



ABERDEEN BOAT CLUB LIMITED

香港仔遊艇會有限公司

(A COMPANY LIMITED BY GUARANTEE AND NOT HAVING A SHARE CAPITAL)

**REPORTS AND
FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2020**



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ABERDEEN BOAT CLUB LIMITED
香港仔遊艇會有限公司
NOTICE OF ANNUAL GENERAL MEETING



Notice is hereby given that the Annual General Meeting of the Aberdeen Boat Club Limited, will be held at 7:00pm on Wednesday, 25 November 2020 at the Clubhouse, 20 Shum Wan Road, Aberdeen, Hong Kong.

The following business will be conducted:

1. To adopt the minutes of the previous Annual General Meeting held on 26 November 2019.
2. To receive the report of the Committee covering the activities of the Club for the year ended 30 June 2020.
3. To adopt the accounts for the year ended 30 June 2020.
4. To elect General Committee Members in accordance with Article 29(a).
5. To appoint the auditors for the ensuing year.
6. Any Other Business, of which notice in writing has been given to the Honorary General Secretary not less than seven days prior to the date of the meeting.

BY ORDER OF THE GENERAL COMMITTEE

(Original Signed)

NICHOLAS BODNAR-HORVATH
HONORARY GENERAL SECRETARY

ABERDEEN BOAT CLUB LIMITED

香港仔遊艇會有限公司

COMMITTEE STRUCTURE 2019-2020



Sailing and Marine Committee

Graeme Brechin (Chairman)
Christopher Pooley
Ian Skeggs
John Berry
John Currie
Stephen Perret
Andrew Blank (co-opted)
Chris Tung (co-opted)
Michele Clark (co-opted) – Resigned

House and Building Committee

Graham Price (Chairman)
Christopher Pooley
Jon Zinke
James Smith
Martin Ganz
Sam Cheng
Christopher Tung (co-opted)

Development Committee

Barry Hill (Chairman)
Christopher Pooley
Eric Tang
John Berry
Matthew Johnson
Alan Child (co-opted)
Paul Scroggie (co-opted)
Sam Cheng (co-opted)

Membership Committee

Nicholas Bodnar-Horvath (Chairman)
Christopher Pooley
Jon Zinke
John Berry

Staff Committee

Matthew Johnson (Chairman)
Christopher Pooley
James Ross
Nicholas Bodnar-Horvath

Balloting Committee

Nicholas Bodnar-Horvath (Chairman)
Co-opted in rotation



By definition, the Commodore's annual letter is an overview: in fact a double overview. Firstly of salient points during the June-June year; and secondly as a summary of the more detailed sub-Committee reports, which should be read for a fuller understanding of events which shaped the year----and its overall result. This particular year was characterised by two distinctly contrasting halves.

Last year's Report was dominated by the impact of Typhoon Manghut and its aftermath following our submission of a major Insurance Claim and the consequent reconstruction of the Middle Island Clubhouse. So it's only fitting, and pleasing, to be able to lead this year's report by mentioning the good news of the Grand Re-opening in July, coupled with a Reciprocal Agreement with the VRC, bringing in new support to MI.

To refer to the old saw mentioned last year, that ill wind did indeed blow the Club a lot of good. It was indeed superbly good news as the revived MI, with the appointment of a French Chef, and additional staff members serving a range of new dishes from the enhanced culinary facilities, enjoyed much support from members. The wood-fired pizza oven found particular favour amongst the young.

So a very good start, but as night follows day so came the striking contrast after CNY with the sudden onset of Covid 19 and its aftermath which dogged us for the rest of the year. In keeping with tradition the Club carried on and remained open throughout, albeit subject to varying, sometimes illogical or contradictory, regulatory restrictions. Frustrating for members of course but spare a thought for staff who smiled on diligently without complaint, notwithstanding the strain and constant operational changes.

Fortunately for the Club's overall health, sufficient numbers of members sought out and used their Club as a sanctuary, which meant results kept our 'head above water'. Aided, it has to be said, by the Government's Furlough payments, which in combination, stiffened the Committee's resolve to avoid redundancies at all but unsustainable costs. Which I am glad to say, has been the case.

That support by members was, paradoxically, helped by Covid which confined so many normal travellers to HK, with business trips and distant holidays cancelled. In those circumstances what, thought many members, could be better than a lazy or sporty afternoon based on the tropical island of Tong Po Chau? Come the false dawn of June things were beginning to look up. Bookings for children's, youth and Adult Sailing Courses for the summer and autumn hit a record high. That was the state of play at the end of Junethen came another dip, followed by a more encouraging trend, but that's for next year's Report.

Harking back to the previous year's Report the forecast then was for submission of the EIA----critical to the MI Development ---by December 2019. Sadly that hope was dashed when the ----required---- borehole surveys discovered the concentrated presence of Amphioxus, causing an effective 10 month delay. For the detail please refer to Barry Hill's Devcom report.



Another eventful year, but the Club is still alive and well and enjoying a stream of new member applicants and increased participation in water sports activities by members and the local Community. That the Club has come through a time of such disruption to its core activities and remained afloat on even keel is in large measure thanks to the unrelenting efforts, goodwill and cheerful adaptability to changing circumstances of the GM, Management and staff members, both seen and unseen. Undaunted then, the Club can look forward to negotiating the Lease renewal in 2021 from a solid base with a determination to build on past achievements.

That determination is fostered by my Flag Officer colleagues and the Chairmen of the Sub-Committees ----- Barry Hill, Nick Horvath, Graeme Brechin, Graham Price, and Treasurer Matthew Johnson ----- who, together with the General Committee members, collectively devote their time and efforts to the development and well-being of the Club.

I trust that members attending the AGM will join me in a Vote of Appreciation to Gencom members and ABC staff for their unflagging contributions throughout the year, a year which, despite the challenging conditions, ended with the Club in a sound and stable state, poised for better times ahead.

Chris Pooley
Commodore



Given the extraordinary circumstances of the twelve months covered by this Annual Report, the Club achieved satisfactory financial results to 30 June 2020. Overall revenue increasing 4% over the previous period reflecting the full opening of Middle Island in August 2019. However, the financial year ended with a small operating deficit due mostly to increased staffing levels for Middle Island, insurance costs and depreciation charges. The club has a target of achieving an operating break even position allowing new member Entrance Fees to cover ongoing major repairs and maintenance and fixed assets purchases. Membership levels remained consistent with prior years, with a small net addition and new member numbers covering departing members.

The total surplus for the twelve months was approximately HKD2,034,000. While this compares unfavourably to the prior year due to a one off gain on the write off of the Middle Island facility versus the insurance proceeds, this was also satisfactory. The insurance claim for the Typhoon Mankhut destroyed or damaged dinghy fleet is proving complicated and while we did expect it to be completed in this reporting period, we now expect it to be completed by the 31 December 2020.

