

THE HONG KONG ACADEMY OF NURSING LIMITED  
(incorporated in Hong Kong with limited liability by guarantee)

REPORT OF THE COUNCIL MEMBERS  
AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2018



**ROGER K.C. TOU & CO.**  
**杜健存會計師事務所**  
Certified Public Accountants (Practising)

THE HONG KONG ACADEMY OF NURSING LIMITED

FOR THE YEAR ENDED 31ST DECEMBER 2018

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## THE HONG KONG ACADEMY OF NURSING LIMITED

### COUNCIL MEMBERS

Prof. Wong Kam Yuet Frances (President)	
Dr. Lum Shun Sui Susie (Immediate Past President)	
Ms. Lee Wai Yee Susanna (Vice President - Internal)	
Ms. Leung Sui Kei Civy (Vice President - External)	
Ms. Li Yuk Lin Helena (Vice President - Education)	
Ms. Ng Yee Man Winnie (Honorary Secretary)	
Ms. Chan Sau Kuen Becky (Honorary Treasurer)	
Prof. Wong Chi Sang Martin	
Ms. Liu Yuk Ling Elaine	
Mr. Yeung Kin Keung Frederick	
Prof. Loke Yuen Jean Tak Alice	
Dr. Chan Chi Chung	
Ms. Ho Ka Man	
Ms. Or Yuen Mai	
Ms. Chong Yuen Chun	
Mr. Wong Kin Wing	(Appointed on 16th June 2018)
Ms. Kong Ching Yan Ivy	(Appointed on 16th June 2018)
Ms. Cheung Yuk Hung Kathy	(Appointed on 16th June 2018)
Ms. Chau Mo Ching Macy	(Appointed on 22nd June 2018)
Mr. Chan Hin Cheong	(Appointed on 20th July 2018)
Ms. Huie-Rose Cynthia Chi Kwan	(Appointed on 8th September 2018)
Mr. Tsang Wing Wah	(Resigned on 16th June 2018)
Ms. Lam Yin Ming	(Resigned on 16th June 2018)
Ms. Sham So Yuen Alice	(Resigned on 22nd June 2018)
Mr. Chiu Hak Fai Alick	(Resigned on 20th July 2018)
Prof. Sit Wing Hung Janet	(Resigned on 8th September 2018)

The council members' resignation were due to personal reason. They have all confirmed that they have no disagreement with the Council and there is nothing relating to the affairs of the Academy that needed to be brought to the attention of the council members of the Academy.

### COUNCIL MEMBERS' REPORT

The council members have pleasure in submitting their report together with the audited financial statements of the year ended 31st December 2018.

### PRINCIPAL ACTIVITIES

The principal activity of the Academy is to establish the Academy of Nursing which is to promote excellence in nursing and health care in Hong Kong through regulating specialist nursing practice and education.

### FINANCIAL STATEMENTS

The financial performance of the Academy for the year ended 31st December 2018 and the financial position of the Academy at that date are set out in the financial statements on pages 6 to 25.

## THE HONG KONG ACADEMY OF NURSING LIMITED

### COUNCIL MEMBERS' REPORT

#### COUNCIL MEMBERS

In accordance with article 49 and 51 of the Academy's articles of association, subsequent Council Members shall be elected to hold office for an initial term of three years, who in place of the first Council Members.

#### MANAGEMENT CONTRACTS

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

#### PERMITTED INDEMNITY PROVISIONS

At no time during the year and up to the date of this council members' report, there was or is, any permitted indemnity provision being in force for the benefit of any of the council members of the Academy (whether made by the Academy or otherwise).

#### HONORARY AUDITOR

The Academy's previous auditors, Messrs. Li, Tang, Chen & Co., Certified Public Accountants (Practising) retired during the year and Messrs. Roger K.C. Tou & Co., Certified Public Accountants (Practising) was appointed as the new auditor of the Academy. The financial statements have been audited by Messrs. Roger K.C. Tou & Co., Certified Public Accountants (Practising), who now retire but, being eligible, offer themselves for re-appointment.

