

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 2019



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 2019

CONTENTS

	<u>Page</u>
Report of the Council Members	1 - 2
Independent Auditor's Report	3 - 5
Statement of Comprehensive Income	6
Statement of Financial Position	7
Statement of Changes in Funds	8
Statement of Cash Flows	9
Notes to the Financial Statements	10 - 32

THE HONG KONG ACADEMY OF NURSING LIMITED

COUNCIL MEMBERS

Prof. Wong Kam Yuet (President)	
Dr. Lum Shun Sui Susie (Immediate Past President)	
Ms. Lee Wai Yee Susanna (Vice President - Internal)	
Prof. Chair Sek Ying (Vice President - External)	(Appointed on 22nd June 2019)
Ms. Li Yuk Lin Helena (Vice President - Education)	
Ms. Ng Yee Man Winnie (Honorary Secretary)	
Ms. Chan Sau Kuen Becky (Honorary Treasurer)	
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	
Ms. Kong Ching Yan Ivy	
Ms. Cheung Yuk Hung Kathy	
Ms. Chau Mo Ching Macy	
Mr. Chan Hin Cheong	
Ms. Huie-Rose Cynthia Chi Kwan	
Dr. Chow Yu Fat	(Appointed on 22nd June 2019)
Prof. Fung Yuk Kuen Sylvia	(Appointed on 22nd June 2019)
Mr. Tse Cheuk Yin Andrew	(Appointed on 22nd June 2019)
Mr. Mak Kwok Fung Michael	(Appointed on 4th November 2019)
Ms. Leung Sui Kei Civy	(Retired on 22nd June 2019)
Ms. Liu Yuk Ling Elaine	(Retired on 22nd June 2019)
Prof. Wong Chi Sang Martin	(Retired on 22nd June 2019)
Mr. Yeung Kin Keung Frederick	(Resigned on 4th November 2019)

The council member's resignation was due to personal reason. He has confirmed that 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.

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.

COUNCIL MEMBERS' REPORT

The council members have pleasure in submitting their report together with the audited financial statements of the year ended 31st December 2019.

PRINCIPAL ACTIVITY

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 2019 and the financial position of the Academy at that date are set out in the financial statements on pages 6 to 32.

THE HONG KONG ACADEMY OF NURSING LIMITED

COUNCIL MEMBERS' REPORT

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 financial statements have been audited by 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

Handwritten signature of Wong Kam Yuet, consisting of three distinct cursive strokes.

Wong Kam Yuet
President

Hong Kong, 29 MAY 2020



**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 32, which comprise the statement of financial position as at 31st December 2019, 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 2019, and of its financial performance and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the *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 Information

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.



**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)**

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.



**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)**

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.
29 MAY 2020

THE HONG KONG ACADEMY OF NURSING LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31ST DECEMBER 2019

	Note	2019 HK\$	2018 HK\$
Membership and subscription fees	5	2,291,720	1,763,720
Other income	6	2,785,190	1,555,671
Operating expenses	7	(3,479,328)	(2,822,252)
Finance cost	8	<u>(35,197)</u>	<u>-</u>
Surplus before taxation		1,562,385	497,139
Income tax expense	14	<u>-</u>	<u>-</u>
Surplus and total comprehensive income for the year		<u><u>1,562,385</u></u>	<u><u>497,139</u></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 2019

	Note	2019 HK\$	2018 HK\$
Non-current assets			
Plant and equipment	15	2,967	8,099
Right-of-use assets	15	495,503	-
		498,470	8,099
Current assets			
Inventories	16	7,980	8,592
Accounts receivable	17	4,700	59,222
Deposits and prepayments	18	92,122	159,659
Bank deposit, cash and bank balances	19	7,213,033	4,782,385
		7,317,835	5,009,858
Current liabilities			
Receipts in advance		774,200	-
Accrued expenses		12,134	58,198
Lease liabilities	20	377,686	-
		1,164,020	58,198
Net current assets		6,153,815	4,951,660
Total assets less current liabilities		6,652,285	4,959,759
Non-current liabilities			
Lease liabilities	20	130,141	-
Net assets		6,522,144	4,959,759
Representing:			
Accumulated fund		6,522,144	4,959,759