During the year the Club spent approximately HKD9,222,000 on fixed assets, the majority of the expenditure on competing the reinstatement work at Middle Island and replacing the dinghy fleet. Other capital expenditure was HKD1,200,000 on furniture, kitchen and IT equipment and HKD989,000 on mooring and boat support related expenditure. For the reporting period, the General Committee reinstated the practice of allocating 70% of new member fees to the long term redevelopment of Middle Island and the responsible committee continues to implement its plan for government approval for this project.

Looking at finances after 30 June 2020 the club has weathered the Covid 19 imposed restrictions on leisure activities well. With almost all revenue generating activities curtailed or cancelled for a significant period since 30 June 2020, including the popular summer holiday dinghy and water sports activities, management's prudent approach to cost control contributed considerably to maintaining the Club's finances during the Covid 19 lock down in its various forms. The Club did, and has, joined the governments Employment Support Scheme and this has considerably aided the Club's ability to maintain our full staff levels.

Matthew Johnson
Honorary Treasurer



Another super year for Sailing and Marine where never a dull moment. What really helps more than anything is a full, strong Sailing Committee of fine, competent, keen people all backed up by our professional Marine Service staff, headed by Alex Johnston, that really know their business. We have gone from strength to strength in the past year from the youngest kids on our sailing programmes to full ARA internationals to a large healthy sailing and boating community.

The Dinghy's have had a great year with Richard Knight at the helm. His Programs to suit all have ended the year with a full house in nearly all categories. What does he want for Christmas? More hardstanding! The only blot on the landscape being this terrible Covid nonsense that has now twice closed down our sailing programmes, during the busiest periods, for weeks on end resulting in us having to return large amounts of fees. Something I still have recurring nightmares over.

Our elite Racing Academy have just had arguably their best year ever certainly financially but on the water too. Six of our sailors took part in the 29er World and European Championships and youth Worlds in Poland and Italy. All did extremely well and I would encourage you to dig out their results from our Website. As a consequence two of our sailors, Casey Law and Augustin Clot were picked for the HKSF and Institute sailing Programme. A great honour.

In the big boats the Summer Series as ever a success with eighteen to twenty boats regularly turning up both IRC and HKPN. Seven races over the, as ever, summer light conditions so the lighter boats do well and the heavier suffer. But the great equaliser being the wonderful lunch destinations of Po Toi, Lamma, Cheng Chau and the Clear Water Bay to mention a few.

The more serious Winter Waglan Series with, at times, conditions not for the faint hearted was again attracting a big serious fleet. Now splitting into two IRC and two HKPN Divisions due to the numbers. This split into two mini-series of six races each, with four round the cans and the remainder around the Islands. A solid year with the guest celebratory appearance of the experienced Barry Truhol as Race Officer for Races eight and nine and Race eleven formed part of the IRC National Championships. Both of which being another seriously large feather in ABC's cap. One thing that was noticed this year was the larger IRC boats now entering. They are so quick in some cases that for the first time in many years we have added a few longer race courses to our list. These we are looking forward to trying out this year.

Our annual Four Peaks Race attracted seventeen boats and this gruelling twenty four hour race was as ever a huge success. The tracking systems on all the boats really making it quite a spectator sport. This had a lot to do with Jennifer Li and all her hard work with the PR and Social media for all of the clubs sailing. It has made a big impact this year.

In summary, another strong year. Arguably one of our best as we endeavour to follow the latest trends and expectations within our ever changing world.

Graeme Brechin
Rear Commodore
Chairman – Sailing & Marine Committee



The House and Building Committee (HouseCom) is responsible for almost everything at the club that is not Sailing and Marine!

We have an aging Clubhouse which requires considerable maintenance and upgrading. Housecom is therefore the lead on maintaining the buildings (Main Clubhouse and Middle Island) and fabric of The Club, the food and beverage, recreational facilities and sponsoring the major functions of the year, Halloween and New Year's Eve.

During the period from July 2019 to June 2020 we have overseen the following upgrades and repairs:

The Swimming Pool was completely refurbished with new tiling and Astroturf

The IT security system has been upgraded for \$90K

Reinstatement work and improvements to kitchen and outdoor BBQs at Middle Island

All our detergents are now fully bio-degradable

Typhoon flood prevention measures installed in the car park & MI

The POS system was upgraded on MI

New chiller heat exchanger installed

Coffee shop kitchen fresh air fan and ducting refurbished

The bridge ceiling has been renovated

Entrance door replacement at the main club

New car park labels have been issued

Rooftop waterproofing renovation

Playground slide panels replacements

New furniture purchased for the sun deck

Pipe replacement in the car park

Licensing and statutory tasks:

Fire pipes and sprinkler system survey and Annual fire Inspection

Additional fire equipment in Harbour Room

Relicensing of the Playroom and Accounts Office

Middle Island Kitchen Licensing

Middle Island licensing of ventilation



Staff

Staffing remains an important issue for the House Committee. It is critical that we employ the best quality staff we can. In seeking to bring maintain and improve the quality of our staff we see changes each year. This year, we have seen further comings and goings with twelve staff leaving and nine staff arriving.

This year we said goodbye to :

Ng Kwok Wai, Ko Wai Ming, Anita Rai, Prashant Gurung, Sipra Sherchan,

Lee David H, Ng Chi Keung, Kwok Ka Kit, Chan Kam Tat, Lau Kam Sau, Wang Xiaohong

We welcomed these new staff members :

Aurelien Lagrange, Sandipa Gurung, Yeung Pui Wa, Sherlom Ng, Shamane Gauchan,

Gaurav Limbu, Tam Wai Hang, Ng Chi Wa, Chan Sin Chui

Recognition

The Food and Beverage and House Departments play a critical role in facilitating ongoing service and making improvements at the club. We should all express our grateful thanks to the dedicated ABC staff who work so hard to keep the Club operating (many of them behind the scenes) to satisfy our diverse membership, always with a cheery smile.

As a new Chairman I would like to thank my predecessor Richard Walker for his valuable leadership. I also thank the committee for their ideas, time, efforts and contributions over the last year. Committee members are: Graham Price myself, Christopher Pooley, Christopher Tung, James Smith, Jon Zinke, Martin Ganz and Sam Cheng.

Please contact me or the General Manager if you have ideas for improvements at the Club. Alternatively, if you would like to take up a more formal role at the Club please consider joining our Committee.

Graham Price

Rear Commodore

Chairman – House and Building Committee

ABERDEEN BOAT CLUB LIMITED
香港仔遊艇會有限公司
DEVELOPMENT COMMITTEE REPORT



The Development Committee is responsible for managing the development of the Club's facilities at Middle Island. During the last twelve months the committee have continued to progress the statutory approval process that is mandatory for all major works at our Middle Island facility.

The main focus during this period has been the preparation of an Environmental Impact Assessment Report (EIA). This is a very significant piece of work which addresses all of the technical implications of the proposed development with respect to many environmental considerations as specified by the Government. We have engaged three specialist consultants to assist with the assessment of the criteria and produce the documentation. This has included conducting sea bed surveys, regular liaison with Government Departments and arranging public consultations with various local interest groups.

