

HONG KONG, CHINA ROWING ASSOCIATION
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

WALL

和正會計師事務所有限公司
Wall CPA Limited

**HONG KONG, CHINA ROWING ASSOCIATION
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

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HONG KONG, CHINA ROWING ASSOCIATION REPORT OF THE DIRECTORS

The directors present herewith the annual report and the audited financial statements for the year ended 31 March 2023.

PRINCIPAL PLACE OF BUSINESS

Hong Kong, China Rowing Association ("the Association") is a Company incorporated and domiciled in Hong Kong and has its registered office and principal place of business at 27 Yuen Wo Road, Shatin, New Territories, Hong Kong.

PRINCIPAL ACTIVITIES

The principal activities of the Association are the provision of facilities for competitive and recreational rowing and to act as the governing body for the sport of rowing in Hong Kong.

BUSINESS REVIEW

The Association falls within reporting exemption for the year. Accordingly, the Association is exempted from preparing a business review.

RESULTS AND APPROPRIATIONS

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

The state of affairs of the Association at 31 March 2023 is set out in the statement of financial position on page 7.

DIRECTORS

The directors of the Association at the date of this report were:

Mr. CHEUNG Ming Hang	(Retired and re-elected on 18 December 2022)
Mr. LEUNG Ka Cheong	(Retired and re-elected on 18 December 2022)
Mr. LUI Kam Chi	(Retired and re-elected on 18 December 2022)
Mr. NG Kong Wan - (Chairman)	
Mr. NG Wing Ning, Victor	
Mr. SAMUEL Ajmal Victor	
Ms. SCHEUNPFLUG-HUBMANN Isa	
Mr. TRAN Thuan Gia	
Mr. WELLES Mark Thomas	(Retired and re-elected on 18 December 2022)
Mr. WONG Man Wai	(Retired and re-elected on 18 December 2022)
Ms. YEUNG Yuk Man	(Retired and re-elected on 18 December 2022)

In accordance with Article 33 of the Association's Articles of Association, Ng Kong Wan, Ng Wing Ning Victor, Samuel Ajmal Victor, Scheunpflug-Hubmann Isa and Tran Thuan Gia shall retire by rotation at the forthcoming annual general meeting. All of the retiring directors, being eligible, will offer themselves for re-election at the annual general meeting.

**HONG KONG, CHINA ROWING ASSOCIATION
REPORT OF THE DIRECTORS**

INDEMNITY OF DIRECTORS

At no time during the financial year and up to the date of the Directors' Report, there was or is, any permitted indemnity provision being in force for the benefit of any of the directors of the Association (whether made by the Association).

EQUITY-LINKED AGREEMENTS

During the financial year and at the end of financial year, no equity-linked agreement was entered into or subsisted by the Association.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Association were entered into or exited during the year.

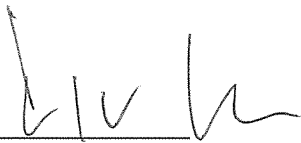
DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Except for the information disclosed in Note 18 to the financial statements, no transaction, arrangement or contract of significance to which the Association, or its subsidiary was a party, and in which directors of the Association had a material interest, subsisted at the end of the year or at any time during the year.

AUDITOR

A resolution for the reappointment of Wall CPA Limited as auditor of the Association is to be proposed at the forthcoming annual general meeting.

For and on behalf of the board of directors of the Association



Ng Kong Wan
Chairman
Hong Kong, 02 DEC 2023



Wall CPA Limited
和正會計師事務所有限公司

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF HONG KONG, CHINA ROWING ASSOCIATION
(incorporated in Hong Kong with limited liability by guarantee)

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the financial statements of Hong Kong, China Rowing Association ("the Association") set out on pages 6 to 24, which comprise the statement of financial position as at 31 March 2023, and the statement of income and other comprehensive income, the statement of changes in funds and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matters described in the *Basis for Qualified Opinion* section of our report, the financial statements give a true and fair view of the financial position of the Association as at 31 March 2023, and of its financial performance and its cash flows for the year then ended in accordance with the Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for Qualified Opinion

Consolidated financial statements of the Association and its subsidiary for the year ended 31 March 2023 have not been prepared as required by Hong Kong Financial Reporting Standard No. 10 "Consolidated Financial Statements" ("HKFRS 10") and section 379(2) of the Hong Kong Companies Ordinance.