The financial statements on pages 6 to 32 were approved and authorised for issue by the Council on 29 MAY 2020



Wong Kam Yuet
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 2019

	Accumulated fund HK\$
Balance as at 1st January 2018	4,462,620
Surplus and total comprehensive income for the year	<u>497,139</u>
Balance as at 31st December 2018 and 1st January 2019	4,959,759
Surplus and total comprehensive income for the year	<u>1,562,385</u>
Balance as at 31st December 2019	<u><u>6,522,144</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 2019

	Note	2019 HK\$	2018 HK\$
Operating activities			
Surplus before taxation		1,562,385	497,139
Adjustments for:			
Interest income	6	(45,152)	(236)
Interest on lease liabilities	8	35,197	-
Depreciation	7	378,697	13,820
		<u>1,931,127</u>	<u>510,723</u>
Operating surplus before changes in working capital			
Decrease/(increase) in inventories		612	(332)
Decrease/(increase) in accounts receivable		54,522	(5,771)
Decrease/(increase) in deposits and prepayments		67,537	(1,079)
Increase in receipts in advance		774,200	-
Decrease in accrued expenses		(46,064)	(29,475)
		<u>1,931,127</u>	<u>510,723</u>
NET CASH GENERATED FROM OPERATING ACTIVITIES		<u>2,781,934</u>	<u>474,066</u>
Investing activities			
Payment for purchase of plant and equipment		(1,938)	(1,287)
Interest received		45,152	236
Increase in bank deposit with original maturity of more than three months		(3,000,000)	-
		<u>(2,956,786)</u>	<u>(1,051)</u>
NET CASH USED IN INVESTING ACTIVITIES		<u>(2,956,786)</u>	<u>(1,051)</u>
Financing activities			
Capital element of lease rentals paid	19(b)	(359,303)	-
Interest element of lease rentals paid	19(b)	(35,197)	-
		<u>(394,500)</u>	<u>-</u>
NET CASH USED IN FINANCING ACTIVITIES		<u>(394,500)</u>	<u>-</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		<u>(569,352)</u>	<u>473,015</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		<u>4,782,385</u>	<u>4,309,370</u>
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		<u>4,213,033</u>	<u>4,782,385</u>
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	19(a)	<u>4,213,033</u>	<u>4,782,385</u>

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 2019

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.

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 includes 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.

THE HONG KONG ACADEMY OF NURSING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2019

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 new HKFRS, HKFRS 16, *Leases*, and a number of amendments to HKFRSs that are first effective for the current accounting period of the Academy.

Except for HKFRS 16, *Leases*, none of the developments have had a material effect on how the Academy's results and financial position for the current or prior periods have been prepared or presented. The Academy has not applied any new standard or interpretation that is not yet effective for the current accounting period (see note 24).

HKFRS 16, Leases

HKFRS 16 replaces HKAS 17, *Leases*, and the related interpretations, HK(IFRIC) 4, *Determining whether an arrangement contains a lease*, HK(SIC) 15, *Operating leases - incentives*, and HK(SIC) 27, *Evaluating the substance of transactions involving the legal form of a lease*. It introduces a single accounting model for lessees, which requires a lessee to recognise a right-of-use asset and a lease liability for all leases, except for leases that have a lease term of 12 months or less ("short-term leases") and leases of low-value assets. The lessor accounting requirements are brought forward from HKAS 17 substantially unchanged.

HKFRS 16 also introduces additional qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity.

The Academy has initially applied HKFRS 16 as from 1st January 2019. The Academy has elected to use the modified retrospective approach and there are no adjustments to the opening balance of equity at 1st January 2019. Comparative information has not been restated and continues to be reported under HKAS 17.

