

**HONG KONG ASSOCIATION OF TRAVEL AGENTS LIMITED**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31ST MARCH, 2013**

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**翁世喬執業會計師**

**YUNG SAI KUI**

**Certified Public Accountant (Practising)**

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# HONG KONG ASSOCIATION OF TRAVEL AGENTS LIMITED

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## **HONG KONG ASSOCIATION OF TRAVEL AGENTS LIMITED**

### **REPORT OF THE DIRECTORS**

The directors have pleasure in presenting their annual report together with the audited financial statements for the year ended 31st March, 2013.

#### **PRINCIPAL ACTIVITY**

The principal activities of the Association continued to be the promotion of welfare and the provision of services to its members.

#### **RESULTS**

The results of the company for the year ended 31st March, 2013 and the state of the Association affairs at that date are set out in the financial statements on pages 5 to 13.

#### **SHARE CAPITAL**

The Association is limited by guarantee and does not have a share capital.

#### **PROPERTY, PLANT AND EQUIPMENT**

Movements in property, plant and equipment during the year are set out in note 7 to the financial statements.

#### **DIRECTORS**

The Executive Committee Members who held office during the year and up to the date of this report were:-

Mr. Leung Yiu Lam, Paul	- Chairman
Mr. Tam Kwong Shun, Tommy	- Vice Chairman
Mr. Chu Siu Ning	- Committee Member
Mr. Tsang Sik Yiu, Edmund	- Committee Member
Ms. Ma Wai Ling, Eliza	- Committee Member
Mr. Shum Jiu Sang, Jason	- Committee Member
Ms. Agonoy Lily T.	- Committee Member
Mr. Richard Albert John Willis	- Committee Member
Mr. Wong Chun Tat	- Committee Member
Mr. Chang Kin Ming, Ken	- Committee Member
	Hon. Secretary/Treasurer
Ms. Yuen Lai Fung, Linda	- Committee Member
Mr. Cheung Man Ho	- Committee Member
Mr. Leung Tai Leung, William	- Committee Member

In accordance with the Company's Articles of Association, one third of the committee members retire and, being eligible, offer themselves for re-election.

**HONG KONG ASSOCIATION OF TRAVEL AGENTS LIMITED  
REPORT OF THE DIRECTORS CONTINUED**

**EXECUTIVE COMMITTEE MEMBERS' INTERESTS**

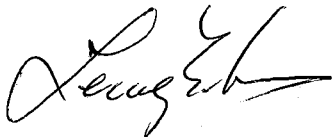
No contracts of significance to which the Association was a party and in which an Executive Committee Member had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

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

**AUDITORS**

A resolution for the reappointment of Yung Sai Kui Certified Public Accountant (Practising) as Auditors of the company is to be proposed at the forthcoming Annual General Meeting.

On behalf of the board of Directors



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Chairman

Hong Kong, 17 OCT 2013

翁世喬執業會計師

**YUNG SAI KUI**

CERTIFIED PUBLIC ACCOUNTANT (PRACTISING)

## **INDEPENDENT AUDITORS REPORT**

**TO THE MEMBERS OF  
HONG KONG ASSOCIATION OF TRAVEL AGENTS LIMITED**  
(Incorporated in Hong Kong with limited liability)

### **REPORT ON THE FINANCIAL STATEMENTS**

We have audited the financial statements of Hong Kong Association of Travel Agents Limited set out on pages 5 to 13 which comprise the balance sheet as at 31st March, 2013, the income statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

#### **Directors' responsibility for the financial statements**

The directors are responsible for the preparation and the true and fair presentation of these financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### **Auditor's responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit and report our opinion solely to you, as a body, in accordance with section 141 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.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

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

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

翁世喬執業會計師

**YUNG SAI KUI**

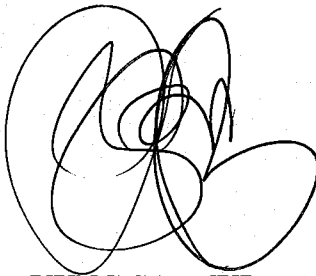
CERTIFIED PUBLIC ACCOUNTANT (PRACTISING)

**INDEPENDENT AUDITORS REPORT CONTINUED**

**TO THE SHAREHOLDERS OF  
HONG KONG ASSOCIATION OF TRAVEL AGENTS LIMITED**  
(Incorporated in Hong Kong with limited liability)

**Opinion**

In our opinion, the financial statements give a true and fair view of the state of the Association's affairs as at 31st March, 2013 and of its surplus for the year then ended and have been properly prepared in accordance with the Hong Kong Companies Ordinance.



