

# PIEAA

香港上市公司審核師協會有限公司  
Hong Kong Association of Registered  
Public Interest Entity Auditors Limited

# 2024

## ANNUAL REPORT

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# CHAIRMAN STATEMENT



2024 has so far been an exceptional challenging and volatile year for audit professionals particularly those specialized in PIE market as Hong Kong stock market had a conspicuous flat period both in terms of turnover and transactions all the way up to mid-September when it was suddenly hit by a spike of trading activities in both of the China and Hong Kong markets in the last week of September on the back of a series of announcement made by the Ministry of Finance of a package of stimulus policies most notable on the mainland property market. This sudden revival was also fueled by the largest successful IPO of the year, a Chinese home appliances manufacturing company in mid-September in the Hong Kong market which effectively propelled Hong Kong back to the global top 5 position in IPO ranking, reversing the downward trend in 2022 and 2023.

This sudden surge of trading undoubtedly has changed completely the trajectory of both the China and Hong Kong markets in 2024. Up to that point the markets had a flat nine months with daily trading volume generally down as compared with recent years. IPO had come down significantly as compared with the golden period a few years back when Hong Kong market was habitually at the top few positions globally. The decline during the last couple of years had substantially

affected auditors who specialized in PIE market. The downward pressure was exacerbated by an array of changes such as reforms of audit regulatory landscape in Hong Kong, continuous issuance of new impactful auditing standards, rapid development of new rules and regulations relevant to Chinese companies that require audit carried out in both China and Hong Kong which is peculiar to Hong Kong audit regulator, development of advanced technology that require continuous investment etc. In summary the sudden surge of market transactions since the end of September had brought some light after a long period of doldrums but no one could be sure of its sustainability. In a nutshell PIE audit market had been having a tough time in recent years due to downturn of market, demand of continuous rising audit quality and stagnate audit fees. Thus the profession is under a lot of financial pressure and starts to lose its long term attractiveness among young talents. These challenges are well echoed by some recent studies carried out by the Accounting Financial Reporting Council ("AFRC").

As the only association representing professional auditors for PIEs in Hong Kong we need to be vocal and honest in making our views known to relevant stakeholders such as our regulators, our clients and public, so that issues could be brought to public debate and scrutiny. In fact you will be reading more of these reach out activities as we have been doing exactly that since our set up in 2021.

Following our annual report last year, I am pleased to report the continuing progress we made on the following fronts this year:

### Promotion of Hong Kong Capital Market

In conjunction with the Chamber of Hong Kong Listed Companies and the Hong Kong Institute of Directors we held a very well attended inaugural Hong Kong Capital Market Forum on 30 January 2024 which was part of the official weekly program of the Hong Kong Annual Financial Forum 2024. In the forum we staged keynote speeches given by the Hon. Paul Chan, Financial Secretary of the HKSAR, Mr Tim Lui, Chairman of SFC, Dr Kelvin Wong, Chairman of AFRC and Mr Carlson Tong, a NED of the Hong Kong Stock Exchange then followed by distinguished panels on very topical issues of broad market interests.

### Collaboration with AFRC on subjects of interest relevant to our domain

As the recognized representative of PIE auditors in Hong Kong we took every opportunity in participating and reaching out to AFRC on every consultation and/or invitation issued by them on any subjects which we think are of relevance to us. In September we co-organized with them a webinar in explaining the findings and key messages of their two study reports which were well attended by our members. Over time we establish a professional working relationship with the AFRC which makes our communication with them effective which in turn contributes to a healthy regulatory framework.

### Communicating with other accounting organizations

As one of the most visible intermediary groups in the ecosystem of the Hong Kong capital market we need to receive delegations sent from various mainland Chinese organizations including regulators and other accounting organizations in the country on a regular basis. These interactions were mainly for introduction of how the Hong Kong capital market work. In addition as one of the most influential professional associations within the accounting domain in Hong Kong that returns 15 of the Accountancy delegates in the Election Committee we are duty bound to be actively involved in the sector activities so as to strengthen our bonding with the others and justify our right of representation of the sector. These activities in 2024 include:



### Summary

In summary PIEAA so far had an eventful, active and fulfilling 2024. I strongly believe if we could utilize our clout and resources appropriately our platform is an invaluable channel through which our cohesive views and noises can be effectively made. We wish Hong Kong market will continue to rebound strongly riding on the latest wave of revival and we can continue to play our part in building a bright future for Hong Kong and our motherland. On this note I wish every one of you a very joyous festive season, and a successful and prosperous 2025.

Clement Chan  
Chairman of PIEAA

# SUMMARY OF EVENT & ACTIVITIES FOR 2023-24

7 May 2023

First CPD Sports Carnival – co-organized with HKICPA and SCAA



11 June 2023

Philharmonic Concert celebrating 26th Anniversary of the establishment of the HKSAR



大灣區管弦樂團 2023 年 6 月 11 日音樂會

演出地點：香港理工大學賽馬會綜藝館

日期時間：2023 年 6 月 11 日晚上 8 時

表演曲目：

1	呂其明：紅樓夢	
2	施夏海曲、熊承宇等編：黃河鋼琴協奏曲	
	第 1 樂章	
	第 2 樂章	
	第 3 樂章	
	第 4 樂章	
3	[Piano Solo Encore]	

中場休息 15 分鐘

4	Mozart: Overture to The Marriage of Figaro	
5	Tchaikovsky: Waltz from Swan Lake	
6	[舞臺第五動環節]	
7	Mozart: Allegro Molto from Symphony No. 40	
8	Bizet: Farandole from L'Arlesienne Suite No. 2	
9	[Encore 1] 蘇嘉輝：獅子山下	
10	[Encore 2] J. Strauss: Radetzky March	



19 July 2023

HR Survey Press Conference



22 September 2023

Celebration Dinner for the 74th Anniversary of the People's Republic of China



18 November 2023

PIEAA was one of the co-organizer for CPD Carnival which covers various topics providing an excellent learning platform to enhance our professional development



分享內容	主講嘉賓
① 會計、信託及保險業務	王國基 Patrick Ho
② 財務及信託	王國基 Patrick Ho
③ 大企業信託及信託業務	王國基 Patrick Ho
④ 會計、信託及保險業務	王國基 Patrick Ho
⑤ 信託及信託業務	王國基 Patrick Ho
⑥ 信託及信託業務	王國基 Patrick Ho
⑦ 信託及信託業務	王國基 Patrick Ho
⑧ 信託及信託業務	王國基 Patrick Ho
⑨ 信託及信託業務	王國基 Patrick Ho
⑩ 信託及信託業務	王國基 Patrick Ho





