



Hong Kong Trustees' Association
Limited
(Limited by Guarantee)

30 June 2020

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 2020.

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 2020 and the state of the association's affairs at that date are set out in the financial statements on pages 7 to 22.

Transfer to accumulated surplus

The deficit of HK\$107,519 (2019: Surplus of HK\$497,012) has been transferred to accumulated surplus.

Fixed assets

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

Executive Committee's Report (continued)

Executive Committee

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

Jacqueline Shek	(Chairman)
Ka Shi Lau	(Vice Chairman)
Andrew Law	
Carolyn Butler	
Fan Choi	
Fanny Wong	
Loretta Ma	
Michael Shue	
Pamela Yuen	
Rebecca Chow	
Stefano Mariani	
Gabriel Cheung	
Wilson Lam Kin Chuen	
Mckinny Tsoi	(appointed on 26 July 2019)

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

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

Indemnity of the members of the Executive Committee

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

Executive Committee members' interests in transactions, arrangements or contracts

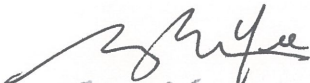
No contract of significance to which the association was a party and in which a member of the Executive Committee had a material interest subsisted at the end of the year or at any time during the year.

Executive Committee's Report (continued)

Auditors

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

By order of the Executive Committee


FANNY WONG
Hong Kong,

30 OCT 2020

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

(Incorporated in Hong Kong and limited by guarantee)

Opinion

We have audited the financial statements of Hong Kong Trustees' Association Limited ("the association") set out on pages 7 to 22 which comprise the statement of financial position as at 30 June 2020, the statement of profit or loss and other comprehensive income, the statement of changes in funds and the cash flow statement for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the association as at 30 June 2020 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 ("HKSA") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the association in accordance with the HKICPA's *Code of Ethics for Professional Accountants* ("the Code") and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

The Executive Committee members of the association are responsible for the other information. The other information comprises all the information included in the annual report, other than the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

(Incorporated in Hong Kong and limited by guarantee)

Responsibilities of the Executive Committee members for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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.

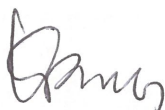
Independent auditor's report to the members of Hong Kong Trustees' Association Limited (continued)

(Incorporated in Hong Kong and limited by guarantee)

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Executive Committee members.
- Conclude on the appropriateness of the Executive Committee members' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the association to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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



Certified Public Accountants

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

30 OCT 2020

Statement of profit or loss and other comprehensive income for the year ended 30 June 2020

(Expressed in Hong Kong dollars)

	Note	2020	2019
Revenue			
Annual subscription fees	12	\$ 542,500	\$ 435,000
Seminar and conference income		194,420	240,850
Accreditation program income		636,475	1,276,250
Interest income		20,619	21,274
Other income		18,000	2,420
		<u>\$ 1,412,014</u>	<u>\$ 1,975,794</u>
Expenditure			
Consultancy fee		\$ 206,400	\$ 263,738
Staff cost		744,304	293,536
Seminar and conference expenses		103,054	12,978
Professional fee		24,700	24,200
Legal advisory fee		37,538	39,238
Expenses relating to short-term leases		135,300	57,750
Depreciation	6	3,153	4,587
Sundry expenses		63,077	69,046
Accreditation program expenses		202,007	681,266
		<u>\$ 1,519,533</u>	<u>\$ 1,446,339</u>
(Deficit)/surplus before taxation	3	\$ (107,519)	\$ 529,455
Tax expense	5	-	(32,443)
(Deficit)/Surplus after taxation transferred to accumulated surplus and total comprehensive income for the year		<u>\$ (107,519)</u>	<u>\$ 497,012</u>

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


The notes on pages 12 to 22 form part of these financial statements.


Statement of financial position at 30 June 2020

(Expressed in Hong Kong dollars)

	Note	2020	2019
Non-current asset			
Fixed assets	6	\$ 13,953	\$ 10,668
Current assets			
Accounts receivables	7	\$ 8,265	\$ 17,400
Other receivables	7	299,618	895,947
Interest receivables		6,341	7,006
Other assets		40,432	81,530
Bank deposits		1,023,675	1,002,418
Cash and cash equivalents		967,888	618,815
		<u>\$ 2,346,219</u>	<u>\$ 2,623,116</u>
Current liabilities			
Accrued expenses		\$ 16,209	\$ 402,274
Tax payables	8	32,443	18,421
Unearned seminar and conference income		27,900	25,150
Unearned annual subscription fees		327,500	220,000
Unearned accreditation program income		112,700	53,000
Unearned other income		36,000	-
		<u>\$ 552,752</u>	<u>\$ 718,845</u>
Net current assets		<u>\$ 1,793,467</u>	<u>\$ 1,904,271</u>
Net assets		<u>\$ 1,807,420</u>	<u>\$ 1,914,939</u>
Represented by:			
Accumulated surplus		<u>\$ 1,807,420</u>	<u>\$ 1,914,939</u>

Approved and authorised for issue by the Executive Committee on **30 OCT 2020**


 LAM KASHA


 FANNY WONG

Executive Committee Members

The notes on pages 12 to 22 form part of these financial statements.

