Youth Outreach

(協青社)

Report of the Executive Committee and
Financial Statements
for the year ended 31 March 2026

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Report of the Executive Committee

The Executive Committee submit herewith their annual report together with the audited financial statements for the year ended 31 March 2026.

Principal place of business

Youth Outreach ("the Association") is a company incorporated and domiciled in Hong Kong and has its registered office and place of operation at 2 Holy Cross Path, Sai Wan Ho, Hong Kong.

Principal activities

The principal activities of the Association are to operate youth centres and youth hostels; provide counseling and social service for young people; and re-establish parental and family links of young people, with a strategic focus at at-risk youth.

Financial statements

The results of the Association for the year ended 31 March 2026 and the state of the Association's financial position at that date are set out in the financial statements on pages 8 to 24.

Executive Committee members

The Executive Committee members during the financial year and up to the date of this report were:

Ms. Au King Chi
Mr. Chui Wing Hong Eric
Mr. Ho Jonathan
Mr. Lam Wai Hon Patrick
Mrs. Li Kwong Bo Yu Bonnie
Mr. Liang Vincent
Mr. Mark Kam Ming
Mr. Newbery Peter John
Ms. Tam Kam Lan Annie
Ms. Tang Suk Chun
Ms. Wong Miu Yan Cecilia
Mr. Wong Siu Kee
Ms. Yau Yu Xin Amelia

In accordance with articles 38, 39 and 40 of the Association's articles of association, the appointed Executive Committee members of the Association shall hold office for two years and are eligible for re-appointment.

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

Permitted Indemnity Provisions

In accordance with the Articles of Association of the Association, every member of the Executive Committee for the time being of the Association shall be indemnified out of the assets of the Association against any liability to a third party arising out of the execution of the duties of his/her office which is incurred by him/her in or defending any proceedings whether civil or criminal in which judgment is given in his/her favour or in which he/she is acquitted or in connection with any application under the Companies Ordinance in which relief is granted to him/her by the Court in respect of any negligence default breach of duty or breach of trust.

Other than mentioned above, at no time during the year and up to the date of this report, was there any permitted indemnity provision being in force for the benefit of any of the Executive Committee members of the Association.

The Association has taken out and maintained liabilities insurance throughout the year, which provides appropriate cover for certain legal actions that may be brought against its Executive Committee members and officers.

Business Review

Main Business

Founded in 1991, the Association has been walking with at-risk youth over the past three decades, loving what youth love and connecting with youth, as well as letting them to unleash their potential and grow independently. The Association's work began with providing emergency accommodation to runaway youth and has since expanded the mission to helping at-risk youth grow into responsible members of the community.

The Association, as a registered charitable non-government organisation, follows the need of youth and the changing pop culture, adopts innovative and flexible methods to reach out to at-risk youth, and provides them with appropriate services. These include:

- All-night and evening outreaching services
- Emergency accommodation
- 24-hour drop-in youth centre
- 24-hour service hotline
- School-based at-risk youth services
- Psychological counselling, etc.

The Association also operates various service units which employ and train "ex-at-risk youth". The Association leverages youth culture in establishing a training platform to provide opportunities for youth to develop their talents.

Financial Performance

Income of the Association was obtained from government subvention, as well as grants from government bureaux/ departments, the Hong Kong Jockey Club Charities Trust, other trust funds, program and service fees, and both private and corporate donations. Below is a summary of the financial information during the year:

	2026	*2025*	
	HK$	*HK$*	*%*
Income	*44,268,581*	*43,668,135*	*1.4*
One-off exceptional legacy donation	*15,000,000*	*-*	*N/A*
Total income	59,268,581	43,668,135	35.7
Total expenditure	54,553,674	50,519,277	8.0
Surplus / (Deficit) for the year	4,714,907	(6,851,142)	168.8

The financial year 2025-2026 presented ongoing operational challenges for Youth Outreach. While the Association recorded a surplus of HK$4,714,907, this result must be viewed in context, as it was driven by a one-off exceptional legacy donation of HK$15,000,000 received in February 2026. On an operational level, we continued to navigate a highly challenging fundraising environment. Excluding this non-recurring donation, our core youth services would have recorded a substantial underlying deficit of approximately HK$10.29 million, reflecting the rising costs of service delivery and a decrease in recurring sponsorship income.

