



香港醫學會
THE HONG KONG
MEDICAL ASSOCIATION



圖片：醫管局面書



公院 **人手短缺** 的挑戰

In the Face of **Manpower Shortage** in Public Hospitals

財政報告 FINANCIAL REPORT

2018-19

Meeting with Medical Organisations
on Exemption of Internship for
Overseas Specialist



使命

OUR PURPOSE

香港醫學會成立於一九二零年，匯聚了在香港執業、服務市民的會員醫生，我會的宗旨為促進醫學界的福祉及提升市民的健康水平。香港醫學會現有 10,000 多名來自醫學界各方的成員，是醫學界同業的喉舌，同時為會員傳遞來自世界各地的訊息，包括醫學上的專業操守以及各項醫學課題的最新資訊。

香港醫學會會徽誌有箴言：**「維護民康」**，以此表彰照顧病人是醫生的天職，醫學會並以倡導此信念為傲。

The Hong Kong Medical Association, founded in 1920, brings together all medical practitioners practising in, and serving the people of, Hong Kong. Its objective is to promote the welfare of the medical profession and the health of the public. With the current membership of over 10,000 from all sectors of medical practice, it speaks collectively for its members and aims to keep its members abreast of medical ethics and issues around the world.

The Association takes pride in displaying in its emblem its motto in Chinese which translates into **"to safeguard the health of the people"** to pronounce sacred duty of a medical practitioner to look after his/her patients.

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REPORT OF MEMBERS OF COUNCIL

The Council has pleasure in submitting to the members the annual report and financial statements for the year ended 28th February, 2019.

PRINCIPAL ACTIVITIES

The principal activities of the Association are the promotion of the welfare and the protection of the lawful interests of the medical profession.

FINANCIAL STATEMENTS

The financial performance and the movements of the designated funds of the Association for the year ended 28th February, 2019 and the financial position of the Association at that date are set out in the financial statements on pages 4 to 24.

MEMBERS OF THE COUNCIL

The following members served on the Council during the financial year and up to the date of this report:

Dr. Au Yiu Kai	(Retired on 17 th July, 2018)	Dr. Lee Fook Kay, Aaron	
Dr. Chan Hau Ngai, Kingsley		Dr. Leung Chi Chiu	
Dr. Chan Kit Sheung		Dr. Lo Chi Fung, Ernie	
Dr. Chan Nim Tak, Douglas		Dr. Ng Chi Ho	(Elected on 17 th July, 2018)
Dr. Chan, Pierre		Dr. Pong Chiu Fai, Jeffrey	
Dr. Chan Siu Kim	(Elected on 17 th July, 2018)	Dr. Shea Tat Ming, Paul	
Dr. Chan Yee Shing, Alvin	(Retired on 17 th July, 2018)	Dr. Sin Pui Yee, Helena	
Dr. Cheng Chi Man		Dr. So Yui Chi	
Dr. Cheung Hon Ming		Dr. Tong Kai Sing	
Dr. Choi Kin		Dr. Wong Bun Lap, Bernard	
Dr. Fung Tak Kwan, James		Dr. Wong Yee Him	
Dr. Ho Chung Ping		Dr. Yam Chun Yin, Abraham	
Dr. Ho Hung Kwong, Duncan		Dr. Yeung Chiu Fat, Henry	
Dr. Ip Wing Yuk, Josephine		Dr. Yeung Hip Wo, Victor	
Dr. Lam Ho	(Elected on 17 th July, 2018)		
Dr. Lam Tzit Yuen, David			

ATTENDANCE AT COUNCIL MEETINGS

Since the last annual general meeting held on 17th July, 2018, 11 regular meetings and 2 extra meetings of the Council had been held and the attendance of council members at these meetings was as follows:

	Number of attendance at Council meetings		Number of attendance at Council meetings
Dr. Chan Hau Ngai, Kingsley	7	Dr. Lee Fook Kay, Aaron	9
Dr. Chan Kit Sheung	13	Dr. Leung Chi Chiu	12
Dr. Chan Nim Tak, Douglas	12	Dr. Lo Chi Fung, Ernie	7
Dr. Chan, Pierre	11	Dr. Ng Chi Ho	7
Dr. Chan Siu Kim	11	Dr. Pong Chiu Fai, Jeffrey	8
Dr. Cheng Chi Man	12	Dr. Shea Tat Ming, Paul	13
Dr. Cheung Hon Ming	11	Dr. Sin Pui Yee, Helena	5
Dr. Choi Kin	13	Dr. So Yui Chi	11
Dr. Fung Tak Kwan, James	11	Dr. Tong Kai Sing	13
Dr. Ho Chung Ping	13	Dr. Wong Bun Lap, Bernard	7
Dr. Ho Hung Kwong, Duncan	9	Dr. Wong Yee Him	5
Dr. Ip Wing Yuk, Josephine	8	Dr. Yam Chun Yin, Abraham	11
Dr. Lam Ho	11	Dr. Yeung Chiu Fat, Henry	11
Dr. Lam Tzit Yuen, David	11	Dr. Yeung Hip Wo, Victor	12

MANAGEMENT CONTRACTS

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

PERMITTED INDEMNITY PROVISIONS

At no time during the year and up to the date of this council members' report, there was or is, any permitted indemnity provision being in force for the benefit of any of the council members of the Association (whether made by the Association or otherwise).

MEMBERSHIP

During the year, a total of 7 life member, 88 regular members, 323 student members and 161 associate members joined the Association. As at 28th February 2019, the total number of members was 12,087, of which 8,980 are regular members, 647 newly qualified members, 384 life members, 2 honorary members, 1,167 student members, 236 absent members, 664 associate members and 7 fraternity members.

HONORARY AUDITORS

The financial statements have been audited by Li, Tang, Chen & Co., who retire but, being eligible, offer themselves for re-appointment.

On behalf of the Council

Dr. HO Chung Ping

President

Hong Kong, 4th June, 2019

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF THE HONG KONG MEDICAL ASSOCIATION (incorporated in Hong Kong and limited by guarantee)

OPINION

We have audited the financial statements of The Hong Kong Medical Association ("the Association") set out on pages 4 to 24, which comprise the statement of financial position as at 28th February, 2019, and the statement of comprehensive income and the statement of changes in funds and the statement of cash flows for the year then ended, and notes on the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Association as at 28th February, 2019, and of its financial performance and its cash flows for the year then ended in accordance with 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 OPINION

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 opinion.