Statement of changes in funds for the year ended 30 June 2020 (Expressed in Hong Kong dollars)

	<i>Accumulated surplus</i>	<i>Total</i>
At 1 July 2019	<u>\$ 1,914,939</u>	<u>\$ 1,914,939</u>
Deficit after taxation and total comprehensive income for the year	<u>\$ (107,519)</u>	<u>\$ (107,519)</u>
At 30 June 2020	<u><u>\$ 1,807,420</u></u>	<u><u>\$ 1,807,420</u></u>
At 1 July 2018	<u>\$ 1,417,927</u>	<u>\$ 1,417,927</u>
Surplus after taxation and total comprehensive income for the year	<u>\$ 497,012</u>	<u>\$ 497,012</u>
At 30 June 2019	<u><u>\$ 1,914,939</u></u>	<u><u>\$ 1,914,939</u></u>

The notes on pages 12 to 22 form part of these financial statements.

Cash flow statement for the year ended 30 June 2020

(Expressed in Hong Kong dollars)

	Note	2020	2019
Operating activities			
(Deficit)/Surplus before taxation		\$ (107,519)	\$ 529,455
Adjustments for:			
Depreciation		3,153	4,587
Interest income		(20,619)	(21,274)
Operating (deficit)/surplus before changes in working capital		\$ (124,985)	\$ 512,768
Decrease/(increase) in accounts receivables		9,135	(12,200)
Decrease/(increase) in other receivables		596,329	(820,947)
Increase in bank deposits		(21,257)	(1,002,418)
Decrease/(Increase) in other assets		41,098	(81,530)
Increase in unearned seminar and conference income		2,750	23,900
Increase in unearned annual subscription fees		107,500	21,000
Increase in unearned accreditation program income		59,700	53,000
(Decrease)/increase in accrued expenses		(386,065)	330,540
Decrease in other payables		-	(65,020)
Increase in unearned other income		36,000	-
Cash generated from/(used in) operating activities		\$ 320,205	\$ (1,040,907)
Hong Kong Profits Tax refund received/(paid)		14,022	(13,492)
Net cash generated from/(used in) operating activities		\$ 334,227	\$ (1,054,399)
Investing activities			
Interest received		\$ 21,284	\$ 14,268
Payment for purchase of Property, plant and equipment		(6,438)	-
Net cash generated from investing activities		\$ 14,846	\$ 14,268

Cash flow statement for the year ended 30 June 2020 (continued)

(Expressed in Hong Kong dollars)

	Note	2020	2019
Net increase/(decrease) in cash and cash equivalents		\$ 349,073	\$ (1,040,131)
Cash and cash equivalents at 1 July		618,815	1,658,946
Cash and cash equivalents at 30 June		<u>\$ 967,888</u>	<u>\$ 618,815</u>

The notes on pages 12 to 22 form part of these financial statements.

Notes to the financial statements

(Expressed in Hong Kong dollars)

1 Association's status

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

2 Significant accounting policies

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. Significant accounting policies adopted by the association are disclosed below.

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

(b) Basis of preparation of the financial statements

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

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

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

2 Significant accounting policies (continued)

(c) Changes in accounting policies

The HKICPA has issued a number of new HKFRSs and amendments to HKFRSs that are first effective for the current accounting period of the association.

Except for HKFRS 16, *Leases*, none of these developments have had a material effect on how the association's results and financial position for the current or prior periods have been prepared or presented. The association has not applied any new standard or interpretation that is not yet effective for the current accounting period (see Note 13).

HKFRS 16, Leases

HKFRS 16 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments

HKFRS 16 provides recognition exemptions under which an entity can decide not to apply the on-balance sheet lessee accounting model to leases where the lease term is 12 months or less and/or the underlying asset is of low value. If these recognition exemptions have been applied, the entity is required to disclose this fact.

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.

These amendments did not have any significant impact on the association's financial statements.

(d) Fixed assets

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

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

- Office and computer equipment: 5 years

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

2 Significant accounting policies (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 or disposal of an item of fixed assets are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

(e) *Receivables*

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

Receivables are stated at amortised cost using the effective interest method less allowance for credit losses as note 2(f).

(f) *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.

(g) *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.

2 Significant accounting policies (continued)

(h) *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.

(i) *Bank deposits*

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

(j) *Revenue recognition*

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the association and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

(i) Annual subscription fees

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

(ii) Interest income

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

(iii) Seminar and conference income

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

(iv) Accreditation program income

Accreditation program income is made up of i) 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.

2 Significant accounting policies (continued)

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.

(k) **Leased asset**

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

As a lessee

(A) Policy applicable from 1 July 2019

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.

