

THE HONG KONG BASEBALL ASSOCIATION LIMITED
REPORT OF THE DIRECTORS
AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019



國 衛 會 計 師 事 務 所 有 限 公 司
HODGSON IMPEY CHENG LIMITED

REPORT OF THE DIRECTORS

The directors of The Hong Kong Baseball Association Limited (hereinafter referred to as “the Association”) present their report together with the audited financial statements of the Association for the year ended 31 March 2019.

Principal activities

The Association is a company limited by guarantee. The principal activities of the Association are to promote and develop baseball sports in Hong Kong. There was no significant change in these activities during the year.

Results

The results of the Association for the year ended 31 March 2019 are set out in the statement of profit or loss and other comprehensive income on page 7.

The state of affairs of the Association as at 31 March 2019 and 2018 is set out in the statement of financial position on page 8.

Business review

The Association has satisfied the exemption criteria set out in Section 388(3)(a) of the Hong Kong Companies Ordinance. Therefore, the directors of the Association are not required to prepare the report for the business review in accordance with the Hong Kong Companies Ordinance (Cap. 622).

Donations

No charitable and other donations made by the Association during the year (2018: Nil).

General fund

Details of the movements in general fund of the Association during the year are set out in the statement of changes in funds on page 9.

Equipment

Details of the movements in equipment of the Association during the year are set out in Note 10 to the financial statements.

REPORT OF DIRECTORS (CONTINUED)**Directors**

The directors of the Association during the year and up to the date of this report were:

Au Hok Leung	
Au Kit Yi, Kitty	(resigned on 26 October 2018)
Au Wing Leung	
Chan Sze Leung	(appointed on 26 October 2018)
Chan Tsz Yeung	(appointed on 26 October 2018)
Cheung On Kiu	(appointed on 26 October 2018)
Dave Ho	(appointed on 26 October 2018)
Fan Chun Wah, Andrew	
Fang Ka Wor	(resigned on 26 October 2018)
Lai Wai Tat, Pazu	(resigned on 26 October 2018)
Lam Ho Yi	(appointed on 26 October 2018)
Leung Ka Ho, Sam	(appointed on 26 October 2018)
Leung Tak Kwong	
Li Wing Kuen, Philip	
Lui Chun Pong	(appointed on 26 October 2018)
Mak Nin Fung	(resigned on 26 October 2018)
Miyoshi Masanori	(resigned on 18 August 2018)
Ng Kwong Yuen	
Pun Wo Sau	(appointed on 26 October 2018)
Tse Kam Man, Edward	(resigned on 26 October 2018)
Wong Ki, Jonathan	
Wu Suet Kong	(resigned on 26 October 2018)
Yip Wai Kwong, Felix	(resigned on 26 October 2018)

In accordance with Article 30 of the Articles of Association, the directors shall resign and are eligible for reappointment at the annual general meeting upon expiry of two consecutive terms.

Directors' material interests in transactions, arrangements and contracts that are significant in relation to the Association's business

No transactions, arrangements and contracts of significance business to which the Association, was a party and in which the directors of the Association had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Directors' interests, underlying shares and debentures of the Association or any specified undertaking of the Association

At no time during the year was the Association a party to any arrangement to enable the directors of the Association to hold any interests in the shares or debentures of, the Association or its specified undertakings.

REPORT OF DIRECTORS (CONTINUED)

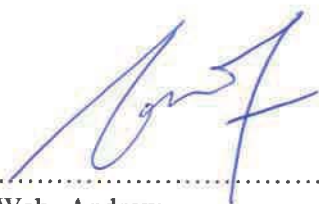
Management contracts

No contracts concerning the management and administration of the whole or any substantial part of the business of the Association were entered into or existed during the year.

Auditor

The financial statements of the Association for the year ended 31 March 2019 have been audited by HLB who shall retire and, being eligible, offer themselves for re-appointment as the auditors of the Association at the forthcoming annual general meeting.

On behalf of the board of directors



.....
Fan Chun Wah, Andrew
Chairman

Hong Kong, 20 September 2019
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INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF

THE HONG KONG BASEBALL ASSOCIATION LIMITED

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(Incorporated in Hong Kong with limited liability by guarantee)

Opinion

We have audited the financial statements of The Hong Kong Baseball Association Limited ("the Association") set out on pages 7 to 38, which comprise the statement of financial position as at 31 March 2019, and the statement of profit or loss and other comprehensive income, the statement of changes in funds 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 31 March 2019, 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 *Auditors' 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 Information

The directors are responsible for the other information. The other information comprises the information included in the report of directors, but does not include the financial statements and our auditors' report thereon (the "Other Information").

