



國信會計師事務所有限公司

LKKC C.P.A. LIMITED

Chartered Accountants

Certified Public Accountants

香港中環德輔道中 141 號中保集團大廈 24 字樓 2401 室

Suite 2401, China Insurance Group Building, 141 Des Voeux Road Central, Hong Kong.

Tel 電話 : (852) 2521 9013 Fax 傳真 : (852) 2521 2518 Email 電郵 : enquiry@lkkc-cpa.com

The Chairman,  
China Education Association, HKUSU  
Mailbox 133,  
China Education Association, HKUSU,  
The University of Hong Kong,  
Pokfulam Road,  
Hong Kong

Dear Sirs,

Date: 14th December 2018

### **ENGAGEMENT LETTER**

The purpose of this letter is to set out the basis on which we act as auditors of the company and the respective areas of responsibility of the company and of ourselves.

#### *Audit*

- 1.1 As directors of the above company, you are responsible for maintaining proper books of account and preparing financial statements which give a true and fair view of the profit or loss and state of affairs of the company and comply with the Companies Ordinance. You are also responsible for making available to us, as and when required, all the company's books of account and all other records and related information, including minutes of all management and shareholders' meetings.
- 1.2 We have a statutory responsibility to report to the members whether in our opinion the financial statements give a true and fair view of the state of the company's affairs and of the profit or loss for the year and whether they comply with the Companies Ordinance (or other relevant legislation). In arriving at our opinion, we are required to consider the following matters, and to report on any in respect of which we are not satisfied :
  - (a) whether proper books of account have been kept by the company ;
  - (b) whether the company's balance sheet and profit and loss account are in agreement with the books of account; and
  - (c) whether we have obtained all the information and explanations which we think necessary for the purpose of our audit.

In addition, there are certain other matters which, according to the circumstances, may need to be dealt with in our report. For example, where the financial statements do not give full details of directors' remuneration or of loans to officers, the Companies Ordinance requires us to disclose such matters in our report.

- 1.3 We have a professional responsibility to report if the financial statements do not comply in any material respect with Hong Kong Accounting Standards, unless in our opinion the non-compliance is justified in the circumstances.

- 1.4 Our audit will be conducted in accordance with the Auditing Standards issued by the Hong Kong Institute of Certified Public Accountants and will have regard to relevant Auditing Guidelines. Furthermore, it will be conducted in such manner as we consider necessary to fulfill our responsibilities and will include such tests of transactions and of the existence, ownership and valuation of assets and liabilities as we consider necessary. We shall obtain an understanding of the accounting system in order to assess its adequacy as a basis for the preparation of the financial statements and to establish whether proper books of account have been maintained. We shall expect to obtain such relevant and reliable evidence as we consider sufficient to enable us to draw reasonable conclusions therefrom. The nature and extent of our tests will vary according to our assessment of the company's accounting system and, where we wish to place reliance on it, the system of internal control and may cover any aspect of the business operations. We shall report to you any significant weaknesses in, or observations on, the company's systems which come to our notice and which we think should be brought to your attention.
- 1.5 As part of our normal audit procedures, we will request you to provide written representations on matters having a material effect on the financial statements.
- 1.6 In order to assist us with the examination of your financial statements, we shall request sight of all documents or statements, including the chairman's statement and the directors' report, which are due to be issued with the financial statements. We are also entitled to attend all General Meetings of the company and to receive notice of all such meetings.
- 1.7 We appreciate that the present size of your business renders it uneconomic to create a system of internal control based on the segregation of duties for different functions within each area of the business. In the running of your company we understand that the directors are closely involved with the control of the company's transactions. In planning and performing our audit work we shall take account of this supervision. Further, we may ask additionally for confirmation in writing that all the transactions undertaken by the company have been properly reflected and recorded in the books of account, and our audit report on your company's financial statements may refer to this confirmation.
- 1.8 The responsibility for the prevention and detection of irregularities and fraud rests with yourselves. However, we shall endeavor to plan our audit so that we have a reasonable expectation of detecting material misstatements in the financial statements or books of account resulting from irregularities or fraud, but our examination should not be relied upon disclose irregularities or fraud which may exist.
- 1.9 We shall not be treated as having notice, for the purposes of our audit responsibilities, of information provided to members of our firm other than those engaged on the audit (e.g. information provided in connection with accounting, taxation and other services).

