

**THE HONG KONG BASEBALL ASSOCIATION LIMITED**  
**REPORT OF THE DIRECTORS**  
**AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2021**



## **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 2021.

### **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 2021 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 2021 is set out in the statement of financial position on page 8.

The cash flows of the Association for the year ended 31 March 2021 are set out in the statement of cash flows on page 10.

### **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).

### **General fund**

Details of the movements in general fund of the Association during the year ended 31 March 2021 are set out in the statement of changes in funds on page 9.

### **Equipment and right-of-use assets**

Details of the movements in equipment and right-of-use assets of the Association during the year are set out in Notes 11 and 12 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 Wing Leung	
Chan Sze Leung	(Retired on 23 October 2020)
Chan Tsz Yeung	
Cheung On Kiu	(Retired on 23 October 2020)
Chiu Chi Kam, Kenneth	(Appointed on 23 October 2020)
Chong Ki Ming	(Appointed on 23 October 2020)
Dave Ho	
Fan Chun Wah, Andrew	
Lam Ho Yi	
Lau Tsz Chin	(Appointed on 23 October 2020)
Leung Ka Ho	
Leung Tak Kwong	
Leung Wai Hung	(Appointed on 23 October 2020)
Li Wing Kuen, Philip	(Retired on 23 October 2020)
Lui Chun Pong	
Man Chin Wing	(Appointed on 23 October 2020)
Ng Kwong Yuen	
Pun Wo Sau	(Retired on 23 October 2020)
Wong Ki, Jonathan	
Yip Chun To, Adrian	(Appointed on 23 October 2020)

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)**

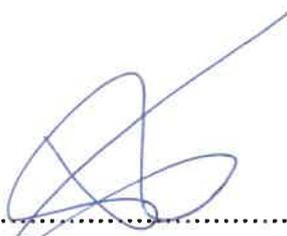
**Management contracts**

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 2021 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

  
.....  
Dave Ho  
Chairman

Hong Kong, 28 October 2021  
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**INDEPENDENT AUDITORS' REPORT  
TO THE MEMBERS OF  
THE HONG KONG BASEBALL ASSOCIATION LIMITED**  
(Incorporated in Hong Kong with limited liability by guarantee)

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**Opinion**

We have audited the financial statements of The Hong Kong Baseball Association Limited (“the Association”) set out on pages 7 to 39, which comprise the statement of financial position as at 31 March 2021, 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 2021, and of its financial performance and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

**Basis for Opinion**

We conducted our audit in accordance with Hong Kong Standards on Auditing (“HKASs”) 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, 28 October 2021

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**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

For the year ended 31 March 2021 (in HK Dollars)	Notes	2021	2020
Revenue	6	9,120,222	12,738,693
Other revenue	7	178,046	508,015
Training, championship and tournaments expenses		(4,193,930)	(9,915,621)
General expenses		(5,109,548)	(2,967,799)
Finance costs	8	(3,326)	(2,308)
<b>(Deficit)/surplus before taxation</b>	9	<b>(8,536)</b>	360,980
Taxation	10	-	-
<b>(Deficit)/surplus for the year and total comprehensive income for the year</b>		<b>(8,536)</b>	360,980

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

**STATEMENT OF FINANCIAL POSITION**

As at 31 March 2021 (in HK Dollars)	Notes	2021	2020
<b>Non-current assets</b>			
Equipment	11	39,246	-
Right-of-use assets	12	66,820	181,368
		<b>106,066</b>	181,368
<b>Current assets</b>			
Account receivables	13	56,225	2,071,208
Deposits and prepayments	14	289,221	605,313
Fixed deposits	15	-	1,354,670
Bank balances and cash	15	10,502,206	4,874,152
		<b>10,847,652</b>	8,905,343
<b>Current liabilities</b>			
Account payables		9,107,967	6,629,024
Deposits received and accruals		159,955	270,179
Receipts in advance		576,028	954,930
Lease liability	12	68,130	114,274
		<b>9,912,080</b>	7,968,407
<b>Net current assets</b>		<b>935,572</b>	936,936
<b>Total assets less current liabilities</b>		<b>1,041,638</b>	1,118,304
<b>Non-current liability</b>			
Lease liability	12	-	68,130
<b>Net assets</b>		<b>1,041,638</b>	1,050,174
<b>General fund</b>		<b>1,041,638</b>	1,050,174

The financial statements were approved and authorised for issue by the board of directors on 28 October 2021.