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.

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INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF

THE HONG KONG BASEBALL ASSOCIATION LIMITED (CONTINUED) _____ 5

(Incorporated in Hong Kong with limited liability by guarantee)

Responsibilities of Directors and Those Charged with Governance for the Financial Statements

The directors 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 directors 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 directors 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 directors either intend to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

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

Auditors' 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 auditors' report that includes our opinion. 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 judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control.

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INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF

THE HONG KONG BASEBALL ASSOCIATION LIMITED (CONTINUED) _____ 6

(Incorporated in Hong Kong with limited liability by guarantee)

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' 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 auditors' 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 auditors' 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 those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Certified Public Accountants

Shek Lui

Practicing Certificate Number: P05895

Hong Kong, 20 September 2019

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STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2019 (in HK Dollars)	Notes	2019	2018
Revenue	6	16,088,500	12,483,290
Other revenue	7	322,585	535,539
Training, championship and tournaments expenses		(13,437,472)	(11,163,814)
General expenses		(2,550,636)	(2,179,673)
Surplus/(deficit) before taxation	8	422,977	(324,658)
Taxation	9	-	-
Surplus/(deficit) for the year and total comprehensive loss for the year		422,977	(324,658)


The accompanying notes form an integral part of these financial statements.




STATEMENT OF FINANCIAL POSITION

As at 31 March 2019 (in HK Dollars)	Notes	2019	2018
Current assets			
Account receivables	11	954,755	708,387
Deposits and prepayments	12	162,768	298,245
Fixed deposits	13	1,340,189	1,331,928
Bank balances and cash	13	4,919,099	5,710,873
		7,376,811	8,049,433
Current liabilities			
Account payables		6,020,015	7,232,259
Deposits received and accruals		77,080	67,440
Receipts in advance		590,522	483,517
		6,687,617	7,783,216
Net current assets		689,194	266,217
Total assets less current liabilities		689,194	266,217
Net assets		689,194	266,217
General fund		689,194	266,217

The financial statements were approved and authorised for issue by the board of directors on 20 September 2019:


 Fan Chun Wah, Andrew
 Chairman


 Dave Ho
 Secretary General

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CHANGES IN FUNDS

For the year ended 31 March 2019 (in HK Dollars)

	General fund
As at 1 April 2017	590,875
Deficit for the year	<u>(324,658)</u>
As at 31 March 2018 and 1 April 2018	266,217
Surplus for the year	<u>422,977</u>
As at 31 March 2019	<u>689,194</u>

The accompanying notes form an integral part of these financial statements.



STATEMENT OF CASH FLOWS

For the year ended 31 March 2019 (in HK Dollars)	2019	2018
Cash flows from operating activities		
Surplus/(deficit) before taxation	422,977	(324,658)
Adjustment for:		
Bank interest income	(12,301)	(905)
Operating deficit before changes in working capital	410,676	(325,563)
Increase in account receivables	(246,368)	(585,665)
Decrease/(increase) in deposits and prepayments	135,477	(153,216)
Increase/(decrease) in receipts in advance	107,005	(130,241)
(Decrease)/increase in account payables	(1,212,244)	2,816,221
(Decrease)/increase in deposits received and accruals	9,640	67,440
Net cash (used in)/generated from operating activities	(795,814)	1,688,976
Cash flows from investing activity		
Bank interest received	12,301	905
Net cash generated from investing activity	12,301	905
Net (decrease)/increase in cash and cash equivalents	(783,513)	1,689,881
Cash and cash equivalents at the beginning of the year	7,042,801	5,352,920
Cash and cash equivalents at the end of the year	6,259,288	7,042,801
Analysis of cash and cash equivalents		
Bank balances and cash	4,919,099	5,710,873
Fixed deposits	1,340,189	1,331,928
	6,259,288	7,042,801

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2019 (in HK Dollars)

1. GENERAL INFORMATION

The Hong Kong Baseball Association Limited (“the Association”) is a company limited by guarantee in Hong Kong. The registered office of the Association is located at Room 1003, 1/F., Olympic House, 1 Stadium Path, Causeway Bay, Hong Kong.

The principal activities of the Association are to promote and develop baseball sports in Hong Kong.