In late 2019 the programme for submission of the report in December 2019 was abruptly halted when the results of the ecological survey of the seabed in November 2019 found the presence of amphioxus. Amphioxus is a small lancelet type fish up to 5 cm in length which lives in shallow sand habitats and is a protected species in Hong Kong, China and Japan. Because it is present in the work site it requires mitigation measures to be presented to Agriculture, Fisheries and Conservation Department (AFCD). An alternative piled deck design had to be prepared and was submitted to AFCD in February 2020 to establish if this alternative provided acceptable mitigation measures for protection of the amphioxus. Following further meetings, AFCD provided a positive response for the new design to be included in the EIA which then allowed the major rework of the supporting documents to proceed.

Development Committee is now working closely with our consultants to finalise the extensive documentation which is required for the EIA and achieving a submission date by November 2020. The presence of amphioxus within the work site has been an unexpected problem which had to be resolved to allow the statutory process to proceed and has unfortunately further delayed the process by 10 months.

I would like to thank the following members of the Development Committee who have all made contributions to our work throughout the period: Chris Pooley, Matthew Johnson, John Berry, Paul Scroggie, Eric Tang, Alan Child and Sam Cheng. In particular, I would recognize the efforts of former Commodore John Berry, who has made a significant contribution to the design work required to progress the difficult issues which have arisen.

Barry Hill
Vice Commodore
Chairman - Development Committee

ABERDEEN BOAT CLUB LIMITED

香港仔遊艇會有限公司

GENERAL COMMITTEE MEMBERS 2019-2020



Flag Officers

Christopher Pooley – Commodore	General Committee - Chairman Sailing and Marine Committee Development Committee House and Building Committee Membership Committee Staff Committee
Barry Hill – Vice Commodore	Development Committee – Chairman
Graeme Brechin – Rear Commodore	Sailing and Marine Committee – Chairman
Graham Price – Rear Commodore	House and Building Committee – Chairman
Matthew Johnson – Honorary Treasurer	Staff Committee - Chairman Development Committee
Nicholas Bodnar-Horvath – Honorary General Secretary	Membership Committee – Chairman Balloting Committee - Chairman Staff Committee

General Committee Members

Alan Child	Development Committee (Co-opted)
Eric Tang	Development Committee
Ian Skeggs	Sailing and Marine Committee
John Currie	Sailing and Marine Committee
James Smith	House and Building Committee
Jon Zinke	House and Building Committee
James Ross	Staff Committee
Martin Ganz	House and Building Committee
Richard Walker	
John Berry	Membership Committee Development Committee Sailing and Marine Committee
Sam Cheng	Development Committee (Co-opted) House and Building Committee
Steve Perret	Sailing and Marine Committee

ABERDEEN BOAT CLUB LIMITED

香港仔遊艇會有限公司

GENERAL COMMITTEE'S REPORT



The General Committee has pleasure in submitting the annual report together with the audited financial statements for the year ended 30 June 2020.

Principal activities

The principal activities of Aberdeen Boat Club Limited (the “Club”) are the provision of recreational, boating and social facilities for members.

Business review

The operations of the Club continued mostly unabated for the twelve months to 30 June 2020 including the welcome re-opening of Tong Po Chau (Middle Island) in August 2019. The upgraded sporting facilities and new format for food and beverage have proved tremendously successful. This is reflected in the increase in revenue for the Club, however, due to increased costs there was a small net operating loss.

During the year ended 30 June 2020, the Club continued with its major initiative to seek government approval to redevelop and expand its facility of the Middle Island. Except for the government mandated restrictions to control the spread of COVID-19 in the community, there was no other major change in the Club's operations from the end of the reporting period to the date of this report.

General Committee members

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

Christopher Pooley, Commodore	(Re-elected on 26 November 2019)
Barry Hill, Vice Commodore	
Graeme Brechin, Rear Commodore	(Re-elected on 26 November 2019)
Graham Price, Rear Commodore	(Re-elected on 26 November 2019)
Matthew Johnson, Hon Treasurer	
Nicholas Bodnar-Horvath, Hon General Secretary	(Re-elected on 26 November 2019)
Alan Child	(Re-elected on 26 November 2019)
Eric Tang	(Re-elected on 26 November 2019)
Ian Skeggs	(Re-elected on 26 November 2019)
James Ross	(Re-elected on 26 November 2019)
James Smith	
John Berry	(Re-elected on 26 November 2019)
John Currie	(Re-elected on 26 November 2019)
Jon Zinke	
Martin Ganz	
Richard Walker	
Sam Cheng	
Stephen Perret	

ABERDEEN BOAT CLUB LIMITED

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GENERAL COMMITTEE'S REPORT (CONTINUED)



General Committee members (continued)

In accordance with Articles 29(b) and 29(c) of the Club's Articles of Association, the officers of the Club who have held office for two consecutive years and half of the members of the General Committee who have been longest in office since their last election shall retire at the forthcoming Annual General Meeting. Retiring officers and members of the General Committee shall be eligible for re-election.

General Committee members' rights to acquire shares and debentures

At no time during the year was the Club a party to any arrangement to enable the General Committee members of the Club to acquire benefits by means of the acquisition of shares in or debentures of the Club or any other body corporate.

General Committee members' interests in transactions, arrangements or contracts

No transactions, arrangements and contracts of significance in relation to the Club's business to which the Club was a party and in which a General Committee member of the Club had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Permitted indemnity provision

At no time during the year and up to date of this report, there was or is, any permitted indemnity provision being in force for the benefit of the General Committee members of the Club, whether made by the Club or otherwise.

Auditor

Baker Tilly Hong Kong Limited retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of Baker Tilly Hong Kong Limited as auditor of the Club is to be proposed at the forthcoming Annual General Meeting.

By order of the General Committee

Christopher Pooley
Commodore

Hong Kong,

**Independent auditor's report to the members of
ABERDEEN BOAT CLUB LIMITED
香港仔遊艇會有限公司**

(Incorporated in Hong Kong with liability limited by guarantee)



Opinion

We have audited the financial statements of Aberdeen Boat Club Limited (the “Club”) set out on pages 6 to 31, which comprise the statement of financial position as at 30 June 2020, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the 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 Club as at 30 June 2020 and of its financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing (“HKSAs”) 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 Club 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 General Committee members are responsible for the other information. The other information comprises the information included in the General Committee’s report, 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.

Independent auditor's report to the members of ABERDEEN BOAT CLUB LIMITED (CONTINUED)

香港仔遊艇會有限公司

(Incorporated in Hong Kong with liability limited by guarantee)



Responsibilities of General Committee members and those charged with governance for the financial statements

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

In preparing the financial statements, the General Committee members are responsible for assessing the Club'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 General Committee members either intend to liquidate the Club or to cease operations, or have no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made 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 judgement 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 Club's internal control.