  
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 Dave Ho  
 Chairman

  
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 Chong Ki Ming  
 Secretary General

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

**STATEMENT OF CHANGES IN FUNDS**

For the year ended 31 March 2021 (in HK Dollars)

	<b>General fund</b>
As at 1 April 2019	689,194
Surplus for the year	<u>360,980</u>
As at 31 March 2020 and 1 April 2020	1,050,174
Deficit for the year	<u>(8,536)</u>
<b>As at 31 March 2021</b>	<b><u>1,041,638</u></b>

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

## STATEMENT OF CASH FLOWS

For the year ended 31 March 2021 (in HK Dollars)	Notes	2021	2020
<b>Cash flows from operating activities</b>			
(Deficit)/surplus before taxation		(8,536)	360,980
<b>Adjustments for:</b>			
Depreciation of equipment	9,11	9,812	-
Depreciation of right-of-use assets	9,12	114,548	47,728
Interest on lease liability	8,9	3,326	2,308
Bank interest income		(6,187)	(18,850)
<b>Operating surplus before changes in working capital</b>		<b>112,963</b>	<b>392,165</b>
Decrease/(increase) in account receivables		2,014,983	(1,116,453)
Decrease/(increase) in deposits and prepayments		316,092	(442,545)
(Decrease)/increase in receipts in advance		(378,902)	364,408
Increase in account payables		2,478,943	609,009
(Increase)/decrease in deposits received and accruals		(110,224)	193,099
<b>Net cash generated from/(used in) operating activities</b>		<b>4,433,855</b>	<b>(316)</b>
<b>Cash flows from investing activities</b>			
Bank interest received		6,187	18,850
Purchases of equipment		(49,058)	-
<b>Net cash (used in)/generated from investing activities</b>		<b>(42,871)</b>	<b>18,850</b>
<b>Cash flows from financing activities</b>			
Capital element of lease rentals paid	17	(114,274)	(46,692)
Interest element of lease rentals paid	17	(3,326)	(2,308)
<b>Net cash used in financing activities</b>		<b>(117,600)</b>	<b>(49,000)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>4,273,384</b>	<b>(30,466)</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>6,228,822</b>	<b>6,259,288</b>
<b>Cash and cash equivalents at the end of the year</b>		<b>10,502,206</b>	<b>6,228,822</b>
<b>Analysis of cash and cash equivalents</b>			
Bank balance and cash		10,502,206	4,874,152
Fixed deposits		-	1,354,670
		<b>10,502,206</b>	<b>6,228,822</b>

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

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021 (in HK Dollars)

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### 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**

In the current year, the Association has applied the *Amendments to References to the Conceptual Framework* in HKFRS Standards and the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time, which are mandatorily effective for the annual period beginning on or after 1 April 2020 for the preparation of the financial statements:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39, and HKFRS 7	Interest Rate Benchmark Reform

The application of the Amendments to *References to the Conceptual Framework in HKFRS Standards* and the amendments to HKFRSs in the current year had no material impact on the Association’s financial positions and performance 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 2021 (in HK Dollars)

**2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (CONTINUED)****New and amendments to HKFRSs in issue but not yet effective**

The Association has not applied the following new and amendments to HKFRSs that have been issued but are not yet effective in the financial statements:

HKFRS 17	Insurance Contracts and the related Amendment <sup>1</sup>
Amendments to HKFRS 3	Reference to the Conceptual Framework <sup>2</sup>
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2 <sup>3</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Asset between an Investor and its Associate or Joint Venture <sup>4</sup>
Amendments to HKAS 1	Classification of Liabilities as Current or Non- Current and related amendments to Hong Kong Interpretation 5 (2020) <sup>1</sup>
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Use <sup>2</sup>
Amendments to HKAS 37	Onerous Contracts – Cost of Filling a Contract <sup>2</sup>
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020 <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2023.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2022.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2021.

