

THE BASEBALL ASSOCIATION OF HONG KONG, CHINA LIMITED
REPORT OF THE DIRECTORS
AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024



REPORT OF THE DIRECTORS

The directors of The Baseball Association of Hong Kong, China 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 2024.

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 2024 are set out in the statement of profit or loss and other comprehensive income on page 8.

The state of affairs of the Association as at 31 March 2024 is set out in the statement of financial position on pages 9 and 10.

The cash flows of the Association for the year ended 31 March 2024 are set out in the statement of cash flows on page 12.

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 2024 are set out in the statement of changes in funds on page 11.

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 respectively 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 Tsz Yeung
Chiu Chi Kam, Kenneth
Chong Ki Ming
Dave Ho
Fan Chun Wah, Andrew
Lam Ho Yi
Leung Ka Ho, Sam
Leung Tak Kwong
Leung Wai Hung
Lui Chun Pong
Man Chin Wing
Ng Kwong Yuen
To Hin Wing, Charles
Wan Man Ho
Wong Ki, Jonathan

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 2024 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, 7 November 2024
.....



**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF
THE BASEBALL ASSOCIATION OF HONG KONG, CHINA LIMITED _____ 4**
(Incorporated in Hong Kong with limited liability by guarantee)

Opinion

We have audited the financial statements of The Baseball Association of Hong Kong, China Limited (the "Association") set out on pages 8 to 45, which comprise the statement of financial position as at 31 March 2024, 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 material accounting policies and other explanatory information.

In our opinion, the financial statements give a true and fair view of the financial position of the Association as at 31 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 *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.

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**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF
THE BASEBALL ASSOCIATION OF HONG KONG, CHINA LIMITED (CONTINUED) __ 5**
(Incorporated in Hong Kong with limited liability by guarantee)

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.

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.

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**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF
THE BASEBALL ASSOCIATION OF HONG KONG, CHINA LIMITED (CONTINUED) 6**
(Incorporated in Hong Kong with limited liability by guarantee)

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 solely to you, as a body, in accordance with section 405 of Hong Kong Companies Ordinance. 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.
- 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.

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**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF
THE BASEBALL ASSOCIATION OF HONG KONG, CHINA LIMITED (CONTINUED) __7**
(Incorporated in Hong Kong with limited liability by guarantee)

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

- 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, 7 November 2024

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STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2024 (in HK Dollars)	Notes	2024	2023
Revenue	6	21,332,525	14,582,071
Other revenue and other losses	7	705,168	175,898
Training, championship and tournaments expenses		(17,861,959)	(9,676,058)
General expenses		(4,122,888)	(4,996,904)
Finance costs	8	(6,041)	(3,781)
Surplus before taxation	9	46,805	81,226
Taxation	10	-	-
Surplus for the year and total comprehensive income for the year		46,805	81,226

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


STATEMENT OF FINANCIAL POSITION

As at 31 March 2024 (in HK Dollars)	Notes	2024	2023
Non-current assets			
Equipment	11	53,935	40,607
Right-of-use assets	12	203,090	75,970
		257,025	116,577
Current assets			
Inventories	13	345,246	463,192
Account receivables	14	221,478	133,946
Deposits, prepayments and other receivables	15	1,144,202	200,283
Bank balances and cash	16	7,620,948	13,229,961
		9,331,874	14,027,382
Current liabilities			
Account payables		8,101,398	12,508,726
Accruals		130,781	259,219
Contract liabilities		-	86,460
Amounts due to directors	17	82,066	189,787
Lease liability	12	127,588	77,459
		8,441,833	13,121,651
Net current assets		890,041	905,731
Total assets less current liabilities		1,147,066	1,022,308

STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 31 March 2024 (in HK Dollars)	Note	2024	2023
Non-current liability			
Lease liability	12	77,953	-
Net assets		1,069,113	1,022,308
General fund		1,069,113	1,022,308

The financial statements were approved and authorised for issue by the board of directors on 7 November 2024:



Dave Ho
Chairman



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 2024 (in HK Dollars)