30 January 2024

Hong Kong Capital Markets Forum 2024

"Driving Growth with Market Integrity and Sound Governance"

Organized by Hong Kong Association of Registered Public Interest Entity Auditors Limited (PIEAA),  
The Chamber of Hong Kong Listed Companies (CHKLC) and The Hong Kong Institute of Directors (HKiOD)



18 March 2024

Spring Cocktail Reception celebrating the Lunar New Year of the Dragon





4 May 2024 (Opening Ceremony)

22 June 2024 (Rescheduled)

HKICPA-SCAA CPA Sports Carnival



23 June 2024

Philharmonic Concert celebrating 27th Anniversary of the establishment of the HKSAR



24 September 2024

Co-organized with AFRC a webinar in explaining the findings and key messages of their reports including "Report on the Analysis of the PIE Audit Market in Hong Kong" and "Roundtable Discussion on Audit quality and Climate-integrated Audits in Hong Kong"





27 September 2024

Celebration Dinner for the 75th Anniversary of the People's Republic of China



# AUDITED FINANCIAL STATEMENT



## REPORT OF THE COUNCIL MEMBERS

The council members present their report and the audited financial statements for the year ended 31st March, 2024.

### REPORTING EXEMPTION

The association falls within the reporting exemption for the period and is exempt from certain disclosure requirements of the Hong Kong Companies Ordinance relating to the report of the council members including preparation of a business review.

### PRINCIPAL ACTIVITIES

The principal activities of the association are as follows:

- a. To serve the business community and public interest entities in Hong Kong.
- b. To contribute to the sustainable development of Hong Kong as a leading international business and financial centre.
- c. To strengthen the cooperation and exchange between Hong Kong and The People's Republic of China.
- d. To reflect and protect the mutual and professional interests of the members of the association.
- e. To represent its members and create a formidable voice on matters of common concern and interest.
- f. To encourage and promote the best professional practices.
- g. To upkeep the image and standing of the Registered Public Interest Entity Auditors and the accountancy profession at large.
- h. To provide a channel of communication and a common platform for its members to foster cooperation and collaboration among themselves.
- i. To provide related services to its members.
- j. To promote interest in future development potential for young talent.

### FINANCIAL STATEMENTS

The surplus of the association for the year ended 31st March, 2024 and the association's financial position at that date are set out in the attached financial statements.

## REPORT OF THE COUNCIL MEMBERS

### COUNCIL MEMBERS

The following were council members of the association during the year and up to the date of this report:

#### Permanent Council Members

Chan Clement Kam Wing (Chairman)

(Alternate: Kong Chi How, Johnson)

Lo Wa Kei Roy (Vice-Chairman)

To Honson (Vice-Chairman) (Resigned on 16th October, 2024)

(Alternate: Cheung Wing Han resigned on 16th October, 2024 and Leung Sze Kit resigned on 16th October, 2024)

Cheung Wing Han (Vice-Chairman) (Appointed on 16th October, 2024)

(Alternate: Leung Sze Kit appointed on 16th October, 2024)

Au Chun Hing (Resigned on 20th June, 2024)

(Alternate: Yeung Yu Man resigned on 24th August, 2023, Keung To Wai David resigned on 24th August, 2023 and Lee Po Chi appointed on 24th August, 2023 and resigned on 20th June, 2024, and Tsang Shun Fuk, Patrick appointed on 18th April, 2024 and resigned on 20th June, 2024)

Chan Hoi Jack

(Alternate: Law Fu Yuen and Lee Shun Yi, Jasmine)

Chow Sai Keung

(Alternate: Fong Wan Huen appointed on 18th April, 2024)

Tsang Shun Fuk, Patrick (Appointed on 20th June, 2024)

(Alternate: Au Chun Hing appointed on 20th June, 2024 and Lee Po Chi appointed on 20th June, 2024)

#### Elected Council Members

Chan Mei Bo, Mabel

Chan Wai Dune

Liu Eugene (Resigned on 21st December, 2023)

(Alternate: Wong Tak Man Stephen resigned on 21st December, 2023)

Tang Hoi Lin, Helen

Yam Tak Fai Ronald (Appointed on 21st December, 2023)

(Alternate: Wong Tak Man Stephen appointed on 21st December, 2023)

Yip Ngai Shing

(Alternate: Chan Hiu Fun appointed on 8th February, 2024)

In accordance with the articles of association of the association, all permanent council members hold office for life. The elected council members were appointed at the 2023 annual general meeting to serve a term of 3 years until the 2026 annual general meeting, where they shall retire and be eligible for re-appointment.



## REPORT OF THE COUNCIL MEMBERS (CONT'D)

### PERMITTED INDEMNITY PROVISION

In accordance with the articles of association of the association, a council member of the association may be indemnified out of the association's assets against any liability incurred by the council member to a person other than the association or an associated company of the association in connection with any negligence, default breach of duty or breach of trust in relation to the association or associated company provided that the indemnity does not cover the prohibitions specified in section 469 of the Hong Kong Companies Ordinance. This indemnity provision is in force during the financial year and at the time of approval of this report.

### AUDITORS

The auditors, Messrs. Poon & Co. retire and, being eligible, offer themselves for re-appointment.

HONG KONG, 16th October, 2024

On behalf of the board



Chan Clement Kam Wing  
Chairman

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HONG KONG ASSOCIATION OF REGISTERED PUBLIC INTEREST ENTITY AUDITORS LIMITED (INCORPORATED IN HONG KONG WITH LIMITED LIABILITY BY GUARANTEE)

**Hoon & Co.**

CERTIFIED PUBLIC ACCOUNTANTS  
CHARTERED SECRETARIES

6th Floor, Dominion Centre  
43-59 Queens' Road East  
Hong Kong

TO THE MEMBERS OF  
HONG KONG ASSOCIATION OF REGISTERED PUBLIC INTEREST ENTITY AUDITORS LIMITED  
(Incorporated in Hong Kong with limited liability by guarantee)

## OPINION

We have audited the financial statements of Hong Kong Association Of Registered Public Interest Entity Auditors Limited ("the association") set out on pages 17 to 41, which comprise the statement of financial position as at 31st March, 2024, and the statement of surplus or deficit, the statement of surplus or deficit and other comprehensive income, statement of changes in fund and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policy information.

