

**GBA INSTITUTE OF QUALIFIED ENVIRONMENTAL
PROFESSIONALS LIMITED**

**(formerly known as Hong Kong Institute of Qualified
Environmental Professionals Limited)**

**大灣區合資格環保專業人員學會有限公司
(前稱香港合資格環保專業人員學會有限公司)**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

GBA INSTITUTE OF QUALIFIED ENVIRONMENTAL PROFESSIONALS LIMITED
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DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

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GBA INSTITUTE OF QUALIFIED ENVIRONMENTAL PROFESSIONALS LIMITED
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DIRECTORS' REPORT

The directors submit their report together with the audited financial statements for the year ended 31 December 2024.

Principal activities

Hong Kong Institute of Qualified Environmental Professionals Limited (“the Institute”) was established to support the development of qualified environmental professionals starting at the tertiary education level by providing a robust professional training and qualification / certification infrastructure, with the aim of transforming Hong Kong into a center of excellence in professional environmental services and creating more quality jobs for our future generations and further Hong Kong’s longstanding strengths in professional industries.

Results and appropriations

The results of the Institute for the year ended 31 December 2023 are set out in the statement of profit or loss and other comprehensive income on pages 6.

In accordance with clause 8(b) of the Institute's Articles of Association, no portion of the income or property of the Institute be paid or transferred directly or indirectly, by way of dividend, bonus or otherwise howsoever to any member.

Change of name

By a special resolution passed on 25 January 2025, the Institute's name was changed to GBA Institute of Qualified Environmental Professionals Limited.

Directors

The directors of the Institute during the year and up to the date of this report were:

Cheung Chun Ming Freeman

Cheung Tsz Fai Vincent

Hau Chi Hang

Kwok May Han Grace

Kwong Tin Sang

Lau Kai Hon Alexis

Tsui Bing Cheung

Yeung Bing Kwan

Ng Chi Yun Jeanne

(resigned on 8 April 2025)

Louie Kwok Keung Peter

(resigned on 11 June 2025)

Wong Woon Chung Jonathan

(resigned on 3 July 2025)

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DIRECTORS' REPORT (Cont'd)

Directors (Cont'd)

In accordance with Article 15 and 16, of the Institute's Articles of Association, directors appointed in an annual general meeting retire at the third annual general meeting following the annual general meeting in which he was appointed and a director appointed by the Executive Committee or in a general meeting to fill a vacancy or an additional director appointed other than in an annual general meeting retire in the next annual general meeting following his appointment. Retiring or retired directors, being eligible, offer themselves for re-election.

Management contracts

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

Business review

The Institute falls within the reporting exemption for the financial year in preparing the business review as the Institute is qualified as a small guarantee company in accordance with the Companies Ordinance.

Permitted indemnity provision

At no time during the financial year and up to the date of this directors' report, there was or is, any permitted indemnity provisions in force for the benefit of any of the directors of the Institute.

Auditors

The financial statements have been audited by Reanda HK CPA Limited who retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board



Cheung Chun Ming Freeman
Director

HONG KONG, 22 July 2025

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
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(incorporated in Hong Kong with limited liability by guarantee and not having a share capital)**

Opinion

We have audited the financial statements of GBA Institute of Qualified Environmental Professionals Limited (formerly known as Hong Kong Institute of Qualified Environmental Professionals Limited (“the Institute”)) set out on pages 6 to 25, which comprise the statement of financial position as at 31 December 2024, and the statement of profit or loss and other comprehensive income, the statement of changes in funds and the statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information

In our opinion, the financial statements give a true and fair view of the financial position of the Institute as at 31 December 2024, and of its financial performance and its cash flows for the year then ended in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and have been properly prepared in compliance with the Companies Ordinance.

Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing (“HKSA”) as 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 Institute in accordance with the HKICPA’s Code of Ethics for Professional Accountants (“the Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information other than the financial statements and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the directors' 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.

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Responsibilities of directors and those charged with governance for the financial statements

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRS Accounting Standards as issued by the HKICPA and the Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Institute's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Institute or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Institute's financial reporting process.

Auditor's responsibility for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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Auditor's responsibility for the audit of the financial statements (Cont'd)

- 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 Institute's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that cast significant doubt on the Institute'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 cause the Institute 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.