<sup>4</sup> Effective for annual periods beginning on or after a date to be determined.

The executive committee members anticipate that the application of all 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 2021 (in HK Dollars)

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**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 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 2021 (in HK Dollars)

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**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**

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 2021 (in HK Dollars)

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**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****Revenue from contracts with customers (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.

**Leases*****Definition of a lease***

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified or arising from business combinations on or after the date of initial application, the Association assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**For the year ended 31 March 2021 (in HK Dollars)

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**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****Leases (continued)***The Association as a lessee**Allocation of consideration to components of a contract*

For a contract that contains a lease component and one or more additional lease or non-lease components, the Association allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Association also applies practical expedient not to separate non-lease components from lease component, and instead account for the lease component and any associated non-lease components as a single lease component.

*Short-term leases and leases of low-value assets*

The Association applies the short-term lease recognition exemption to leases of office premises that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis or another systematic basis over the lease term.

*Right-of-use assets*

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Association; and
- an estimate of costs to be incurred by the Association in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

For the year ended 31 March 2021 (in HK Dollars)

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**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****Leases (continued)***The Association as a lessee (continued)**Right-of-use assets (continued)*

Right-of-use assets in which the Association is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Association presents right-of-use assets as a separate line item on the statement of financial position.

*Refundable rental deposits*

Refundable rental deposits paid are accounted under HKFRS 9 *Financial Instruments* and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

*Lease liabilities*

At the commencement date of a lease, the Association recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Association uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Association under residual value guarantees;
- the exercise price of a purchase option if the Association is reasonably certain to exercise the option; and
- payments of penalties for terminating a lease, if the lease term reflects the Association exercising an option to terminate the lease.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

For the year ended 31 March 2021 (in HK Dollars)

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**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****Leases (continued)***The Association as a lessee (continued)**Lease liabilities (continued)*

Variable lease payments that do not depend on an index or a rate are not included in the measurement of lease liabilities and right-of-use assets, and are recognised as expense in the period in which the event or condition that triggers the payment occurs.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Association remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in market rental rates following a market rent review/expected payment under a guaranteed residual value, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

The Association presents lease liabilities as a separate line item on the statement of financial position.

*Lease modifications*

The Association accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Association remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**For the year ended 31 March 2021 (in HK Dollars)

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**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****Lease (continued)***The Association as a lessee (continued)**Lease modifications (continued)*

The Association accounts for the remeasurement of lease liabilities and lease incentives from lessor by making corresponding adjustments to the relevant right-of-use asset. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Association allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

**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. 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.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

For the year ended 31 March 2021 (in HK Dollars)

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

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.

**Financial assets****Classification and subsequent measurement of financial assets**

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.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

For the year ended 31 March 2021 (in HK Dollars)

**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****Financial instruments (continued)***Financial assets (continued)**Classification and subsequent measurement of financial assets (continued)*

## 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.

*Impairment of financial assets*

The Association recognises a loss allowance for expected credit loss (“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.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

For the year ended 31 March 2021 (in HK Dollars)

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

## (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.

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.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**For the year ended 31 March 2021 (in HK Dollars)

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

## (i) Significant increase in credit risk (continued)

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.

## (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 2021 (in HK Dollars)

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**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****Financial instruments (continued)***Financial assets (continued)**Impairment of financial assets (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:

- 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 2021 (in HK Dollars)

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

*Financial liabilities**Other financial liabilities*

Other financial liabilities (including account payables, deposits received and accruals, receipts in advance and lease liabilities) 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.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**For the year ended 31 March 2021 (in HK Dollars)

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

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.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**For the year ended 31 March 2021 (in HK Dollars)

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

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

For the year ended 31 March 2021 (in HK Dollars)

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

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.

**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.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**For the year ended 31 March 2021 (in HK Dollars)

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**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****Employee benefits (continued)***(iii) Pensions obligations (continued)*

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.

