

HONG KONG CONTRACT BRIDGE ASSOCIATION LIMITED

REPORTS AND FINANCIAL STATEMENTS

FOR THE PERIOD FROM 1 NOVEMBER 2018 TO 31 DECEMBER 2019

HONG KONG CONTRACT BRIDGE ASSOCIATION LIMITED
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HONG KONG CONTRACT BRIDGE ASSOCIATION LIMITED

REPORT OF THE PRESIDENT

In view of the unstable political environment in Hong Kong in 2019 and the ongoing Covid-19 pandemic worldwide, we have no choice but to reschedule and cancel many events as we put safety of our members ahead of everything else. Please stay close to our website for any news and update in tournament schedules.

As I mentioned in my last report, Government is stepping up their support on our Association but unfortunately at current stage the support covers mainly on individual athletes who did well in the 2019 Asian Games. We have been attempting to apply for the Broad Grant but was turned down twice, no doubt we will keep working on the application for the future development of the club and benefits of our members. As a result of Government support, we made a successful bid for the 2021 APBF to be held in Hong Kong, this will allow our members to watch top players in Zone 6 & Zone 7 performing at their best at close distance, and as it is a Bermuda year, of the thrill to watch with excitement on whether or how many HK teams can win a berth in Bermuda Bowl, Venice Cup, d'Orsi Trophy, as well as the newly added Wuhan Cup.

If APBF 2021 is held successfully and fruitfully, the Council is contemplating hosting the 2023 (or 2025) Bermuda Bowl in Hong Kong, we have just began our negotiation with the WBF and it is too early to draw any conclusion. We believe the final conclusion depends on whether WBF provides attractive terms and positions and the amount of subsidy we can obtain from the Government.

Last year we participated in numbers of international events and results are summarized as followed:

- 1) In April 2019, three teams were sent to 2019 APBF Youth Team Championships.
The Junior team finished at 4th out of 9 teams
The Youngster team finished at 5th out of 7 teams
The Kids team finished at 10th out of 21 teams
Only the Junior team obtained a ticket to participate in the World Youth Bridge Teams Championships, which was postponed to 2021 with the exact dates to be confirmed.
- 2) In June 2019, we participated in APBF in Singapore, the result is not impressive, our open team came 6th out of a total of 12 teams, ladies team came 4th out of total of 10 teams, 2 senior teams came 4th/14th out of total of 16 teams, and our mixed team came 9th out of a total of 11 teams.

However, our open team did manage to edge out Japan and won a berth for Bermuda Bowl, likewise our Ladies team won against Indonesia to secure a seat in Venice Cup; our Senior team was narrowly edged out by Japan, however, as the South American Team later withdrew from Senior Bowl, the senior team got the last ticket to the event. Hong Kong was able to send 3 teams to the World Bridge Team Championships.

- 3) The Bermuda Bowl, Venice Cup, d'Orsi Trophy and Mixed teams were held in Wuhan in 14 – 28 September.
Our Open team eventually came 11th out of a total of 24 teams.
The Ladies team finished 17th out of a total of 24 teams.
Our Senior team finished 20th out of a total of 24 teams.

HONG KONG CONTRACT BRIDGE ASSOCIATION LIMITED REPORT OF THE PRESIDENT (CONTINUED)

We organized the annual Intercity championship from 17 to 21 of July again at Crowne Plaza in TKO, and the open team champion went to Team Geely Automobile, Open Pairs went to Kongo Kong - Terence Chan, Swiss Team goes to Team John Tsang whilst a substantial medals are won by the local players.

The triangular interport took place in 13 to 14 July in our clubhouse and Guangzhou team win this year, where this event might be replaced by big bay area events starting next year.

Our total number of members is 352, a slight increase over that of 2018. We had an average of 9 tables in our regular tournament, this was somewhat affected by external situations in Hong Kong.

On the promotion of Bridge, we at present do give our consent to “Hong Kong Bridge Cultural Centre” to teach Bridge under HKCBA’s name, but this is just to ensure a proper standard and syllabus can be established, the Council do welcome all those who are interested to do whatever you can to promote Bridge in Hong Kong, in particular if we can arouse interactions amongst secondary schools as well as universities. The council will review this situation on an annual basis in order to enable that necessary changes and improvements can be made.

