limited by guarantee under the Hong Kong Companies Ordinance. The address of its registered office and principal place of business is 9/F., Happy Valley Stand, Happy Racecourse, Wong Nai Chung Road, Happy Valley, Hong Kong.

The principal activity of the Association during the year was maintaining and promoting the interest well being and existing comradeship of all ranks, past and present of the Hong Kong Volunteers Defence Corps, Hong Kong Defence Force, Royal Hong Kong Defence Force (Land Force), Hong Kong Woman Auxiliary Army Corps and the Royal Hong Kong Regiment (The Volunteers), whether or not those bodies themselves or any of them remain in operation or existence.

1. **STATEMENT OF COMPLIANCE**

The Company qualify for the reporting exemption as a small private company under section 359(3) of the Hong Kong Companies Ordinance (Cap.622), the financial statements have been prepared in accordance with the Hong Kong Financial Reporting Standard for Private Entities (HKFRS for Private Entities) issued by the Hong Kong Institute of Certified Public Accountants and the requirements of Hong Kong Companies Ordinance.

The financial statements have been prepared on the historical cost convention, except the investment in securities, which is carried at fair value. These financial statements are presented in Hong Kong Dollars (“HK\$”), which is also the functional currency of the Association.

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

(a) Revenue recognition

Revenue is recognized when it is probable that the economic benefits will flow to the Association and when the revenue can be measured reliably. The revenue can be measured reliably, as follows:

- (i) sales is recognized when the risks and rewards of ownership of the goods have been transferred to the member;
- (ii) members’ subscription is recognized on a time proportion basis;
- (iii) donation received is recognized on basis of cash received;
- (iv) interest income is recognized on a time proportion basis using the effective interest method;
- (v) dividend income is recognized when the right to receive payment is established; and
- (vi) sundry income is recognized on a time proportion basis taking into account the principal outstanding and the interest applicable.

THE ROYAL HONG KONG REGIMENT (THE VOLUNTEERS) ASSOCIATION
ACCOUNTING POLICIES AND EXPLANATORY NOTES
TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Employee benefits

Obligations for contributions to defined contribution retirement plans, including contributions payable under Hong Kong Mandatory Provident Fund Schemes Ordinance, are recognized as expenses in the profit or loss as incurred.

Termination benefits are recognized when, and only when, the Association demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by have a detailed formal plan which is without realistic possibility of withdrawal.

(c) Foreign currency translation

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates.

Transactions in foreign currencies are translated into the Hong Kong dollars at the approximate rates of exchange ruling on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the rates ruling at the end of the reporting period. Gain or loss resulting from this translation policy is included in the profit or loss.

(d) Taxation

No provisions for current and deferred taxation is made as the Association is a tax-exempt charity under Section 88 of Inland Revenue Ordinance.

(e) Cash and cash equivalents

Cash and cash equivalents include cash on hand, demand deposits and cash on hand.

(f) Investment in securities

The Association's policy for investment in securities is as follow:

Investment in securities are initially stated at fair value, which is their transaction price unless fair value can be more reliably estimated using valuation technique whose variable include only data from observable markets. Cost included attributable transaction cost, except where indicated otherwise below. The Association's policies for the investment in securities are subsequently accounted for as follows, depending in their classification.

THE ROYAL HONG KONG REGIMENT (THE VOLUNTEERS) ASSOCIATION
ACCOUNTING POLICIES AND EXPLANATORY NOTES
TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Investment in securities (continued)

The Association's policy for investment in securities is as follow (continued):

Investment in securities that intended to be held for long term investment purpose are classified as available-for sale securities. At each reporting date the fair value is re-measured, with any resultant gain or loss being accumulated separately in equity in the revaluation reserve. Dividend income from these investments is recognized in the income statement in accordance with Association's revenue recognition policy.

When these investments are derecognized or impaired, the cumulated gain or loss is reclassified from equity to the income statement. Investments are recognized/derecognized on the date the Association commits to purchase/sell the investments or they expire.

(g) Plant and equipment

Items of plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives.

Depreciation is calculated using the reducing balance method over their estimated useful lives at the rate of 20%.

If there is an indication that there has been a significant change in depreciation rate, useful life or residual value of an asset, the depreciation of that asset is revised prospectively to reflect the new expectations. 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.

(h) Impairment of non-financial assets, other than inventories

At each reporting date, property, plant and equipment are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If an estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in income statement.

If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in income statement.

THE ROYAL HONG KONG REGIMENT (THE VOLUNTEERS) ASSOCIATION
ACCOUNTING POLICIES AND EXPLANATORY NOTES
TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Inventories

Inventories are stated at the lower of cost and selling price less costs to complete and sell. Cost is calculated using the first-in, first-out (FIFO) method. Inventories are related to the souvenirs of the Association.

(j) Other receivables

Other receivables are recognized initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of account receivables is established when there is objective evidence that the Association will not be able to collect all amounts due according to the original terms of the receivables.

