

**THE HONG KONG SOCIETY OF FINANCIAL
ANALYSTS LIMITED**

2019

REPORT(S) AND ACCOUNTS



陳李羅會計師事務所有限公司

Chan, Li, Law CPA Limited

香港執業會計師

CERTIFIED PUBLIC ACCOUNTANTS (PRACTISING)

HONG KONG

**THE HONG KONG SOCIETY OF FINANCIAL ANALYSTS LIMITED
REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

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THE HONG KONG SOCIETY OF FINANCIAL ANALYSTS LIMITED REPORT OF THE BOARD OF DIRECTORS

The directors have pleasure in submitting their annual report together with the audited financial statements for the year ended 30 June 2019.

PRINCIPAL PLACE OF BUSINESS

The Hong Kong Society of Financial Analysts Limited (the “Society”) is incorporated in Hong Kong and has its registered office and principal place of business at 14/F, BOC Group Life Assurance Tower, 136 Des Voeux Road, Central, Hong Kong.

PRINCIPAL ACTIVITIES

The Society is an independent non-profit making organisation set up with its primary goal being to promote and raise standards in the practice of financial analysis in Hong Kong through educational programmes and advocacy works.

RESULTS

The financial performance and cash flows of the Society for the year ended 30 June 2019 and the financial position of the Society at that date are set out in the financial statements on pages 7 to 32.

MEMBERS OF THE BOARD OF DIRECTORS

The directors who held office during the financial year and up to the date of this report are :-

President	Peter Anthony WATSON, CFA	
Vice-president	Derek Wai Man MOK, CFA Franki Ka Fai CHUNG, CFA Vincent Wing Chung NG, CFA	(retired on 15 January 2019)
Secretary	Claudius Sze Wai TSANG, CFA	
Treasurer	Yin Toa LEE, CFA	

MEMBERS OF THE BOARD OF DIRECTORS (continued)

Members	Alice Yee Lam WONG, CFA	
	Alvin Man HO, CFA	(appointed on 24 September 2018)
	Ashley Pui Wun KHOO, CFA	
	Charles Kin Wai CHUI, CFA	
	Felicia Chuen Wai WONG, CFA	
	Ho Tak LEE, CFA	
	Kevin Tsz King KWAN, CFA	(appointed on 19 January 2019)
	Jenny Ching Yi LOR, CIPM	(retired on 15 January 2019)
	Richard Kan Chong MAK, CFA	
	Verna Yu-Ting LIN, CFA	(appointed on 19 January 2019)

In accordance with articles 80 and 81 of the Society's articles of association, a retiring Executive Director shall retire from office after the term of two years since the last election. Accordingly, Ms. Ashley Pui Wun KHOO, Mr. Charles Kin Wai CHUI, Mr. Franki Ka Fai CHUNG, Dr. Yin Toa LEE, Mr. Richard Kan Chong MAK, Ms. Alice Yee Lam WONG and Ms. Felicia Chuen Wai WONG shall retire from office at the forthcoming annual general meeting of the Society. In accordance with article 86, Mr. Kevin Tsz King KWAN and Ms. Verna Yu-ting LIN shall retire from office at the forthcoming annual general meeting of the Society. The retiring directors shall be eligible for re-election subject to the qualifications required under articles 83 and 83A. All other remaining directors shall continue in office.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS

No transactions, arrangements or contracts of significance to which the Society was a party, and in which a director of the Society had a material interest subsisted at the end of the year or at any time during the year.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

MANAGEMENT CONTRACTS

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

BUSINESS REVIEW

No business review is presented for the year as the Society has been able to claim an exemption under section 388(3) of the Hong Kong Companies Ordinance since it falls within the reporting exemption.


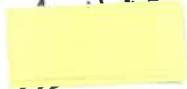

PERMITTED INDEMNITY PROVISION

During the financial year and up to the date of this report, there is a permitted indemnity provision being in force for the benefit of the directors of the Society (whether made by the Society or otherwise).

AUDITORS

The financial statements were audited by Chan, Li, Law CPA Limited, Certified Public Accountants (Practising), which retires and, being eligible, offers itself for re-appointment.

On behalf of the board

Peter Anthony WATSON, CFA
President
Hong Kong, - 5 DEC 2019

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
THE HONG KONG SOCIETY OF FINANCIAL ANALYSTS LIMITED**
(incorporated in Hong Kong with limited liability by guarantee)

Opinion

We have audited the financial statements of The Hong Kong Society of Financial Analysts Limited (the "Society") set out on pages 7 to 32, which comprise the statement of financial position as at 30 June 2019, and the statement of profit or loss and other comprehensive income, statement of changes in members' equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Society as at 30 June 2019, and of the financial performance and cash flows of the Society for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for Opinion

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

Information Other than the Financial Statements and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises all the information included in the directors' report set out on pages 1 to 3, 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.

