HONG KONG QUALITY ASSURANCE AGENCY
香港品質保證局

(incorporated in Hong Kong and limited by guarantee)

Governing Council Members' Report and Consolidated Financial Statements For the year ended 31 March 2022

BDO

HONG KONG QUALITY ASSURANCE AGENCY
香港品質保證局

REPORT OF THE GOVERNING COUNCIL MEMBERS

The members of the Governing Council present their report together with the audited consolidated financial statements of Hong Kong Quality Assurance Agency (the "Agency") for the year ended 31 March 2022.

PRINCIPAL ACTIVITIES

The Agency has been established as a non-profit organisation to provide independent product and management systems certification to companies carrying on business in the manufacturing, construction and service sectors in and outside Hong Kong, and to associated operations of such companies.

The Agency's certification programme operates as a voluntary scheme and fees are charged for services rendered.

FINANCIAL STATEMENTS

The financial performance of the Group for the year ended 31 March 2022 and the financial position of the Group as at that date are set out in the consolidated financial statements on pages 9 to 46.

RESERVES

Details of the movements in the reserves of the Group and the Agency during the year are set out in note 15 and note 19(a) to the consolidated financial statements.

HONG KONG QUALITY ASSURANCE AGENCY
香港品質保證局

REPORT OF THE GOVERNING COUNCIL MEMBERS

MEMBERS OF THE GOVERNING COUNCIL

The Governing Council members of the Agency during the year and up to the date of this report were as follows:

Founding Chairman:
The Late John Siew-Kiong Lo

Honorary Chairmen:
The Late Tat-Lun Ng
Kwok-Woo Mok
Wai-Kwok Lo

Chairman:
Chi-Shing Ho

Deputy Chairman:
Simon Ka-Wo Wong

Council Members:

Chi-Yung Jim	
Jacob Chak-Pui Kam	
Daniel Lai	
Patrick Kwong-Wai Luk	
Paul See-Fan Tse	
Yee-Yan Wai	
Calvin Chau	
Allan Sau-Kit Chan	
Lilian Suk-Kwan Law	
Thomas Shiu-Tong Ng	
Peter Yau-Yee Ng	
Yiu-Hung Pang	
Kit-Loong Wong	
Siu-Hong Cheng	(appointed on 23 November 2021)
Eddie Kin-Wing Lam	(appointed on 23 November 2021)
Chuk-Fai Kwan	(appointed on 23 November 2021)
Sunny Wai-Kwong Lee	(appointed on 23 November 2021)
Thomas Cheung-Chi Wong	(appointed on 23 November 2021)
Emil Chen-On Yu	(appointed on 23 November 2021)
Koon-Man Chung	(resigned on 23 November 2021)
Kin-Chung Ho	(resigned on 23 November 2021)
Kwong-Ho Leung	(resigned on 23 November 2021)
Paul Wai-Yin Poon	(resigned on 23 November 2021)
Chi-Hung Yeung	(resigned on 23 November 2021)

In accordance with the Agency's Articles of Association, all members shall retire at every alternate annual general meeting and being eligible for re-election.

HONG KONG QUALITY ASSURANCE AGENCY
香港品質保證局

REPORT OF THE GOVERNING COUNCIL MEMBERS

MEMBERS OF THE GOVERNING COUNCIL - Continued

The members of the Agency's subsidiaries included in the consolidated financial statements during the year and up to the date of this report were as follows:

HKQAA Certification (Shanghai) Ltd.
Chairman:
Michael Po-Hing Lam
Council Members:
Chi-Shing Ho
Simon Ka-Wo Wong

HKQAA Certification (Macau) Ltd.
Chairman:
Michael Po-Hing Lam
Council Members:
Chi-Shing Ho
Simon Ka-Wo Wong

MEMBERS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

No transactions, arrangements or contracts of significance in relation to which the Agency or its subsidiaries were a party and in which a Governing Council member of the Agency had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

At no time during the year was the Agency or its subsidiaries a party to any arrangements to enable the Governing Council members of the Agency to acquire benefits by means of the acquisition of an interest in the Agency or any other body corporate.

HONG KONG QUALITY ASSURANCE AGENCY
香港品質保證局

REPORT OF THE GOVERNING COUNCIL MEMBERS

AUDITOR

A resolution will be proposed at the forthcoming annual general meeting of the Agency to re-appoint the auditor, BDO Limited.

For and on behalf of the Governing Council

Chi-Shing Ho
Chairman

Hong Kong, 22 November 2022

BDO

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INDEPENDENT AUDITOR'S REPORT
TO THE GOVERNING COUNCIL MEMBERS OF HONG KONG QUALITY ASSURANCE AGENCY
香港品質保證局

(incorporated in Hong Kong and limited by guarantee)

Opinion

We have audited the consolidated financial statements of Hong Kong Quality Assurance Agency (the "Agency") and its subsidiaries (together the "Group") set out on pages 9 to 46, which comprise the consolidated statement of financial position as at 31 March 2022, and the consolidated statement of comprehensive income, the consolidated statement of changes in reserves and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2022, and of its consolidated financial performance and its consolidated 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 ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group 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 Governing Council members are responsible for the other information. The other information comprises the information included in the report of the Governing Council members.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Other Information - Continued

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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.

Governing Council Members' Responsibilities for the Consolidated Financial Statements

The Governing Council members are responsible for the preparation of the consolidated 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 Governing Council members determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Governing Council members are responsible for assessing the Group'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 Governing Council members either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with Section 405 of the Hong Kong Companies Ordinance, 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 HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements - Continued

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

- identify and assess the risks of material misstatement of the consolidated 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 Group's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Governing Council members.

- conclude on the appropriateness of the Governing 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 Group'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 consolidated 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 Group to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITOR'S REPORT
TO THE GOVERNING COUNCIL MEMBERS OF HONG KONG QUALITY ASSURANCE AGENCY
香港品質保證局

(incorporated in Hong Kong and limited by guarantee)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements - Continued

We communicate with the Governing Council members 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.