While management is grateful for the legacy donation, fundraising would remain challenging in the coming years. Management would continue to implement cost control measures and to diversify the Association's funding streams to achieve long-term financial sustainability.

Relationships with Service Users, Employees and Funding Bodies

Service Users

The Association attaches priority to providing care for its target audience, i.e., at-risk youth and their families. Evaluation forms and/or face-to-face interviews were given to these service users for feedback. There was no serious complaint arisen during the year.

Employees

The Association has been reviewing employee benefits regularly and introduced improvements from time to time as our resources and priorities permit. At the same time the Association continues to improve and upgrade the skills and knowledge of our employees through on-the-job training and continuous training programs at various levels.

Funding Bodies

The Association receives funding support from government, various charity bodies, and individual and corporate donors. It continues to maintain a close relationship with different funding bodies through regular service reports and inviting them to conduct site visits.

While we remain grateful to all our funding partners, the Association remains heavily reliant on ad-hoc donations and project-based grants to sustain its operations. This year, the receipt of a one-off exceptional legacy donation of HK$15,000,000 in February 2026 provided valuable immediate relief. Nevertheless, we continue to work closely and transparently with all our funding partners to urgently secure the recurring, stable funding necessary to sustain our daily 24-hour crisis services.

Environmental Policies and Performance

The Association considers the impact of its operation and activity on the environment and community. The Association continues its effort in improving energy-efficiency, promoting energy conservation and minimising environmental impacts from the use of energy, such as the use of LED light bulbs for its all-night outreaching service. Besides, the Association is using an environmentally friendly truck, which offers selective catalytic reduction, for providing services for at-risk youth in the districts during midnight.

Compliance with the Relevant Laws and Regulations

The Association is a Hong Kong incorporated company with limited liability by guarantee and is subject to laws and regulations governing the services provided. The Association has in place Service Quality Standards for complying with the requirement of the Service Performance Monitoring Systems and subvention manuals established by the SWD. Meanwhile, the Association maintains a risk register to review regularly and pays attention to the relevant legal obligations in its operation.

Key Challenges and Strategies Ahead

The current economic climate continues to pose significant and sustained challenges for the Association. While the Government provides recurrent subvention for residential services catering to at-risk youth and court referrals, this funding only covered approximately 29% of our total expenditure for the year ended 31 March 2026. Consequently, the Association remains highly exposed to fluctuations in sponsorships and donations, which are critical to sustaining our broader, non-subvented at-risk youth services. The remaining 71% of our expenditure relies on fundraising and non-recurring grants, placing our core operations in a financially constrained position.

To mitigate these financial risks, address the underlying operational deficit, and ensure long-term sustainability, the Association is executing a proactive financial resilience strategy focused on three key areas:

Strategic Funding Diversification: We are actively expanding our revenue streams by seeking new corporate sponsorships, trust fund applications, and government grants. A key strategic priority moving forward is to increase the volume and quality of funding proposals submitted to charitable trusts and foundations, securing more stable, multi-year commitments to reduce reliance on any single source.

Proactive Stakeholder Engagement & Fundraising: We are strengthening our fundraising capacity by developing more robust strategies and exploring innovative engagement models. By intensifying direct communication with both prospective and existing funders, we aim to significantly enhance the success rate of our applications, though fundraising outcomes remain inherently uncertain.

Rigorous Cost Optimization: We continue to implement stringent budget controls and cost-control measures across all departments, optimizing our resources without compromising our high service quality standards.

In terms of infrastructure, the Youth Outreach Jockey Club Building (in operation since 2004) underwent a major renovation. With government funding secured for both SWD-subvented residential units and selected non-subvented units, the renovation project commenced in September 2023 and was successfully completed in the second half of 2025. The Association is now leveraging these upgraded facilities to significantly enhance our facility standards and daily service delivery for the youth we serve.

