

專注不足/過度活躍症(香港)協會有限公司
HONG KONG ASSOCIATION FOR AD/HD LIMITED

(Limited by guarantee and without share capital)
(Incorporated in Hong Kong)

REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2023

HONG KONG ASSOCIATION FOR AD/HD LIMITED

DIRECTORS' REPORT

The directors have pleasure in presenting their annual report and audited financial statements of Hong Kong Association for AD/HD Limited (the "Association") for the year ended 31st December, 2023.

PRINCIPAL ACTIVITY

The Association is a non-profit making charitable organization which aim to promote, encourage, support and foster the care of children and youngsters suffering from attention deficit or hyperactivity disorder.

There were no significant changes during the year.

RESULTS

The results of the Association for the year are set out in the statement of comprehensive income on page 6.

RESERVES AND CHANGES IN EQUITY

The movements in reserves and changes in equity for the year are set out in the statement of changes in equity on page 8.

BUSINESS REVIEW

The Company is exempted from preparation of a business review which complies with schedule 5 under section 388(3) as it falls within the reporting exemption for the financial year.

DIRECTORS

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

Leung Fung Po Burnice
Law Kwong Shun
Lo Tak Keung

The terms of office of a director shall be two years. Retiring directors shall retire in accordance with the Association's Article of Association but being eligible, offer themselves for re-election.

HONG KONG ASSOCIATION FOR AD/HD LIMITED

DIRECTORS' REPORT (CONTINUED)

DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS THAT ARE SIGNIFICANT IN RELATION TO THE COMPANY'S BUSINESS

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

PERMITTED INDEMNITY PROVISION

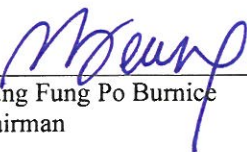
At no time during the financial period were there any permitted indemnity provisions in force for the benefit of one or more directors of the Association.

At the time of approval of this report, there are no permitted indemnity provisions in force for the benefit of one or more directors of the Association.

AUDITORS

The financial statements were audited by Messrs. The Dawn CPA & Co., Certified Public Accountants (Practising) who shall retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board



Leung Fung Po Burnice
Chairman

HONG KONG, 24 September 2024

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF HONG KONG ASSOCIATION FOR AD/HD LIMITED**
(Incorporated in Hong Kong with limited liability by guarantee and without share capital)

OPINION

We have audited the financial statements of Hong Kong Association For AD/HD Limited ("the Association") set out on pages 6 to 23, which comprise the statement of financial position as at 31 December, 2023, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Association as at 31 December, 2023 and its financial performance and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards 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 Financial Statements section of our report. We are independent of the Association in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the directors' 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 AUDITOR'S REPORT
TO THE MEMBERS OF HONG KONG ASSOCIATION FOR AD/HD LIMITED**
(Incorporated in Hong Kong with limited liability by guarantee and without share capital)

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

The directors 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 directors 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 directors are responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Association or to cease operations or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association's financial reporting process.

AUDITOR'S RESPONSIBILITY FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion, solely to you, as a body, in accordance with Section 405 of the Hong Kong Companies Ordinance (Cap. 622), and for no other purpose. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control.

INDEPENDENT AUDITOR'S REPORT

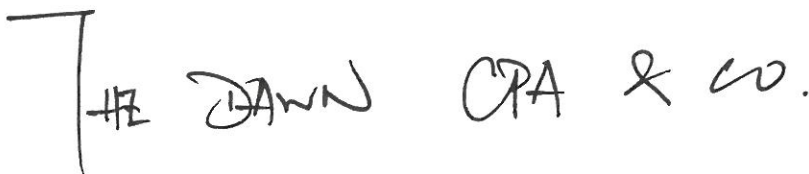
TO THE MEMBERS OF HONG KONG ASSOCIATION FOR AD/HD LIMITED

(Incorporated in Hong Kong with limited liability by guarantee and without share capital)

AUDITOR'S RESPONSIBILITY FOR THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' 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 Company'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 Company 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 those charged with governance 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.