BDO Limited
Certified Public Accountants
Tony Yuk Tung Chan
Practising Certificate Number P04654

Hong Kong, 22 November 2022

HONG KONG QUALITY ASSURANCE AGENCY
香港品質保證局

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2022

	Notes	2022 HK$	2021 HK$
Revenue			
Service fee income		91,107,571	89,746,299
Annual certification fee income		6,949,489	6,967,724
Seminar income		4,177,675	4,021,044
		102,234,735	100,735,067
Other revenue/(losses)			
Interest income		1,110,796	819,158
Dividend income		348,342	277,980
Fair value (losses)/gains on financial assets at fair value through profit or loss		(2,091,023)	2,433,096
Exchange gains, net		422,047	316,858
Government grants	6	-	6,494,778
Other income		1,286,486	1,318,940
		1,076,648	11,660,810
Total income		103,311,383	112,395,877
Expenditure			
Salaries, wages and bonuses		66,453,900	67,799,379
Associate auditor fee		3,055,828	2,800,702
Contributions to:			
- ORSO scheme - Hong Kong employees		465,940	468,196
- MPF scheme - Hong Kong employees		1,707,153	1,737,712
- social security plan - PRC employees		1,988,493	1,182,720
- social security contribution - Macau employees		1,063	699
Accreditation costs		1,334,120	1,536,494
Amortisation of leasehold lands		677,135	649,041
Auditor's remuneration		205,000	205,000
Depreciation of property, plant and equipment		1,425,063	1,422,642
Depreciation of right-of-use assets		72,262	142,109
Government rent and rates		173,200	195,400
Insurance		777,986	991,428
Interest expense on lease liabilities		16,212	7,987
Literature and reference materials		13,277	17,749
Management fees		1,007,863	1,006,729
Medical expenses		1,272,289	1,190,509
Partnership development		122,633	115,973
Printing and stationery		58,602	162,631
Professional fees		478,581	110,318
Projects related expenses		6,196,525	8,595,088
Promotion and advertising		1,498,764	717,979
Provision of impairment loss on receivables		122,013	240,110
Repairs and maintenance		743,661	925,462
Software expenses		938,520	603,332
Staff training expenses		71,809	40,915
Technical support		295,991	663,556
Telecommunications		407,885	472,797
Training service expenses		1,150,234	958,727
Travelling expenses		708,265	1,243,824
Loss on disposal of property, plant and equipment		-	116,918
Loss on lease modification		-	34,350
Sundry expenses		1,282,193	1,820,595
Total expenditure		94,722,460	98,177,071
Surplus before income tax		8,588,923	14,218,806
Income tax	16	-	-
Surplus for the year		8,588,923	14,218,806
Other comprehensive income			
Exchange gain on translation of financial statements of foreign operations		1,162,804	2,251,545
Total comprehensive income for the year		9,751,727	16,470,351

HONG KONG QUALITY ASSURANCE AGENCY
香港品質保證局

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2022

	Notes	2022 HK$	2021 HK$
Non-current assets			
Leasehold lands	7	29,813,990	29,802,253
Property, plant and equipment	8	14,873,850	15,493,164
Right-of-use assets	9	289,048	361,310
Total non-current assets		44,976,888	45,656,727
Current assets			
Receivables and prepayments	10	13,491,612	16,929,467
Contract assets	13	4,687,329	5,052,405
Other financial assets	11	34,796,897	37,768,494
Cash and cash equivalents		68,888,308	45,654,203
Total current assets		121,864,146	105,404,569
Current liabilities			
Payables and accruals	12	7,585,048	10,925,662
Contract liabilities	13	17,056,686	7,622,673
Lease liabilities	14	68,657	65,388
Total current liabilities		24,710,391	18,613,723
Net current assets		97,153,755	86,790,846
Non-current liability			
Lease liabilities	14	227,265	295,922
NET ASSETS		141,903,378	132,151,651
RESERVES			
Reserves	15	141,903,378	132,151,651

On behalf of the Governing Council

Chi-Shing Ho
Chairman

Simon Ka-Wo Wong
Deputy Chairman

HONG KONG QUALITY ASSURANCE AGENCY
香港品質保證局

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2022

	2022 HK$	2021 HK$
Cash flows from operating activities		
Surplus before income tax	8,588,923	14,218,806
Adjustments for :		
Interest income	(1,110,796)	(819,158)
Dividend income	(348,342)	(277,980)
Amortisation of leasehold lands	677,135	649,041
Depreciation of property, plant and equipment	1,425,063	1,422,642
Depreciation of right-of-use assets	72,262	142,109
Interest expense on lease liabilities	16,212	7,987
Fair value losses/(gains) on financial assets at fair value through profit or loss	2,091,023	(2,433,096)
Loss on disposal of property, plant and equipment	-	116,918
Loss on lease modification	-	34,350
Provision of impairment loss on receivables	122,013	240,110
Surplus before working capital changes	11,533,493	13,301,729
Decrease/(increase) in receivables and prepayments	3,315,842	(5,715,153)
Decrease in contract assets	365,076	4,399,324
(Decrease)/increase in payables and accruals	(3,340,614)	4,520,601
Increase/(decrease) in contract liabilities	9,434,013	(2,217,047)
Net cash generated from operating activities	21,307,810	14,289,454
Cash flows from investing activities		
Purchases of property, plant and equipment	(553,367)	(239,385)
Proceeds from sales of property, plant and equipment	-	1,558
Decrease in financial assets at fair value through profit or loss	(1,196,760)	(6,361,605)
Interest received	1,110,796	819,158
Dividends received	348,342	277,980
Net cash used in investing activities	(290,989)	(5,502,294)
Cash flows from financing activities		
Repayment of interest element of lease liabilities	(16,212)	(7,987)
Repayment of principal portion of the lease liabilities	(65,388)	(143,013)
Purchases of other financial assets	2,077,334	(310,838)
Net cash (used in)/generated from financing activities	1,995,734	(461,838)
Net increase in cash and cash equivalents	23,012,555	8,325,322
Cash and cash equivalents at the beginning of the year	45,654,203	36,933,574
Exchange differences on cash and cash equivalents	221,550	395,307
Cash and cash equivalents at the end of the year	68,888,308	45,654,203