Particulars of Important Events after the Financial Year

There are neither instances nor important events after the financial year which might affect the Association's ability to continue as a going concern.

Auditor

Peter Chu & Co. retire and, being eligible, offer themselves for re-appointment. A resolution for their reappointment as auditor of the Association is to be proposed at the forthcoming annual general meeting.

By order of the Executive Committee

Wong Siu Kee
President

Hong Kong, 29 October 2026

PETER CHU & CO. certified public accountants
Room H, 8/F Winner Building, 37 D'Aguilar Street, Central, Hong Kong
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Independent auditor's report to the Executive Committee of Youth Outreach

(Incorporated in Hong Kong with limited liability by guarantee)

Opinion

We have audited the financial statements of Youth Outreach ("the Association") set out on pages 8 to 24, which comprise the statement of financial position as at 31 March 2026, and the statement of comprehensive income, statement of changes in general funds and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Association as at 31 March 2026, and of its financial performance and its cash flows for the year then ended in accordance with HKFRS for Private Entities Accounting Standard as 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 ("HKSAs") as issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Association in accordance with the HKICPA's *Code of Ethics for Professional Accountants* ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information other than the Financial Statements and Auditor's Report thereon

The Executive Committee are responsible for the other information. The other information comprises all information included in the report of the Executive Committee, but does not include the financial statements and our auditor's report thereon.

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

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

Responsibilities of Executive Committee and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, the Executive Committee are responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Executive Committee either intend to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

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

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Executive Committee.

- Conclude on the appropriateness of the Executive Committee's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Association to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The engagement partner on the audit resulting in this independent auditor's report is CHU Bing Wai, Peter (practising certificate number: P03409).

Certified Public Accountants
Hong Kong, 29 OCT 2026

Statement of comprehensive income for the year ended 31 March 2026

(Expressed in Hong Kong dollars)

	Note	2026 HK$	2025 HK$
Income			
Government lump sum grant and other funding	8	16,370,483	16,196,317
Sponsorship income	9	12,072,689	14,841,917
Donation income		17,843,631	3,393,810
Program and services income	10	6,137,525	4,726,989
Other income	11	6,844,253	4,509,102
		59,268,581	43,668,135
Expenditures			
Staff salaries and provident funds	12	36,914,210	36,395,320
Program and services expenses	13	7,780,176	6,858,287
Administrative expenses	14	3,522,009	4,554,322
Other operating expenses	15	6,337,279	2,711,348
		54,553,674	50,519,277
Surplus / (Deficit) before taxation		4,714,907	(6,851,142)
Taxation	16	-	-
Surplus / (Deficit) for the year		4,714,907	(6,851,142)

The accompanying accounting policies and explanatory notes on pages 12 to 24 form part of these financial statements.

Statement of financial position at 31 March 2026

(Expressed in Hong Kong dollars)

	Note	2026 HK$	2025 HK$
ASSETS			
Non-current assets			
Property, plant and equipment	17	51,196,915	2,071,925
Current assets			
Accounts receivable		1,746,538	1,703,312
Other receivables, deposits and prepayments		6,901,519	5,091,079
Payments for building renovation		-	36,336,895
Cash at bank and in hand		48,904,784	43,758,417
		57,552,841	86,889,703
Total assets		108,749,756	88,961,628
GENERAL FUNDS AND LIABILITIES			
General funds			
Sustainable development fund	18	37,000,000	32,000,000
Accumulated surplus		10,375,873	10,660,966
		47,375,873	42,660,966
Current liabilities			
Deferred income	19	53,662,798	38,194,549
Provision for funding claw back	20	636,996	238,457
Other payables and accruals		7,074,089	7,867,656
		61,373,883	46,300,662
Total general funds and liabilities		108,749,756	88,961,628

The financial statements on pages 8 to 24 were approved and authorised for issue by the Executive Committee on 29 October 2026

Wong Siu Kee
President

Yau Yu Xin Amelia
Honourary Treasurer

The accompanying accounting policies and explanatory notes on pages 12 to 24 form part of these financial statements.