On behalf of the Council



Wong Kam Yuet Frances  
President

Hong Kong, 31 MAY 2019



**Independent honorary auditor's report to the members of  
The Hong Kong Academy of Nursing Limited  
(incorporated in Hong Kong with limited liability by guarantee)**

**Opinion**

We have audited the financial statements of The Hong Kong Academy of Nursing Limited ("the Academy") set out on pages 6 to 25, which comprise the statement of financial position as at 31st December 2018, and the statement of comprehensive income, the statement of changes in funds and the 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 Academy as at 31st December 2018, and of its financial performance and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

**Basis for Opinion**

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Academy 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 Matter**

The financial statements of the Company for the year ended 31st December 2017 were audited by another auditor who expressed an unmodified opinion on those statements on 25th May 2018.

**Information Other Than the Financial Statements and Auditor's Report Thereon**

The council members are responsible for the other information. The other information comprises all the information included in the council members' 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 there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



### **Responsibilities of Council Members for the Financial Statements**

The council members are responsible for the preparation of financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the council 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 council members are responsible for assessing the Academy'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 council members either intend to liquidate the Academy or to cease operations, or have no realistic alternative but to do so.

### **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, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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 Academy's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the council members.



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

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

We communicate with the council 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.

Roger K.C. Tou & Co.  
Certified Public Accountants (Practising)  
1st Floor,  
Winbase Centre,  
208 Queen's Road Central,  
Hong Kong.

**31 MAY 2019**

THE HONG KONG ACADEMY OF NURSING LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31ST DECEMBER 2018

	Note	2018 HK\$	2017 HK\$
<b>Membership and subscription fees</b>	5	1,763,720	1,822,940
<b>Other income and gains</b>	6	1,555,671	1,702,492
<b>Operating expenses</b>	7	<u>(2,822,252)</u>	<u>(2,836,949)</u>
<b>Surplus before taxation</b>		497,139	688,483
<b>Income tax expense</b>	12	<u>-</u>	<u>-</u>
<b>Surplus and total comprehensive income for the year</b>		<u>497,139</u>	<u>688,483</u>

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



THE HONG KONG ACADEMY OF NURSING LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER 2018

	Note	2018 HK\$	2017 HK\$
<b>Non-current assets</b>			
Plant and equipment	14	8,099	20,632
		-----	-----
<b>Current assets</b>			
Inventories	15	8,592	8,260
Accounts receivable	16	59,222	53,451
Deposits and prepayments	17	159,659	158,580
Cash and bank balances		4,782,385	4,309,370
		5,009,858	4,529,661
		-----	-----
<b>Current liabilities</b>			
Accrued expenses		58,198	87,673
		-----	-----
<b>Net current assets</b>		4,951,660	4,441,988
		-----	-----
<b>Net assets</b>		4,959,759	4,462,620
		=====	=====
Representing:			
<b>Accumulated fund</b>		4,959,759	4,462,620
		=====	=====

The financial statements on pages 6 to 25 were approved and authorised for issue by the Council  
on 31 MAY 2019



Wong Kam Yuet Frances  
President



Chan Sau Kuen Becky  
Honorary Treasurer

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

THE HONG KONG ACADEMY OF NURSING LIMITED

STATEMENT OF CHANGES IN FUNDS

FOR THE YEAR ENDED 31ST DECEMBER 2018

	Accumulated fund HK\$
Balance as at 1st January 2017	3,774,137
Surplus and total comprehensive income for the year	<u>688,483</u>
Balance as at 31st December 2017 and 1st January 2018	4,462,620
Surplus and total comprehensive income for the year	<u>497,139</u>
Balance as at 31st December 2018	<u><u>4,959,759</u></u>

