

Executive Committee's Report and Audited Financial Statements

HONG KONG TRUSTEES' ASSOCIATION LIMITED

30 June 2021

HONG KONG TRUSTEES' ASSOCIATION LIMITED

CONTENTS

	Pages
EXECUTIVE COMMITTEE'S REPORT	1 - 2
INDEPENDENT AUDITOR'S REPORT	3 - 5
AUDITED FINANCIAL STATEMENTS	
Statement of profit or loss and other comprehensive income	6
Statement of financial position	7
Statement of changes in equity	8
Statement of cash flows	9 - 10
Notes to the financial statements	11 - 25

HONG KONG TRUSTEES' ASSOCIATION LIMITED

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 2021.

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 2021 and the state of the Association's affairs at that date are set out in the financial statements on pages 6 to 25.

Transfer to accumulated surplus

The deficit of HK\$50,835 (2020: deficit of HK\$107,519) has been transferred to accumulated surplus.

Fixed assets

Details of movements in fixed assets during the year are set out in note 8 to the financial statements.

Executive Committee

The members of the Executive Committee (the "Members") 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	
Fan Choi	
Fanny Wong	
Loretta Ma	
Michael Shue	
Pamela Yuen	
Rebecca Chow	
Stefano Mariani	
Gabriel Cheung	
Wilson Lam Kin Chuen	
Dave Ashton	(appointed on 9 December 2020)
Glenn Kennedy	(appointed on 9 December 2020)
Mckinny Tsoi	(resigned on 9 December 2020)

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.

HONG KONG TRUSTEES' ASSOCIATION LIMITED

EXECUTIVE COMMITTEE'S REPORT (continued)

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 members of the Association is currently in force and was in force throughout this year.

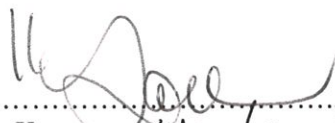
Executive Committee members' interests in transactions, arrangements or contracts

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.

Auditor

During the year, KPMG resigned as auditors of the Association and Ernst & Young were appointed by the Executive Committee members to fill the casual vacancy so arising. There have been no other changes of auditors in the past three years. A resolution for the reappointment of Ernst & Young as auditors of the Association will be proposed at the forthcoming annual general meeting.

BY ORDER OF THE EXECUTIVE COMMITTEE


.....
Hong Kong
22 October 2021 Ms. Lau Ka Shi

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

(Incorporated in Hong Kong with limited liability)

Opinion

We have audited the financial statements of Hong Kong Trustees' Association Limited (the "Association") set out on pages 6 to 25, which comprise the statement of financial position as at 30 June 2021, 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 Association as at 30 June 2021, 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 ("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 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.

Other matter

The financial statements of the Association for the year ended 30 June 2020 were audited by another auditor who expressed an unmodified opinion on those statements on 30 October 2020.

Information other than the financial statements and auditor's report thereon

The Members are responsible for the other information. The other information comprises the information included in the Executive Committee's Report.

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 (continued)
To the members of Hong Kong Trustees' Association Limited
(Incorporated in Hong Kong with limited liability)

Responsibilities of the Members for the financial statements

The Members 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 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 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 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. Our 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 HKSAAs 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 HKSAAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

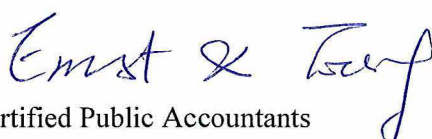
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting 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.
- 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 Members.

Independent auditor's report (continued)
To the members of Hong Kong Trustees' Association Limited
(Incorporated in Hong Kong with limited liability)

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

- Conclude on the appropriateness of the 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 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
Hong Kong
22 October 2021

HONG KONG TRUSTEES' ASSOCIATION LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 30 June 2021