Further details of the nature and effect of the changes to previous accounting policies and the transition options applied are set out below:

(A) New definition of a lease

The change in the definition of a lease mainly relates to the concept of control. HKFRS 16 defines a lease on the basis of whether a customer controls the use of an identified asset for a period of time, which may be determined by a defined amount of use. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

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

(b) Changes in accounting policies (*Continued*)

HKFRS 16 Leases (*Continued*)

(A) New definition of a lease (*Continued*)

The Academy applies the new definition of a lease in HKFRS 16 only to contracts that were entered into or changed on or after 1st January 2019. For contracts entered into before 1st January 2019, the Academy has used the transitional practical expedient to grandfather the previous assessment of which existing arrangements are or contain leases. Accordingly, contracts that were previously assessed as leases under HKAS 17 continue to be accounted for as leases under HKFRS 16 and contracts previously assessed as non-lease service arrangements continue to be accounted for as executory contracts.

(B) Lessee accounting and transitional impact

HKFRS 16 eliminates the requirement for a lessee to classify leases as either operating leases or finance leases, as was previously required by HKAS 17. Instead, the Academy is required to capitalise all leases when it is the lessee, including leases previously classified as operating leases under HKAS 17, other than those short-term leases and leases of low-value assets which are exempt. As far as the Academy is concerned, these newly capitalised leases are primarily in relation to property as disclosed in notes 15(b) and 21. For an explanation of how the Academy applies lessee accounting, see note 3(d)(i).

At the date of transition to HKFRS 16 (i.e. 1st January 2019), the Academy determined the length of the remaining lease terms and measured the lease liabilities for the leases previously classified as operating leases at the present value of the remaining lease payments, discounted using the relevant incremental borrowing rates at 1st January 2019. The incremental borrowing rate used for determination of the present value of the remaining lease payments was 5.0%.

To ease the transition to HKFRS 16, the Academy applied the following recognition exemption and practical expedients at the date of initial application of HKFRS 16:

- (i) the Academy elected not to apply the requirements of HKFRS 16 in respect of the recognition of lease liabilities and right-of-use assets to leases for which the remaining lease term ends within 12 months from the date of initial application of HKFRS 16, i.e. where the lease term ends on or before 31st December 2019; and
- (ii) when measuring the lease liabilities at the date of initial application of HKFRS 16, the Academy applied a single discount rate to a portfolio of leases with reasonably similar characteristics (such as leases with a similar remaining lease term for a similar class of underlying asset in a similar economic environment).

THE HONG KONG ACADEMY OF NURSING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2019

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

(b) Changes in accounting policies *(Continued)*

HKFRS 16 Leases *(Continued)*

(B) Lessee accounting and transitional impact *(Continued)*

The following table reconciles the operating lease commitments as disclosed in note 21 as at 31st December 2018 to the opening balance for lease liabilities recognised as at 1st January 2019:

	1st January 2019 HK\$
Operating lease commitments at 31st December 2018	920,500
Less: total future interest expenses	<u>(53,369)</u>
Present value of remaining lease payments, discounted using the incremental borrowing rate and total lease liabilities recognised at 1st January 2019	<u><u>867,131</u></u>

The right-of-use assets in relation to leases previously classified as operating leases have been recognised at an amount equal to the amount recognised for the remaining lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position at 31st December 2018.

The Academy presents right-of-use assets and lease liabilities separately in the statement of financial position.

The adoption of HKFRS 16 gives rise to lease liabilities of HK\$867,131 at 1st January 2019 and the corresponding right-of-use assets are recognised at the same amount.

(C) Impact on the financial result and cash flows of the Academy

After the initial recognition of right-of-use assets and lease liabilities as at 1st January 2019, the Academy as a lessee is required to recognise interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the previous policy of recognising rental expenses incurred under operating leases on a straight-line basis over the lease term. This results in a positive impact on the reported surplus from operations in the Academy's statement of comprehensive income, as compared to the results if HKAS 17 had been applied during the year.