	General fund
As at 1 April 2022	941,082
Surplus for the year	<u>81,226</u>
As at 31 March 2023 and 1 April 2023	1,022,308
Surplus for the year	<u>46,805</u>
As at 31 March 2024	<u><u>1,069,113</u></u>

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

STATEMENT OF CASH FLOWS

For the year ended 31 March 2024 (in HK Dollars)	Notes	2024	2023
Cash flows from operating activities			
Surplus before taxation		46,805	81,226
Adjustments for:			
Depreciation of equipment	9,11	19,930	15,194
Depreciation of right-of-use assets	9,12	129,415	130,234
Loss of disposal	7,11	1,984	-
Interest on lease liability	8,9	6,041	3,781
Bank interest income		(78,239)	(38,355)
Operating surplus before changes in working capital		125,936	192,080
Decrease/(increase) in inventories		117,946	(217,148)
(Increase)/decrease in account receivables		(87,532)	209,588
Increase in deposits, prepayments and other receivables		(943,919)	(96,356)
Decrease in contract liabilities		(86,460)	-
Decrease in account payables		(4,407,328)	(792,560)
(Decrease)/increase in amounts due to directors		(107,721)	149,038
(Decrease)/increase in accruals		(128,438)	76,243
Net cash used for operating activities		(5,517,516)	(479,115)
Cash flows from investing activities			
Bank interest received		78,239	38,355
Purchases of equipment		(35,242)	(22,719)
Net cash generated from investing activities		42,997	15,636
Cash flows from financing activities			
Capital element of lease rentals paid		(128,453)	(129,923)
Interest element of lease rentals paid		(6,041)	(3,781)
Net cash used in financing activities		(134,494)	(133,704)
Net decrease in cash and cash equivalents		(5,609,013)	(597,183)
Cash and cash equivalents at the beginning of the year		13,229,961	13,827,144
Cash and cash equivalents at the end of the year		7,620,948	13,229,961
Analysis of cash and cash equivalents			
Bank balance and cash		7,620,948	13,229,961

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2024 (in HK Dollars)

1. GENERAL INFORMATION

The Baseball Association of Hong Kong, China 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”)**Amendments to HKFRSs that are mandatorily effective for the current year**

In the current year, the Association has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time for their annual reporting period commencing on or after 1 April 2023:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform - Pillar Two Model Rules

The application of the amendments to HKFRSs in the current year has 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 the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2024 (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 early applied the following new and amendments to HKFRSs that have been issued but are not yet effective.

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Asset between an Investor and its Associate or Joint Venture ¹
Amendments to HKFRS 16	Lease Liability in a Sales and Leaseback ²
Amendments to HKAS 1	Classification of Liabilities as Current or Non-Current and related amendments to Hong Kong Interpretation 5 (2020) ²
Amendments to HKAS 1	Non-current liabilities with covenants ²
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements ²
Amendments to HKAS 21	Lack of Exchangeability ³

¹ Effective for annual periods beginning on or after a date to be determined.

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

³ Effective for annual periods beginning on or after 1 January 2025.

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.

3. MATERIAL ACCOUNTING POLICY INFORMATION**Statement of compliance**

These financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. For the purpose of preparation of the financial statements information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the financial statements include applicable disclosures required by the Hong Kong Companies Ordinance.

Basis of preparation of the financial statements

The financial statements has been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)For the year ended 31 March 2024 (in HK Dollars)

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**Basis of preparation of the financial statements (continued)**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Association takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for leasing transactions that are accounted for in accordance with HKFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 *Inventories* or value in use in HKAS 36 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)For the year ended 31 March 2024 (in HK Dollars)

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**Equipment (continued)**

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:

Venue equipment	20%
Office equipment	20%
Baseball equipment	20%

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

Cash and cash equivalents presented on the statement of financial position include cash, which comprises of cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash.

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash and cash equivalents consist of cash and cash equivalents as defined above.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2024 (in HK Dollars)

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**Revenue from contracts with customers (continued)**

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.

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

- Revenue from membership fees, registration fees, sponsorships 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.

Inventories

Inventories are carried at the lower of cost and net realisable value. Cost of inventories are determined on a first-in, first-out method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Association must incur to make the sale.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)For the year ended 31 March 2024 (in HK Dollars)

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**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.