HONG KONG QUALITY ASSURANCE AGENCY
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CONSOLIDATED STATEMENT OF CHANGES IN RESERVES FOR THE YEAR ENDED 31 MARCH 2022

	Exchange reserve HK$	General fund HK$	Total HK$
At 1 April 2020	(1,979,654)	117,660,954	115,681,300
Total comprehensive income for the year	2,251,545	14,218,806	16,470,351
At 31 March 2021	271,891	131,879,760	132,151,651
Total comprehensive income for the year	1,162,804	8,588,923	9,751,727
At 31 March 2022	1,434,695	140,468,683	141,903,378

1. GENERAL

Hong Kong Quality Assurance Agency ("the Agency") is incorporated in Hong Kong under the Hong Kong Companies Ordinance and is limited by guarantee and not having share capital. The liability of each individual member is limited to HK$100. At 31 March 2022, the Agency had 21 (2021: 20) members. The liability of chairman and deputy chairman is limited to HK$100 each. The address of its registered office is 19/F, K. Wah Centre, 191 Java Road, North Point, Hong Kong.

The principal activities of the Agency and its subsidiaries (together the "Group") are providing independent product-management system certification to companies carrying on business in the manufacturing, construction and service sectors in and outside Hong Kong, and to associated operations of such companies.

The Group's certification programme operates as a voluntary scheme and fees are charged for services rendered. The principal activities of the subsidiaries are described in note 19(b).

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

(a) Adoption of new or amended HKFRSs

Amendments to HKAS 39, HKFRS 7, HKFRS 9 and HKFRS 16	Interest Rate Benchmark Reform - Phase 2

The adoption of this new or amended standards had no impact on the Group's financial statements.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") - Continued

(b) New or amended HKFRSs issued but are not yet effective

The following new or amended HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the date they become effective.

Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before Intended Use[1]
Amendments to HKAS 37	Onerous Contracts - Cost of Fulfilling a Contract[1]
Annual improvements to HKFRSs 2018-2020	Amendments to HKFRS 1, HKFRS 9 and HKFRS 16[1]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies[2]
Amendments to HKAS 8	Definition of Accounting Estimates[2]
Amendments to HKAS 12	Deferred Tax Related to Assets and Liabilities arising from a Single Transaction[2]
Amendments to HKAS 1 and HK Interpretation 5 (2020)	Classification of Liabilities as Current or Non-current and Presentation of Financial Statements - Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause[2]

[1] Effective for annual periods beginning on or after 1 January 2022
[2] Effective for annual periods beginning on or after 1 January 2023

The Governing Council members are in the process of making an assessment of the potential impact of these new or amended HKFRSs on their initial adoption.

3. BASIS OF PREPARATION

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with all applicable HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations (hereinafter collectively referred to as the "HKFRS") and the provisions of the Hong Kong Companies Ordinance concerning the preparation of financial statements.

(b) Basis of measurement

The consolidated financial statements have been prepared under the historical cost basis except for financial assets at fair value through profit or loss, which are measured at fair value as explained in the accounting policies set out below.

(c) Functional and presentation currency

Other than the subsidiaries established in the People's Republic of China (the "PRC") for which the functional currency is Renminbi ("RMB") and the Government of the Macau Special Administrative Region for which the functional currency is Macau Pataca ("MOP"), the consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is the functional currency of the Agency.

4. SIGNIFICANT ACCOUNTING POLICIES

(a) Business combination and basis of consolidation

The consolidated financial statements comprise the financial statements of the Agency and its subsidiaries ("the Group"). Inter-company transactions and balances between group companies are eliminated in full in preparing the consolidated financial statements.

Acquisition of subsidiary is accounted for using the acquisition method. The cost of an acquisition is measured at the aggregate of the acquisition-date fair value of assets transferred, liabilities incurred and equity interests issued by the Group, as the acquirer. The identifiable assets acquired and liabilities assumed are principally measured at acquisition-date fair value. Acquisition-related costs incurred are expensed unless they are incurred in issuing equity instruments in which case the costs are deducted from equity.

4. SIGNIFICANT ACCOUNTING POLICIES - Continued

(b) Subsidiaries

Subsidiaries are an investee over which the Agency is able to exercise control. The Agency controls an investee if all three of the following elements are present: power over the investee, exposure, or rights, to variable returns from the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

In the Agency's statement of financial position, investments in subsidiaries are stated at cost less impairment loss, if any. The results of the subsidiaries are accounted for by the Agency on the basis of dividend received and receivable.

(c) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

The cost of property, plant and equipment includes its purchase price and the costs directly attributable to the acquisition of the items.

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 Group 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 as an expense in profit or loss during the financial period in which they are incurred.

Property, plant and equipment are depreciated so as to write off their cost or net of expected residual value over their estimated useful lives on a straight-line basis. The useful lives, residual value and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period. The useful lives are as follows:

Office premises	20 to 50 years
Leasehold improvements	Shorter of remaining life of the leases or estimated useful lives
Office equipment and furniture	3 to 5 years
Computer hardware	3 years

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

4. SIGNIFICANT ACCOUNTING POLICIES - Continued

(c) Property, plant and equipment - Continued

The gain or loss on disposal of an item of property, plant and equipment is the difference between the net sale proceeds and its carrying amount, and is recognised in profit or loss on disposal.

