

THE HONG KONG SANATORIUM & HOSPITAL NURSES ALUMNI ASSOCIATION LIMITED

REPORTS AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER, 2020

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THE HONG KONG SANATORIUM & HOSPITAL NURSES ALUMNI ASSOCIATION LIMITED

(INCORPORATED IN HONG KONG AND LIMITED BY GUARANTEE)

THE EXECUTIVE COMMITTEE'S REPORT

The Executive Committee Members have pleasure in submitting the Annual Report and the audited financial statements for the year ended 31st December, 2020.

PRINCIPAL ACTIVITIES

The principal activities of the Association are to advance higher ethical and professional standards among nurses as well as to promote professional and educational advancement in caring for the sick and in giving better service to the community.

RESULTS

The results of the Association for the year ended 31st December, 2020 are set out in the statement of comprehensive income on page 7.

DONATIONS

Donations during the year amounted to \$NIL (2019: \$58,388).

MEMBERS OF EXECUTIVE COMMITTEE

The Members of Executive Committee who held office during the year were:

YIM Hilly	
SIU Wing Yam	(Resigned on 1-Jan-2021)
KWOK Wai Hung Terry	(Resigned on 1-Jan-2021)
CHENG Siu Yin Cora	(Resigned on 1-Jan-2021)
HO Yuk Yin Nicole	(Resigned on 1-Jan-2021)
LAM Lok Man Joyce	(Resigned on 1-Jan-2021)
TSANG Yuen Yee	(Resigned on 1-Jan-2021)
LAM Chi Ho	(Resigned on 1-Jan-2021)
LIU Wing Chi	
KAN Bik Yu	
LAM Kwok Ying	
FAN Ching Yee	(Resigned on 1-Jan-2021)
Yuen Yu Hung	
CHEUNG Wai Yin	(Resigned on 1-Jan-2021)
TSANG Wing	
TONG Ching	(Appointed on 1-Jan-2021)
LAM Ka Yan	(Appointed on 1-Jan-2021)
TSANG Ka Wai	(Appointed on 1-Jan-2021)
NG Wai Han	(Appointed on 1-Jan-2021)
HONG Kit Mei Sharon	(Appointed on 1-Jan-2021)
CHU Wan Ying	(Appointed on 1-Jan-2021)
LEUNG Yin Chi	(Appointed on 1-Jan-2021)
NG Kwong Lun	(Appointed on 1-Jan-2021)
CHAN Ngai Fung	(Appointed on 1-Jan-2021)

In accordance with Article 39 of the Association's Articles of Association, every Committee Member shall hold office for a term of two years. At the expiry of her term of office she shall retire from office but shall be eligible for re-election at the next following annual general meeting.

THE HONG KONG SANATORIUM & HOSPITAL NURSES ALUMNI ASSOCIATION LIMITED

(INCORPORATED IN HONG KONG AND LIMITED BY GUARANTEE)

THE EXECUTIVE COMMITTEE'S REPORT

(CONTINUED)

EXECUTIVE COMMITTEE MEMBERS' INTERESTS

No contracts of significance, to which the Association was a party and in which an Executive Committee Member had an interest, subsisted at the end of the year or at any time during the year.

MANAGEMENT CONTRACTS

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

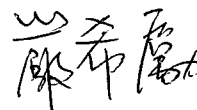
BUSINESS REVIEW

Business Review is not required in this report because the Association falls within the reporting exemption for the financial year ended 31st December, 2020.

AUDITORS

Messrs. Kenneth Chau & Co. retire and, being eligible, offer themselves for re-appointment.