OTHER INFORMATION

The council members are responsible for the other information. The other information comprises all the information included in the council members' 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.

RESPONSIBILITIES OF COUNCIL MEMBERS FOR THE FINANCIAL STATEMENTS

The council members 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 council members 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 council members 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 council members either intend to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

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. We report our opinion solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's 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 HKSA's, 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 council members.
- Conclude on the appropriateness of the council members' 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.

Li, Tang, Chen & Co.
Certified Public Accountants (Practising)
Honorary Auditors

Hong Kong, 4th June, 2019

STATEMENT OF FINANCIAL POSITION

AS AT 28TH FEBRUARY, 2019

	Note	2019 HK\$	2018 HK\$
NON-CURRENT ASSETS			
Property, plant and equipment	6	12,433,061	13,145,981
Investment property	7	82,063	82,163
Prepaid lease payments on land use rights	8	102,075	105,720
Available-for-sale financial assets	9	-	23,815,656
Financial assets at fair value through other comprehensive income	10	21,954,454	-
		34,571,653	37,149,520
CURRENT ASSETS			
Inventories	3(f)	117,500	101,527
Prepaid lease payments on land use rights	8	3,645	3,645
Utility and other deposits		138,069	126,241
Sundry receivables and prepayments		2,368,407	2,747,713
Cash and bank balances	12	47,501,653	75,545,713
		50,129,274	78,524,955
CURRENT LIABILITIES			
Amount due to a related company	11	1,385	1,490
Receipts in advance, sundry payables and accruals		39,092,250	67,302,626
		39,093,635	67,304,116
NET CURRENT ASSETS		11,035,639	11,220,839
NET ASSETS		45,607,292	48,370,359
FUNDS			
General Fund	25	14,555,860	14,555,860
Special Fund	25	16,239,607	16,272,009
Permanent Premises Fund	25	4,224,653	4,224,653
Public Medical Education Foundation Fund	25	247,887	247,801
HKMA China Relief Fund	25	63,229	63,197
New Premises Fund	25	6,281,573	6,281,573
Investment Revaluation Reserve	25	3,994,483	6,725,266
TOTAL FUNDS		45,607,292	48,370,359

The financial statements on pages 4 to 24 were approved and authorised for issue by the Council on 4th June, 2019

Dr. HO Chung Ping
President

Dr. LEUNG Chi Chiu
Honorary Treasurer

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 28TH FEBRUARY, 2019

	Note	2019 HK\$	2018 HK\$
MEMBERSHIP AND SUBSCRIPTION FEES	13	88,500	60,300
OTHER INCOME AND NET GAINS	13	16,420,907	16,406,356
ADMINISTRATIVE AND OTHER OPERATING EXPENSES	14	(16,541,809)	(14,685,043)
(DEFICIT)/SURPLUS BEFORE TAXATION		(32,402)	1,781,613
TAXATION	24	-	-
(DEFICIT)/SURPLUS FOR THE YEAR		(32,402)	1,781,613
TRANSFER FROM SPECIAL FUND FOR SUBSCRIPTIONS RECEIVABLE WAIVED FOR 2018/19		3,842,900	3,685,400
NET SURPLUS FOR THE YEAR TRANSFERRED TO GENERAL FUND	25	3,810,498	5,467,013
OTHER COMPREHENSIVE (EXPENSE)/INCOME			
Items that may be reclassified subsequently to surplus or deficit:			
- Changes in fair value of available-for-sale financial assets		-	3,759,597
Items that will not be reclassified to surplus or deficit:			
- Equity securities designated at FVOCI net movement in fair value reserve (non-recycling)		(2,730,783)	-
- Interest income from HKMA China Relief Fund		32	8
- Interest income from Public Medical Education Foundation Fund		86	21
OTHER COMPREHENSIVE (EXPENSE)/INCOME FOR THE YEAR		(2,730,665)	3,759,626
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		1,079,833	9,226,639

STATEMENT OF CHANGES IN FUNDS

FOR THE YEAR ENDED 28TH FEBRUARY, 2019

	General Fund	Special Fund	Permanent Premises Fund	Public Medical Education Foundation Fund	HKMA China Relief Fund	New Premises Fund	Investment Revaluation Reserve	Fair value Reserve (non-recycling)	Total
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
At 29 th February, 2017	14,555,860	14,490,396	4,224,653	247,780	63,189	6,281,573	2,965,669	-	42,829,120
Surplus for the year	5,467,013	-	-	-	-	-	-	-	5,467,013
Other comprehensive income for the year									
- Interest income	-	-	-	21	8	-	-	-	29
- Charges in fair value of available-for-sale financial assets	-	-	-	-	-	-	3,759,597	-	3,759,597
	-	-	-	21	8	-	3,759,597	-	3,759,626
Total comprehensive income for the year	5,467,013	-	-	21	8	-	3,759,597	-	9,226,639
Transfer to special fund (note 25)	(5,467,013)	5,467,013	-	-	-	-	-	-	-
Transfer to statement of comprehensive income for subscriptions receivable waived for 2017/18	-	(3,685,400)	-	-	-	-	-	-	(3,685,400)
At 28 th February, 2018	14,555,860	16,272,009	4,224,653	247,801	63,197	6,281,573	6,725,266	-	48,370,359
Impact on application of HKFRS 9 (note 4)	-	-	-	-	-	-	(6,725,266)	6,725,266	-
Adjusted balance at 1 st March, 2018	14,555,860	16,272,009	4,224,653	247,801	63,197	6,281,573	-	6,725,266	48,370,359
Surplus for the year	3,810,498	-	-	-	-	-	-	-	3,810,498
Other comprehensive income for the year									
- Interest income	-	-	-	86	32	-	-	-	118
- Charges in fair value of available-for-sale financial assets	-	-	-	-	-	-	-	(2,730,783)	(2,730,783)
	-	-	-	86	32	-	-	(2,730,783)	(2,730,665)
Total comprehensive income/(expense) for the year	3,810,498	-	-	86	32	-	-	(2,730,783)	1,079,833
Transfer to special fund (note 25)	(3,810,498)	3,810,498	-	-	-	-	-	-	-
Transfer to statement of comprehensive income for subscriptions receivable waived for 2018/19	-	(3,842,900)	-	-	-	-	-	-	(3,842,900)
At 28 th February, 2019	14,555,860	16,239,607	4,224,653	247,887	63,229	6,281,573	-	3,994,983	45,607,292

