

HKU ECONOMICS AND FINANCE POSTGRADUATES ASSOCIATION LIMITED

香港大學經濟及金融學研究生暨校友會有限公司

REPORTS AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

HKU ECONOMICS AND FINANCE POSTGRADUATES ASSOCIATION LIMITED

香港大學經濟及金融學研究生暨校友會有限公司

REPORTS AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

CONTENTS

	<u>PAGES</u>
Directors' report	1 - 2
Independent auditor's report	3 - 4
Statement of comprehensive income	5
Statement of financial position	6
Statement of changes in equity	7
Statement of cash flows	8
Notes to the financial statements	9 - 17

HKU ECONOMICS AND FINANCE POSTGRADUATES ASSOCIATION LIMITED

香港大學經濟及金融學研究生暨校友會有限公司

DIRECTORS' REPORT

The directors present their report and the audited financial statements of HKU Economics And Finance Postgraduates Association Limited (the "Association") for the year ended 30 June 2014.

PRINCIPAL ACTIVITIES

The principal activities of the Association are, *inter alia*, to foster and promote close relationships and better understanding among the past and present Economics and Finance postgraduate students of the University of Hong Kong as well as to maintain, promote and cultivate friendship among the Members of the Association and in its connection, provide all kinds of sports or pastimes and promote, give or support dinners, balls, concerts and other entertainment.

FINANCIAL STATEMENTS

The results of the Association for the year are set out in the statement of profit or loss and other comprehensive income on page 5.

The statement of the Association's affairs as at 30 June 2014 is set out in the statement of financial position on page 6.

The movements in the Association's cash flows during the year are set out in the statement on page 8.

DIRECTORS

The directors of the Association during the year and up to the date of this report are:

Mr. Tay Nan Xing Leslie	(Committee Member, elected on 26 Jan 2014, subsequently elected as chairman on 23 February 2014)
Mr. Chen Donghui	(Vice Chairman, elected as committee member on 26 Jan 2014, subsequently elected as Vice Chairman on 23 Feb 2014)
Ms. Tong Shan	(Honorary Secretary, elected on 23 Feb 2014)
Mr. Geng Heng	(Hon. Treasurer, elected as on 23 Feb 2014)
Mr. Tu Zhiheng	(Committee Member)
Mr. Sun Yuejun	(Committee Member)
Ms. Jin Weina	(Committee Member elected on 23 Feb 2014)
Mr. Jia Wenting	(Committee Member, elected on 23 Feb 2014)
Mr. Lin Sicong	(Committee Member, elected on 23 Feb 2014)
Ms. Tang Yueyue	(Committee Member, elected on 23 Feb 2014)
Mr. Yee Pak Hong	(Committee Member, elected on 23 Feb 2014)
Mr. Cai Zhi Peng	(Committee Member, elected on 23 Feb 2014)
Prof. Kate Kwan	(Committee Member, retired as Chairman on 23 Feb 2014)
Ms. Luo Jingyu	(Committee Member, retired as Hon. Treasurer on 23 Feb 2014)

Ms. Su Chang, Mr. Cheung Wai Chung, Ms. Zhou Yun retired as committee members on 26 January 2014. Mr. Du Yi retired as Vice Chairman on 26 January 2014.

In accordance with the Association's Articles of Association, all existing directors shall retire from the Board at the Annual General Meeting and be eligible for re-election.

HKU ECONOMICS AND FINANCE POSTGRADUATES ASSOCIATION LIMITED
香港大學經濟及金融學研究生暨校友會有限公司

DIRECTOR'S REPORT

(Continued)

DIRECTORS' INTERESTS IN CONTRACTS

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

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

MANAGEMENT CONTRACTS

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

AUDITORS

The financial statements for the year have been audited by SHINEWING (HK) CPA Limited who retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board



Chairman

Hong Kong

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF HKU ECONOMICS AND FINANCE POSTGRADUATES ASSOCIATION
LIMITED

香港大學經濟及金融學研究生暨校友會有限公司
(incorporated in Hong Kong and limited by guarantee)

We have audited the financial statements of HKU Economics And Finance Postgraduates Association Limited (the "Association") set out on pages 5 to 17, which comprise the statement of financial position as at 30 June 2014, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants 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.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with section 141 of the predecessor Hong Kong Companies Ordinance (Cap. 32) and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Association's preparation of the financial statements that give a true and fair view 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Association as at 30 June 2014 and of its surplus and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