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

THE HONG KONG ACADEMY OF NURSING LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31ST DECEMBER 2018

	2018 HK\$	2017 HK\$
<b>Operating activities</b>		
Surplus before taxation	497,139	688,483
Adjustments for:		
Interest income	(236)	(42)
Depreciation	13,820	23,039
<b>Operating surplus before changes in working capital</b>	510,723	711,480
Increase in inventories	(332)	-
(Increase)/decrease in accounts receivable	(5,771)	570,392
Increase in deposits and prepayments	(1,079)	(23,700)
(Decrease)/increase in accrued expenses	(29,475)	71,942
<b>Cash generated from operations</b>	474,066	1,330,114
Interest received	236	42
<b>NET CASH GENERATED FROM OPERATING ACTIVITIES</b>	474,302	1,330,156
<b>Investing activities</b>		
Purchase of plant and equipment	(1,287)	(10,951)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	(1,287)	(10,951)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	473,015	1,319,205
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR</b>	4,309,370	2,990,165
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>	4,782,385	4,309,370
<b>ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	4,782,385	4,309,370

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

## THE HONG KONG ACADEMY OF NURSING LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2018

#### 1. GENERAL INFORMATION

The Hong Kong Academy of Nursing Limited (the “Academy”) was incorporated in Hong Kong under the Hong Kong Companies Ordinance as a company limited by guarantee without a share capital. Every member of the Academy undertakes to contribute to the assets of the Academy in the event of its being wound up, such amount as may be required not exceeding HK\$100. The Academy’s registered office is located at LG1, School of Nursing, Princess Margaret Hospital, 232 Lai King Hill Road, Lai Chi Kok, Kowloon.

The principal activity of the Academy is to establish the Academy of Nursing which is to promote excellence in nursing and health care in Hong Kong through regulating specialist nursing practice and education.

The financial statements are presented in Hong Kong dollars, which is the same as the functional currency of the Academy.

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

The Hong Kong Institute of Certified Public Accountants (“HKICPA”) has issued certain new and revised HKFRSs that are first effective for the current accounting period of the Academy. Note 3(b) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Academy for the current and prior accounting periods reflected in these financial statements.

The Academy has not applied any new standard or interpretation that is not yet effective for the current accounting year (see note 20).

#### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

##### (a) Basis of preparation

These financial statements have been prepared in accordance with HKFRSs which collective term include all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the HKICPA, accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*Continued*)

(a) Basis of preparation (*Continued*)

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

(b) Changes in accounting policies

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

(i) HKFRS 9, Financial instruments

HKFRS 9 replaces the current standard on accounting for financial instruments, HKAS 39, financial instruments: Recognition and measurement. HKFRS 9 introduces new requirements for classification and measurement of financial assets, including the measurement of impairment for financial assets and hedge accounting. There were no changes to the measurement of financial assets and financial liabilities of the Academy as a result of the adoption of HKFRS 9.

The new impairment model in HKFRS 9 replaces the "incurred loss" model in HKAS 39 with an "expected credit loss" ("ECLs") model. Under the expected credit loss model, it will no longer be necessary for a loss event to occur before an impairment loss is recognised. Instead, an entity is required to recognise and measure either a 12-month expected credit loss or a lifetime expected credit loss, depending on the asset and the facts and circumstances. The application of the expected credit loss model will result in earlier recognition of credit losses, but with no material financial impact to the Academy.

(ii) HKFRS 15, Revenue from contracts with customers

HKFRS 15 establishes a comprehensive framework for recognising revenue and some costs from contracts with customers, HKFRS 15 replaces HKAS 18, Revenue, which covered revenue arising from sale of goods and rendering of services, and HKAS 11, Construction contracts, which specified the accounting for construction contracts.

HKFRS 15 also introduces additional qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

The adoption of HKFRS 15 does not have a significant impact on the Academy's financial statements.

THE HONG KONG ACADEMY OF NURSING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2018

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*Continued*)

(c) Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Academy and the cost of the item can be measured reliably. All other repairs and maintenance are charged to surplus or deficit during the financial period in which they are incurred.

Depreciation is provided to write off the cost of items of plant and equipment over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method, at the following rates:

Office equipment	30% per annum
Leasehold improvements	30% per annum

The gain or loss on disposal or retirement of a plant and equipment recognised in surplus or deficit, is the difference between the net sales proceeds and the carrying amount of the relevant asset.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

(d) Inventories

Inventories are stated at the lower of cost or net realisable value. Cost represents costs of purchase and calculated on first-in, first-out basis. Net realisable value is the estimated selling price for the inventories less the estimated costs necessary to make the sale.