In the statement of cash flows, the Academy as a lessee is required to split rentals paid under capitalised leases into their capital element and interest element (see note 19(b)). These elements are classified as financing cash outflows, similar to how leases previously classified as finance leases under HKAS 17 were treated, rather than as operating cash outflows, as was the case for operating leases under HKAS 17. Although total cash flows are unaffected, the adoption of HKFRS 16 therefore results in a significant change in presentation of cash flows within the statement of cash flows (see note 19(c)).

THE HONG KONG ACADEMY OF NURSING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2019

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) Leased assets

At inception of a contract, the Academy assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

(i) As a lessee

(A) Policy applicable from 1st January 2019

Where the contract contains lease components and non-lease components, the Academy has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Academy recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets. When the Academy enters into a lease in respect of a low-value asset, the Academy decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

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

(d) Leased assets *(Continued)*

(i) As a lessee *(Continued)*

(A) Policy applicable from 1st January 2019 *(Continued)*

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to surplus or deficit in the accounting period in which they are incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and any impairment losses (see note 3(e)). Depreciation is calculated to write off the cost of right-of-use assets using the straight-line method over the unexpired lease term.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Academy's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Academy will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in surplus or deficit if the carrying amount of the right-of-use asset has been reduced to zero.

The Academy presents right-of-use assets and lease liabilities separately in the statement of financial position.

(B) Policy applicable prior to 1st January 2019

In the comparative period, as a lessee the Academy classified leases as finance leases if the leases transferred substantially all the risks and rewards of ownership to the Academy. Leases which did not transfer substantially all the risks and rewards of ownership to the Academy were classified as operating leases.

THE HONG KONG ACADEMY OF NURSING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2019

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

(d) Leased assets *(Continued)*

(i) As a lessee *(Continued)*

(B) Policy applicable prior to 1st January 2019 *(Continued)*

Where the Academy had the use of assets held under operating leases, payments made under the leases were charged to surplus or deficit in equal instalments over the accounting periods covered by the lease term, except where an alternative basis was more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received were recognised in surplus or deficit as an integral part of the aggregate net lease payments made. Contingent rentals were charged to surplus or deficit in the accounting period in which they were incurred.

(ii) As a lessor

When the Academy acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. If this is not the case, the lease is classified as an operating lease.

(e) 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.

(f) 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.

(g) 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.

THE HONG KONG ACADEMY OF NURSING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2019

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

(g) Receivables (*Continued*)

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

The loss allowance is measured at an amount equal to lifetime expected credit losses (“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.

(h) 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.

(i) 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.

(j) 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 operation.

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.

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 when an event was held.
- (iv) Course fee is recognised when the relevant course was completed.

THE HONG KONG ACADEMY OF NURSING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2019

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

(j) Revenue and other income (*Continued*)

Further details of the Academy's revenue and other income recognition policies are as follows:
(*Continued*)

- (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.

(k) 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 surplus or deficit 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.

(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. 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.

THE HONG KONG ACADEMY OF NURSING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2019

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)*

- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (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. The Academy's exposure to these risks and the financial risk management policies and practices used by the Academy to manage these risks are 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 receivable. 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 deposit and 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's interest-bearing financial liabilities only include lease liabilities. The Academy's interest-bearing financial assets include short-term bank deposit and 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 most of 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 2019

4. FINANCIAL INSTRUMENTS *(Continued)*

(a) Financial risk factors *(Continued)*

(iv) 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:

	2019			
	Carrying amount HK\$	Total contractual undiscounted cash flow HK\$	Within 1 year or on demand HK\$	More than 1 year but within 2 years HK\$
Accrued expenses	12,134	(12,134)	(12,134)	-
Lease liabilities	507,827	(526,000)	(394,500)	(131,500)
	<u>519,961</u>	<u>(538,134)</u>	<u>(406,634)</u>	<u>(131,500)</u>
	2018			
	Carrying amount HK\$	Total contractual undiscounted cash flow HK\$	Within 1 year or on demand HK\$	More than 1 year but within 2 years HK\$
Accrued expenses	58,198	(58,198)	(58,198)	-