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 28TH FEBRUARY, 2019

	Note	2019 HK\$	2018 HK\$
CASH FLOWS FROM OPERATING ACTIVITIES			
(Deficit)/surplus before taxation			
- General Fund		(32,402)	1,781,613
Surplus for the year			
- Public Medical Education Foundation Fund		86	21
- HKMA China Relief Fund		32	8
Adjustments for:			
Interest income		(1,051,353)	(1,049,233)
Depreciation and amortisation expenses		872,186	863,146
Dividend income		(1,488,000)	(1,122,556)
Operating (deficit)/surplus before working capital and fund changes		(1,699,451)	472,999
(Increase)/decrease in inventories		(15,973)	13,830
Decrease/(increase) in sundry receivables and prepayments		379,306	(1,108,981)
Increase in utility and other deposits		(11,828)	(860)
(Decrease)/increase in receipts in advance, sundry payables and accruals		(28,210,376)	5,547,275
(Decrease)/increase in amount due to a related company		(105)	1,490
NET CASH (USED IN)/GENERATED FROM OPERATING ACTIVITIES		29,558,427	4,926,158
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividend received		618,419	304,374
Payments to acquire property, plant and equipment		(155,521)	(2,490,303)
Interest received		1,051,353	1,049,233
Increase in time deposits with maturity more than 3 months at acquisition		(423,375)	(16,142,785)
NET CASH (USED IN)/GENERATED FROM INVESTING ACTIVITIES		1,090,876	(17,279,481)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(28,467,551)	(12,353,323)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		45,468,225	57,821,548
CASH AND CASH EQUIVALENTS AT END OF YEAR		17,000,674	45,468,225
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS			
Time deposits at banks		-	709,273
Cash and bank balances		17,000,674	44,758,952
	12	17,000,674	45,468,225

NOTES ON THE FINANCIAL STATEMENTS

1. STATUS OF THE ASSOCIATION

The Hong Kong Medical Association ("the Association") was incorporated in Hong Kong on 15th June, 1960 as a company limited by guarantee incorporated in Hong Kong. Every member of the Association undertakes to contribute, if required, an amount not exceeding HK\$20, to the assets of the Association in the event of its being wound up. The address of the Association's registered office is 5/F., Duke of Windsor Social Service Building, 15 Hennessy Road, Hong Kong.

The Association is engaged in the promotion of the welfare and the protection of the lawful interests of the medical profession.

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

2. CHANGES IN ACCOUNTING POLICIES

The Hong Kong Institute of Certified Public Accountants (HKICPA) has issued certain new and revised Hong Kong Financial Reporting Standards (HKFRSs) that are first effective for the current accounting period of the Association. Note 4 provides information on any changes in accounting policies resulting from initial application of these standards, amendments and interpretations that are relevant to the Association.

The Association has not applied any new standard or interpretation that is not yet effective for the current accounting period (see note 30).

3. SUMMARY OF SIGNIFICANT 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 the periods presented, unless otherwise stated.

a) Basis of preparation:

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (which includes all applicable Hong Kong Accounting Standards) issued by the Hong Kong Institute of Certified Public Accountants and accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance. They have been prepared under historical cost convention, except for financial asset at fair value through other comprehensive income and available-for-sale financial assets, which have been measured at fair value.

b) Foreign currency translation:

- i) Functional and presentation currency
Items included in the financial statements are measured using the currency of the primary economic environment in which the Association operates ("the functional currency"). The 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 the statement of comprehensive income.

c) Property, plant and equipment:

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. 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 property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of comprehensive income in the period 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 be obtained from the use of the property, plant and equipment, the expenditure is capitalized as an additional cost of that asset.

Depreciation on property, plant and equipment is calculated on the straight-line basis to write off the cost over their estimated useful lives and after taking into account their estimated residue values, where appropriate, as follows:

Leasehold land and building/building	over the remaining unexpired terms of the leases
Furniture and fixtures	10% per annum
Computer equipment	10% per annum

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. 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.

d) Investment property:

Investment property, which is property held to earn rentals and/or for capital appreciation, is stated at cost less accumulated depreciation and any accumulated impairment loss. Depreciation is provided to write off the cost of investment property using the straight-line method over the remaining terms of the lease.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

e) Impairment of assets:

i) Impairment of non-financial assets

At the end of each reporting period, an assessment is made of whether there is any indication of impairment of any asset, or whether there is any indication that an impairment loss previously recognised for an asset in prior years may no longer exist or may have decreased. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

A previously recognised impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount for the asset, however not to an amount higher than the carrying amount that would have been determined (net of any depreciation), had no impairment loss been recognised in prior years.

ii) Credit losses and impairment of financial assets:

The Association recognises a loss allowance for expected credit losses ("ECLs") on financial assets measured at amortised cost (including accounts receivable).

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

Loss allowances for receivables are always measured at an amount equal to lifetime ECLs based on the Association's historical credit loss experience, adjusted for factors that are specific to debtors and the current and forecast general economic conditions at the end of the reporting period.

Lifetime ECLs are losses that are expected to result from all possible default events over the expected lives of the financial assets.

f) Inventories:

Inventories comprise publications, souvenir and beverage held for sale and are stated at the lower of cost and net realisable value. Costs, which comprises all cost of purchase and, where applicable, costs of conversion and other costs that have incurred in bringing the inventories to their present location and condition, is calculated on the first in first out basis. Net realisable value is determined on the basis of anticipated sales proceeds less estimated selling expenses.

g) Receivables:

A receivable is recognised when the Association has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the Association has an unconditional right to receive consideration, the amount is presented as a contract asset (see note 3(r)).

