

HONG KONG SKATING UNION LIMITED
香港滑冰聯盟有限公司

REPORTS AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

HONG KONG SKATING UNION LIMITED
香港滑冰聯盟有限公司
REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

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HONG KONG SKATING UNION LIMITED
香港滑冰聯盟有限公司

EXECUTIVE COMMITTEE'S REPORT

The executive committee present their report and the audited financial statements for the year ended 31 March 2021.

PRINCIPAL ACTIVITIES

The Union is engaged in promotion of and organising of ice skating sport games and coaching classes during the year.

FINANCIAL STATEMENTS

The financial performance of the Union's operations for the year is set out in the income and expenditure account on page 6.

The Union's financial position as at 31 March 2021 is set out in the statement of financial position on page 7.

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

The movements in the Union's equity during the year are set out in the statement of changes in equity on page 9.

EXECUTIVE COMMITTEE MEMBERS

The executive committee members of the Union during the year and up to the date of this report are:

Yip Siu Yin
Lin Hoi Kwong
Cheung Yee Yan
Lu Shuo

In accordance with article 43 of the Union's Articles of Association, each executive committee member shall hold office for a term of four years or until the conclusion of the Annual General Meeting following the conclusion of the Winter Olympic. All retiring executive committee members shall be eligible for re-election.

MANAGEMENT CONTRACT

No contract concerning the management and administration of the whole or any substantial part of the business of the Union was entered into or existed during the year.

PERMITTED INDEMNITY PROVISION

At no time during the financial year and up to the date of this executive committee's report, was or is there any permitted indemnity provision being in force for the benefit of the executive committee members (whether made by the Union or otherwise) or an associated company (if made by the Union).

HONG KONG SKATING UNION LIMITED
香港滑冰聯盟有限公司

EXECUTIVE COMMITTEE'S REPORT

(Continued)

BUSINESS REVIEW

The Union is not required to present a business review under the Hong Kong Companies Ordinance as the Union falls within the reporting exemption in which the Union is qualified as a small private company under the Hong Kong Companies Ordinance in the financial year.

AUDITORS

K.P. Cheng & Co, retire, and being eligible, offer themselves for re-appointment. A resolution for the re-appointment of K.P. Cheng & Co, as auditors of the Union is to be proposed at the forthcoming Annual General Meeting.

On behalf of the Board



Yip Siu Yin
Chairman

Hong Kong

26 October ,2021

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF HONG KONG SKATING UNION LIMITED
香港滑冰聯盟有限公司
(incorporated in Hong Kong and limited by guarantee)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Hong Kong Skating Union Limited (the "Union") set out on pages 6 to 15, which comprise the statement of financial position as at 31 March 2021, and the statement of income and expenditure account 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 Union as at 31 March 2021, and of its financial performance and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standard for Private Entities (the "HKFRS for PE") issued by the Hong Kong Institute of Certified Public Accountants (the "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 (the "HKSAs") 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 Union 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.

Other Information

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 auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that we have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT (Continued)

Responsibility 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 HKFRS for PE 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 the 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 Union'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 Union or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibility 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 solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance and our agreed terms of engagement, 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 Union'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.

INDEPENDENT AUDITOR'S REPORT (Continued)

Auditor's Responsibility for the Audit of the Financial Statements (Continued)

- 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 Union'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 Union to cease to continue as going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those who are responsible for overseeing the Union's financial reporting process regarding, among other matters, the planned scope and timing of the audit and significant audit finding, including any significant deficiencies in internal control that we identify during our audit.