(b) Fair value estimation

All of the financial assets and liabilities are carried at amounts approximate to their fair values as at 31st December 2019 and 2018 due to the immediate or 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 2019

5. MEMBERSHIP AND SUBSCRIPTION FEES

	2019 HK\$	2018 HK\$
Revenue from contracts with customers within the scope of HKFRS 15		
Members' subscriptions	2,291,720	1,763,720

6. OTHER INCOME

	2019 HK\$	2018 HK\$
Other income from contracts with customers within the scope of HKFRS 15		
Course fee	82,710	17,100
Income from sale of T-shirts	900	16,392
Seminar fee income from International Nurses Day Celebration 2019/2018 (Note 12)	15,400	10,600
	99,010	44,092
Other income and gains from other accounting standards		
Donations	5,535	65,591
Sponsorship income	-	50,000
Workshop tour income	236,800	225,950
Income from Guangdong Province Nurse Association's Advanced Practice Nurses Qualification Assessment	-	117,240
Income from Tongji University School of Medicine	4,572	-
Income from Charity Chinese Opera 2019 (Note 10)	1,201,342	-
Income from Health Carnival 2019/2018 (Note 11)	21,000	36,000
Income from International Nurses Day Celebration 2019/2018 (Note 12)	1,151,779	997,762
Rental income	4,000	3,500
Bank interest income	45,152	236
Sundry income	16,000	15,300
	2,686,180	1,511,579
	2,785,190	1,555,671

THE HONG KONG ACADEMY OF NURSING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2019

7. OPERATING EXPENSES

	2019 HK\$	2018 HK\$
Depreciation		
- owned plant and equipment	7,070	13,820
- right-of-use assets*	371,627	-
Staff salaries	1,001,273	932,855
Contribution to mandatory provident fund	41,968	40,610
Cost of T-shirts sold	552	14,490
Total minimum lease payments for lease previously classified as operating lease under HKAS 17*	-	385,720
Expenditure for Charity Chinese Opera 2019 (Note 10)	401,262	-
Expenditure for Health Carnival 2019/2018 (Note 11)	53,127	43,440
Expenditure for International Nurses Day Celebration 2019/2018 (Note 12)	910,317	938,558
Expenditure for Community Project Activities	9,303	2,478
Expenditure for Professional Development Activities	130,754	12,556
Workshop expenses	303,848	176,772
Other operating expenses	248,227	260,953
	<u>3,479,328</u>	<u>2,822,252</u>

- * The Academy has initially applied HKFRS 16 using the modified retrospective approach and adjusted the opening balances at 1st January 2019 to recognise right-of-use assets relating to lease which was previously classified as operating leases under HKAS 17. After initial recognition of right-of-use assets at 1st January 2019, the Academy as a lessee is required to recognise the depreciation of right-of-use assets, instead of the previous policy of recognising rental expenses incurred under operating leases on a straight-line basis over the lease term. Under this approach, the comparative information is not stated (see note 3(b)).

8. FINANCE COST

	2019 HK\$	2018 HK\$ (note)
Interest on lease liabilities	<u>35,197</u>	<u>-</u>

Note:

The Academy has initially applied HKFRS 16 at 1st January 2019 using the modified retrospective approach. Under this approach, the comparative information is not restated (see note 3(b)).

9. AUDITOR'S REMUNERATION

No fee was charged by the Honorary Auditor for the years ended 31st December 2019 and 2018.

THE HONG KONG ACADEMY OF NURSING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2019

10. CHARITY CHINESE OPERA 2019

	2019 HK\$	2018 HK\$
Revenue		
Donations	1,201,342	-
	-----	-----
Less:		
Expenditure		
Production fees	391,824	-
Souvenirs	3,559	-
Postage	400	-
Travelling and transportation	500	-
Miscellaneous	4,979	-
	-----	-----
	401,262	-
	-----	-----
Surplus for the year	800,080	-
	=====	=====