Receivables are stated at amortised cost using the effective interest method less allowance for credit losses (see note 3(e)(ii)).

h) Payables:

Payables are initially measured at fair value and, after initial recognition, at amortised cost, except for short-term payables with no stated interest rate and the effect of discounting being immaterial, that are measured at their original invoice amount.

i) Cash and cash equivalents:

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Association's cash management.

j) Designated donations/contributions and related expenditures:

Designated donations/contributions received are credited directly to the respective funds. Expenditures are charged to these funds where appropriate.

k) Deferred income tax:

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

l) Investments in equity instruments:

Investments in equity securities are recognised and derecognised on the date when the Association commits to purchase or sell the investments. The investments are initially stated at fair value plus transaction costs. These investments are subsequently accounted for as follows:

An investment in equity instrument is classified as fair value through profit or loss (FVTPL) unless they are not held for trading purposes, on initial recognition of the investment, the group makes an election to designate the investment at FVOCI (non-recycling). When the investment is derecognised, the changes in fair value accumulated in fair value reserve is transferred to retained earnings and not recycled through profit or loss.

m) Operating leases:

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged or credited to the statement of comprehensive income on a straight-line basis over the period of the lease.

n) Revenue recognition:

Donation income is recognised on a cash received basis.

Rental income is recognised in the year on a straight-line basis over the lease terms.

Dividend received from listed investments is recognised when the right to receive payment is established.

Interest income is recognised as it accrues using the effective interest method.

The recognition of revenue from contracts with customers is based on the performance obligations identified in the contracts. Revenue is recognised when (or as) the Association satisfies a performance obligation by transferring a promised good or service (i.e. an asset) to a customer who obtains the control of the asset:

- i) Membership and subscription fees are recognised over time on a straight-line basis over the subscription period as the customers simultaneously receive and consume the benefits of goods or services provided by the Association.
- ii) Entrance fees are recognised at a point in time on approved of status to the applicants.
- iii) Admission fees income are recognised when the related functions are performed.
- iv) Advertisement income is recognised when the related advertisements have been published.
- v) Sales of wine, beverages, food and souvenirs are recognised at a point in time when the delivery is made.
- vi) Retention fees on sales of food are recognised when related sales are recognised.
- vii) Commission and administration fee income are recognised in the year in which the services are rendered.
- viii) Income from seminars courses and activities is recognised over time as the services are rendered.

o) 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 parents.

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 a group of which it is a part, provides key management personnel services to the group or to the group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

p) Employee benefits:

Salaries, annual leave and other costs of non-monetary benefits are accrued and recognised as an expense in the year in which the associated services are rendered by employees of the Association.

The Association's contributions to the mandatory provident fund scheme and the defined contribution retirement scheme are expensed as incurred. Contributions to the defined contribution retirement scheme are reduced by contributions forfeited by those employees who leave the scheme prior to vesting fully in the contributions. The assets of both schemes are held separately from those of the Association in independently administered funds.

q) Provisions:

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of comprehensive income.

r) Contract assets and contract liabilities:

A contract asset is recognised when the Association recognises revenue (see note 3(n)) before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed for expected credit losses (ECL) in accordance with the policy set out in note 3(e)(ii) and are reclassified to receivables when the right to the consideration has become unconditional (see note 3(g)).

A contract liability is recognised when the customer pays non-refundable consideration before the Association recognises the related revenue (see note 3(n)). A contract liability would also be recognised if the Association has an unconditional right to receive non-refundable consideration before the Association recognises the related revenue. In such cases, a corresponding receivable would also be recognised (see note 3(g)).

For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

4. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

The HKICPA has issued a number of HKFRSs and amendments to HKFRSs that are first effective for the current accounting period of the Association. Of these, the following developments are relevant to the Association's financial statements:

- HKFRS 9, *Financial instruments*
- HKFRS 15, *Revenue from contracts with customers*

i) HKFRS 9, *Financial instrument*, including the amendments to HKFRS 9, *Prepayment features with negative compensation*

HKFRS 9 replaced HKAS 39 *Financial instruments: recognition and measurement*. It sets out the requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items.

The Association has applied HKFRS 9 retrospectively to items that existed at 1st March, 2018 in accordance with the transition requirements. The Association has recognised the cumulative effect of initial application as an adjustment to the opening equity at 1st March, 2018. Therefore, comparative information is not restated under the transition method chosen.

The following table summarises the impact of transition of HKFRS 9 on retained earnings and reserves and the related tax impact at 1st March, 2018.

Investment revaluation reserve (recycling)

Transferred to fair value reserve (non-recycling) relating to equity securities now designated at FVOCI and decrease in investment revaluation reserve (recycling) at 1st March, 2018

HK\$

(6,725,266)

Fair value reserve (non-recycling)

Transferred from investment revaluation reserve (recycling) relating to equity securities now measured at FVOCI and increase in fair value reserve (non-recycling) at 1st March, 2018

6,725,266

4. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")(CONT'D)

Further details of the nature and effect of the changes to previous accounting policies and the transition approach are set out below:

a) Classification of financial assets and financial liabilities

HKFRS 9 categories financial assets into three principal classification categories: measured at amortised cost, at fair value through other comprehensive income (FVOCI) and at fair value through profit or loss (FVPL). These supersede HKAS 39's categories of held-to-maturity investments, loans and receivables, available-for-sale financial assets and financial assets measured at FVPL. The classification of financial assets under HKFRS 9 is based on the business model under which the financial asset is managed and its contractual cash flow characteristics. Under HKFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are not separated from the host. Instead, the hybrid instrument as a whole is assessed for classification.

From 2018, after the adoption of HKFRS 9, which replaces HKAS 39, the Association's available-for-sale financial assets of HK\$23,815,656 as at 1st March, 2018 have been reclassified to equity securities designated at FVOCI (non-recycling). The accounting for equity securities designated at FVOCI (non-recycling) remains largely the same, except that gains or losses realized upon the disposal of equity securities designated at FVOCI (non-recycling) will no longer be transferred to profit or loss upon disposal, but will be reclassified from fair value reserve to retained earnings.

The measurement categories for all financial liabilities remain the same. The carrying amounts for all financial liabilities at 1st March, 2018 have not been impacted by the initial application of HKFRS 9.

b) Credit losses

HKFRS 9 replaces the "incurred loss" model in HKAS 39 with the "expected credit loss" (ECL) model. The ECL model requires an ongoing measurement of credit risk associated with a financial asset and therefore recognizes ECLs earlier than under the "incurred loss" accounting model in HKAS 39.