(d) Leasehold lands

Payments for leasehold lands held for own use under operating leases represent up-front payments to acquire long-term interests in lessee-occupied properties. These payments are stated at cost and are amortised over the period of the lease on a straight-line basis as an expense.

(e) Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets (including property, plant and equipment) are recognised as deferred income in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable and are recognised as other revenue, rather than reducing the related expense.

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

4. SIGNIFICANT ACCOUNTING POLICIES - Continued

(f) Leases

All leases are required to be capitalised in the statement of financial position as right-of-use assets and lease liabilities, but accounting policy choices exist for an entity to choose not to capitalise (i) leases which are short-term leases and/or (ii) leases for which the underlying asset is of low-value. The Group has elected not to recognise right-of-use assets and lease liabilities for low-value assets and leases for which at the commencement date have a lease term of less than 12 months. The lease payments associated with those leases have been expensed on straight-line basis over the lease term.

Right-of-use asset

The right-of-use asset is initially recognised at cost and would comprise: (i) the amount of the initial measurement of the lease liability (see below for the accounting policy to account for lease liability); (ii) any lease payments made at or before the commencement date, less any lease incentives received; (iii) any initial direct costs incurred by the lessee; and (iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. The Group measures the right-to-use assets at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liability.

The Group accounts for leasehold land and buildings which is held for own use under HKAS 16 and are carried at fair value. Other than the above right-of-use assets, the Group also has leased a number of properties under tenancy agreements which the Group exercises it judgement and determines that it is a separate class of asset apart from the leasehold land and buildings which is held for own use. As a result, the right-of-use asset arising from the properties under tenancy agreements are carried at depreciated cost.

Lease liability

The lease liability is recognised at the present value of the lease payments that are not paid at the date of commencement of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the Group's incremental borrowing rate.

4. SIGNIFICANT ACCOUNTING POLICIES - Continued

(f) Leases - Continued

Lease liability - Continued

The following payments for the right-to-use the underlying asset during the lease term that are not paid at the commencement date of the lease are considered to be lease payments: (i) fixed payments less any lease incentives receivable; (ii) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at commencement date; (iii) amounts expected to be payable by the lessee under residual value guarantees; (iv) exercise price of a purchase option, if the lessee is reasonably certain to exercise that option; and (v) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Subsequent to the commencement date, the Group measures the lease liability by: (i) increasing the carrying amount to reflect interest on the lease liability; (ii) reducing the carrying amount to reflect the lease payments made; and (iii) remeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect revised in-substance fixed lease payments.

When the Group revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted using a revised discount rate. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised, except the discount rate remains unchanged. In both cases, an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term. If the carrying amount of the right-of-use asset is adjusted to zero, any further reduction is recognised in profit or loss.

When the Group renegotiates the contractual terms of a lease with the lessor, if the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional rights-of-use obtained, the modification is accounted for as a separate lease, in all other cases, where the renegotiated increases the scope of the lease (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount.

4. SIGNIFICANT ACCOUNTING POLICIES - Continued

(g) Financial instruments

(i) Financial assets

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

<u>Debt instruments</u>
Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories into which the Group classifies its debt instruments:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain on derecognition is recognised in profit or loss.

Fair value through profit or loss ("FVTPL"): Financial assets at FVTPL include financial assets held for trading, financial assets designated upon initial recognition at FVTPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at FVTPL, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost, as described above, debt instruments may be designated at FVTPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

4. SIGNIFICANT ACCOUNTING POLICIES - Continued

(g) Financial instruments - Continued

(ii) Impairment loss on financial assets

The Group recognises loss allowances for expected credit loss ("ECL") on receivables, contract assets and financial assets measured at amortised cost. ECLs are measured on either of the following bases: (1) 12 months ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and (2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

The Group measured loss allowances for receivables and contract assets using HKFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other debt financial assets, the ECLs are based on the 12-months ECLs. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

4. SIGNIFICANT ACCOUNTING POLICIES - Continued

(g) Financial instruments - Continued

(ii) Impairment loss on financial assets - Continued

The Group considers a financial asset to be in default when the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to action such as realising security (if any is held); or the financial asset is more than 90 days past due.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

The Group considers a financial assets to be credit-impaired when: significant financial difficulty of the debtor; a breach of contract, such as a default or being more than 90 days past due; the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise; or it is probable that the debtor will enter bankruptcy or other financial reorganisation.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Interest income on credit-impaired financial assets is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset. For non credit-impaired financial assets interest income is calculated based on the gross carrying amount.

4. SIGNIFICANT ACCOUNTING POLICIES - Continued

(g) Financial instruments - Continued

(iii) Financial liabilities

The Group classifies its financial liabilities, depending on the purpose for which the liabilities were incurred. Financial liabilities at amortised cost including payables and accruals. They are initially measured at fair value, net of directly attributable transaction costs incurred and are subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in profit or loss.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

(iv) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

(v) Derecognition

The Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKFRS 9.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

4. SIGNIFICANT ACCOUNTING POLICIES - Continued

(h) Revenue recognition

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Depending on the terms of the contract and the laws that apply to the contract, control of the goods or service may be transferred over time or at a point in time. Control of the goods or service is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates or enhances an asset that the customer controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the goods or services transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the goods or services.

When the contract contains a financing component which provides the customer a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amounts receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception.

Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method.

For contracts where the period between the payment and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

4. SIGNIFICANT ACCOUNTING POLICIES - Continued

(h) Revenue recognition - Continued

(i) Service fee income and seminar income

They are recognised at a point in time when the services are provided. The Group has to made reclassification for revenue not yet invoiced from receivables to contract asset.

(ii) Annual certification fee income

It is recognised on a straight-line basis over the term of the subscription period. The Group has to made reclassification for fees relating to future period from deferred income to contract liabilities.

(iii) Other income

Dividend income from investments is recognised when the right receive the dividend is established.

