



Hong Kong Trustees' Association
Limited
(Limited by Guarantee)

30 June 2018

Executive Committee's Report

The members of the Executive Committee submit herewith their annual report together with the audited financial statements of the association for the year ended 30 June 2018.

Principal place of business

Hong Kong Trustees' Association Limited ("the association") is an association incorporated and domiciled in Hong Kong and has its registered office and principal place of business at 6/F, Alexandra House, Chater Road, Central, Hong Kong.

Principal activity

The principal activity of the association is to further the general interests of trust companies in Hong Kong.

Financial statements

The deficit of the association for the year ended 30 June 2018 and the state of the association's affairs at that date are set out in the financial statements on pages 7 to 20.

Transfer to accumulated surplus

The deficit of HK\$72,037 (2017: Surplus of HK\$158,274) has been transferred to accumulated surplus.

Fixed assets

Details of movements in fixed assets during the year are set out in note 6 to the financial statements.

Executive Committee's Report (continued)

Executive Committee

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

Jacqueline Shek	(Chairman)
Ka Shi Lau	(Vice Chairman)
Andrew Law	
Carolyn Butler	
Elaine Lau	
Fan Choi	
Fanny Wong	
Gabriel Cheung	(appointed on 12 December 2017)
Loretta Ma	
Michael Shue	
Pamela Yuen	
Rebecca Chow	
Stefano Mariani	

In accordance with article 47 of the association's articles of association, all members of the Executive Committee retire and, being eligible, offer themselves for re-election.

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

Indemnity of the members of the Executive Committee

A permitted indemnity provision (as defined in section 469 of the Hong Kong Companies Ordinance) for the benefit of the directors of the association is currently in force and was in force throughout this year.

Executive Committee members' interests in transactions, arrangements or contracts


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.

Executive Committee's Report (continued)

Auditors

KPMG retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of KPMG as its honorary auditor is to be proposed at the forthcoming annual general meeting.

By order of the Executive Committee



Jacqueline Shek
Hong Kong,

24 OCT 2018



Independent auditor's report to the members of Hong Kong Trustees' Association Limited

(Incorporated in Hong Kong and limited by guarantee)

Opinion

We have audited the financial statements of Hong Kong Trustees' Association Limited ("the association") set out on pages 7 to 20, which comprise the statement of financial position as at 30 June 2018, the statement of profit or loss and other comprehensive income, the statement of changes in funds and the cash flow statement 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 30 June 2018 and of its financial performance and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HSAs") 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 members of the association are responsible for the other information. The other information comprises all the information included in the annual report, other than 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 Hong Kong Trustees' Association Limited (continued)

(Incorporated in Hong Kong and limited by guarantee)

Responsibilities of the Executive Committee members for the financial statements

The Executive Committee members of the association are responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance and for such internal control as the Executive 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 Executive Committee members 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 members either intend to liquidate the association or to cease operations, or have no realistic alternative but to do so.

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 scepticism throughout the audit. We also:

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



**Independent auditor's report to the members of
Hong Kong Trustees' Association Limited (continued)**
(Incorporated in Hong Kong and limited by guarantee)

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

- 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 members.
- Conclude on the appropriateness of the Executive 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 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 the Executive Committee members 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.

Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

24 OCT 2018

Statement of profit or loss and other comprehensive income for the year ended 30 June 2018

(Expressed in Hong Kong dollars)

	Note	2018	2017
Revenue			
Annual subscription fees	12	\$ 410,150	\$ 382,050
Seminar and conference income		133,713	127,725
Interest income		9,679	4,307
Other income		2,500	-
		<u>\$ 556,042</u>	<u>\$ 514,082</u>
Expenditure			
Consultancy fee		\$ 208,600	\$ 201,687
Seminar and conference expenses		96,322	27,666
Professional fee		23,000	24,800
Legal advisory fee		64,732	25,273
Depreciation	6	2,712	2,485
Sundry expenses		83,953	60,241
Accreditation program expenses		175,450	-
		<u>\$ 654,769</u>	<u>\$ 342,152</u>
(Deficit)/Surplus before taxation	3	\$ (98,727)	\$ 171,930
Tax credit/(expense)	5	<u>26,690</u>	<u>(13,656)</u>
(Deficit)/Surplus after taxation transferred to accumulated surplus and total comprehensive income for the year		<u>\$ (72,037)</u>	<u>\$ 158,274</u>