*Accounting and other services*

- 2.1 It was agreed that we should carry out the following services as your agents and on the basis that you will make full disclosure to us of all relevant information.
- 2.2 We shall:
  - (a) prepare the financial statements based on books of account maintained by yourselves;
  - (b) provide assistance to the company secretary by preparing and lodging returns with the Registrar of Companies
  - (c) investigate irregularities and fraud upon receiving specific instructions.

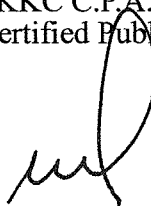
*Fees*

- 3.1 Our fees are computed on the basis of the time spent on your affairs by the partners and our staff, and on the levels of skill and responsibility involved. Unless otherwise agreed, our fees will be charged separately for each of the main classes of work described above, will be billed at appropriate intervals during the course of the year and will be due on presentation.
- 3.2 You, as chairman of the Board, should guarantee for our fees payments. Should the company become insolvent and fail to pay our fees, you will be personally responsible to pay for our fees and charges.

*Agreement of Terms*

- 4.1 Once it has been agreed, this letter will remain effective, from one audit appointment to another, until it is replaced. We shall be grateful if you could confirm in writing your agreement to the terms of this letter by signing and returning the attached copy, or let us know if they are not in accordance with your understanding of our terms of appointment. If within one month from the date of this letter we have not received the attached copy, duly signed by you, and we have not received any other communication from you concerning the contents of this letter, the provisions contained in it shall be deemed to have become effective.

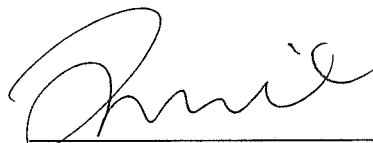
Yours truly,  
For and on behalf of  
LKKC C.P.A. Limited  
Certified Public Accountants



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Authorized signature(s)  
Auditor – Wilson, Chi-Shing Kwok  
Practising certificate number - P01952

Agreed and accepted by



(signed)  
Chairman, for and on behalf of the  
Executive Committee  
China Education Association, HKUSU

CHINA EDUCATION ASSOCIATION, HKUSU

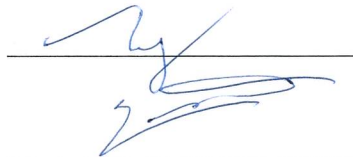
MINUTES OF A MEETING OF THE DIRECTORS OF THE COMPANY HELD AT ITS REGISTERED OFFICE ON 14TH JANUARY 2019.

PRESENT:

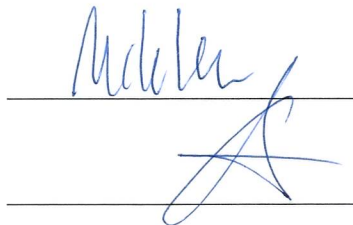
Mok Uen Pui



Yeung Tung Ki



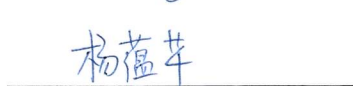
Lee Vivian Wei



Wai Chun Shing



Li Miaohong



Yang YunQian




Yang Jialin



Huang Yu



Cheung Ka Ying



Lo Wai



Yung Kwai Ki



Cheung Cheuk Man



1. CHAIRMAN

Mok Uen Pui acted as Chairman of the Meeting.

2. NOTICE AND QUORUM

It was noted that Notice of the Meeting had been given to all the Directors of the Company pursuant to the Company's Articles of Association, that a quorum of Directors was present and that the Meeting was therefore duly convened and constituted.

3. ACCOUNTS

It was resolved that the Accounts of the Company for the year 31st October 2017 together with the Directors' Report thereon placed before this Meeting, be and are hereby approved as presented.