REANDA HK CPA LIMITED
Certified Public Accountants
HONG KONG, 22 July 2025

Franklin Lau Shiu Wai
Practising Certificate Number: P01886

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STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	2024 HK\$	2023 HK\$
REVENUE AND OTHER INCOME			
Accreditation fee income	5	650,000	400,000
Activity income	5	103,340	40,515
Annual subscription and application fee	5	490,700	374,300
Course income	5	73,500	63,000
ECF project income	5	-	325,425
Examination fee income	5	347,600	190,900
GETS registration and subscription fee income	5	33,250	-
Certification programme	5	48,500	100,600
Event sponsorship income	5	784,000	589,000
Other income	5	7,929	1,647
		<u>2,538,819</u>	<u>2,085,387</u>
EXPENDITURES			
Accountancy fee		6,000	6,000
Advertisement		1,185	-
Auditor's remuneration		8,000	7,800
Accreditation review expenses		114,290	102,700
Bad debts		4,400	22,380
Bank charges		2,166	2,819
Business registration fee		2,150	150
Computer expenses		25,175	21,915
Course expense		54,625	55,261
Depreciation		160,178	130,781
Examination expenditures		980	15,400
ECF project expenses		-	325,425
Institute events expenditures		489,072	307,907
Insurance expense		2,004	1,103
Legal and professional fees		8,505	8,505
Mandatory provident fund expense		34,217	20,883
Membership fee		-	5,200
Messing for events		69,904	31,121
Office equipment		10,148	-
Preparation work for Ordinance		413,314	78,420
Postage and courier		746	751
Printing and stationery		7,194	2,402
Staff salaries		675,573	415,126
Staff benefits		28,500	-
Sundry expense		889	3,890
Taxation service fee		2,000	1,500
Telephone and internet expenses		6,114	6,558
Transportation		3,931	2,663
Utility expenses		9,512	3,355
		<u>2,140,772</u>	<u>1,580,015</u>
FINANCE COST			
Lease interest expenses	7	11,946	4,385
SURPLUS BEFORE INCOME TAX			
	6	386,101	500,987
INCOME TAX EXPENSE			
	9	(22,737)	-
NET SURPLUS AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR			
		<u>363,364</u>	<u>500,987</u>

The accompanying accounting policies and explanatory notes form an integral part of, and should be read in conjunction with, these financial statements.

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STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024

	Note	2024 HK\$	2023 HK\$
NON-CURRENT ASSETS			
Plant and equipment	10	10,766	17,704
Right-of-use assets	11	136,638	289,878
		<u>147,404</u>	<u>307,582</u>
CURRENT ASSETS			
Activity and sponsorship income receivables		84,650	-
Annual subscription, application fee receivables		158,500	110,000
Receivable from ECF		-	130,105
Deposits paid		54,000	54,000
Cash and cash equivalents	12	1,842,846	1,605,148
		<u>2,139,996</u>	<u>1,899,253</u>
NON-CURRENT LIABILITIES			
Lease liabilities	14	-	144,660
CURRENT LIABILITIES			
Accrued expenses		136,915	292,447
Other payables		2,300	2,300
Contract liabilities	13	307,950	307,900
Income tax payables		22,737	-
Lease liabilities	14	144,660	150,054
		<u>614,562</u>	<u>752,701</u>
NET CURRENT ASSETS		<u>1,525,434</u>	<u>1,146,552</u>
TOTAL NET ASSETS		<u>1,672,838</u>	<u>1,309,474</u>
Representing:			
Founding sponsorship account		800,000	800,000
Accumulated surplus		872,838	509,474
TOTAL ACCUMULATED FUNDS		<u>1,672,838</u>	<u>1,309,474</u>


 Cheung Chun Ming Freeman
 Director


 Kwok May Han Grace
 Director

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STATEMENT OF CHANGES IN ACCUMULATED FUNDS
FOR THE YEAR ENDED 31 DECEMBER 2024

	Founding Sponsorship account HK\$	Accumulated surplus HK\$	Total HK\$
Balance at 1 January 2023	800,000	8,487	808,487
Surplus and total comprehensive income for the year	-	500,987	534,453
Balance at 31 December 2023	800,000	509,474	1,342,940
Balance at 1 January 2024	800,000	509,474	1,309,474
Surplus and total comprehensive income for the year	-	363,364	363,364
Balance at 31 December 2024	800,000	872,838	1,672,838

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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	2024 HK\$	2023 HK\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Surplus before income tax		386,101	500,987
Adjustments for:			
Bad debts		4,400	22,380
Depreciation		160,178	130,781
Finance cost		11,946	4,385
Interest income		(7,929)	(1,646)
Surplus before working capital changes		554,696	656,887
Increase in activity and sponsorship receivables		(84,650)	-
Increase in annual subscription and application fee receivables		(52,900)	(49,300)
Decrease / (increase) in receivables from ECF		130,105	(130,105)
Increase in deposits paid		-	(4,400)
(Decrease) / increase in accrued expenses		(155,532)	173,632
Increase in contract liabilities		50	157,100
Decrease in other payables		-	(1,005)
NET CASH GENERATED FROM OPERATING ACTIVITIES		391,769	802,809
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		7,929	1,646
Purchase of plant and equipment		-	(20,814)
NET CASH GENERATED FROM / (USED IN) INVESTING ACTIVITIES		7,929	(19,168)
CASH FLOWS FROM FINANCING ACTIVITIES			
Capital elements of lease rentals paid		(150,054)	(125,054)
Interest element of lease rentals paid		(11,946)	(4,385)
CASH USED IN FINANCING ACTIVITIES		(162,000)	(129,439)
Net increase in cash and cash equivalents		237,698	654,202
Cash and cash equivalents at beginning of the year		1,605,148	950,946
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	12	1,842,846	1,605,148

The accompanying accounting policies and explanatory notes form an integral part of, and should be read in conjunction with, these financial statements.