11. HEALTH CARNIVAL 2019/2018

	2019 HK\$	2018 HK\$
Revenue		
Sponsorship	21,000	36,000
	-----	-----
Less:		
Expenditure		
Production fees	45,460	39,174
Insurance	1,001	1,500
Office supplies	1,746	392
Printing	400	372
Travelling and transportation	3,270	2,002
Miscellaneous	1,250	-
	-----	-----
	53,127	43,440
	-----	-----
Deficit for the year	(32,127)	(7,440)
	=====	=====

THE HONG KONG ACADEMY OF NURSING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2019

12. INTERNATIONAL NURSES DAY CELEBRATION 2019/2018

	2019 HK\$	2018 HK\$
Revenue		
Sponsorship	608,000	496,000
Sales of dinner tickets	543,750	501,750
Seminar fee income	15,400	10,600
Bank interest	29	12
	<u>1,167,179</u>	<u>1,008,362</u>
Less:		
Expenditure		
Production fees	211,355	187,605
Banquet and catering fees	630,588	592,387
Office supplies	8,003	10,383
Insurance	1,001	2,760
Postage	469	549
Printing	-	10,180
Bank charges	275	255
Gifts	46,496	48,205
Travelling and transportation	2,190	3,021
Venue rental	7,760	16,960
Sundry expenses	2,180	350
Performance	-	65,903
	<u>910,317</u>	<u>938,558</u>
Surplus for the year	<u><u>256,862</u></u>	<u><u>69,804</u></u>

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:

	2019 HK\$	2018 HK\$
Fees	-	-
Salaries and allowances	-	-
	<u><u> </u></u>	<u><u> </u></u>

THE HONG KONG ACADEMY OF NURSING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2019

14. INCOME TAX EXPENSE

No provision for Hong Kong profits tax has been made for the years ended 31st December 2019 and 2018 as the Academy is exempted from all taxes pursuant to section 88 of the Inland Revenue Ordinance with effect for 8th January 2015.

15. PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

(a) Reconciliation of carrying amount

	Plant and equipment			Right-of-use assets HK\$
	Office equipment HK\$	Leasehold improvements HK\$	Total HK\$	
Cost				
At 1st January 2018	164,598	605,139	769,737	-
Additions	1,287	-	1,287	-
At 31st December 2018	165,885	605,139	771,024	-
Impact on initial application of HKFRS 16 (note)	-	-	-	867,130
At 1st January 2019	165,885	605,139	771,024	867,130
Additions	1,938	-	1,938	-
At 31st December 2019	167,823	605,139	772,962	867,130
Accumulated depreciation				
At 1st January 2018	154,286	594,819	749,105	-
Charge for the year	6,080	7,740	13,820	-
At 31st December 2018 and 1st January 2019	160,366	602,559	762,925	-
Charge for the year	4,490	2,580	7,070	371,627
At 31st December 2019	164,856	605,139	769,995	371,627
Net book value				
At 31st December 2019	2,967	-	2,967	495,503
At 31st December 2018	5,519	2,580	8,099	-

Note:

The Academy has initially applied HKFRS 16 using the modified retrospective method and adjusted the opening balances at 1st January 2019 to recognise right-of-use assets relating to lease which was previously classified as operating lease under HKAS 17 (see note 3(b)).

THE HONG KONG ACADEMY OF NURSING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2019

15. PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS *(Continued)*

(b) Right-of-use assets

The analysis of the net book value of right-of-use assets by class of underlying asset is as follows:

	Note	31st December 2019 HK\$	1st January 2019 HK\$
Property leased for own use, carried at depreciated cost	(i)	495,503	867,130

Note:

- (i) The Academy has obtained the right to use a property as its office through a renewed tenancy agreement. The lease runs for a period of 3 years.