The association had no components of comprehensive income other than "(deficit)/surplus for the year" in the current and prior year presented. Accordingly, the association's "total comprehensive income for the year" was the same as the "(deficit)/surplus for the year" in the current and prior year.

The notes on pages 11 to 20 form part of these financial statements.

Statement of financial position at 30 June 2018
(Expressed in Hong Kong dollars)

	Note	2018	2017
Non-current asset			
Fixed assets	6	\$ 15,255	\$ 4,348
Current assets			
Accounts receivables	7	\$ 5,200	\$ 10,600
Other receivables	7	75,000	-
Interest receivables		-	1,262
Tax recoverable	8	530	-
Bank deposits		-	1,000,000
Cash and cash equivalents		1,658,946	701,424
		<u>\$ 1,739,676</u>	<u>\$ 1,713,286</u>
Current liabilities			
Accrued expenses		\$ 71,734	\$ 19,138
Tax payables	8	-	6,682
Other payables	9	65,020	1,000
Unearned seminar and conference income		1,250	1,700
Unearned annual subscription fees		199,000	199,150
		<u>\$ 337,004</u>	<u>\$ 227,670</u>
Net current assets		<u>\$ 1,402,672</u>	<u>\$ 1,485,616</u>
Net assets		<u>\$ 1,417,927</u>	<u>\$ 1,489,964</u>
Represented by:			
Accumulated surplus		<u>\$ 1,417,927</u>	<u>\$ 1,489,964</u>

Approved and authorised for issue by the Executive Committee on **24 OCT 2018**

 Jacqueline Shek)
 Michael Shue)

Executive Committee Members

The notes on pages 11 to 20 form part of these financial statements.

**Statement of changes in funds
for the year ended 30 June 2018**
(Expressed in Hong Kong dollars)

	<i>Accumulated surplus</i>	<i>Total</i>
At 1 July 2017	<u>\$ 1,489,964</u>	<u>\$ 1,489,964</u>
Deficit after taxation and total comprehensive income for the year	<u>\$ (72,037)</u>	<u>\$ (72,037)</u>
At 30 June 2018	<u>\$ 1,417,927</u>	<u>\$ 1,417,927</u>
At 1 July 2016	<u>\$ 1,331,690</u>	<u>\$ 1,331,690</u>
Surplus after taxation and total comprehensive income for the year	<u>\$ 158,274</u>	<u>\$ 158,274</u>
At 30 June 2017	<u>\$ 1,489,964</u>	<u>\$ 1,489,964</u>

The notes on pages 11 to 20 form part of these financial statements.

Cash flow statement for the year ended 30 June 2018

(Expressed in Hong Kong dollars)