K.P. Cheng & Co.
Certified Public Accountants
Cheng Kam por
Practising Certificate Number: P02149
Hong Kong
26 October, 2021

HONG KONG SKATING UNION LIMITED
香港滑冰聯盟有限公司

INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2021

	<u>NOTES</u>	<u>2021</u>	<u>2020</u>
		HK\$	HK\$
Revenue	4		
Government grants		945,826	1,419,773
Other grants		834,136	6,548,057
Donation received		102,000	1,192,435
Coaching fee income from members		277,080	275,690
Other income from members		124,530	895,340
		<u>2,283,572</u>	<u>10,331,295</u>
Other income			
Bank interest income		329	7,253
Exchange gain		5,562	-
		<u>2,289,463</u>	<u>10,338,548</u>
Expenditure			
Staff salaries		1,315,233	1,345,217
Mandatory provident fund contributions		61,843	61,501
Exchange loss		-	11,190
Depreciation		107,813	80,734
Accommodation		18,210	866,372
Auditor's remuneration		20,250	20,250
Bank charges		3,856	9,988
Coaching fees		1,149,374	1,601,848
Sport equipment, uniforms and decoration of venue		76,352	233,521
Insurance		59,261	56,091
Legal and professional fees		145,925	120,298
Member subscription fee		2,893	4,759
Miscellaneous and event related expenses		27,911	223,140
Photography and video shooting		-	66,963
Printing and stationery		33,217	79,773
Storage fee		14,800	13,632
Telephone expense		20,268	16,456
Travelling and meal allowances		48	148,433
Travelling and transportation		56,099	717,504
Venue charges		319,548	2,629,165
		<u>3,432,901</u>	<u>8,306,835</u>
(Deficit) / Surplus before taxation		(1,143,438)	2,031,713
Taxation	6	(11,253)	(151,464)
(Deficit) / Surplus for the year		(1,154,691)	1,880,249
Accumulated surplus at start of year		3,377,243	1,496,994
Accumulated surplus at end of year		<u>2,222,552</u>	<u>3,377,243</u>

HONG KONG SKATING UNION LIMITED
香港滑冰聯盟有限公司

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2021

	<u>NOTES</u>	<u>2021</u> HK\$	<u>2020</u> HK\$
Non-current asset			
Plant and equipment	7	201,645	153,072
Current assets			
Fees receivable		-	573,432
Deposits and prepayments		355,726	61,995
Other receivable		18,008	694
Tax recoverable		182,717	-
Bank balances		5,570,301	6,377,481
		6,126,752	7,013,602
Current liabilities			
Amount due to an executive committee member	8	-	1,404,738
Accruals		258,363	692,934
Receipt in advance		128,738	48,513
Grants received in advance		1,620,329	891,229
Reserve fund		693,677	635,316
Tax payable		-	116,701
		2,701,107	3,789,431
Net current assets		3,425,645	3,224,171
Net assets		3,627,290	3,377,243
Accumulated Funds			
Contributed surplus	9	1,404,738	-
Accumulated surplus		2,222,552	3,377,243
		3,627,290	3,377,243

The financial statements on pages 6 to 14 were approved and authorised for issue on 26 October, 2021 and are signed on behalf by:



Yip Siu Yin
Chairman



Cheung Yee Yan
Honorary Treasurer

HONG KONG SKATING UNION LIMITED
香港滑冰聯盟有限公司

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2021

	<u>2021</u>	<u>2020</u>
	HK\$	HK\$
CASH FLOWS FROM OPERATING ACTIVITIES		
(Deficit) / Surplus before taxation	(1,143,438)	2,031,713
Adjustments for non-cash expenses:		
Depreciation	107,813	80,734
Changes in operating assets and liabilities:		
Decrease / (increase) in fees receivable	573,432	(571,530)
(Increase) / decrease in deposits and prepayments	(293,731)	329,747
Increase in other receivable	(17,314)	(694)
(Decrease) / increase in accruals	(434,571)	601,328
Increase / (decrease) in receipt in advance	80,225	(75,901)
Increase / (decrease) in grants received in advance	729,100	(176,204)
Increase / (decrease) in reserve fund	58,361	(61,854)
CASH (OUTFLOW) / INFLOW FROM OPERATING ACTIVITIES	<u>(340,123)</u>	<u>2,157,339</u>
Tax paid	(310,671)	(144,385)
NET CASH (OUTFLOW) / INFLOW FROM OPERATING ACTIVITIES	<u>(650,794)</u>	<u>2,012,954</u>
CASH FLOW FROM INVESTING ACTIVITY		
Purchase of plant and equipment	<u>(156,386)</u>	<u>-</u>
(DECREASE) / INCREASE IN CASH AND CASH EQUIVALENT	<u>(807,180)</u>	<u>2,012,954</u>
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR	<u>6,377,481</u>	<u>4,364,527</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>5,570,301</u>	<u>6,377,481</u>
CASH AND CASH EQUIVALENTS REPRESENTED BY:		
Bank balances	<u>5,570,301</u>	<u>6,377,481</u>
Note:		
Interest income received in cash	<u>329</u>	<u>7,253</u>