	Notes	2021 HK\$	2020 HK\$
REVENUE			
Annual subscription fee	4, 15	620,535	542,500
Seminar and conference income	4	152,765	194,420
Accreditation program income	4	844,069	636,475
Interest income		4,809	20,619
		<u>1,622,178</u>	<u>1,394,014</u>
OTHER INCOME		<u>91,400</u>	<u>18,000</u>
EXPENDITURE			
Consultancy fee		87,600	206,400
Staff cost		877,500	744,304
Seminar and conference expenses		33,640	103,054
Professional fee		34,260	24,700
Legal advisory fee		36,139	37,538
Expenses relating to short-term leases		125,677	135,300
Depreciation	8,11	129,250	3,153
Interest expense	11	687	-
Sundry expenses		36,851	42,516
IT expenses		382,494	20,561
Accreditation program expenses		40,315	202,007
		<u>1,784,413</u>	<u>1,519,533</u>
DEFICIT BEFORE TAXATION	5	(70,835)	(107,519)
Tax credit	7	<u>20,000</u>	<u>-</u>
DEFICIT AFTER TAXATION TRANSFERRED TO ACCUMULATED SURPLUS AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>(50,835)</u>	<u>(107,519)</u>

HONG KONG TRUSTEES' ASSOCIATION LIMITED

STATEMENT OF FINANCIAL POSITION


As at 30 June 2021

	Notes	2021 HK\$	2020 HK\$
NON-CURRENT ASSETS			
Fixed assets	8	10,800	13,953
Right-of-use assets	11	119,460	-
Rental deposits		20,702	-
Total non-current assets		<u>150,962</u>	<u>13,953</u>
CURRENT ASSETS			
Accounts receivables	9	524	8,265
Other receivables	9	547,654	299,618
Interest receivables		-	6,341
Prepayment and rental deposits		21,191	40,432
Tax recoverable		42,296	-
Time deposit with original maturity over three months when acquired	10	-	1,023,675
Cash and cash equivalents	10	<u>1,721,775</u>	<u>967,888</u>
Total current assets		<u>2,333,440</u>	<u>2,346,219</u>
CURRENT LIABILITIES			
Accrued expenses		41,809	16,209
Tax payables		-	32,443
Lease liabilities	11	125,439	-
Unearned seminar and conference income		700	27,900
Unearned annual subscription fees		426,965	327,500
Unearned accreditation program income		19,000	112,700
Unearned other income		-	36,000
Total current liabilities		<u>613,913</u>	<u>552,752</u>
NET CURRENT ASSETS		<u>1,719,527</u>	<u>1,793,467</u>
NON-CURRENT LIABILITIES			
Lease liabilities	11	110,929	-
Provision of reinstatement cost		<u>2,975</u>	<u>-</u>
Total non-current liabilities		<u>113,904</u>	<u>-</u>
Net assets		<u>1,756,585</u>	<u>1,807,420</u>
Represented by:			
Accumulated surplus		<u>1,756,585</u>	<u>1,807,420</u>



Executive Committee

Ms. Lau Ka Shi



Executive Committee

Ms. Fanny Wong

HONG KONG TRUSTEES' ASSOCIATION LIMITED

STATEMENT OF CHANGES IN EQUITY

Year ended 30 June 2021

	Accumulated surplus and total HK\$
At 1 July 2019	1,914,939
Deficit after taxation and total comprehensive income for the year	<u>(107,519)</u>
At 30 June 2020 and 1 July 2020	1,807,420
Deficit after taxation and total comprehensive income for the year	<u>(50,835)</u>
At 30 June 2021	<u><u>1,756,585</u></u>

HONG KONG TRUSTEES' ASSOCIATION LIMITED

STATEMENT OF CASH FLOWS

Year ended 30 June 2021

	Notes	2021 HK\$	2020 HK\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Deficit before taxation		(70,835)	(107,519)
Adjustments for:			
Depreciation	8,11	129,250	3,153
Interest income		(4,809)	(20,619)
Interest expense	11	687	-
Operating surplus/(deficit) before changes in working capital		54,293	(124,985)
Decrease in accounts receivables		7,741	9,135
(Increase)/decrease in other receivables		(241,695)	596,329
Decrease/(increase) in time deposit with original maturity over three months when acquired		1,023,675	(21,257)
(Increase)/decrease in prepayments and rental deposits		(1,461)	41,098
(Decrease)/increase in unearned seminar and conference income		(27,200)	2,750
Increase in unearned annual subscription fees		99,465	107,500
(Decrease)/increase in unearned accreditation program income		(93,700)	59,700
Increase/(decrease) in accrued expenses		25,600	(386,065)
(Decrease)/increase in unearned other income		(36,000)	36,000
Cash generated from operating activities		810,718	320,205
Interest element on lease liabilities	11	(687)	-
Hong Kong profits tax (paid)/refunded		(54,739)	14,022
Net cash generated from operating activities		<u>755,292</u>	<u>334,227</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		4,809	21,284
Payment for purchase of fixed assets		-	(6,438)
Net cash generated from investing activities		<u>4,809</u>	<u>14,846</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of principal portion of lease liabilities	16	(6,214)	-
Net cash used in financing activities		<u>(6,214)</u>	<u>-</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS		753,887	349,073
Cash and cash equivalents at beginning of year	10	<u>967,888</u>	<u>618,815</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	10	<u>1,721,775</u>	<u>967,888</u>