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") 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 qualified opinion.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the directors' report and the detailed income statement, 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.



**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF HONG KONG, CHINA ROWING ASSOCIATION**
(incorporated in Hong Kong with limited liability by guarantee)

(Continued)

Other Information (Continued)

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. As described in the Basis for Qualified Opinion section above, the Association has not prepared consolidated financial statements. We have concluded that the other information is materially misstated for the same reason with respect to the amounts or other items in the directors' report and the detailed income statement affected by the failure to prepare consolidated financial statements.

Responsibilities of the Directors and Those Charged with Governance for the Financial Statements

The directors of the Association 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 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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAAs 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 HKSAAs, 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.



**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF HONG KONG, CHINA ROWING ASSOCIATION**

(incorporated in Hong Kong with limited liability by guarantee)

(Continued)

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

- 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 Association'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 Association 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.

A handwritten signature in black ink, appearing to read "Wall CPA (Int)".

Wall CPA Limited
Certified Public Accountants
Hong Kong, 02 DEC 2023

Chan William
Practising Certificate Number P06443

HONG KONG, CHINA ROWING ASSOCIATION
STATEMENT OF INCOME AND OTHER COMPREHENSIVE LOSS
FOR THE YEAR ENDED 31 MARCH 2023

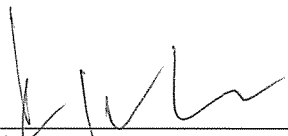
	<u>Note</u>	<u>2023</u> HK\$	<u>2022</u> HK\$
Income	3	7,176,035	7,004,963
Other income	4	1,436,845	1,642,237
(Deficit)/surplus on the Association's Activities	5	(61,554)	590,197
Administrative and operating expenses		<u>(9,873,069)</u>	<u>(9,457,020)</u>
Deficit for the year		(1,321,743)	(219,623)
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive loss for the year		<u>(1,321,743)</u>	<u>(219,623)</u>


The accompanying Accounting Policies and Explanatory Notes form an integral part of, and should be read in conjunction with, these financial statements.

HONG KONG, CHINA ROWING ASSOCIATION
STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2023

	<u>Note</u>	<u>2023</u> HK\$	<u>2022</u> HK\$
Non-current assets			
Property, plant and equipment	6	526,186	397,173
Investment in a subsidiary	7	<u>1,000</u>	<u>1,000</u>
		527,186	398,173
Current assets			
Inventories	8	27,215	28,243
Amount due from a subsidiary	9	-	203,608
Debtors, deposits and prepayments	10	3,357,532	9,291,446
Cash and bank balances	11	<u>15,253,671</u>	<u>13,077,217</u>
		<u>18,638,418</u>	<u>22,600,514</u>
Current liabilities			
Contract liabilities	12	(276,609)	(513,053)
Creditors and accrued expenses		(12,690,953)	(14,052,817)
Amount due to a subsidiary	9	(9,169)	-
Temporary fund receipt		<u>(28,585)</u>	<u>(87,744)</u>
		<u>(13,005,316)</u>	<u>(14,653,614)</u>
NET CURRENT ASSETS		<u>5,633,102</u>	<u>7,946,900</u>
NET ASSETS		<u>6,160,288</u>	<u>8,345,073</u>
ACCUMULATED SURPLUS	15	3,372,441	4,694,184
FUNDS	16	<u>2,787,847</u>	<u>3,650,889</u>
TOTAL FUNDS		<u>6,160,288</u>	<u>8,345,073</u>

The financial statements on pages 6 to 24 were approved and by the board of directors on **02 DEC 2023**.


 Ng Kong Wan, Director


 Tran Thuan Gia, Director

The accompanying Accounting Policies and Explanatory Notes form an integral part of, and should be read in conjunction with, these financial statements.