On behalf of the
Executive Committee



Hong Kong, 16 APR 2021

Chairperson
YIM Hilly

周堅如會計師行
KENNETH CHAU & CO.
CERTIFIED PUBLIC ACCOUNTANTS

9th Floor, Tung Hip Commercial Building,
244 Des Voeux Road Central, Hong Kong.
香港德輔道中244號東協商業大廈9字樓
Tel: (852) 2850 5599 Fax: (852) 2851 6210
E-mail: info@kennethchaucpa.com
Website: www.kennethchaucpa.com

PARTNERS :

KENNETH CHAU (周堅如) FCPA, FTIHK, CTA

YEUNG HO YIN (楊浩然) FCPA, FTIHK, CTA

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF

THE HONG KONG SANATORIUM & HOSPITAL NURSES ALUMNI ASSOCIATION LIMITED

(Incorporated in Hong Kong and limited by guarantee)

QUALIFIED OPINION

We have audited the financial statements of The Hong Kong Sanatorium & Hospital Nurses Alumni Association Limited set out on pages 6 to 19, which comprise the statement of financial position as at 31st December, 2020, and the statement of comprehensive income, statement of changes in funds and statement of cash flows for the year then ended, and notes to the financial statement including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Association as at 31st December 2020, 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.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF

THE HONG KONG SANATORIUM & HOSPITAL NURSES ALUMNI ASSOCIATION LIMITED

(Incorporated in Hong Kong and limited by guarantee)

(CONTINUED)

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITORS' REPORT THEREON

The executive committee members are responsible for the other information. The other information comprises the information included in the executive committee's report, but does not include the financial statements and our auditors' 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 EXECUTIVE COMMITTEE MEMBERS TO THE FINANCIAL STATEMENTS

The executive committee members are responsible for the preparation of 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 executive committee members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the executive committee members are responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the executive committee members either intend to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

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. This report is made solely to you, as a body, in accordance with Section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF

THE HONG KONG SANATORIUM & HOSPITAL NURSES ALUMNI ASSOCIATION LIMITED

(Incorporated in Hong Kong and limited by guarantee)

(CONTINUED)

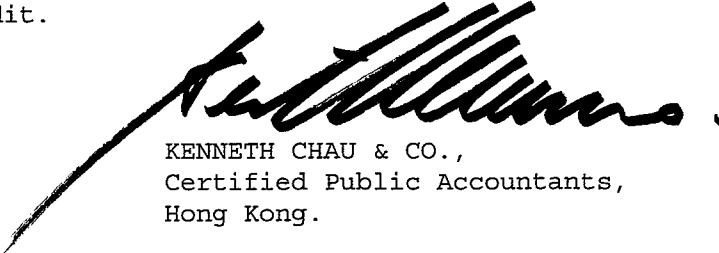
AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. 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.
2. 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.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the executive committee members.
4. Conclude on the appropriateness of the executive committee members' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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.
5. 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 executive committee members 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.

Date: 16 APR 2021



KENNETH CHAU & CO.,
Certified Public Accountants,
Hong Kong.

THE HONG KONG SANATORIUM & HOSPITAL NURSES ALUMNI ASSOCIATION LIMITED

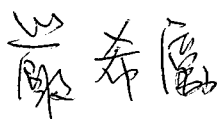
STATEMENT OF FINANCIAL POSITION AT 31ST DECEMBER, 2020

(Expressed in Hong Kong dollars)

	NOTE	<u>2020</u> HK\$	<u>2019</u> HK\$
NON-CURRENT ASSETS			
Financial Assets at Fair Value through Other Comprehensive Income	2	<u>1,344,093.30</u>	<u>1,908,832</u>
CURRENT ASSETS			
Inventories of Badges, as certified by a member of the Executive Committee		-	-
Cash at Banks:-			
Current Accounts:			
For General Fund		218,701.77	273,037
Savings Accounts:			
For General Fund		1,610,086.19	1,571,639
For "Chung Wai Mun" Scholarship Account		230,257.56	221,621
For "Dr. Irene Wong" Scholarship Account		122,519.31	100,209
For "Dr. Tsao Yen Chow" Scholarship Account		100,213.06	100,193
Fixed Deposits maturing within three months:			
For General Fund		525,547.22	519,437
For Scholarship Reserve Account		1,035,567.53	1,026,899
Cash on Hand, as certified by a member of the Executive Committee		<u>6,174.10</u>	<u>6,214</u>
		<u>3,849,066.74</u>	<u>3,819,249</u>
LESS:			
CURRENT LIABILITIES			
Accrued Expenses		<u>6,200.00</u>	<u>7,400</u>
NET CURRENT ASSETS		<u>3,842,866.74</u>	<u>3,811,849</u>
NET ASSETS		<u>5,186,960.04</u>	<u>5,720,681</u>
MEMBERS' FUNDS:			
RESERVES	3	2,541,749.05	3,089,153
ACCUMULATED FUND		<u>2,645,210.99</u>	<u>2,631,528</u>
TOTAL FUNDS		<u>5,186,960.04</u>	<u>5,720,681</u>