HONG KONG TRUSTEES' ASSOCIATION LIMITED

STATEMENT OF CASH FLOWS (continued)

Year ended 30 June 2021

	Notes	2021 HK\$	2020 HK\$
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash at bank	10	686,937	967,888
Short-term time deposit with original maturity within three months when acquired	10	<u>1,034,838</u>	<u>-</u>
		<u>1,721,775</u>	<u>967,888</u>

HONG KONG TRUSTEES' ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 June 2021

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 HK\$100.

2.1 STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which includes all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the HKICPA, accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance.

2.2 BASIS OF PREPARATION

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

The financial statements are presented in Hong Kong Dollars ("HK\$"), which is the same as the functional currency of the Association.

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.

30 June 2021

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Company has adopted the Conceptual Framework for Financial Reporting 2018 and the following revised HKFRSs for the first time in the current year's financial statements, which are applicable to the Company.

Amendments to HKAS1 and HKAS 8 *Definition of Material*

The nature and the impact of the Conceptual Framework for Financial Reporting 2018 and revised HKFRSs amendments are described below:

Conceptual Framework for Financial Reporting 2018

Conceptual Framework for Financial Reporting 2018 (the "Conceptual Framework") sets out a comprehensive set of concepts for financial reporting and standard setting, and provides guidance for preparers of financial statements in developing consistent accounting policies and assistance to all parties to understand and interpret the standards. The Conceptual Framework includes new chapters on measurement and reporting financial performance, new guidance on the derecognition of assets and liabilities, and updated definitions and recognition criteria for assets and liabilities. It also clarifies the roles of stewardship, prudence and measurement uncertainty in financial reporting. The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The Conceptual Framework did not have any significant impact on the financial position and performance of the Association.

Amendments to HKAS 1 and HKAS 8 "Definition of Material"

Amendments to HKAS 1 and HKAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. The Association adopted the amendments prospectively from 1 July 2020. The amendments do not have significant impact on the Association financial statements.

2.4 ISSUED BUT NOT YET EFFECTIVE HKFRSs

The Association has not early applied any of the new and revised HKFRSs that have been issued but are not yet effective for the accounting year ended 30 June 2021 in these financial statements. Among the new and revised HKFRSs, the following are expected to be relevant to the Association's financial statements upon becoming effective:

Amendments to HKAS 1 *Classification of Liabilities as Current or Non-current*¹

¹Effective for annual periods beginning on or after 1 January 2023

Amendments to HKAS 1 "Classification of Liabilities as Current or Non-current"

Amendments to HKAS 1 clarify the requirements for classifying liabilities as current or non-current. The amendments specify that if an entity's right to defer settlement of a liability is subject to the entity complying with specified conditions, the entity has a right to defer settlement of the liability at the end of the reporting period if it complies with those conditions at that date. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability.

HONG KONG TRUSTEES' ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 June 2021

2.4 ISSUED BUT NOT YET EFFECTIVE HKFRSs (continued)

The amendments also clarify the situations that are considered a settlement of a liability. The amendments are effective for annual periods beginning on or after 1 January 2023 and shall be applied retrospectively. Earlier application is permitted. The amendments are not expected to have any significant impact on the Association's financial statements.

There are no other HKFRSs or HK(IFRIC) interpretations that are not yet effective that would be expected to have material impact on the Association.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 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.

HONG KONG TRUSTEES' ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 June 2021

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounts and other receivables

A receivable is recognised when the Association has an unconditional right to receive consideration is unconditional if only the passage of time is that consideration is due. If revenue has been recognised before the Association has an unconditional right to receive consideration, the amount is presented as a contract asset.