The Dawn CPA & Co.
Certified Public Accountants (Practising)
HONG KONG, 24 September 2024

HONG KONG ASSOCIATION FOR AD/HD LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST DECEMBER, 2023

	Note	<u>2023</u> HK\$	<u>2022</u> HK\$
REVENUE	5	2,140,769	1,402,982
OTHER REVENUE	5	40,394	86,482
ADMINISTRATIVE EXPENSES		<u>(2,165,892)</u>	<u>(1,332,299)</u>
SURPLUS BEFORE TAXATION	6	15,271	157,165
TAXATION	8	<u>-</u>	<u>-</u>
SURPLUS FOR THE YEAR		<u>15,271</u>	<u>157,165</u>

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

HONG KONG ASSOCIATION FOR AD/HD LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31ST DECEMBER, 2023

	Note	<u>2023</u> HK\$	<u>2022</u> HK\$
NON-CURRENT ASSETS			
Property, plant and equipment	9	<u>19,599</u>	<u>12,832</u>
CURRENT ASSETS			
Deposit and prepayment		<u>11,238</u>	<u>11,334</u>
Bank balances	10	<u>1,510,127</u>	<u>1,271,987</u>
		1,521,365	1,283,321
CURRENT LIABILITIES			
Received in advance		<u>22,540</u>	<u>16,900</u>
Activity deposits received		<u>6,900</u>	<u>-</u>
Accruals		<u>245,100</u>	<u>28,100</u>
		<u>274,540</u>	<u>45,000</u>
NET CURRENT ASSETS		<u>1,246,825</u>	<u>1,238,321</u>
NET ASSETS		<u>1,266,424</u>	<u>1,251,153</u>
EQUITY			
Members' surplus		<u>1,266,424</u>	<u>1,251,153</u>
MEMBERS' SURPLUS		<u>1,266,424</u>	<u>1,251,153</u>

Approved and authorized for issue by the Board of Directors on 24 September 2024.


 Leung Fung Po Burdick
 Director


 Law Kwong Shun
 Director

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

HONG KONG ASSOCIATION FOR AD/HD LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31ST DECEMBER, 2023

	Reserve HK\$
Balance at 1/1/2022	1,093,988
Surplus for the year	<u>157,165</u>
Balance at 31/12/2022 and 1/1/2023	1,251,153
Surplus for the year	<u>15,271</u>
Balance at 31/12/2023	<u><u>1,266,424</u></u>

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

HONG KONG ASSOCIATION FOR AD/HD LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31ST DECEMBER, 2023

	<u>Note</u>	<u>2023</u>	<u>2022</u>
		HK\$	HK\$
CASH FLOW FROM OPERATING ACTIVITIES			
Surplus before taxation		15,271	157,165
Adjustment for:			
Depreciation		8,712	4,956
		<hr/>	<hr/>
NET CASH FLOWS FROM OPERATING ACTIVITIES		23,983	162,121
Changes in working capital:-			
Decrease/(Increase) in deposits and prepayment		96	3,148
Decrease in account receivable		-	3,000
Increase in received in advance		5,640	5,285
Increase in deposit received		6,900	-
Increase/(Decrease) in accrued expenses		217,000	(157,060)
		<hr/>	<hr/>
Net cash generated from operating activities		253,619	16,494
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, plant and equipment		(15,479)	(3,998)
		<hr/>	<hr/>
NET CASH USED IN INVESTING ACTIVITIES		(15,479)	(3,998)
NET INCREASE IN CASH AND CASH EQUIVALENTS		238,140	12,496
CASH AND CASH EQUIVALENT AT BEGINNING OF THE YEAR	10	<hr/>	<hr/>
		1,271,987	1,259,491
CASH AND CASH EQUIVALENT AT END OF THE YEAR	10	<hr/>	<hr/>
		1,510,127	1,271,987

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

HONG KONG ASSOCIATION FOR AD/HD LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2023

1. GENERAL

Hong Kong Association for AD/HD Limited is a company incorporated in Hong Kong with limited liability by guarantee and without share capital. The liability of the member is limited and every member of the Association undertakes to contribute to the assets of the Association in the event of its being wound up to the extent of not exceeding HK\$10. The Association's registered office is located at G/F., Wang Lai House, Wang Tau Hom Estate, Wong Tai Sin, Kowloon, Hong Kong.