**Independent auditor's report to the members of
ABERDEEN BOAT CLUB LIMITED (CONTINUED)**

香港仔遊艇會有限公司

(Incorporated in Hong Kong with liability limited by guarantee)



Auditor's responsibilities for the audit of the financial statements (continued)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the General Committee members.
- Conclude on the appropriateness of the General Committee members' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Club'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 Club 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.

Baker Tilly Hong Kong Limited

Certified Public Accountants

Hong Kong,

Ryan James Swann

Practising certificate number P07119

ABERDEEN BOAT CLUB LIMITED**香港仔遊艇會有限公司****STATEMENT OF PROFIT OR LOSS AND****OTHER COMPREHENSIVE INCOME****FOR THE YEAR ENDED 30 JUNE 2020**

(Expressed in Hong Kong dollars)

	Note	2020 HKD	2019 HKD
Revenue	3	48,780,902	46,863,263
Cost of sales and services		(13,831,138)	(12,772,001)
Gross profit		34,949,764	34,091,262
Other income	4	6,360,557	4,690,360
Operating expenses	5	(43,465,360)	(38,370,990)
Development income	6	4,209,120	4,253,184
(Loss)/gain on disposal of property, plant and equipment		(5,556)	5,781,269
Surplus from operations		2,048,525	10,445,085
Finance costs	7	(14,060)	-
Surplus and total comprehensive income for the year and transferred to accumulated fund		<u>2,034,465</u>	<u>10,445,085</u>

The notes on pages 20 to 41 form part of these financial statements.

ABERDEEN BOAT CLUB LIMITED**香港仔遊艇會有限公司****STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020**

(Expressed in Hong Kong dollars)

	Note	2020 HKD	2019 HKD
Non-current assets			
Property, plant and equipment	9	35,893,177	33,523,331
Right-of-use assets	10	<u>230,084</u>	<u>-</u>
		<u>36,123,261</u>	<u>33,523,331</u>
Current assets			
Inventories	11	1,117,417	814,771
Accounts receivable from members	12	5,315,000	5,167,036
Deposits, prepayments and other receivables		2,524,161	4,230,233
Fixed bank deposits	13	30,074,677	29,576,740
Cash and cash equivalents	13	<u>16,291,964</u>	<u>13,459,974</u>
		<u>55,323,219</u>	<u>53,248,754</u>
Current liabilities			
Accounts payable and accrued charges		4,384,557	4,031,820
Mooring income in advance		387,851	356,120
Other receipts in advance		1,274,310	-
Contract liabilities	14	3,409,429	2,621,360
Lease liabilities	15	<u>113,469</u>	<u>-</u>
		<u>9,569,616</u>	<u>7,009,300</u>
Net current assets		<u>45,753,603</u>	<u>46,239,454</u>
Total assets less current liabilities		<u>81,876,864</u>	<u>79,762,785</u>
Non-current liabilities			
Lease liabilities	15	<u>79,614</u>	<u>-</u>
NET ASSETS		<u>81,797,250</u>	<u>79,762,785</u>
FUNDS EMPLOYED	16		
Accumulated fund		<u>81,797,250</u>	<u>79,762,785</u>

Approved and authorised for issue by the General Committee on

 Christopher Pooley
 Commodore

 Matthew Johnson
 Honorary Treasurer

The notes on pages 20 to 41 form part of these financial statements.

ABERDEEN BOAT CLUB LIMITED**香港仔遊艇會有限公司****STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2020**

(Expressed in Hong Kong dollars)

	2020 HKD	2019 HKD
Accumulated fund at 1 July	79,762,785	69,317,700
Surplus and total comprehensive income for the year	<u>2,034,465</u>	<u>10,445,085</u>
Accumulated fund at 30 June	<u>81,797,250</u>	<u>79,762,785</u>

The notes on pages 20 to 41 form part of these financial statements.

ABERDEEN BOAT CLUB LIMITED**香港仔遊艇會有限公司****STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2020**

(Expressed in Hong Kong dollars)

	Note	2020 HKD	2019 HKD
Operating activities			
Surplus for the year		2,034,465	10,445,085
Adjustments for:			
- Interest income	4	(548,236)	(329,713)
- Reversal of provision for impairment loss on accounts receivable	4	(10,314)	(8,270)
- Depreciation of property, plant and equipment	5	6,671,854	4,873,679
- Depreciation of right-of-use assets	5	153,389	-
- Finance costs	7	14,060	-
- Loss/(gain) on disposal of property, plant and equipment		<u>5,556</u>	(5,781,269)
Operating surplus before changes in working capital		8,320,774	9,199,512
Increase in inventories		(302,646)	(119,291)
Increase in accounts receivable from members		(137,650)	(221,055)
Decrease/(increase) in deposits, prepayments and other receivables		1,706,072	(1,946,532)
Increase in accounts payable and accrued charges		352,737	98,240
Increase in mooring income in advance		31,731	25,437
Increase in other receipts in advance		1,274,310	-
Increase in contract liabilities		<u>788,069</u>	<u>591,618</u>
Net cash generated from operating activities		<u>12,033,397</u>	<u>7,627,929</u>
Investing activities			
Payment for purchase of property, plant and equipment		(9,222,256)	(13,159,813)
Proceeds from disposal of property, plant and equipment		175,000	6,259,710
Increase in fixed bank deposits		(497,937)	(24,506,105)
Interest received		<u>548,236</u>	<u>329,713</u>
Net cash used in investing activities		<u>(8,996,957)</u>	<u>(31,076,495)</u>
Financing activities			
Capital element of lease rentals paid	17	(190,390)	-
Interest element of lease rentals paid	17	(14,060)	-
Net cash used in financing activities		<u>(204,450)</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents		2,831,990	(23,448,566)
Cash and cash equivalents at 1 July		<u>13,459,974</u>	<u>36,908,540</u>
Cash and cash equivalents at 30 June	13	<u>16,291,964</u>	<u>13,459,974</u>

The notes on pages 20 to 41 form part of these financial statements.

ABERDEEN BOAT CLUB LIMITED

香港仔遊艇會有限公司

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

1 Club information

Aberdeen Boat Club Limited (the “Club”) is incorporated and domiciled in Hong Kong and has its registered office and principal place of business at 20 Shum Wan Road, Aberdeen, Hong Kong.

The Club is limited by guarantee with no share capital. In accordance with current Hong Kong tax legislation, the Club is not subject to profits tax on any operating surpluses if more than 50% of the gross receipts are derived from voting members of the Club.

2 Significant accounting policies

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. A summary of the significant accounting policies adopted by the Club is set out below.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Club. Note 2(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Club for the years reflected in these financial statements.

The Club has not applied any new standard or interpretation that is not yet effective for the current accounting period (see note 21).