In our opinion, the financial statements give a true and fair view of the financial position of the association as at 31st March, 2024, and of its financial performance and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

## BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the association in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the code"), and we have fulfilled our other ethical responsibilities in accordance with the code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## OTHER INFORMATION

The council members are responsible for the other information. The other information comprises the information included in the report of the council members, but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HONG KONG ASSOCIATION OF REGISTERED PUBLIC INTEREST ENTITY AUDITORS LIMITED (INCORPORATED IN HONG KONG WITH LIMITED LIABILITY BY GUARANTEE)**

### **RESPONSIBILITIES OF COUNCIL MEMBERS AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS**

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

In preparing the financial statements, the council members are responsible for assessing the association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the council members 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.

### **AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibilities towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with HKSAAs, we exercise professional 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the council members.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HONG KONG ASSOCIATION OF REGISTERED PUBLIC INTEREST ENTITY AUDITORS LIMITED (INCORPORATED IN HONG KONG WITH LIMITED LIABILITY BY GUARANTEE)**

### **AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)**

- Conclude on the appropriateness of the council members' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the association to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with 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.



Poon & Co.  
Certified Public Accountants

HONG KONG, 16th October, 2024



## STATEMENT OF FINANCIAL POSITION

AS AT 31ST MARCH, 2024

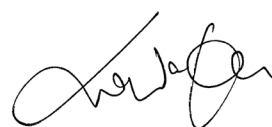
	Note	2024 HK\$	2023 HK\$
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Equipment	3	689.96	920.00
<b>CURRENT ASSETS</b>			
Accounts receivable		224,749.74	190,367.10
Prepayments		48,416.23	63,784.87
Cash at bank		952,688.77	614,678.13
		<b>1,225,854.74</b>	<b>868,830.10</b>
<b>LESS: CURRENT LIABILITIES</b>			
Contract liabilities	4	790,000.00	410,000.00
Accounts payable		50,685.34	-
Accrued expenses		10,320.60	213,962.50
Amount due to permanent founding member	5	34,100.00	33,155.85
Provisions	6	62,756.80	31,818.60
Provision for taxation		50,034.00	50,034.00
		<b>997,896.74</b>	<b>738,970.95</b>
<b>NET CURRENT ASSETS</b>		<b>227,958.00</b>	<b>129,859.15</b>
<b>NET ASSETS</b>		<b>228,647.96</b>	<b>130,779.15</b>
<b>MEMBERS' FUND</b>			
<b>ACCUMULATED SURPLUS</b>		<b>228,647.96</b>	<b>130,779.15</b>

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

These financial statements were approved and authorised for issue by the board of council members on 16th October, 2024 and were signed on its behalf.



Chan Clement Kam Wing  
Chairman



Lo Wa Kei Roy  
Vice-Chairman

## STATEMENT OF SURPLUS OR DEFICIT

### FOR THE YEAR ENDED 31ST MARCH, 2024

	Note	2024 HK\$	2023 HK\$
<b>REVENUE</b>			
Membership fee income		1,050,000.00	364,175.00
Sponsorship income		908,888.00	309,600.00
Registration fee income from webinar		-	8,100.00
	8	<b>1,958,888.00</b>	<b>681,875.00</b>
<b>OTHER REVENUE</b>			
Interest income		1,972.38	596.70
<b>OTHER GAIN</b>			
Share of surplus from Accounting Sector's National Day's Celebration		54,482.64	30,267.10
		<b>2,015,343.02</b>	<b>712,738.80</b>
<b>LESS: EXPENDITURE</b>			
Service fee		-	400,000.00
Sponsorship expenses		304,000.00	161,500.00
Salaries and allowances		408,502.30	376,063.81
Professional fees		5,550.00	3,450.00
Company secretarial fees		100,000.00	100,000.00
Accountancy fees		30,000.00	30,000.00
Audit fee		18,500.00	15,000.00
Contributions to mandatory provident fund		18,000.00	18,000.00
Event expenses		936,941.30	-
Meeting expenses		-	11,935.00
Insurance		10,247.63	9,367.01
Computer expenses		4,014.83	7,720.19
Printing and stationery		1,108.70	3,829.32
Bank charges		820.00	869.00
Bad debt written off		100.00	-
Travelling expenses		8,430.31	3,696.44
Depreciation		230.04	230.00
Share of expenses for summit cum ceremony		-	28,100.00
Sundry expenses		20,007.86	9,689.57
		<b>1,866,452.97</b>	<b>1,179,450.34</b>
		<b>148,890.05</b>	<b>(466,711.54)</b>
<b>LESS: SHARE OF SURPLUS FROM FORUM WITH CO-ORGANISERS</b>	10	50,685.34	-
<b>SURPLUS/(DEFICIT) FROM OPERATIONS</b>		<b>98,204.71</b>	<b>(466,711.54)</b>
<b>LESS: FINANCE COST</b>	11	335.90	-
		<b>97,868.81</b>	<b>(466,711.54)</b>
<b>LESS: TAXATION</b>	12	-	(10,000.00)
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>97,868.81</b>	<b>(456,711.54)</b>

STATEMENT OF SURPLUS OR DEFICIT  
AND COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31ST MARCH, 2024

	2024 HK\$	2023 HK\$
<i>SURPLUS/(DEFICIT) FOR THE YEAR</i>	97,868.81	(456,711.54)
<i>OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX</i>	-	-
<i>TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR</i>	97,868.81	(456,711.54)



## STATEMENT OF CHANGES IN MEMBERS' FUND

AS AT 31ST MARCH, 2024

	Accumulated Surplus HK\$
<i>At 1st April, 2022</i>	587,490.69
<i>Deficit/total comprehensive loss for the year</i>	<u>(456,711.54)</u>
<i>At 31st March, 2023</i>	130,779.15
<i>Surplus/total comprehensive income for the year</i>	<u>97,868.81</u>
<i>At 31st March, 2024</i>	<u><u>228,647.96</u></u>