	Note	2018	2017
Operating activities			
(Deficit)/Surplus before taxation		\$ (98,727)	\$ 171,930
Adjustments for:			
Depreciation		2,712	2,485
Interest income		(9,679)	(4,307)
		<u> </u>	<u> </u>
Operating (deficit)/surplus before changes in working capital		\$ (105,694)	\$ 170,108
Decrease/(Increase) in accounts receivables		5,400	(8,650)
Increase in other receivables		(75,000)	-
Decrease/(Increase) in bank deposits		1,000,000	(400,000)
(Decrease)/Increase in unearned seminar and conference income		(450)	1,700
(Decrease)/Increase in unearned annual subscription fees		(150)	35,800
Increase/(Decrease) in accrued expenses		52,596	(73,147)
Increase/(Decrease) in other payables		64,020	(10,000)
		<u> </u>	<u> </u>
Cash generated from/(used in) operating activities		\$ 940,722	\$ (284,189)
Hong Kong Profits Tax refund received/(paid)		19,478	(33,699)
		<u> </u>	<u> </u>
Net cash generated from/(used in) operating activities		\$ 960,200	\$ (317,888)
		<u> </u>	<u> </u>
Investing activities			
Interest received		\$ 10,941	\$ 4,207
Payment for purchase of Property, plant and equipment		(13,619)	-
		<u> </u>	<u> </u>
Net cash (used in)/generated from investing activities		\$ (2,678)	\$ 4,207
		<u> </u>	<u> </u>
Net increase/(decrease) in cash and cash equivalents		\$ 957,522	\$ (313,681)
Cash and cash equivalents at 1 July		701,424	1,015,105
		<u> </u>	<u> </u>
Cash and cash equivalents at 30 June		\$ 1,658,946	\$ 701,424
		<u> </u>	<u> </u>

The notes on pages 11 to 20 form part of these financial statements.

Notes to the financial statements

(Expressed in Hong Kong dollars)

1 Association's status

The association is a company limited by guarantee. In the event that the association is wound up, each member's guaranteed contribution to the assets of the association is limited to \$100.

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. Significant accounting policies adopted by the association are disclosed 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 association. Note 2(c) provides information on any changes in accounting policies resulting from the initial application of these developments to the extent that they are relevant to the association for the current and prior accounting periods reflected in these financial statements.

(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.

2 Significant accounting policies (continued)

(c) *Changes in accounting policies*

The HKICPA has issued a number of amendments to HKFRSs that are first effective for the current accounting period of the association. None of these developments have had a material effect on how the association's results and financial position for the current or prior periods have been prepared or presented.

The association has not applied any new standard or interpretation that is not yet effective for the current accounting period.

(d) *Fixed assets*

Fixed assets are stated in the statement of financial position at cost less accumulated depreciation and impairment losses.

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

– Office and computer equipment	5 years
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Both the useful life of an asset and its residual value, if any, are reviewed annually.

The carrying amounts of fixed assets are reviewed for indications of impairment at the end of each reporting period. 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. The recoverable amount of an asset, or of the cash-generating unit to which it belongs, 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 the time value of money and the risks specific to the assets. An impairment loss is reversed if there has been a favourable change in estimates used to determine the recoverable amount.

Gains or losses arising from the retirement or disposal of an item of fixed assets 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) *Receivables*

Receivables are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method, less allowance for impairment of doubtful debts, except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts.

2 Significant accounting policies (continued)

(e) *Receivables (continued)*

Impairment losses for bad and doubtful debts are recognised when there is objective evidence of impairment and are measured as the difference between the carrying amount of the financial asset and the estimated future cash flows, discounted at the asset's original effective interest rate where the effect of discounting is material. Objective evidence of impairment includes observable data that comes to the attention of the association about events that have an impact on the asset's estimated future cash flows such as significant financial difficulty of the debtor.

(f) *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.

(g) *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.

(h) *Bank deposits*

Bank deposits comprise cash at banks placed with a reputable banking institution with an original maturity over three months.

(i) *Revenue recognition*

Revenue is measured at the fair value of the consideration received or receivable. 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 profit or loss as follows:

(i) Annual subscription fees

Annual subscription fees cover a twelve month period from 1 July to 30 June and are recognised as income in the accounting periods to which the fees relate. The unrecognised portion of annual subscription fees is recorded as unearned annual subscription fees in the statement of financial position.

(ii) Interest income

Interest income is recognised as it accrues using the effective interest method.

2 Significant accounting policies (continued)

(i) Revenue recognition (continued)

(iii) Seminar and conference income

Seminar and conference income is recognised when the related seminar and conference has been held. The unrecognised portion of seminar and conference income is recorded as unearned seminar and conference income in the statement of financial position.