(b) Basis of preparation of the financial statements

The measurement basis used in the preparation of the financial statements is the historical cost basis.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

ABERDEEN BOAT CLUB LIMITED

香港仔遊艇會有限公司

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(Expressed in Hong Kong dollars)

2 Significant accounting policies (continued)

(c) Changes in accounting policies

The HKICPA has issued a new HKFRS, HKFRS 16 “Leases”, and a number of amendments to HKFRSs that are first effective for the current accounting period of the Club. Except for HKFRS 16, none of the developments has had a material impact on the Club’s financial statements for the years presented.

HKFRS 16 replaces HKAS 17 “Leases” and the related interpretations. It introduces a single accounting model for lessees, which requires a lessee to recognise a right-of-use asset and a lease liability for all leases, except for leases that have a lease term of 12 months or less (“short-term leases”) and leases of low-value assets. The lessor accounting requirements are brought forward from HKAS 17 and remain substantially unchanged. HKFRS 16 also introduces additional qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity.

The Club has initially applied HKFRS 16 as from 1 July 2019. The Club has elected to use the modified retrospective approach and has therefore recognised the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 July 2019. Comparative information has not been restated and continues to be reported under HKAS 17.

Further details of the nature and effect of the changes to previous accounting policies and the transition options applied are set out below:

(i) New definition of a lease

The change in the definition of a lease mainly relates to the concept of control. HKFRS 16 defines a lease on the basis of whether a customer controls the use of an identified asset for a period of time, which may be determined by a defined amount of use. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

The Club applies the new definition of a lease in HKFRS 16 only to contracts that were entered into or changed on or after 1 July 2019. For contracts entered into before 1 July 2019, the Club has used the transitional practical expedient to grandfather the previous assessment of which existing arrangements are or contain leases. Accordingly, contracts that were previously assessed as leases under HKAS 17 continue to be accounted for as leases under HKFRS 16 and contracts previously assessed as non-lease service arrangements continue to be accounted for as executory contracts.

ABERDEEN BOAT CLUB LIMITED

香港仔遊艇會有限公司

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(Expressed in Hong Kong dollars)

2 Significant accounting policies (continued)

(c) Changes in accounting policies (continued)

(ii) Lessee accounting and transitional impact

HKFRS 16 eliminates the requirement for a lessee to classify leases as either operating leases or finance leases, as was previously required by HKAS 17. Instead, the Club is required to capitalise all leases when it is the lessee, including leases previously classified as operating leases under HKAS 17, other than those short-term leases and leases of low-value assets which are exempt. As far as the Club is concerned, the newly capitalised lease is in relation to a land lot for the operation of a clubhouse as disclosed in note 10. For an explanation of how the Club applies lessee accounting, see note 2(e).

At the date of transition to HKFRS 16 (i.e. 1 July 2019), the Club determined the length of the remaining lease terms and measured the lease liabilities for the leases previously classified as operating leases at the present value of the remaining lease payments, discounted using the relevant incremental borrowing rate at 1 July 2019. The incremental borrowing rate used for determination of the present value of the remaining lease payments was 5%.

To ease the transition to HKFRS 16, the Club applied the recognition exemption and elected not to apply the requirements of HKFRS 16 in respect of the recognition of lease liabilities and right-of-use asset to a lease for which the remaining lease term ends before 30 June 2020.

The following table reconciles the operating lease commitments as at 30 June 2019 as disclosed in note 19(b) to the opening balance for lease liabilities recognised as at 1 July 2019:

	HKD
Operating lease commitments at 30 June 2019	417,630
Less: Commitments relating to a lease exempt from capitalisation	
– lease with remaining lease term ending on or before 30 June 2020	(8,130)
Less: Total future interest expenses	(21,227)
Less: Other adjustment	(4,800)
Total lease liabilities recognised at 1 July 2019	<u>383,473</u>

(iii) Lessor accounting

The Club leases out carpark spaces, mooring units and club boats to a number of members. The accounting policies applicable to the Club as a lessor under HKFRS 16 remain substantially unchanged from those under HKAS 17.

ABERDEEN BOAT CLUB LIMITED

香港仔遊艇會有限公司

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(Expressed in Hong Kong dollars)

2 Significant accounting policies (continued)

(d) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see note 2(f)(ii)).

The cost of construction-in-progress includes the cost of machinery, construction expenditures, materials and other costs directly attributable to bringing the assets to a working condition for its intended use.

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:

- Furniture and fixtures, kitchen equipment and computers	5 years
- Boat storage equipment	5 years
- Motor vehicles, motor boats and sailing dinghies	5 - 15 years

The useful life of an asset and its residual value, if any, are reviewed annually.

Construction-in-progress is not depreciated until it is completed and ready for its intended use.

Gains or 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 profit or loss on the date of retirement or disposal.

(e) Leased assets

At inception of a contract, the Club assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

(i) As a lessee

Policy applicable from 1 July 2019

At the lease commencement date, the Club recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets. When the Club enters into a lease in respect of a low-value asset, the Club decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a straight-line basis over the lease term.

ABERDEEN BOAT CLUB LIMITED

香港仔遊艇會有限公司

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(Expressed in Hong Kong dollars)

2 Significant accounting policies (continued)

(e) Leased assets (continued)

(i) As a lessee (continued)

Policy applicable from 1 July 2019 (continued)

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Club's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Club will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see note 2(f)(ii)). Depreciation is calculated to write off the cost of right-of-use assets using the straight line method over the lease term.

Policy applicable prior to 1 July 2019

In the comparative period, as a lessee the Club classified leases as finance leases if the leases transferred substantially all the risks and rewards of ownership to the Club. Leases which did not transfer substantially all the risks and rewards of ownership to the Club were classified as operating leases.

Where the Club had the use of assets held under operating leases, payments made under the leases were charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis was more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received were recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals were charged to profit or loss in the accounting period in which they were incurred.

ABERDEEN BOAT CLUB LIMITED

香港仔遊艇會有限公司

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(Expressed in Hong Kong dollars)

2 Significant accounting policies (continued)

(e) Leased assets (continued)

(ii) As a lessor

When the Club acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying asset to the lessee. If this is not the case, the lease is classified as an operating lease. When a contract contains lease and non-lease components, the Club allocates the consideration in the contract to each component in a relative stand-alone selling price basis. The rental income from operating leases is recognised in accordance with note 2(n)(iv).

(f) Credit losses and impairment of assets

(i) Credit losses from financial assets

The Club recognises a loss allowance for expected credit losses (“ECLs”) on the financial assets measured at amortised cost (including accounts receivable from members, deposits and other receivables, fixed bank deposits and cash and cash equivalents).

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Club in accordance with the contract and the cash flows that the Club expects to receive), discounted at the original effective interest rate, where the effect of discounting is material.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Club is exposed to credit risk. In measuring ECLs, the Club takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

Loss allowances for accounts receivable from members are always measured at an amount equal to lifetime ECLs which result from all possible default events over the expected lives of these financial assets. ECLs on these financial assets are estimated using a provision matrix based on the Club’s historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the end of the reporting period.

For all other financial assets measured at amortised cost, the Club recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial asset since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs. The 12-month ECLs are losses that are expected to result from possible default events within the 12 months after the end of the reporting period.