HONG KONG, CHINA ROWING ASSOCIATION
STATEMENT OF CHANGES IN FUNDS
FOR THE YEAR ENDED 31 MARCH 2023

	Accumulated Surplus	Umpire Fund	Coaches Development Fund	Youth Development Fund	Staff Fund	HKSI Reserve Fund	Development Fund	SF & OC Athlete Awards Fund	LCSD Reserve Fund	Next Generation Fund	Total
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
Balance 1 April 2021	4,913,807	58,702	211,794	119,830	64,836	431,457	682,628	-	1,210,437	46,099	7,739,590
Deficit for the year	(219,623)	-	-	-	-	-	-	-	-	-	(219,623)
Add: Donations/other income	-	-	24,320	75,612	-	44,401	-	590,720	423,712	-	1,158,765
Less: Contribution to activities	-	(1,092)	(43,546)	(63,486)	-	-	-	-	(225,535)	-	(333,659)
Total comprehensive(loss)/income for the year	(219,623)	(1,092)	(19,226)	12,126	-	44,401	-	590,720	198,177	-	605,483
Balance at 1 April 2022	4,694,184	57,610	192,568	131,956	64,836	475,858	682,628	590,720	1,408,614	46,099	8,345,073
Deficit for the year	(1,321,743)	-	-	-	-	-	-	-	-	-	(1,321,743)
Add: Donations/other income	-	3,600	101,498	69,990	-	10,500	-	-	751,662	-	937,250
Less: Contribution to activities	-	(2,260)	(83,185)	(75,584)	(4,695)	-	-	(9,507)	(1,625,061)	-	(1,800,292)
Total comprehensive (loss)/income for the year	(1,321,743)	1,340	18,313	(5,594)	(4,695)	10,500	-	(9,507)	(873,399)	-	(2,184,785)
Balance at 31 March 2023	3,372,441	58,950	210,881	126,362	60,141	486,358	682,628	581,213	535,215	46,099	6,160,288

HONG KONG, CHINA ROWING ASSOCIATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2023

	<u>2023</u> HK\$	<u>2022</u> HK\$
Operating activities		
Deficit for the year	(1,321,743)	(219,623)
Adjustment for:		
Depreciation	95,312	87,600
Bank interest income	(5,042)	(558)
Operating deficit before movements in working capital	(1,231,473)	(132,581)
Decrease in amount due from a subsidiary	203,608	64,026
Decrease/(increase) in debtors, deposits and prepayments	5,933,914	(6,140,492)
Decrease in inventories	1,028	-
Increase in due to a subsidiary	9,169	-
(Decrease)/increase in contract liabilities	(236,444)	47,617
(Decrease)/increase in temporary fund receipt	(59,159)	62,505
Decrease in other payable for SF&OC Athlete Awards Programme	-	(590,720)
(Decrease)/increase in creditors and accrued expenses	(1,361,864)	7,166,948
Net cash generated from operating activities	3,258,779	477,303
Investing activities		
Purchases of property, plant and equipment	(224,325)	(20,650)
Interest received	5,042	558
Net cash used in investing activities	(219,283)	(20,092)
Financing activities		
Sponsorship and donations for designated funds received	937,250	1,158,765
Expenditures incurred for designated funds	(1,800,292)	(333,659)
Net cash (used in)/generated from financing activities	(863,042)	825,106
Net increase in cash and cash equivalents	2,176,454	1,282,317
Cash and cash equivalents at beginning of year	13,077,217	11,794,900
Cash and cash equivalents at end of year	15,253,671	13,077,217
Analysis of balances of cash and cash equivalents		
Cash and bank balances	15,253,671	13,077,217
Bank overdraft	-	-
	15,253,671	13,077,217

HONG KONG, CHINA ROWING ASSOCIATION
ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

1. STATUS OF THE ASSOCIATION

Hong Kong, China Rowing Association ("the Association") was incorporated under the Hong Kong Companies Ordinance as a company limited by guarantee. Each member of the Association undertakes to contribute to the assets of the Association, in the event of its being wound up, the extent of HK\$10 (2022: HK\$10). Its principal activities are the provision of facilities for competitive and recreational rowing and to act as the governing body for the sport of rowing in Hong Kong.

2. SIGNIFICANT ACCOUNTING POLICIES

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 except for the non-preparation of consolidated financial statements as required by HKFRS 10 "Consolidated Financial Statements" and section 379(2) of the Hong Kong Companies Ordinance. A summary of the significant accounting policies adopted by the Association is set out below.

The HKICPA has issued certain new and revised HKFRSs which are first effective or available for early adoption for the current accounting period of the Association. Note 2(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Association for the current and prior accounting periods reflected in these financial statements.

b) Basis of preparation of the financial statements

Items included in the financial statements in the Association are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to the Association. These financial statements are presented in Hong Kong dollars ("HK\$") which is the Association's functional and presentation currency.