(j) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

(k) Related parties

(i) A person, or a close member of that person's family, is related to the association if that person:

- (1) has control or joint control over the association;
- (2) has significant influence over the association; or
- (3) is a member of the key management personnel of the association or the association's parent.

(ii) An entity is related to the association if any of the following conditions applies:

- (1) 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).
- (2) 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).
- (3) Both entities are joint ventures of the same third party.
- (4) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (5) The entity is a post-employment benefit plan for the benefit of employees of either the association or an entity related to the association.
- (6) The entity is controlled or jointly controlled by a person identified in (i).

2 Significant accounting policies (continued)

(k) Related parties (continued)

- (7) A person identified in (i)(1) 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).
- (8) The entity, or any member of a group of which it is a part, provides key management personnel services to the association or to the association's parent.

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.

3 Deficit before taxation

No auditor's remuneration was paid for the year (2017: \$Nil).

4 Executive Committee members' remuneration

None of the members of the Executive Committee received or was due any remuneration for services rendered to the association during the year (2017: \$Nil).

5 Income tax in the statement of profit or loss and other comprehensive income

(a) Taxation (credited)/charged to profit or loss

	2018	2017
Current Tax - Hong Kong Profits Tax		
Provision for the year	\$ -	\$ 28,045
Over-provision in respect of prior years	(26,690)	(14,389)
	<u>\$ (26,690)</u>	<u>\$ 13,656</u>

The assessable (loss)/profit for the year ended 30 June 2018 is calculated at 8.25% (2017: 16.5%).

No provision for Hong Kong profits tax for the year ended 30 June 2018 has been made as the association sustained a loss for taxation purpose in the current year.

5 Income tax in the statement of profit or loss and other comprehensive income (continued)

(b) Reconciliation between tax (credit)/expense charged to profit or loss and accounting (deficit)/surplus at applicable tax rates:

	2018	2017
Deficit/Surplus before taxation	\$ (98,727)	\$ 171,930
Notional tax on (deficit)/surplus before taxation, calculated at the rate of 8.25% (2017: 16.5%)	\$ (8,145)	\$ 28,368
Tax effect of non-taxable income	(798)	(711)
Tax effect of unused tax loss not recognised	9,852	-
Temporary difference not recognised	(909)	388
Over-provision in respect of prior years	(26,690)	(14,389)
Tax credit/(expense) charged to profit or loss	\$ (26,690)	\$ 13,656

6 Fixed assets

	<i>Office equipment</i>	<i>Computer equipment</i>	<i>Total fixed assets</i>
Cost:			
At 1 July 2017	\$ 67,350	\$ 35,469	\$ 102,819
Additions	-	13,619	13,619
At 30 June 2018	\$ 67,350	\$ 49,088	\$ 116,438
Accumulated depreciation:			
At 1 July 2017	\$ 67,350	\$ 31,121	\$ 98,471
Charge for the year	-	2,712	2,712
At 30 June 2018	\$ 67,350	\$ 33,833	\$ 101,183
Net book value:			
At 30 June 2018	\$ -	\$ 15,255	\$ 15,255

6 Fixed assets (continued)

	<i>Office equipment</i>	<i>Computer equipment</i>	<i>Total fixed assets</i>
Cost:			
At 1 July 2016	\$ 67,350	\$ 35,469	\$ 102,819
Additions	-	-	-
At 30 June 2017	<u>\$ 67,350</u>	<u>\$ 35,469</u>	<u>\$ 102,819</u>
Accumulated depreciation:			
At 1 July 2016	\$ 67,350	\$ 28,636	\$ 95,986
Charge for the year	-	2,485	2,485
At 30 June 2017	<u>\$ 67,350</u>	<u>\$ 31,121</u>	<u>\$ 98,471</u>
Net book value:			
At 30 June 2017	<u>\$ -</u>	<u>\$ 4,348</u>	<u>\$ 4,348</u>

7 Receivables

All of the account receivables and other receivables are unsecured, interest free and expected to be recovered within one year.