The financial statements are presented in Hong Kong Dollars, which is the same as the functional currency of the Association.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)**New and amendments to HKFRSs that are mandatorily effective for the current year**

The Association has applied the following new and amendments to HKFRSs (the “New and Amendments to HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time in the current year:

HKFRS 2 (Amendments)	Classification and Measurement of Share-based Payment Transactions
HKFRS 4 (Amendments)	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
HKAS 28 (Amendments)	As part of the Annual Improvements to HKFRSs 2014-2016 Cycle
HKAS 40 (Amendments)	Transfers of Investment Property
HK (IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration

Except as described below, the application of the New and Amendments to HKFRSs in the current year has had no material impact on the Association’s financial performance and positions for the current and prior years and/or on the disclosures set out in these financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2019 (in HK Dollars)

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (CONTINUED)***HKFRS 9 Financial Instruments***

HKFRS 9 replaces the provisions of HKAS 39 *Financial Instruments: Recognition and Measurement* that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

The adoption of HKFRS 9 from 1 April 2018 resulted in changes in accounting policies. The new accounting policies are set out in Note 3 to the financial statements. In accordance with the transitional provisions in HKFRS 9, comparative figures have not been restated.

There was no impact on the Association’s accumulated funds as at 1 April 2018 upon adoption of HKFRS 9.

(i) Classification and measurement

On 1 April 2018 (the date of initial application of HKFRS 9), the executive committee members have assessed which business models apply to the financial assets held by the Association and has classified its financial instruments into the appropriate HKFRS 9 categories.

The financial assets currently held by the Association include loans and receivables which continue to be measured at amortised cost under HKFRS 9. Accordingly, there is no impact on the classification and measurement of the Association’s financial assets upon adoption of HKFRS 9.

There is no impact on the Association’s accounting for financial liabilities upon adoption of HKFRS 9.

(ii) Impairment of financial assets

The Association has four types of financial assets that are subject to HKFRS 9’s expected credit loss (“ECL”) model:

- Account receivables;
- Deposits;
- Fixed deposits; and
- Bank balances and cash.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2019 (in HK Dollars)

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (CONTINUED)**HKFRS 9 *Financial Instruments* (continued)****(ii) *Impairment of financial assets (continued)***

The Association was required to revise its impairment methodology under HKFRS 9 for each of these classes of assets. There is no impact of the change in impairment methodology on the Association’s retained profits and equity.

While fixed deposits and bank balances and cash are also subject to the impairment requirements of HKFRS 9, the identified impairment loss was immaterial.

Account receivables and deposits

The Association applies the HKFRS 9 simplified approach to measuring ECL which uses a lifetime expected loss allowance for all account receivables and deposits. There was no loss allowance on both 1 April 2018 and 31 March 2019.

HKFRS 15 *Revenue from Contracts with Customers and the related Amendments*

HKFRS 15 establishes a comprehensive framework for recognising revenue and some costs from contracts with customers. HKFRS 15 replaces HKAS 18 *Revenue*, which covered revenue arising from sale of goods and rendering of services, and HKAS 11 *Construction contracts*, which specified the accounting for construction contracts.

HKFRS 15 also introduces additional qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

Previously, revenue arising from provision of services was generally recognised at a point in time when the services are rendered.

Under HKFRS 15, revenue is recognised when the customer obtains control of the promised service in the contract. This may be at a single point in time or over time. HKFRS 15 identifies the following three situations in which control of the promised good or service is regarded as being transferred over time:

- (a) When the customers simultaneously receives and consumes the benefits provided by the entity’s performance, as the entity performs;
- (b) When the entity’s performance creates or enhances an asset (for example work in progress) that the customer controls as the asset is created or enhanced;
- (c) When the entity’s performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2019 (in HK Dollars)

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (CONTINUED)**HKFRS 15 *Revenue from Contracts with Customers and the related Amendments* (continued)**

If the contract terms and the entity’s activities do not fall into any of these 3 situations, the under HKFRS 15 the entity recognises revenue for the sale of that good or service at a single point in time, being when control has passed. Transfer of risks and rewards of ownership is only one of the indicators that is considered in determining when the transfer of control occurs.

The adoption of HKFRS 15 does not have any material impact on the timing of revenue recognition of the Association.

The Association has not early applied the following New and Amendments to HKFRSs that have been issued but are not yet effective:

HKFRSs (Amendments)	Annual Improvements to HKFRSs 2015-2017 Cycle ¹
HKFRS 3 (Amendments)	Definition of a Business ⁴
HKFRS 9 (Amendments)	Prepayment Features with Negative Compensation ¹
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
HKFRS 16	Leases ¹
HKFRS 17	Insurance Contracts ²
HKAS 1 and HKAS 8 (Amendments)	Definition of Material ⁵
HKAS 19 (Amendments)	Plan Amendment, Curtailment or Settlement ¹
HKAS 28 (Amendments)	Long-term Interests in Associates and Joint Ventures ¹
HK (IFRIC) – Int 23	Uncertainty over Income Tax Treatments ¹

¹ Effective for annual periods beginning on or after 1 January 2019.