(e) Receivables

A receivable is recognised when the Academy has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the Academy has an unconditional right to receive consideration, the amount is presented as a contract asset.

Receivables are stated at amortised cost using the effective interest method less allowance for credit losses as determined below:

## THE HONG KONG ACADEMY OF NURSING LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2018

#### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

##### (e) Receivables *(Continued)*

###### (A) Policy applicable from 1st January 2018

The loss allowance is measured at an amount equal to lifetime ECLs, which are those losses that are expected to occur over the expected life of the trade receivables. The loss allowance is estimated using a provision matrix based on the Academy's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the end of the reporting period.

ECLs are remeasured at the end of each reporting period with any changes recognised as an impairment gain or loss in surplus or deficit. The Academy recognises an impairment gain or loss with a corresponding adjustment to the carrying amount of trade and other receivables through a loss allowance account.

The gross carrying amount of a trade debtor or other receivable is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Academy determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

###### (B) Policy applicable prior to 1st January 2018

Impairment losses were recognised when there was objective evidence of impairment and were measured as the difference between the carrying amount of the financial asset and the estimated future cash flows, discounted at the asset's original effective interest rate where the effect of discounting was material. Objective evidence of impairment included observable data that came to the attention of the Academy about events that had an impact on the asset's estimated future cash flows such as significant financial difficulty of the debtor.

When the recovery of a trade debtor or other receivable was considered doubtful but not remote, associated impairment losses were recorded using an allowance account. When the Academy was satisfied that recovery was remote, the amount considered irrecoverable was written off against the gross carrying amount of those assets directly. Subsequent recoveries of amounts previously charged to the allowance account were reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly were recognised in surplus or deficit.

##### (f) Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short-term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Academy's cash management..

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*Continued*)

(g) Impairment of non-financial assets

At the end of each reporting period, the Academy reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. 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 as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, such 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 an impairment loss is recognised as income immediately.

(h) Payables

Payables are initially recognised at transaction price and thereafter stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(i) Revenue and other income

Income is classified by the Academy as revenue when it arises from sale of goods and provision of services in the ordinary course of the Academy's business.

Revenue is recognised when control over a product is transferred and service provided to the customer at the amount of promised consideration to which the Academy is expected to be entitled.

The Academy's revenue under HKFRS 15 was recognised on a similar basis in the comparative period under HKAS 18. Further details of the Academy's revenue and other income recognition policies are as follows:

- i) Members' subscriptions are recognised on an accrual basis over the subscription period.
- ii) Donations are recognised on a cash received basis.
- iii) Revenue from event is recognised immediately when an event was held.
- iv) Course fee is recognised when the relevant course was completed.
- v) Sales of goods are recognised at the point of sales when the Academy delivers the goods to the customer.
- vi) Rental income is recognised on a straight-line basis over the lease term.
- vii) Interest income is recognised as it accrues using the effective interest method.



3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*Continued*)

(j) Employee benefits

The Academy joins a defined contribution Mandatory Provident Fund retirement benefits scheme (the “MPF scheme”) under the Mandatory Provident Fund Schemes Ordinance, for those employees who are eligible to participate in the MPF scheme. Contributions are made based on a percentage of the employee's basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF scheme. The assets of the MPF scheme are held separately from those of the Academy in an independently administered fund. The Academy's employer contributions vest fully with the employees when contributed into the MPF scheme.

(k) Operating leases

Leases where substantially all the rewards and risks of ownership of assets are not transferred to the lessee are accounted for as operating leases. Rentals payment applicable to such operating leases are charged to surplus or deficit on a straight-line basis over the lease term.

(l) Foreign currency translation

Transactions in currencies other than the functional currency of the Academy (foreign currencies) are recorded in its functional currency (i.e. the currency of the primary economic environment in which the Academy operates) at the foreign exchange rates prevailing at the dates of the transaction. Monetary items denominated in foreign currencies are translated at the rates prevailing at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary items denominated in foreign currencies that are stated at fair value are translated using foreign exchange rates at the dates the fair value was measured. Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in surplus or deficit in the period in which they arise.