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 and right-of-use assets**

In accordance with HKAS 16, the Association estimates the useful lives of equipment and right-of-use assets 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.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2021 (in HK Dollars)

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

	<u>2021</u>	<u>2020</u>
<b>Financial assets</b>		
Amortised cost		
- Account receivables	56,225	2,071,208
- Deposits	53,600	53,600
- Fixed deposits	-	1,354,670
- Bank balances and cash	10,502,206	4,874,152
<b>Financial liabilities</b>		
Amortised cost		
- Account payables	9,107,967	6,629,024
- Deposits received and accruals	159,955	270,179
- Receipts in advance	576,028	954,930
- Lease liability	68,130	182,404

**(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, receipts in advance and lease liabilities. 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.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

For the year ended 31 March 2021 (in HK Dollars)

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

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 2021 and 2020.

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).

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 2021 and 2020 under HKFRS 9.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2021 (in HK Dollars)

## 5. FINANCIAL RISK MANAGEMENT (CONTINUED)

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

## 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
<b>As at 31 March 2021</b>						
<b>Non-derivative financial liabilities</b>						
Account payables	-	9,107,967	-	-	9,107,967	9,107,967
Deposits received and accruals	-	159,955	-	-	159,955	159,955
Receipts in advance	-	576,028	-	-	576,028	576,028
Lease liability	2.76	68,600	-	-	68,600	68,130
<b>Total</b>		<b>9,912,550</b>	<b>-</b>	<b>-</b>	<b>9,912,550</b>	<b>9,912,550</b>

	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
<b>As at 31 March 2020</b>						
<b>Non-derivative financial liabilities</b>						
Account payables	-	6,629,024	-	-	6,629,024	6,629,024
Deposits received and accruals	-	270,179	-	-	270,179	270,179
Receipts in advance	-	954,930	-	-	954,930	954,930
Lease liability	2.76	117,600	68,600	-	186,200	182,404
<b>Total</b>		<b>7,971,733</b>	<b>68,600</b>	<b>-</b>	<b>8,040,333</b>	<b>8,036,537</b>

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2021 (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 2021 and 2020.

**6. REVENUE**

	<u>2021</u>	<u>2020</u>
<b>Services recognised at a point of time</b>		
Membership fees	385,286	336,150
Training and events fees	178,471	989,548
Subsidies and donations received for the year	<u>8,556,465</u>	<u>11,412,995</u>
	<u>9,120,222</u>	<u>12,738,693</u>

**(i) Performance obligations for contracts with customers**

The Association provides promotion and development of baseball sports services.

Revenue is recognised when control of the services has transferred, being when the services have been delivered to the specific customer ("delivery") as agreed in the service contracts. Following delivery, the customer has full discretion over the manner of distribution, the primary responsibility on utilising the services and bears the risks of loss in relation to the services.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2021 (in HK Dollars)

**6. REVENUE (CONTINUED)**

- (ii) Transaction price allocated to the remaining performance obligation for contracts with customers

All provision of services is for the periods of one year or less. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

**7. OTHER REVENUE**

	<u>2021</u>	<u>2020</u>
Management services fees	-	39,854
Sale of baseball related products and sundry income	147,357	79,964
Income from activities	24,502	369,347
Bank interest	6,187	18,850
	<u>178,046</u>	<u>508,015</u>

**8. FINANCE COSTS**

	<u>2021</u>	<u>2020</u>
Interest on lease liability (Note 18)	3,326	2,308

**9. SURPLUS BEFORE TAXATION**

	<u>2021</u>	<u>2020</u>
Surplus before taxation is arrived at after charging:		
Auditors' remuneration	49,500	49,500
Depreciation of equipment (Note 11)	9,812	-
Depreciation of right-of-use assets (Note 12)	114,548	47,728
Interest on lease liability (Note 17)	3,326	2,308
Directors' remuneration		
- Fees	-	-
- Other emoluments	-	-
Salaries, wages and other benefits (excluding directors' remuneration)	2,262,650	2,224,241
Short-term leases and leases with lease term shorter than 12 months	72,367	114,932