The analysis of expense items in relation to lease recognised in surplus or deficit is as follows:

	2019 HK\$	2018 HK\$ (note)
Depreciation charge of right-of-use assets by class of underlying asset:		
- Property leased for own use	371,627	-
Interest on lease liabilities (note 8)	35,197	-
Total minimum lease payments for lease previously classified as operating leases under HKAS 17	-	385,720

Note:

The Academy has initially applied HKFRS 16 using the modified retrospective approach and adjusted the opening balances at 1st January 2019 to recognise right-of-use assets relating to lease which were previously classified as operating leases under HKAS 17. After initial recognition of right-of-use assets at 1st January 2019, the Academy as a lessee is required to recognise the depreciation of right-of-use assets, instead of the previous policy of recognising rental expenses incurred under operating leases on a straight-line basis over the lease term. Under this approach, the comparative information is not restated (see note 3(b)).

During the year, no additions to right-of-use assets were made.

Details of total cash outflow for leases and the maturity analysis of lease liabilities are set out in notes 19(c) and 20, respectively.

THE HONG KONG ACADEMY OF NURSING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2019

16. INVENTORIES

	2019 HK\$	2018 HK\$
Badges and T-shirts stated at cost	<u>7,980</u>	<u>8,592</u>

17. ACCOUNTS RECEIVABLE

	2019 HK\$	2018 HK\$
Members' subscriptions receivables	3,200	17,820
Other receivables	<u>1,500</u>	<u>41,402</u>
	<u>4,700</u>	<u>59,222</u>

At 31st December 2019, in the opinion of management, the expected credit loss for members' subscriptions and other receivables is considered insignificant and therefore no loss allowance is made. The members' subscriptions and other receivables are neither past due nor impaired. The Academy does not hold any collateral over these balances.

18. DEPOSITS AND PREPAYMENTS

	2019 HK\$	2018 HK\$
Deposits	3,300	141,900
Prepayments	<u>88,822</u>	<u>17,759</u>
	<u>92,122</u>	<u>159,659</u>

The amount of the Academy's deposits and prepayments expected to be recovered after more than one year is HK\$3,300 (2018: HK\$3,300).

THE HONG KONG ACADEMY OF NURSING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2019

19. BANK DEPOSIT, CASH AND BANK BALANCES AND OTHER CASH FLOW INFORMATION

(a) Cash and cash equivalents comprise

	2019 HK\$	2018 HK\$
Short-term bank deposit	3,000,000	-
Cash at bank and in hand	<u>4,213,033</u>	<u>4,782,385</u>
Bank deposit, cash and bank balances in statement of financial position	7,213,033	4,782,385
Less: bank deposit with original maturity of more than three months	<u>(3,000,000)</u>	<u>-</u>
Cash and cash equivalents in statement of cash flows	<u><u>4,213,033</u></u>	<u><u>4,782,385</u></u>

Cash at bank earns interest at floating rates based on daily bank deposit rates. At 31st December 2019, the effective interest rate of bank deposit was 2.0% (2018: Nil) per annum.

(b) Reconciliation of liabilities arising from financing activities

The table below details changes in the Academy's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Academy's statement of cash flows as cash flow from financing activities.

	Lease liabilities HK\$
At 31st December 2018	-
Impact on initial application of HKFRS 16 (note)	<u>867,130</u>
At 1st January 2019	867,130
Changes from financing cash flows:	
Capital element of lease rentals paid	(359,303)
Interest element of lease rentals paid	<u>(35,197)</u>
Total changes from financing cash flows	(394,500)
Other changes:	
Interest expenses (note 8)	35,197
At 31st December 2019	<u><u>507,827</u></u>

THE HONG KONG ACADEMY OF NURSING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2019

19. BANK DEPOSIT, CASH AND BANK BALANCES AND OTHER CASH FLOW INFORMATION
(Continued)

(b) Reconciliation of liabilities arising from financing activities (Continued)

Note:

The Academy has initially applied HKFRS 16 using the modified retrospective method and adjusted the opening balances at 1st January 2019 to recognise right-of-use assets relating to lease which was previously classified as operating lease under HKAS 17 (see note 3(b)).