We do encounter a very unfortunate incident which should be reported to all member, the China Mind Sports Game will be held in China during November. We hosted a trial, but the winner of the trial only at a very late stage, informed the Council through an unofficial manner that they cannot go due to personal safety issues caused by and parents of two of their members (which are below 18) disagreed their participation.

We do consider this is a serious violation of conduct in view of:

- i) We do recognize there might be unforeseen events taking place, in such cases, we do expect those facing problem to inform the council as soon as they become aware of the possibility, so that possible solutions can be discussed and implemented.

None of the council members received any request or enquiries from their team members expressing their concerns of safety issue before their notification, which is only 1 month before the event (event participants, conditions of contest and event schedules had already been released by the organizer).

Due to the late notification, we were unable to negotiate with the organizing committee of the event to send another team. Other youth members’ opportunity was taken away.

- ii) Unless in very extreme scenarios, we do not accept personal reasons such as not being able to apply for leaves, disagreement by family members, etc. It is players’ responsibility to obtain consent from their family members to participate in international competitions.

HONG KONG CONTRACT BRIDGE ASSOCIATION LIMITED
REPORT OF THE PRESIDENT (CONTINUED)

- iii) After Council Member provided an preliminary warning to the team that penalties of prohibiting members form their team to participate in international events may be imposed, they counter offer immediately that the remaining members can indeed participate in the event, which we consider this as a bargain in the market.

As a result, we imposed a penalty of prohibiting 4 of the members for one year ban in taking part in any event representing HKCBA, and if such thing happen again, the penalty will be much more severe.

We do hope this is the last time the Council has to deal with such unpleasant and difficult decision.

Zen Wei Peu
President

HONG KONG CONTRACT BRIDGE ASSOCIATION LIMITED

REPORT OF THE COUNCILLORS

The councilors present their annual report and the audited financial statements for the period from 1 November 2018 to 31 December 2019.

Change of financial year end date

By a resolution of the directors dated 22 October 2019, the financial year end date of Hong Kong Contract Bridge Association (“the Association”) has been changed from 31 October to 31 December. Accordingly, the financial period covers a period of 14 months from 1 November 2018 to 31 December 2019.

Principal activities

The principal activities of Hong Kong Contract Bridge Association (“the Association”) are to foster greater interest and higher standards in contract bridge, and to promote and organize contract bridge tournaments and events in Hong Kong. There were no significant changes in the nature of the Association’s principal activities during the period.

Results and appropriations

The surplus of the Association for the period from 1 November 2018 to 31 December 2019 and the state of the Association’s affairs as at that date are set out in the Association’s financial statements on pages 9 to 19.

Association equipment

Details of the movements during the period in the equipment of the Association are set out in note 7 to the financial statements.

Share capital

The Association is limited by guarantee and accordingly, there is no share capital.

Councillors

The following councillors of the Association held office during the period and up to the date of this report:

Zen Wei Peu
Cheung Lik
Chan Pui Yi Pearl
Wai Chiu Fai
Leung Hong Sing
Hui Kin Yip Ronald
Lai Wai Kit
Lau Pik Kin
Lee Hing Lung
Mak Kwok Fai
Tam Ji Jun
Tang Tsz In
Tsang Pui Kei

President
Vice-president
Secretary
Treasurer (appointed on 1 June 2019)
(resigned on 1 June 2019)

HONG KONG CONTRACT BRIDGE ASSOCIATION LIMITED
REPORT OF THE COUNCILLORS (CONTINUED)

Business Review

No business review report has been prepared as the Association falls within the reporting exemption for the financial year and is accordingly exempt from preparing such a report under section 388(3) of the Hong Kong Companies Ordinance.

Indemnity of Councillors

No permitted indemnity provision (as defined in section 469 of the Hong Kong Companies Ordinance) for the benefit of the councillors of the Association is currently in force and was in force throughout the period.

Auditor

A resolution for the reappointment of Jackal C.Y. Wong, Certified Public Accountant (Practising) as auditor of the Association is to be proposed at the forthcoming annual general meeting.