The Association is a non-profit making charitable organization which aim to promote, encourage, support and foster the care of children and youngsters suffering from attention deficit or hyperactivity disorder.

2. BASIS OF PREPARATION

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. A summary of the significant accounting policies adopted by the Association is set out below.

In 2023, the HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Company. Note 4 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Company for the current and prior accounting periods reflected in these financial statements.

3. PRINCIPAL ACCOUNTING POLICIES

(a) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognized in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write off the cost of items or property, plant and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives of 5 years.

Where parts of an item of property, plant and equipment have difference useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviews annually.

HONG KONG ASSOCIATION FOR AD/HD LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2023

3. **PRINCIPAL ACCOUNTING POLICIES (CONTINUED)**

(b) **Credit losses and impairment of assets**

(i) **Credit losses from financial instruments**

The Association recognises a loss allowance for expected credit losses (ECLs) on the following items:

- financial assets measured at amortised cost (including cash and cash equivalents and other receivables);

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Association in accordance with the contract and the cash flows that the Association expects to receive).

For undrawn loan commitments, expected cash shortfalls are measured as the difference between (i) the contractual cash flows that would be due to the Association if the holder of the loan commitment draws down on the loan and (ii) the cash flows that the Association expects to receive if the loan is drawn down.

The expected cash shortfalls are discounted using the following discount rates where the effect of discounting is material:

- fixed-rate financial assets, account and other receivables and contract assets: effective interest rate determined at initial recognition or an approximation thereof;

The maximum period considered when estimating ECLs is the maximum contractual period over which the Association is exposed to credit risk.

In measuring ECLs, the Association takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

HONG KONG ASSOCIATION FOR AD/HD LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2023

3. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(b) Credit losses and impairment of assets

(i) Credit losses from financial instruments (continued)

ECLs are measured on either of the following bases:

- 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for other receivables are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Association'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 reporting date.

For all other financial instruments, the Association recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Association compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Association considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Association in full, without recourse by the Association to actions such as realising security (if any is held); or (ii) the financial asset is 90 days past due. The Association considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- failure to make payments of principal or interest on their contractually due dates;
- an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor; and
- existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Association.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

HONG KONG ASSOCIATION FOR AD/HD LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2023

3. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(b) Credit losses and impairment of assets

(i) Credit losses from financial instruments (continued)

Significant increases in credit risk (continued)

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Association recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt securities that are measured at FVOCI (recycling), for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve (recycling).

Basis of calculation of interest income

Interest income recognised in accordance with note 3(i) is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset.

At each reporting date, the Association assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable events:

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the borrower will enter into bankruptcy or other financial reorganisation;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or
- the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset 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 Association 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.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

HONG KONG ASSOCIATION FOR AD/HD LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2023

3. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(c) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

Cash and cash equivalents are assessed for expected credit losses (ECL) in accordance with the policy set out in note 3(b).

(d) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognized in profit or loss except to the extent that they relate to items recognized in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognized in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting year, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilized, are recognized. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they related to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilized.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Association controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

HONG KONG ASSOCIATION FOR AD/HD LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2023

3. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(d) Income tax (continued)

The amount of deferred tax recognized is measured based on the expected manner of realization or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilized. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognized when the liability to pay the related dividends is recognized.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Association has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Association intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously; or
- in the case of deferred tax assets and liabilities, if they related to income taxes levied by the same taxation authority on either:-
- the same taxable entity; or
- different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realize the current tax assets and settle the current tax liabilities on a net basis or realize and settle simultaneously.