**YUNG SAI KUI**  
Certified Public Accountant (Practising)

Hong Kong, 18 OCT 2013

# HONG KONG ASSOCIATION OF TRAVEL AGENTS LIMITED

## INCOME STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

(Expressed in Hong Kong Dollars)

	Note	2013	2012
<b>INCOME</b>			
Subscription income	4	593,125	572,250
Income from activities projects		64,152	28,444
Interest income		42	43
Dividend income		16,405	12,438
		<u>673,724</u>	<u>613,175</u>
<b>EXPENDITURE</b>			
Auditors' remuneration		6,000	6,000
Bad debts		15,000	16,000
Bank charges and interest		760	1,258
Business registration fee		450	450
Depreciation		6,388	5,707
Electricity		1,175	6,391
Insurance		1,197	1,197
Internet charges		17,812	5,110
Mandatory provident fund contribution		15,472	17,073
Medical claim		1,620	1,650
Office supply		0	1,373
Postage and courier fee		2,717	3,014
Printing and stationary		5,119	6,946
Professional fee		49,905	27,605
Rental expenses		19,500	77,500
Repairs and maintenance		4,450	848
Salaries and bonus		309,435	351,952
Storage fee		8,614	4,500
Subscription fee		5,000	5,000
Sundry expenses		3,579	3,952
Telecommunications		8,164	8,909
Transportation fee		4,414	1,691
		<u>486,771</u>	<u>554,126</u>
<b>SURPLUS FOR THE YEAR</b>		<u>186,953</u>	<u>59,049</u>

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

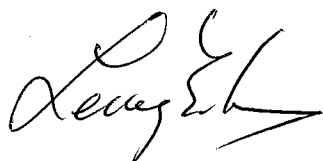
# HONG KONG ASSOCIATION OF TRAVEL AGENTS LIMITED

## BALANCE SHEET AS AT 31ST MARCH, 2013

(Expressed in Hong Kong Dollars)

	Note	2013	2012
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	7	<u>18,233</u>	<u>19,927</u>
<b>CURRENT ASSETS</b>			
Investment available for sales	8	565,000	526,250
Deposits and prepayment		1,910	15,850
Cash and bank balances		<u>1,850,460</u>	<u>1,668,673</u>
		2,417,370	2,210,773
<b>LESS : CURRENT LIABILITIES</b>			
Accounts payable and accrued charges		<u>73,580</u>	<u>94,380</u>
<b>NET CURRENT ASSETS</b>		<u>2,343,790</u>	<u>2,116,393</u>
<b>TOTAL NET ASSETS</b>		<u><u>2,362,023</u></u>	<u><u>2,136,320</u></u>
<b>FINANCED BY:</b>			
Surplus brought forward		2,096,027	2,036,978
Surplus for the year		<u>186,953</u>	<u>59,049</u>
Surplus carried forward		2,282,980	2,096,027
Reserves - investment available for sales		<u>79,043</u>	<u>40,293</u>
<b>SHAREHOLDERS' FUND</b>		<u><u>2,362,023</u></u>	<u><u>2,136,320</u></u>

Approved by the board of directors on 17 OCT 2013



Director



Director

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



# HONG KONG ASSOCIATION OF TRAVEL AGENTS LIMITED

## CASH FLOW STATEMENT FOR YEAR ENDED 31ST MARCH, 2013

(Expressed in Hong Kong Dollar)

	2013	2012
<b>CASH FLOW OPERATING ACTIVITIES</b>		
Surplus for the year	186,953	59,049
Adjustment for:		
Depreciation on fixed assets	6,388	5,707
Dividend income	(16,405)	(12,438)
Bank interest income	(42)	(43)
<b>Operating cash inflows before movements in working capital</b>	<u>176,894</u>	<u>52,275</u>
Decrease/(increase) in deposits and prepayment	13,940	(8,800)
(Decrease)/increase in accounts payable and accrued charges	(20,800)	24,940
<b>Net cash inflows from operation activities</b>	<u>170,034</u>	<u>68,415</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
(Purchases) of property, plant and equipment	(4,694)	(24,130)
(Purchases) of investment	0	(485,957)
Dividend income	16,405	12,438
Bank interest income	42	43
<b>Net cash inflows/(outflows) from investing activities</b>	<u>11,753</u>	<u>(497,606)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Interest expenses	0	0
<b>Net cash (outflow)/inflow from financing activities</b>	<u>0</u>	<u>0</u>
<b>INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	181,787	(429,191)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING</b>	<u>1,668,673</u>	<u>2,097,864</u>
<b>CASH AND CASH EQUIVALENTS AT THE END</b>	<u>1,850,460</u>	<u>1,668,673</u>
<b>ANALYSIS OF THE BALANCE OF CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	<u>1,850,460</u>	<u>1,668,673</u>

# HONG KONG ASSOCIATION OF TRAVEL AGENTS LIMITED

## NOTES TO FINANCIAL STATEMENTS

(Expressed in Hong Kong Dollars)

### 1. GENERAL

The Association was incorporated in Hong Kong with limited liability under the Hong Kong Companies Ordinance. The address of its registered office and principal place of business is Room 1021, 10/F., Peninsula Centre, 67 Mody Road, Tsimshatsui, Kowloon.