Responsibilities of Directors 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 Society'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 Society or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for overseeing the Society's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of the report. 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. 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 Society'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 Society'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 Society to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors 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.

Chan, Li, Law CPA Limited
Certified Public Accountants (Practising)
Hong Kong, - 5 DEC 2019

Li King Man
Practising Certificate No.: P05777

THE HONG KONG SOCIETY OF FINANCIAL ANALYSTS LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2019

(Expressed in Hong Kong dollars)

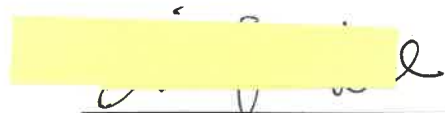
	<u>Note</u>	<u>2019</u> HK\$	<u>2018</u> HK\$
INCOME			
Membership fees	3	6,137,464	5,381,990
Surplus from candidate education	4	418,406	171,706
Surplus from continuing education	5	167,988	139,175
CFA Institute Society Operational Funding subvention		2,927,379	2,046,603
Other revenue	6	551,785	382,484
		<u>10,203,022</u>	<u>8,121,958</u>
Administrative expenses	9	(6,619,886)	(5,884,294)
Other operating expenses	11	(846,441)	(1,577,903)
SURPLUS FOR THE YEAR		<u>2,736,695</u>	<u>659,761</u>
OTHER COMPREHENSIVE INCOME FOR THE YEAR		132,177	516,152
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u><u>2,868,872</u></u>	<u><u>1,175,913</u></u>

The notes on pages 11 to 32 form part of these financial statements.

THE HONG KONG SOCIETY OF FINANCIAL ANALYSTS LIMITED
STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019
(Expressed in Hong Kong dollars)

	<u>Note</u>	<u>2019</u> HK\$	<u>2018</u> HK\$
ASSETS			
Non-current assets			
Property, plant and equipment	17	71,401	53,843
Financial assets at amortised cost	18	8,597,093	4,755,465
Financial assets at fair value through other comprehensive income	19	6,431,226	5,318,549
		<u>15,099,720</u>	<u>10,127,857</u>
Current assets			
Accounts and other receivables		198,607	148,072
Deposits and prepayments		537,618	538,904
Fixed deposits		3,000,000	2,200,000
Cash and bank balances		3,916,935	6,123,101
		<u>7,653,160</u>	<u>9,010,077</u>
Current liabilities			
Accounts payable and accruals		725,527	349,473
Receipts in advance		1,688,502	1,318,482
		<u>2,414,029</u>	<u>1,667,955</u>
Net current assets		<u>5,239,131</u>	<u>7,342,122</u>
NET ASSETS		<u>20,338,851</u>	<u>17,469,979</u>
MEMBERS' EQUITY			
Members' general fund		17,989,537	15,252,842
Fair value reserve		2,349,314	2,217,137
		<u>20,338,851</u>	<u>17,469,979</u>


 Peter Anthony WATSON, CFA
 President


 Yin Toa LEE, CFA
 Treasurer

The notes on pages 11 to 32 form part of these financial statements.

THE HONG KONG SOCIETY OF FINANCIAL ANALYSTS LIMITED
STATEMENT OF CHANGES IN MEMBERS' EQUITY
FOR THE YEAR ENDED 30 JUNE 2019
(Expressed in Hong Kong dollars)

	<u>Members'</u> <u>general fund</u> HK\$	Fair value reserve <u>(non-recycling)</u> HK\$	<u>Total</u> HK\$
Balance at 1 July 2017	14,593,081	1,700,985	16,294,066
Total comprehensive income for the year	659,761	516,152	1,175,913
Balance at 30 June 2018	<u>15,252,842</u>	<u>2,217,137</u>	<u>17,469,979</u>
Total comprehensive income for the year	2,736,695	132,177	2,868,872
Balance at 30 June 2019	<u><u>17,989,537</u></u>	<u><u>2,349,314</u></u>	<u><u>20,338,851</u></u>

The notes on pages 11 to 32 form part of these financial statements.