ABERDEEN BOAT CLUB LIMITED

香港仔遊艇會有限公司

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(Expressed in Hong Kong dollars)

2 Significant accounting policies (continued)

(f) Credit losses and impairment of assets (continued)

(i) Credit losses from financial assets (continued)

In assessing whether the credit risk of a financial asset has increased significantly since initial recognition, the Club compares the risk of default occurring on the financial asset assessed at the end of the reporting period with that assessed at the date of initial recognition. In making this reassessment, the Club considers that a default event occurs when the borrower is unlikely to pay its credit obligations to the Club in full, without recourse by the Club to actions such as realising security (if any is held). The Club considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- failure to make payments of principal or interest on their contractually due dates;
- an actual or expected significant deterioration in the operating results of the debtor; and
- existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Club.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery.

(ii) Impairment of other assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that property, plant and equipment and right-of-use assets may be impaired or an impairment loss previously recognised no longer exists or may have decreased.

If any such indication exists, the asset's recoverable amount is estimated.

ABERDEEN BOAT CLUB LIMITED

香港仔遊艇會有限公司

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(Expressed in Hong Kong dollars)

2 Significant accounting policies (continued)

(f) Credit losses and impairment of assets (continued)

(ii) Impairment of other assets (continued)

- Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

- Recognition of impairment losses

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amount of assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

- Reversals of impairment losses

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

(g) Inventories

Inventories are carried at the lower of cost and net realisable value.

Cost is calculated using the first-in, first-out basis and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

ABERDEEN BOAT CLUB LIMITED

香港仔遊艇會有限公司

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(Expressed in Hong Kong dollars)

2 Significant accounting policies (continued)

(g) Inventories (continued)

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(h) Contract assets and contract liabilities

A contract asset is recognised when the Club recognises revenue (see note 2(n)) before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed for ECLs in accordance with the accounting policy set out in note 2(f)(i) and are reclassified to receivables when the right to the consideration has become unconditional.

A contract liability is recognised when the customer pays consideration before the Club recognises the related revenue (see note 2(n)). A contract liability is also recognised if the Club has an unconditional right to receive consideration before the Club recognises the related revenue. In such cases, a corresponding receivable is also recognised.

For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

(i) Receivables

A receivable is recognised when the Club has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the Club has an unconditional right to receive consideration, the amount is presented as a contract asset (see note 2(h)).

Receivables are stated at amortised cost using the effective interest method less allowance for ECLs (see note 2(f)(i)).

(j) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and 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 been within three months of maturity at acquisition. Cash and cash equivalents are assessed for ECLs (see note 2(f)(i)).

ABERDEEN BOAT CLUB LIMITED

香港仔遊艇會有限公司

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(Expressed in Hong Kong dollars)

2 Significant accounting policies (continued)

(k) Payables

Payables are initially recognised at fair value and are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(l) Employee benefits

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans, benefits accessed through the Staff Assistance Program and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(m) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Club has a legal or constructive obligation arising as a result of a past event, and 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.

(n) Revenue and other income

Income is classified by the Club as revenue when it arises from membership renewal, bar and restaurant sales and usage of other club facilities, including hiring of club moorings and dinghies and the registration of various courses.

Revenue is recognised when control over a product or service is transferred to the customer at the amount of promised consideration to which the Club is expected to be entitled, excluding those amounts collected on behalf of third parties.

Further details of the Club's revenue and other income recognition policies are as follows:

- (i) Subscriptions and building levies are recognised in profit or loss over time, i.e. over the subscription period.

ABERDEEN BOAT CLUB LIMITED

香港仔遊艇會有限公司

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(Expressed in Hong Kong dollars)

2 Significant accounting policies (continued)

(n) Revenue and other income (continued)

Further details of the Club's revenue and other income recognition policies are as follows:
(continued)

- (ii) Entrance fees and income from sale of nominee membership are recognised in profit or loss at a point in time when the candidate is admitted as a member of the Club.
- (iii) Food and bar revenues are recognised in profit or loss at a point in time when food and beverages and the related services are provided to customers.
- (iv) Mooring rental income, club boat income and car park label income are recognised over time, i.e. over the lease period.
- (v) Dinghy course income is recognised over time, i.e. over the period of training courses.
- (vi) Income from transfer of nominee membership is recognised at a point in time when the related services are rendered.
- (vii) Government grants are recognised at their fair value when there is reasonable assurance that the grants will be received and that the Club will comply with all attached conditions. Grants that compensate the Club for expenses incurred are recognised as income in profit and loss on a systematic basis in the same period in which the expenses are incurred.
- (viii) Interest income is recognised as it accrues using the effective interest method.

(o) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss.

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.

ABERDEEN BOAT CLUB LIMITED

香港仔遊艇會有限公司

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(Expressed in Hong Kong dollars)

2 Significant accounting policies (continued)

(p) Related parties

- (a) A person, or a close member of that person's family, is related to the Club if that person:
 - (i) has control or joint control of the Club;
 - (ii) has significant influence over the Club; or
 - (iii) is a member of the key management personnel of the Club.
- (b) An entity is related to the Club if any of the following conditions applies:
 - (i) The entity and the Club are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One 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 Club or an entity related to the Club.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a).
 - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
 - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Club.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

ABERDEEN BOAT CLUB LIMITED

香港仔遊艇會有限公司

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(Expressed in Hong Kong dollars)

3 Revenue

The principal activities of the Club are the provision of recreational, boating and social facilities for members. The amount of each significant category of revenue recognised during the year is as follow:

	2020 HKD	2019 HKD
Subscriptions	22,976,480	22,637,648
Bar sales	5,138,730	4,236,810
Restaurant sales	12,809,902	12,305,601
Mooring rental income	4,278,553	4,070,876
Club boat and dinghy course income	1,058,118	1,006,150
Car park label income	1,923,670	1,992,942
Miscellaneous income	<u>595,449</u>	<u>613,236</u>
	<u>48,780,902</u>	<u>46,863,263</u>

At 30 June 2020, the aggregated amount of the transaction price allocated to the remaining performance obligation under the Club's existing service contracts is HKD3,409,429 (2019: HKD2,621,360). This amount represents revenue expected to be recognised in the future from service contracts entered with the members. The Club will recognise the expected revenue in future when the services are rendered to members which is expected to occur within one year.

4 Other income

	2020 HKD	2019 HKD
Entrance fees	3,763,649	3,797,624
Government grants (note)	737,155	-
Interest income	548,236	329,713
Nominee membership transfer fees	959,000	553,000
Reversal of provision for impairment loss on accounts receivable	10,314	8,270
Sale of nominee memberships	330,000	-
Sundry income	<u>12,203</u>	<u>1,753</u>
	<u>6,360,557</u>	<u>4,690,360</u>

Note:

During the year ended 30 June 2020, the Government of the Hong Kong Special Administrative Region established the Anti-epidemic Fund (the "Fund") to provide financial support to individuals and businesses. The Club, being a holder of a certificate of compliance issued under the Clubs (Safety of Premises) Ordinance, was granted a one-off subsidy under the Clubhouse Subsidy Scheme. In addition, the Club successfully applied for wage subsidies under the Employment Support Scheme. Under the terms of the grant, the Club is required to undertake not to make redundancies during the subsidy period of June to August 2020 and to spend all the funding on paying wages to its employees.