The measurement basis used in the preparation of the financial statement is the historical cost basis.

The preparation of financial statements in conformity with HKFRSs requires the directors to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying amounts of assets and liabilities not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

Judgments made by the directors in the application of HKFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 2(c).

**HONG KONG, CHINA ROWING ASSOCIATION
ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Changes in accounting policies

The HKICPA has issued the following amendments to HKFRSs that are first effective for the current accounting year of the Association.

Amendments to HKAS 16	Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020

The adoption of the new and amended HKFRSs had no material impact on how the results and financial position for the current and prior years have been prepared and presented but resulted in additional disclosures. The Association has not applied any new standard or interpretation that is not yet effective for the current accounting year.

d) Consolidated financial statements

The directors resolved that no consolidated financial statements of the Association and its subsidiary be prepared as in their opinion, the compilation of such consolidated financial statements would involve expenses and delay out of proportion to the value of members of the Association.

e) Impairment of assets

i) Impairment of other receivables

Other receivables that are stated at cost or amortised cost are reviewed at the end of each reporting year to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Association about one or more of the following loss events:

- (a) significant financial difficulty of the debtor;
- (b) a breach of contract, such as a default or delinquency in interest or principal payments;
- (c) it becoming probable that the debtor will enter bankruptcy or other financial reorganisation;
- (d) significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and
- (e) a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

HONG KONG, CHINA ROWING ASSOCIATION
ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) Impairment of assets (Continued)

i) Impairment of other receivables (Continued)

If any such evidence exists, any impairment loss is determined and recognised as follows:

- For other receivables and other financial assets carried at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where these financial assets share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.
- If in a subsequent year the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of other receivables, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the Association is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade debtors directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

f) Property, plant and equipment

Property, plant and equipment are stated at cost less any accumulated depreciation and any accumulated impairment losses (see note 2(e)):

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight line method over their estimated useful lives as follows:

Buildings	5% per annum
Rowing equipment	10% per annum
Furniture and fixtures	25% per annum
Office equipment	25% per annum
Renovation work	10% per annum

Where parts of an item of property, plant and equipment have different 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 reviewed annually.

HONG KONG, CHINA ROWING ASSOCIATION
ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

f) Property, plant and equipment (Continued)

Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Association and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised in profit or loss during the financial year in which they are incurred.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

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 proceeds on disposal and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

g) Investment in a subsidiary

Subsidiary is an entity controlled by the Association. Control exists when the Association has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

In the Association's statement of financial position, an interest in subsidiary is stated at cost less any accumulated impairment loss. The carrying amount of the investment is reduced to its recoverable amount on an individual basis.

h) Inventories

Inventories are stated at the lower of cost (using a first-in-first-out basis) and net realisable value. In arriving at net realisable value an allowance has been made for deterioration and obsolescence.

i) Trade and other receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If collection of trade and other receivables are expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment.

j) Trade and other payables

Trade and other payables are initially recognised at fair value and thereafter stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

HONG KONG, CHINA ROWING ASSOCIATION
ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) 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 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. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows.

l) Contract liabilities

A contract liability is recognised when the customer pays consideration before the Association recognizes the related revenue (see Note 2(n)). A contract liability would also be recognised if the Group has an unconditional right to receive consideration before the Association recognizes the related revenue. In such cases, a corresponding receivable would also be recognised (see Note 2(i)).

m) 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 end of the reporting period.

Deferred tax is not provided.

n) Revenue recognition

Subscription and affiliation fees, subsidy and entry fee are recognised on an accrual basis.

Donations and sponsorship are recognised on a cash received basis.

Interest and hire income are recognised on a time proportion basis.

Income from courses and seminars is recognised upon completion of services provided.

Income from sales of saleable goods, food and beverage is recognised when these items were sold and delivered.

o) Government grants

Grants or donations from government or third parties, which are earmarked for specific purposes, are initially recognised as deferred income. They are then recognised in the statement of income and other comprehensive income over the period necessary to match with the related costs that they are intended to compensate. Grants or donations relating to purchases of property, plant and equipment are set off against the acquisition cost of the assets.

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FOR THE YEAR ENDED 31 MARCH 2023

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

p) 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 group 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 entity.
 - (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 an Association of which it is a part, provides key management personnel services to the Association or to the Association'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.