## STATEMENT OF CASH FLOWS

### FOR THE YEAR ENDED 31ST MARCH, 2024

	2024 HK\$	2023 HK\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Surplus/(deficit) before taxation	97,868.81	(466,711.54)
Adjustments for:		
Depreciation	230.04	230.00
Interest income	(1,972.38)	(596.70)
Interest expense for provision for long service payment	335.90	-
Operating surplus/(deficit) before working capital changes	<b>96,462.37</b>	<b>(467,078.24)</b>
Increase in accounts receivable	(34,382.64)	(33,406.87)
Decrease/(increase) in prepayments	15,368.64	(56,463.17)
Increase in contract liabilities	380,000.00	410,000.00
Increase in accounts payable	50,685.34	-
(Decrease)/increase in accrued expenses	(203,641.90)	209,839.48
Increase/(decrease) in amount due to permanent founding member	944.15	(33,800.60)
Increase in provisions	30,602.30	8,563.81
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>336,038.26</b>	<b>37,654.41</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payment to acquire equipment	-	(1,150.00)
Interest received	1,972.38	596.70
<b>NET CASH FROM/(USED IN) INVESTING ACTIVITIES</b>	<b>1,972.38</b>	<b>(553.30)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>338,010.64</b>	<b>37,101.11</b>
<b>CASH AND CASH EQUIVALENTS AT 1ST APRIL</b>	<b>614,678.13</b>	<b>577,577.02</b>
<b>CASH AND CASH EQUIVALENTS AT 31ST MARCH</b>	<b>952,688.77</b>	<b>614,678.13</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 1. GENERAL INFORMATION

The association is a company limited by guarantee, not having a share capital, domiciled and incorporated in Hong Kong. The liability of each of its members is limited to HK\$100.00. Its registered office is located at 25th Floor, Wing On Centre, 111 Connaught Road Central, Hong Kong.

The principal activities of the association are as follows:

- a. To serve the business community and public interest entities in Hong Kong.
- b. To contribute to the sustainable development of Hong Kong as a leading international business and financial centre.
- c. To strengthen the cooperation and exchange between Hong Kong and The People's Republic of China.
- d. To reflect and protect the mutual and professional interests of the members of the association.
- e. To represent its members and create a formidable voice on matters of common concern and interest.
- f. To encourage and promote the best professional practices.
- g. To upkeep the image and standing of the Registered Public Interest Entity Auditors and the accountancy profession at large.
- h. To provide a channel of communication and a common platform for its members to foster cooperation and collaboration among themselves.
- i. To provide related services to its members.
- j. To promote interest in future development potential for young talent.

### 2. MATERIAL ACCOUNTING POLICIES

#### a. Basis of preparation

The financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (HKFRSs), the collective term which includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (HKASs) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (HKICPA) and accounting principles generally accepted in Hong Kong.

The financial statements comply with the applicable requirements of the Hong Kong Companies Ordinance which concern the preparation of financial statements.

The financial statements have been prepared under the historical cost convention.



## NOTES TO THE FINANCIAL STATEMENTS

### 2. MATERIAL ACCOUNTING POLICIES

#### a. Basis of preparation (Cont'd)

##### Changes in accounting policies

In the current period, the association has adopted the following amended standard which is effective for annual reporting periods beginning on or after 1st January, 2023 and a new guidance issued in July 2023.

Amendments to HKAS 1 Presentation of Financial Statements  
and HKFRS Practice Statement 2 Making Materiality

##### Judgements: Disclosure of Accounting Policies

The amendments to HKAS 1 require entities to disclose their material accounting policy information instead of significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments to HKFRS Practice Statement 2 provide guidance on how to apply the concept of materiality to accounting policy disclosures. The association revisited the accounting policy information it has been disclosing and considered it is consistent with the amendments.

New HKICPA Guidance on the Accounting Implications  
of the Abolition of the Mandatory Provident Fund -  
Long Service Payment Offsetting Mechanism

The Government of the Hong Kong Special Administrative Region ("Hong Kong Government") gazetted the Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 ("Amendment Ordinance") in June 2022. The Amendment Ordinance will abolish the statutory right of an employer to reduce its long service payment ("LSP") payable to a Hong Kong employee by drawing on its mandatory contributions to the mandatory provident fund ("MPF"), commonly known as offsetting mechanism. The abolition is also applicable to various other retirement schemes including Occupational Retirement Schemes Ordinance schemes ("ORSO schemes"). In April 2023, the Chief Executive of the Hong Kong Government has announced that the abolition will take effect on 1st May, 2025 ("transition date").

The two key effects (taken into account of the grandfathering arrangement for employees who are already in employment before the transition date) of the abolition are:

1. The pre-transition portion will be calculated on the basis of the monthly wages immediately preceding the transition date and the years of service before the transition date, whereas the post-transition portion will be calculated on the basis of the last monthly wages before termination of employment and the years of service starting from the transition date.
2. Employers can continue to use the accrued benefits derived from their MPF contributions (irrespective of whether the contributions are made before, on or after the transition date, and irrespective of whether the contributions are mandatory or voluntary) to offset only the pre-transition portion (but not the post-transition portion) of LSP.

## NOTES TO THE FINANCIAL STATEMENTS

### 2. MATERIAL ACCOUNTING POLICIES

#### a. Basis of preparation (Cont'd)

##### Changes in accounting policies (Cont'd)

##### New HKICPA Guidance on the Accounting Implications of the Abolition of the Mandatory Provident Fund - Long Service Payment Offsetting Mechanism (Cont'd)

In February 2023 and July 2023, the Hong Kong Institute of Certified Public Accountants ("HKICPA") issued an alert and a guideline on the accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong respectively. Both highlighted two acceptable approaches that companies could take to account for the impact arising from the abolition. In particular, one approach indicates that entities may account for the accrued benefits derived from mandatory MPF contributions that are expected to be used to reduce the LSP payable to an employee as deemed contributions by that employee towards the LSP. These deemed contributions should be attributed to periods of service in the same manner as the gross LSP benefits under this particular approach.

To better reflect the substance of the abolition of the offsetting mechanism, the association has changed its accounting policy and applied the aforesaid approach set out in the HKICPA guidance in connection with its provision for long service payments and the related employee benefits. The change in accounting policy resulted in a cumulative catch-up adjustment for past service cost and a corresponding increase in the association's long service payment obligation in the year of enactment of the Amendment Ordinance ended 31st March, 2023. Since the impact was not material, such adjustment was recognised as an expense in the association's statement of surplus or deficit in the year ended 31st March, 2024 as set out in note 13 with no restatement on comparative information.

