

Executive Committee's Report and Audited Financial Statements

HONG KONG TRUSTEES' ASSOCIATION LIMITED

30 June 2023

HONG KONG TRUSTEES' ASSOCIATION LIMITED

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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 2023.

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 surplus of the Association for the year ended 30 June 2023 and the state of the Association's affairs at that date are set out in the financial statements on pages 6 to 26.

Transfer to accumulated surplus

The surplus of HK\$225,584 (2022: surplus of HK\$502,130) 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:

Ka Shi Lau	(Chairman)
Michael Shue	(Vice Chairman)
Carolyn Butler	
Fan Choi	
Jacqueline Shek	(resigned on 9 December 2022)
Loretta Ma	
Pamela Yuen	(resigned on 9 December 2022)
Rebecca Chow	
Stefano Mariani	(resigned on 2 May 2023)
Gabriel Cheung	
Wilson Lam Kin Chuen	
Chan Wai Kwan Gidget	(resigned on 11 July 2023)
Choi Wai Yee Paula	
Chan Kit Chu Lucia	(resigned on 29 March 2023)
Cheng Lai Ching	(appointed on 9 December 2022 and resigned on 5 February 2023)
Leung Pik Oi	(appointed on 9 December 2022 and resigned on 9 September 2023)
John Matthew Ashwood	(appointed on 9 December 2022 and resigned on 1 September 2023)
Zau Ai Wei Audrey	(appointed on 9 December 2022)
Yeung Yuen	(appointed on 30 March 2023)
So Tsz Man Peter	(appointed on 2 May 2023)
Fung Po Ching Amy	(appointed on 28 July 2023)
Cheng Lai Ching	(appointed on 28 July 2023)
Pang Mun Wai	(appointed on 1 September 2023)

HONG KONG TRUSTEES' ASSOCIATION LIMITED

EXECUTIVE COMMITTEE'S REPORT (continued)

Executive Committee (continued)

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.

Executive Committee members' interests

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.

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.

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.

Auditor

Ernst & Young retire and a resolution for their reappointment as auditors of the Association will be proposed at the forthcoming annual general meeting.

BY ORDER OF THE EXECUTIVE COMMITTEE



Ka Shi Lau
Chairman

Hong Kong

25 OCT 2023

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 26, which comprise the statement of financial position as at 30 June 2023, 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 2023, 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.

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 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:

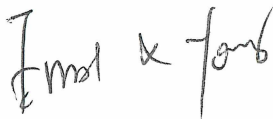
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting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

25 OCT 2023

HONG KONG TRUSTEES' ASSOCIATION LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 30 June 2023

	Notes	2023 HK\$	2022 HK\$
REVENUE			
Annual subscription fee	4, 15	723,465	723,500
Seminar and conference income	4	173,700	117,525
Accreditation program income	4	502,961	873,626
		<u>1,400,126</u>	<u>1,714,651</u>
OTHER INCOME		<u>53,472</u>	<u>40,733</u>
EXPENDITURE			
Consultancy fee		-	63,075
Staff cost		750,221	843,600
Seminar and conference expenses		18,060	164,466
Professional fee		35,300	34,850
Legal advisory fee		58,415	42,029
Depreciation	8, 11	127,642	5,126
Interest expense	11	3,589	9,156
Sundry expenses		60,755	66,719
IT expenses		98,755	8,485
Accreditation program expenses		60,000	-
		<u>1,212,737</u>	<u>1,237,506</u>
SURPLUS BEFORE TAXATION	5	240,861	517,878
Income tax expense	7	<u>(15,277)</u>	<u>(15,748)</u>
SURPLUS AFTER TAXATION TRANSFERRED TO ACCUMULATED SURPLUS AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>225,584</u>	<u>502,130</u>

