

HONG KONG ASSOCIATION OF TRAVEL AGENTS LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2016

翁世喬執業會計師

YUNG SAI KUI

Certified Public Accountant (Practising)

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, 2016.

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, 2016 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. Shum Jiu Sang, Jason	- Chairman
Mr. Richard Albert John Willis	- Vice Chairman
Mr. Tsang Sik Yiu, Edmund	- Vice Chairman
Mr. Chang Kin Ming, Ken	- Committee Member/Hon. Secretary/Treasurer
Mr. Leung Yiu Lam, Paul	- Committee Member
Mr. Chu Siu Ning	- Committee Member
Ms. Ma Wai Ling, Eliza	- Committee Member
Ms. Agonoy Lily T.	- Committee Member
Mr. Cheung Man Ho	- Committee Member
Mr. Wu Keng Hou, Ronald	- Committee Member
Mr. Liang Jun	- Committee Member
Mr. Wo Yu Wai	- Committee Member
Mr. Wu Siu Leng	- Committee Member (Appointed on 10th December, 2015)
Mr. Wong Chun Tat	- Committee Member (Resigned on 10th December, 2015)

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.

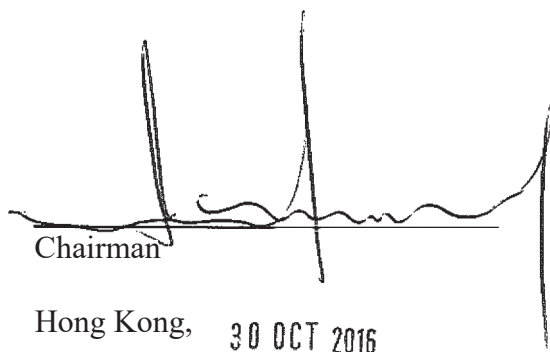
BUSINESS REVIEW

The company prepared a special resolution which is passed by the members to the effect that the company is exempted from preparing the business review.

AUDITORS

Yung Sai Kui Certified Public Accountant (Practising) retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment 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



Chairman

Hong Kong, 30 OCT 2016

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, 2016, and the income statement and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the financial statements

The directors of the company are responsible for the preparation of the financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance (Cap. 622), 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.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. This report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance (Cap 622), 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, 2016 and of its surplus and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.



YUNG SAI KUI

Certified Public Accountant (Practising)

Hong Kong, 31 OCT 2016

HONG KONG ASSOCIATION OF TRAVEL AGENTS LIMITED

INCOME STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2016

(Expressed in Hong Kong Dollars)

	Note	2016	2015
INCOME			
Subscription income	4	620,825	640,000
Net income from activities projects		47,872	141,627
Interest income		61	54
Dividend income		20,141	20,884
Sundry income		200,500	206,100
		<u>889,399</u>	<u>1,008,665</u>
EXPENDITURE			
Auditors' remuneration		6,000	6,000
Bad debts		0	31,500
Bank charges and interest		884	1,260
Business registration fee		2,250	2,250
Depreciation		6,039	6,038
Insurance		1,487	1,397
Internet charges		7,770	4,266
Mandatory provident fund contribution		21,260	20,405
Medical claim		150	0
Postage and courier fee		255	1,273
Printing and stationary		7,424	409
Professional fee		45,805	53,850
Salaries and bonus		431,600	412,100
Storage fee		8,280	8,460
Subscription fee		5,000	0
Sundry expenses		13,968	21,661
Telecommunications		6,124	6,965
Transportation fee		1,475	5,180
		<u>565,771</u>	<u>583,014</u>
SURPLUS BEFORE TAXATION		323,628	425,651
TAXATION	6	<u>(31,009)</u>	<u>(27,680)</u>
SURPLUS FOR THE YEAR		<u>292,619</u>	<u>397,971</u>

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

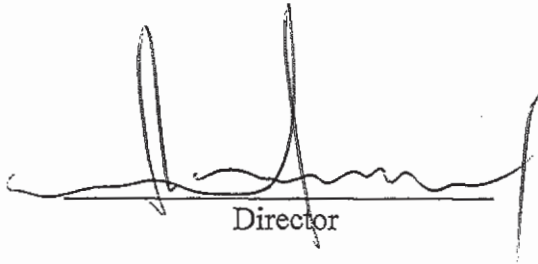
HONG KONG ASSOCIATION OF TRAVEL AGENTS LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2016

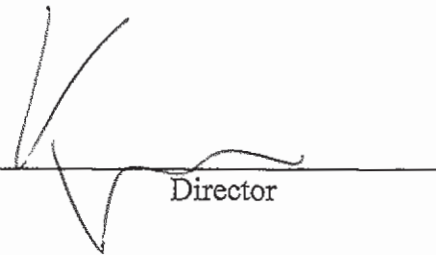
(Expressed in Hong Kong Dollars)