The following tables illustrate the effects of adoption of the HKICPA guidance:

	Without adoption of HKICPA <u>Guidance</u> HK\$	Effects of adoption of HKICPA <u>Guidance</u> HK\$	<u>As reported</u> HK\$
<b>Statement of financial position as at 31st March, 2024</b>			
Provisions	45,425.20	17,331.60	62,756.80
Current liabilities	980,565.14	17,331.60	997,896.74
Net current assets	245,289.60	(17,331.60)	227,958.00
Net assets	245,979.56	(17,331.60)	228,647.96
Accumulated surplus	245,979.56	(17,331.60)	228,647.96
<b>Statement of surplus or deficit for the year ended 31st March, 2024</b>			
Administrative expenses	391,506.60	16,995.70	408,502.30
Surplus from operations	81,209.10	16,995.70	98,204.71
Finance cost	-	335.90	335.90
Surplus before taxation	115,200.41	(17,331.60)	97,868.81
Surplus for the year	115,200.41	(17,331.60)	97,868.81

## NOTES TO THE FINANCIAL STATEMENTS

### 2. MATERIAL ACCOUNTING POLICIES

#### a. Basis of preparation (Cont'd)

##### Changes in accounting policies (Cont'd)

	Without adoption of HKICPA <u>Guidance</u> HK\$	Effects of adoption of HKICPA <u>Guidance</u> HK\$	<u>As reported</u> HK\$
<b>Statement of cash flows for the year ended 31st March, 2024</b>			
Surplus before taxation	115,200.41	(17,331.60)	97,868.81
Interest expense on provision for long service payment	-	335.90	335.90
Increase in provisions	13,606.60	16,995.70	30,602.30
Net cash from operating activities	336,038.26	-	336,038.26
Net increase in cash and cash equivalents	338,010.64	-	338,010.64

The association has not early adopted any of the new standards or interpretations that have been issued but are not yet effective. The council members anticipate that the adoption of such standards or interpretations will not have a material impact on the association's financial statements based on their initial assessment.

#### b. Equipment

Equipment is shown at cost less accumulated depreciation and accumulated impairment loss.

Subsequent costs are included in the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the association and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the statement of surplus or deficit during the year in which they are incurred.

#### c. Depreciation

Depreciation is calculated on a straight line basis at 20% per annum to write off the cost of equipment less accumulated impairment loss over the estimated useful lives.

#### d. Contract balances

A contract asset is the association's right to consideration in exchange for goods or services that the association has transferred to a customer in excess of the received consideration (or an amount of consideration due) from the customer.

A receivable is transferred from a contract asset when the association's rights to consideration are unconditional. A right to consideration is unconditional if only the passage of time is required before payment of that consideration is due.

A contract liability is the association's obligation to transfer goods or services to a customer in excess of what the association has received consideration (or an amount of consideration is due) from the customer.



## NOTES TO THE FINANCIAL STATEMENTS

### 2. MATERIAL ACCOUNTING POLICIES

#### e. *Financial instruments*

Financial assets and financial liabilities are recognised when an association becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets and financial liabilities, as appropriate, on initial recognition.

On initial recognition, financial assets and financial liabilities are classified in the following measurement categories. The classification depends on the association's business model for managing the financial assets and the contractual cash flow characteristics.

- Financial assets at amortised cost

#### Financial assets at amortised cost

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

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

Financial assets (including accounts receivable and cash at bank) that meet the above conditions are subsequently measured at amortised cost using the effective interest method less impairment losses.

#### Financial liabilities at amortised cost

Financial liabilities (including accounts payable, accrued expenses and amount due to permanent founding member) that meet the above conditions are subsequently measured at amortised cost using the effective interest method.

#### Recognition and derecognition

Financial assets at amortised cost arise when the association provides money, goods or services directly to a debtor.

Financial liabilities are incurred if the association has a contractual obligation to settle when it receives money, goods or services directly from a creditor.

Financial assets are derecognised when the rights to receive cash flows from the assets expire or the financial assets are transferred and the association has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in the statement of surplus or deficit.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the statement of surplus or deficit.

## NOTES TO THE FINANCIAL STATEMENTS

### 2. MATERIAL ACCOUNTING POLICIES

#### e. Financial instruments

##### Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the association or the counterparty.

#### f. Impairment

##### Impairment of financial assets

The association recognises loss allowances for expected credit losses ("ECL") on financial assets at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The association always recognises lifetime ECL for accounts receivable under the simplified approach as permitted by HKFRS 9. The expected credit losses on these financial assets are estimated using a provision matrix 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 as well as the forecast direction of conditions at the reporting dates, including time value of money where appropriate.

For other financial assets at amortised cost, the association recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition under the general approach. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the association measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment of whether lifetime ECL should be recognised is based on significant increase in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Expected credit loss is estimated as the difference between all contractual cash flows that are due to the association in accordance with the contract and all the cash flows that the association expects to receive, discounted at the original effective rate.

## NOTES TO THE FINANCIAL STATEMENTS

### 2. MATERIAL ACCOUNTING POLICIES

#### f. Impairment (Cont'd)

##### Impairment of financial assets (Cont'd)

The association assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

- the financial instrument has a low risk of default,
- the debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and
- adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the debtor to fulfil its contractual cash flow obligations.

The association considers a financial asset to have low credit risk when the asset has external credit rating of “investment grade” or an internal rating of “performing” that is consistent with the globally understood definition of low credit risk. Performing means that the counterparty has a strong financial position and there is no past due amount.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the association compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument 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 since initial recognition:

- an actual or expected significant deterioration in the financial instrument’s external (if available) or internal credit rating;
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor’s ability to meet its obligations;
- actual or expected significant unfavourable changes in operating results of the debtor that result in a significant change to the debtor’s ability to meet its obligations;
- actual or expected significant adverse changes in regulatory, economic or technological environment that result in a significant change to the debtor’s ability to meet its obligations;
- significant unfavourable changes in external market indicators of credit risk for the particular financial instrument or similar financial instrument with the same expected life;
- significant increases in credit risk on other financial instruments of the same debtor;
- significant changes in the expected performance and behaviour of the debtors, including changes in the payment statuses and patterns; and
- financial asset is more than 30 days past due unless the association has reasonable and supportable information to demonstrate that such past due information does not represent a significant increase in credit risk.



## NOTES TO THE FINANCIAL STATEMENTS

### 2. MATERIAL ACCOUNTING POLICIES

#### f. Impairment (Cont'd)

##### Impairment of financial assets (Cont'd)

The association considers the following to constitute a default event for internal credit risk management purposes:

- breaches of financial covenants by the debtor;
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors including the association (without taking into account any collateral held by the association); or
- financial asset is more than 90 days past due unless the association has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

A financial asset is credit-impaired when one or more events 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:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- 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;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for that financial asset because of financial difficulties; or
- the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

The association is mindful that the combined effect of several of the above events instead of a single discrete event can cause financial assets to become credit-impaired.