The Association applies the new ECL model to the following items:

- financial assets measured at amortised cost (including cash and bank balances sundry receivable and prepayments utility and deposits and amount due from a related company);
- debt securities measured at FVOCI; and
- lease receivables;

c) Transition

Changes in accounting policies resulting from the adoption of HKFRS 9 have been applied retrospectively, except as described below:

- Information relating to comparative periods has not been restated. Differences in the carrying amounts of financial asset resulting from the adoption of HKFRS 9 are recognised in retained earnings and reserves as at 1st March, 2018. Accordingly, the information presented for 2018 continues to be reported under HKAS 39 and thus may not be comparable with the current period.
- The following assessments have been made on the basis of the facts and circumstances that existed at 1st March, 2018 (the date of initial application of HKFRS 9 by the Association).
 - the determination of business model within which a financial asset is held; and
 - the designation of certain investments in equity instruments not held for trading to be classified as at FVOCI (non-recycling).
- If, at the date of initial application, the assessment of whether there has been a significant increase in credit risk since initial recognition would have involved undue cost or effort, a lifetime ECL has been recognised for that financial instrument.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Association makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The 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 are discussed below.

Useful lives of property, plant and equipment

The Association's management determines the estimated useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. It could change significantly as a result of technical innovations and competitor actions in response to severe industry cycles. Management will increase the depreciation charge where useful lives are less than previously estimated lives, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

6. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and building (Note 1)	Building (Note 2)	Furniture and fixtures	Computer equipment	Total
	HK\$	HK\$	HK\$	HK\$	HK\$
Cost:					
At 1.3.2017	8,554,079	563,790	10,770,022	947,709	20,835,600
Additions	-	-	2,468,599	21,704	2,490,303
At 28.2.2018 and 1.3.2018	8,554,079	563,790	13,238,621	969,413	23,325,903
Additions	-	-	135,688	19,833	155,521
At 28.2.2019	8,554,079	563,790	13,374,309	989,246	23,481,424
Accumulated depreciation:					
At 1.3.2017	621,329	232,536	7,735,434	731,222	9,320,521
Charge for the year	9,007	10,921	795,004	44,469	859,401
At 28.2.2018 and 1.3.2018	630,336	243,457	8,530,438	775,691	10,179,922
Charge for the year	9,007	10,921	807,399	41,114	868,441
At 28.2.2019	639,343	254,378	9,337,837	816,805	11,048,363
Net book value:					
At 28.2.2019	7,914,736	309,412	4,036,472	172,441	12,433,061
At 28.2.2018	7,923,743	320,333	4,708,183	193,722	13,145,981

Notes:

- The leasehold land and building is held in Hong Kong on long lease and is located at 2nd Floor, The Chinese Club Building, Nos. 21 & 22 Connaught Road Central, Hong Kong.
- The building is situated in Hong Kong at 5th Floor, Duke of Windsor Building, 15 Hennessy Road, Hong Kong.

7. INVESTMENT PROPERTY

	Investment property (Note 1)
	HK\$
Cost:	
At 1.3.2017, 28.2.2018 and at 28.2.2019	83,463
Accumulated depreciation:	
Balance at 1.3.2017	1,200
Charge for the year	100
Balance at 28.2.2018	1,300
Charge for the year	100
Balance at 28.2.2019	1,400
Net book value:	
At 28.2.2019	82,063
At 28.2.2018	82,163

Note:

- The investment property is held in Hong Kong on long lease and is located at Flat 1, 6th Floor, Wyndham Mansion, 32 Wyndham Street, Hong Kong.

The investment property is leased to third parties on operating leases. The fair value of the property at 28th February, 2019 assessed by the council members is HK\$11,846,023 (2018: HK\$15,540,270) which is based on open market value of similar properties.

NOTES ON THE FINANCIAL STATEMENTS

7. INVESTMENT PROPERTY (CONT'D)

Fair value measurement of property

i) Fair value hierarchy

The following table presents the fair value of the Association's investment property measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available
- Level 3 valuations: Fair value measured using significant unobservable inputs

Fair value measurements as at
28th February, 2019 categorised into

	Carrying value at 28 th February, 2019	Fair value at 28 th February, 2019	Level 1	Level 2	Level 3
	HK\$	HK\$	HK\$	HK\$	HK\$
Recurring fair value measurement					
Investment property in Hong Kong	82,063	11,846,023	-	11,846,023	-

Fair value measurements as at
28th February, 2018 categorised into

	Carrying value at 28 th February, 2018	Fair value at 28 th February, 2018	Level 1	Level 2	Level 3
	HK\$	HK\$	HK\$	HK\$	HK\$
Recurring fair value measurement					
Investment property in Hong Kong	82,163	15,540,270	-	15,540,270	-

ii) Valuation techniques and inputs used in Level 2 fair value measurements

The fair value of investment property located in Hong Kong is determined using market comparison approach by reference to recent sales price of comparable properties on a price per square foot basis using market data which is publicly available.

8. PREPAID LEASE PAYMENTS ON LAND USE RIGHTS

The Association's prepaid lease payments on land use rights comprise:

	2019	2018
	HK\$	HK\$
Situated in Hong Kong		
Medium-term lease	105,720	109,365
Analysed for reporting purposes as:		
Non-current assets	102,075	105,720
Current assets	3,645	3,645
	105,720	109,365

9. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2019 HK\$	2018 HK\$
Equity securities, at market value listed in Hong Kong	-	23,815,656

Available-for-sale financial assets were reclassified to equity securities designated at FVOCI (non-recycling) upon the initial application of the HKFRS 9 at 1st March, 2018 (see note 4).

10. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME ("FVOCI")

	2019 HK\$	2018 HK\$
Financial assets designated at FVOCI (non-recycling)		
Listed equity securities in Hong Kong	21,954,454	-

These investments are designated at FVOCI as they are held for strategic purposes.

11. AMOUNT DUE TO A RELATED COMPANY

This amount is unsecured advances which are interest free and have no fixed terms of repayment.