(m) Related parties

(a) A person or a close member of that person's family is related to a reporting entity if that person:

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

(b) An entity is related to the Academy if any of the following conditions applies:

- (i) the entity and the Academy are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) both entities are joint ventures of the same third party.
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.

## THE HONG KONG ACADEMY OF NURSING LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2018

#### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

##### (m) Related parties *(Continued)*

##### (b) An entity is related to the Academy if any of the following conditions applies: *(Continued)*

- (v) The entity is a post-employment benefit plan for the benefit of employees of either the Academy or an entity related to the Academy.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Academy or to the Academy's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

#### 4. FINANCIAL INSTRUMENTS

Exposure to credit risk, interest rate risk, foreign exchange risk and liquidity risk arises in the normal course of the Academy's operation. These risks are limited by the Academy's financial risk management policies and practices described below.

##### (a) Financial risk factors:

##### i) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Academy. The Academy's credit risk is primarily attributable to accounts receivables. Management has a credit policy in place and exposure to these credit risks are monitored on an ongoing basis. The Academy's exposure to credit risk arising from bank balances is limited because the counterparty is a bank with sound credit ratings, for which the Academy considers to have low credit risk.

##### ii) Interest rate risk

At the end of the reporting period, the Academy had no interest-bearing financial liabilities. The Academy's interest-bearing financial assets only include short-term bank balances. The Academy's income and operating cash flows are substantially independent of changes in market interest rates. Due to the fact that the changes in interest rate will have no material impact on the result of the Academy and accordingly, the sensitivity analysis in respect of the changes in interest rate is not presented.

##### iii) Foreign exchange risk

The Academy does not expose to significant foreign exchange risk as the transactions are mainly denominated in Hong Kong dollars.

The Academy will manage its foreign exchange risk by performing regular review and monitoring its foreign exchange exposures.

THE HONG KONG ACADEMY OF NURSING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2018

4. FINANCIAL INSTRUMENTS *(Continued)*

(a) Financial risk factors: *(Continued)*

ii) Liquidity risk

Liquidity risk is the risk that funds will not be available to meet liabilities as they fall due, and it results from amount and maturity mismatches of assets and liabilities.

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

The following table details the remaining contractual maturities at the end of the reporting period of the Academy's financial liabilities which are based on contractual undiscounted cash flows and the earliest date the Academy can be required to pay:

	2018		
	Carrying amount HK\$	Total contractual undiscounted cash flow HK\$	Within 1 year or on demand HK\$
Accrued expenses	58,198	(58,198)	(58,198)
	<u>58,198</u>	<u>(58,198)</u>	<u>(58,198)</u>
	2017		
	Carrying amount HK\$	Total contractual undiscounted cash flow HK\$	Within 1 year or on demand HK\$
Accrued expenses	87,673	(87,673)	(87,673)
	<u>87,673</u>	<u>(87,673)</u>	<u>(87,673)</u>

(b) Fair value estimation

The carrying values of all of the financial assets and liabilities approximate to their fair values as at 31st December, 2018 and 2017 due to their short-term maturities of these assets and liabilities.

(c) Capital management

The Academy's objectives when managing capital are to safeguard the Academy's ability to continue as a going concern, to support the Academy's stability and growth and to provide fund for the purpose of strengthening the Academy's risk management capability.

THE HONG KONG ACADEMY OF NURSING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2018

5. MEMBERSHIP AND SUBSCRIPTION FEES

	2018 HK\$	2017 HK\$
Revenue from contracts with customers within the scope of HKFRS 15		
Members' subscriptions	1,763,720	1,822,940

6. OTHER INCOME AND GAINS

	2018 HK\$	2017 HK\$
Other income from contracts with customers within the scope of HKFRS 15		
Course fee	17,100	50,720
Income from sale of T-shirts	16,392	-
Seminar fee income from International Nurses Day Celebration 2018/2017 (Note 9)	10,600	-
	44,092	50,720
Other income and gains from other accounting standards		
Donations	65,591	48,735
Sponsorship income	50,000	12,000
Workshop tour income	225,950	-
Income from Guangdong Province Nurse Association's Advanced Practice Nurses Qualification Assessment	117,240	-
Income from Health Carnival 2018/2017 (Note 8)	36,000	45,000
Income from International Nurses Day Celebration 2018/2017 (Note 9)	997,762	716,630
Income from Charity Chinese Opera 2017 (Note 10)	-	814,519
Rental income	3,500	3,500
Bank interest income	236	42
Exchange gain	-	346
Sundry income	15,300	11,000
	1,511,579	1,651,772
	1,555,671	1,702,492