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2021 (in HK Dollars)

**10. 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.

**11. EQUIPMENT**

	<u>Office equipment</u>	<u>Baseball equipment</u>	<u>Total</u>
<b>Cost:</b>			
As at 1 April 2019, 31 March 2020 and 1 April 2020	13,100	31,495	44,595
Additions	49,058	-	49,058
<b>As at 31 March 2021</b>	<b>62,158</b>	<b>31,495</b>	<b>93,653</b>
<b>Accumulated depreciation:</b>			
As at 1 April 2019, 31 March 2020 and 1 April 2020	13,100	31,495	44,595
Depreciation provided for the year	9,812	-	9,812
<b>As at 31 March 2021</b>	<b>22,912</b>	<b>31,495</b>	<b>54,407</b>
<b>Carrying amount:</b>			
<b>As at 31 March 2021</b>	<b>39,246</b>	<b>-</b>	<b>39,246</b>
As at 31 March 2020	-	-	-

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2021 (in HK Dollars)

**12. RIGHT-OF-USE ASSETS/LEASE LIABILITIES****Right-of-use assets**

	<u>2021</u>	<u>2020</u>
As at 1 April	181,368	-
Adoption of HKFRS 16	-	229,096
Depreciation provided during the year	<u>(114,548)</u>	<u>(47,728)</u>
As at 31 March	<u>66,820</u>	181,368

The right-of-use assets represent the Association's right to use underlying leased office premises under operating lease arrangements over the lease terms.

**Lease liabilities**

	<u>2021</u>	<u>2020</u>
Analysed as		
- Current	68,130	114,274
- Non-current	<u>-</u>	<u>68,130</u>
	68,130	182,404
Minimum lease payments due		
- Within one year	68,600	117,600
- More than one year but not later than two years	<u>-</u>	<u>68,600</u>
	68,600	186,200
Less: Future finance charges	<u>(470)</u>	<u>(3,796)</u>
Present value of lease liabilities	<u>68,130</u>	182,404
Present value of minimum lease payments		
- Within one year	68,130	114,275
- More than one year but not later than two years	<u>-</u>	<u>68,130</u>
	<u>68,130</u>	182,404

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

For the year ended 31 March 2021 (in HK Dollars)

**13. ACCOUNT RECEIVABLES**

	<u>2021</u>	<u>2020</u>
Account receivables	56,225	2,071,208

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 years ended 31 March 2021 and 2020 are set out in Notes 3 and 5(b).

The Association does not hold any collateral over the balances.

**14. DEPOSITS AND PREPAYMENTS**

	<u>2021</u>	<u>2020</u>
Prepayments	235,621	551,713
Deposits	53,600	53,600
	<u>289,221</u>	<u>605,313</u>

**15. FIXED DEPOSITS/BANK BALANCES AND CASH**

	<u>2021</u>	<u>2020</u>
Fixed deposits	-	1,354,670
Bank balances and cash	10,502,206	4,874,152
	<u>10,502,206</u>	<u>6,228,822</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. No fixed deposits carry fixed interest rates as at 31 March 2021 (2020: from 0.80% to 1.37%).

Bank balances and cash carrying interest at market rates of 0.01% per annum for the years ended 31 March 2021 and 2020.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2021 (in HK Dollars)

**16. MATERIAL RELATED PARTY TRANSACTIONS**

The Association had no compensation for key management personnel comprising the directors of the Association during the year (2020: 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>2021</u>	<u>2020</u>
Au Hok Leung	Director	Coach allowance	<b>388,077</b>	266,158
Au Wing Leung	Director	Coach allowance	<b>350,541</b>	243,530
Chan Sze Leung	Director	Official allowance	-	1,125
Chan Tsz Yeung	Director	Coach allowance	<b>3,852</b>	-
Cheung On Kiu	Director	Coach allowance	<b>210,938</b>	216,544
Chiu Chi Kam, Kenneth	Director	Athletes allowance	<b>4,000</b>	-
		Coach allowance	<b>53,761</b>	-
Lau Tsz Chin	Director	Coach allowance	<b>20,750</b>	-
Leung Ka Ho	Director	Athletes allowance	<b>52,000</b>	32,000
		Coach allowance	<b>32,983</b>	10,518
Leung Tak Kwong	Director	Coach allowance	<b>44,164</b>	25,776
		Official allowance	-	370
Leung Wai Hung	Director	Official allowance	<b>3,954</b>	-
Ng Kwong Yuen	Director	Official allowance	<b>3,600</b>	7,225
Pun Wo Sau	Director	Athletes allowance	<b>24,000</b>	28,000
Wong Ki, Jonathan	Director	Official allowance	<b>24,526</b>	18,227