*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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)For the year ended 31 March 2024 (in HK Dollars)

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**Leases (continued)***The Association as a lessee (continued)**Right-of-use assets (continued)*

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

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.

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2024 (in HK Dollars)

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Leases (continued)

The Association as a lessee (continued)

Lease liabilities (continued)

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 2024 (in HK Dollars)

3. MATERIAL ACCOUNTING POLICY INFORMATION (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.

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2024 (in HK Dollars)

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**Financial instruments (continued)***Financial assets**Classification and subsequent measurement of financial assets at amortised cost*

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 (“FVTOCI”):

- the financial asset is held within a business model whose objective is achieved by both selling and collecting 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.

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

Amortised cost and interest income

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2024 (in HK Dollars)

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**Financial instruments (continued)***Financial assets (continued)**Impairment of financial assets*

The Association perform impairment assessment under expected credit loss (“ECL”) model on financial assets which are subject to impairment under HKFRS 9 (including account receivables, deposits and other 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 without significant financial component. The ECL on these assets are assessed individually for debtors with significant balances and collectively using a provision matrix with appropriate groupings.

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

(i) Significant increase in credit risk

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2024 (in HK Dollars)

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

(i) Significant increase in credit risk (continued)

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)For the year ended 31 March 2024 (in HK Dollars)

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**Financial instruments (continued)***Financial assets (continued)**Impairment of financial assets (continued)*

(ii) Definition of default

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

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

(iii) Credit-impaired financial assets

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)For the year ended 31 March 2024 (in HK Dollars)

3. MATERIAL ACCOUNTING POLICY INFORMATION (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.

For collective assessment the Association takes into consideration the following characteristics when formulating the grouping:

- 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 2024 (in HK Dollars)

3. MATERIAL ACCOUNTING POLICY INFORMATION (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.

Derecognition of financial assets

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 recognises its retained interest in the asset and an associated liability for amounts it may have to pay. 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 proceed received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2024 (in HK Dollars)

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**Financial instruments (continued)***Financial liabilities and equity instruments (continued)**Equity instruments*

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Association are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

Financial liabilities at amortised cost

Financial liabilities (including account payables, accruals, amounts due to directors and lease liabilities) are subsequently measured at amortised cost, using the effective interest method.

Derecognition/modification of financial liabilities

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

For non-substantial modifications of financial liabilities that do not result in derecognition, the carrying amount of the relevant financial liabilities will be calculated at the present value of the modified contractual cash flows discounted at the financial liabilities' original effective interest rate. Transaction costs or fees incurred are adjusted to the carrying amount of the modified financial liabilities and are amortised over the remaining term. Any adjustment to the carrying amount of the financial liability is recognised in profit or loss at the date of modification.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2024 (in HK Dollars)

3. MATERIAL ACCOUNTING POLICY INFORMATION (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 2024 (in HK Dollars)

3. MATERIAL ACCOUNTING POLICY INFORMATION (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.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2024 (in HK Dollars)

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**Government funding, capital subvention, and other income recognition****(a) Government funding, contributions and sponsorships for general purposes**

Government funding, contributions and sponsorships from third parties for general purposes are recognised as income in the statement of comprehensive income when received or the rights of collection can be established by the Association.

(b) Government funding, contributions and sponsorships for specific purposes

Government funding, contributions and sponsorships income which are earmarked for specific purposes are recognised at their fair values when there is a reasonable assurance that the Association will comply with the conditions attaching to them and the amount will be received.

Government funding, contributions and sponsorships income related to costs that they are intended to compensate are deferred and recognised in the statement of comprehensive income over the periods necessary to match these costs.

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) Provision of ECL for account receivables

Account receivables with significant balances and credit-impaired are assessed for ECL individually.