SHINEWING (HK) CPA Limited
Certified Public Accountants
Chan Wing Kit
Practising Certificate Number: P03224

Hong Kong

kc/vf/styk

HKU ECONOMICS AND FINANCE POSTGRADUATES ASSOCIATION LIMITED

香港大學經濟及金融學研究生暨校友會有限公司

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2014

	<u>NOTES</u>	<u>2014</u> HK\$	<u>2013</u> HK\$
Income			
Income from various functions and activities	7	88,780	93,541
Foreign exchange gain		-	1,733
Interest income		122	118
		<u>88,902</u>	<u>95,392</u>
Expenditure			
Auditor's remuneration		1,000	1,000
Bank charges		600	300
Business registration and filing fee		381	255
Expenses for various functions and activities	7	85,702	66,534
Sundry expenses		610	57
		<u>88,293</u>	<u>68,146</u>
Surplus for the year		<u>609</u>	<u>27,246</u>

HKU ECONOMICS AND FINANCE POSTGRADUATES ASSOCIATION LIMITED
 香港大學經濟及金融學研究生暨校友會有限公司

STATEMENT OF FINANCIAL POSITION

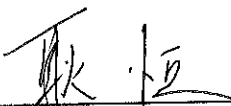
AS AT 30 JUNE 2014

	<u>NOTE</u>	<u>2014</u> HK\$	<u>2013</u> HK\$
Current assets			
Inventories	8	9,079	7,351
Accounts receivable		-	21,600
Other receivables		1,208	-
Bank balances		<u>237,252</u>	<u>235,673</u>
		<u>247,539</u>	<u>264,624</u>
Current liabilities			
Accrued expense		2,000	1,000
Other payable		-	18,694
		<u>2,000</u>	<u>19,694</u>
Net current assets		<u>245,539</u>	<u>244,930</u>
Equity			
Accumulated funds		<u>245,539</u>	<u>244,930</u>
Total equity		<u>245,539</u>	<u>244,930</u>

The financial statements on pages 5 to 17 were approved and authorised for issue by the director on and are signed on its behalf by:



 Chairman



 Honorary Treasurer

HKU ECONOMICS AND FINANCE POSTGRADUATES ASSOCIATION LIMITED

香港大學經濟及金融學研究生暨校友會有限公司

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2014

	<u>Accumulated funds</u> HK\$
At 1 July 2012	217,684
Surplus for the year	<u>27,246</u>
At 30 June 2013 and 1 July 2013	244,930
Surplus for the year	<u>609</u>
At 30 June 2014	<u>245,539</u>

HKU ECONOMICS AND FINANCE POSTGRADUATES ASSOCIATION LIMITED
香港大學經濟及金融學研究生暨校友會有限公司

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2014

	<u>2014</u> HK\$	<u>2013</u> HK\$
OPERATING ACTIVITIES		
Surplus for the year	609	27,246
Adjustments for:		
Interest income	(122)	(118)
	<hr/>	<hr/>
Operating cash flows before movements in working capital	487	27,128
(Increase) / decrease in inventories	(1,728)	365
Decrease in accounts receivable	21,600	2,750
Increase in other receivables	(1,208)	-
Increase in accrued expense	1,000	1,000
(Decrease) / increase in other payable	(18,694)	16,469
	<hr/>	<hr/>
NET CASH FROM OPERATING ACTIVITIES	1,457	47,712
CASH FROM INVESTING ACTIVITY		
Interest received	122	118
	<hr/>	<hr/>
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,579	47,830
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	235,673	187,843
	<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, represented by bank balances	237,252	235,673
	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

1. GENERAL INFORMATION

The Association is incorporated under the Hong Kong Companies Ordinance and limited by guarantee.

The Association is engaged in fostering and promoting close relationships and better understanding among the past and present Economics and Finance postgraduate students of the University of Hong Kong, cultivating friendship among the Members of the Association as well as promoting the studies, research and education of Economics and Finance.

The address of the registered office of the Association is Room 1101, KK Leung Building, The University of Hong Kong, Pok Fu Lam, Hong Kong.

Every member of the Association undertakes to contribute to the assets of the Association in the event of its being wound up while he is a member, or within one year afterwards, for payment of the debts and liabilities of the Association contracted before he ceases to be a member, and the costs, charges and expenses of winding up the same, and for the adjustment of the rights of the contributories among themselves, such amount as may be required, save, not exceeding \$100.