THE HONG KONG SOCIETY OF FINANCIAL ANALYSTS LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2019
(Expressed in Hong Kong dollars)

	<u>Note</u>	<u>2019</u> HK\$	<u>2018</u> HK\$
Cash flows from operating activities			
Surplus for the year		2,736,695	659,761
Adjustments for :-			
Investment income	7	(408,593)	(359,482)
Interest income	8	(27,014)	(16,466)
Gain on disposal of debt securities investments		(34,462)	-
Depreciation	17	51,403	393,239
Impairment loss on held-to-maturity financial assets		-	136,500
Operating surplus before changes in working capital		<u>2,318,029</u>	<u>813,552</u>
(Increase)/decrease in accounts and other receivables		(50,535)	50,288
Decrease in deposits and prepayments		1,286	190,956
Increase in accounts payable and accruals		376,054	63,661
Increase in receipts in advance		370,020	64,672
Net cash generated from operating activities		<u>3,014,854</u>	<u>1,183,129</u>
Cash flows from investing activities			
Acquisition of property, plant and equipment	17	(68,961)	(76,281)
Acquisition of debt securities investments		(5,765,409)	-
Disposal of debt securities investments		1,934,737	-
Acquisition of equity securities investments		(980,500)	-
Increase in time deposit with deposit term over three months		(800,000)	-
Investment income received	7	432,099	359,482
Bank interest received	8	27,014	16,466
Net cash (used in)/generated from investing activities		<u>(5,221,020)</u>	<u>299,667</u>
(Decrease)/increase in cash and cash equivalents		<u>(2,206,166)</u>	<u>1,482,796</u>
Cash and cash equivalents at the beginning of the year		6,123,101	4,640,305
Cash and cash equivalents at the end of the year		<u>3,916,935</u>	<u>6,123,101</u>
Analysis of the balances of cash and cash equivalents			
Cash and bank balances		<u>3,916,935</u>	<u>6,123,101</u>

The notes on pages 11 to 32 form part of these financial statements.

THE HONG KONG SOCIETY OF FINANCIAL ANALYSTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019
(Expressed in Hong Kong dollars)

1. SOCIETY INFORMATION

The Hong Kong Society of Financial Analysts Limited (the “Society”) is a company incorporated and domiciled in Hong Kong and is limited liability by guarantee with no share capital. Under the provision of the Society’s articles of association, every member of the Society undertakes to contribute, if required, an amount not exceeding HK\$100 to the assets of the Society in the event of its being wound up. The registered office and principal place of business of the Society is located at 14/F, BOC Group Life Assurance Tower, 136 Des Voeux Road, Central, Hong Kong. The principal activities of the Society are to promote and raise standards in the practice of financial analysis in Hong Kong through educational programmes and advocacy works. The branch names of the Society are The Hong Kong Society of Financial Analysts (香港財經分析師學會) and HKSFA (香港財經分析師學會).

The maximum number of members which the Society has registered is 20,000. The number of members of the Society as at 30 June 2019 was 6,707 (2018 : 6,783).

2. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Statement of compliance

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Basis of preparation of financial statements

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

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

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

(c) Changes in accounting policies and disclosures

The HKICPA has issued a number of new HKFRSs and amendments to HKFRSs that are first effective for the current accounting period of the Society. Of these, the following developments are relevant to the Society's financial statements :-

- HKFRS 9, Financial instruments
- HKFRS 15, Revenue from contracts with customers
- HK(IFRIC) 22, Foreign currency transactions and advance consideration

The effects of the application of these HKFRSs are summarised below :-

(a) HKFRS 9, Financial instruments

For impairment losses on trade and other receivables, HKFRS 9 introduces a new "expected credit loss" model that replaces the "incurred loss" impairment model in HKAS 39, with the result that a loss event will no longer need to occur before an impairment allowance is recognised. Under the new "expected credit loss" model, it is no longer necessary for a credit event to have occurred before credit losses are recognised. Instead, the Society always accounts for expected credit losses, and changes in those expected credit losses. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition and, consequently, more timely information is provided about expected credit losses.

The adoption of HKFRS 9 does not have any material effects on the Society's financial performance and positions.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Changes in accounting policies and disclosures (continued)

(b) HKFRS 15, Revenue from contracts with customers

Before 2018, the Society applied HKAS 18, Revenue and its revenue was measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the Society and, provided that it was probable that the economic benefits associated with the revenue transaction would flow to the Society and the revenue and the costs, if any, in respect of the transaction could be measured reliably, revenue was recognised when the Society had delivered the goods to the customers and the customer had accepted the goods together with the risks and rewards of ownership of the goods.

From 2018, after the adoption of HKFRS 15, which replaces HKAS 18, the Society recognises revenue from contracts with customers when (or as) the Society satisfies a performance obligation by transferring a promised good or service (i.e. an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset. When (or as) a performance obligation is satisfied, the Society recognises as revenue the amount of the transaction price (which excludes estimates of variable consideration that are constrained in accordance with HKFRS 15) that is allocated to that performance obligation.

The adoption of HKFRS 15 does not have any material effects on the Society's financial performance and positions.