12. CASH AND BANK BALANCES

	2019 HK\$	2018 HK\$
Time deposits at bank	30,500,979	30,786,877
Cash and bank balances	17,000,674	44,758,952
Cash and bank balances in the statement of financial position	47,501,653	75,545,829
Less: Time deposits with original maturity more than three months	(30,500,979)	(30,077,604)
Cash and cash equivalents in the statement of cash flows	17,000,674	45,468,225

Cash and bank balances include the following amounts denominated in a currency other than the Association's functional currency, Hong Kong dollars:

	2019		2018	
United States dollars	US\$	219,325	US\$	214,837
Australian dollars	AUD	116,923	AUD	116,577
Renminbi	CNY	20,629,274	CNY	19,747,498

Cash at banks earn interest at floating rates based on daily bank deposit rates. Short term deposits are made for varying periods of no more than three months depending on the immediate cash requirements of the Association, and earn interest at the respective short term time deposit rates.

13. MEMBERSHIP AND SUBSCRIPTION FEES AND OTHER INCOME AND NET GAINS

The Association is engaged in the promotion of the welfare and the protection of the lawful interests of the medical profession. Revenues recognised during the year were as follows:

	2019 HK\$	2018 HK\$
Membership and subscription fees:		
Entrance fees	10,500	6,300
Annual subscriptions	30,000	38,000
Life membership subscriptions	48,000	16,000
	88,500	60,300

NOTES ON THE FINANCIAL STATEMENTS

13. MEMBERSHIP AND SUBSCRIPTION FEES AND OTHER INCOME AND NET GAINS (CONT'D)

	2019	2018
	HK\$	HK\$
Other income and net gains		
Operating lease rental income from investment property	408,000	102,000
Dividends received from listed financial assets at fair value through other comprehensive income available-for-sale financial assets	1,488,000	1,122,556
Administration fee income	8,000,000	8,000,000
Commission received	313,301	332,517
Bank interest income	1,051,353	1,049,233
Surplus on annual social functions - note 15	1,104	-
Surplus from club house - note 16	2,215,86	1,848,585
Net income from mailing service secretarial charges - note 17	607,051	346,111
CME lecture fee	578,600	-
Surplus on CME Programme for non-specialists -note 18	99,193	91,027
Sundry income	7,623	1,212
Surplus on HKMA Newsletter - note 22	1,650,819	1,301,254
Exchange gain	-	2,211,861
	16,420,907	16,406,356

14. ADMINISTRATIVE AND OTHER OPERATING EXPENSES

	2019	2018
	HK\$	HK\$
Advertising, newspaper and periodicals	28,004	25,541
Annual charity concert expenses	79,806	74,327
Amortisation of land use rights	3,645	3,645
Awards to medical students	10,000	10,000
Cash coupons to life members	54,900	49,200
Cleaning expenses	22,288	22,037
Club house expenses	346,483	366,121
Computer expenses	101,561	89,574
Community services	8,186	4,162
Conference expenses	64,333	64,975
Contribution to staff retirement fund	799,571	708,703
Deficits from annual social functions - note 15	-	270,745
Deficits on Professional Service Development Assistance Scheme	38,385	42,987
Deficits on CME Bulletin - note 19	338,323	311,958
Deficit from other functions - note 20	745,558	1,000,849
Deficit on sale of Hong Kong Medical Journal expenses	214,840	199,980
Depreciation on property, plant and equipment	868,441	859,401
Depreciation on investment property	100	100
Donations	10,000	10,000
Deficits on organ donation promotion walk	-	30,000
Exchange loss	1,394,274	-
Gifts	22,500	25,000
Insurance	50,776	64,797
Licence fees	37,203	40,320
Meeting expenses	218,781	193,086
Postage and stamp duties	259,410	179,580
Printing and stationery	334,915	288,748
Professional fees	349,003	4,002
Property expenses - note 21	81,757	84,818
Repairs and renewals	101,844	112,347
Salaries and allowances	9,460,058	8,991,748
Social expenses	55,502	151,715
Staff lunch	122,279	112,320
Subscriptions to other medical associations	24,276	27,107
Sundry expenses	151,049	104,946
Telephone and telegrams	39,752	30,856
Travelling expenses	48,663	62,561
Water and electricity	55,343	57,087
Visit to Chinese Medical Association	-	9,700
	16,541,809	14,685,043

15. SURPLUS/(DEFICIT) FROM ANNUAL SOCIAL FUNCTIONS

	2019 HK\$	2018 HK\$
Income		
Donations/sponsorship	5,000	1,000
Sales of dinner tickets	174,930	203,625
Income from circular/booklet	84,000	62,000
	263,930	266,625
Less: Expenditure	(262,826)	(537,370)
Deficit for the year	1,104	(270,745)

16. SURPLUS FROM CLUB HOUSE

	2019 HK\$	2018 HK\$
Sales of beverages	88,437	75,816
Less: Cost of sales	(12,054)	(8,253)
	76,383	67,563
Retention fees	2,097,588	1,696,110
Room rental	173,075	185,408
	2,347,046	1,949,081
Less: Visa card handling charges and coupon used	(131,183)	(100,496)
Surplus for the year	2,215,863	1,848,585

17. NET INCOME FROM MAILING SERVICE SECRETARIAL CHARGES

	2019 HK\$	2018 HK\$
Handling charges	731,647	449,978
Less: Handling fee	(124,596)	(103,867)
Net income	607,051	346,111

18. SURPLUS ON CME PROGRAMME FOR NON-SPECIALISTS

	2019 HK\$	2018 HK\$
Fees and sponsorship received	397,518	307,557
Less: Expenditure	(298,325)	(216,530)
Surplus for the year	99,193	91,027

19. DEFICIT ON CME BULLETIN

	2019 HK\$	2018 HK\$
Advertisement fee received	744,148	899,116
Less: Expenditure	(1,082,471)	(1,211,074)
Deficit for the year	(338,323)	(311,958)

NOTES ON THE FINANCIAL STATEMENTS

20. DEFICIT FROM OTHER FUNCTIONS

	2019	2018
	HK\$	HK\$
Fees and donations received	628,886	576,749
Less: Expenditure	(1,374,444)	(1,577,598)
Deficit for the year	(745,558)	(1,000,849)

21. PROPERTY EXPENSES

	2019	2018
	HK\$	HK\$
Building management fee	23,429	24,285
Rates and government rent	17,288	19,493
Repairs and maintenance	41,040	41,040
	81,757	84,818