HONG KONG SKATING UNION LIMITED
香港滑冰聯盟有限公司

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2021

	<u>NOTES</u>	<u>Contributed surplus HK\$</u>	<u>Accumulated surplus HK\$</u>	<u>Total HK\$</u>
At 1 April, 2019		-	1,496,994	1,496,994
Surplus and total comprehensive surplus for the year		-	<u>1,880,249</u>	<u>1,880,249</u>
At 31 March, 2020 and 1 April, 2020		-	3,377,243	3,377,243
Deficit and total comprehensive deficit for the year		-	(1,154,691)	(1,154,691)
Amount due to an executive committee member capitalised as contributed surplus	9	<u>1,404,738</u>	-	<u>1,404,738</u>
At 31 March 2021		<u>1,404,738</u>	<u>2,222,552</u>	<u>3,627,290</u>

HONG KONG SKATING UNION LIMITED
香港滑冰聯盟有限公司

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

1. GENERAL AND BASIS FOR PREPARATION OF FINANCIAL STATEMENTS

The Union is a company incorporated in Hong Kong and limited by guarantee. Under the provisions of the Union's Articles of Association, every member shall, in the event of the Union being wound up, contribute to the assets of the Union to the extent of HK\$100 and no part of the assets or surplus of the Union shall be paid or distributed to the members. At 31 March 2021, the Union had 158 (2020: 204) members.

The Union is engaged in promotion of and organising of ice skating sport games and coaching classes during the year.

The address of the registered office and the principal place of business of the Union are Room 1023, Olympic House, 1 Stadium Path, Causeway Bay, Hong Kong.

The financial statements are presented in Hong Kong dollars ("HK\$").

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with HKFRS for PE issued by the HKICPA and the Hong Kong Companies Ordinance.

(a) Revenue

- (i) Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Union will comply with the conditions attaching to them. Grants that compensate the Union for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Union for the cost of an asset are deducted from the carrying amount of the asset and consequently are effectively recognised in profit or loss over the useful life of the asset by way of reduced depreciation expense.
- (ii) Other grants and donations are recognised on cash receipt basis.
- (iii) Coaching fee income and other income from members are recognised when service was rendered
- (iv) Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

HONG KONG SKATING UNION LIMITED

香港滑冰聯盟有限公司

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Taxation

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.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and their corresponding tax bases (known as temporary differences). Deferred tax liabilities are generally recognised for all temporary differences that will result in taxable amounts in determining taxable profit (tax loss) of future years when the carrying amount of the asset or liability is recovered or settled (taxable temporary differences). Deferred tax assets are generally recognised for all temporary differences that will result in amounts that are deductible in determining taxable profit (tax loss) of future years when the carrying amount of the asset or liability is recovered or settled (deductible temporary differences) - but only to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and is adjusted to reflect the current assessment of future taxable profits. Any adjustment is recognised in profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the taxable profit (tax loss) of the years in which it expects the deferred tax asset to be realised or the deferred tax liability to be settled, on the basis of tax rates that have been enacted or substantively enacted by the end of the reporting period.

(c) Plant and equipment

Items of plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment loss.

Depreciation is charged so as to allocate the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The annual rate used for the depreciation is 20%.

If there is an indication that there has been a significant change in depreciation rate, useful life or residual value of an asset, the depreciation of that asset is revised prospectively to reflect the new expectations.

(d) Fees receivable

Fees receivable are made on the basis of normal credit terms and do not bear interest. Where credit is extended beyond normal credit terms, receivables are measured at amortised cost using the effective interest method. At the end of each reporting period, the carrying amount of fee receivables are reviewed to determine whether there is any objective evidence that the amounts are not recoverable. If so, impairment loss is recognised immediately in profit or loss.