(c) Total cashflow for leases

Amounts included in the statement of cash flows for leases comprise the following:

	2019 HK\$	2018 HK\$ (note 3(b))
Within operating cash flows	-	385,720
Within financing cash flows	<u>394,500</u>	<u>-</u>
	<u>394,500</u>	<u>385,720</u>

These amounts relate to the following:

	2019 HK\$	2018 HK\$
Lease rental paid	<u>394,500</u>	<u>385,720</u>

THE HONG KONG ACADEMY OF NURSING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2019

20. LEASE LIABILITIES

The following table shows the remaining contractual maturities of the Academy's lease liabilities at the end of the current and previous reporting periods and at the date of transition to HKFRS 16:

	31st December 2019		1st January 2019		31st December 2018	
	Present value of the minimum lease payments HK\$	Total minimum lease payments HK\$	Present value of the minimum lease payments HK\$	Total minimum lease payments HK\$	Present value of the minimum lease payments HK\$	Total minimum lease payments HK\$
Within 1 year	377,686	394,500	359,303	394,500	-	-
After 1 year but within 2 years	130,141	131,500	377,686	394,500	-	-
After 2 years but within 5 years	-	-	130,141	131,500	-	-
	130,141	131,500	507,827	526,000	-	-
	<u>507,827</u>	<u>526,000</u>	<u>867,130</u>	<u>920,500</u>	<u>-</u>	<u>-</u>
Less: total future interest expenses		(18,173)		(53,370)		-
Present value of lease liabilities		<u>507,827</u>		<u>867,130</u>		<u>-</u>

Note:

The Academy has initially applied HKFRS 16 using the modified retrospective approach and adjusted the opening balances at 1st January 2019 to recognise lease liabilities relating to lease which was previously classified as operating lease under HKAS 17. Comparative information as at 31st December 2018 has not been restated. Further details on the impact of the transition to HKFRS 16 are set out in note 3(b).

21. OPERATING LEASE COMMITMENTS

At 31st December 2018, the total future minimum lease payments under non-cancellable operating lease in respect of land and buildings falling due were as follows:

	2019 HK\$	2018 HK\$
Within one year	-	394,500
In the second to fifth years, inclusive	-	526,000
	<u>-</u>	<u>920,500</u>

THE HONG KONG ACADEMY OF NURSING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2019

21. OPERATING LEASE COMMITMENTS (Continued)

The Academy is the lessee in respect of a property as its office held under lease which was previously classified as operating leases under HKAS 17. The Academy has initially applied HKFRS 16 using the modified retrospective approach. Under this approach, the Academy adjusted the opening balances at 1st January 2019 to recognise lease liabilities relating to this lease (see note 3(b)). From 1st January 2019 onwards, future lease payments are recognised as lease liabilities in the statement of financial position in accordance with the policies set out in note 3(d), and the details regarding the Academy's future lease payments are disclosed in note 20.

22. RELATED PARTY TRANSACTIONS

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

	2019 HK\$	2018 HK\$
Donation received from council members	4,195	41,077
Donation received from institutional members	-	5,500
Donations for Charity Chinese Opera 2019 received from:		
Institutional members	120,000	-
Council members	88,976	-
Sale of T-shirts to institutional members	800	16,392
Sale of International Nurses Day Celebration 2019/2018 tickets to:		
Institutional members	77,000	71,000
Council members	2,000	1,000
Sponsorship for International Nurses Day Celebration 2019/2018 received from institutional members	14,000	14,000
Seminar fee income for International Nurses Day Celebration 2019/2018 received from institutional members	4,600	2,250
Secretarial services income received from institutional members	11,000	13,000
Course fee and workshop tour income received from:		
Institutional members	-	241,250
Council members	53,600	-
Rental income from institutional members	4,000	3,000

- (b) The Academy's key management personnel represent the council members of the Academy. No emoluments were paid or payable to council members of the Academy during the years ended 31st December 2019 and 2018.

23. COMPARATIVE FIGURES

The Academy has initially applied HKFRS 16 at 1st January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. Further details of the changes in accounting policies are disclosed in note 3(b).

THE HONG KONG ACADEMY OF NURSING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2019

24. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31ST DECEMBER 2019

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments and a new standard which are not yet effective for the year ended 31st December 2019 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 these developments 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 result of operations and financial position.