8 Income tax in the statement of financial position

Tax (recoverable)/payables in the statement of financial position represents:

	2018	2017
Provision for Hong Kong Profits Tax for the year	\$ -	\$ 28,045
Provisional Profits Tax	-	-
Balance of Profits Tax provision relating to prior years	<u>(530)</u>	<u>(21,363)</u>
	<u>\$ (530)</u>	<u>\$ 6,682</u>

9 Other payables

The association had entered into agreements on behalf of trustees who are members of the association. As at 30 June 2018, the association has received \$169,020 (2017: \$Nil) from the relevant members and recognised payables of \$65,020 (2017: \$1,000).

10 Capital and reserves

Capital Management

The association's primary objective when managing capital is to safeguard the association's ability to continue as a going concern, so that it can continue to provide benefits for members and other stakeholders.

The association is not subject to any externally imposed capital requirements and its activities are mainly funded by annual subscription fees and training and seminar and conference income.

The accumulated surplus of the association is managed according to the financial management guidelines and procedures of the association in meeting the objective of the association with the view of safeguarding the entity's ability to continue as a going concern.

11 Financial instruments

Exposure to credit, liquidity, interest rate and market price risks arises in the normal course of the association's business. The association's exposure to these risks and the financial risk management policies and practices used by the association to manage these risks are described below.

(a) Credit risk

The association's exposure to credit risk is primarily attributable to accounts receivables and other receivables. The Executive Committee has a policy of approving all membership applications and monitors unsettled membership fees and other accounts receivable on a periodic basis.

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

Substantially all of the cash held by the association is held by Standard Chartered Bank (Hong Kong) Limited and China Construction Bank. Bankruptcy or insolvency by the banks may cause the association's rights with respect to the cash held by the banks to be delayed or limited.

11 Financial instruments (continued)

(b) Liquidity risk

The association's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash and readily realisable marketable securities to meet its liquidity requirements in the short and longer term. The association's financial liabilities are interest free and payable within one year or on demand.

(c) Interest rate risk

The association does not have any interest-bearing borrowings at 30 June 2018 and 2017 that would expose the association to interest rate risk.

(d) Market price risk

The association does not had any significant financial assets as at 30 June 2018 and 2017. The market price risks associated with the association are considered to be insignificant.

12 Related party transactions

During the year, the total annual subscription fees paid by the Executive Committee members were \$46,600 (2017: \$38,700).

13 Possible impact of amendments, new standards and interpretations issued but not yet effective for the annual accounting year ended 30 June 2018

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments and new standards which are not yet effective for the year ended 30 June 2018 and which have not been adopted in these financial statements. These include the following which may be relevant to the association:

*Effective for
accounting periods
beginning on or after*

HKFRS 9, *Financial instruments*

1 January 2018

The association is in the process of making an assessment of what the impact of these amendments is expected to be in the period of initial application. Further details of the expected impacts are discussed below. The association may change its accounting policy elections, including the transition options, until the standards are initially applied in the financial statements.

13 Possible impact of amendments, new standards and interpretations issued but not yet effective for the annual accounting year ended 30 June 2018 (continued)

HKFRS 9, Financial instruments

HKFRS 9 will replace the current standard on accounting for financial instruments, HKAS 39, Financial instruments: Recognition and measurement. HKFRS 9 introduces new requirements for classification and measurement of financial assets, including the measurement of impairment for financial assets and hedge accounting. On the other hand, HKFRS 9 incorporates without substantive changes the requirements of HKAS 39 for recognition and derecognition of financial instruments and the classification and measurement of financial liabilities. HKFRS 9 is effective for annual periods beginning on or after 1 January 2018 on a retrospective basis. The association does not expect that there will be a material impact on the financial statements as a result of the introduction of this new accounting standard.