ABERDEEN BOAT CLUB LIMITED

香港仔遊艇會有限公司

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(Expressed in Hong Kong dollars)

5 Operating expenses

	2020 HKD	2019 HKD
Auditor's remuneration	64,000	64,000
Bank charges	83,694	86,212
Cleaning and consumable stores	220,267	175,685
Depreciation of property, plant and equipment	6,671,854	4,873,679
Depreciation of right-of-use assets	153,389	-
Electricity, gas and water	1,978,570	2,055,969
Entertainment	137,606	131,290
HKSF subscriptions	89,688	86,925
Insurance	2,050,545	927,023
Legal and professional fees	39,990	487,118
Local travelling and transportation	59,223	52,902
Magazines and newspapers	68,511	66,275
Postage, printing and stationery	687,880	862,349
Provident fund contributions	1,955,912	1,844,325
Rent, rates and licences	345,245	517,601
Repairs and maintenance	1,989,192	1,453,220
Salaries, wages and staff welfare	24,566,466	22,746,436
Sundry expenses	1,925,258	1,554,318
Swimming pool expenses	16,789	6,830
Uniforms and laundry	<u>361,281</u>	<u>378,833</u>
	<u>43,465,360</u>	<u>38,370,990</u>

6 Development income

	2020 HKD	2019 HKD
Building levies	<u>4,209,120</u>	<u>4,253,184</u>

7 Finance costs

	2020 HKD	2019 HKD
Interest on lease liabilities	<u>14,060</u>	<u>-</u>

8 General Committee members' remuneration

No General Committee members received, or will receive, any fees or emoluments (2019: HKDnil) in respect of services to the Club during the year.

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香港仔遊艇會有限公司

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(Expressed in Hong Kong dollars)

9 Property, plant and equipment

	Assets under construction HKD	Leasehold land and buildings HKD	Furniture and fixtures, kitchen equipment and computers HKD	Boat storage equipment HKD	Motor vehicles, motor boats and sailing dinghies HKD	Total HKD
Cost:						
At 1 July 2018	12,021,685	-	16,372,325	5,617,001	11,791,954	45,802,965
Transfers	(5,987,564)	-	5,987,564	-	-	-
Additions	8,394,401	-	3,030,660	1,503,750	231,002	13,159,813
Disposals	-	-	(1,603,443)	(352,908)	(851,386)	(2,807,737)
At 1 July 2019	14,428,522	-	23,787,106	6,767,843	11,171,570	56,155,041
Transfers	(12,984,648)	-	11,520,528	-	1,464,120	-
Additions	6,614,366	-	1,233,098	989,340	385,452	9,222,256
Disposals	-	-	-	-	(212,420)	(212,420)
At 30 June 2020	<u>8,058,240</u>	-	<u>36,540,732</u>	<u>7,757,183</u>	<u>12,808,722</u>	<u>65,164,877</u>
Accumulated depreciation:						
At 1 July 2018	-	-	12,374,625	907,145	6,805,557	20,087,327
Charge for the year	-	-	2,492,801	1,261,886	1,118,992	4,873,679
Eliminated on disposals	-	-	(1,125,002)	(352,908)	(851,386)	(2,329,296)
At 1 July 2019	-	-	13,742,424	1,816,123	7,073,163	22,631,710
Charge for the year	-	-	4,103,908	1,478,293	1,089,653	6,671,854
Eliminated on disposals	-	-	-	-	(31,864)	(31,864)
At 30 June 2020	-	-	<u>17,846,332</u>	<u>3,294,416</u>	<u>8,130,952</u>	<u>29,271,700</u>
Carrying value:						
At 30 June 2020	<u>8,058,240</u>	-	<u>18,694,400</u>	<u>4,462,767</u>	<u>4,677,770</u>	<u>35,893,177</u>
At 30 June 2019	<u>14,428,522</u>	-	<u>10,044,682</u>	<u>4,951,720</u>	<u>4,098,407</u>	<u>33,523,331</u>

The Club has previously taken advantage of the exemption under Statement of Standard Accounting Practice No. 17 “Property, Plant and Equipment” such that the cost of leasehold land and buildings was written off to the accumulated fund in the year it was incurred. Upon the adoption of the transitional provisions of HKAS 16 “Property, Plant and Equipment”, leasehold land and buildings are accounted for as property, plant and equipment at the deemed cost and depreciation on the deemed cost commenced from 1 July 2005. The deemed cost, being the carrying amount of the leasehold land and buildings as at 1 July 2005, is HKDnil.

ABERDEEN BOAT CLUB LIMITED

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(Expressed in Hong Kong dollars)

10 Right-of-use assets

HKD

Cost:

At 30 June 2019	-
Impact on initial application of HKFRS 16 (see note 2(c))	<u>383,473</u>

At 1 July 2019 and 30 June 2020	<u>383,473</u>
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Accumulated depreciation:

At 30 June 2019 and 1 July 2019	-
Charge for the year	<u>153,389</u>

At 30 June 2020	<u>153,389</u>
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Carrying value:

At 30 June 2020	<u>230,084</u>
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At 1 July 2019	<u>383,473</u>
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The Club has obtained the right to use a land lot leased from the Government of the Hong Kong Special Administrative Region for the operation of a clubhouse through a lease agreement. The lease runs for a period of 15 years and contains variable lease payment terms that are based on rateable value of the land lot from time to time.

At 30 June 2020, it is estimated that an increase in rateable value of the land lot by 5% would have increased the lease payments by 5%.

11 Inventories

	2020 HKD	2019 HKD
Club shop stock	65,233	120,697
Bar stock	513,594	279,727
Restaurant stock	<u>538,590</u>	<u>414,347</u>
	<u>1,117,417</u>	<u>814,771</u>

ABERDEEN BOAT CLUB LIMITED**香港仔遊艇會有限公司****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

(Expressed in Hong Kong dollars)

12 Accounts receivable from members

	2020 HKD	2019 HKD
Accounts receivable	5,382,746	5,257,896
Less: Loss allowance (note 18(a))	(67,746)	(90,860)
	<u>5,315,000</u>	<u>5,167,036</u>

All accounts receivable is expected to be recovered within one year.