(e) Other payables

Other payables are initially recognized at fair value and are subsequently stated at amortized cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

HONG KONG ASSOCIATION FOR AD/HD LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2023

3. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(f) Leased assets

At inception of a contract, the group 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

At the lease commencement date, the Company 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 which, for the group are primarily laptops and office furniture. When the Company enters into a lease in respect of a low-value asset, the Company 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.

(g) Employee benefits

Salaries, annual bonuses, paid annual leave, contributions to defined contribution plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

Termination benefits are recognized when, and only when, the Company demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

HONG KONG ASSOCIATION FOR AD/HD LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2023

3. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(h) Related parties

- (a) A person, or a close member of that person's family, is related to the Association if that person:
 - (i) has control or joint control over the Association;
 - (ii) has significant influence over the Association; or
 - (iii) is a member of the key management personnel of the Association or the Association's parent.
- (b) An entity is related to the Association if any of the following conditions applies:
 - (i) The entity and the Association 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 Association 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 party.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Association or an entity related to the Association.
 - (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 the group of which it is a part, provides key management personnel services to the group or to the group'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.

(i) Provisions and contingent liabilities

Provisions are recognized when the Association has a present legal or constructive obligation arising as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. Expenditures for which a provision has been recognized are charged against the related provision in the year in which the expenditures are incurred. Provisions are reviewed at end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount provided is the present value of the expenditures expected to be required to settle the obligation.

Where it is not probable that an outflow of resources will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of resources is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of resources is remote.

HONG KONG ASSOCIATION FOR AD/HD LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2023

3. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(j) Revenue recognition

Revenue is recognized in statement of comprehensive income as follow

- interest income is recognized as it accrues using the effective interest method; and
- activities income is recognized as income when no significant uncertainty as to its collectability exists.
- membership fee income, funding and donation income is recognized as income when no significant uncertainty as to its collectability exists.

(k) Impairment on non-financial assets

Assets are tested at least annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount (i.e., the higher of an asset's fair value less costs to sell and value-in-use). The recoverable amount of assets are estimated individually, when it is not possible to estimate the recoverable amount individually, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows which are largely independent of the cash inflows from assets or group of assets (cash generating units). Such impairment losses are recognised in the statement of profit or loss. An impairment loss other than in relation to goodwill is reversed if the circumstances and events leading to the impairment cease to exist.

4. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The HKICPA has issued following amendments to HKFRSs that are first effective for the current accounting period of the Company:

- Amendments to HKAS 8, Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates
- Amendments to HKAS 1, Presentation of financial statements and HKFRS Practice Statement 2, Making materiality judgements: Disclosure of accounting policies
- Amendments to HKAS 12, Income taxes: Deferred tax related to assets and liabilities arising from a single transaction
- Amendments to HKAS 12, Income taxes: International tax reform – Pillar Two model rules

Neither of these amendments to HKFRSs have had a material effect on how the Association's results and financial position for the current or prior periods have been prepared or presented. Th Association has not applied any new standard or interpretation that is not yet effective for the current accounting period.

The Association has not applied any new standard or interpretation that is not yet effective for the current accounting year (note 15).

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5 REVENUE

Turnover represents income from charitable activities, income from functions held and membership fee received during the period as follows:

	<u>2023</u> HK\$	<u>2022</u> HK\$
<u>At a point in time</u>		
Membership fee income	26,190	18,375
Donation income	208,943	115,409
Funding income	1,799,211	1,208,458
Activities income	106,425	60,740
	<u>2,140,769</u>	<u>1,402,982</u>

OTHER INCOME

	<u>2023</u> HK\$	<u>2022</u> HK\$
Bank interest income	11,654	1,037
Sundry income	28,740	85,445
	<u>40,394</u>	<u>86,482</u>

6. SURPLUS BEFORE TAXATION

	<u>2023</u> HK\$	<u>2022</u> HK\$
Auditor's remuneration	8,000	7,000
Activities expenses	661,089	380,810
Depreciation	8,712	4,956
Expense relating to short term leases	145,550	91,550
Staff costs (including directors' remuneration)		
- basic salaries and allowances	1,054,964	725,033
- contributions to defined contribution retirement plan	58,781	34,488
	<u>1,836,106</u>	<u>1,237,837</u>

7. BENEFITS AND INTERESTS OF DIRECTORS

(A) DIRECTORS' REMUNERATION

Directors' remuneration disclosed pursuant to Section 383(1) of the Hong Kong Companies Ordinance (Cap. 622) and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation is HK\$Nil (2022: HK\$Nil).