It was further resolved that the Balance Sheet be signed by the two Directors and the Directors' Report be signed by the Chairman of this Meeting.

4. TERMINATION

There being no further business, the Chairman declared the Meeting closed.



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Chairman of the Meeting

**CHINA EDUCATION ASSOCIATION, HKUSU**  
**香港大學學生會中國教育小組**  
**REPORTS AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST OCTOBER 2017**

**LKKC**

**國信會計師事務所有限公司**

**LKKC C.P.A. LIMITED**

Chartered Accountants  
Certified Public Accountants

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(EXPRESSED IN HONG KONG DOLLARS)

**CHINA EDUCATION ASSOCIATION, HKUSU  
REPORT OF THE EXECUTIVE COMMITTEE  
FOR THE YEAR ENDED 31ST OCTOBER 2017**

The Executive Committee has pleasure in submitting their annual report together with the audited financial statements of the Association for the year ended 31st October 2017.

**PRINCIPAL ACTIVITIES**

The principal activities of the Association are advancement of education for students in Mainland China.

**RESULTS**

The results of the Association and its state of affairs at that date are set out in the financial statements on page 6 to 12.

**EXECUTIVE COMMITTEE MEMBERS**

The Executive Committee Members who held office during the year and up to the date of this report were:-

Mok Uen Pui	(Chairperson)	(appointed on 19th February 2018)
Yeung Tung Ki	(Internal vice chairperson)	(appointed on 19th February 2018)
Lee Vivian Wei	(External vice chairperson)	(appointed on 19th February 2018)
Wai Chun Shing	(Financial secretary)	(appointed on 19th February 2018)
Li Miaohong	(General secretary)	(appointed on 19th February 2018)
Yang YunQian		(appointed on 19th February 2018)
Yang Jialin		(appointed on 19th February 2018)
Huang Yu		(appointed on 19th February 2018)
Cheung Ka Ying		(appointed on 19th February 2018)
Lo Wai		(appointed on 19th February 2018)
Yung Kwai Ki		(appointed on 19th February 2018)
Cheng Cheuk Man		(appointed on 19th February 2018)
Wong Pui Yiu	(Chairperson)	(resigned on 19th February 2018)
Ho Hiu Yee	(Internal vice chairperson)	(resigned on 19th February 2018)
Hung Tsz Yin	(External vice chairperson)	(resigned on 19th February 2018)
Chan Tsz Ning	(Financial secretary)	(resigned on 19th February 2018)
Tam Lok Yan	(General secretary)	(resigned on 19th February 2018)
Wong Cheuk Ling		(resigned on 19th February 2018)
Ngai Lai Pik		(resigned on 19th February 2018)
Ng Hiu Shun		(resigned on 19th February 2018)
Xiao Xin Yu		(resigned on 19th February 2018)
Kong Chuiyu		(resigned on 19th February 2018)
Chau Yun Hang		(resigned on 19th February 2018)
Wong Ho Chin		(resigned on 19th February 2018)
Huang Yifeng		(resigned on 19th February 2018)
Lam Hiu Ying		(resigned on 19th February 2018)
Ng Hoi Fung		(resigned on 19th February 2018)

All Executive Committee Members will retire at the forthcoming annual general meeting and being eligible offer themselves for re-election.

(To be cont'd)



**CHINA EDUCATION ASSOCIATION, HKUSU  
REPORT OF THE EXECUTIVE COMMITTEE  
FOR THE YEAR ENDED 31ST OCTOBER 2017**

*EXECUTIVE COMMITTEE MEMBERS' INTERESTS IN CONTRACTS*

No contracts of significance to which the Association was a party and in which any Executive Committee member of the Association had a material interest, whether directly or indirectly subsisted at the end of the year or at any time during the year.

*EXECUTIVE COMMITTEE MEMBERS' RIGHTS TO ACQUIRE SHARES AND DEBENTURES*

At no time during the year was the Association a party to any arrangements to enable the Executive Committee members of the Association to acquire benefits by means of acquisition of shares in, or debentures of the Association or any other body corporate.