THE HONG KONG ACADEMY OF NURSING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2018

7. OPERATING EXPENSES

	2018 HK\$	2017 HK\$
Depreciation on plant and equipment	13,820	23,039
Staff salaries	932,855	959,878
Contribution to mandatory provident fund	40,610	39,409
Cost of T-shirts sold	14,490	-
Operating lease charges on rented premise	385,720	368,160
Expenditure for Health Carnival 2018 (Note 9)	43,440	60,023
Expenditure for International Nurses Day Celebration 2018/2017 (Note 9)	938,558	797,052
Expenditure for Charity Chinese Opera 2017 (Note 10)	-	306,759
Expenditure for Community Project Activities	2,478	20,458
Expenditure for Professional Development Activities	12,556	54,200
Workshop expenses	176,772	16,385
Other operating expenses	260,953	191,586
	<u>2,822,252</u>	<u>2,836,949</u>

8. HEALTH CARNIVAL 2018/2017

	2018 HK\$	2017 HK\$
Revenue		
Sponsorship	36,000	45,000
	-----	-----
Less:		
Expenditure		
Production fees	39,174	50,072
Insurance	1,500	1,500
Office supplies	392	-
Souvenirs	-	1,700
Printing	372	1,418
Travelling and transportation	2,002	4,550
Miscellaneous	-	783
	<u>43,440</u>	<u>60,023</u>
	-----	-----
Deficit for the year	<u>(7,440)</u>	<u>(15,023)</u>

THE HONG KONG ACADEMY OF NURSING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2018

9. INTERNATIONAL NURSES DAY CELEBRATION 2018/2017

	2018	2017
	HK\$	HK\$
Revenue		
Sponsorship	496,000	266,400
Sales of dinner tickets	501,750	450,225
Seminar fee income	10,600	
Bank interest	12	5
	<u>1,008,362</u>	<u>716,630</u>
Less:		
Expenditure		
Production fees	187,605	184,355
Banquet and catering fees	592,387	552,364
Office supplies	10,383	1,006
Insurance	2,760	-
Postage	549	-
Printing	10,180	9,797
Bank charges	255	210
Gifts	48,205	43,731
Travelling and transportation	3,021	2,000
Venue rental	16,960	-
Sundry expenses	350	2,643
Performance	65,903	946
	<u>938,558</u>	<u>797,052</u>
Surplus/(deficit) for the year	<u>69,804</u>	<u>(80,422)</u>

THE HONG KONG ACADEMY OF NURSING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2018

10. CHARITY CHINESE OPERA 2017

	2018 HK\$	2017 HK\$
Revenue		
Donations	-	814,519
	-----	-----
Less:		
Expenditure		
Production fees	-	299,279
Souvenirs	-	1,002
Postage	-	132
Travelling and transportation	-	350
Miscellaneous	-	5,996
	-----	-----
	-	306,759
	-----	-----
Surplus for the year	-	507,760
	=====	=====

11. AUDITOR'S REMUNERATION

No fee was charged by the Honorary Auditor for the years ended 31st December 2018 and 2017.

12. INCOME TAX EXPENSE

No provision for Hong Kong profits tax has been made for the years ended 31st December 2018 and 2017 as the Academy is exempted from all taxes pursuant to section 88 of the Inland Revenue Ordinance with effect for 8th January 2015.