(c) HK(IFRIC) 22, Foreign currency transactions and advance consideration

HK(IFRIC) 22 addresses how to determine the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration in a foreign currency.

HK(IFRIC) 22 concludes that the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration. If there are multiple payments or receipts in advance, the Society should determine a date of the transaction for each payment or receipt of advance consideration. The adoption of HK(IFRIC) 22 does not have any material effects on the Society's financial performance and positions.

The Society has not applied any new standard or interpretation that is not yet effective for the current accounting period.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its present working condition and location for its intended use. Expenditure incurred after the asset has been put into operation, such as repairs and maintenance, is normally charged to surplus or deficit in the period in which it is incurred. In situations 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 the asset, the expenditure is capitalised as an additional cost of the asset.

Gain or loss arising from the retirement or disposal of an item of property, plant and equipment is determined as the difference between the net proceeds from disposal and the carrying amount of the item and is recognised in surplus or deficit on the date of retirement or disposal.

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

- Leasehold improvements	over 36 months
- Furniture and equipment	over 36 months

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

(e) Translation of foreign currencies

Foreign currency transactions during the period are translated at the foreign exchange rates ruling at the transactions dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses recognised in surplus or deficit, except those arising from foreign currency borrowings used to hedge a net investment in a foreign operation which are recognised directly in other comprehensive income.

Non-monetary assets and liabilities that are measured in term of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was determined.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Financial instruments

Accounting policies applied from 1 January 2018

(i) Financial assets

Investments other than equity investments

Non-equity investments held by the Society are classified into one of the following measurement categories :

- amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method.
- fair value at profit or loss (FVPL) if the investment does not meet the criteria for being measured at amortised cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.
- fair value through other comprehensive income (FVOCI) - recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss.

Equity investments

An investment in equity securities is classified as FVPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the Society makes an election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to general fund. It is not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI, are recognised in profit or loss as other income.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Financial instruments (continued)

(ii) Impairment loss on financial assets

The Society recognises loss allowances for ECL on accounts receivables, contract assets, financial assets measured at amortised cost and debt investments measured at FVOCI. The ECLs are measured on either of the following bases: (1) 12 months ECLs: these are the ECLs that result from possible default events within the 12 months after the reporting date; and (2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Society is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the difference between all contractual cash flows that are due to the Society in accordance with the contract and all the cash flows that the Society expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

The Society has elected to measure loss allowances for finance lease receivables and accounts receivables using HKFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Society has established a provision matrix that is based on the Society's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For factoring receivables and other debt financial assets, the ECLs are based on the 12-months ECLs. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Society considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information analysis, based on the Society's historical experience and informed credit assessment and including forward-looking information.

The Society assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Society considers a financial asset to be credit-impaired when: (1) the borrower is unlikely to pay its credit obligations to the Society in full, without recourse by the Society to actions such as realising security (if any is held); or (2) the financial asset is more than 180 days past due.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Financial instruments (continued)

(ii) Impairment loss on financial assets (continued)

Interest income on credit-impaired financial assets is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset. For non credit-impaired financial assets interest income is calculated based on the gross carrying amount.

(iii) Financial liabilities

The Society classifies its financial liabilities, depending on the purpose for which the liabilities were incurred. Financial liabilities at amortised costs are initially measured at fair value, net of directly attributable costs incurred.

Financial liabilities at amortised cost including accounts and other payables are subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in profit or loss.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

(iv) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

(v) Derecognition

The Society derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKFRS 9.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Financial instruments (continued)

Accounting policies applied until 31 December 2017

(vi) Financial assets

Investments in securities held for trading were classified as financial assets measured at FVPL. Any attributable transaction costs were recognised in profit or loss as incurred. At the end of each reporting period the fair value was remeasured, with any resultant gain or loss being recognised in profit or loss.

Dated debt securities that the Society had the positive ability and intention to hold to maturity were classified as held-to-maturity securities. Held-to-maturity securities were stated at amortised cost.

Investments which did not fall into any of the above categories were classified as available-for-sale financial assets. At the end of each reporting period the fair value was remeasured, with any resultant gain or loss being recognised in other comprehensive income and accumulated separately in equity in the fair value reserve (recycling). Dividend income from equity investments and interest income from debt securities calculated using the effective interest method were recognised in profit or loss, respectively. Foreign exchange gains and losses arising from debt securities were also recognised in profit or loss. When the investments were derecognised or impaired, the cumulative gain or loss recognised in equity was reclassified to profit or loss.

(vii) Impairment loss on financial assets

The Society assesses, at the end of each reporting period, whether there is any objective evidence that financial asset is impaired. Financial asset is impaired if there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset that can be reliably estimated.