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

The financial statements are authorised for issue on **16 APR 2021**
(date of Board authorisation for issue).



Chairperson of
Executive Committee
YIM Hilly



Vice Chairperson of
Executive Committee
Hong Kit Mei Sharon



Treasurer of
Executive Committee
KAN Bik Yu

THE HONG KONG SANATORIUM & HOSPITAL NURSES ALUMNI ASSOCIATION LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31ST DECEMBER, 2020

(Expressed in Hong Kong dollars)

	NOTE	<u>2020</u> HK\$	<u>2019</u> HK\$
TURNOVER			
INCOME FROM MEMBERS			
Subscriptions Received		37,900.00	95,550
Proceeds on Sales of Dinner Coupons		-	93,210
		<u>37,900.00</u>	<u>188,760</u>
INCOME FROM NON-MEMBERS			
Proceeds on Sales of Dinner Coupons		-	7,800
	4	<u>37,900.00</u>	<u>196,560</u>
OTHER REVENUE			
Bank Interest Received		6,111.47	9,200
Dividends Received from Listed Investments		24,005.64	97,515
	4	<u>30,117.11</u>	<u>106,715</u>
		<u>68,017.11</u>	<u>303,275</u>
LESS: ADMINISTRATIVE EXPENSES (Per Schedule)		12,304.43	82,768
OTHER OPERATING EXPENSES (Per Schedule)		42,000.00	45,134
		<u>54,304.43</u>	<u>127,902</u>
SURPLUS FOR THE YEAR		<u>13,712.68</u>	<u>175,373</u>
OTHER COMPREHENSIVE INCOME FOR THE YEAR			
Bank Interest Received:-			
re: Scholarship Reserve Account		8,668.25	17,115
re: "Chung Wai Mun" Scholarship Account		8,636.13	225
re: "Dr. Irene Wong" Scholarship Account		0.50	106
re: "Dr. Tsao Yen Chow" Scholarship Account		0.50	106
Dividend Received:-			
re: "Chung Wai Mun" Scholarship Account		-	8,808
Unrealised Profit on Appreciation in Value of Financial Assets at Fair Value Through Other Comprehensive Income:- Item that may be reclassified to (loss) or profit		<u>(564,738.80)</u>	<u>1,640,230</u>
		<u>(547,433.42)</u>	<u>1,666,590</u>
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR		(533,720.74)	1,841,963
TRANSFER TO SCHOLARSHIP RESERVE ACCOUNT		(8,668.25)	(17,115)
TRANSFER TO "CHUNG WAI MUN" SCHOLARSHIP ACCOUNT		(8,636.13)	(9,033)
TRANSFER TO "DR. IRENE WONG" SCHOLARSHIP ACCOUNT		(10.50)	(116)
TRANSFER TO "DR. TSAO YEN CHOW" SCHOLARSHIP ACCOUNT		(20.50)	(116)
TRANSFER FROM/(TO) FINANCIAL ASSETS REVALUATION RESERVE ACCOUNT		<u>564,738.80</u>	<u>(1,640,230)</u>
		13,682.68	175,353
ACCUMULATED FUND AT 31ST DECEMBER, 2019, BROUGHT FORWARD		<u>2,631,528.31</u>	<u>2,456,175</u>
ACCUMULATED FUND AT 31ST DECEMBER, 2020, CARRIED FORWARD		<u>2,645,210.99</u>	<u>2,631,528</u>