The principal activity of the Association is of the promotion of welfare and the provision of services to its members.

### 2. PRINCIPAL 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 years presented, unless otherwise stated.

#### a. Basis of preparation

The financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), including all Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), pertinent to the company's operation and relevant to the financial statements for the current accounting period, accounting principles generally accepted in Hong Kong, and the requirements of the Hong Kong Companies Ordinance. The measurement basis used in preparing these financial statements is historical cost. The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates and the management to exercise judgements in applying the company's accounting policies.

The adoption of the new and amended HKFRSs issued by the HKICPA which were first effective on 1st January, 2011 did not result in significant changes in the company's accounting policies. Certain new standards, amendments to and interpretations of existing standards issued by the HKICPA are effective for later accounting periods. While these new standards are not yet required to be adopted in the current year, the company has reviewed the potential impact of their application on the financial statements in the period when they first become applicable and is of the view that these new standards are unlikely to have a significant impact on the company's result and financial position.

## HONG KONG ASSOCIATION OF TRAVEL AGENTS LIMITED NOTES TO FINANCIAL STATEMENTS CONTINUED

(Expressed in Hong Kong Dollars)

### 2. PRINCIPAL ACCOUNTING POLICIES CONTINUED

#### b. Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. When assets are sold or retired, their cost and accumulated depreciation are eliminated from the accounts and any gain or loss resulting from their disposal is included in the income statement. Depreciation is provided to write off their cost of property, plant and equipment over their estimated useful lives using the straight-line method at the following annual rate:

Office Equipment	20%
Furniture & Fixture	20%

#### c. Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Association and when the revenue can be measured reliably. Subscription income is recognised in the year when services are rendered.

Interest income is accrued on a time proportion basis on the principal outstanding and at the interest rate applicable.

Dividend income from investments is recognised when the Association's rights to receive payment have been established.

#### d. Foreign currencies

The Association maintains its accounting records in Hong Kong dollars and transactions involving foreign currencies are translated at the rates of exchange ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates of exchange ruling at that date. Translation differences are included in the income statement.

#### e. Taxation

The charge for taxation is based on the results for the year as adjusted for items that are non-assessable or disallowed. Timing differences arise from the recognition for tax purposes of certain items of income and expense in a different accounting period from that in which they are recognised in the financial statement. The tax effect of timing differences, computed using the liability method, is recognised as deferred taxation in the financial statements to the extent that it is probable that a liability or asset will crystallise in the foreseeable future. A deferred tax asset is not recognised unless its realisation is assured beyond reasonable doubt.

# HONG KONG ASSOCIATION OF TRAVEL AGENTS LIMITED

## NOTES TO FINANCIAL STATEMENTS CONTINUED

(Expressed in Hong Kong Dollars)

### 2. PRINCIPAL ACCOUNTING POLICIES CONTINUED

#### f. Related parties

Two parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operation decisions. Parties are also considered to be related if they are subject to common control or common significant influence.

#### g. Available-for-sale investment

Available-for-sales financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified in any other categories. When financial assets are recognized initially, they are measured at fair value. After initial recognition, available-for-sale financial assets are measured at fair value, with gains or losses recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in the income statement.

#### h. Provisions

Provisions for environmental restoration, restructuring costs and legal claims are recognized when the Association has a present legal or constructive obligations as result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

#### i. Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Association. It can also be a present obligation arising from past events that is not recognized because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably. A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognised as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Association. A contingent assets is not recognised but is disclosed in the notes to the financial statement when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognised.

**HONG KONG ASSOCIATION OF TRAVEL AGENTS LIMITED**  
**NOTES TO FINANCIAL STATEMENTS CONTINUED**

(Expressed in Hong Kong Dollars)

**2. PRINCIPAL ACCOUNTING POLICIES CONTINUED**

**j. Impairment and gain or loss on sale**

At each balance sheet date, both internal and external sources of information are considered to assess whether there is any indication that assets included in other properties and other property, plant and equipment are impaired. If any such indication exists, the recoverable amount of the asset is estimated and where relevant, an impairment losses are recognised in the income statement except where the asset is carried at valuation and the impairment loss does not exceed the revaluation surplus for that same asset, in which case it is treated as a revaluation decrease.

The gain or loss on disposal of a property, plant and equipment other than investment properties is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in the income statement.

**k. Financial assets at fair value through profit or loss**

Financial assets at fair value through profit or loss are financial assets held for trading. An financial assets are classified in this category if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets.

At each balance sheet date, the net unrealised gains or losses arising from the changes in fair value of other investments are recognised in the income statement. Profit or losses on disposal of other investments, representing the difference between the net sales proceeds and the carrying amounts, are recognised in the income statement as they arise.