² Effective for annual periods beginning on or after 1 January 2021.

³ Effective for annual periods beginning on or after a date to be determined.

⁴ Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.

⁵ Effective for annual periods beginning on or after 1 January 2020.

Except for the New and Amendments to HKFRSs mentioned below, the executive committee members anticipate that the application of all other New and Amendments to HKFRSs will have no material impact on the financial statements in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2019 (in HK Dollars)

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (CONTINUED)**HKFRS 16 Leases**

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede HKAS 17 *Leases* and the related interpretations when it becomes effective.

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. In addition, HKFRS 16 requires sales and leaseback transactions to be determined based on the requirements of HKFRS 15 as to whether the transfer of the relevant asset should be accounted as a sale. HKFRS 16 also includes requirements relating to subleases and lease modifications.

Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the Association currently presents operating lease payments as operating cash flows. Upon application of HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing cash flows by the Association.

Furthermore, extensive disclosures are required by HKFRS 16.

At 31 March 2019, the Association has non-cancellable operating lease commitments of approximately HK\$146,300 as disclosed in Note 14 to the financial statements. A preliminary assessment indicates that these arrangements will meet the definition of a lease. Upon application of HKFRS 16, the Association will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases.

The application of new requirements may result in changes in measurement, presentation and disclosure as indicated above. The Association intends to elect the modified retrospective approach for the application of HKFRS 16 as lessee and will recognise the cumulative effect of initial application to opening retained earnings without restating comparative information.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2019 (in HK Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES**Statement of compliance**

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

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 judgments, 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 judgments 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 year of the revision and future periods if the revision affects both current and future periods.

Equipment

Equipment is stated at cost less accumulated depreciation and impairment losses. The cost of an item of equipment comprises its purchase price and any directly attributable costs of bringing the assets to its location and working condition for its intended use. Expenses incurred after item of equipment has been put into operation, such as repair and maintenance, is normally charged to the statement of profit or loss and other comprehensive income in the period in which it is incurred. In situation where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of an item of equipment and where the cost of the item can be measured reliably, the expenditure is capitalised as an additional cost of that asset or as a replacement.

Depreciation is calculated to write off the cost of items of equipment, less its estimated residual value, if any, using the straight-line method over its estimated useful life at the following rates per annum:

Office equipment	20%
Baseball equipment	20%

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2019 (in HK Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**Equipment (continued)**

Where parts of an item of equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period.

An item of equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the period the asset is derecognised is the difference between the net proceeds and the carrying amount of the relevant assets.

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise fixed deposits, cash on hand and at banks and short term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired form an integral part of the Association's cash management.

For the purpose of the statement of financial position, cash and cash equivalents comprise fixed deposits, cash on hand and at a bank and deposits held at call with a bank.

Revenue from contracts with customers (upon application of HKFRS 15 in accordance with transitions in Note 2)

Under HKFRS 15, the Association recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a service (or a bundle of services) that is distinct or a series of distinct services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Association's performance as the Association performs;
- the Association's performance creates and enhances an asset that the customer controls as the Association performs; or
- the Association's performance does not create an asset with an alternative use to the Association and the Association has an enforceable right to payment for performance completed to date.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2019 (in HK Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**Revenue from contracts with customers (upon application of HKFRS 15 in accordance with transitions in Note 2) (continued)**

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct service.

- Revenue from membership fees and donations is recognised at a point in time on the cash received basis.
- Revenue from government subsidies and events fees is recognised at a point in time when designated activities as performed and expenses are incurred.

A contract asset represents the Association's right to consideration in exchange for services that the Association has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9. In contrast, a receivable represents the Association's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Association's obligation to transfer services to a customer for which the Association has received consideration (or an amount of consideration is due) from the customer.

A contract asset and a contract liability relating to a contract are accounted for and presented on a net basis.

Revenue recognition (prior to 1 April 2018)

Revenue is recognised in statement of profit or loss and other comprehensive income provided it is probable that the economic benefits will flow to the Association and the revenue and costs, if applicable, can be measured reliably.

(i) *Membership fees and donations*

Membership fees and donations are recognised on the cash received basis.

(ii) *Government subsidies and events fees*

Government subsidies and events fees are recognised as income when designated activities as performed and expenses are incurred.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2019 (in HK Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**Leasing**

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.