**AUDITORS**

The auditors, Messrs. LKKC C.P.A. LIMITED, Chartered Accountants, Certified Public Accountants, retire but, being eligible, offer themselves for re-appointment.

FOR AND ON BEHALF OF THE EXECUTIVE COMMITTEE



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Mok Uen Pui  
Chairman

Hong Kong, 14th January 2019



國信會計師事務所有限公司

**LKKC C.P.A. LIMITED**

Chartered Accountants

Certified Public Accountants

香港中環德輔道中141號中保集團大廈24樓2401室

Suite 2401, 24/F, China Insurance Group Building, 141 Des Voeux Road Central, Hong Kong.

Tel 電話 : (852) 2521 9013 Fax 傳真 : (852) 2541 0502 Email 電郵 : enquiry@lkkc-cpa.com

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***INDEPENDENT AUDITOR'S REPORT  
TO THE EXECUTIVE COMMITTEE MEMBERS OF  
CHINA EDUCATION ASSOCIATION, HKUSU  
(ESTABLISHED IN HONG KONG)***

***Opinion***

We have audited the financial statements of China Education Association Hong Kong University Student's Union ("the Association") set out on pages 6 to 12, which comprise the statement of financial position as at 31st October 2017, and the statement of comprehensive income 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 Association as at 31st October 2017, 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").

***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 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.

***Responsibilities of Executive Committee Members for the Financial Statements***

The executive committee members are responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA, and 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.

(To be cont'd)

**INDEPENDENT AUDITOR'S REPORT  
TO THE EXECUTIVE COMMITTEE MEMBERS OF  
CHINA EDUCATION ASSOCIATION, HKUSU  
(ESTABLISHED IN HONG KONG)**

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, 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.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the executive committee members.
- 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 auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Association to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

**INDEPENDENT AUDITOR'S REPORT  
TO THE EXECUTIVE COMMITTEE MEMBERS OF  
CHINA EDUCATION ASSOCIATION, HKUSU  
(ESTABLISHED IN HONG KONG)**

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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.



LKKC C.P.A. LIMITED  
國信會計師事務所有限公司  
Chartered Accountants  
Certified Public Accountants  
Auditor – Wilson, Chi-Shing Kwok  
郭志成執業會計師  
Practising certificate number – P01952

Hong Kong, 14th January 2019

C606/WK/C/858

**CHINA EDUCATION ASSOCIATION, HKUSU  
INCOME AND EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED 31ST OCTOBER 2017**

	<u>NOTE</u>	<u>2017</u> HK\$	<u>2016</u> HK\$
<b>INCOME</b>			
Donation and fund raising event		323,713	359,676
Membership fee income		8,720	13,700
Subsidy from University		9,055	8,326
Programme income		<u>129,651</u>	<u>95,447</u>
		471,139	477,149
<b>LESS: COST OF INCOME</b>			
Subsidy to beneficiaries		(274,442)	(254,023)
Programme expenses		<u>(129,579)</u>	<u>(118,157)</u>
		(404,021)	(372,180)
		67,118	104,969
<b>OTHER INCOME</b>			
Bank interest income		897	1,171
Exchange gain		<u>13,377</u>	<u>-</u>
		14,274	1,171
		81,392	106,140
<b>EXPENDITURE</b>			
General and administrative expenses		<u>(27,082)</u>	<u>(133,916)</u>
<b>SURPLUS / (DEFICIT) BEFORE TAXATION</b>		54,310	(27,776)
<b>TAXATION</b>	7	<u>-</u>	<u>-</u>
<b>SURPLUS / (DEFICIT) FOR THE YEAR</b>		54,310	(27,776)
<b>SURPLUS BROUGHT FORWARD</b>		<u>957,680</u>	<u>985,456</u>
<b>SURPLUS CARRIED FORWARD</b>		<u><u>1,011,990</u></u>	<u><u>957,680</u></u>

The notes on page 9 to 12 form an integral part of these financial statements.