HONG KONG TRUSTEES' ASSOCIATION LIMITED

STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

	Notes	2023 HK\$	2022 HK\$
NON-CURRENT ASSETS			
Fixed assets	8	3,924	8,163
Right-of-use assets	11	343,705	123,403
Rental deposits		30,000	-
Total non-current assets		<u>377,629</u>	<u>131,566</u>
CURRENT ASSETS			
Accounts receivables	9	4,000	-
Other receivables	9	190,627	436,507
Prepayment and rental deposits		12,590	28,621
Cash and cash equivalents	10	2,690,242	2,293,017
Total current assets		<u>2,897,459</u>	<u>2,758,145</u>
CURRENT LIABILITIES			
Accrued expenses		41,809	41,889
Lease liabilities	11	159,284	125,219
Unearned seminar and conference income		250	700
Unearned annual subscription fees		363,000	419,965
Unearned accreditation program income		26,000	24,500
Provision of reinstatement cost		-	2,975
Tax payable		30,400	14,430
Total current liabilities		<u>620,743</u>	<u>629,678</u>
NET CURRENT ASSETS		<u>2,276,716</u>	<u>2,128,467</u>
NON-CURRENT LIABILITIES			
Lease liabilities	11	165,851	-
Provision of reinstatement cost		3,570	-
Deferred tax liabilities	12	625	1,318
Total non-current liabilities		<u>170,046</u>	<u>1,318</u>
Net assets		<u>2,484,299</u>	<u>2,258,715</u>
Represented by:			
Accumulated surplus		<u>2,484,299</u>	<u>2,258,715</u>



Ka Shi Lau
Executive Committee



Michael Shue
Executive Committee

HONG KONG TRUSTEES' ASSOCIATION LIMITED

STATEMENT OF CHANGES IN EQUITY

Year ended 30 June 2023

	Accumulated surplus HK\$
At 1 July 2021	1,756,585
Surplus after taxation and total comprehensive income for the year	<u>502,130</u>
At 30 June 2022 and 1 July 2023	2,258,715
Surplus after taxation and total comprehensive income for the year	<u>225,584</u>
At 30 June 2023	<u><u>2,484,299</u></u>

HONG KONG TRUSTEES' ASSOCIATION LIMITED

STATEMENT OF CASH FLOWS

Year ended 30 June 2023

	Notes	2023 HK\$	2022 HK\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Surplus before taxation		240,861	517,878
Adjustments for:			
Depreciation	8, 11	127,642	5,126
Interest income		(36,627)	(3,043)
Interest expense	11	<u>3,589</u>	<u>9,156</u>
Operating surplus before changes in working capital		335,465	529,117
(Increase)/decrease in accounts receivables		(4,000)	524
Decrease in other receivables		248,157	111,147
(Increase)/decrease in prepayments and rental deposits		(13,969)	13,272
Decrease in unearned seminar and conference income		(450)	-
Decrease in unearned annual subscription fees		(56,965)	(7,000)
Increase in unearned accreditation program income		1,500	5,500
(Decrease)/increase in accrued expenses		(80)	80
Increase in provision for reinstatement cost		<u>595</u>	<u>-</u>
Cash generated from operating activities		510,253	652,640
Interest element on lease liabilities	11	(3,589)	(9,156)
Hong Kong profits tax refunded		<u>-</u>	<u>42,296</u>
Net cash flows from operating activities		<u>506,664</u>	<u>685,780</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		34,350	3,043
Payment for purchase of fixed assets		<u>-</u>	<u>(2,270)</u>
Net cash flows from investing activities		<u>34,350</u>	<u>773</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of reinstatement cost		(3,570)	-
Payment of principal portion of lease liabilities	15	<u>(140,219)</u>	<u>(115,311)</u>
Net cash flows used in financing activities		<u>(143,789)</u>	<u>(115,311)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS		397,225	571,242
Cash and cash equivalents at beginning of year	10	<u>2,293,017</u>	<u>1,721,775</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	10	<u><u>2,690,242</u></u>	<u><u>2,293,017</u></u>

continued/...

HONG KONG TRUSTEES' ASSOCIATION LIMITED

STATEMENT OF CASH FLOWS (continued)

Year ended 30 June 2023

	Notes	2023 HK\$	2022 HK\$
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash at bank	10	1,618,175	1,255,692
Short-term time deposit with original maturity within three months when acquired	10	<u>1,072,067</u>	<u>1,037,325</u>
		<u>2,690,242</u>	<u>2,293,017</u>

HONG KONG TRUSTEES' ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 June 2023

1. ASSOCIATION'S STATUS

The Association is a company limited by guarantee and is incorporated in Hong Kong. The registered office and principal place of business of the Association is located at 6/F, Alexandra House, Chater Road, Central, Hong Kong. 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.