Statement of changes in general funds for the year ended 31 March 2026

(Expressed in Hong Kong dollars)

	Sustainable development fund HK$	*Accumulated surplus HK$*	*Total HK$*
Balance at 1 April 2024	41,000,000	8,512,108	49,512,108
Deficit for the year	-	(6,851,142)	(6,851,142)
Appropriation for the year (note 18)	(9,000,000)	9,000,000	-
Balance at 31 March 2025 and at 1 April 2025	32,000,000	10,660,966	42,660,966
Surplus for the year	-	4,714,907	4,714,907
Appropriation for the year (note 18)	5,000,000	(5,000,000)	-
Balance at 31 March 2026	37,000,000	10,375,873	47,375,873

The accompanying accounting policies and explanatory notes on pages 12 to 24 form part of these financial statements.

Statement of cash flows
for the year ended 31 March 2026
(Expressed in Hong Kong dollars)

	Note	2026 HK$	2025 HK$
Cash flows from operating activities			
Surplus / (Deficit) for the year		4,714,907	(6,851,142)
Adjustments for:			
Depreciation		4,742,795	1,008,578
Income released from deferred income	19	(15,732,954)	(15,430,469)
Interest income		(809,135)	(1,658,465)
Operating cash flows before working capital changes		(7,084,387)	(22,931,498)
(Increase) / Decrease in accounts receivable		(79,340)	103,338
Decrease in other receivables, deposits and prepayments		627,254	181,166
Increase in payments for building renovation		(14,820,424)	(24,092,523)
Increase in provision for funding claw back		107,777	-
(Decrease) / Increase in other payables and accruals		(870,523)	309,417
Lotteries Fund Grant for renovation received		17,115,556	25,413,184
Donations received and deferred		11,893,535	9,934,223
Donations received in advance refunded to donors		-	(1,297,904)
Net cash generated from / (used in) operating activities		6,889,448	(12,380,597)
Cash flows from investing activities			
Interest received		845,249	1,743,004
Purchase of property, plant and equipment		(2,588,330)	(1,570,093)
Net cash (used in) / generated from investing activities		(1,743,081)	172,911
Net increase / (decrease) in cash and cash equivalents		5,146,367	(12,207,686)
Cash and cash equivalents at beginning of year		43,758,417	55,966,103
Cash and cash equivalents at end of year		48,904,784	43,758,417

The accompanying accounting policies and explanatory notes on pages 12 to 24 form part of these financial statements.

Accounting policies and explanatory notes to the financial statements

1 General information

Youth Outreach ("the Association") was incorporated in Hong Kong with limited liability by guarantee and not having a share capital. Every member of the Association undertakes to contribute not more than five hundred Hong Kong dollars in the event of the Association being wound up.

The principal activities of the Association are to operate youth centres and youth hostels; to provide counseling and social service for young people; and re-establish parental and family links of young people, with a strategic focus at at-risk youth.

These principal activities are provided by the Association through the following services:

(i) All-night and evening outreaching services;
(ii) Emergency accommodation;
(iii) 24-hour drop-in youth centre;
(iv) 24-hour service hotline;
(v) School-based at-risk youth services; and
(vi) Psychological counselling services.

2 Basis of preparation

These financial statements have been prepared in accordance with HKFRS for Private Entities Accounting Standard as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the Hong Kong Companies Ordinance. These financial statements are presented in Hong Kong dollar unless otherwise stated.

3 Adoption of new and revised Hong Kong Financial Reporting Standard for Private Entities

Up to the date of issue of these financial statements, the HKICPA has not issued amendments to HKFRS for Private Entities Accounting Standard which would have a material effect on the Association's results and financial position for the current and prior period.

4 Significant accounting policies

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

The preparation of financial statements in conformity with the HKFRS for Private Entities Accounting Standard requires the use of certain critical accounting estimates. It also requires the management to exercise its judgement in the process of applying the accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 5.

The following are the specific accounting policies that are necessary for a proper understanding of the financial statements:

(a) Property, plant and equipment

Property, plant and equipment are stated in the statement of financial position at cost less accumulated depreciation and impairment losses.