Evidence of impairment may include :-

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- granting concession to a debtor because of debtor's financial difficulty; or
- it becoming probable that the debtor will enter bankruptcy or other financial reorganisation.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Financial instruments (continued)

(vii) Impairment loss on financial assets (continued)

An impairment loss on loans and receivables are recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. The carrying amount of financial asset is reduced through the use of an allowance account. When any part of financial asset is determined as uncollectible, it is written off against the allowance account for the relevant financial asset.

Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

(viii) Financial liabilities

The Society classifies its financial liabilities depending on the purpose for which the liabilities were incurred. Financial liabilities at amortised costs are initially measured at fair value, net of directly attributable costs incurred.

Financial liabilities at amortised cost including accounts and other payables are subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in profit or loss.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

(ix) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Financial instruments (continued)

(x) Derecognition

The Society derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKAS 39.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

(g) Recognition of income

Revenue is recognised when it is probable that the economic benefits will flow to the Society and when the revenue can be measured reliably on the following bases :-

- (i) Membership fee income is recognised on accrual basis when it is due ;
- (ii) Income from programmes and functions is recognised when the programmes and functions are completed ;
- (iii) Interest income is recognised on a time apportionment basis on the principal outstanding and at the rate applicable ; and
- (iv) Dividend income from investments is recognised when the owner's right to receive payment has been established.

(h) Employee benefits

Salaries, annual bonuses, paid annual leave, contributions to mandatory provident fund retirement benefits scheme under the Hong Kong Mandatory Provident Fund Schemes Ordinance 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.

(i) Operating lease

Leases where substantially all the risks and rewards of ownership of assets remain with the lessor are accounted for as operating leases. Rentals payable under the operating leases are charged to surplus or deficit on the straight line basis over the lease terms.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Provisions and contingencies

A provision is recognised when there is a present obligation, legal or constructive, as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed regularly and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Society. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that outflow is probable, they will then be recognised as a provision.

(k) Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances and demand deposits, and short term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired.

For the purpose of statement of cash flows, bank overdrafts that are repayable on demand and form an integral part of the Society's cash management are also included as a component of cash and cash equivalents.

(l) Related parties

(a) A person, or a close member of that person's family, is related to the Society if that person : -

- (i) has control or joint control over the Society ;
- (ii) has significant influence over the Society ; or
- (iii) is a director or a member of the key management personnel of the Society or a parent of the Society.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

- (l) Related parties (continued)
- (b) An entity is related to the Society if any of the following conditions applies :-
- (i) The entity and the Society 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 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 Society or an entity related to the Society.
 - (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).

3. MEMBERSHIP FEES

Membership fees represent the total membership fees income, including members' annual fee income, new members' joining fee income received and receivable and the previous years' uncollected fees recovered, less uncollected fees recognised during the year, as follows :-

	<u>2019</u> HK\$	<u>2018</u> HK\$
Members' annual fee income	6,203,964	5,133,990
New members' joining fee income	2,500	310,500
Uncollected fees recovered	3,000	2,500
Less : Uncollected fees	(72,000)	(65,000)
	<u>6,137,464</u>	<u>5,381,990</u>

4. SURPLUS FROM CANDIDATE EDUCATION

Surplus from candidate education represents the sales of study materials and the income from the provision of information session received and receivable, less the cost of study materials sold and the programme expenses incurred during the year.

	<u>2019</u> HK\$	<u>2018</u> HK\$
Sales of study materials and programme income	429,652	175,358
Less : Cost of study materials and programme expenses	(11,246)	(3,652)
	<u>418,406</u>	<u>171,706</u>

5. SURPLUS FROM CONTINUING EDUCATION

Surplus from continuing education represents the programme income received and receivable from the provision of luncheon, seminar and workshop and the previous years' uncollected fees recovered, less the programme expenses and uncollected fees recognised during the year.

	<u>2019</u> HK\$	<u>2018</u> HK\$
Programme income	298,648	398,970
Less : Programme expenses	(130,660)	(259,495)
Uncollected fees	-	(300)
	<u>167,988</u>	<u>139,175</u>

6. OTHER REVENUE

	<u>2019</u> HK\$	<u>2018</u> HK\$
Investment income, net (note 7)	408,593	359,482
Interest income from bank deposits (note 8)	27,014	16,466
Sundry income	21,347	1
Outstanding Society Award Funding	12,770	-
Compensation income from CFA Institute	23,556	-
Gain on disposal of financial assets	34,462	-
Exchange gain	24,043	6,535
	<u>551,785</u>	<u>382,484</u>