These financial statements are presented in Hong Kong dollars which is the same as the functional currency of the Association.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

In the current year, the Association has applied the following amendments issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

Except as described below, the application of the new and revised HKFRSs in the current year has had no material impact on the Association’s financial performance and positions for the current and prior years and/or on the disclosures set out in these financial statements.

Amendments to HKAS 1 *Presentation of Items of Other Comprehensive Income*

The Association has applied the amendments to HKAS 1 *Presentation of Items of Other Comprehensive Income*. Upon the adoption of the amendments to HKAS 1, the Association’s statement of comprehensive income’s is renamed as the “statement of profit or loss and other comprehensive income. The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. Furthermore, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the option to present items of other comprehensive income either before taxation or net of taxation. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to HKAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

Amendments to HKAS 1 *Presentation of Items of Other Comprehensive Income* (Continued)

The Association has not early applied the new and revised standards, amendments or interpretations that have been issued but are not yet effective. The directors anticipate that the application of the other revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Association.

In addition, the financial statements requirements of Part 9 “Accounts and Audit” of the new Hong Kong Companies Ordinance (Cap. 622) come into operation as from the Association’s first financial year commencing on or after 3 March 2014 in accordance with section 358 of that Ordinance. The Association is in the process of making an assessment of expected impact of the changes in the Hong Kong Companies Ordinance on the financial statements in the period of initial application of Part 9 of the new Hong Kong Companies Ordinance (Cap. 622). So far it has concluded that the impact is unlikely to be significant and will primarily only affect the presentation and disclosure of information in the financial statements.”

3. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the financial statements included applicable disclosures required by the Hong Kong Companies Ordinance, which for this financial year and the comparative period continue to be those of the predecessor Companies Ordinance (Cap. 32), in accordance with transitional and saving arrangements for Part 9 of the Hong Kong Companies Ordinance (Cap. 622), “Accounts and Audit”, which are set out in section 76 to 87 of Schedule 11 to that Ordinance.

The financial statements have been prepared on the historical cost basis except certain financial instruments, which are stated at fair values as explained in the accounting policies set out below. Historical cost is generally based on fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2, leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value in use in HKAS 36.

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

The significant accounting policies are set out below.

Revenue recognition

Income from functions and activities are recognised on a time-apportioned basis over the year to which they related.

Foreign currencies

In preparing the financial statements of the Company, transactions in currencies other than the functional currency of the Company (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on transactions entered into in order to hedge certain foreign currency risks (see the accounting policies below); and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

Impairment losses on tangible assets

At the end of the reporting period, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment loss is recognised in profit or loss.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method.

Financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when the Association becomes a party to the contractual provisions of the instrument.

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

Financial assets

The Association's financial assets are classified into loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

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

Interest income is recognised on an effective interest basis for debt instruments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including accounts receivable, other receivables and bank balances) are carried at amortised cost using the effective interest method, less any identified impairment loss (see accounting policy on impairment of financial assets below).

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of the reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For all financial assets, objective evidence of impairment could include significant financial difficulty of the issuer or counterparty; or breach of contract, such as default or delinquency in interest or principal payments; or it is becoming probable that the borrower will enter into bankruptcy or financial re-organisation; or disappearance of an active market for that financial asset because of financial difficulties.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

For certain categories of financial assets, such as accounts receivable, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment, in addition, for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

For financial assets measured at amortised cost, if, in a subsequent year, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent 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.

Financial liabilities

Financial liabilities are classified as either financial liabilities in accordance with the substance of the contractual arrangements and definitions of a financial liability.

Effective interest method

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

Financial liabilities

Financial liabilities including accrued expense and other payable are subsequently measured at amortised cost, using the effective interest method.

Derecognition

The Association derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Association neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Association continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability. If the Association retains substantially all the risks and rewards of ownership of a transferred financial asset, the Association continues to recognise the financial assets and also recognises a collateralised borrowing for the proceeds received.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Derecognition (Continued)

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in funds is recognised in profit or loss.

On derecognition of a financial asset other than in its entirety, the Association allocates the previous carrying amount of the financial asset between the part it continues to recognise, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

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

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Association's accounting policies which are described in note 3 above, the directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year or in the year of the revision and future years if the revision affects both current and future years.