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NOTES TO THE FINANCIAL STATEMENTS
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7. BENEFITS AND INTERESTS OF DIRECTORS (CONTINUED)

(B) DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

No significant transactions, arrangements and contracts in relation to the Association's business to which the Association was a party and in which a director of the Association had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

(C) DIRECTORS' RETIREMENT BENEFITS

No retirement benefits were paid in respect of the directors' other services in connection with the management of the affairs of the Association (2022: same).

(D) DIRECTORS' TERMINATION BENEFITS

There were no payments made or benefit provided in respect of the termination of the services of directors, whether in the capacity of directors or in any other capacity while directors. (2022: same)

(E) CONSIDERATION PROVIDED TO THRID PARTY FOR MAKING AVAILABLE DIRECTOR'S SERVICES

There were no consideration provided to or receivable by third parties for making available the services of a person as director or in any other capacity while director. (2022: same)

(F) INFORMATION ABOUT LOANS, QUASI-LOANS AND OTHER DEALINGS IN FAVOUR OF DIRECTORS, CONTROLLED BODIES CORPORATE BY AND CONNECTED ENTITIES WITH SUCH DIRECTORS

There are no loans to directors during the year. (2022 nil)

The Company had not paid or incurred any liability for the purpose of fulfilling the guarantee or discharging the security given to banks for loans granted to the directors during the year and the previous year (2022: same).

8. TAXATION

No provision for Hong Kong profit tax has been made in the financial statement since the Association was exempted from tax under Section 88 of the Inland Revenue Ordinance. (2022: same).

HONG KONG ASSOCIATION FOR AD/HD LIMITED
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FOR THE YEAR ENDED 31ST DECEMBER, 2023

9. PROPERTY, PLANT AND EQUIPMENT

	<u>Office equipment</u> HK\$
Cost	
At 1/1/2022	31,380
Additions	<u>3,998</u>
At 31/12/2022	35,378
Additions	<u>15,479</u>
At 31/12/2023	<u>50,857</u>
Accumulated depreciation and impairment losses	
At 1/1/2022	17,590
Depreciation for the year	<u>4,956</u>
At 31/12/2022 and 1/1/2023	22,546
Depreciation for the year	<u>8,712</u>
At 31/12/2023	<u>31,258</u>
Net carrying amount:	
At 31/12/2023	<u>19,599</u>
At 31/12/2022	<u>12,832</u>

10. CASH AND CASH EQUIVALENTS

	<u>2023</u> HK\$	<u>2022</u> HK\$
Cash and bank balances	<u>1,510,127</u>	<u>1,271,987</u>
	<u>1,510,127</u>	<u>1,271,987</u>
Maximum exposure to credit risk	<u>1,510,127</u>	<u>1,270,987</u>

The bank balances are deposited with creditworthy banks with no recent history of default.

11. CAPITAL

Capital comprises members' fund stated on the statement of financial position. The Association's objective when managing funds is to safeguard its ability to continue as a going concern, so that it can continue to provide funding for operation. The Association manages capital by regularly monitoring its current and expected liquidity requirements. The Association is a company limited by guarantee and without share capital. The liability of the members is limited and every member of the Association undertakes to contribute to the assets of the Association in the event of its being wound up to the extent of not exceeding HK\$10. The Association's revenue is generated from donation income. The Association is not subject to either internally or externally imposed capital requirements.