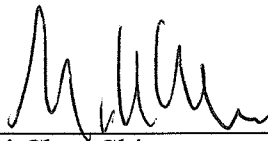
**CHINA EDUCATION ASSOCIATION, HKUSU**  
**BALANCE SHEET**  
**AS AT 31ST OCTOBER 2017**

	<u>NOTE</u>	<u>2017</u> HK\$	<u>2016</u> HK\$
<b>CURRENT ASSETS</b>			
Cash at bank	8	<u>1,011,990</u>	<u>957,680</u>
<b>NET ASSETS</b>		<u><u>1,011,990</u></u>	<u><u>957,680</u></u>
<b>FINANCED BY:</b>			
GENERAL FUNDS		<u><u>1,011,990</u></u>	<u><u>957,680</u></u>

APPROVED AND AUTHORISED FOR ISSUE BY THE EXECUTIVE COMMITTEE ON 14TH JANUARY 2019.



\_\_\_\_\_  
Mok Uen Pui  
Chairperson



\_\_\_\_\_  
Wai Chun Shing  
Financial secretary

The notes on page 9 to 12 form an integral part of these financial statements.

**CHINA EDUCATION ASSOCIATION, HKUSU**  
**BALANCE SHEET**  
**AS AT 31ST OCTOBER 2017**

	<u>2017</u>	<u>2016</u>
	HK\$	HK\$
CASH FLOWS FROM OPERATING ACTIVITIES		
SURPLUS / (DEFICIT) BEFORE TAXATION	54,310	(27,776)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	<u>957,680</u>	<u>985,456</u>
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	<u>1,011,990</u>	<u>957,680</u>
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and cash equivalents	<u>1,011,990</u>	<u>957,680</u>

The notes on page 9 to 12 form an integral part of these financial statements.

**CHINA EDUCATION ASSOCIATION, HKUSU  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST OCTOBER 2017**

**1. LEGAL STATUS**

China Education Association, HKUSU is established in Hong Kong and registered in accordance with the provisions of section 5A (I) of the Societies Ordinance.

The registered office of the Association is located at The University of Hong Kong, Pokfulam Road, Hong Kong.

The principle activities of the Association are advancement of education for students in Mainland China.

**2. STATEMENT OF COMPLIANCE WITH HONG KONG FINANCIAL REPORTING STANDARDS AND BASIS OF PREPARATION**

The Association's financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (HKFRSs), which collective term include 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.

These financial statements have been prepared under the historical cost convention. These financial statements are presented in Hong Kong dollars which is the same as the functional currency of the Company.

**3. PRINCIPAL ACCOUNTING POLICIES**

**(a) Income tax**

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's liability of current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.



**CHINA EDUCATION ASSOCIATION, HKUSU  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST OCTOBER 2017**

**3. PRINCIPAL ACCOUNTING POLICIES (CONT'D)**

**(a) Income tax (cont'd)**

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the assets realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is recognised in the statement of comprehensive income, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case, the deferred tax is also recognised in other comprehensive income or directly in equity respectively.

**(b) Revenue recognition**

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

- (i) Donations and fund raising event are recognised as income when received;
- (ii) Membership subscriptions are recognised on a time proportion basis;
- (iii) Interest income from bank deposits is accrued on a time- apportioned basis by reference to the principal outstanding and the rate applicable; and
- (iv) Programme income is recognised as income when received;

**(c) Cash and bank balances**

For the purpose of statement of cash flows, cash equivalents represent short-term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of change in value, net of bank overdrafts. For statement of financial position classification, cash equivalents represent assets similar in nature to cash, which are not restricted as to use.

**4. CHANGE IN ACCOUNTING POLICIES**

In the current year, the Association has adopted a number of revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") that are effective to the Association for accounting periods beginning on or after 1st November 2016. The adoption of those revised HKFRSs has no material impact on the Association's results and financial position for the current or prior years and does not result in any significant change in accounting policies of the Group.