Gains and losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in the statement of comprehensive income on the date of retirement or disposal.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives as follows:

Building improvements	5 - 10 years
Furniture and fixtures	3 years
Computer and office equipment	3 years
Sound equipment	3 years
Motor vehicles	3 years

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Association and the cost of the item can be measured reliably. All other repairs and maintenance are recognised in the statement of comprehensive income during the period in which they are incurred.

The residual values, useful lives and depreciation method are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date.

(b) Impairment of assets

An assessment is made at the end of each reporting date to determine whether there is any indication of impairment or reversal of previous impairment, including items of property, plant and equipment. In the event that an asset's carrying amount exceeds its recoverable amount, the carrying amount is reduced to its recoverable amount and an impairment loss is recognised in the statement of comprehensive income. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount, however not to an amount higher than the carrying amount that would have been determined (net of amortisation or deprecation) had no impairment losses been recognised for the asset in prior years.

(c) Accounts and other receivables

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

(d) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, other short-term highly liquid investments with original maturities of three months or less.

(e) Accounts and other payables

Accounts and other payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

(f) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Association has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(g) Revenue recognition

Provided it is probable that the economic benefits will flow to the Association and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in the statement of comprehensive income as follows:

(i) Subsidies from government or private entities are recognised when there is reasonable assurance that the Association will comply with the conditions attached to the funding and that the funding will be received.

(ii) Sponsorship income, when there is reasonable assurance that the sponsorship will be received and all attaching conditions will be compiled with.

(iii) Donation income, when received.

(iv) Program and services income, when services are performed.

(v) Licence income, in equal instalments over the periods covered by the licence agreement.

(vi) Committee membership fee income, on a time proportion basis.

(vii) Bank interest income, as it accrues using the effective interest method.

(h) Grants from government or private entities

Grants from government or private entities, which are earmarked for specific purposes, are initially recognised as deferred income and then they are recognised in the statement of comprehensive income over the period necessary to match with the related costs which they are intended to compensate. Grants from government or private entities relating to the acquisition of property, plant and equipment are credited to profit or loss on a straight-line basis over the estimated useful lives of the related assets.

(i) Employee benefits

Salaries, annual bonuses, paid annual leave and the cost to the Association of non-monetary benefits are accrued in the year in which the associated services are rendered by employees of the Association. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

Contributions to Mandatory Provident Funds as required under the Hong Kong Mandatory Provident Fund Schemes Ordinance are recognised as an expense in the statement of comprehensive income as incurred.

(j) Operating lease charges

Where the Association has the use of assets under operating leases, payments made under the leases are charged to the statement of comprehensive income in equal instalments over the accounting periods covered by the lease term except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in the statement of comprehensive income as an integral part of the aggregate net lease payments made. Contingent rentals are charged to the statement of comprehensive income in the accounting period in which they are incurred.

(j) Foreign exchange

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

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

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was determined.

(k) Related parties

For the purpose of these financial statements, related party includes a person and entity as defined below:

(1) A person or a close member of that person's family is related to the Association if that person:

(i) is a member of the key management personnel of the Association or of a parent of the Association;

(ii) has control over the Association; or

(iii) has joint control or significant influence over the reporting entity or has significant voting power in it.

(2) An entity is related to the Association if any of the following conditions applies:

(i) the entity and the Association are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) either entity is an associate or joint venture of the other entity (or of a member of a group of which the other entity is a member).

(iii) both entities are joint ventures of a third entity.

(iv) either entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Association or an entity related to the Association. If the reporting entity is itself such a plan, the sponsoring employers are also related to the plan.

(vi) the entity is controlled or jointly controlled by a person identified in (1).

(vii) a person identified in (1)(i) has significant voting power in the entity.

5 Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(a) Property, plant and equipment and depreciation

The Association determines the estimated useful lives, residual values and related depreciation charges for the Association's property, plant and equipment. This estimate is based on the historical experience of the actual useful lives and residual values of property, plant and equipment of similar nature and functions. The Association will revise the depreciation charge where useful lives and residual values are different to those previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned.