During the year, the Association was involved in trust accreditation and training programmes for educational purpose in Hong Kong.

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.

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

There are no standards and interpretations that are effective for annual periods beginning on or after 1 July 2022 which, in the opinion of the Board will clearly impact the Association and applied by the Association for the first-time. The Association also has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

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 2023 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:

2.4 ISSUED BUT NOT YET EFFECTIVE HKFRSs (continued)

Amendments to HKAS 1 and
HKFRS Practice Statement 2

*Disclosure of Accounting Policies*¹

Amendments to HKAS 8

*Definition of Accounting Estimates*¹

Amendments to HKAS 1

Classification of Liabilities as Current or Non-current^{2,3}

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

² Effective for annual periods beginning on or after 1 January 2024

³ As a consequence of the amendments to HKAS 1, Hong Kong Interpretation 5 Presentation of Financial Statements - Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause was revised in October 2020 to align the corresponding wording with no change in conclusion.

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. 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 2024 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.

Amendments to HKAS 1 and HKFRS Practice Statement 2 "Disclosure of Accounting Policies"

Amendments to HKAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to HKFRS Practice Statement 2 provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. Amendments to HKAS 1 are effective for annual periods beginning on or after 1 January 2023 and earlier application is permitted. Since the guidance provided in the amendments to HKFRS Practice Statement 2 is non-mandatory, an effective date for these amendments is not necessary. The amendments are not expected to have any significant impact on the Association's financial statements.

Amendments to HKAS 8 "Definition of Accounting Estimates"

Amendments to HKAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. 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.

30 June 2023

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

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:

Owned assets

Office and computer equipment	5 years
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Right-of-use assets

Buildings	Over the lease terms
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Both the useful life of an asset and its residual value, if any, are reviewed annually.

30 June 2023

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fixed assets (continued)

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.

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.

Financial assets

All financial assets are initially recognised at fair value plus transaction costs that are attributable to the acquisition of the financial assets, except in the case of financial assets recorded at fair value through profit or loss. Regular way purchases and sales of financial assets are recognised on the trade date, that is, the date when the Association commits to purchase or sell the assets.

(a) Classification and measurement

Debt instruments are measured at amortised cost using the effective interest rate method, subject to impairment if the assets are held for the collection of contractual cash flows where those contractual cash flows represent solely payments of principal and interest

(b) Impairment

The Association applies the expected credit loss model on all financial assets subject to impairment.

For other financial assets, impairment allowances are recognised under the general approach where expected credit losses are recognised in two stages. For credit exposures where there has not been a significant increase in credit risk since initial recognition, the Association is required to provide for credit losses that result from possible default events within the next 12 months. For those credit exposures where there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure irrespective of the timing of the default. The Association considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

30 June 2023

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets (continued)

b) Impairment (continued)

The Association considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Association may also consider a financial asset to be in default when internal or external information indicates that the Association is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Association.

(c) Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets have expired; or where the Association has transferred its contractual rights to receive the cash flows of the financial assets and has transferred substantially all the risks and rewards of ownership; or where control is not retained.

Financial liabilities

Financial liabilities 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.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when the control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Association expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to be that which the Association will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Association and the customer at contract inception. When the contract contains a financing component which provides the Association with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

30 June 2023

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

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 2022 to 30 June 2023 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 and examination have 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. CTP application fee, EPE application fees and annual CTP renewal fee cover a twelve month period from 1 July 2022 to 30 June 2023 and are recognised as income in the accounting period to which the fees relate. The unrecognised portion of CTP application fee, EPE application fees and annual CTP renewal fees are recorded as unearned accreditation program income in the statement of financial position.

Interest income

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

Contract assets and contract liabilities

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 2023

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.
 - (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).
 - (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.

HONG KONG TRUSTEES' ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 June 2023

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in profit or loss.

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:

	2023 HK\$	2022 HK\$
Annual subscription fee	723,465	723,500
Seminar and conference income	173,700	117,525
Accreditation program income	502,961	873,626
	<u>1,400,126</u>	<u>1,714,651</u>
Timing of revenue recognition		
Over time	836,965	787,500
At a point in time	563,161	927,151
	<u>1,400,126</u>	<u>1,714,651</u>

The performance obligation is satisfied over time for annual subscription fee, accreditation program income (CTP application fee, EPE application fee and annual CTP renewal fee) as the services are rendered over the financial year continuously. The performance obligation is satisfied at a point in time for seminar and conference income, and accreditation program income (TTC course and examination fee).