22. SURPLUS ON HKMA NEWSLETTER

	2019	2018
	HK\$	HK\$
Advertising income	3,115,530	2,717,755
Less: Expenditure	(1,464,711)	(1,416,501)
Surplus for the year	1,650,819	1,301,254

23. COUNCIL MEMBERS' REMUNERATION: HK\$Nil (2018: HK\$Nil).

24. TAXATION

- i) No provision for Hong Kong profits tax has been made in these financial statements as the Association sustained a loss for tax purpose for the years ended 28th February, 2019 and 28th February, 2018.
- ii) The income tax expense for the year can be reconciled to the (deficit)/surplus before taxation per the statement of comprehensive income as follows:

	2019	2018
	HK\$	HK\$
(Deficit)/surplus before taxation	(32,402)	1,781,613
Tax calculated at normal income tax rate of 16.5% (2018: 16.5%)	(5,346)	293,966
Tax effect on non-taxable income	(418,993)	(723,302)
Tax effect on non-deductible expenses	239,602	9,333
Tax effect on temporary differences not recognised	(17,463)	(86,038)
Tax loss unrecognised	202,200	506,041
Income tax expense for the year	-	-

- iii) Provision for deferred tax has not been provided in the financial statements as the effect of all temporary differences is not material.

At the end of the reporting period, the Association has unused tax losses of HK\$12,822,979 (2018: HK\$11,597,523) available for offset against future profits. No deferred tax assets has been recognised in respect of such losses due to the unpredictability of future profits streams.

25. FUNDS

The amounts of the Association's funds and the movements therein for the current and prior years are presented in the statement of changes in funds on page 10 of the financial statements.

Note: According to a Special Resolution passed on 21st July, 2005, it was resolved that the annual surplus of the Association be transferred to a special account and that when the balance of this special account is sufficient to offset the subscriptions receivable for the following year, an amount equivalent to the subscriptions receivable in that year be transferred from this account to the Annual Subscription account of the relevant year.

The amount of HK\$3,810,498 (2018: HK\$5,467,013) which is included in general fund transferred to special fund and represents as follows:

Annual surplus transferred:

	HK\$
Net surplus for the year ended 28 th February, 2019	3,810,498

26. OPERATING LEASE ARRANGEMENT

The Association leases its investment property under operating lease arrangement. At the end of the reporting period, the Association had total future minimum lease rental receivable under non-cancellable operating lease falling due as follows:

	2019	2018
	HK\$	HK\$
- not later than one year	306,000	408,000
- later than one year and not later than five years	-	306,000
	306,000	714,000

27. FINANCIAL INSTRUMENTS

27A. CATEGORIES OF FINANCIAL INSTRUMENTS

	2019		
	Financial assets at amortised cost	Financial asset of fair value through other comprehensive income	Total
	HK\$	HK\$	HK\$
Financial assets			
Financial asset at fair value through other comprehensive income	-	21,954,454	21,954,454
Utility and other deposits	138,069	-	138,069
Sundry receivables	2,183,820	-	2,183,820
Cash and bank balances	47,501,653	-	47,501,653
	49,823,542	21,954,454	71,777,996
			Financial liabilities at amortised cost
			HK\$
Financial liabilities			
Amount due to a related company			1,385
Sundry payables and accruals			38,717,422
			38,718,807

NOTES ON THE FINANCIAL STATEMENTS

27. FINANCIAL INSTRUMENTS (CONT'D)

27A. CATEGORIES OF FINANCIAL INSTRUMENTS (CONT'D)

	2018		Total HK\$
	Financial assets at amortised cost HK\$	Available-for-sale financial assets HK\$	
Financial assets			
Available-for-sale financial assets	-	23,815,656	23,815,656
Utility and other deposits	126,241	-	126,241
Sundry receivables	2,471,683	-	2,471,683
Cash and bank balances	75,545,829	-	75,545,829
	78,143,753	23,815,656	101,959,409
			Financial liabilities at amortised cost HK\$
Financial liabilities			
Amount due to a related company			1,490
Sundry payables and accruals			66,927,79
			66,929,288

27B. FINANCIAL RISK MANAGEMENT AND FAIR VALUE ESTIMATION

The main risks arising from the Association's financial instruments are interest rate risk and credit risk and liquidity risk. The Council members reviews and agrees to policies for managing each of these risks and they are summarised below:

a) Financial risk factors:

1) Foreign currency risk

The Association is exposed to foreign exchange risk arising from United States dollars and Renminbi ("RMB") exposure. Foreign exchange risk mainly arises from the Association's recognised assets as disclosure in note (12).

Hong Kong dollars are pegged to the United States dollars and the foreign exchange exposure between them are considered limited.

HKD/RMB fluctuated from 1.2429 to 1.1753 during the year ended 28th February, 2019, resulting in an exchange loss of HK\$1,394,713 (2018: Exchange gain of HK\$2,209,717) [included in the exchange loss of HK\$1,394,274 (note 14) (2018: Exchange gain of HK\$2,211,861)(note 13)].

Sensitivity analysis

As at 28th February, 2019, it is estimated that a general increase/decrease of 5 percent in CNY, with all other variables held constant, would decrease/increase the Association's deficit for the year by approximately HK\$1,212,278 (2018: increase/decrease the Association's surplus for the year by approximately HK\$1,227,208).

The sensitivity analysis has been determined assuming that the change in foreign exchange rates had occurred at the end of the reporting period and had been applied to the Association's exposure to currency risk for both derivative and non-derivative financial instruments in existence at that date, and that all other variables, in particular interest rates, remain constant.

The stated changes represent management's assessment of reasonably possible changes in foreign exchange rates over the period until the end of next annual reporting period. In this respect it is assumed that the pegged rate between the Hong Kong dollar and the United States dollar would be materially unaffected by any changes in movement in value of the United States dollar against other currencies. The analysis is performed on the same basis for 2018.

2) Credit risk

The Association's maximum exposure to credit risks in the event of the counterparties failure to perform their obligations as at 28th February, 2019 in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the statement of financial position.