7. INVESTMENT INCOME, NET

	<u>2019</u> HK\$	<u>2018</u> HK\$
Interest received from unlisted debt securities	241,021	197,460
Dividend received from listed equity securities	167,572	162,022
	<u>408,593</u>	<u>359,482</u>

8. INTEREST INCOME FROM BANK DEPOSITS

	<u>2019</u> HK\$	<u>2018</u> HK\$
Bank interest income	1,962	388
Interest received from fixed deposits	25,052	16,078
	<u>27,014</u>	<u>16,466</u>

9. ADMINISTRATIVE EXPENSES

	<u>2019</u> HK\$	<u>2018</u> HK\$
Depreciation	51,403	393,239
Electricity	14,106	14,432
Personnel costs (note 10)	4,608,457	3,744,080
Rent, rates and building management fee	1,783,281	1,615,107
Telephone and internet	132,924	117,436
Administrative expenses	29,715	-
	<u>6,619,886</u>	<u>5,884,294</u>

10. PERSONNEL COSTS

	<u>2019</u> HK\$	<u>2018</u> HK\$
Salaries	4,447,778	3,612,225
Mandatory provident fund contributions	126,006	112,356
Staff welfare and allowances	34,673	19,499
	<u>4,608,457</u>	<u>3,744,080</u>

11. OTHER OPERATING EXPENSES

	<u>2019</u>	<u>2018</u>
	HK\$	HK\$
Advertising and promotion for public awareness	92,829	110,947
Audit fee	34,500	37,000
Bank charges	14,280	13,102
Business registration fee	2,896	8,246
Best report research competition	11,088	6,040
Deficit from social functions (note 12)	130,512	64,892
Deficit from investment research challenge (note 13)	20,720	32,581
Deficit from 25th Anniversary event (note 14)	-	404,011
Impairment loss on held-to-maturity financial assets	-	136,500
Insurance	46,640	31,850
Professional fees	44,981	142,129
Local travelling	1,920	1,111
Meeting expenses	46,432	42,777
Membership expenses	4,264	2,789
Commission for online receipt	18,313	37,776
Overseas travelling	60,378	36,381
Office cleaning	122,903	108,942
Postages, printing and stationery	89,957	206,201
Provision for office reinstatement	60,000	60,000
Repairs and maintenance	29,239	23,248
Stamp duty	-	3,872
Sundry expenses	14,589	8,558
Website upgrade	-	58,950
	<u>846,441</u>	<u>1,577,903</u>

12. DEFICIT FROM SOCIAL FUNCTIONS

Deficit from social functions represents the income received and receivable from the provision of functions, less the function expenses incurred during the year.

	<u>2019</u>	<u>2018</u>
	HK\$	HK\$
Function income	193,372	118,677
Less : Function expenses	(321,617)	(183,569)
Uncollected fees	(2,267)	-
	<u>(130,512)</u>	<u>(64,892)</u>

13. DEFICIT FROM INVESTMENT RESEARCH CHALLENGE

Deficit from investment research challenge represents the income received and receivable from the competition, less the competition expenses incurred during the year.

	<u>2019</u> HK\$	<u>2018</u> HK\$
Competition income	94,280	94,280
Less : Competition expenses	(115,000)	(126,861)
	<u>(20,720)</u>	<u>(32,581)</u>
	=====	=====

14. DEFICIT FROM 25TH ANNIVERSARY EVENT

Deficit from 25th Anniversary event represents the income received and receivable from the event, less the event expenses incurred during the preceding year.

	<u>2019</u> HK\$	<u>2018</u> HK\$
25th Anniversary event income	-	373,050
Less : 25th Anniversary event expenses	-	(777,061)
	<u>-</u>	<u>(404,011)</u>
	=====	=====

15. BENEFITS AND INTERESTS OF DIRECTORS

No benefits and interests of directors required to be disclosed pursuant to Section 383(1) of the Hong Kong Companies Ordinance was incurred for the current and preceding years.

16. INCOME TAX

Profits tax has not been provided for in the financial statements as the directors consider that the Society is deemed not to carry on a business and the Society's surplus for the year is not assessable to Hong Kong profits tax under Section 24(1) and 24(2) of the Inland Revenue Ordinance. In view of such, no temporary timing differences existed at the end of reporting period and therefore deferred tax has also not been provided for in the financial statements.