On behalf of the Council

Zen Wei Peu, President
Hong Kong, 30 October 2020

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF HONG KONG CONTRACT BRIDGE ASSOCIATION
LIMITED**

(incorporated in Hong Kong and limited by guarantee)

Opinion

We have audited the financial statements of Hong Kong Contract Bridge Association Limited (the "Association") set out on pages 9 to 19, which comprise the statement of financial position as at 31 December 2019, and the income statement for the period then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements of the Association are prepared, in all material respects, in accordance with the Hong Kong Small and Medium-sized Entity Financial Reporting Standard ("SME-FRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") and with reference to Practice Note 900 (Revised), Audit of Financial Statements Prepared in Accordance with the Small and Medium-sized Entity Financial Reporting Standard issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the 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.

Information other than the Financial Statements and Auditor's Report thereon

The Councillors are responsible for the other information. The other information comprise the information included in the Councillors' 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 CONTRACT BRIDGE ASSOCIATION
LIMITED**

(incorporated in Hong Kong and limited by guarantee) (Continued)

Responsibilities of Councillors for the Financial Statement

The Councillors are responsible for the preparation of financial statements in accordance with the SME-FRS issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the Councillors 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 Councillors 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 Councillors either intend to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

The Councillors are responsible for overseeing the Association's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance (Cap. 622), and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of the report.

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

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

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

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF HONG KONG CONTRACT BRIDGE ASSOCIATION
LIMITED**

(incorporated in Hong Kong and limited by guarantee) (Continued)

- Conclude on the appropriateness of the Councillors' 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.

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.

Jackal C.Y. Wong
Certified Public Accountant (Practising)
Hong Kong, 30 October 2020

HONG KONG CONTRACT BRIDGE ASSOCIATION LIMITED
STATEMENT OF INCOME AND MEMBERS' EQUITY
FOR THE PERIOD FROM 1 NOVEMBER 2018 TO 31 DECEMBER 2019

	Note	1.11.2018 – 31.12.2019 HK\$	1.11.2017 – 31.10.2018 HK\$
Income from events and membership:			
Membership fees	5	31,000	59,900
Regular tournaments income		560,060	118,671
Intercity tournaments income		1,269,387	1,168,410
Income from Leisure and Culture Services			
Department bridge promotion courses		17,779	13,452
Bridge promotion course income		12,200	34,200
General sponsorships		60,000	125,000
Individual Athletes Support Scheme Fund income		95,813	-
Tier B Sports Funding income		718,862	-
Sports Federation and Olympic Committee income		3,904	-
		<u>2,769,005</u>	<u>1,519,633</u>
Cost of events:			
Regular tournaments expenses		(370,383)	(139,270)
Intercity tournaments expenses		(1,290,068)	(1,251,355)
Additional venue charge		(164,910)	-
Expenses for Leisure and Culture Services			
Department bridge promotion courses		(30,000)	(11,532)
Bridge promotion course expenses		(14,000)	(77,919)
Youth development program expenses		(39,816)	-
		<u>(1,909,177)</u>	<u>(1,480,076)</u>
Surplus from events and membership		<u>859,828</u>	<u>39,557</u>
Other income:			
Dividend income		67,336	56,333
Interest income		593	75
Sundry income		47,210	51,020
Gain on disposal		18,000	-
		<u>133,139</u>	<u>107,428</u>
Total surplus b/f		<u>992,967</u>	<u>146,985</u>

The notes on pages 12 to 19 form part of these financial statements.

HONG KONG CONTRACT BRIDGE ASSOCIATION LIMITED
STATEMENT OF INCOME AND MEMBERS' EQUITY
FOR THE PERIOD FROM 1 NOVEMBER 2018 TO 31 DECEMBER 2019
(CONTINUED)