(b) Impairment loss for bad and doubtful debts

The Association makes impairment loss for bad and doubtful debts based on assessments of the recoverability of the accounts and other receivables, including the current creditworthiness and the past collection history of each debtor. Impairments arise where events or changes in circumstances indicate that the balances may not be collectible. The identification of bad and doubtful debts requires the use of judgement and estimates. Where the actual result is different from the original estimate, such difference will impact the carrying value of the accounts and other receivables and doubtful debt expenses in the year in which such estimate has been changed.

6 Financial risk management

(a) Credit risk

The Association's credit risk arises from cash and bank balances and accounts and other receivables.

The Association's bank balances are placed in internationally reputable and creditworthy financial institutions. As such, no significant credit risk is anticipated.

For accounts and other receivables, the Association considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

The maximum exposure to credit risk is represented by the carrying amounts of each financial asset in the statement of financial position.

(b) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents so as to enable the Association to meet its liabilities as and when they fall due and to continue operating for the foreseeable future. In the opinion of the Executive Committee, the Association does not have significant liquidity risk.

(c) Cash flow interest rate risk

Apart from the bank balances, which carry interest at market rates, the Association has no other significant interest-bearing assets and liabilities.

At 31 March 2026 and 2025, 50 basis point increase/decrease in interest rate on bank balances and the change was not significant to the financial statements. Accordingly, no sensitivity analysis was performed.

7 Benefits and interests of the Executive Committee members

Benefits and interests of the Executive Committee members disclosed pursuant to section 383 of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

	2026	*2025*
	HK$	*HK$*
Fees	Nil	Nil
Other emoluments	Nil	Nil
Retirement benefit	Nil	Nil

8 Government lump sum grant and other funding

Lump sum grants ("LSG") received during the year from the Social Welfare Department ("SWD") of the Hong Kong Special Administrative Region ("HKSAR") in respect of the following:

	2026	*2025*
	HK$	*HK$*
Crisis residential centres and transitional house	15,357,168	15,273,142
(Claw back of surplus) / Reimbursement of deficit on provident fund (note 20)	(107,777)	3,655
Rent and rates	582,687	533,497
Rent and rates reimbursement received for the previous years	509,718	-
	16,341,796	15,810,294
Income released from Lotteries Fund – Block Grant (note 19)	28,687	386,023
	16,370,483	16,196,317

9 Sponsorship income

Included in the income was an amount of HK$4,547,667 (2025: HK$6,100,381) attributed by the project "Youth Outreach Jockey Club: REACH-U Youth Programme" which was supported by the Hong Kong Jockey Club Charities Trust (the "Trust").

During the year, HK$6,222,626 (2025: HK$3,179,600) was received from the Trust.

10 Program and services income

	2026	*2025*
	HK$	*HK$*
Psychological counselling service income	2,001,985	1,667,192
Course income	2,605,835	2,419,231
Venue and equipment rental income	420,285	172,260
Training and accommodation income	302,620	233,800
Performance and show income	736,000	145,759
Miscellaneous income	70,800	88,747
	6,137,525	4,726,989

11 Other income

	2026	*2025*
	HK$	*HK$*
7-Eleven stores operating income	1,246,363	1,273,905
License income	1,130,000	1,327,646
Bank interest income	809,135	1,658,465
Income released from fixed assets fund (note 19)	212,948	202,528
Income released from Lotteries Fund – YO building renovation (note 19)	3,418,630	-
Others	27,177	46,558
	6,844,253	4,509,102

12 Staff salaries and provident funds

	2026			*2025*		
	Salaries	*Mandatory provident fund*	*Total*	*Salaries*	*Mandatory provident fund*	*Total*
	HK$	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
Program Operating staff	26,509,537	1,214,415	27,723,952	25,618,678	1,357,115	26,975,793
Central Administration staff*	4,907,180	203,598	5,110,778	5,288,557	221,611	5,510,168
Information Technology staff	1,103,387	62,313	1,165,700	1,299,664	73,049	1,372,713
Building Management staff	1,718,224	89,350	1,807,574	1,732,295	87,302	1,819,597
Program Assistants	1,072,691	33,515	1,106,206	684,612	32,437	717,049
	35,311,019	1,603,191	36,914,210	34,623,806	1,771,514	36,395,320

* Central Administration staff included the salaries and provident fund of the staff for donors-engagement duties.