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

(i) Contract assets and contract liabilities

A contract asset represents the Group's right to consideration in exchange for services that the Group has transferred to a customer that is not yet unconditional. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

Contract asset is recognised when the Group completes the performance obligation under services contracts but not yet invoiced to the customers. Any amount previously recognised as a contract asset is reclassified to receivables at the point at which it is invoiced to the customer. If the considerations (including advances received from customers) exceeds the revenue recognised to date under the output method then the Group recognises a contract liability for the difference.

4. SIGNIFICANT ACCOUNTING POLICIES - Continued

(j) Income taxes

Income taxes for the year comprise current tax and deferred tax.

Current tax is based on the profit or loss from ordinary activities adjusted for items that are non-assessable or disallowable for income tax purposes and is calculated using tax rates that have been enacted or substantively enacted at the end of reporting period.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes. Except for recognised assets and liabilities that affect neither accounting nor taxable profits, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is measured at the tax rates appropriate to the expected manner in which the carrying amount of the asset or liability is realised or settled and that have been enacted or substantively enacted at the end of reporting period.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Income taxes are recognised in profit or loss except when they relate to items recognised in other comprehensive income, in which case the taxes are also recognised in other comprehensive income.

(k) Foreign currency

Transactions entered into by group entities in currencies other than the currency of the primary economic environment in which they operate (the "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the end of reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

4. SIGNIFICANT ACCOUNTING POLICIES - Continued

(k) Foreign currency - Continued

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income, in which case, the exchange differences are also recognised in other comprehensive income.

On consolidation, income and expense items of foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) at the average exchange rates for the year, unless exchange rates fluctuated significantly during the period, in which case, the rates approximating to those ruling when the transactions took place are used. All assets and liabilities of foreign operations are translated at the rate ruling at the end of reporting period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity as foreign exchange reserve (attributed to minority interests as appropriate). Exchange differences recognised in profit or loss of group entities' separate financial statements on the translation of long-term monetary items forming part of the Group's net investment in the foreign operation concerned are reclassified to other comprehensive income and accumulated in equity as foreign exchange reserve.

(l) Employee benefits

(i) Retirement benefits

In Hong Kong, the Agency operates a defined contribution retirement scheme under the Occupational Retirement Schemes Ordinance ("ORSO scheme") and a mandatory provident fund scheme ("MPF scheme"), and the assets of both schemes are held in separate trustee-administered funds. These defined contribution retirement schemes are funded by payments from employees and by the Agency. The Agency has no further payment obligations once the contributions have been paid. The Agency's contributions to both schemes are expensed as employee benefit expenses when they are due and, for the ORSO scheme, are reduced by contributions forfeited by those employees who leave the scheme prior to vesting fully in the contributions. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payment is available.

4. SIGNIFICANT ACCOUNTING POLICIES - Continued

(l) Employee benefits - Continued

(i) Retirement benefits - Continued

In the People's Republic of China (the "PRC"), the subsidiary participates in an employee social security plan ("the Plan") as required by the regulations. The subsidiary is required to make welfare contributions to the Plan, which are based on a certain percentage of the employee's relevant income. The subsidiary's contributions to the Plan are recognised as an employee benefit expense when they are due.

In the Government of the Macau Special Administrative Region (Macau), the subsidiary participates in an social security contribution as required by the regulations. Contributions made to social security contribution are recognised as an expense in profit or loss when the services are rendered by the employees.

(ii) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the reporting date. Non-accumulating compensated absences such as sick leave and maternity leave are not recognised until the time of leave.

(iii) Bonus plans

The expected cost of bonus payments is recognised as a liability and an expenditure when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made. Liabilities for bonus plans are expected to be settled with 12 months and are measured at the amounts expected to be paid when they are settled.

4. SIGNIFICANT ACCOUNTING POLICIES - Continued

(m) Impairment of other assets

At the end of each reporting period, the Group reviews the carrying amounts of property, plant and equipment and right-of-use assets to determine whether there is any indication that these assets have suffered an impairment loss or an impairment loss previously recognised no longer exists or may have decreased.

If the recoverable amount (i.e. the greater of the fair value less costs to sell and value in use) of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

(n) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, which will probably result in an outflow of economic benefits that can be reasonably estimated.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, the existence of which will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(o) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and short-term deposits and highly liquid investments with maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments. For the purpose of the statement of cash flows, bank overdrafts that are repayable on demand and that form an integral part of the Group's cash management are included in cash and cash equivalents.

4. SIGNIFICANT ACCOUNTING POLICIES - Continued

(p) Related parties

(a) A person or a close member of that person's family is related to the Group if that person:

(i) has control or joint control over the Group;
(ii) has significant influence over the Group; or
(iii) is a member of key management personnel of the Group or the Agency's parent.

(b) An entity is related to the Group if any of the following conditions apply:

(i) The entity and the Agency 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 the employees of the Group or an entity related to the Group.
(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 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 Agency or to the Agency'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 and include:

(i) that person's children and spouse or domestic partner;
(ii) children of that person's spouse or domestic partner; and
(iii) dependents of that person or that person's spouse or domestic partner.

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 Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates or 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.

Impairment for investments in subsidiaries

In determining whether its investments in subsidiaries are impaired, the Agency evaluates the financial health and near term business outlook of its subsidiary, including factors such as industry and sector performance and changes in operational and financing cash flows. Where the expectation is different from the original estimate, such differences will impact the carrying values of investment in a subsidiary and impairment of investment in a subsidiary in the period in which such estimate have been changed.

Impairment for receivables

Receivables presented in the statement of financial position are net of impairment loss recognised, which is estimated by the Agency's management based on prior experience, creditability of the debtors and the current economic environment. Changes in this estimation may have a material impact on the results. Management reassesses the provision at each reporting date.