	Note	1.11.2018 – 31.12.2019 HK\$	1.11.2017 – 31.10.2018 HK\$
Total surplus c/f		<u>992,967</u>	<u>146,985</u>
Expenditure:			
Auditor's remuneration		8,500	6,500
Bank charges		3,577	1,888
Business registration fee		2,500	-
Coach fee		44,598	-
Consultancy fee		36,000	-
Entry fee	6	150,394	33,689
Hiring fee		2,072	-
Legal and professional fee		13,500	4,300
Mandatory Provident Fund		44,750	-
Postage		-	2,756
Printing and stationery		1,061	2,101
Prizes and free game bonuses		51,630	36,660
Salaries		462,400	-
Storage rental		20,570	-
Subscription fee		3,170	5,510
Sundries		57,128	55,173
Transportation		4,510	6,027
Web page expenses		5,260	5,668
		<u>911,620</u>	<u>160,272</u>
Surplus/(deficit)		81,347	(13,287)
Changes in fair value of financial assets through profit or loss		(50,289)	(166,897)
Exchange (losses)/gains		(211)	-
Surplus/(deficit) for the period		30,847	(180,184)
Members' equity at start of period		2,286,721	3,072,850
Changes in Donation fund		(45,000)	-
Changes in Ladies Development fund		-	(12,228)
Changes in Fund for the Asian Games 2018		(185,150)	(679,441)
Changes in Individual Athletes Support Scheme Fund		466,512	-
Changes in Tier B Sports Fund		428,159	-
Changes in Renovation & Development Fund		204,477	85,724
Members' equity at end of period		<u>3,186,566</u>	<u>2,286,721</u>

The notes on pages 12 to 19 form part of these financial statements.

HONG KONG CONTRACT BRIDGE ASSOCIATION LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 December 2019

	Note	2019 HK\$	2018 HK\$
Non-current assets			
Association equipment	7	-	-
Financial assets	8	862,001	912,290
		<u>862,001</u>	<u>912,290</u>
Current assets			
Other receivables and prepayments	9	1,784,649	23,452
Cash and bank balances		1,333,504	1,398,331
		<u>3,118,153</u>	<u>1,421,783</u>
Less: Current liabilities			
Other payables and accruals		346,030	47,352
Bank overdraft		447,558	-
		<u>793,588</u>	<u>47,352</u>
Net current assets		<u>2,324,565</u>	<u>1,374,431</u>
Net assets		<u>3,186,566</u>	<u>2,286,721</u>
Members' Equity			
Capital fund	11	333,888	333,888
Donation fund	11	802,477	847,477
Ladies Development fund	11	149,805	149,805
Youth Development fund	11	74,459	74,459
Asian Games 2018 fund	11	-	185,150
Renovation & development fund	11	290,201	85,724
Individual Athletes Support Scheme IASS Fund	11	466,512	-
Tier B Sports Fund	11	428,159	-
General fund	11	641,065	610,218
		<u>3,186,566</u>	<u>2,286,721</u>

The financial statements on pages 9 to 19 were approved and authorised for issue by the Board of Councillors on 30 October 2020 and are signed on its behalf by:

President

Treasurer

The notes on pages 12 to 19 form part of these financial statements.

HONG KONG CONTRACT BRIDGE ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 NOVEMBER 2018 TO 31 DECEMBER 2019

1. General information

Hong Kong Contract Bridge Association Limited (“the Association”) was incorporated as a company limited by guarantee under the laws of Hong Kong on 19 October 2001. The registered office of the Association is in Hong Kong. The principal activities of the Association are to foster greater interest and higher standards in contract bridge, and to promote and organize contract bridge tournaments and events in Hong Kong. There were no significant changes in the nature of the Association’s principal activities during the period.

2. Basis of preparation

The Association qualifies for the reporting exemption as a small guarantee company under section 359(1)(a) of the Hong Kong Companies Ordinance (Cap. 622). The Association is therefore entitled to prepare and present its financial statements in accordance with the Small and Medium-sized Entity Financial Reporting Standard (SME-FRS) issued by the Hong Kong Institute of Certified Public Accountants.

These financial statements comply with the SME-FRS and have been prepared under the accrual basis of accounting and on the basis that the Association is a going concern.

The measurement base adopted is the historical cost convention, as modified by the financial assets at fair value through profit or loss, which are carried at fair value.

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

3. Significant accounting policies

The following are the significant accounting policies that are necessary for a proper understanding of the financial statements.

(a) Trade and other receivables

Trade and other receivables are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade and other receivables is established when there is objective evidence that the Association will not be able to collect all amounts due according to the original terms of receivables.

(b) Taxation

Income tax expense represents current tax expense. The income tax payable represents the amounts expected to be paid to the taxation authority, using the tax rates (and tax laws) that have been enacted or substantively enacted by the statement of financial position date.