HONG KONG, CHINA ROWING ASSOCIATION
ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

3. INCOME

	<u>2023</u> HK\$	<u>2022</u> HK\$
Applicable reimbursement from sourced funding	4,531,385	3,846,327
Food and beverage sales	294,515	315,758
Funding income	1,824,400	2,094,035
Interest income	5,042	558
Subscriptions and affiliation fees	506,630	739,260
Surplus on sales of saleable goods	14,063	9,025
	<u>7,176,035</u>	<u>7,004,963</u>

4. OTHER INCOME

	<u>2023</u> HK\$	<u>2022</u> HK\$
Equipment/facility/venue hire income	119,708	199,493
Rack hire income	652,165	741,860
Government grants	305,137	619,992
Other income	359,835	80,892
	<u>1,436,845</u>	<u>1,642,237</u>

5. (DEFICITS)/SURPLUS ON THE ASSOCIATION'S ACTIVITIES

	<u>2023</u> HK\$	<u>2022</u> HK\$
Subsidy from Hong Kong Sports Institute	1,429,137	426,525
Subsidy from Leisure and Cultural Services Department ("LCSD")	3,000,902	2,747,777
Subsidy from Arts and Sports Development Fund	494,312	400,000
Subsidy from Hong Kong Social Welfare Department	62,964	-
Other subsidies, sponsorship income and donations	-	72,840
Entry fees and training course fee income	730,604	521,928
Other fee income	451,752	931,036
	6,169,671	5,100,106
Less: Activities expenses	<u>(6,231,225)</u>	<u>(4,509,909)</u>
(Deficits)/surplus on activities	<u>(61,554)</u>	<u>590,197</u>

HONG KONG, CHINA ROWING ASSOCIATION
ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

6. PROPERTY, PLANT AND EQUIPMENT

	<u>Buildings</u> HK\$	<u>Rowing equipment</u> HK\$	<u>Furniture and fixtures</u> HK\$	<u>Office equipment</u> HK\$	<u>Renovation work</u> HK\$	<u>Total</u> HK\$
Cost:						
At 31 March 2021 and 1 April 2021	59,808	1,396,436	122,816	205,707	-	1,784,767
Additions for the year	47,406,338	-	-	20,650	-	47,426,988
Government grants received	(47,406,338)	-	-	-	-	(47,406,338)
At 31 March 2022 and 1 April 2022	59,808	1,396,436	122,816	226,357	-	1,805,417
Additions for the year	14,734,272	106,000	-	43,625	74,700	14,958,597
Government grants received	(14,734,272)	-	-	-	-	(14,734,272)
At 31 March 2023	59,808	1,502,436	122,816	269,982	74,700	2,029,742
Accumulated depreciation:						
At 31 March 2021	58,483	942,603	118,819	200,739	-	1,320,644
Charge for the year	1,325	75,436	1,999	8,840	-	87,600
At 31 March 2022	59,808	1,018,039	120,818	209,579	-	1,408,244
Charge for the year	-	78,391	1,998	8,698	6,225	95,312
At 31 March 2023	59,808	1,096,430	122,816	218,277	6,225	1,503,556
Net book value:						
At 31 March 2023	-	406,006	-	51,705	68,475	526,186
At 31 March 2022	-	378,397	1,998	16,778	-	397,173

Note:

The buildings are situated in Shatin, New Territories, Hong Kong on lands granted to the Association by the Hong Kong Government. The Shatin Rowing Centre is under a Private Recreation Lease and the Jockey Club Shek Mun Rowing Centre is under a Short-Term Tenancy. Under the terms of both grants, the lands will be reverted to the government if they cease to be used for recreational purposes.

7. INVESTMENT IN A SUBSIDIARY

	<u>2023</u> HK\$	<u>2022</u> HK\$
Unlisted shares, at cost	<u>1,000</u>	<u>1,000</u>

Details of the subsidiary are as follows:

<u>Name of the Association</u>	<u>Place of incorporation and operation</u>	<u>Percentage of holding</u>	<u>Principal activity</u>
Rowsport Asia Limited	Hong Kong	100%	Trading of rowing machines

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FOR THE YEAR ENDED 31 MARCH 2023

8. INVENTORIES

	<u>2023</u> HK\$	<u>2022</u> HK\$
Clothing and souvenirs	<u>27,215</u>	<u>28,243</u>

At 31 March 2023, inventories amounted to HK\$Nil (2022: HK\$Nil) are stated at their net realisable values.