6. GOVERNMENT GRANTS

In 2021, government grants totalling HK$6,494,778 were received from Employment Support Scheme ("ESS") under the Anti-epidemic Fund launched by the Hong Kong SAR Government supporting the payroll of the Group's employees. Under the ESS, the Group had to commit to spend these grants on payroll expenses, and not reduce employee head count below prescribed levels for a specified period of time. The Group did not have other unfulfilled obligations relating to the ESS.

7. LEASEHOLD LANDS

The Group's interests in leasehold lands represent prepaid operating lease payments and the movements in their net book values are analysed as follows:

	2022 HK$	2021 HK$
In Hong Kong, held on leases of over 50 years	12,846,036	12,998,964
Outside Hong Kong, held on leases of between 10 to 50 years	16,967,954	16,803,289
	29,813,990	29,802,253
Opening net carrying amount	29,802,253	29,015,741
Transfer from office premises	-	112,648
Exchange differences	688,872	1,322,905
Amortisation	(677,135)	(649,041)
Closing net carrying amount	29,813,990	29,802,253

8. PROPERTY, PLANT AND EQUIPMENT

	Office premises HK$	Leasehold improvements HK$	Office equipment and furniture HK$	Computer hardware HK$	Total HK$
Cost					
At 1 April 2020	22,288,220	10,554,416	3,889,648	10,349,860	47,082,144
Exchange differences	629,179	352,907	76,640	108,738	1,167,464
Transfer to leasehold lands	(112,648)	-	-	-	(112,648)
Additions at cost	-	43,000	4,980	191,405	239,385
Disposals	-	(264,616)	(116,585)	(113,886)	(495,087)
At 31 March 2021	22,804,751	10,685,707	3,854,683	10,536,117	47,881,258
Exchange differences	330,691	188,110	36,143	55,544	610,488
Reclassification	-	(2,291)	2,291	-	-
Additions at cost	-	-	4,749	548,618	553,367
Disposals	-	-	-	(518,449)	(518,449)
At 31 March 2022	23,135,442	10,871,526	3,897,866	10,621,830	48,526,664
Accumulated depreciation					
At 1 April 2020	9,127,006	8,160,473	3,522,933	9,897,520	30,707,932
Exchange differences	263,793	204,515	62,997	102,106	633,411
Depreciation	829,336	276,137	81,881	235,288	1,422,642
Eliminated on disposals	-	(168,649)	(104,117)	(103,125)	(375,891)
At 31 March 2021	10,220,135	8,472,476	3,563,694	10,131,789	32,388,094
Exchange differences	163,191	113,856	29,654	51,405	358,106
Depreciation	864,702	263,741	75,915	220,705	1,425,063
Eliminated on disposals	-	-	-	(518,449)	(518,449)
At 31 March 2022	11,248,028	8,850,073	3,669,263	9,885,450	33,652,814
Net book value					
At 31 March 2022	11,887,414	2,021,453	228,603	736,380	14,873,850
At 31 March 2021	12,584,616	2,213,231	290,989	404,328	15,493,164

9. RIGHT-OF-USE ASSETS

	Land and buildings HK$	Office equipment HK$	Total HK$
At 1 April 2020	174,567	153,293	327,860
Addition	-	361,310	361,310
Depreciation	(65,463)	(76,646)	(142,109)
Lease modification	(109,104)	(76,647)	(185,751)
At 31 March 2021	-	361,310	361,310
Depreciation	-	(72,262)	(72,262)
At 31 March 2022	-	289,048	289,048

10. RECEIVABLES AND PREPAYMENTS

	2022 HK$	2021 HK$
Receivables	13,814,727	16,172,072
Less: Impairment loss on receivables	(2,272,669)	(2,325,427)
Net receivables	11,542,058	13,846,645
Other receivables	1,249,923	1,009,612
Deposits	239,046	293,563
Prepayments	460,585	1,779,647
	13,491,612	16,929,467

The ageing analysis of receivables that were not considered to be impaired was as follows:

	2022 HK$	2021 HK$
Current	2,763,920	5,822,374
Less than 1 month past due	1,664,250	2,403,116
1 to 3 months past due	3,381,108	3,244,458
3 to 12 months past due	3,707,980	2,360,464
More than 12 months past due	24,800	16,233
	11,542,058	13,846,645

10. RECEIVABLES AND PREPAYMENTS - Continued

Receivables that were neither past due nor impaired related to a wide range of customers for whom there was no recent history of default. The Group recognised impairment loss based on past experience, and the Governing Council members believed that no impairment allowance was necessary in respect of these balances as there had been no significant change in credit quality and the balances were still considered fully recoverable. Further details on the Group's credit policy and credit risk arising from receivables are set out in note 21(b) to the financial statements.

The other classes within other receivables and deposits do not contained impaired assets.

The movement in the loss allowance account in respect of receivables during the year is as follows:

	2022 HK$	2021 HK$
Balance at beginning of year	2,325,427	2,125,415
Impairment loss recognised	122,013	240,110
Amount written off during the year	(186,094)	(60,250)
Exchange differences	11,323	20,152
Balance at end of year	2,272,669	2,325,427

11. OTHER FINANCIAL ASSETS

	2022 HK$	2021 HK$
Financial assets designated at FVTPL		
Listed equity securities in Hong Kong	10,638,482	11,082,265
Unlisted investment funds (note a)	4,144,988	3,598,378
Unlisted debt securities	11,794,857	12,791,947
	26,578,327	27,472,590
Financial assets measured at amortised cost		
Held-to-maturity investments (note b)	8,218,570	10,295,904
	34,796,897	37,768,494

11. OTHER FINANCIAL ASSETS - Continued

(a) The unlisted investment funds hold investments in listed and unlisted equity securities both in and outside Hong Kong.

(b) The held-to-maturity investments are denominated in RMB, with interest rates ranging from 3% to 5%, and will mature by 20 October 2022.