Loss allowances for financial assets are deducted from the gross carrying amounts of the assets. Changes in the loss allowances are recognised in surplus or deficit. Financial assets are written off against the loss allowances when the association has no reasonable expectations of recovering them.

If the amount of expected credit losses decreases in a subsequent period, the reversal would be adjusted to the loss allowances at the reporting date. The amount of reversal is recognised in surplus or deficit.

Subsequent recovery of a financial asset that was previously written off is recognised as a reversal of impairment in surplus or deficit in the period in which the recovery occurs.

## NOTES TO THE FINANCIAL STATEMENTS

### 2. MATERIAL ACCOUNTING POLICIES

#### f. Impairment (Cont'd)

##### Impairment of other assets

At the end of each reporting period, the association reviews the carrying amount of its equipment to determine whether there is any indication that these assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

#### g. Provisions

Provisions are recognised when the association has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

#### h. Taxation

Income tax comprises current and deferred tax.

Current tax is based on taxable profit for the reporting period, using tax rate that has been enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous reporting periods.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax liabilities are generally recognised for all taxable temporary differences, while deferred tax assets are recognised for all deductible temporary differences and the carry-forward unused tax losses, to the extent that it is probable that taxable profits will be available against which deductible temporary differences and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rate that is expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited to the statement of surplus or deficit, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

When different tax rates apply to different levels of taxable income, deferred tax assets and liabilities are measured using the average tax rates that are expected to apply to the taxable profit(tax loss) of the periods in which the temporary differences are expected to reverse.

## NOTES TO THE FINANCIAL STATEMENTS

### 2. MATERIAL ACCOUNTING POLICIES

#### i. Revenue recognition

##### Revenue from contracts with customers

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The association recognises revenue when it transfers control of a product or service to a customer.

The 5-step approach of revenue recognition includes:

- i. identify the contract with customer;
- ii. identify separate performance obligations in a contract;
- iii. determine the transaction price;
- iv. allocate the transaction price to the performance obligations; and
- v. recognise revenue when a performance obligation is satisfied.

The following is a description of the principal activities which the association generates its revenue.

Subscription fee income is recognised at the time when a member first becomes a member of the association.

Membership fee income is recognised over the annual subscription period.

Sponsorships not designated for any specific purposes and used at the discretion of the association are recognised as revenue when the right to receive payment is established. Sponsorships designated for specific purposes are recognised as revenue on systematic bases in the same periods to match with the related expenses which they are intended to compensate.

Registration fee income from webinar is recognised over time as the webinar is conducted.

##### Revenue from other sources

Interest income is recognised on a time-proportion basis.

#### j. Employee benefits

Employee entitlements to annual leave and long service payment are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service payment as a result of services rendered by employees up to the end of the reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

In accordance with a defined contribution mandatory provident fund retirement benefits scheme("the MPF scheme") established under the Mandatory Provident Fund Schemes Ordinance, both the association and staff are required to contribute 5% of the employees' relevant income (capped at HK\$3,000.00 per month). Contributions from the employer are 100% vested in the employees as soon as they are paid to the relevant MPF scheme but all benefits derived from the mandatory contributions must be preserved until the

## NOTES TO THE FINANCIAL STATEMENTS

### 2. MATERIAL ACCOUNTING POLICIES

#### j. Employee benefits (Cont'd)

employee reaches the retirement age of 65 subject to certain exceptions. Staff may elect to contribute more than the minimum as a voluntary contribution.

Contributions for the above scheme are charged to the statement of surplus or deficit as they become payable in accordance with the rules of the schemes. The assets of the schemes are held separately from those of the association in independently administered funds.

Hong Kong employees that have been employed continuously for at least five years are entitled to long service payments in accordance with the Hong Kong Employment Ordinance under certain circumstances. These circumstances include where an employee is dismissed for reasons other than serious misconduct or redundancy, that employee resigns at the age of 65 or above, or the employment contract is of fixed term and expires without renewal.

The association's present value of net defined benefit plan obligation in respect of long service payments is calculated by estimating the amount of future benefits that employees have earned in the current and prior years, attributing on a straight-line basis and discounting these attributed amounts using an interest rate by reference to market yields on government bonds. The estimated amount of future benefits is determined after deducting the negative service costs arising from the accrued benefits derived from the association's MPF contributions that have been vested with employees, which are deemed to be contributions from the relevant employees.

Current service cost and net interest expense related to defined benefit plan obligation are recognised in surplus or deficit.

#### k. Related parties

A related party is a person or entity that is related to the association.

- I. 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 of a parent of the association.
- II. 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 entity 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.



## NOTES TO THE FINANCIAL STATEMENTS

### 2. MATERIAL ACCOUNTING POLICIES

#### k. *Related parties (Cont'd)*

- 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 employers are also related to the association.
- vi. The entity is controlled or jointly controlled by a person identified in (l).
- vii. A person identified in (l)(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.

### 3. EQUIPMENT

<u>Cost</u>	HK\$
Additions, at 31st March, 2023 and at 31st March, 2024	<u>1,150.00</u>
<u>Less: Accumulated depreciation</u>	
Charge for the year and at 31st March, 2023	230.00
Charge for the year	<u>230.04</u>
At 31st March, 2024	<u><u>460.04</u></u>
<u>Net carrying amount</u>	
At 31st March, 2024	<u><u>689.96</u></u>
At 31st March, 2023	<u><u>920.00</u></u>

### 4. CONTRACT LIABILITIES

	2024 HK\$	2023 HK\$
Contract liabilities relating to membership fee income	<u>790,000.00</u>	<u>410,000.00</u>

Contract liabilities have increased (2023 - increased) since the considerations received or due were in excess of (2023 - in excess of) the transferred services.

### 5. AMOUNT DUE TO PERMANENT FOUNDING MEMBER

Amount due to permanent founding member is unsecured, interest-free and repayable on demand.

### 6. PROVISIONS

	2024 HK\$	2023 HK\$
Employee benefits	39,156.80	13,818.60
Others	<u>23,600.00</u>	<u>18,000.00</u>
	<u><u>62,756.80</u></u>	<u><u>31,818.60</u></u>

The provisions for employee benefits represent accrued staff annual leave and long service payment.

## NOTES TO THE FINANCIAL STATEMENTS

### 7. DEFERRED TAXATION

Deferred tax assets are recognised for tax losses carried forward to the extent that realisation of the related tax benefit through future taxable profits is probable. As at 31st March, 2024, the association did not recognise deferred tax assets of HK\$30,641.00 (2023 - HK\$38,553.00) in respect of the remaining balance due to the unpredictability of future profit streams. Tax losses may be carried forward indefinitely.