Deferred tax is not provided.

HONG KONG CONTRACT BRIDGE ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 NOVEMBER 2018 TO 31 DECEMBER 2019

3. Significant accounting policies (Continued)

(c) Foreign currency translation

(i) Functional and presentation currency

Items include in the financial statement of the Association are measured using the currency of the primary economic environment in which the Association operates (the functional currency). These financial statements are presented in Hong Kong Dollars, which is the Association's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in profit or loss within "finance costs". All other foreign exchange gains and losses are presented in profit or loss within "other income" or "other expenses".

(d) Impairment of non-financial assets

At each reporting date, property, plant and equipment is reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected assets (or group of related assets) is estimated and compared with its carrying amount. If an estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset (group of related assets) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

(e) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

Revenue is recognised in statement of income and members' equity provided it is probable that the economic benefits will flow to the Association and the revenue and costs, if applicable, can be measured reliably, as follows:

HONG KONG CONTRACT BRIDGE ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 NOVEMBER 2018 TO 31 DECEMBER 2019

3. Significant accounting policies (Continued)

(e) Revenue recognition (Continued)

- (i) Membership fees, donations and sponsorships received are recognised in the financial year of receipt.
- (ii) Income from Association activities is recognised upon completion of the activities.
- (iii) Interest income is accrued on a time basis by reference to the principal outstanding and at the interest rate applicable.
- (iv) Dividend income is recognised when the shareholders' right to receive payment is established.

(f) Association equipment

Association equipment is 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. Expenditure incurred after the asset has been put into operation, such as repairs and maintenance, is normally charged to the profit or loss in the year in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to obtain from the use of the asset, the expenditure is capitalised as an additional cost of the asset.

Depreciation is provided to write off the cost of each asset over its estimated useful life on a straight-line basis at the following annual rates:

Association equipment	20%
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The gain or loss arising from the disposal or retirement of the asset is the difference between the net sales proceeds and the carrying amount of the relevant asset and is recognised in the profit or loss.

(g) Financial assets at fair value through profit or loss

An entity recognises a financial asset only when the entity becomes a party to the contractual provisions of the instrument.

When a financial asset is recognised initially an entity shall measure it at its fair value, which is normally the transaction price (excluding transaction costs).

At the end of each reporting period, the financial asset is measured at fair value and recognise changes in fair value in profit or loss.

HONG KONG CONTRACT BRIDGE ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 NOVEMBER 2018 TO 31 DECEMBER 2019

3. Significant accounting policies (Continued)

(h) Related parties

For the purposes of these financial statements, a party is considered to be related to the Association if:

- (i) the party is a person or a close member of that person's family and that person
 - (a) has control or joint control of the Association;
 - (b) has significant influence over Association; or
 - (c) is a member of the key management personnel of the Association or of a parent of the Association;

or

- (ii) the party is an entity where any of the following conditions applies:
 - (a) the entity and the Association are members of the same group;
 - (b) one entity is an associate or joint venture of the other entity;
 - (c) the entity and the Association are joint ventures of the same third party;
 - (d) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (e) the entity is a post-employment benefit plan for the benefit of employees of either the Association or an entity related to the Association. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity;
 - (f) the entity is controlled or jointly controlled by a person identified in (a); and
 - (g) 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).

4. Tax

Pursuant to section 24 of Inland Revenue Ordinance where more than half of the Association's gross receipts are received from its members, the whole of the income shall not to be chargeable to profit tax. Accordingly, no provision for Hong Kong tax and deferred tax is considered necessary.