THE HONG KONG SANATORIUM & HOSPITAL NURSES ALUMNI ASSOCIATION LIMITED

SCHEDULES SUPPORTING THE STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31ST DECEMBER, 2020

(Expressed in Hong Kong dollars)

	<u>2020</u> HK\$	<u>2019</u> HK\$
ADMINISTRATIVE EXPENSES		
Accountancy Fee and Secretarial Expenses	3,300.00	7,305
Auditors' Remuneration	6,200.00	7,400
Bank Charges	1,669.43	2,083
Donations	-	58,388
Printing and Stationery	-	1,300
Sundry Expenses	1,135.00	6,292
	<u>12,304.43</u>	<u>82,768</u>
OTHER OPERATING EXPENSES		
Members' Dinner and Party Expenses, less Recoveries	<u>42,000.00</u>	<u>45,134</u>

THE HONG KONG SANATORIUM & HOSPITAL NURSES ALUMNI ASSOCIATION LIMITED

STATEMENT OF CHANGES IN FUNDS

FOR THE YEAR ENDED 31ST DECEMBER, 2020

(Expressed in Hong Kong dollars)

	<u>Reserves</u> HK\$	<u>Accumulated</u> <u>Fund</u> HK\$	<u>Total Funds</u> HK\$
Balance at 1st January, 2019	1,422,542.47	2,456,175.55	3,878,718.02
Transfer between the Accounts			
Surplus for the year	-	175,372.76	175,372.76
Other comprehensive income for the year	1,666,590.00	-	1,666,590.00
Transfer to reserves	<u>20.00</u>	<u>(20.00)</u>	<u>-</u>
Balance at 31st December, 2019	3,089,152.47	2,631,528.31	5,720,680.78
Surplus for the year	-	13,712.68	13,712.68
Other comprehensive loss for the year	(547,433.42)	-	(547,433.42)
Transfer to reserves	<u>30.00</u>	<u>(30.00)</u>	<u>-</u>
Balance at 31st December, 2020	<u>2,541,749.05</u>	<u>2,645,210.99</u>	<u>5,186,960.04</u>

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31ST DECEMBER, 2020

(Expressed in Hong Kong dollars)

	<u>2020</u>	<u>2019</u>
	HK\$	HK\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
SURPLUS FOR THE YEAR	13,713	175,373
Adjustments for:		
Dividends Received from Listed Investments	(24,006)	(97,515)
Interest Received	<u>(6,111)</u>	<u>(9,200)</u>
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	(16,404)	68,658
Increase/(Decrease) in Accrued Expenses	<u>(1,200)</u>	<u>-</u>
CASH GENERATED FROM OPERATIONS	(17,604)	68,658
Profits Tax Paid	<u>-</u>	<u>-</u>
NET CASH FROM OPERATING ACTIVITIES	<u>(17,604)</u>	<u>68,658</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Dividends Received from Listed Investments	24,006	97,515
Interest Received	6,111	9,200
Bank Interest Received under:-		
Scholarship Reserve Account	8,270	17,191
"Chung Wai Mun" Scholarship Account	2	225
"Dr. Irene Wong" Scholarship Account	-	106
"Dr. Tsao Yen Chow" Scholarship Account	-	106
Dividend Received under:-		
"Chung Wai Mun" Scholarship Account	8,634	8,808
Gain/(Loss) on Exchange of:-		
Scholarship Reserve Account	<u>399</u>	<u>(76)</u>
NET CASH PROVIDED FROM INVESTING ACTIVITIES	<u>47,422</u>	<u>133,075</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
NET CASH PROVIDED FROM FINANCING ACTIVITIES	<u>-</u>	<u>-</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	29,818	201,733
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>3,819,249</u>	<u>3,617,516</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>3,849,067</u></u>	<u><u>3,819,249</u></u>
ANALYSIS OF CASH AND CASH EQUIVALENTS AT END OF YEAR:		
Cash at Banks:-		
Current Accounts	218,702	273,037
Savings Accounts	2,063,076	1,993,662
Fixed Deposits maturing within three months	1,561,115	1,546,336
Cash on Hand	<u>6,174</u>	<u>6,214</u>
	<u><u>3,849,067</u></u>	<u><u>3,819,249</u></u>