13 Program and services expenses

	2026	*2025*
	HK$	*HK$*
Course and performance expenses	1,903,632	1,932,326
Program expenses	3,919,271	3,024,550
Freelance and outsourcing expenses	1,164,632	1,054,837
Miscellaneous expenses	792,641	846,574
	7,780,176	6,858,287

14 Administrative expenses

	2026	*2025*
	HK$	*HK$*
Electricity	1,110,104	1,122,749
Gas	124,551	112,016
Water	33,860	28,772
Rental charges	45,500	273,000
Building management fee	-	360,060
Rates and government rent	594,491	576,475
Repairs and maintenance	612,774	878,471
Insurance	453,906	594,821
Staff welfare	73,891	44,498
Medical expenses	7,351	18,775
Permit and membership fees	20,841	28,738
Workshop management fees	232,000	248,000
Audit fee	181,375	171,943
Bank charges	15,936	22,388
Others	15,429	73,616
	3,522,009	4,554,322

15 Other operating expenses

	2026	*2025*
	HK$	*HK$*
Depreciation	1,324,165	1,008,578
Depreciation – Lotteries Fund YO building renovation	3,418,630	-
Computer expenses	1,068,857	813,607
Consumables	152,231	129,971
Newspapers and reference books	16,127	15,455
Internet and broadband expenses	45,600	43,200
Mobile phone expenses	39,034	40,460
Postage	29,024	13,741
Staff training	58,049	77,747
Store and equipment	144,716	526,440
Telecommunications	40,846	37,719
Others	-	4,430
	6,337,279	2,711,348

16 Taxation

The Association has been granted the status as a charitable institution since 16 May 1997 and is exempt from Hong Kong profits tax therefrom. All income and expenditures of the Association are non-taxable/non-deductible respectively.

17 Property, plant and equipment

	Building improvements HK$	*Furniture and fixtures* HK$	*Computer and office equipment* HK$	*Sound equipment* HK$	*Motor vehicles* HK$	Total HK$
Costs						
At 1 April 2024	5,450,727	291,385	7,281,472	1,975,323	1,369,566	16,368,473
Additions	420,710	371,813	777,570	-	-	1,570,093
Disposals	-	(57,979)	(489,213)	-	-	(547,192)
At 31 March 2025 and at 1 April 2025	5,871,437	605,219	7,569,829	1,975,323	1,369,566	17,391,374
Additions	52,424,252	258,500	815,153	-	369,880	53,867,785
Disposals	(499,560)	-	-	(1,975,323)	-	(2,474,883)
At 31 March 2026	57,796,129	863,719	8,384,982	-	1,739,446	68,784,276
Aggregate depreciation						
At 1 April 2024	5,450,727	263,798	5,798,649	1,975,323	1,369,566	14,858,063
Charge for the year	48,024	65,364	895,190	-	-	1,008,578
Write-off upon disposals	-	(57,979)	(489,213)	-	-	(547,192)
At 31 March 2025 and at 1 April 2025	5,498,751	271,183	6,204,626	1,975,323	1,369,566	15,319,449
Charge for the year	3,663,588	150,549	908,109	-	20,549	4,742,795
Write-off upon disposals	(499,560)	-	-	(1,975,323)	-	(2,474,883)
At 31 March 2026	8,662,779	421,732	7,112,735	-	1,390,115	17,587,361
Net carrying values						
At 31 March 2026	49,133,350	441,987	1,272,247	-	349,331	51,196,915
At 31 March 2025	372,686	334,036	1,365,203	-	-	2,071,925

The Association is located at a building in Hong Kong. The land where the building is erected was granted by the Government of the HKSAR on 24 September 1999 for a period of 50 years, at a nominal premium of HK$1,000 ("the Private Treaty Grant"). Under the condition in the Private Treaty Grant, the Government of the HKSAR has the right to resume and re-take possession of the land by giving 12 months' notice. The building was donated by The Hong Kong Jockey Club Charities Trust.