	Note	2016	2015
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	<u>1,486</u>	<u>7,525</u>
CURRENT ASSETS			
Investment available for sales	8	526,250	632,500
Account receivable		2,777	0
Deposits and prepayment bank balances		1,440	7,550
Tax repayable		2,758,534	2,501,082
		<u>36,703</u>	<u>0</u>
		<u>3,325,704</u>	<u>3,141,132</u>
LESS CURRENT LIABILITIES			
:			
Accounts payable and accrued charges		81,716	77,750
Tax payable		0	11,802
		<u>81,716</u>	<u>89,552</u>
NET CURRENT ASSETS		<u>3,243,988</u>	<u>3,051,580</u>
TOTAL NET ASSETS		<u>3,245,474</u>	<u>3,059,105</u>
FINANCED BY:			
Surplus brought forward		2,912,562	2,514,591
Surplus for the year		292,619	397,971
Surplus carried forward		<u>3,205,181</u>	<u>2,912,562</u>
Reserves - investment available for sales		40,293	146,543
SHAREHOLDERS' FUND		<u>3,245,474</u>	<u>3,059,105</u>

Approved by the board of directors on 30 OCT 2016



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, 2016

(Expressed in Hong Kong Dollar)

	2016	2015
CASH FLOW OPERATING ACTIVITIES		
Surplus for the year	323,628	425,651
Adjustment for:		
Depreciation on fixed assets	6,039	6,038
Dividend income	(20,141)	(20,884)
Bank interest income	(61)	(54)
Operating cash inflows before movements in working capital	<u>309,465</u>	<u>410,751</u>
(Increase) in Account receivable	(2,777)	0
Decrease/(Increase) in Deposits and prepayment	6,110	(6,800)
Increase/(Decrease) in Accounts payable and accrued charges	<u>3,966</u>	<u>(98,772)</u>
Net cash inflow from operation activities	<u>316,764</u>	<u>305,179</u>
CASH FLOW FROM INVESTING ACTIVITIES		
(Purchases) of property, plant and equipment	0	0
Tax paid	(79,514)	(15,878)
Dividend income	20,141	20,884
Bank interest income	61	54
Net cash (outflow)/inflow from investing activities	<u>(59,312)</u>	<u>5,060</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest expenses	0	0
Net cash (outflow)/inflow from financing activities	<u>0</u>	<u>0</u>
INCREASE IN CASH AND CASH EQUIVALENTS	257,452	310,239
CASH AND CASH EQUIVALENTS AT BEGINNING	<u>2,501,082</u>	<u>2,190,843</u>
CASH AND CASH EQUIVALENTS AT THE END	<u><u>2,758,534</u></u>	<u><u>2,501,082</u></u>
ANALYSIS OF THE BALANCE OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	<u>2,758,534</u>	<u>2,501,082</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 Units 502-4, 5/F., Skyway House, North Block, 3 Sham Mong Road, Tai Kok Tsui, Kowloon.

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

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

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (HKFRSs), the collective term which 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) and accounting principles generally accepted in Hong Kong. These financial statements also comply with the applicable requirements of the Hong Kong Companies Ordinance (Cap. 622). A summary of the significant accounting policies adopted by the group is set out below.

The adoption of the new and amended HKFRSs issued by the HKICPA which were first effective on 1st January, 2015 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 requires 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, 2016.

a. Foreign currency risk

As at 31st March, 2016, 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, 2016, the Association has no significant concentration of credit risk.

c. Interest rate risk

As at 31st March, 2016, 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

Provision for Hong Kong profits tax is calculated at 16.5% of the estimated assessable profits for the year.

7. PROPERTY, PLANT AND EQUIPMENT

	<u>Furniture and fixtures</u>	<u>Office decoration</u>	<u>Total</u>
Cost			
At 1.4.2015	70,480	156,523	227,003
At 31.3.2016	<u>70,480</u>	<u>156,523</u>	<u>227,003</u>
Aggregate Depreciation			
At 1.4.2015	70,480	148,998	219,478
Charge for the year	0	6,039	6,039
At 31.3.2016	<u>70,480</u>	<u>155,037</u>	<u>225,517</u>
Net Book Value			
At 31.3.2016	<u>0</u>	<u>1,486</u>	<u>1,486</u>
At 31.3.2015	<u>0</u>	<u>7,525</u>	<u>7,525</u>

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

(Expressed in Hong Kong Dollars)

8. INVESTMENT AVAILABLE FOR SALES

	2016	2015
Equity security listed in Hong Kong, at fair value	<u>526,250</u>	<u>632,500</u>

The unrealized profits of \$40,293 in the year ended 31st March, 2016 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.

HONG KONG ASSOCIATION OF TRAVEL AGENTS LIMITED**CORPORATION PROFITS TAX COMPUTATION
YEAR OF ASSESSMENT 2015/2016**

(Expressed in Hong Kong Dollars)

Basis period: Year ended 31st March 2016

Surplus per accounts			323,628
Add: Depreciation		<u>6,039</u>	<u>6,039</u>
			329,667
Less: Bank interest income exempted for profits tax		61	
Dividend income		20,141	
Depreciation allowances - Sch. 1		<u>314</u>	
			<u>20,516</u>
Assessable profit			<u><u>309,151</u></u>

DEPRECIATION ALLOWANCES (SCHEDULE 1)

	<u>Pool 10%</u>	<u>Pool 20%</u>	<u>Pool 30%</u>	<u>Total allowances</u>
W.D.V. b/f	1,378	852	25	
Less: A.A	<u>137</u>	<u>170</u>	<u>7</u>	<u>314</u>
W.D.V. c/f	<u><u>1,241</u></u>	<u><u>682</u></u>	<u><u>18</u></u>	<u><u>314</u></u>