Accounts and other receivables are stated at amortised cost using the effective interest method less allowance for credit losses as below.

Credit losses and impairment of assets

Credit losses from financial instruments and contract assets

The Association recognises a loss allowance for expected credit losses ("ECLs") on financial assets measured at amortised cost including cash and cash equivalents, accounts receivables, other receivables and interest receivables.

The Association's measurement on the loss allowance is equal to 12-month ECLs, these are losses that are expected to result from possible default events within the 12 months after the reporting date, unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

The gross carrying amount of accounts receivable or other receivable is written off to the extent that there is no realistic prospect of recovery.

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.

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.

30 June 2021

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 2020 to 30 June 2021 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) 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.
- (iii) Accreditation program income
Accreditation program income is made up of i) Trust Training Certificate (“TTC”) course & examination fee, ii) Certified Trust Practitioner (“CTP”) application fee, iii) annual CTP renewal fee and iv) Experience Practitioner Exemption (“EPE”) application fee. TTC course and examination fee is recognised when the related training has been held. The unrecognised portion of TTC course and examination fee income is recorded as unearned accreditation program income in the statement of financial position. EPE application fee is recognised when the application is approved. The unrecognised portion of EPE application fee is also recorded as unearned accreditation program income in the statement of financial position.
- (iv) Interest income
Interest income is recognised as it accrues using the effective interest method.

Under HKFRS 15, a receivable is recognised only if the Association has an unconditional right to consideration. If the Association recognises the related revenue before being unconditionally entitled to the consideration for the promised goods and services in the contract, then the entitlement to consideration is classified as a contract asset. Similarly, a contract liability, rather than a payable, is recognised when a customer pays non-refundable consideration, or is contractually required to pay non-refundable consideration and the amount is already due, before the Association recognises the related revenue. 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.

The Association presents contract liabilities as unearned seminar and conference income, unearned annual subscription fees and unearned accreditation program income in the statement of financial position.

30 June 2021

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases

Lessee

A contract is, or contains, a lease if the contract conveys a 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 obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. All leases with a term of more than 12 months are recognised as assets representing the right of use of the underlying asset and liabilities representing the obligation to make lease payments, unless the underlying asset is of low value. Both the assets and the liabilities are initially measured on a present value basis. Right-of-use assets are recognised under property, plant and equipment and are measured at cost or valuation less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are depreciated on a straight-line basis over the shorter of the useful lives of the assets and the lease terms. Lease liabilities are initially measured at the present value of lease payments to be made under the lease terms and subsequently adjusted by the effect of the interest on and the settlement of the lease liabilities, and the re-measurement arising from any reassessment of the lease liabilities or lease modifications.

The Association has elected not to recognise right-of-use assets and lease liabilities for leases of low value assets and short-term leases. The Association recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Employee benefits

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans 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.

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.

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.or
- (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.

HONG KONG TRUSTEES' ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 June 2021

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Related parties (continued)

- (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).
- (ii) An entity is related to the Association if any of the following conditions applies:
- (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. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

Estimates and judgements are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.

The Association makes estimates and assumptions concerning the future. The resulting accounting estimates may not equal the related actual results. There were no significant accounting judgments or estimates applied in this financial year that might have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities recognised in the financial statements of the Association.

4. REVENUE

An analysis of revenue from contracts with customers is as follows:

	2021 HK\$	2020 HK\$
Annual subscription fee	620,535	542,500
Seminar and conference income	152,765	194,420
Accreditation program income	844,069	636,475
	<u>1,617,369</u>	<u>1,373,395</u>

5. DEFICIT BEFORE TAXATION

Auditor's remuneration was HK\$25,000 for the year (2020: HK\$ Nil).

HONG KONG TRUSTEES' ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 June 2021

6. 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 (2020: HK\$ Nil).

7. TAX CREDIT

(a) Tax credit charged to profit or loss

	2021 HK\$	2020 HK\$
Hong Kong profits tax		
Tax credit for the year	<u>20,000</u>	<u>-</u>

The assessable profit for the year ended 30 June 2021 is calculated at 16.5% (2020: 8.25%).