During the year, cost of inventories sold amounted to HK\$1,028 (2022: HK\$Nil).

9. AMOUNT DUE (TO)/FROM A SUBSIDIARY

The amount due (to)/from a subsidiary is unsecured, interest free and is repayable on demand or within one year from the end of the reporting period.

10. DEBTORS, DEPOSITS AND PREPAYMENTS

	<u>2023</u> HK\$	<u>2022</u> HK\$
Debtors (Note a)	<u>428,029</u>	<u>490,713</u>
Deposits	158,040	143,150
Accounts receivable	250,152	884,212
Prepayments and other receivables	<u>2,521,311</u>	<u>7,773,371</u>
	<u>2,929,503</u>	<u>8,800,733</u>
	<u>3,357,532</u>	<u>9,291,446</u>

- a) The ageing analysis of debtors that are neither individually nor collectively considered to be impaired is as follows:

	<u>2023</u> HK\$	<u>2022</u> HK\$
Neither past due nor impaired	<u>102,431</u>	<u>133,907</u>
1 to 3 months past due	143,657	230,071
Over 3 months past due	<u>181,941</u>	<u>126,735</u>
	<u>325,598</u>	<u>356,806</u>
	<u>428,029</u>	<u>490,713</u>

Impairment assessment under HKFRS 9 for the year ended 31 March 2023:

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10. DEBTORS, DEPOSITS AND PREPAYMENTS (Continued)

- a) The ageing analysis of debtors that are neither individually nor collectively considered to be impaired is as follows: (Continued)

The Association applies the simplified approach to provide for expected credit loss prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for all debtors. The Association overall considers the shared credit risk characteristics and the days past due of each type of the debtors to measure the expected credit losses.

The expected credit loss on debtors is estimated using provision matrix by reference to the past default experience of debtors, adjusted for current and forward-looking information on macroeconomic factors affecting the ability of the debtors to settle the receivables. During the year ended 31 March 2023, the expected credit losses of debtors are determined as follows:

	<u>Expected credit loss rate</u>	<u>Gross carrying amount</u> HK\$	<u>Loss allowance</u> HK\$
Current (not past due)	0%	102,431	-
1 to 3 months past due	0%	143,657	-
Past due over 3 months	0%	181,941	-
		<u>428,029</u>	<u>-</u>

- b) Prepayments and other receivables and deposits expected to be recovered or recognised as expense after more than one year is HK\$110,356 (2022: HK\$143,150).

11. CASH AND CASH EQUIVALENTS

	<u>2023</u> HK\$	<u>2022</u> HK\$
Cash at bank	15,251,525	13,074,146
Cash on hand	<u>2,146</u>	<u>3,071</u>
	<u>15,253,671</u>	<u>13,077,217</u>

12. CONTRACT LIABILITIES

	<u>Note</u>	<u>2023</u> HK\$	<u>2022</u> HK\$
Payment received or billings issued in advance of performance			
- Deposits received from customers	(i)	149,895	149,895
- subvention salary for staff		<u>126,714</u>	<u>363,158</u>
		<u>276,609</u>	<u>513,053</u>

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FOR THE YEAR ENDED 31 MARCH 2023

12. CONTRACT LIABILITIES (Continued)

Notes:

- (i) When the Association receives a deposit before the provision of service, it will give rise to contract liabilities until the revenue recognised exceeds the amount of the deposit.

Movements in contract liabilities:

	<u>HK\$</u>	<u>HK\$</u>
Balance at 1 April	149,895	129,895
increase in contract liabilities as a result of billing in advance of performance	<u>-</u>	<u>20,000</u>
Balance at 31 March	<u>149,895</u>	<u>149,895</u>

13. TAXATION

No provision for taxation and deferred taxation is made as the Association is exempt from all taxes under section 87 of the Inland Revenue Ordinance.

14. DIRECTORS' REMUNERATION

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

	<u>2023</u> <u>HK\$</u>	<u>2022</u> <u>HK\$</u>
Fees	Nil	Nil
Other emoluments	<u>38,803</u>	<u>79,047</u>

15. ACCUMULATED SURPLUS

The amounts of the Association's accumulated surplus and the movements therein for the current and prior years are presented in the statement of changes in funds on page 8 of the financial statements.