The Association has not early adopted the following new and revised HKFRSs issued by HKICPA that have been issued but are not yet effective. The Association is continuing to assess the implication of the adoption of these standards. The anticipate that the adoption of the new and revised HKFRSs listed below will have no material impact on the results and financial position of the Group.

**CHINA EDUCATION ASSOCIATION, HKUSU  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST OCTOBER 2017**

5. **CRITICAL ACCOUNTING ESTIMATES AND JUDGMENT**

The Association's management makes assumptions, estimates and judgements in the process of applying the Association's accounting policies that affect the assets, liabilities, income and expenses in the financial statements prepared in accordance with HKFRSs. The assumptions, estimates and judgements are based on historical experience and other factors that are believed to be reasonable under the circumstances. While the management reviews their judgements, estimates and assumptions continuously, the actual results will seldom equal to the estimates.

Certain key assumptions and risk factors in respect of the financial risk management are set out in note 10.

6. **EXCO- BOARD MEMBERS' REMUNERATION**

None of the Exco- Board Members received any remuneration in respect of their services to the Association during the year (2016: Nil).

7. **TAXATION**

The Association is exempted from Hong Kong profits tax by virtue of Section 88 of the Inland Revenue Ordinance.

8. **CASH AND CASH EQUIVALENTS**

	<u>2017</u>	<u>2016</u>
	HK\$	HK\$
Cash at bank	101,190	956,780
Cash on hand	-	-
Cash and cash equivalents in the statement of financial position	<u>101,190</u>	<u>956,780</u>

9. **CAPITAL RISK MANAGEMENT**

The Association manages its capital to ensure that it will be able to continue as a going concern while maximising the return to owners of the Association through the optimisation of the debt and equity balance. The Association's overall strategy remains unchanged from prior year.

The capital structure of the Association represents equity attributable to owners of the Association, comprising retained profits.

Management of the Association reviews the capital structure on a regular basis and considers the cost of capital and the risks associated with each class of capital. The Association will balance its overall capital structure through new share issues and raise of new borrowings.

**CHINA EDUCATION ASSOCIATION, HKUSU**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST OCTOBER 2017**

10. *FINANCIAL INSTRUMENTS*

(a) Categories of financial instruments

	<u>2017</u>	<u>2016</u>
	HK\$	HK\$
Financial assets		
Loan and other receivables (including cash and cash equivalents)		
- Cash and cash equivalents	<u>1,011,990</u>	<u>957,680</u>
	<u>1,011,990</u>	<u>957,680</u>
Financial liabilities	<u>-</u>	<u>-</u>

(b) Financial risk management objectives and policies

The Association's financial instruments include accounts receivables, bank balances and cash and accounts payables. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(i) Currency risk

The Association's transactions are mainly denominated in Hong Kong dollars. The foreign currency risk during the reporting period and at the end of the reporting period is insignificant.

(ii) Interest rate risk

The Association's exposure on to changes in interest rates is mainly attributable to its short-term bank deposits. Since the short-term bank deposits usually mature within 3 months, the exposure is considered not significant.

(iii) Credit risk

There is no credit risk as the Association does not have any trade receivables.

(iv) Liquidity risk

There is no liquidity risk as the Association has a healthy cash balance.

(c) Fair value

The management of the Association estimates the fair values of its financial assets and financial liabilities measured at amortised cost using discounted cash flows analysis. Management of the Association considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values.

**CHINA EDUCATION ASSOCIATION, HKUSU**  
**DETAIL OF GENERAL AND ADMINISTRATION EXPENSES**  
**(FOR MANAGEMENT INFORMATION PURPOSES ONLY)**  
**FOR THE YEAR ENDED 31ST OCTOBER 2017**

	<u>2017</u>	<u>2016</u>
	HK\$	HK\$
<b>GENERAL AND ADMINISTRATION EXPENSES</b>		
Advertisement	713	-
Bank charges	3,670	3,229
Exchange loss	-	110,570
Printing and stationery	7,788	14,704
Sundry expenses	10,376	2,342
Transportation and postage	3,898	1,847
Telephone	637	1,224
	<u>27,082</u>	<u>133,916</u>