12. PAYABLES AND ACCRUALS

	2022 HK$	2021 HK$
Payables	1,809,849	3,905,898
Other payables	2,853,989	1,982,587
Accrued expenses	1,541,105	3,725,519
Provisions for unutilised annual leave	1,380,105	1,311,658
	7,585,048	10,925,662

13. CONTRACT ASSETS AND CONTRACT LIABILITIES

(a) Contract assets

	2022 HK$	2021 HK$
Contract assets arising from:		
Service fee income and seminar income	4,687,329	5,052,405

Service fee income and seminar income

The Group's service contracts include payment schedules which require stage payments over the contract period. These payment schedules prevent the build-up of significant contract assets.

13. CONTRACT ASSETS AND CONTRACT LIABILITIES - Continued

(a) Contract assets - Continued

The expected timing of recovery or settlement for contract assets as at year ended is as follows:

	2022 HK$	2021 HK$
Within one year	4,687,329	5,052,405

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. As at 31 March 2022, the Governing Council Members considered the loss allowance provision for contract assets to be immaterial.

(b) Contract liabilities

	2022 HK$	2021 HK$
Contract liabilities arising from:		
Service fee income, seminar income and annual certification fee income	17,056,686	7,622,673

Where discrepancies arise between the payments and the Group's assessment of the stage of completion, contract liabilities can arise. Movements in contract liabilities during the year are as follows:

	2022 HK$	2021 HK$
Balance as at 1 April	7,622,673	9,839,720
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	(5,686,349)	(7,074,952)
Increase in contract liabilities as a result of billings in advance of trading activities	15,105,913	4,779,835
Exchange differences	14,449	78,070
Balance as at 31 March	17,056,686	7,622,673

14. LEASE LIABILITIES

	Land and buildings HK$	Office equipment HK$	Total HK$
At 1 April 2020	179,046	157,000	336,046
Additions	-	361,310	361,310
Interest expense	2,012	5,975	7,987
Lease payments	(68,440)	(82,560)	(151,000)
Lease modification	(112,618)	(80,415)	(193,033)
At 31 March 2021	-	361,310	361,310
Interest expense	-	16,212	16,212
Lease payments	-	(81,600)	(81,600)
At 31 March 2022	-	295,922	295,922

Future lease payments are due as follows:

	Minimum lease payments HK$	Interest HK$	Present value HK$
At 31 March 2022			
Not later than one year	81,600	(12,943)	68,657
Later than one year and not later than five years	244,800	(17,535)	227,265
	326,400	(30,478)	295,922
At 31 March 2021			
Not later than one year	81,600	(16,212)	65,388
Later than one year and not later than five years	326,400	(30,478)	295,922
	408,000	(46,690)	361,310

14. LEASE LIABILITIES - Continued

The present value of future lease payments are analysed as:

	2022 HK$	2021 HK$
Current liabilities	68,657	65,388
Non-current liabilities	227,265	295,922
	295,922	361,310

15. RESERVES

	Exchange reserve HK$	General fund HK$	Total HK$
Balance at 1 April 2020	(1,979,654)	117,660,954	115,681,300
Total comprehensive income for the year	2,251,545	14,218,806	16,470,351
Balance at 31 March 2021	271,891	131,879,760	132,151,651
Total comprehensive income for the year	1,162,804	8,588,923	9,751,727
Balance at 31 March 2022	1,434,695	140,468,683	141,903,378

16. INCOME TAX

The Agency is exempt from the payment of Hong Kong profits tax by virtue of Section 88 of the Inland Revenue Ordinance. Accordingly, no provision for Hong Kong profits tax has been made in the financial statements (2021: Nil).

Overseas taxation represents enterprise income tax on the profits of the Agency's subsidiary in the PRC. No provision for PRC profits tax has been made as the subsidiary had no assessable profits for the years ended 2022 and 2021.

No provision for overseas taxation has been made in the financial statements for the results of the Agency's Macau subsidiary as the subsidiary did not generate assessable profits for the years ended 2022 and 2021.

16. INCOME TAX - Continued

The income tax for the year can be reconciled to the surplus before income tax in the consolidated statement of comprehensive income as follows:

	2022 HK$	2021 HK$
Surplus before income tax	8,588,923	14,218,806
Tax calculated at the statutory rate of 16.5% (2021:16.5%)	1,417,173	2,346,103
Effect of different tax rate of subsidiaries operating in another jurisdiction	(125,032)	(50,635)
Tax effect of non-deductible expenses	13,685,441	14,916,591
Tax effect of non-taxable income	(15,771,908)	(16,036,041)
Tax effect of temporary differences not recognised	41,449	(929,025)
Utilisation of tax losses previously not recognised	-	(246,993)
Tax losses not recognised	752,877	-
Income tax	-	-

There was no material unprovided deferred taxation (2021: Nil).

17. GOVERNING COUNCIL MEMBERS' EMOLUMENTS

None of the Governing Council members received or will receive any fees or other emoluments in respect of their services to the Group during the year (2021: Nil).

18. BANKING FACILITIES

As at 31 March 2022, general banking facilities available to the Group amounted to HK$15,000,000 (2021: HK$15,000,000). The Group did not utilise the banking facilities as at 31 March 2022 (2021: Nil). The general banking facilities are secured by the Agency's leasehold lands (note 7) and office premises (note 8).

19. COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

	Note	2022 HK$	2021 HK$
Non-current assets			
Leasehold lands		12,846,036	12,998,964
Property, plant and equipment		8,863,956	9,088,990
Right-of-use assets		289,048	361,310
Investments in subsidiaries	19(b)	26,414,787	26,414,787
Total non-current assets		48,413,827	48,864,051
Current assets			
Receivables and prepayments		12,590,505	15,243,432
Contract assets		4,590,001	5,004,365
Financial assets at fair value through profit or loss		26,578,327	27,472,590
Amounts due from subsidiaries		6,980,355	8,424,289
Cash and cash equivalents		65,298,565	42,131,798
Total current assets		116,037,753	98,276,474
Current liabilities			
Payables and accruals		7,234,044	8,825,021
Contract liabilities		16,189,123	6,898,800
Lease liabilities		68,657	65,388
Total current liabilities		23,491,824	15,789,209
Net current assets		92,545,929	82,487,265
Non-current liability			
Lease liabilities		227,265	295,922
NET ASSETS		140,732,491	131,055,394
RESERVES			
Reserves	19(a)	140,732,491	131,055,394

On behalf of the Governing Council

Chi-Shing Ho
Chairman

Simon Ka-Wo Wong
Deputy Chairman

19. COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION - Continued

(a) Reserve movements of the Agency

	General fund HK$
At 1 April 2020	116,665,100
Total comprehensive income for the year	14,390,294
At 31 March 2021	131,055,394
Total comprehensive income for the year	9,677,097
At 31 March 2022	140,732,491

(b) Particulars of the Agency's subsidiaries are as follows:

Name	Country of incorporation and place of operations	Principal activity	Registered and paid up capital	Ownership interest held directly
HKQAA Certification (Shanghai) Ltd.	The PRC	Provision of management systems certification	US$3,400,000	100%
HKQAA Certification (Macau) Ltd.	Macau Special Administrative Region	Provision of management systems certification	MOP25,000	100%

20. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The following tables show the carrying amounts and fair values of financial assets and financial liabilities as defined in note 4(g):

	2022 HK$	2021 HK$
Financial assets		
Financial assets at fair value through profit or loss	26,578,327	27,472,590
Financial assets measured at amortised cost		
- Receivables	11,542,058	13,846,645
- Contract assets	4,687,329	5,052,405
- Other receivables	1,249,923	1,009,612
- Deposits	239,046	293,563
- Held-to-maturity investments	8,218,570	10,295,904
- Cash and cash equivalents	68,888,308	45,654,203
	121,403,561	103,624,922
Financial liabilities		
Financial liabilities measured at amortised cost		
- Payables	1,809,849	3,905,898
- Other payables	2,853,989	1,982,587
- Accrued expenses	1,541,105	3,725,519
- Lease liabilities	295,922	361,310
	6,500,865	9,975,314

The following table provides an analysis of financial instruments carried at fair value by level of fair value hierarchy:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

20. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES - Continued

	2022		
	Level 1 HK$	Level 2 HK$	Total HK$
Assets			
Financial assets at fair value through profit or loss			
- Listed	10,638,482	-	10,638,482
- Unlisted	-	15,939,845	15,939,845
	10,638,482	15,939,845	26,578,327

	2021		
	Level 1 HK$	Level 2 HK$	Total HK$
Assets			
Financial assets at fair value through profit or loss			
- Listed	11,082,265	-	11,082,265
- Unlisted	-	16,390,325	16,390,325
	11,082,265	16,390,325	27,472,590

21. FINANCIAL RISK MANAGEMENT

The main risks arising from the Group's financial instruments in the normal course of the Group's business are currency risk, credit risk and liquidity risk. The Group is also exposed to equity price risk arising from its equity investments. These risks are limited by the Group's financial management policies and practices described below.

(a) Currency risk

The Group mainly operates mainly in Hong Kong, the PRC and Macau Special Administrative Region with most of the transactions settled and recognised assets and liabilities denominated in the functional currencies of the individual group entities. The Governing Council members are in the opinion that the Group does not have significant exposure to risk resulting from changes in foreign currency exchange rates.

21. FINANCIAL RISK MANAGEMENT - Continued

(b) Credit risk

The Group's credit risk arises from cash at bank, receivables and other financial assets. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

In respect of receivables, individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customers as well as pertaining to the economic environment in which the customers operate. Ongoing credit evaluation is performed on the financial condition of trade customers. Receivables are due within 30 days from date of billing. Normally, the Group does not obtain collateral from customers.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Group has assigned a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In this regards, the Governing Council members are of the opinion that the relevant credit risk is not significant.

The credit risk on the cash at bank and other financial assets is limited because the counterparties are reputable and creditworthy financial institutions and corporations.

The Group recognised loss allowances for receivables based on the accounting policies set out in note 4(g)(ii), the receivables have been grouped based on share credit risk characteristics and the days past due according to the ageing as disclosed in note 10. Expected loss rate of overall receivables are assessed to be lower than 1%.

(c) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

21. FINANCIAL RISK MANAGEMENT - Continued

(d) Equity price risk

The Group is exposed to equity price changes arising from equity instruments classified as financial assets at fair value through profit or loss. These equity securities are listed on the Stock Exchange of Hong Kong.

The table below summarises the impact of increase/decrease in the Hang Seng Index on the Group's deficit/surplus for the year. The analysis is based on the assumption that the Hang Seng Index had increased/decreased by 30% (2021: 30%) with all other variables held constant and all the Group's investments in equity securities moved according to the historical correlation with the Hang Seng Index:

2022			2021		
Increase/ (decrease) in Heng Seng Index	Increase/ (decrease) on surplus for the year	Increase/ (decrease) on reserves	Increase/ (decrease) in Heng Seng Index	Increase/ (decrease) on surplus for the year	Increase/ (decrease) on reserves
	HK$	HK$		HK$	HK$
30%	1,949,668	1,949,668	30%	2,128,607	2,128,607
(30%)	(1,949,668)	(1,949,668)	(30%)	(2,128,607)	(2,128,607)

22. CAPITAL RISK MANAGEMENT

The Group's objective of managing fund is to safeguard the Group's ability to continue as a going concern in order to have sufficient funding for future operations. The Group's overall strategy remains unchanged from prior years. The funds of the Group represent its reserves.

23. APPROVAL OF FINANCIAL STATEMENTS

The financial statements for the year ended 31 March 2022 were approved for issue by the Governing Council on 22 November 2022.