13. COUNCIL MEMBERS' EMOLUMENTS

Council members' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulations are as follows:

	2018 HK\$	2017 HK\$
Fees	-	-
Salaries and allowances	-	-
	=====	=====

THE HONG KONG ACADEMY OF NURSING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2018

14. PLANT AND EQUIPMENT

	Office equipment HK\$	Leasehold improvements HK\$	Total HK\$
<b>Cost</b>			
At 1st January 2017	153,647	605,139	758,786
Additions	10,951	-	10,951
At 31st December 2017 and 1st January 2018	164,598	605,139	769,737
Additions	1,287	-	1,287
At 31st December 2018	165,885	605,139	771,024
<b>Accumulated depreciation</b>			
At 1st January 2017	139,587	586,479	726,066
Charge for the year	14,699	8,340	23,039
At 31st December 2017 and 1st January 2018	154,286	594,819	749,105
Charge for the year	6,080	7,740	13,820
At 31st December 2018	160,366	602,559	762,925
<b>Net book value</b>			
At 31st December 2018	5,519	2,580	8,099
At 31st December 2017	10,312	10,320	20,632

15. INVENTORIES

	2018 HK\$	2017 HK\$
Badges and T-shirts stated at cost	8,592	8,260



THE HONG KONG ACADEMY OF NURSING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2018

16. ACCOUNTS RECEIVABLE

	2018 HK\$	2017 HK\$
Members' subscriptions receivables	17,820	44,400
Sponsorship receivable	-	5,500
Other receivables	<u>41,402</u>	<u>3,551</u>
	<u>59,222</u>	<u>53,451</u>

The ageing analysis of members' subscriptions and sponsorship receivables that are neither individually nor collectively considered to be impaired are as follows:

	2018 HK\$	2017 HK\$
Neither past due nor impaired	<u>17,820</u>	<u>49,900</u>

Receivables that were neither past due nor impaired relate to the members and sponsors that have a good track record with the Academy. Based on past experience, management believes that the ECL allowance is considered insignificant in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Academy does not hold any collateral over these balances.

17. DEPOSITS AND PREPAYMENTS

	2018 HK\$	2017 HK\$
Deposits	141,900	129,250
Prepayments	<u>17,759</u>	<u>29,330</u>
	<u>159,659</u>	<u>158,580</u>

The amount of the Academy's deposits and prepayments expected to be recovered after more than one year is HK\$3,300 (2017: HK\$250).

THE HONG KONG ACADEMY OF NURSING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2018

18. OPERATING LEASE COMMITMENTS

At the end of the reporting period, the Academy had entered into the lease agreement with a landlord. The lease is last for three years. The total future minimum lease payments under non-cancellable operating lease in respect of land and buildings falling due are as follows:

	2018 HK\$	2017 HK\$
Within one year	394,500	122,720
In the second to fifth years, inclusive	<u>526,000</u>	<u>-</u>
	<u>920,500</u>	<u>122,720</u>

19. RELATED PARTY TRANSACTIONS

(a) During the year, the Academy had entered into the following material transactions with its council and institutional members:

	2018 HK\$	2017 HK\$
Donation received from council members	41,077	15,655
Donation received from institutional members	5,500	9,750
Donations for Charity Chinese Opera 2017 received from:		
Institutional members	-	38,600
Council members	-	60,000
Sale of T-shirts to institutional members	16,392	-
Sale of International Nurses Day Celebration 2018/2017 tickets to:		
Institutional members	71,000	76,500
Council members	1,000	1,350
Sponsorship for International Nurses Day Celebration 2018/17 received from institutional members	14,000	8,400
Seminar fee income for International Nurses Day Celebration 2018/2017 received from institutional members	2,250	-
Secretarial services income received from institutional members	13,000	11,000
Course fee income received from institutional members	241,250	36,580
Rental income from institutional members	<u>3,000</u>	<u>3,500</u>

(b) The Academy's key management personnel represent the council members of the Academy. No emoluments was paid or payable to council members of the Academy during the years ended 31st December 2018 and 2017.

THE HONG KONG ACADEMY OF NURSING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2018

20. **POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31ST DECEMBER 2018**

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments, new standards and interpretations which are not yet effective for the year ended 31st December 2018 and which have not been adopted in these financial statements.

The Academy is in the process of making an assessment of what the impact of those amendments, new standards and interpretations is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Academy's results of operations and financial position.