**l. Fair value estimation**

According to the Company policy, the fair value in full is determined directly in full by reference to published bid price quoted on the stock exchange.

**3. FINANCIAL RISK MANAGEMENT**

**Financial instruments**

The principal financial assets of the Association are accounts receivable, available-for-sale investment, deposits and prepayment. The principal financial liabilities of the Association include accounts payable and accruals. The Association did not hold or issue any financial instruments for trading purposes or any positions in derivative contracts during the year ended 31st March, 2013.

**a. Foreign currency risk**

As at 31st March, 2013, the Association has no significant foreign exchange risk.

**HONG KONG ASSOCIATION OF TRAVEL AGENTS LIMITED**  
**NOTES TO FINANCIAL STATEMENTS CONTINUED**

(Expressed in Hong Kong Dollars)

**3. FINANCIAL RISK MANAGEMENT CONTINUED**

b. Credit risk

As at 31st March, 2013, the Association has no significant concentration of credit risk.

c. Interest rate risk

As at 31st March, 2013, the Association has no significant interest rate risk.

**4. SUBSCRIPTION INCOME**

All subscription are payable by reference to the year commencing on 1st April and shall be due and payable in one lump sum on 1st April in each year.

**5. EXECUTIVES' REMUNERATION**

No executive received any fees or emoluments in respect of their services rendered during the year.

**6. TAXATION**

Hong Kong Profits Tax has not been provided as the Association's estimate assessable profits the year is wholly absorbed by unrelieved tax losses brought forward from previous years.

**7. PROPERTY, PLANT AND EQUIPMENT**

	<u>Furniture and fixtures</u>	<u>Office decoration</u>	<u>Total</u>
<b>Cost</b>			
At 1.4.2012	70,480	150,461	220,941
Additions during the year	0	4,694	4,694
At 31.3.2013	<u>70,480</u>	<u>155,155</u>	<u>225,635</u>
<b>Aggregate Depreciation</b>			
At 1.4.2012	70,480	130,534	201,014
Charge for the year	0	6,388	6,388
At 31.3.2013	<u>70,480</u>	<u>136,922</u>	<u>207,402</u>
<b>Net Book Value</b>			
At 31.3.2013	<u>0</u>	<u>18,233</u>	<u>18,233</u>
At 31.3.2012	<u>0</u>	<u>19,927</u>	<u>19,927</u>

**HONG KONG ASSOCIATION OF TRAVEL AGENTS LIMITED**  
**NOTES TO FINANCIAL STATEMENTS CONTINUED**

(Expressed in Hong Kong Dollars)

**8. INVESTMENT AVAILABLE FOR SALES**

	<b>2013</b>	<b>2012</b>
Equity security listed in Hong Kong, at fair value	<u>565,000</u>	<u>526,250</u>

The unrealized profits of \$79,043 in the year ended 31st March, 2013 has been directly recognized in "Reserves – Investment available for sales" at fair value.

In the opinion of director, the director considered that the investment was held for available for sales purposes during the year.

**9. OPERATING LEASE COMMITMENT**

At 31st March, 2013, the Company had annual commitments under operating leases to make payments in the next year for the use of land and buildings as follows:-

	<b>2013</b>	<b>2012</b>
<b>Lease charges payable</b>		
Not later than one year	0	6,000
Over one year	<u>0</u>	<u>0</u>
	<u>0</u>	<u>6,000</u>

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**HONG KONG ASSOCIATION OF TRAVEL AGENTS LIMITED****CORPORATION PROFITS TAX COMPUTATION  
YEAR OF ASSESSMENT 2012/2013**

(Expressed in Hong Kong Dollars)

**Basis period:** Year ended 31st March 2013

Surplus per accounts		186,953
Add: Depreciation	6,388	6,388
		<u>193,341</u>
Less: Bank interest income exempted for profits tax	42	
Dividend income	16,405	
Depreciation allowances - Sch. 1	755	
Computer software and hardware	4,338	
		<u>21,540</u>
Assessable profit		<u><u>171,802</u></u>

**STATEMENT OF LOSS**

Tax losses b/f	(510,843)
Assessable profit	171,802
Tax losses c/f	<u><u>(339,042)</u></u>

**DEPRECIATION ALLOWANCES (SCHEDULE 1)**

	Pool 10%	Pool 20%	Pool 30%	Total allowances
W.D.V. b/f	1,890	1,518	71	
Add: Additions	0	356	0	
Less: I.A.-60%	0	213	0	213
	<u>1,890</u>	<u>1,661</u>	<u>71</u>	
Less: A.A	189	332	21	542
W.D.V. c/f	<u><u>1,701</u></u>	<u><u>1,329</u></u>	<u><u>50</u></u>	<u><u>755</u></u>