The Association as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight-line basis.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for account receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15 since 1 April 2018. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income which are derived from the Association's ordinary course of business are presented as revenue.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2019 (in HK Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**Financial instruments (continued)***Financial assets*

Classification and subsequent measurement of financial assets (upon application of HKFRS 9 in accordance with transitions in Note 2)

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at the date of initial application/initial recognition of a financial asset the Association may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 *Business Combinations* applies.

Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit impaired.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)For the year ended 31 March 2019 (in HK Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**Financial instruments (continued)*****Financial assets (continued)******Impairment of financial assets (upon application of HKFRS 9 in accordance with transitions in Note 2)***

The Association recognises a loss allowance for ECL on financial assets which are subject to impairment under HKFRS 9 (including account receivables). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Association's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Association always recognises lifetime ECL for account receivables. The ECL on these assets are assessed collectively using a provision matrix with appropriate groupings.

For all other instruments, the Association measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Association recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Association compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Association considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2019 (in HK Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)***Financial assets (continued)******Impairment of financial assets (upon application of HKFRS 9 in accordance with transitions in Note 2) (continued)***(i) Significant increase in credit risk (continued)

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

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Association presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Association has reasonable and supportable information that demonstrates otherwise.

The Association regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2019 (in HK Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**Financial instruments (continued)*****Financial assets (continued)******Impairment of financial assets (upon application of HKFRS 9 in accordance with transitions in Note 2) (continued)*****(ii) Definition of default**

For internal credit risk management, the Association considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Association, in full.

Irrespective of the above, the Association considers that default has occurred when a financial asset is more than 120 days past due unless the Association has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event;
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- (e) the disappearance of an active market for that financial asset because of financial difficulties.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2019 (in HK Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**Financial instruments (continued)*****Financial assets (continued)******Impairment of financial assets (upon application of HKFRS 9 in accordance with transitions in Note 2) (continued)*****(iv) Write-off policy**

The Association writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of account receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Association's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Association in accordance with the contract and the cash flows that the Association expects to receive, discounted at the effective interest rate determined at initial recognition.

Where ECL is measured on a collective basis or cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments (i.e. the Association's account receivables are assessed as a separate group);
- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2019 (in HK Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)*Financial assets (continued)*

Impairment of financial assets (upon application of HKFRS 9 in accordance with transitions in Note 2) (continued)

(v) Measurement and recognition of ECL (continued)

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Association recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of account receivables where the corresponding adjustment is recognised through a loss allowance account.

Classification and subsequent measurement of financial assets (before application of HKFRS 9 on 1 April 2018)

Financial assets are classified into loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2019 (in HK Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**Financial instruments (continued)*****Financial assets (continued)******Classification and subsequent measurement of financial assets (before application of HKFRS 9 on 1 April 2018) (continued)*****Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including account receivables, deposits, fixed deposits and bank balances and cash) are measured at amortised cost using the effective interest method, less any impairment.

Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

Impairment of financial assets (before application of HKFRS 9 on 1 April 2018)

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2019 (in HK Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**Financial instruments (continued)*****Financial assets (continued)******Impairment of financial assets (before application of HKFRS 9 on 1 April 2018) (continued)***

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of account receivables, where the carrying amount is reduced through the use of an allowance account. When an account receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities***Other financial liabilities***

Other financial liabilities (including account payables, deposits received and accruals and receipts in advance) are subsequently measured at amortised cost using the effective interest method.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Derecognition

The Association derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Association neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Association continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability. If the Association retains substantially all the risks and rewards of ownership of a transferred financial asset, the Association continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2019 (in HK Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**Financial instruments (continued)*****Derecognition (continued)***

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

On derecognition of a financial asset other than in its entirety, the Association allocates the previous carrying amount of the financial asset between the part it continues to recognise, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

The Association derecognises financial liabilities when, and only when, the Association's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Related parties

A party is considered to be related to the Association if:

- (a) A person, or a close member of that person's family, is related to the Association if that person:
 - (i) has control or joint control over the Association;
 - (ii) has significant influence over the Association; or
 - (iii) is a member of the key management personnel of the Association or the Association's parent.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2019 (in HK Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**Related parties (continued)**

(b) An entity is related to the Association if any of the following conditions applies:

- (i) 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).
- (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) both entities and the Association are joint ventures of the same third party.
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Association or an entity related to the Association. If the Association is itself such a plan, the sponsoring employees are also related to the Association;
- (vi) the entity is controlled or jointly controlled by a person identified in (a).
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Association or to the parent of the Association.