When collective assessment based on internal credit ratings is performed. Details on how ECL were measured should be consistent to the internal credit risk management of the Association in Note 5(b) In addition, for trade receivables which are individually insignificant or when the Association does not have reasonable and supportable information that is available without undue cost or effort to measure ECL on individual basis, collective assessment is performed by grouping debtors based on the Association's internal credit ratings.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2024 (in HK Dollars)

4. CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES (CONTINUED)

(b) Allowance for slow-moving inventories

Allowance for slow-moving inventories is based on the aging and estimated net realisable value of inventories. The assessment of the allowance amount involves judgment and estimates. Where the actual outcome in future is different from the original estimate, such difference will impact the carrying amount of inventories and the allowance charge/write-back in the period in which such estimate has been changed.

5. FINANCIAL RISK MANAGEMENT

(a) Categories of financial instruments

	<u>2024</u>	<u>2023</u>
Financial assets		
Amortised cost		
- Account receivables	221,478	133,946
- Deposits	106,620	98,264
- Other receivables	2,000	1,000
- Bank balances and cash	7,620,948	13,229,961
	<hr/> <hr/>	
Financial liabilities		
Amortised cost		
- Account payables	8,101,398	12,508,726
- Accruals	130,781	259,219
- Amounts due to directors	82,066	189,787
- Lease liabilities	205,541	77,459
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(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, other receivables, bank balances and cash, account payables, accruals, 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)For the year ended 31 March 2024 (in HK Dollars)

5. FINANCIAL RISK MANAGEMENT (CONTINUED)**(b) Financial risk management and fair values (continued)***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, deposits, other receivables and bank balances and cash represent the Association's maximum exposure to credit risk in relation to financial assets.

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

Account receivables

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).

In order to minimise the credit risk, the management of the Association has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow up action is taken to recover overdue debts. In addition, the Association reviews the recoverable amount of each individual debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Association consider that the Association's credit risk is significantly reduced.

As at 31 March 2024 and 2023, trade receivables that are individually significant have been separately assessed for impairment. The Association make periodic assessments on the recoverability of the receivable based on the background and reputation of the customers, historical settlement records and past experience. For the year ended 31 March 2024 and 2023, the Association assessed the ECL for account receivables are insignificant and thus no loss allowance is recognised.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2024 (in HK Dollars)

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

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

*Credit risk (continued)**Bank balances and cash*

Credit risk on bank balances and cash is limited because the counterparties are reputable banks with high credit ratings assigned by credit agencies. The Association assessed 12m ECL for bank balances and cash by reference to information relating to probability of default and loss given default of the respective credit rating grades published by external credit rating agencies. Based on the average loss rates, the 12m ECL on cash and cash equivalents is considered to be insignificant and therefore no loss allowance was recognised.

Deposits and other receivables

For deposits and other receivables, the directors of the Association make periodic individual assessment on the recoverability of deposits and other receivables based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. The management believes that there are no significant increase in credit risk of these amounts since initial recognition and the Association provided impairment based on 12m ECL. For the year ended 31 March 2024 and 2023, the Association assessed the ECL for deposits and other receivables are insignificant and thus no loss allowance is recognised.

Liquidity risk

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

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

	Weighted average interest rate %	On demand or within one year	More than one year but less than two years	More than two years but less than five years	Total undiscounted cash flow	Carrying amount
As at 31 March 2024						
Non-derivative financial liabilities						
Account payables	-	8,101,398	-	-	8,101,398	8,101,398
Accruals	-	130,781	-	-	130,781	130,781
Amounts due to directors	-	82,066	-	-	82,066	82,066
Lease liability	4.32	135,600	79,100	-	214,700	205,541
Total		8,449,845	79,100	-	8,528,945	8,519,786

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2024 (in HK Dollars)

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

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

Liquidity risk (continued)

	Weighted average interest rate %	On demand or within one year	More than one year but less than two years	More than two years but less than five years	Total undiscounted cash flow	Carrying amount
As at 31 March 2023						
Non-derivative financial liabilities						
Account payables	-	12,508,726	-	-	12,508,726	12,508,726
Accruals	-	259,219	-	-	259,219	259,219
Amounts due to directors	-	189,787	-	-	189,787	189,787
Lease liability	2.76	77,994	-	-	77,994	77,459
Total		13,035,726	-	-	13,035,726	13,035,191

(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 2024 and 2023.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2024 (in HK Dollars)

6. REVENUE

	<u>2024</u>	<u>2023</u>
Services recognised at a point of time		
Membership fees and registration fee	619,891	864,225
Training and events fees	1,624,865	678,322
Subsidies, sponsorships and donations received for the year	<u>19,087,769</u>	<u>13,039,524</u>
	<u>21,332,525</u>	<u>14,582,071</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.