Allowance for inventories

The management of the Association reviews an ageing analysis at the end of each reporting period, and make allowance for obsolete and slow-moving inventory items identified that are no longer suitable for sales. The management estimates the net realisable value for such finished goods based primarily on the latest invoice prices and current market conditions. The Association carries out an inventory review on a product-by-product basis at the end of each reporting period and make allowance for obsolete items. No allowance was recognised for both years.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2014

5. CAPITAL RISK MANAGEMENT

The Association is a company limited by guarantee and has no share capital. The Association considers its capital to be the accumulated funds. The Association's primary objectives when managing its accumulated funds is to safeguard the Association's ability to continue as a going concern, so that it can continue to provide support and protect the interest of its members. The Association's capital management practices were consistent with its objectives during the year. The overall strategy of the Association remained unchanged from prior years.

6. FINANCIAL INSTRUMENTS

(a) *Categories of financial instruments*

	<u>2014</u>	<u>2013</u>
	HK\$	HK\$
Financial assets		
Loans and receivables (including cash and cash equivalents)	<u>238,460</u>	<u>257,273</u>
Financial liability		
Financial liability at amortised cost	<u>2,000</u>	<u>19,694</u>

(b) *Financial risk management objectives and policies*

The Association's major financial instruments include accounts receivable, other receivables, bank balances, accrued expense and other payable. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (foreign currency risk), credit risk and liquidity risk. Exposures to these risks are managed and monitored in a timely and effective manner.

Market risk

Foreign currency risk

The Association's financial assets and liabilities are substantially denominated in Hong Kong dollars and has an insignificant amount of foreign currency denominated assets and liabilities.

Credit risk

The Association's principal financial assets are accounts receivable, other receivables and bank balances which represent the Association's maximum exposure to credit risk in relation to financial assets.

In order to minimise the credit risk, the Association reviews the recoverable amount of each individual debt at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2014

6. FINANCIAL INSTRUMENTS (Continued)

(b) *Financial risk management objectives and policies* (Continued)

Credit risk (Continued)

Although the Association's bank balances are made up of a small number of banks, the Association does not consider that it has undue credit risk due to the good credit standing of all of these banks.

None of the Association's financial assets are secured by collateral or other credit enhancements.

Liquidity risk

The Association has sufficient funds to finance its ongoing cashflow requirements in the ordinary course of operation.

All financial liabilities are non-interest bearing and are either repayable on demand or due within one year.

(c) *Fair value*

The directors consider that the fair values of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their corresponding carrying amounts due to short-term maturities.

HKU ECONOMICS AND FINANCE POSTGRADUATES ASSOCIATION LIMITED

香港大學經濟及金融學研究生暨校友會有限公司

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2014

7. SURPLUS FROM VARIOUS FUNCTIONS AND ACTIVITIES

	<u>2014</u>			<u>2013</u>		
	<u>Income</u>	<u>Expenditure</u>	<u>Surplus / (deficit)</u>	<u>Income</u>	<u>Expenditure</u>	<u>Surplus / (deficit)</u>
	<u>HK\$</u>	<u>HK\$</u>	<u>HK\$</u>	<u>HK\$</u>	<u>HK\$</u>	<u>HK\$</u>
High Table Dinner	55,520	(52,047)	3,473	68,541	(44,840)	23,701
Name card printing	2,550	(2,090)	460	5,980	(5,080)	900
Orientation day	14,510	(10,604)	3,906	16,220	(10,111)	6,109
Singing contest	11,420	(13,011)	(1,591)	-	-	-
Golf day	4,780	(7,950)	(3,170)	-	-	-
Polo shirt sale	-	-	-	700	(365)	335
Financial forum	-	-	-	-	(1,131)	(1,131)
Happy hour	-	-	-	2,100	(2,577)	(477)
Master debate championship	-	-	-	-	(1,522)	(1,522)
Talks	-	-	-	-	(908)	(908)
	<u>88,780</u>	<u>(85,702)</u>	<u>3,078</u>	<u>93,541</u>	<u>(66,534)</u>	<u>27,007</u>

8. INVENTORIES

Inventories comprise entirely of finished goods of polo shirts at cost.

9. INCOME TAX

The Association is exempt from Hong Kong profits tax by virtue of Section 24(1) of the Inland Revenue Ordinance.

10. DIRECTORS' REMUNERATION

None of the directors received any emoluments in respect of their services rendered to the Association during the years ended 30 June 2014 and 2013.