	2024 HK\$	2023 HK\$
Tax loss	372,102.00	468,229.00
Taxable temporary difference	(690.00)	(920.00)
	<u>371,412.00</u>	<u>467,309.00</u>

### 8. REVENUE

#### Disaggregation of revenue from contracts with customers

The association disaggregates revenue from contracts with customers into the following categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors:

	2024 HK\$	2023 HK\$
<b>PRIMARY GEOGRAPHICAL MARKET</b>		
Hong Kong	<u>1,958,888.00</u>	<u>681,875.00</u>

SEGMENT	Member Services HK\$	Events and Programmes HK\$	Total HK\$
<u>For the year ended 31st March, 2024</u>			
Membership fee income	1,050,000.00	-	1,050,000.00
Sponsorship income	-	908,888.00	908,888.00
	<u>1,050,000.00</u>	<u>908,888.00</u>	<u>1,958,888.00</u>

#### **TIME OF REVENUE RECOGNITION**

#### For the year ended 31st March, 2024 Over time

Membership fee income	1,050,000.00	-	1,050,000.00
Sponsorship income	-	908,888.00	908,888.00
	<u>1,050,000.00</u>	<u>908,888.00</u>	<u>1,958,888.00</u>

#### For the year ended 31st March, 2023

Subscription fee income	364,175.00	-	364,175.00
Membership fee income	-	309,600.00	309,600.00
Sponsorship income	-	8,100.00	8,100.00
	<u>364,175.00</u>	<u>317,700.00</u>	<u>681,875.00</u>

## NOTES TO THE FINANCIAL STATEMENTS

### 8. REVENUE

#### Disaggregation of revenue from contracts with customers (Cont'd)

SEGMENT	Member Services	Events and Programmes	Total
	HK\$	HK\$	HK\$
<u>Time of revenue recognition</u>			
<u>For the year ended 31st March, 2023</u>			
<u>Over time</u>			
Membership fee income	364,175.00	-	364,175.00
Sponsorship income	-	309,600.00	309,600.00
Registration fee income from webinar		8,100.00	8,100.00
	<u>364,175.00</u>	<u>317,700.00</u>	<u>681,875.00</u>

The above disclosures in this note are not applicable to revenue from other sources including interest income which is not within the scope of HKFRS 15.

#### Transaction price allocated to the remaining performance obligations

The following table shows the aggregate amount of transaction price allocated to the performance obligations that are unsatisfied (or partially unsatisfied) as of the end of the reporting period.

	2024 HK\$	2023 HK\$
Membership fee income	<u>790,000.00</u>	<u>410,000.00</u>

The following table includes revenue expected to be recognised in the future related to performance obligations that are unsatisfied (or partially unsatisfied) as part of the end of the reporting period.

	In the year ending 31st March, 2025 HK\$
<u>As at 31st March, 2024</u>	
Membership fee income	<u>790,000.00</u>
	In the year ending 31st March, 2024 HK\$
<u>As at 31st March, 2023</u>	
Membership fee income	<u>410,000.00</u>

## NOTES TO THE FINANCIAL STATEMENTS

### 9. EMPLOYEE BENEFIT EXPENSES

	2024	2023
	HK\$	HK\$
Salaries and allowances	408,502.30	376,063.81
Contributions to mandatory provident fund	18,000.00	18,000.00
	<u>426,502.30</u>	<u>394,063.81</u>

### 10. SHARE OF SURPLUS FROM FORUM WITH CO-ORGANIZERS

	HK\$
Sponsorship income	868,888.00
Less: Forum expenses	<u>792,860.00</u>
Surplus from forum	<u>76,028.00</u>

Hong Kong Capital Market Forum 2024 was jointly organized by the association and two other co-organizers. The above surplus from the forum was equally shared among the three co-organizers. Thus, HK\$50,685.34 was shared with the other two co-organizers.

### 11. FINANCE COST

	2024	2023
	HK\$	HK\$
Interest expense on provision for long service payment	<u>335.90</u>	<u>-</u>

### 12. TAXATION

Hong Kong profits tax is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million for the year of assessment.

The amount of taxation credited to the statement of surplus or deficit represents:

	2024	2023
	HK\$	HK\$
Current taxation	<u>-</u>	<u>(10,000.00)</u>
Surplus/(deficit) before taxation	<u>97,868.81</u>	<u>(466,711.54)</u>
Calculated at the applicable taxation rate	8,074.00	(38,504.00)
Income not subject to taxation	(163.00)	(49.00)
Expenses (deductible)/not deductible for taxation purposes	19.00	(76.00)
Tax loss (utilised)/not utilised	(7,930.00)	38,629.00
Tax reduction for prior year	-	(10,000.00)
Taxation credit	<u>-</u>	<u>(10,000.00)</u>



## NOTES TO THE FINANCIAL STATEMENTS

### 13. POST-EMPLOYMENT BENEFITS

As at 31st March, 2024, the defined benefit plan obligation in respect of long service payment obligation is determined using the projected unit credit method. The present value of unfunded obligation as provision for long service payment and its movements are as follows:

	2024 HK\$	2023 HK\$
<u>At 1st April</u>	-	-
Cumulative catch-up adjustment for past service cost	9,690.81	-
Current service cost	7,304.89	-
Interest expense	335.90	-
	17,331.60	-
<u>At 31st March</u>	17,331.60	-

The weighted average duration of the long service payment obligation is 6.39 years (2023 - N/A).

The above expenses are recognised in the following line items in the statement of surplus or deficit:

	2024 HK\$	2023 HK\$
Administrative expenses	16,995.70	-
Finance costs	335.90	-
	17,331.60	-

Significant actuarial assumptions are as follows:

	2024	2023
Discount rate	3.47%	N/A
Future average salary increase	4.25%	N/A
Expected investment returns on offsettable		
– Accrued benefits from employer's contributions	1.26%	N/A

Management considers a reasonably possible change in each of the above significant actuarial assumptions is assessed to result in immaterial change in the company's provision for long service payment as at the end of the reporting period.

### 14. RELATED PARTY TRANSACTIONS

No compensation was paid or payable to key management personnel during the year (2023 - Nil).

## NOTES TO THE FINANCIAL STATEMENTS

### 15. MANAGEMENT OF MEMBERS' FUND

The members' funds of the association consist of accumulated surplus. Members' funds of the association at 31st March, 2024 was HK\$228,647.96 (2023 - \$130,779.15). The increase (2023 - decrease) in members' funds during the year was attributable to the increase (2023 - decrease) in accumulated surplus arising from surplus (2023 - deficit) for the year.