HONG KONG SKATING UNION LIMITED
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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Accruals and other payables

Accruals and other payables are obligations on the basis of normal credit terms and do not bear interest. Accruals and other payables denominated in a foreign currency are translated into Hong Kong dollars using the exchange rate at the reporting rate. Foreign exchange gains or losses are included in other income or expenditure.

(f) Impairment of assets

At each reporting date, plant and equipment are reviewed to determine whether there is any indication that the assets have suffered impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and impairment loss is recognised immediately in profit or loss.

If impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset (group of related assets) in prior years. A reversal of impairment loss is recognised immediately in profit or loss.

(g) Foreign currencies

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

HONG KONG SKATING UNION LIMITED
香港滑冰聯盟有限公司

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

3. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Union's accounting policies which are described in note 2 above, the executive committee members are required to make judgements, 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.

Estimated useful life of plant and equipment

At the end of each reporting period, the executive committee members review the estimated useful life of plant and equipment with finite useful life. The carrying amount of plant and equipment with finite useful life as at 31 March 2021 is HK\$201,645 (2020: HK\$153,072). The executive committee determined the useful lives should not be revised for both years.

Income taxes

Determining income tax provisions involves judgement on the future tax treatment of certain transactions and interpretation of tax rules. The executive committee carefully evaluates tax implications of transactions and tax provisions are set up accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislation and practices. In assessing the recognition of deferred tax assets, the executive committee considers all available evidence, including available taxable temporary differences, projected future taxable income, tax planning strategies, historical taxable income, and the expiration periods of the tax losses. The executive committee's judgement is thus required to assess the probability of future taxable profits and this assessment is constantly reviewed and additional deferred tax assets are recognised if it becomes probable that future taxable profits will allow the deferred tax assets to be recovered.

4. REVENUE

Revenue represents the grants, donation and service income earned during the year.

The grants received are used for promotion and organising of ice skating sport games and coaching classes and are recognised to the extent when required conditions are fulfilled.

HONG KONG SKATING UNION LIMITED
香港滑冰聯盟有限公司

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

5. EXECUTIVE COMMITTEE'S REMUNERATION

Executive committee's remuneration is as follows:

	2021	2020
	HK\$	HK\$
Executive committee's remuneration		
- fees	-	-
- other emoluments	-	-
	-	-

6. TAXATION

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of qualifying corporation will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%.

Accordingly, the Hong Kong profits tax is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million.

At 31 March 2021, in the opinion of executive committee, the Union has insignificant other taxable temporary difference of \$113,681 (2019: HK\$10,841) to recognise.

7. PLANT AND EQUIPMENT

	Office equipments
	HK\$
COST	
At 1 April 2020	500,109
Additions for the year	156,386
Disposals for the year	(92,031)
At 31 March 2021	564,464
ACCUMULATED DEPRECIATION	
At 1 April 2020	347,037
Charge for the year	107,813
Written back on disposals	(92,031)
At 31 March 2021	362,819
CARRYING AMOUNTS	
At 31 March 2021	201,645
At 31 March 2020	153,072

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

8. AMOUNT DUE TO AN EXECUTIVE COMMITTEE MEMBER

The amount is unsecured, interest-free and repayable on demand.

9. CONTRIBUTED SURPLUS

During the year, the amount due to an executive committee member which represented the net assets taken over from Hong Kong Skating Union on 30 Sep 2003, the date of commencement of business of the Union, was capitalised as contributed surplus.

10 RELATED PARTY TRANSACTIONS

The Union received donation from Lu Shuo, the Vice Chairman of the Union amounted to HK\$102,000 (2020: 76,000).

No venue rental expense was paid to the related company, 東莞冰星滑冰有限公司, in which Yip Siu Yin has direct interest (2020: HK\$627,691).

No remuneration was paid to the executive committee members who are the only key management personnel of the Union for the both years.

Amount due to an executive committee member amounted to HK\$1,404,738 was capitalised as contributed surplus (2020: Nil). The terms of amount due to an executive committee are set out in note 8.

11. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were authorised for issue by the executive committee members on 26 October 2021.