17. PROPERTY, PLANT AND EQUIPMENT

	<u>Leasehold improvements</u> HK\$	<u>Furniture and equipment</u> HK\$	<u>Total</u> HK\$
Cost :-			
At 1 July 2017	846,023	528,605	1,374,628
Additions	-	76,281	76,281
At 30 June 2018	<u>846,023</u>	<u>604,886</u>	<u>1,450,909</u>
Additions	-	68,961	68,961
At 30 June 2019	<u>846,023</u>	<u>673,847</u>	<u>1,519,870</u>
Accumulated depreciation :-			
At 1 July 2017	564,015	439,812	1,003,827
Charge for the year	282,008	111,231	393,239
At 30 June 2018	<u>846,023</u>	<u>551,043</u>	<u>1,397,066</u>
Charge for the year	-	51,403	51,403
At 30 June 2019	<u>846,023</u>	<u>602,446</u>	<u>1,448,469</u>
Net book value :-			
At 30 June 2019	-	71,401	71,401
At 30 June 2018	-	53,843	53,843

18. FINANCIAL ASSETS AT AMORTISED COST

	<u>2019</u> HK\$	<u>2018</u> HK\$
Debt securities, at amortised cost	<u>8,597,093</u>	<u>4,755,465</u>
Market value	<u>8,763,066</u>	<u>4,780,581</u>

19. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<u>2019</u> HK\$	<u>2018</u> HK\$
Equity securities listed in Hong Kong, at fair value through other comprehensive income	<u>6,431,226</u>	<u>5,318,549</u>

20. LEASE COMMITMENTS

At 30 June 2019, the total future minimum lease payments under a non-cancellable operating lease of property are payable as follows :-

	<u>2019</u> HK\$	<u>2018</u> HK\$
Not later than one year	1,548,000	1,500,000
Later than one year	1,935,000	3,483,000
	<u>3,483,000</u>	<u>4,983,000</u>

21. FINANCIAL RISK MANAGEMENT

The Society has classified its financial assets in the following categories :-

	<u>2019</u> HK\$	<u>2018</u> HK\$
Financial assets at amortised cost		
- debt securities	8,597,093	4,755,465
	-----	-----
Financial assets at fair value through other comprehensive income		
- equity securities listed in Hong Kong	6,431,226	5,318,549
	-----	-----
Loans and receivables :-		
Accounts and other receivables	198,607	148,072
Deposits and prepayments	537,618	538,904
Fixed deposits	3,000,000	2,200,000
Cash and bank balances	3,916,935	6,123,101
	<u>7,653,160</u>	<u>9,010,077</u>
	<u>22,681,479</u>	<u>19,084,091</u>

The Society has classified its financial liabilities in the following categories :-

	<u>2019</u> HK\$	<u>2018</u> HK\$
Financial liabilities at amortised cost :-		
Accounts payable and accruals	725,527	349,473
Receipts in advance	1,688,502	1,318,482
	<u>2,414,029</u>	<u>1,667,955</u>

21. FINANCIAL RISK MANAGEMENT (continued)

Except for debt securities stated at amortised cost and equity securities listed in Hong Kong stated at fair value, all other financial instruments are carried at amounts not materially different from their fair values as at 30 June 2019 and 30 June 2018. The debt securities stated at amortised cost and equity securities listed in Hong Kong stated at fair value are set out in notes 18 and 19 respectively.

The Society is exposed to credit risk, liquidity risk and market risk arising in the normal course of its business and financial instruments. The Society's risk management objectives and policies mainly focus on minimising the potential adverse effects of these risks on its financial performance and position.

(a) Credit risk

The Society is exposed to credit risk on financial assets, mainly attributable to loans and receivables and cash and cash equivalents.

The Society's maximum exposure to credit risk in the event of the counterparties failure to perform their obligations as at 30 June 2019 and 30 June 2018 in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the statement of financial position.

An analysis of the age of accounts and other receivables that are past due as at the reporting date but not impaired :-

	<u>2019</u> HK\$	<u>2018</u> HK\$
Past due up to		
- 30 days	146,500	78,472
- 31 to 60 days	52,107	4,500
- 61 to 120 days	-	10,000
- Over 120 days	-	55,100
	<u>198,607</u>	<u>148,072</u>

The Society's cash and cash equivalents are mainly deposited in the financial institutions with high credit-ratings assigned by international credit-rating agencies.

21. FINANCIAL RISK MANAGEMENT (continued)

(b) Liquidity risk

The Society is exposed to liquidity risk on financial liabilities. It manages its funds conservatively by maintaining a comfortable level of cash and cash equivalents in order to meet continuous operational need.