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

	2021 HK\$	2020 HK\$
Deficit before taxation	<u>(70,835)</u>	<u>(107,519)</u>
Notional tax on deficit before taxation, calculated at the rate of 16.5% (2020: 8.25%)	(11,687)	(8,870)
Tax effect of non-taxable income	(15,644)	(1,701)
Tax effect of non-deductible expense	252	-
Over-provision in prior years	(20,000)	-
Tax effect of unused tax loss not recognised	26,568	10,848
Temporary difference not recognised	<u>511</u>	<u>(277)</u>
Tax credit charged to profit or loss	<u>(20,000)</u>	<u>-</u>
Current tax	-	-
Over-provision in prior years	<u>(20,000)</u>	<u>-</u>
Tax credit charged to profit or loss	<u>(20,000)</u>	<u>-</u>

HONG KONG TRUSTEES' ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 June 2021

8. FIXED ASSETS

	Office equipment HK\$	Computer equipment HK\$	Total HK\$
<u>30 June 2021</u>			
Cost:			
At 1 July 2020	67,350	55,526	122,876
Additions	-	-	-
At 30 June 2021	<u>67,350</u>	<u>55,526</u>	<u>122,876</u>
Accumulated depreciation:			
At 1 July 2020	67,350	41,573	108,923
Charge for the year	-	3,153	3,153
At 30 June 2021	<u>67,350</u>	<u>44,726</u>	<u>112,076</u>
Net book value:			
At 30 June 2021	<u>-</u>	<u>10,800</u>	<u>10,800</u>
<u>30 June 2020</u>			
Cost:			
At 1 July 2019	67,350	49,088	116,438
Additions	-	6,438	6,438
At 30 June 2020	<u>67,350</u>	<u>55,526</u>	<u>122,876</u>
Accumulated depreciation:			
At 1 July 2019	67,350	38,420	105,770
Charge for the year	-	3,153	3,153
At 30 June 2020	<u>67,350</u>	<u>41,573</u>	<u>108,923</u>
Net book value:			
At 30 June 2020	<u>-</u>	<u>13,953</u>	<u>13,953</u>

HONG KONG TRUSTEES' ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 June 2021

9. ACCOUNTS AND OTHER RECEIVABLES

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

Executive Committee members assessed that the accounts receivable's credit qualities are normal and there is no information indicating that the financial assets had a significant increase in credit risk. As such, it is assessed that the expected credit losses for these accounts are minimal as at both 30 June 2021 and 30 June 2020.

10. TIME DEPOSIT AND CASH AND CASH EQUIVALENTS

	2021 HK\$	2020 HK\$
Time deposit with original maturity over three months	<u>-</u>	<u>1,023,675</u>
Cash at bank	686,937	967,888
Time deposit with original maturity within three months	<u>1,034,838</u>	<u>-</u>
Cash and cash equivalents	<u>1,721,775</u>	<u>967,888</u>

The bank balances are maintained with China Construction Bank and Standard Chartered Bank with no recent history of default and earn interest at floating rates based on daily bank deposit rates.

11. RIGHT-OF-USE ASSET AND LEASE LIABILITIES

The Association's right-of-use asset comprises lease for its office used in its operations. The lease term is for two years with no extension or termination options.

Buildings	2021 HK\$
Opening net book amount	-
Addition	245,557
Depreciation charge	<u>(126,097)</u>
Closing net book amount	<u>119,460</u>
Costs	245,557
Accumulated depreciation	<u>(126,097)</u>
Closing net book amount	<u>119,460</u>

HONG KONG TRUSTEES' ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 June 2021

11. RIGHT-OF-USE ASSET AND LEASE LIABILITIES (continued)

Maturity profile of lease liabilities

	2021 HK\$
Within one year	141,464
After one year but within 5 years	113,861
Lease liabilities (undiscounted)	<u>255,325</u>
	2021 HK\$
Discount	<u>(18,957)</u>
As at 30 June	<u>236,368</u>
Current	<u>125,439</u>
Non-current	<u>110,929</u>

The weighted average incremental borrowing rate applied to the lease liabilities recognised at 30 June 2021 was 5.25% (2020: Nil).