(k) Account payables and accruals

Account payables and accruals are recognized initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

3. REVENUE

	<u>2018</u> HK\$	<u>2017</u> HK\$
Members' subscription fee	155,600	136,000
Donation from members	28,608	20,388
Surplus on sales of souvenirs	20,172	9,204
Surplus on Trailwalker event	84,251	44,365
	<u>288,631</u>	<u>209,957</u>

THE ROYAL HONG KONG REGIMENT (THE VOLUNTEERS) ASSOCIATION
ACCOUNTING POLICIES AND EXPLANATORY NOTES
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4. (DEFICIT)/SURPLUS FOR THE YEAR

The following items have been recognized as (expenses) / income in determining Surplus:

	<u>2018</u> HK\$	<u>2017</u> HK\$
After crediting the following items:		
Dividend income	161,693	184,039
Fair value gain on investment	-	568,028
After (charging) the following items:		
Audit fee	(7,700)	(7,500)
Depreciation	(2,904)	(2,466)
Salaries and allowance	(210,000)	(197,582)
Mandatory provident funds	(12,075)	(9,000)

5. DIRECTORS' REMUNERATION

No directors' remuneration has been paid pursuant to the Hong Kong Companies Ordinance. (2017: Nil)

6. TAXATION

No provision for Hong Kong profits tax has been made as the Association is eligible for exemption from profits tax under Section 88 of the Inland Revenue Ordinance.

THE ROYAL HONG KONG REGIMENT (THE VOLUNTEERS) ASSOCIATION
ACCOUNTING POLICIES AND EXPLANATORY NOTES
TO THE FINANCIAL STATEMENTS

7. PLANT & EQUIPMENT

	Office equipment HK\$	Total HK\$
Cost:		
At January 1, 2018	122,269	122,269
Additions for the year	4,651	4,651
At December 31, 2018	<u>126,920</u>	<u>126,920</u>
Accumulated depreciation:		
At January 1, 2018	112,403	112,403
Charge for the year	2,904	2,904
At December 31, 2018	<u>115,307</u>	<u>115,307</u>
Net Book Value		
At December 31, 2018	<u>11,613</u>	<u>11,613</u>
At December 31, 2017	<u>9,866</u>	<u>9,866</u>

8. LONG-TERM INVESTMENT

	<u>2018</u> HK\$	<u>2017</u> HK\$
Listed securities in Hong Kong Market value at the end of year	<u>2,616,013</u>	<u>3,092,026</u>
	<u>2,616,013</u>	<u>3,092,026</u>

9. INVENTORIES

	<u>2018</u> HK\$	<u>2017</u> HK\$
Souvenirs	<u>196,714</u>	<u>169,785</u>
	<u>196,714</u>	<u>169,785</u>

THE ROYAL HONG KONG REGIMENT (THE VOLUNTEERS) ASSOCIATION
ACCOUNTING POLICIES AND EXPLANATORY NOTES
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10. SURPLUS ON SALES OF SOUVENIRS

	<u>2018</u> HK\$	<u>2017</u> HK\$
Sales	55,848	38,094
Cost of sales		
Purchases	62,605	18,565
Add: Opening stock	<u>169,785</u>	<u>180,110</u>
	232,390	198,675
Less: Closing stock	<u>(196,714)</u>	<u>(169,785)</u>
	35,676	28,890
Surplus on sales	<u><u>20,172</u></u>	<u><u>9,204</u></u>

11. SURPLUS ON TRAILWALKER EVENT

	<u>2018</u> HK\$	<u>2017</u> HK\$
Receipt	218,080	222,380
Less: disbursement	<u>(133,829)</u>	<u>(178,015)</u>
	<u><u>84,251</u></u>	<u><u>44,365</u></u>

12. MEMBERS' ACTIVITIES EXPENSES

	<u>2018</u> HK\$	<u>2017</u> HK\$
Disbursement	223,973	223,683
Less: receipts	<u>(197,990)</u>	<u>(195,330)</u>
	<u><u>25,983</u></u>	<u><u>28,353</u></u>

THE ROYAL HONG KONG REGIMENT (THE VOLUNTEERS) ASSOCIATION
ACCOUNTING POLICIES AND EXPLANATORY NOTES
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13 EMPLOYEE BENEFIT OBLIGATIONS

The Association operates a Mandatory Provident Fund Scheme (the MPF scheme) under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance and not previously covered by the defined benefit retirement plan. The MPF scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK\$30,000 (2017: HK\$30,000). Contributions to the plan vest immediately.

14. VOLUNTEERS TRUST FUND

The Volunteer Charitable Foundation (hereinafter referred to as “the Foundation”) was established in 1989, with the HSBC as Trustees, for the assistance of members or ex-members of whatever rank connected with:

The Hong Kong Defence Force
The Hong Kong Naval Reserve
The Royal Hong Kong Regiment (The Volunteers)
The Royal Hong Kong Auxiliary Airforce

(hereinafter collectively referred to as a “Volunteer” or the “Volunteers”) and any wife, husband, child, parent families and dependants of such persons and for the promotion of charitable institutions and education generally and for the relief of poverty generally.

15. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were authorized for issue by the Association’s Board of Directors on 16 AUG 2019