(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 AND OTHER LOSSES

	<u>2024</u>	<u>2023</u>
Sale of baseball related products and sundry income	229,319	118,455
Income from activities	399,594	19,088
Bank interest	78,239	38,355
Loss of disposal of equipment	<u>(1,984)</u>	<u>-</u>
	<u>705,168</u>	<u>175,898</u>

8. FINANCE COSTS

	<u>2024</u>	<u>2023</u>
Interest on lease liability	6,041	3,781

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2024 (in HK Dollars)

9. SURPLUS BEFORE TAXATION

	<u>2024</u>	<u>2023</u>
Surplus before taxation is arrived at after charging:		
Auditors' remuneration	60,100	60,100
Depreciation of equipment (Note 11)	19,930	15,194
Depreciation of right-of-use assets (Note 12)	129,415	130,234
Interest on lease liability	6,041	3,781
Directors' remuneration		
- Fees	-	-
- Other emoluments	-	-
Salaries, wages and other benefits (excluding directors' remuneration)	3,150,832	3,011,487
Short-term leases and leases with lease term shorter than 12 months	113,848	81,710

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.

The tax charges for the years are reconciled to the surplus before taxation per the statement of profit or loss and other comprehensive income as follows:

	<u>2024</u>	<u>2023</u>
Surplus before taxation	46,805	81,226
Tax at the applicable tax rate	7,723	13,402
Tax effect of income not taxable for tax purpose	(12,909)	(6,329)
Tax effect of temporary difference not recognised	(659)	(84)
Utilisation of previously tax loss	5,845	(6,989)
Tax charges and effective tax rate for the year	-	-

Under the two-tiered profits tax rates regime, the first HK\$2 million of assessable profits of qualifying corporations will be taxed at 8.25%, and assessable profits above HK\$2 million will be taxed at 16.5%. The assessable profits of corporations not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2024 (in HK Dollars)

11. EQUIPMENT

	<u>Venue equipment</u>	<u>Office equipment</u>	<u>Baseball equipment</u>	<u>Total</u>
Cost:				
As at 1 April 2022	-	66,351	31,495	97,846
Additions	22,719	-	-	22,719
As at 31 March 2023	22,719	66,351	31,495	120,565
Disposal	(2,480)	-	-	(2,480)
Additions	8,168	27,074	-	35,242
As at 31 March 2024	28,407	93,425	31,495	153,327
Accumulated depreciation:				
As at 1 April 2022	-	33,269	31,495	64,764
Depreciation provided for the year	4,544	10,650	-	15,194
As at 31 March 2023	4,544	43,919	31,495	79,958
Disposal	(496)	-	-	(496)
Depreciation provided for the year	5,627	14,303	-	19,930
As at 31 March 2024	9,675	58,222	31,495	99,392
Carrying amount:				
As at 31 March 2024	18,732	35,203	-	53,935
As at 31 March 2023	18,175	22,432	-	40,607

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2024 (in HK Dollars)

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

	Leased properties
As at 1 April 2022	206,204
Depreciation charge	<u>(130,234)</u>
As at 31 March 2023 and 1 April 2023	75,970
Addition	256,535
Depreciation provided during the year	<u>(129,415)</u>
As at 31 March 2024	<u>203,090</u>

	<u>2024</u>	<u>2023</u>
Expenses relating to short-term leases	113,848	81,710
Expenses relating to low value leases	1	1
Total cash outflow for leases (note(i))	248,343	215,415
Additional to right-of-use assets (note(ii))	<u>256,535</u>	-

Notes:

- (i) Amount includes payments of principal of HK\$128,453 (2023: HK\$129,923) and interest portion of HK\$6,041 (2023: HK\$3,781) of lease liabilities, short-term lease of HK\$113,848 (2023: HK\$81,710) and low value leases of HK\$1 (2023: HK\$1).
- (ii) Amount includes right-of-use assets resulting from renew of lease contract of leased properties.