18 Sustainable development fund

The sustainable development fund is set up for the future major repairs and maintenance work of the building of the Association and for the funding of new service development.

By a resolution passed by the Executive Committee on 29 October 2026, an appropriation of HK$5,000,000 from accumulated surplus to the sustainable development fund was made for the year ended 31 March 2026 (2025: a transfer of HK$9,000,000 from the sustainable development fund to accumulated surplus).

19 Deferred income

	Balance at 1.4.2024 HK$	*Additions* HK$	*Interest earned* HK$	*Refund to donors* HK$	*Transfer* HK$	*Recognised as income* HK$	*Balance at 1.4.2025* HK$	*Additions* HK$	*Interest earned* HK$	*Claw back to donors* HK$	*Transfer* HK$	*Recognised as income* HK$	*Balance at 31.3.2026* HK$
Lotteries fund - Furniture and equipment replenishment and minor works block grant reserve (note 8)	729,336	233,000	3,026	-	(250,249)	(386,023)	329,090	240,000	245	-	(348,778)	(28,687)	191,870
Fixed assets fund (note 11)	188,349	-	-	-	250,249	(202,528)	236,070	-	-	-	1,139,500	(212,948)	1,162,622
Lotteries fund – YO building renovation (note 11)	3,797,596	25,413,184	-	-	-	-	29,210,780	19,553,250	-	-	-	(3,418,630)	45,345,400
Others	16,820	-	-	-	-	-	16,820	-	-	-	-	-	16,820
Other programs	9,611,622	13,635,729	-	(3,644)	-	(14,841,918)	8,401,789	11,653,290	-	(245,582)	(790,722)	(12,072,689)	6,946,086
	14,343,723	39,281,913	3,026	(3,644)	-	(15,430,469)	38,194,549	31,446,540	245	(245,582)	-	(15,732,954)	53,662,798

(a) Funds received or receivable for special purposes are initially recorded as deferred income. They are released to income when the services performed or delivered over the period of the program.

(b) The income recognised during the year of HK$212,948 (2025: HK$202,528) from the fixed assets fund represents the depreciation charge for the year of those fixed assets purchased.

20 Provision for funding claw back

	Surplus on provident fund HK$	*Surplus on other projects HK$*	*Total HK$*
Balance at 1 April 2024	242,112	1,290,605	1,532,717
Reimbursement of deficit (note 8)	(3,655)	-	(3,655)
Payment during the year	-	(1,290,605)	(1,290,605)
Balance at 31 March 2025 and 1 April 2025	238,457	-	238,457
Claw back of surplus (note 8)	107,777	-	107,777
Provision for the year	-	290,762	290,762
Balance at 31 March 2026	346,234	290,762	636,996

21 Movement of the furniture and equipment replenishment and minor works block grant reserve

	2026 HK$	*2025 HK$*
Opening balance of block grant reserve	329,090	729,336
Income:		
Lotteries fund received	240,000	233,000
Interest income	245	3,026
	240,245	236,026
Expenditures:		
Minor purchases (Furniture and equipment)	377,465	636,272
Minor works	-	-
	377,465	636,272
Closing balance of block grant reserve	191,870	329,090

As at 31 March 2026, there was no capital commitment in respect of furniture and equipment replenishment and minor works block grant.

22 Commitments

(a) Capital commitments

Capital commitments outstanding at 31 March 2026 not provided for in the financial statements are as follows:

	2026	*2025*
	HK$	*HK$*
Contracted for	-	18,452,796
Authorised, but not contracted for	-	-
	-	18,452,796

(b) Commitments under operating leases

The Association rented a warehouse under operating lease for a period of 18 months with fixed rentals over the same period.

	2026	*2025*
	HK$	*HK$*
Minimum lease payments under operating leases recognised as an expense during the year	45,500	273,000

At 31 March 2026, the Association had outstanding commitments under non-cancellable operating leases that fall due as follows:

	2026	*2025*
	HK$	*HK$*
Within one year	-	45,500