Close family members of an individual are those family members who may be expected to influence, or be influence by, that person in their dealings with the entity and include:

- (i) that person's children and spouse or domestic partner;
- (ii) children of that person's spouse or domestic partner; and
- (iii) dependants of the person or that person's spouse or domestic partner.

A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between the Association and a related party, regardless of whether a price is charged.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2019 (in HK Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**Employee benefits***(i) Short 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.

(ii) Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees and a provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values. Employee entitlement to sick leave and maternity or paternity leave is not recognised until the time of leave.

(iii) Pensions obligations

A defined contribution plan is a pension plan under which the Association pays fixed contributions into a separate entity. The Association has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient asset to pay all employees the benefits relating to employee service in the current and prior years.

The Association contributes to a defined contribution mandatory provident fund retirement benefits scheme (the “MPF Scheme”) in accordance with the Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate. Contributions are made based on a percentage of the employee’s basic salaries and charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme.

4. CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES

In the application of the Association’s accounting policies, which are described in Note 4, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2019 (in HK Dollars)

4. CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES (CONTINUED)

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates 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.

(a) Impairment of account receivables

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Association uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Association's past history, existing market conditions as well as forward-looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in Note 5(b).

(b) Useful lives and impairment of equipment

In accordance with HKAS 16, the Association estimates the useful lives of equipment in order to determine the amount of depreciation expenses to be recorded. The useful lives are estimated at the time the asset is acquired based on historical experience, the expected usage, wear and tear of the assets, as well as technical obsolescence arising from changes in the market demands or service output of the assets. The Association also performs annual reviews on whether the assumptions made on useful lives continue to be valid. The Association tests annually whether the assets have suffered any impairment. The recoverable amount of an asset or a cash generating units is determined based on value in use calculations which require the use of assumptions and estimates.

5. FINANCIAL RISK MANAGEMENT**(a) Categories of financial instruments**

	<u>2019</u>	<u>2018</u>
Financial assets		
Loans and receivables (including bank balances and cash)		
- Account receivables	954,755	708,387
- Deposits	49,400	46,000
- Fixed deposits	1,340,189	1,331,928
- Bank balances and cash	4,919,099	5,710,873
Financial liabilities		
Amortised cost		
- Account payables	6,020,015	7,232,259
- Deposits received and accruals	77,080	67,440
- Receipts in advance	590,522	483,517

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2019 (in HK Dollars)

5. FINANCIAL RISK MANAGEMENT (CONTINUED)**(b) Financial risk management and fair values**

The directors of the Association monitor and manage the financial risks relating to the operations of the Association through internal risks reports which analyse exposures by degree and magnitude of risks. These risks include credit risk and liquidity risk.

The Association's major financial instruments include account receivables, deposits, fixed deposits, bank balances and cash, account payables, deposits received and accruals and receipts in advance. Details of these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Credit risk

The Association has no significant concentrations of credit risk with exposure spread over a large number of counterparties and customers. The carrying amounts of account receivables, fixed deposits and bank balances and cash represent the Association's maximum exposure to credit risk in relation to financial assets.

The Association will review and monitor the level of exposure to ensure that follow-up actions are taken to recover overdue debts. In addition, at the end of each reporting year, the recoverability of each account receivables is evaluated so as to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Association are of the view that the Association does not expose to significant credit risk.

In respect of fixed deposits and bank balances and cash, the credit risk is considered to be low as the counterparties are reputable banks with high credit ratings. The existing counterparties do not have defaults in the past. Therefore, ECL rate of fixed deposits and bank balances and cash is assessed to be close to zero and no provision was made as at 31 March 2019.

The Association applies the simplified approach to provide for ECL prescribed by HKFRS 9, which permits the use of the lifetime ECL provision for all account receivables. To measure the ECL, account receivables have been grouped based on shared credit risk characteristics. The Association has performed historical analysis and identified the key economic variables impacting credit risk and ECL. It considers available reasonable and supportive forwarding-looking macroeconomic data (for example, the economic growth rates which reflect the general economic conditions of the industry in which debtors operate).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2019 (in HK Dollars)

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Financial risk management and fair values (continued)

Credit risk (continued)

The Association makes periodic assessment on the recoverability of the account receivables by using a provision matrix to measure ECL. The provision rates are based on days past due for groupings of various customer segments with similar financial strength and any disputes with the debtors. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, account receivables are written off if past due for more than two years. As the amount of ECL were minimal resulted of impairment analysis performed, the directors of the Association were of opinion that no loss allowance for account receivables recognised as at 31 March 2019 under HKFRS 9.