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ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS
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16. FUNDS

	Umpire Fund	Coaches Development Fund	Youth Development Fund	Staff Fund	HKSI Reserve Fund	Development Fund	SF&OC Athlete Awards Fund	LCSD Reserve Fund	Next Generation Fund	Total
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
Balance 1 April 2021	58,702	211,794	119,830	64,836	431,457	682,628	-	1,210,437	46,099	2,825,783
Add: Donations/other income	-	24,320	75,612	-	44,401	-	590,720	423,712	-	1,158,765
Less: Contribution to activities	(1,092)	(43,546)	(63,486)	-	-	-	-	(225,535)	-	(333,659)
Balance at 1 April 2022	57,610	192,568	131,956	64,836	475,858	682,628	590,720	1,408,614	46,099	3,650,889
Add: Donations/other income	3,600	101,498	69,990	-	10,500	-	-	751,662	-	937,250
Less: Contribution to activities	(2,260)	(83,185)	(75,584)	(4,695)	-	-	(9,507)	(1,625,061)	-	(1,800,292)
Balance at 31 March 2023	58,950	210,881	126,362	60,141	486,358	682,628	581,213	535,215	46,099	2,787,847

The Umpire, Coaches Development, Youth Development, Staff, and Development Funds are allocations of the Association's surplus to earmarked programmes. The Umpire Fund is to provide assistance to umpire development and education activities. The Coaches Development Fund is to provide assistance to coaches' development and education activities. The Youth Development Fund is to provide assistance to youth development activities. The Staff Fund is to cover the cost of professional development and training for staff. The Development Fund is to provide for development areas where no continuous funding sources can be secured. The SF&OC Athlete Awards Fund is used for the award payments for the national rowing team's achievements. The LCSD Reserve Fund and HKSI Reserve Fund are surplus reserves of government subvention requiring application for use in the Association's activities. The Next Generation Fund is to provide assistance to youth rowing development.

HONG KONG, CHINA ROWING ASSOCIATION
ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

17. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Association's major financial instruments includes amount due from a subsidiary, debtors and deposits, cash and bank balances, bank overdraft, contract liabilities and creditors and accrued expenses. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

a) Interest rate risk

As the Association has no significant interest-bearing assets and liabilities, the Association's income and operating cash flows are substantially independent of changes in market interest rates.

b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Association. The Association has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies and government. For the prepayment, the Association considered the credit risk is not significant to the Association.

c) Liquidity risk

The Association regularly monitors current and expected liquidity requirements to ensure that it maintains sufficient cash to meet its liquidity requirements in the short and longer term.

As at 31 March 2023, the financial liabilities of the Association are analysed into relevant maturity brackets based on their contractual maturity in the table below.

	2023		
	Carrying Amount HK\$	Total contractual undiscounted cash flow HK\$	Within 1 year or on demand HK\$
Contract liabilities	276,609	276,609	276,609
Creditors and accrued expenses	12,690,953	12,690,953	12,690,953
Temporary fund receipt	28,585	28,585	28,585
	<u>12,996,147</u>	<u>12,996,147</u>	<u>12,996,147</u>

HONG KONG, CHINA ROWING ASSOCIATION
ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS
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17. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

c) Liquidity risk (Continued)

	2022		
	Carrying Amount HK\$	Total contractual undiscounted cash flow HK\$	Within 1 year or on demand HK\$
Contract liabilities	513,053	513,053	513,053
Creditors and accrued expenses	14,052,817	14,052,817	14,052,817
Temporary fund receipt	87,744	87,744	87,744
	<u>14,653,614</u>	<u>14,653,614</u>	<u>14,653,614</u>

d) Fair value estimation

The fair value of trade and other receivables, cash and cash equivalents, trade and other payables are not materially different from their carrying amounts because of the immediate or short term maturity of these financial instruments.

18. RELATED PARTY TRANSACTIONS

- a) During the year, except as disclosed elsewhere in the financial statements, the Association entered into the following material transactions with related parties:

	<u>2023</u> HK\$	<u>2022</u> HK\$
Sponsorship income and promotional fees received from its subsidiary	<u>100,000</u>	<u>400,000</u>

- b) All members of key management personnel are the directors of the Association, and the remuneration for them are disclosed in Note 14.
- c) The balance with a subsidiary is fully disclosed in Note 9 on the financial statements.