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars, unless otherwise stated)

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation:

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the applicable disclosure requirements of the Hong Kong Companies Ordinance.

(b) Financial Instruments:

(i) Classification and measurement of financial instruments:

Financial assets are initially measured at fair value plus, in the case of financial assets not at fair value through profit or loss ("FVTPL"), transaction costs.

Financial assets are classified as:

- financial assets at amortised cost ("amortised cost");
- financial assets at fair value through other comprehensive income ("FVOCI"); or
- financial assets at fair value through profit or loss ("FVTPL").

The classification of financial assets is generally based on two criteria:

- the business model under which the financial asset is managed and
- its contractual cash flow characteristics (the "solely payments of principal and interest" criterion, also known as "SPPI criterion").

The hybrid financial instrument is assessed as a whole for the classification.

A financial asset is measured at amortised cost if it meets both of the following conditions and it has not been designated as at FVTPL:

- it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial assets give rise on specified dates to cash flows that meet the SPPI criterion.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Financial Instruments: (Continued)

Debt investment is measured at FVOCI if it meets both of the following conditions and it has not been designated as at FVTPL:

- it is held within a business model whose objective is to be achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial assets give rise on specified dates to cash flows that meet the SPPI criterion.

On initial recognition of an equity investment that is not held for trading, the Association could irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis.

All other financial assets not classified at amortised cost or FVOCI as described above are classified as FVTPL. This includes all derivative financial assets.

On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or FVOCI, at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The following accounting policies would be applied to the Association's financial assets as follows:

FVTPL

- FVTPL is subsequently measured at fair value. Changes in fair value, dividends and interest income are recognised in profit or loss.

Amortised cost

- Financial assets at amortised cost are subsequently measured using the effective interest rate method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain on derecognition is recognised in profit or loss.

FVOCI (Debt investments)

- Debt investments at fair value through other comprehensive income are subsequently measured at fair value. Interest income calculated using the effective interest rate method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

FVOCI (Equity investments)

- Equity investments at fair value through other comprehensive income are measured at fair value. Dividend income are recognised in profit or loss unless the dividend income clearly represents a recovery of part of the cost of the investments. Other net gains and losses are recognised in other comprehensive income and are not reclassified to profit or loss.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Inventories of Badges:

Inventories are stated at the lower of cost and net realisable value. Cost, which comprises all costs of purchase, is calculated using the first-in, first-out method. Net realisable value represents the estimated selling price less the estimated costs necessary to make the sale.

(d) Impairment:

(i) Impairment of Assets

Internal and external sources of information are reviewed at each end of the reporting period to identify indications that assets may be impaired or an impairment loss previously recognised no longer exists or may have decreased. If any such indication exists, the asset's recoverable amount is estimated. The recoverable amount of an asset is the greater of its fair value less costs to sell and value in use. An impairment loss is recognised in the statement of comprehensive income whenever the carrying amount of an asset exceeds its recoverable amount.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount and which results in an increase in the recoverable amount. A reversal of impairment losses is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to the statement of comprehensive income in the year in which the reversals are recognised.

(ii) Impairment of Financial Assets

Losses allowances are measured on either of the following bases by "expected credit losses (ECLs) model".

- 12 months ECLs: these are the ECLs that result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Association expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Receivables:

Receivables are initially recognised at fair value and thereafter stated at amortised cost less impairment losses for bad and doubtful debts, except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less impairment losses for bad and doubtful debts.