Its objectives when managing members' funds are:

- to safeguard the association's ability to continue as a going concern, so that it can continue to provide benefits to members and other stakeholders; and
- to support the association's stability and growth.

The association is not subject to externally imposed capital requirements.

The association manages the members' funds and makes adjustments to it in the light of changes in economic conditions. The association retains adequate surpluses as members' fund for future use.

There were no changes in the association's approach to fund management from the pervious period.

### 16. CATEGORIES OF FINANCIAL INSTRUMENTS

	2024 HK\$	2023 HK\$
<i><u>Financial assets</u></i>		
Financial assets at amortised cost	<u>1,177,438.51</u>	<u>805,045.23</u>
<i><u>Financial liabilities</u></i>		
Financial liabilities at amortised cost	<u>95,105.94</u>	<u>247,118.35</u>

### 17. FINANCIAL RISK MANAGEMENT

The association's activities expose it to a variety of financial risks: credit risk and liquidity risk.

#### Credit risk

Credit risk is the risk that a counterparty to a financial instrument will cause a financial loss for the association by failing to discharge an obligation. The association's maximum exposure to credit risk is arising from the carrying value of the respective financial assets.

The association has policies in place to ensure that credits are granted to appropriate counterparties.

The council members consider the probability of default upon initial recognition of financial assets and whether there has been a significant increase in credit risk on an ongoing basis. To assess whether there is a significant increase in credit risk, the association compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. The association considers reasonable and supportive information, including historical experience and forward-looking information that is available without undue cost or effort.

## NOTES TO THE FINANCIAL STATEMENTS

### 17. FINANCIAL RISK MANAGEMENT

#### Credit risk (Cont'd)

Based on past experience, existing market conditions and forward-looking information, the council members believe that no credit loss allowance is necessary in respect of accounts receivable as there has been no significant change in credit quality and the balances are still considered fully recoverable.

The council members determine that cash at bank has low credit risk in view of the following:

- the financial instrument has low risk of default,
- the debtor has a strong capacity to meet its contractual cash flow obligations in the near term,
- adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the debtor to fulfil its contractual cash flow obligations, and
- an internal rating of “performing” that is consistent with the globally understood definition of low credit risk and “performing” means that the counterparty has a strong financial position and there is no past due amount.

The council members consider that the credit risk on cash placed with a financial institution to be limited because the counterparty is reputable and creditworthy entity located in Hong Kong.

Cash at bank is an eligible deposit protected by the Deposit Protection Scheme (“DPS”) in Hong Kong. The DPS is funded by member banks and has a standby credit facility from the Exchange Fund of Hong Kong. In the event of the financial failure of a bank, the protection is up to HK\$500,000.00 per depositor per bank. As at 31st March, 2024 (2023 - 31st March, 2023), all (2022 - all) of cash at bank in excess of the protected deposits under DPS is placed with a financial institution that has “high to highest investment grade” (2023 - “high to highest investment grade”) credit ratings assigned by at least three international credit rating agencies.

The council members consider that the credit risk associated with accounts receivable and their lifetime expected credit loss amounts are minimal as at 31st March, 2024 and 2023.

The council members consider that the credit risk associated with cash at bank and its 12-month expected credit loss amount is minimal as at 31st March, 2024 and 2023.

The majority of the debtors of accounts receivable were audit firms of listed entities, a professional accounting organisation and a subsidiary of an office of the Central People’s Government of the People’s Republic of China in Hong Kong (2023 - a subsidiary of an office of the Central People’s Government of the People’s Republic of China in Hong Kong and a professional accounting organisation). Other than concentration of credit risk on accounts receivable and cash placed with a financial institution, the association had no significant credit exposure to a single counterparty as at 31st March, 2024 and 2023.

## NOTES TO THE FINANCIAL STATEMENTS

### 17. FINANCIAL RISK MANAGEMENT

#### Credit risk (Cont'd)

The association does not hold any collateral and other credit enhancement.

Since the recoveries and settlements of financial assets at amortised cost are closely monitored by the council members, the association has not made any loss allowance for impairment in respect of its financial assets at amortised cost.

#### Liquidity risk

Liquidity risk is defined as the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The council members manage liquidity risk by monitoring the association's forecast cash flow needs, maintaining sufficient cash and cash equivalents to meet its obligations and liquidity requirements. The association had net current assets of HK\$227,958.00 and HK\$129,859.15 and net assets of HK\$228,647.96 and HK\$130,779.15 as at 31st March, 2024 and 2023 respectively. In the opinion of the council members, the association's exposure to liquidity risk is limited.

The following tables detail the remaining contractual maturities of financial liabilities. The table reflects the undiscounted cash flows of financial liabilities on the earliest date that the association can be required to pay.

	Carrying Value HK\$	Total contractual cash flows HK\$	Repayable on demand HK\$	Less than 3 months HK\$
<u>At 31st March, 2024</u>				
Accounts payable	50,685.34	50,685.34	50,685.34	-
Accrued expenses	10,320.60	10,320.60	-	10,320.60
Amount due to permanent				
– Founding member	34,100.00	34,100.00	34,100.00	-
	<u>95,105.94</u>	<u>95,105.94</u>	<u>84,785.34</u>	<u>10,320.60</u>
<u>At 31st March, 2023</u>				
Accrued expenses	213,962.50	213,962.50	-	213,962.50
Amount due to permanent				
– Founding member	33,155.85	33,155.85	33,155.85	-
	<u>247,118.35</u>	<u>247,118.35</u>	<u>33,155.85</u>	<u>213,962.50</u>

### 18. COUNCIL MEMBERS' BENEFITS

No emolument was paid or payable to the council members during the year disclosed pursuant to section 383(1)(a) of the Hong Kong Companies Ordinance and Hong Kong Companies (Disclosure of Information about Benefits of Directors) Regulation (Cap. 622G) (2023 - Nil).

## NOTES TO THE FINANCIAL STATEMENTS

### 19. FAIR VALUES

The council members consider the carrying values of financial assets and liabilities are not materially different from their fair values.

### 20. ADOPTION OF TRADE NAME

In the years ended 31st March, 2024 and 31st March, 2023, the association adopted the trade names of "PIEAA" and "香港上市公司審核師協會" to carry out its operations.





# PIEAA

香港上市公司審核師協會有限公司  
Hong Kong Association of Registered  
Public Interest Entity Auditors Limited