HONG KONG ASSOCIATION FOR AD/HD LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2023

12. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The main risks arising from the Association's financial instruments are credit risk and liquidity risk. The board reviews and agrees policies managing each of these risks and they are summarised below.

Credit risk

The Association's maximum exposure to credit risk in the event of the counterparties failure to perform their obligations as at 31 December, 2023 and 2022 in relation to each class of recognized financial assets is the carrying amount of those assets as stated in the statement of financial position. The Association places its cash and cash equivalents with creditworthy institutions.

Liquidity risk

In the management of liquidity risk, the Association monitors and maintains level of cash and cash equivalent deemed adequate by management to finance the Association's operations and mitigate the effects of fluctuations in cash flows.

The maturity profile of the Association's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, was as follows:

	Carrying amounts HK\$	Total contractual undiscounted cash flow HK\$	Within 1 year or on demand HK\$	More than 1 year but less than 5 years HK\$
<u>2022</u>				
Receipts in advance	16,900	16,900	16,900	-
Accruals	28,100	28,100	28,100	-
<u>2023</u>				
Receipts in advance	22,540	22,540	22,540	-
Activity deposits received	6,900	6,900	6,900	-
Accruals	245,100	245,100	245,100	-

Financial instruments carried at fair value

All financial instruments are carried at amounts not materially different from their fair value as at 31st December, 2022 and 2023.

13. SHORT TERM LEASE COMMITMENTS

As at the end of the reporting period, the Association's total future minimum lease payments under non-cancellable short term leases are payable as follows :-

	<u>2023</u> HK\$	<u>2022</u> HK\$
Within 1 year	9,000	7,250
After 1 year but within 5 years	-	-
After 5 years	-	-
	<u>9,000</u>	<u>7,250</u>

HONG KONG ASSOCIATION FOR AD/HD LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2023

14. ACCOUNTING ESTIMATES AND JUDGEMENTS

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

15. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31ST DECEMBER, 2023

Up to the date of issue of these financial statements, the HKICPA has issued the following amendments, new and revised standards and interpretations which are not yet effective for the year ended 31 December, 2023 and which have not been adopted in these financial statements.

	Effective for accounting periods beginning on or after
Amendments to HKAS 1, <i>Presentation of financial statements: Classification of liabilities as current or non-current ("2020 amendments")</i>	1 January 2024
Amendments to HKAS 1, <i>Presentation of financial statements: Non-current liabilities with covenants ("2022 amendments")</i>	1 January 2024
Amendments to HKFRS 16, <i>Leases: Lease liability in a sale and leaseback</i>	1 January 2024
Amendments to HKAS 7, <i>Statement of cash flows</i> and HKFRS 7, <i>Financial Instruments: Disclosures : Supplier finance arrangements</i>	1 January 2024
Amendments to HKAS 21, <i>The effects of changes in foreign exchange rates: Lack of exchangeability</i>	1 January 2025
Amendments to HKFRS 10 and HKAS 28, <i>Sale or contribution of assets between an investor and its associate or joint venture</i>	To be determined

The Company is in the process of making an assessment of what the impact of these amendments is expected to be in the year of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the company's results of operations and financial position.

16. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 24 September 2024.

HONG KONG ASSOCIATION FOR AD/HD LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2023
(For Management Purpose Only)

	<u>2023</u> HK\$	<u>2022</u> HK\$
Auditor's remuneration	8,000	7,000
Activity expenses	661,089	380,810
Bank charges	1,321	1,711
Computer expenses	1,847	-
Depreciation	8,712	4,956
EDP expenses	-	1,032
Insurance	-	2,830
Rent	145,550	91,550
Recruitment	6,272	1,568
MPF Contribution	58,781	34,488
Printing and stationery	1,325	2,266
Professional fee	11,650	17,300
Publicity expenses	189,548	36,700
Travelling	645	704
Tele/Fax expenses	1,527	5,437
Salaries	1,054,964	725,033
Sundry expenses	14,661	18,914
	<u>2,165,892</u>	<u>1,332,299</u>

This schedule does not form part of the audited financial statements.