Movements of carrying amounts of the lease liabilities

	HK\$
As at 1 July 2020	-
Additions	242,582
Accretion of interest	687
Payments	<u>(6,901)</u>
Lease liabilities (discounted) as at 30 June 2021	<u>236,368</u>

Amounts recognised in profit or loss

	2021 HK\$
Depreciation expense of right-of-use asset	126,097
Interest expense on lease liabilities	<u>687</u>
For the year ended 30 June 2021	<u>126,784</u>

The Association had total cash outflows in relation to lease liabilities of HK\$6,901 for the year ended 30 June 2021 (2020:HK\$ Nil).

30 June 2021

12. 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.

13. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Exposure to credit and liquidity 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.

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.

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.

HONG KONG TRUSTEES' ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 June 2021

13. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

The maturity profile of the Association's financial assets and liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

	On demand HK\$	Less than 3 months HK\$	3 to 12 months HK\$	1 to 5 Years HK\$	Total HK\$
30 June 2021					
<u>Financial assets</u>					
Account receivables	524	-	-	-	524
Other receivables	547,654	-	-	-	547,654
Rental deposits	-	-	-	20,702	20,702
Cash and cash equivalents	686,937	-	1,034,838	-	1,721,775
	<u>1,235,115</u>	<u>-</u>	<u>1,034,838</u>	<u>20,702</u>	<u>2,290,655</u>
	On demand HK\$	Less than 3 months HK\$	3 to 12 months HK\$	1 to 5 Years HK\$	Total HK\$
<u>Financial liabilities</u>					
Accrued expense	-	41,809	-	-	41,809
Lease liabilities	-	-	141,464	113,861	255,325
	<u>-</u>	<u>41,809</u>	<u>141,464</u>	<u>113,861</u>	<u>297,134</u>
	On demand HK\$	Less than 3 months HK\$	3 to 12 months HK\$	1 to 5 Years HK\$	Total HK\$
30 June 2020					
<u>Financial assets</u>					
Account receivables	8,265	-	-	-	8,265
Other receivables	299,618	-	-	-	299,618
Rental deposits	-	-	22,600	-	22,600
Time deposits with original maturity over three months when acquired	-	-	1,023,675	-	1,023,675
Cash and cash equivalents	967,888	-	-	-	967,888
	<u>1,275,771</u>	<u>-</u>	<u>1,046,275</u>	<u>-</u>	<u>2,322,046</u>
<u>Financial liabilities</u>					
Accrued expense	-	16,209	-	-	16,209
	<u>-</u>	<u>16,209</u>	<u>-</u>	<u>-</u>	<u>16,209</u>

HONG KONG TRUSTEES' ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 June 2021

14. LEASE COMMITMENTS

As 30 June 2020, the total future minimum lease payments under non-cancellable leases are payable as follows:

	2020 HK\$
Within one year	135,300
In the second to fifth year inclusive	<u>11,300</u>
	<u>145,770</u>

The Association is the lessee in respect of a property held under short-term operating leases. The leases typically run for an initial period of 1 year, at the end of which period all terms are renegotiated. None of the leases includes contingent rentals.

Upon adoption of HKFRS 16, the present value of future minimum lease payments, which are no longer disclosed as commitments as shown above, is recognised as right-of-use assets. The comparative information has not been restated.

15. RELATED PARTY TRANSACTIONS

During the year, the total annual subscription and CTP renewal fees, and the seminar and conference income paid by the Executive Committee members were HK\$33,000 (2020: HK\$31,000) and HK\$2,150 (2020: HK\$3,350) respectively.

Executive Committee members are the key management personnel of the Association. Details of the key management personnel remuneration are included in note 6 to the financial statements.

16. NOTES TO THE STATEMENT OF CASH FLOW

Major non-cash transactions

- (a) During the year, the Association entered into a lease arrangement in respect of its office with a total capital value at the inception of the leases of HK\$242,582 (2020: HK\$ Nil).

HONG KONG TRUSTEES' ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 June 2021

16. NOTES TO THE STATEMENT OF CASH FLOW (continued)

Major non-cash transactions

(b) Reconciliation of lease liabilities arising from financing activities

	HK\$
At 1 July 2020	-
Changes from financing cash flows	
Principal portion of lease payments	(6,214)
Other changes:	
New lease	242,582
Finance charges on lease liabilities	687
Interest element on lease payments	<u>(687)</u>
At 30 June 2021	<u><u>236,368</u></u>

17. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Executive Committee on 22 October 2021.