(f) Payables:

Payables are initially recognized at fair value and thereafter stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(g) Revenue Recognition:

Revenue is recognised when or as the control of the asset is transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may be transferred over time or at a point in time. Control of the asset is transferred over time if the Association's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates and enhances an asset that the customer controls as the company performs; or
- 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.

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the asset.

The progress towards complete satisfaction of the performance obligation is measured based on the Association's efforts or inputs to the satisfaction of the performance obligation, by reference to the contract costs incurred up to the end of reporting period as a percentage of total estimated costs for each contract.

Revenue of members' subscriptions is recognised when the subscriptions are received.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Translation of Foreign Currencies:

Foreign currency transactions during the year are converted into Hong Kong dollars at exchange rates ruling at the transaction dates.

Foreign currency balances of monetary assets and liabilities at year end are translated into Hong Kong dollars at approximately the market rates of exchange ruling at the end of the reporting period.

Exchange differences on foreign currency translation are dealt with in the statement of comprehensive income or the respective relevant reserve accounts.

(i) Cash and Cash Equivalents:

Cash and cash equivalents comprise cash on hand and at banks and deposits with banks with maturities of three months or less.

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

(j) Provisions:

Provisions are recognised when it is probable that an outflow of economic benefits will be required to settle a present obligation as a result of past events and a reliable estimate can be made of the amount of the obligation.

2. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<u>2020</u> HK\$	<u>2019</u> HK\$
<u>At Fair Value:</u>		
Long Term Share Investments (Listed in Hong Kong), at 31/12/2019	1,908,832.10	268,602
Change in Fair Value (Note 3)	<u>(564,738.80)</u>	<u>1,640,230</u>
	<u>1,344,093.30</u>	<u>1,908,832</u>

The fair value measurement of the Company's Financial Assets at Fair Value through Other Comprehensive Income is based on Level 1 as per Note 11.

3. RESERVES

	<u>2020</u> HK\$	<u>2019</u> HK\$
FINANCIAL ASSETS REVALUATION RESERVE ACCOUNT		
Balance at 31/12/2019, b/f.	1,640,230.39	-
<u>Add: Change in Fair Value</u>	<u>(564,738.80)</u>	<u>1,640,230</u>
Balance at 31/12/2020, c/f.	<u>1,075,491.59</u>	<u>1,640,230</u>
SCHOLARSHIP RESERVE ACCOUNT		
Balance at 31/12/2019, b/f.	1,026,899.28	1,009,784
<u>Add: Bank interest received</u>	<u>8,269.98</u>	<u>17,191</u>
<u>Add/Less: Gain/(Loss) on Exchange</u>	<u>398.27</u>	<u>(76)</u>
Balance at 31/12/2020, c/f.	<u>1,035,567.53</u>	<u>1,026,899</u>
"CHUNG WAI MUN" SCHOLARSHIP ACCOUNT		
Balance at 31/12/2019, b/f.	221,621.43	212,589
<u>Add: Bank interest received</u>	<u>2.13</u>	<u>225</u>
Dividend received	8,634.00	8,808
Balance at 31/12/2020, c/f.	<u>230,257.56</u>	<u>221,622</u>
"DR. IRENE WONG" SCHOLARSHIP ACCOUNT		
Balance at 31/12/2019, b/f.	100,208.81	100,093
<u>Add: Bank interest received</u>	<u>0.50</u>	<u>106</u>
Transfer from statement of comprehensive income to reserves	10.00	10
Balance at 31/12/2020, c/f.	<u>100,219.31</u>	<u>100,209</u>
"DR. TSAO YEN CHOW" SCHOLARSHIP ACCOUNT		
Balance at 31/12/2019, b/f.	100,192.56	100,077
<u>Add: Bank interest received</u>	<u>0.50</u>	<u>106</u>
Transfer from statement of comprehensive income to reserves	20.00	10
Balance at 31/12/2020, c/f.	<u>100,213.06</u>	<u>100,193</u>
Total	<u>2,541,749.05</u>	<u>3,089,153</u>

4. TURNOVER AND REVENUES

The principal activities of the Association are to advance higher ethical and professional standards among nurses as well as to promote professional and educational advancement in caring for the sick and in giving better service to the community.