Summary quantitative data

	Not later than <u>1 month</u> HK\$	Later than 1 month but not later than <u>3 months</u> HK\$	Later than 3 months but not later than <u>1 year</u> HK\$	Later than 1 year but not later than <u>5 years</u> HK\$	Carrying amounts HK\$
<u>2019</u>					
Accounts payable and accruals	40,241	413,536	-	271,750	725,527
Receipts in advance	1,688,502	-	-	-	1,688,502
	<u>1,728,743</u>	<u>413,536</u>	<u>-</u>	<u>271,750</u>	<u>2,414,029</u>
<u>2018</u>					
Accounts payable and accruals	161,996	34,677	-	152,800	349,473
Receipts in advance	1,318,482	-	-	-	1,318,482
	<u>1,480,478</u>	<u>34,677</u>	<u>-</u>	<u>152,800</u>	<u>1,667,955</u>

(c) Market risk

(i) Currency risk

The Society receives membership fees in United States dollars ("US dollars") that expose it to foreign currency risk. Since Hong Kong dollars ("HK dollars") are pegged to US dollars, there is no significant exposure expected on US dollars transactions and balances.

Summary quantitative data

Balances denominated in US dollars	HK\$
<u>2019</u>	
Debt securities	8,597,093
Accounts receivables	25,867
Cash and bank balances	2,129,799
	<u>10,752,759</u>
<u>2018</u>	
Debt securities	4,755,465
Accounts receivables	12,480
Cash and bank balances	3,665,336
	<u>8,433,281</u>

21. FINANCIAL RISK MANAGEMENT (continued)

(c) Market risk (continued)

Sensitivity analysis

No sensitivity analysis for the Society's exposure to currency risk arising from financial assets denominated in US dollars is prepared since a change in value of the HK dollars against the US dollars is insignificant.

(ii) Interest rate risk

The Society's exposure on fair value interest rate risk mainly arises from its deposits with banks and debt securities.

The Society mainly holds fixed deposits with bank with maturity for 1 year (2018: for 1 year) and the exposure is considered not significant. It also invests surplus funds in fixed income securities and such investments are not considered to expose to interest rate risk under the debt securities.

The changes in interest rates are not significant to the financial statements.

(iii) Equity price risk

The investments in equity securities are classified as equity securities which expose the Society to equity price risk. As the Society's policy is only to invest on such investment by its surplus funds for long term purposes, the exposure to short term equity price movement may not have significant impact on the Society's financial position unless the issuer of underlying equity investment goes bankrupt.

Summary quantitative data

	<u>2019</u> HK\$	<u>2018</u> HK\$
Equity securities listed in Hong Kong	6,431,226	5,318,549

Sensitivity analysis

At 30 June 2019, if the equity price increased/decreased of 10%, with other variables held constant, the Society's surplus for the year and members' general funds would have been increased/decreased by HK\$643,123 (2018 : HK\$531,855).

The sensitivity analysis has been prepared with the assumption that the change in equity price had occurred at the end of the reporting period and had been applied to the exposure to equity price risk for the relevant financial instruments in existence at that date. The changes in equity price illustrate the percentage change of the equity price from their fair value at the end of the reporting period.

The analysis was prepared on the same basis for 2018.

22. FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The following table presents the carrying value of the financial instruments measured at fair value at the end of reporting period across the three levels of the fair value hierarchy defined in HKFRS 7 “Financial Instruments: Disclosures”, with the fair value of each financial instrument categorised in its entirety based on the lowest level of input that is significant to that fair value measurement. The levels are defined as follows :-

- Level 1 (highest level): fair values measured using quoted prices (unadjusted) in active markets for identical financial instruments ;
- Level 2: fair values measured using quoted prices in active markets for similar financial instruments, or using valuation techniques in which all significant inputs are directly or indirectly based on observable market data ; and
- Level 3 (lowest level): fair values measured using valuation techniques in which any significant input is not based on observable market data.

	<u>Level 1</u> HK\$	<u>Level 2</u> HK\$	<u>Level 3</u> HK\$	<u>Total</u> HK\$
<u>2019</u>				
Financial assets at fair value through other comprehensive income	6,431,226	-	-	6,431,226
	=====	=====	=====	=====
<u>2018</u>				
Financial assets at fair value through other comprehensive income	5,318,549	-	-	5,318,549
	=====	=====	=====	=====

During the year, there were no transfers between instruments in Level 1 and Level 2.

23. CAPITAL MANAGEMENT

The capital structure of the Society consists of debt, cash and cash equivalents and members’ general funds. The Society has a written investment policy statement in managing its capital mainly to maximize the return on invested assets while minimizing risk and expenses. The objective of such policy statement is to ensure the Society will be able to continue as a going concern through prudent investment and planning, as well as through the maintenance of a diversified portfolio. No changes are made in the overall strategy during the year ended 30 June 2018 and 30 June 2019. The members of the board of directors of the Society regularly review and manage its capital to ensure adequacy for both operational and capital need.

24. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on - **5 DEC 2019**