13 Cash and bank balances

	2020 HKD	2019 HKD
Bank deposits with original maturity within 3 months	3,557,326	3,507,036
Cash at bank and in hand	<u>12,734,638</u>	<u>9,952,938</u>
Cash and cash equivalents	16,291,964	13,459,974
Bank deposits with original maturity over 3 months	<u>30,074,677</u>	<u>29,576,740</u>
	<u>46,366,641</u>	<u>43,036,714</u>

14 Contract liabilities

These represent billings for subscriptions and course fees in advance of performance under the service contracts with members. Movements in contract liabilities during the year are as follows:

	2020 HKD	2019 HKD
Balance at 1 July	2,621,360	2,029,742
Decrease in contract liabilities as a result of recognising revenue during the year that was included in contract liabilities at the beginning of the year	(2,621,360)	(2,029,742)
Increase in contract liabilities as a result of billing in advance of performance	<u>3,409,429</u>	<u>2,621,360</u>
Balance at 30 June	<u>3,409,429</u>	<u>2,621,360</u>

ABERDEEN BOAT CLUB LIMITED

香港仔遊艇會有限公司

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(Expressed in Hong Kong dollars)

15 Lease liabilities

The following table shows the remaining contractual maturities of the Club's lease liabilities at 30 June 2020 and at the date of transition to HKFRS 16 (i.e. 1 July 2019):

	30 June 2020		1 July 2019	
	Present value of the lease payments HKD	Total lease payments HKD	Present value of the lease payments HKD	Total lease payments HKD
Within 1 year	<u>113,469</u>	<u>120,150</u>	<u>150,340</u>	<u>164,400</u>
After 1 year but within 2 years	79,614	80,100	153,519	160,200
After 2 years but within 5 years	<u>-</u>	<u>-</u>	<u>79,614</u>	<u>80,100</u>
	<u>79,614</u>	<u>80,100</u>	<u>233,133</u>	<u>240,300</u>
	<u>193,083</u>	200,250	<u>383,473</u>	404,700
Less: Total future interest expenses		(7,167)		(21,227)
Present value of lease liabilities		<u>193,083</u>		<u>383,473</u>

The Club has initially applied HKFRS 16 using the modified retrospective approach and adjusted the opening balances at 1 July 2019 to recognise lease liabilities relating to a lease which was previously classified as an operating lease under HKAS 17 (see note 2(c)).

16 Capital management

Capital represents the accumulated fund as stated in the statement of financial position. The Club's objective when managing capital is to safeguard its ability to continue as a going concern. The Club manages capital by regularly monitoring its current and expected liquidity requirements.

The Club is not subject to either internally or externally imposed capital requirements.

ABERDEEN BOAT CLUB LIMITED

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(Expressed in Hong Kong dollars)

17 Cash flow information

Reconciliation of liabilities arising from financing activities:

	Lease liabilities HKD
At 30 June 2019	-
Impact on initial application of HKFRS 16 (see note 2(c))	<u>383,473</u>
At 1 July 2019	<u>383,473</u>
Cash flows:	
- Capital element of lease rentals paid	(190,390)
- Interest element of lease rentals paid	<u>(14,060)</u>
	<u>(204,450)</u>
Other changes:	
- Interest on lease liabilities	<u>14,060</u>
At 30 June 2020	<u>193,083</u>

18 Financial risk management and fair values

Exposure to credit, liquidity, interest rate and foreign currency risks arises in the normal course of the Club's operations. These risks are limited by the Club's financial risk management policies and practices described below.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Club. The Club's credit risk is primarily attributable to accounts receivable from members. The Club's exposures to credit risks arising from fixed bank deposits and cash and cash equivalents are limited because the counterparties are financial institutions that have sound credit ratings.

At 30 June 2020, the Club had a certain concentration of credit risk as 73% (2019: 77%) of cash and bank balances was held by a financial institution.

In respect of accounts receivable from members, individual credit evaluations are performed on all members requiring credit over a certain amount. Accounts receivable are due within 30 days from the date of billing. Debtors with balances that are more than 2 months past due are requested to settle all outstanding balances before any further credit is granted. Normally, the Club does not obtain collateral from members.

ABERDEEN BOAT CLUB LIMITED

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(Expressed in Hong Kong dollars)

18 Financial risk management and fair values (continued)

(a) Credit risk (continued)

The Club measures loss allowance for accounts receivable from members at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Club's historical credit loss experience does not indicate significantly different loss patterns for different member segments, the loss allowance based on past due status is not further distinguished between the Club's different member bases.

The table below provides information about the Club's exposure to credit risk as at 30 June 2020:

	2020 HKD	2019 HKD
Not yet due	4,902,120	4,821,977
Less than 1 month past due	345,248	285,777
1 to 3 months past due	<u>67,632</u>	<u>59,282</u>
	<u>5,315,000</u>	<u>5,167,036</u>

Movements in the loss allowance in respect of accounts receivable during the year are as follows:

	2020 HKD	2019 HKD
At 1 July	90,860	99,130
Reversal of provision for impairment loss	(10,314)	(8,270)
Uncollectible amounts written off	<u>(12,800)</u>	<u>-</u>
At 30 June	<u>67,746</u>	<u>90,860</u>

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

(b) Liquidity risk

The Club's policy is to regularly monitor its current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet such requirements in the short and longer term.

(c) Interest rate risk

At 31 December 2019, the club's interest rate risk arises primarily from bank deposit and lease liabilities, which are at fixed rates and expose the Club to fair value interest rate risk. The Club does not use financial derivatives to hedge against interest rate risk.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(Expressed in Hong Kong dollars)

18 Financial risk management and fair values (continued)

(d) Foreign currency risk

The Club is not exposed to significant foreign currency risk as most of its revenue and expenses are denominated in the functional currency of the Club.

(e) Fair values

All financial instruments are carried at amounts not materially different from their fair values as at 30 June 2020 and 2019.

19 Commitments

(a) Capital commitments outstanding at 30 June 2020 not provided for in the financial statements were as follows:

	2020 HKD	2019 HKD
Property, plant and equipment		
Contracted but not provided for	<u>6,499,391</u>	<u>10,632,864</u>

(b) At 30 June 2019, the total future minimum lease payments under non-cancellable operating leases were payable as follows:

	HKD
Within 1 year	171,930
After 1 year but within 5 years	<u>245,700</u>
	<u>417,630</u>

The Club is the lessee in respect of a land lot for the operation of a clubhouse and dry berths held under leases which were previously classified as operating leases under HKAS 17. The Club has initially applied HKFRS 16 using the modified retrospective approach. Under this approach, the Club adjusted the opening balances at 1 July 2019 to recognise lease liabilities relating to these leases (see note 2(c)). From 1 July 2019 onwards, future lease payments are recognised as lease liabilities in the statement of financial position in accordance with the accounting policies set out in note 2(e), and the details regarding the Club's future lease payments are disclosed in note 15.

ABERDEEN BOAT CLUB LIMITED

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(Expressed in Hong Kong dollars)

20 Information for members

The Club is not authorised to issue share capital and is limited by guarantee. The liability of members is limited, in the event of the Club being wound up, to HKD 100 per member.

21 Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 30 June 2020

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments and a new standard which are not yet effective for the year ended 30 June 2020 and which have not been adopted in these financial statements.

The Club is assessing what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Club's financial statements.