As at 28th February, 2019 and 28th February, 2018, the financial assets of the Association that were exposed to credit risk and their maximum exposure were as follows:

27. FINANCIAL INSTRUMENTS (CONT'D)

a) Financial risk factors: (cont'd)

	2019		2018	
	Carrying amount in the statement of financial position	Maximum exposure to credit risk	Carrying amount in the statement of financial position	Maximum exposure to credit risk
	HK\$	HK\$	HK\$	HK\$
Financial assets				
Utility and other deposits	138,069	138,069	126,241	126,241
Sundry receivables	2,183,820	2,183,820	2,471,683	2,471,683
Cash and bank balances	47,501,653	47,501,653	75,545,829	75,545,829
	49,823,542	49,823,542	78,143,753	78,143,753

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings.

The Association performs individual evaluations on all customers based on the customer's past payment history when due, and take into account information specific to the customers as well as pertaining to the economic environment in which the customer operates. Based on experience, existing market conditions as well as forward looking estimates, management is of the opinion that no charge for impairment is necessary in respect of these balances as there has not been a significant change in credit quality of these parties and the balances are still considered fully recoverable. The Association does not hold any collateral over these balances.

3) Liquidity risk

The Association's policy is to regularly monitor its liquidity requirements to ensure that it maintains sufficient reserve of cash to meet its liquidity requirements in the short and longer terms.

The following table details the remaining contractual maturities at the end of the reporting period of the Association's financial liabilities, which are based on contractual undiscounted cash flows and the earliest date the Association can be required to pay:

	2019		
	Carrying amount	Total contractual undiscounted cash flow	Within 1 year or on demand
	HK\$	HK\$	HK\$
Current liabilities			
Amount due from a related company	1,385	(1,385)	(1,385)
Sundry payables and accruals	38,717,422	(38,717,422)	(38,717,422)
	38,718,807	(38,718,807)	(38,718,807)

	2018		
	Carrying amount	Total contractual undiscounted cash flow	Within 1 year or on demand
	HK\$	HK\$	HK\$
Current liabilities			
Amount due from a related company	1,490	(1,490)	(1,490)
Sundry payables and accruals	66,927,798	(66,927,798)	(66,927,798)
	66,929,288	(66,929,288)	(66,929,288)

4) Price risk

The Association is exposed to equity security price risk on fair value through other comprehensive income and available-for-sale financial assets. The fair value adjustment will be affected either positively or negatively, amongst others, by the changes in stock price. The Association's equity price risk is mainly concentrated on equity instruments quoted in the Stock Exchange in Hong Kong. The management manages the exposure to price risk by maintaining a portfolio of investments with different risk and return profiles.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to equity price risks at the end of the reporting period.

The following denominates the sensitivity to every 5% change in the fair values of listed equity securities classified as fair value through other comprehensive income and available-for-sale financial assets with all other variable held constant and before any impact on tax, based on their carrying amounts at the end of the reporting period.

- Fair value reserve (2018: investment revaluation reserve) of the Association for the year would increase/decrease by HK\$1,097,723 (2018: HK\$1,190,783).

NOTES ON THE FINANCIAL STATEMENTS

27. FINANCIAL INSTRUMENTS (CONT'D)

27B. FINANCIAL RISK MANAGEMENT AND FAIR VALUE ESTIMATION (CON'T)

b) Fair value:

i) Financial assets and liabilities measured at fair value

The following table presents fair value of Association's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-levels fair value hierarchy as defined in HKFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuation: fair values measured using only level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at measurement date.
- Level 2 valuation: fair values measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1 and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuation: fair values measured using significant unobservable inputs.

	Fair value measurements as at 28 th February			Total fair value at 28 th February	Valuation technique and key input
	Level 1	Level 2	Level 3		
	HK\$	HK\$	HK\$		
2019 Assets				HK\$	
Available-for-sale financial assets	21,954,454	-	-	21,954,454	Quoted bid price in an active market

	Fair value measurements as at 28 th February			Total fair value at 28 th February	Valuation technique and key input
	Level 1	Level 2	Level 3		
	HK\$	HK\$	HK\$		
2018 Assets				HK\$	
Available-for-sale financial assets	23,815,656	-	-	23,815,656	Quoted bid price in an active market

During the year, there were no significant transfers between instruments in Level 1 and Level 2.

ii) Fair values of financial instruments carried at other than fair value

The council members consider that all of the other financial assets and liabilities are carried at amounts not materially different from their fair values as at 28th February, 2019 and 28th February, 2018.

28. RELATED PARTY TRANSACTIONS

- Key management personnel compensation: HK\$Nil (2018: HK\$Nil).
- Details of balance with a related company are set out in note 9 on the financial statements.

29. FUND MANAGEMENT

The Association's objectives when managing fund are:

- To safeguard the Association's ability to continue as a going concern, so that it continues to provide benefit for members;
- To support the Association's stability and growth; and
- To provide fund for the purpose of strengthening the Association's risk management capability.

The Association actively and regularly reviews and manages its fund structure to ensure optimal fund structure, taking into consideration the future fund requirements of the Association and prevailing and projected profitability and projected operating cash flows. Details of movements in funds are set out in note (25) on the financial statements.

30. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 28TH FEBRUARY, 2019

Up to the date of issue of these financial statements, the Hong Kong Institute of Certified Public Accountants has issued a number of amendments, new standards and interpretations which are not yet effective for the year ended 28th February, 2019 and which have not been adopted in these financial statements.

The Association is in the process of making an assessment of what the impact of these amendments, new standards and new interpretations is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Association's financial performance and financial position.

香港醫學會

一九二零年成立

一九六零年註冊

擔保有限公司檔案編號 6030

亞洲及大洋洲醫學聯會

世界醫學會

會員

香港醫學組織聯會

香港專業聯盟

創會會員

聯繫機構

香港醫學會慈善基金

二零零六年成立及註冊

The Hong Kong Medical Association

Founded in 1920

Incorporated in 1960

A company limited by guarantee Companies Registry File No. 6030

Member of

Confederation of Medical Associations in Asia & Oceania

World Medical Association

Founder Member of

The Federation of Medical Societies of Hong Kong

The Hong Kong Coalition of Professional Services

Associated Company

The Hong Kong Medical Association Charitable Foundation

Founded and incorporated in 2006

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香港醫學會

The Hong Kong Medical Association