During the current year, the Association leases certain office premises with lease term of 2 years (2023: 2 to 3 years). Leases terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Association applies the definition of a contract and determines the period for which the contract is enforceable.

The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as securities for borrowing purpose.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2024 (in HK Dollars)

12. RIGHT-OF-USE ASSETS/LEASE LIABILITIES (CONTINUED)**Lease liabilities**

	<u>2024</u>	<u>2023</u>
Analysed as		
- Current	127,588	77,459
- Non-current	77,953	-
	<u>205,541</u>	<u>77,459</u>
Minimum lease payments due		
- Within one year	135,600	77,994
- More than one year but not later than two years	79,100	-
	<u>214,700</u>	<u>77,994</u>
Less: Future finance charges	(9,159)	(535)
Present value of lease liabilities	<u>205,541</u>	<u>77,459</u>
Present value of minimum lease payments		
- Within one year	127,588	77,459
- More than one year but not later than two years	77,953	-
	<u>205,541</u>	<u>77,459</u>

13. INVENTORIES

	<u>2024</u>	<u>2023</u>
Baseball and related accessories	345,246	463,192

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2024 (in HK Dollars)

14. ACCOUNT RECEIVABLES

	<u>2024</u>	<u>2023</u>
Account receivables	221,478	133,946

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 2024 and 2023 are set out in Notes 3 and 5(b).

The Association does not hold any collateral over the balances.

15. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	<u>2024</u>	<u>2023</u>
Prepayments	1,035,582	101,019
Other receivables	2,000	1,000
Deposits	106,620	98,264
	<u>1,144,202</u>	<u>200,283</u>

16. BANK BALANCES AND CASH**Bank balances**

Bank balances and cash carrying interest at market rates of the range from 0.001% to 0.875% (2023: 0.001% to 0.625%) per annum for the years ended 31 March 2024 and 2023.

Details of impairment assessment of bank balances for the years ended 31 March 2024 and 2023 are set out in Notes 3 and 5(b).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2024 (in HK Dollars)

17. AMOUNTS DUE TO DIRECTORS

Amounts due to directors are unsecured, interest-free and repayable on demand.

18. MATERIAL RELATED PARTY TRANSACTIONS

The Association had no compensation for key management personnel comprising the directors of the Association during the year (2023: 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>2024</u>	<u>2023</u>
Au Hok Leung	Director	Coach allowance	542,675	527,907
		Sponsorships received	(58,888)	(40,000)
Au Wing Leung	Director	Coach allowance	261,858	399,974
Chan Tsz Yeung	Director	Subsidies received	-	(10,000)
Chiu Chi Kam, Kenneth	Director	Coach allowance	-	3,736
		Athletes allowance	12,000	-
Fan Chun Wah, Andrew	Director	Subsidies received	-	(30,000)
Leung Ka Ho, Sam	Director	Athletes allowance	44,000	-
Leung Tak Kwong	Director	Coach allowance	37,796	19,035
		Official allowance	3,542	-
Leung Wai Hung	Director	Coach allowance	-	4,704
		Umpire allowance	11,494	5,977
		Lecturer allowance	1,023	-
		Official allowance	2,432	-
Man Chin Wing	Director	Sponsorships received	(20,000)	-

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2024 (in HK Dollars)

18. MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

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

<u>Name of related parties</u>	<u>Nature of the related parties</u>	<u>Nature of transactions</u>	<u>2024</u>	<u>2023</u>
Ng Kwong Yuen	Director	Coach allowance	9,788	3,500
		Scorer Allowance	-	2,100
		Official allowance	2,250	-
		Umpire allowance	12,837	1,304
Wan Man Ho	Director	Subsidies received	-	(20,000)
Wong Ki, Jonathan	Director	Official allowance	-	16,218
		Umpire allowance	5,122	2,200
		Lecturer allowance	24,886	-

Note:

The above related parties transactions are included in training, championship and tournament expenses.

19. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITY

The table below details changes in the Association's liabilities arising from financing activity, including both cash and non-cash changes. Liabilities arising from financing activity are those for which cash flows were, or future cash flows will be, classified in the Association's statements of cash flows as cash flows from financing activity.

	Lease liabilities
As at 1 April 2022	207,382
Financing cash flows	<u>(129,923)</u>
As at 31 March 2023 and 1 April 2023	77,459
Addition	256,535
Financing cash flows	<u>(128,453)</u>
As at 31 March 2024	<u>205,541</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2024 (in HK Dollars)

20. USAGE OF FRESH WATER SERVICE RESERVIOR**(a) Related income and expenditure**

	For the period from 1 April 2023 to 31 March 2024	For the period from 1 February 2023 to 31 March 2023
Expenditure		
Professional and consultant fee	-	(180,000)
Depreciation of equipment	(5,131)	(4,544)
Venue set-up fee	-	(7,800)
Repairs and maintenances	(41,680)	-
Storage rental	-	(850)
Stationery and postage	(935)	-
Delivery charge	(1,740)	(3,433)
Loss of disposal of equipment	(1,984)	-
Bank charges	-	(556)
Online payment handling charges	-	(9)
Rental expenses	(1)	(1)
	<u>(51,471)</u>	<u>(197,193)</u>
	For the period from 1 April 2023 to 31 March 2024	For the period from 1 February 2023 to 31 March 2023
Income		
Venue rental income	-	400
	<u>(51,471)</u>	<u>(196,793)</u>

(b) Related equipment

	Venue equipment
As at 1 February 2023	-
Addition	22,719
Depreciation for the year	<u>(4,544)</u>
As at 31 March 2023	18,175
Addition	8,168
Disposal	(1,984)
Depreciation for the year	<u>(5,627)</u>
As at 31 March 2024	<u>18,732</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2024 (in HK Dollars)

21. EVENTS AFTER THE REPORTING PERIOD

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

22. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 7 November 2024.

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

DETAILED STATEMENT OF PROFIT OR LOSS

(For management use only)

For the year ended 31 March 2024 (in HK Dollars)	2024	2023
Revenue		
Membership fees and registration fee	619,891	864,225
Training and events fees	1,624,865	678,322
Subsidies, sponsorships and donations received for the year	19,087,769	13,039,524
	21,332,525	14,582,071
Other revenue and other loss		
Sale of baseball related products and sundry income	229,319	118,455
Income from activities	399,594	19,088
Bank interest	78,239	38,355
Loss of disposal of equipment	(1,984)	-
	705,168	175,898
Training, championship and tournaments expenses	(17,861,959)	(9,676,058)
General expenses		
Auditors' remuneration	(60,100)	(60,100)
Business registration fee	(2,150)	(150)
Depreciation of equipment	(19,930)	(15,194)
Depreciation of right-of-use assets	(129,415)	(130,234)
Directors' remuneration	-	-
Insurance	(150,596)	(275,201)
Legal and professional fee	(37,299)	(346,799)
Mandatory provident fund contributions	(124,599)	(122,971)
Office and storage rental	(114,561)	(71,561)
Office furniture and equipment	(29,335)	(118,689)
Payment in relation to one-off grant from anti-epidemic fund	-	(258,593)
Printing, stationery and postage	(74,826)	(108,992)
Public relation	(78,643)	(240,327)
Repairs and maintenances	(44,877)	(11,835)
Salaries and other allowances	(3,026,233)	(2,888,526)
Staff welfare	(6,591)	(2,539)
Sundry expenses	(65,704)	(82,251)
Telephone and fax	(130,123)	(215,905)
Transportation and travelling	(27,906)	(14,617)

DETAILED STATEMENT OF PROFIT OR LOSS (CONTINUED)

(For management use only)

For the year ended 31 March 2024 (in HK Dollars)	2024	2023
General expenses (continued)		
Venue furniture & equipment	-	(24,620)
Venue set-up fee	-	(7,800)
	(4,122,888)	(4,996,904)
Finance costs		
Interest on lease liability	(6,041)	(3,781)
	46,805	81,226
Surplus before taxation		
	46,805	81,226
Taxation	-	-
Surplus for the year	46,805	81,226