HONG KONG TRUSTEES' ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 June 2023

5. SURPLUS BEFORE TAXATION

Auditor's remuneration was HK\$26,500 for the year (2022: HK\$26,500).

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 (2022: HK\$ Nil).

7. INCOME TAX

(a) Tax expense charged to profit or loss

	2023 HK\$	2022 HK\$
Hong Kong profits tax		
Tax expense for the year	<u>15,277</u>	<u>15,748</u>

The assessable profit for the year ended 30 June 2023 is calculated at 16.5% (2022: 16.5%).

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

	2023 HK\$	2022 HK\$
Surplus before taxation	<u>240,861</u>	<u>517,878</u>
Notional tax on surplus before taxation, calculated at the rate of 16.5% (2022: 16.5%)	39,742	85,449
Tax effect of non-taxable income	(8,740)	(5,782)
Tax effect of non-deductible expense	245	-
Effect of the reduced tax rate (8.25%) under the two-tiered profit tax rates regime	(15,970)	(14,430)
Temporary difference not recognised	<u>-</u>	<u>(49,489)</u>
Tax expense charged to profit or loss at 6.3% (2022: 3.0%)	<u>15,277</u>	<u>15,748</u>
Current tax provision for the year	15,970	14,430
Deferred tax (credited)/charged for the year (note 12)	<u>(693)</u>	<u>1,318</u>
Tax expense charged to profit or loss	<u>15,277</u>	<u>15,748</u>

HONG KONG TRUSTEES' ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 June 2023

8. FIXED ASSETS

	Computer equipment HK\$	Total HK\$
<u>30 June 2023</u>		
Cost:		
At 1 July 2022	57,796	57,796
At 30 June 2023	<u>57,796</u>	<u>57,796</u>
Accumulated depreciation:		
At 1 July 2022	49,633	49,633
Charge for the year	4,239	4,239
At 30 June 2023	<u>53,872</u>	<u>53,872</u>
Net book value:		
At 30 June 2023	<u>3,924</u>	<u>3,924</u>
<u>30 June 2022</u>		
Cost:		
At 1 July 2021	55,526	55,526
Additions	2,270	2,270
At 30 June 2022	<u>57,796</u>	<u>57,796</u>
Accumulated depreciation:		
At 1 July 2021	44,726	44,726
Charge for the year	4,907	4,907
At 30 June 2022	<u>49,633</u>	<u>49,633</u>
Net book value:		
At 30 June 2022	<u>8,163</u>	<u>8,163</u>

HONG KONG TRUSTEES' ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 June 2023

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 receivables and other receivables approximated to their fair values as at both 30 June 2023 and 30 June 2022, and there is no information indicating that the financial assets had a significant increase in credit risk. Their recoverability was assessed with reference to the credit status of the debtors, and the expected credit losses as at 30 June 2023 and 30 June 2022 were considered to be minimal.

10. TIME DEPOSIT AND CASH AND CASH EQUIVALENTS

	2023 HK\$	2022 HK\$
Cash at bank	1,618,175	1,255,692
Time deposit with original maturity within three months	<u>1,072,067</u>	<u>1,037,325</u>
Cash and cash equivalents	<u><u>2,690,242</u></u>	<u><u>2,293,017</u></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.

On 28 March 2023, the Association entered into lease agreement with Regus HK Management Limited. The lease agreements will come into effect on 1 July 2023 and expire on 30 June 2025.

Buildings	2023 HK\$	2022 HK\$
Opening net book amount	123,403	119,460
Remeasurement of right-of-use asset	343,705	4,162
Depreciation charge	<u>(123,403)</u>	<u>(219)</u>
Closing net book amount	<u><u>343,705</u></u>	<u><u>123,403</u></u>
Costs	593,424	249,719
Accumulated depreciation	<u>(249,719)</u>	<u>(126,316)</u>
Closing net book amount	<u><u>343,705</u></u>	<u><u>123,403</u></u>

HONG KONG TRUSTEES' ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 June 2023

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

Maturity profile of lease liabilities

	2023 HK\$	2022 HK\$
Within one year	180,000	128,808
After one year but within 5 years	165,000	-
Lease liabilities (undiscounted)	345,000	128,808
Discount	(19,865)	(3,589)
As at 30 June	325,135	125,219
Current	159,284	125,219
Non-current	165,851	-

The weighted average incremental borrowing rate applied to the lease liabilities recognised at 30 June 2023 was 6% (2022: 5.25%).