Liquidity risk

Ultimate responsibility for liquidity risk management rests with the directors, which has built an appropriate liquidity risk management framework to meet the Association's short, medium and long-term funding and liquidity management requirements.

The following tables detail the Association's contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest dates on which the Association can be required to pay. The tables include both interest and principal cash flows.

	Weighted average interest rate %	On demand or within one year	More than one year but less than two years	More than two years but less than five years	Total undiscounted cash flow	Carrying amount
As at 31 March 2019						
Non-derivative financial liabilities						
Account payables	-	6,020,015	-	-	6,020,015	6,020,015
Deposits received and accruals	-	77,080	-	-	77,080	77,080
Receipts in advance	-	590,522	-	-	590,522	590,522
Total		6,687,617	-	-	6,687,617	6,687,617

	Weighted average interest rate %	On demand or within one year	More than one year but less than two years	More than two years but less than five years	Total undiscounted cash flow	Carrying amount
As at 31 March 2018						
Non-derivative financial liabilities						
Account payables	-	7,232,259	-	-	7,232,259	7,232,259
Deposits received and accruals	-	67,440	-	-	67,440	67,440
Receipts in advance	-	483,517	-	-	483,517	483,517
Total		7,783,216	-	-	7,783,216	7,783,216

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2019 (in HK Dollars)

5. FINANCIAL RISK MANAGEMENT (CONTINUED)**(c) Fair value**

The fair value of other financial assets and financial liabilities is determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The directors of the Association consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate to their fair values.

(d) Capital risk management

The objectives of the Association's capital management are to safeguard its ability to continue as a going concern and to promote and develop baseball sports in Hong Kong. The Association defines "capital" as including the general fund maintained by the Association. The Association manages its capital structure and makes adjustment. No changes were made in the objectives, policies or processes during the years ended 31 March 2019 and 2018.

6. REVENUE

	<u>2019</u>	<u>2018</u>
Membership fees	499,250	278,620
Training and events fees	1,565,884	1,201,001
Subsidies and donations received for the year	14,023,366	11,003,669
	<u>16,088,500</u>	<u>12,483,290</u>

7. OTHER REVENUE

	<u>2019</u>	<u>2018</u>
Management services fees	104,581	51,087
Sale of baseball related products and sundry income	144,342	245,318
Income from activities	61,361	238,229
Bank interest	12,301	905
	<u>322,585</u>	<u>535,539</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2019 (in HK Dollars)

8. SURPLUS/(DEFICIT) BEFORE TAXATION

	<u>2019</u>	<u>2018</u>
Surplus/(deficit) before taxation is arrived at after charging:		
Auditors' remuneration	49,500	49,500
Directors' remuneration		
- Fees	-	-
- Other emoluments	-	-
Salaries, wages and other benefits (excluding directors' remuneration)	2,042,069	1,562,410
Operating lease rental expenses	143,924	133,710

9. TAXATION

No taxation is provided as the Association has not been carrying on business and the income of the Association is mainly derived from the members and from Government subsidies.

10. EQUIPMENT

	<u>Office equipment</u>	<u>Baseball equipment</u>	<u>Total</u>
Cost:			
As at 1 April 2017, 31 March 2018, 1 April 2018 and 31 March 2019	13,100	31,495	44,595
Accumulated depreciation:			
As at 1 April 2017, 31 March 2018, 1 April 2018 and 31 March 2019	13,100	31,495	44,595
Carrying amount:			
As at 31 March 2019	-	-	-
As at 31 March 2018	-	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2019 (in HK Dollars)

11. ACCOUNT RECEIVABLES

	<u>2019</u>	<u>2018</u>
Account receivables	954,755	708,387

Receivables that were neither past due nor impaired related to creditors for whom there was no default. Receivables that were past due but not impaired related to creditors that have good creditworthiness. Based on past experience, the management considered no impairment is necessary as there has not been a significant change in credit quality of these balances, which are still considered fully recoverable.

Details of impairment assessment of account receivables for the year ended 31 March 2019 are set out in Notes 3 and 5(b).

The Association does not hold any collateral over the balances.

12. DEPOSITS AND PREPAYMENTS

	<u>2019</u>	<u>2018</u>
Prepayments	113,368	252,245
Deposits	49,400	46,000
	<u>162,768</u>	<u>298,245</u>

13. FIXED DEPOSITS/BANK BALANCES AND CASH

	<u>2019</u>	<u>2018</u>
Fixed deposits	1,340,189	1,331,928
Bank balances and cash	4,919,099	5,710,873
	<u>6,259,288</u>	<u>7,042,801</u>

The fixed deposits are short-term fixed deposits with an original maturity of two months or less which are held for the purpose of meeting short-term cash commitments and are subject to an insignificant risk of changes in value. These fixed deposits carry fixed interest rates from 0.80% to 1.37% per annum as at 31 March 2019.