(B) Policy applicable before 1 July 2019

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

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

(l) **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.

2 Significant accounting policies (continued)

(m) *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.

(n) *Related parties*

- (i) A person, or a close member of that person's family, is related to the association if that person:
 - (1) has control or joint control over the association;
 - (2) has significant influence over the association; or
 - (3) is a member of the key management personnel of the association or the association's parent.
- (ii) An entity is related to the association if any of the following conditions applies:
 - (1) The entity and the association are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (2) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (3) Both entities are joint ventures of the same third party.
 - (4) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (5) The entity is a post-employment benefit plan for the benefit of employees of either the association or an entity related to the association.
 - (6) The entity is controlled or jointly controlled by a person identified in (i).
 - (7) A person identified in (i)(1) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
 - (8) The entity, or any member of a group of which it is a part, provides key management personnel services to the association or to the association's parent.

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

3 Deficit before taxation

No auditor's remuneration was paid for the year (2019: \$Nil).

4 Executive Committee members' remuneration

None of the members of the Executive Committee received or was due any remuneration for services rendered to the association during the year (2019: \$Nil).

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

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

	2020	2019
Current Tax - Hong Kong Profits Tax		
Provision for the year	\$ -	\$ 32,443

The assessable profit for the year ended 30 June 2020 is calculated at 8.25% (2019: 8.25%).

No provision for Hong Kong profits tax for the year ended 30 June 2020 has been made as the association sustained as loss for taxation purpose in the current year.

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

	2020	2019
(Deficit)/Surplus before taxation	\$ (107,519)	\$ 529,455
Notional tax on (deficit)/surplus before taxation, calculated at the rate of 8.25% (2019: 8.25%)	\$ (8,870)	\$ 43,680
Tax effect of non-taxable income	(1,701)	(1,755)
Tax effect of unused tax loss not recognised/(recognised)	10,848	(9,852)
Temporary difference not recognised	(277)	370
Tax expense charged to profit or loss	\$ -	\$ 32,443

The association has not recognised deferred tax assets in respect of cumulative tax losses of \$131,492 (2019: \$ Nil) as it is not probable that future taxable profits against which the losses can be utilised will be available. The tax losses do not expire under current tax legislation.

6 Fixed assets

	Office equipment	Computer equipment	Total fixed assets
Cost:			
At 1 July 2019	\$ 67,350	\$ 49,088	\$ 116,438
Additions	-	6,438	6,438
At 30 June 2020	\$ 67,350	\$ 55,526	\$ 122,876
Accumulated depreciation:			
At 1 July 2019	\$ 67,350	\$ 38,420	\$ 105,770
Charge for the year	-	3,153	3,153
At 30 June 2020	\$ 67,350	\$ 41,573	\$ 108,923
Net book value:			
At 30 June 2020	\$ -	\$ 13,953	\$ 13,953

	Office equipment	Computer equipment	Total fixed assets
Cost:			
At 1 July 2018	\$ 67,350	\$ 49,088	\$ 116,438
Additions	-	-	-
At 30 June 2019	\$ 67,350	\$ 49,088	\$ 116,438
Accumulated depreciation:			
At 1 July 2018	\$ 67,350	\$ 33,833	\$ 101,183
Charge for the year	-	4,587	4,587
At 30 June 2019	\$ 67,350	\$ 38,420	\$ 105,770
Net book value:			
At 30 June 2019	\$ -	\$ 10,668	\$ 10,668

7 Receivables

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

8 Income tax in the statement of financial position

Tax payables in the statement of financial position represents:

	2020	2019
Provision for Hong Kong Profits Tax for the year	\$ -	\$ 32,443
Balance of Profits Tax provision relating to prior years	32,443	(14,022)
	<u>\$ 32,443</u>	<u>\$ 18,421</u>

9 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.

10 Financial instruments

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

(a) Credit risk

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

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

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

10 Financial instruments (continued)

(b) Liquidity risk

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

(c) Interest rate risk

The association does not have any interest-bearing borrowings at 30 June 2020 and 2019 that would expose the association to interest rate risk.

(d) Market price risk

The association does not had any significant financial assets as at 30 June 2020 and 2019. The market price risks associated with the association are considered to be insignificant.

11 Lease commitments

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

	2020 \$	2019 \$
Within one year	134,470	135,300
In the second to fifth year inclusive	11,300	11,300
	<u>145,770</u>	<u>146,600</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.

12 Related party transactions

During the year, the total annual subscription fees, CTP renewal fee and the seminar and conference income paid by the Executive Committee members were \$31,000(2019: \$58,000) and \$3,350(2019: \$3,550) respectively.

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

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

*Effective for
accounting periods
beginning on or after*

Amendments to HKAS 16, *Property, Plant and Equipment* 1 January 2022

Annual Improvements to HKFRSs 2018-2020 Cycle 1 January 2022

The association is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the financial statements.