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

For the year ended 31 March 2021 (in HK Dollars)

**17. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES****Lease liabilities (Note 12)**

	<u>2021</u>	<u>2020</u>
As at 1 April	182,404	-
Changes from financing cash flows:		
Capital element of lease rentals paid	(114,274)	(46,692)
Interest element of lease rentals paid	(3,326)	(2,308)
Total changes from financing cash flows	(117,600)	(49,000)
Other changes:		
Increase in lease liability	-	229,096
Interest expenses (Note 8)	3,326	2,308
Total changes from financing cash flows	3,326	231,404
As at 31 March	68,130	182,404

**18. EVENTS AFTER THE REPORTING PERIOD**

Besides elsewhere in financial statement, the company did not have other material subsequent event.

**19. APPROVAL OF THE FINANCIAL STATEMENTS**

The financial statements were approved and authorised for issue by the board of directors on 28 October 2021.

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

**DETAILED STATEMENT OF PROFIT OR LOSS**

(For management use only)

For the year ended 31 March 2021 (in HK Dollars)	2021	2020
<b>Revenue</b>		
Membership fees	385,286	336,150
Training and events fees	178,471	989,548
Subsidies and donations received for the year	8,556,465	11,412,995
	<b>9,120,222</b>	<b>12,738,693</b>
<b>Other revenue</b>		
Management services fees	-	39,854
Sale of baseball related products and sundry income	147,357	79,964
Income from activities	24,502	369,347
Interest income on rental deposit	-	847
Bank interest	6,187	18,850
	<b>178,046</b>	<b>508,862</b>
<b>Training, championship and tournaments expenses</b>	<b>(4,193,930)</b>	<b>(9,915,621)</b>
<b>General expenses</b>		
Auditors' remuneration	(49,500)	(49,500)
Business registration fee	(250)	(250)
Depreciation of equipment	(9,812)	-
Depreciation of right-of-use assets	(114,548)	(47,728)
Directors' remuneration	-	-
Donation	(500)	-
Insurance	(87,664)	(159,392)
Legal and professional fee	(174,849)	-
Membership subscription	-	(6,346)
Mandatory provident fund contributions	(93,602)	(91,338)
Office and storage rental	(72,367)	(114,931)
Office furniture and equipment	(8,185)	(27,927)
Payment in relation to one-off grant from anti-epidemic fund	(1,552,126)	-
Printing, stationery and postage	(122,882)	(179,579)
Public relation	(5,615)	(18,340)
Repairs and maintenances	(11,763)	(21,526)
Salaries and other allowances	(2,169,049)	(2,132,189)
SF&OC anti-epidemic support	(50,185)	-
Staff welfare	(9,963)	(11,081)
Sundry expenses	(451,810)	(64,396)
Telephone and fax	(124,823)	(39,968)
Transportation and travelling	(55)	(3,308)
	<b>(5,109,548)</b>	<b>(2,967,799)</b>

**DETAILED STATEMENT OF PROFIT OR LOSS**

(For management use only)

For the year ended 31 March 2021 (in HK Dollars)	2021	2020
<b>Finance costs</b>		
Interest on lease liability	(3,326)	(2,308)
<b>(Deficit)/surplus before taxation</b>	<b>(8,536)</b>	360,980
<b>Taxation</b>	-	-
<b>(Deficit)/surplus for the year</b>	<b>(8,536)</b>	360,980