Bank balances and cash carrying interest at market rates of 0.01% per annum for the years ended 31 March 2019 and 2018.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2019 (in HK Dollars)

14. OPERATING LEASE COMMITMENTS**The Association as lessee**

The Association has rentals payable for its storage under operating lease arrangements, with lease term negotiated for two years with fixed rentals.

At the end of the reporting period, the Association had total future minimum lease payable under non-cancellable operating leases with its landlord falling due as follows:

	<u>2019</u>	<u>2018</u>
Within one year	92,400	49,000
In the second to fifth years inclusive	<u>53,900</u>	<u>-</u>
	<u>146,300</u>	<u>49,000</u>

15. MATERIAL RELATED PARTY TRANSACTIONS

The Association had no compensation for key management personnel comprising the directors of the Association during the year (2018: Nil).

Save as disclosed elsewhere in the financial statements, the Association entered into the following transactions with related parties during the year:

<u>Name of related parties</u>	<u>Nature of the related parties</u>	<u>Nature of transactions</u>	<u>2019</u>	<u>2018</u>
Au Hok Leung	Director	Coach allowance	367,496	234,092
Au Kit Yi, Kitty	Director	Coach allowance	-	3,000
Au Wing Leung	Director	Coach allowance	128,933	96,566
Chan Tsz Yeung	Director	Coach allowance	49,710	-
Cheuk Woon Yee, Sinney	Director	Coach allowance	-	14,949
Cheung On Kiu	Director	Coach allowance	321,736	-
Lai Wai Tat, Pazu	Director	Coach allowance	85,878	55,373
		Officials allowance	10,842	2,817

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2019 (in HK Dollars)

15. MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

Save as disclosed elsewhere in the financial statements, the Association entered into the following transactions with related parties during the year: (continued)

<u>Name of related parties</u>	<u>Nature of the related parties</u>	<u>Nature of transactions</u>	<u>2019</u>	<u>2018</u>
Leung Ka Ho, Sam	Director	Athletes allowance	44,000	-
Leung Tak Kwong	Director	Coach allowance	24,722	41,518
Miyoshi Masanori	Director	Officials allowance	8,104	15,131
Ng Kwong Yuen	Director	Officials allowance	5,200	7,525
Pun Wo Sau	Director	Athletes allowance	32,000	-
Tse Kam Man, Edward	Director	Coach allowance	-	12,788
Wong Ki, Jonathan	Director	Officials allowance	20,559	13,060
Wu Suet Kong	Director	Coach allowance	-	672

16. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 20 September 2019.

----- End of Notes -----

DETAILED STATEMENT OF PROFIT OR LOSS

(For management use only)

For the year ended 31 March 2019 (in HK Dollars)	2019	2018
Revenue		
Membership fees	499,250	278,620
Training and events fees	1,565,884	1,201,001
Subsidies and donations received for the year	14,023,366	11,003,669
	16,088,500	12,483,290
Other revenue		
Management services fees	104,581	51,087
Sale of baseball related products and sundry income	144,342	245,318
Income from activities	61,361	238,229
Bank interest	12,301	905
	322,585	535,539
Training, championship and tournaments expenses	(13,437,472)	(11,163,814)
General expenses		
Auditors' remuneration	(49,500)	(49,500)
Business registration fee	(2,250)	(2,850)
Directors' remuneration	-	-
Entertainment	-	-
Insurance	(89,037)	(124,691)
Legal and professional fee	(105)	(36,480)
Membership subscription	(100)	(4,260)
Mandatory provident fund contributions	(91,564)	(68,089)
Office and storage rental	(143,924)	(133,710)
Office furniture and equipment	(11,400)	(12,417)
Printing, stationery and postage	(84,955)	(123,063)
Propagation	-	-
Public relation	(8,000)	(18,002)
Repairs and maintenances	(24,668)	(5,520)
Souvenir	-	-
Salaries and other allowances	(1,919,378)	(1,494,321)
Staff welfare	(31,128)	(23,051)
Sundry expenses	(36,230)	(29,055)
Telephone and fax	(56,128)	(43,889)
Transportation and travelling	(2,269)	(10,775)
	(2,550,636)	(2,179,673)
Surplus/(deficit) before taxation	422,977	(324,658)
Taxation	-	-
Surplus/(deficit) for the year	422,977	(324,658)