HONG KONG CONTRACT BRIDGE ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 NOVEMBER 2018 TO 31 DECEMBER 2019

5. Membership fees

	1.11.2018 – 31.12.2019 HK\$	1.11.2017 – 31.10.2018 HK\$
Life members admission fees	16,000	32,000
Upgraded life members admission fee	11,700	-
	<u>27,700</u>	<u>32,000</u>
Annual fees:		
- Ordinary members	1,600	10,000
- Ordinary (upgraded) members	300	-
- Senior members	100	2,200
- Youth members	1,300	15,700
	<u>3,300</u>	<u>27,900</u>
Total	<u>31,000</u>	<u>59,900</u>
	2019 HK\$	2018 HK\$
Number of members:		
- Honorary members	2	2
- Life members	215	207
- Ordinary members	28	24
- Senior members	21	19
- Youth members	86	74
Total	<u>352</u>	<u>326</u>

6. Entry fee

	1.11.2018 – 31.12.2019 HK\$	1.11.2017 – 31.10.2018 HK\$
Bridge Game entry fee and expenses	<u>150,394</u>	<u>33,689</u>

HONG KONG CONTRACT BRIDGE ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 NOVEMBER 2018 TO 31 DECEMBER 2019

7. Association equipment

	Association equipment HK\$	Total HK\$
Cost:		
At beginning of period	33,034	33,034
Disposal	(14,544)	(14,544)
	<hr/>	<hr/>
At end of period	18,490	18,490
	<hr/>	<hr/>
Accumulated depreciation:		
At beginning of period	33,034	33,034
Disposal	(14,544)	(14,544)
	<hr/>	<hr/>
At end of period	18,490	18,490
	<hr/>	<hr/>
Net book value:		
At 31 December 2019	-	-
	<hr/>	<hr/>
At 31 October 2018	-	-
	<hr/>	<hr/>

8. Financial assets

	1.11.2018 – 31.12.2019 HK\$	1.11.2017 – 31.10.2018 HK\$
Listed shares, at market value		
- in Hong Kong	862,001	912,290
	<hr/>	<hr/>

Financial assets are classified as fair value through profit or loss. The fair value is measured based on quoted prices in an active market.

9. Other receivables and prepayments

	1.11.2018 – 31.12.2019 HK\$	1.11.2017 – 31.10.2018 HK\$
Other receivables	1,780,799	13,452
Temporary payments	-	10,000
Sundry deposit	3,850	-
	<hr/>	<hr/>
	1,784,649	23,452
	<hr/>	<hr/>

10. Comparative figures

These financial statements were prepared for the period from 1 November 2018 to 31 December 2019, the results of which were not directly comparable with those for previous period from 1 November 2017 to 31 October 2018.

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11. Members' equity

	Capital fund HK\$	Donation fund HK\$	Ladies Development fund HK\$	Youth Development fund HK\$	Fund for the Asian Games 2018 HK\$	Renovation and Development fund HK\$	Individual Athletes Support Scheme fund HK\$	Tier B Sports fund HK\$	General fund HK\$	Total HK\$
Balance as at 31.10.2017	333,888	847,477	162,033	74,459	864,591	-	-	-	790,402	3,072,850
Payment for Asian Games 2018	-	-	-	-	(679,441)	-			-	(679,441)
Contribution for Renovation and Development fund	-	-	-	-	-	385,520			-	385,520
Payment for Renovation and Development fund	-	-	-	-	-	(299,796)			-	(299,796)
Transferred to Statement of Income	-	-	-	-	-	-			(180,184)	(180,184)
Payment for Ladies Development fund	-	-	(12,228)	-	-	-			-	(12,228)
Balance as at 31.10.2018	333,888	847,477	149,805	74,459	185,150	85,724			610,218	2,286,721
Refund of funding for Asian Games 2018					(185,150)					(185,150)
Contribution for Renovation and Development fund						204,477				204,477
Contribution for Individual Athletes Support Scheme fund							1,387,022			1,387,022
Contribution for Tier B Sports fund								1,500,000		1,500,000
Payment for sponsorships		(45,000)			-		(787,197)	(315,479)		(1,147,676)
Audit fee accrued							(37,500)	(37,500)		(75,000)
Transferred (to)/from Statement of Income	-	-	-	-	-		(95,813)	(718,862)	30,847	(783,828)
Balance as at 31.12.2019	333,888	802,477	149,805	74,459	-	290,201	466,512	428,159	641,065	3,186,566

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12. Event after the reporting period

As a result of adverse market sentiment, the fair values of the Association's investment in securities dropped significantly after the reporting period which affected the financial performance and position of the Association. The management of the Association will keep continuous attention on the situation of the market and the fair value changes of the investment in securities.

13. Approval of financial statements

These financial statements were approved and authorised for issue by the Board of Councillors on 30 October 2020.