Turnover represents the income from members and non-members during the year. Revenues recognised during the year are as follows:-

	<u>2020</u> HK\$	<u>2019</u> HK\$
TURNOVER		
INCOME FROM MEMBERS		
Subscriptions Received	37,900.00	95,550
Proceeds on Sales of Dinner Coupons	-	93,210
	<u>37,900.00</u>	<u>188,760</u>
INCOME FROM NON-MEMBERS		
Proceeds on Sales of Dinner Coupons	-	7,800
	<u>37,900.00</u>	<u>196,560</u>
OTHER REVENUE		
Bank Interest Received	6,111.47	9,200
Dividends Received from Listed Investments	24,005.64	97,515
	<u>30,117.11</u>	<u>106,715</u>
Total Revenues	<u><u>68,017.11</u></u>	<u><u>303,275</u></u>

5. TAXATION

The Association has no liability to profits tax under Section 24(1) of the Inland Revenue Ordinance.

6. NO REMUNERATION TO EXECUTIVE COMMITTEE MEMBERS

The members of the Executive Committee are not entitled to remuneration in accordance with Article 41 of the Articles of Association of the Association.

7. MEMBERS' LIABILITIES IN THE EVENT OF WINDING UP

According to Clause 6 of the Memorandum of Association of the Association, every member of the Association undertakes to contribute to the assets of the Association in the event of its being wound up while she is a member, or within one year afterwards, for payment of the debts and liabilities of the Association contracted before she ceases to be a member, and the costs, charges and expenses of winding up, and for the adjustment of the rights of the contributories among themselves such amount as may be required, not exceeding HK\$20.00.

8. REGISTERED OFFICE

The Association is incorporated in Hong Kong and has its registered office at 2-4 Village Road, Happy Valley, Hong Kong.

9. FINANCIAL RISK MANAGEMENT

The Association's activities expose itself to a variety of financial risks including foreign exchange risk, credit risk, liquidity risk and cash flow interest rate risk. In the normal course of business, the Association manages these risks through a variety of techniques.

(a) Foreign exchange risk

The Association is exposed to foreign exchange risk in net foreign currency monetary assets and liabilities.

The foreign exchange risk is considered not significant, as the Association is monitoring the foreign exchange exposure regularly.

(b) Credit risk

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

The Association's Management has a credit policy in place and the exposure to the credit risk is monitored on an ongoing basis.

(c) Liquidity risk

The Association's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

(d) Cash flow interest rate risk

The Association is not significantly affected by the changes in market interest rates of bank borrowings and bank deposits. The Association's operating cash flows are substantially independent from changes in market interest rates.

10. CAPITAL MANAGEMENT

The Association's objectives when managing capital are:

- (a) to safeguard the Association's ability to continue as going concern; and
- (b) to provide capital for the purpose of strengthening the Association's operational efficiency.

The Association regularly reviews and manages its capital to ensure adequacy for both operational and capital needs. All surpluses are grouped under the general fund or specific funds for future operational needs which are non-property related. The capital fund, if any, is maintained to ensure that sufficient resources are available to finance the future office expansion of the Association.

For the purpose of capital disclosure, the Executive Committee regards the members' equity as capital of the Association.

11. FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Financial assets and liabilities measured at fair value in the consolidated statement of financial position are categorised in its entirety into the following three levels of the fair value hierarchy based on the basis of the lowest level input that is significant to the fair value measurement in its entirety:

Level 1: fair value measured using quoted prices (unadjusted) in active markets for identical financial assets or liabilities;

Level 2: fair value measured using inputs other than quoted prices included within Level 1 that are observable for the financial asset or liability, either directly or indirectly; and

Level 3: fair value measured using inputs for the financial asset or liability that are not based on observable market data.