Movements of carrying amounts of the lease liabilities

	HK\$
As at 1 July 2021	236,368
Remeasurement of lease liabilities	4,162
Accretion of interest	9,156
Payments	(124,467)
Lease liabilities (discounted)	
as at 30 June 2022 and 1 July 2022	125,219
Remeasurement of lease liabilities	340,135
Accretion of interest	3,589
Payments	(143,808)
As at 30 June 2023	325,135

HONG KONG TRUSTEES' ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 June 2023

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

Amounts recognised in profit or loss

	2023 HK\$	2022 HK\$
Depreciation expense of right-of-use asset	123,403	219
Interest expense on lease liabilities	<u>3,589</u>	<u>9,156</u>
	<u>126,992</u>	<u>9,375</u>

The Association had total cash outflows in relation to lease liabilities of HK\$143,808 for the year ended 30 June 2023 (2022:HK\$124,467).

12. DEFERRED TAX LIABILITIES

	2023 HK\$	2022 HK\$
At 1 July	1,318	-
Deferred tax (credited)/charged to profit or loss during the year (note 7)	<u>(693)</u>	<u>1,318</u>
Deferred tax liabilities as at 30 June	<u>625</u>	<u>1,318</u>

13. 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.

14. 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.

HONG KONG TRUSTEES' ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 June 2023

14. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Foreign currency risk

The Association has no foreign currency risk because its business is principally conducted in Hong Kong and all of the transactions are denominated in the Association's functional currency.

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 with credit rating of A+ and A in reference to Standard and Poor's rating respectively. 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.

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 2023					
<u>Financial assets</u>					
Account receivables	4,000	-	-	-	4,000
Other receivables	190,627	-	-	-	190,627
Rental deposits	-	-	-	30,000	30,000
Cash and cash equivalents	1,618,175	1,072,067	-	-	2,690,242
	<u>1,812,802</u>	<u>1,072,067</u>	<u>-</u>	<u>30,000</u>	<u>2,914,869</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>					
Lease liabilities	-	15,000	165,000	165,000	345,000
	<u>-</u>	<u>15,000</u>	<u>165,000</u>	<u>165,000</u>	<u>345,000</u>

HONG KONG TRUSTEES' ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 June 2023

14. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

	On demand HK\$	Less than 3 months HK\$	3 to 12 months HK\$	1 to 5 Years HK\$	Total HK\$
30 June 2022					
<u>Financial assets</u>					
Other receivables	436,507	-	-	-	436,507
Rental deposits	-	-	20,702	-	20,702
Cash and cash equivalents	1,255,692	-	1,037,325	-	2,293,017
	<u>1,692,199</u>	<u>-</u>	<u>1,058,027</u>	<u>-</u>	<u>2,750,226</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>					
Lease liabilities	-	-	128,808	-	128,808
	<u>-</u>	<u>-</u>	<u>128,808</u>	<u>-</u>	<u>128,808</u>

15. RELATED PARTY TRANSACTIONS

During the year, the total annual subscription and CTP renewal fees paid by the Executive Committee members were HK\$24,000 (2022: HK\$30,000). There was no seminar and conference income paid by the Executive Committee members (2022: Nil).

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.

HONG KONG TRUSTEES' ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 June 2023

16. NOTES TO THE STATEMENT OF CASH FLOW

Major non-cash transactions

(a) Reconciliation of lease liabilities arising from financing activities

	HK\$
At 1 July 2022	125,219
Changes from financing cash flows	
Principal portion of lease payments	(140,219)
Other changes:	
Remeasurement of lease liabilities	340,135
Finance charges on lease liabilities	3,589
Interest element on lease payments	(3,589)
	<u>325,135</u>
At 30 June 2023	<u>325,135</u>

17. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Executive Committee on 25 October 2023.