In the opinion of the board of directors, these transactions were conducted on commercial terms.

19. ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates and assumptions. It also requires management to exercise its judgement in the process of applying the Association's accounting policies. In the opinion of the directors, there are no estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

HONG KONG, CHINA ROWING ASSOCIATION
ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS
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20. ADOPTION OF NEW AND AMENDED HKFRSs

In the current year, the Association has applied for the first time the following new and amended HKFRSs issued by the HKICPA, which are relevant to the Association's operations and effective for the Association's financial statements for the annual year beginning on 1 April 2022 as detailed in note 2(c).

At the date of authorisation of these financial statements, certain new and amended HKFRSs have been published but are not yet effective, and have not been adopted early by the Association. These include the following which may be relevant to the Association.

HKFRS 17	Insurance contracts and the Related Amendment
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ¹
Amendments to HKAS 8	Definition of Accounting Estimates ¹
Amendments to HKAS 12	Deferred Tax Related to Assets and Liabilities arising from a Single Transaction ¹
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and HK Interpretation 5 (2020, Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ²
Amendments to HKAS 1	Non-current Liabilities with Covenants ²
Amendments to HKAS 16	Lease Liability in a Sale and Leaseback ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³

¹ Effective for annual years beginning on or after 1 January 2023

² Effective for annual years beginning on or after 1 January 2024

³ The amendments shall be applied prospectively to the sale or contribution of assets occurring in annual periods beginning on or after a date to be determined

The directors anticipate that all of the pronouncements will be adopted in the Company's accounting policy for the first year beginning on or after the effective date of the pronouncement but they are not expected to have a material impact on the Company's financial statements.

**HONG KONG, CHINA ROWING ASSOCIATION
DETAILED INCOME STATEMENT
FOR THE YEAR ENDED 31 MARCH 2023**

	<u>2023</u> HK\$
REVENUE	7,176,035
ADD: OTHER INCOME	
Equipment/facility/venue hire income	119,708
Rack hire income	652,165
Government grants	305,137
Other income	359,835
	<u>1,436,845</u>
LESS: DEFICIT ON THE ASSOCIATION'S ACTIVITIES	(61,554)
LESS: ADMINISTRATIVE AND OPERATING EXPENSES	
Advertising	(17,685)
Affiliation fee	(20,350)
Auditor's remuneration	(103,000)
Bank charges	(31,507)
Cleaning and pest control	(102,362)
Computer and software	(159,429)
Consultancy fee	(890,000)
Depreciation	(95,312)
Electricity	(231,584)
Entertainment	(56,047)
Government permits	(12,541)
Government rent and rates	(138,440)
Insurance	(353,517)
Marketing	(137,291)
Membership card	(690)
Office expenses	(62,793)
Other medical expenses	(39,260)
Postage	(3,609)
Printing and stationery	(10,890)
Repairs and maintenance	(374,856)
Security	(16,410)
Staff costs	
- salaries and staff benefits	(5,935,960)
- provident fund contribution	(366,068)
Souvenir	(2,580)
Sport/office equipment	(104,078)
Sundry expenses	(144,817)
Telephone, fax and distance calls	(69,428)
Travelling and transportation	(107,606)
Warehouse	(180,142)
Water	(5,841)
Webpage and internet	(98,976)
	<u>(9,873,069)</u>
DEFICIT FOR THE YEAR	<u>(1,321,743)</u>

**HONG KONG, CHINA ROWING ASSOCIATION
DETAILED INCOME STATEMENT
FOR THE YEAR ENDED 31 MARCH 2023**

DISCLOSURE UNDER SECTION 436 OF THE HONG KONG COMPANIES ORDINANCE

The above detailed income statement relating to the year ended 31 March 2023 is not the Association's statutory financial statements for the year. Further information relating to those statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance is as follows:

As the Association is a private Association, the Association is required to deliver its financial statements to the Registrar of Companies, and has not done so.

The Association's auditor has reported on those financial statements. The auditor's report was qualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without further qualifying its reports; and did not contain a statement under sections 406(2), 407(2) or 407(3) of the Hong Kong Companies Ordinance.