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NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

GBA Institute of Qualified Environmental Professionals Limited (formerly known as Hong Kong Institute of Qualified Environmental Professionals Limited) is a company incorporated in Hong Kong with limited liability by guarantee and not having a share capital. The Institute's registered office is located at Unit 1, 12/F, Genesis, No 33-35, Wong Chuk Hang Road, Hong Kong.

The Institute is a private and non-profit making organisation. The principal activities of the Institute is to support the development of qualified environmental professionals starting at the tertiary education level by providing a robust professional training and qualification / certification infrastructure.

Under the clause 5 of the Institute's Articles of Association, if the Institute is wound up every member and persons who were a member less than a one year before winding up, shall contribute to the assets of the Institute to the extent of not exceeding HK\$10.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to the year presented, unless otherwise stated.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements of the Institute have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of the Companies Ordinance. The financial statements have been prepared under the historical cost conventions.

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Institute's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4 below.

(i) New and amended standards and interpretations adopted by the Institute

In the current year, the Institute has applied the following amendments and interpretations ("new HKFRSs") issued by the HKICPA which are or have become effective.

HKAS 1 (amendments)	Classification of Liabilities as Current or Non-current
HKAS 1 (amendments)	Non-current Liabilities with Covenants
HKFRS 16 (amendments)	Lease Liability in a Sale and Leaseback
HK Int 5 (Revised)	Hong Kong Interpretation 5 (Revised) Presentation of
	Financial Statements - Classification by the Borrower
HKAS 7 and HKFRS 7	Supplier Finance Arrangements
(amendments)	

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NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(a) Basis of preparation (Cont'd)

(i) New and amended standards and interpretations adopted by the Institute (Cont'd)

The adoption of these new HKFRSs had no material effect on the results and financial position and does not result in any substantial changes in the Institute's accounting policies and presentation of the financial statements.

(ii) New and amended standards not yet adopted

HKAS 21 and HKFRS 1 (amendments)	Lack of Exchangeability ¹
HKFRS 9 and HKFRS 7 (amendments)	Classification and Measurement of Financial Instruments ²
HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7 (amendments)	Annual Improvements to HKFRS Accounting Standards - Volume 11 ²
HKFRS 18 (amendments)	Presentation and Disclosure in Financial Statements (new standard) ³
HKFRS 19 (amendments)	Subsidiaries without Public Accountability Disclosures (new standard) ³
HK Int 5 (amendments)	Hong Kong Interpretation 5 Presentation of Financial Statements - Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ³
HKFRS 10 and HKAS 28 (amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴

¹ Effective for annual periods beginning on or after 1 January 2025

² Effective for annual periods beginning on or after 1 January 2026

³ Effective for annual periods beginning on or after 1 January 2027

⁴ Effective date to be determined

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2024 reporting periods and have not been early adopted by the company. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

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NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(b) Plant and equipment

Plant and equipment are stated at historical cost less accumulated depreciation and any impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the assets.

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 Institute and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised.

Depreciation of plant and equipment is calculated using the straight-line method to allocate their costs to their residual values over their estimated useful lives, as follows:

Office equipment	3 years
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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.

Gains and losses on disposal of plant and equipment are determined by comparing the proceeds with the carrying amount and are recognised in the statement of profit or loss and other comprehensive income.

(c) Impairment of non-financial assets

Assets that have an indefinite useful life or have not yet been available for use are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

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NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(d) Membership and application fee receivables

Membership and application fee receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

At each reporting date, the Institute assesses whether there is any objective evidence that a receivable or group of receivables is impaired. Impairment losses on trade receivables are recognized in profit or loss when there is objective evidence that an impairment loss has been incurred and are measured as the difference between the receivable's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at its original effective interest rate, i.e. the effective interest rate computed at initial recognition. The impairment loss is reversed if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized.

(e) Cash and cash equivalents

In the statement of cash flows, cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

(f) Other payables

Other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(g) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in Hong Kong dollars ("HK\$"), which is the functional and presentation currency of the Institute.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(h) Government grants

Government grants are recognized at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

(i) Revenues recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Institute and when the revenue can be measured reliably, on the following bases:

- (i) Annual subscription fees are recognized on a straight-line basis over the subscription period.
- (ii) Application fees are recognized at a point in time on completion of assessment services by granting the qualification and status to the applicants.
- (iii) Examination fee income is recognised upon the attendance of the examination by an applicant.
- (iv) Income from seminars and courses is recognized over time as the services are rendered.
- (v) Institute events fees are recognized when the events are conducted, and cash is certain for receivable.
- (vi) Accreditation income is recognized at a point in time on completion of services.
- (vii) Donation income is recognised upon receiving of cash or cash equivalent.
- (viii) Interest income are recognised on a time proportion basis, taking into account the principal amounts outstanding and interest rates applicable.

(j) Employee benefits

(i) 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 end of the reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) Pension obligations

The Institute operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance, for all of its employees in Hong Kong. It is a defined contribution plan.

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NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(j) Employee benefits (Cont'd)

(ii) Pension obligations (Cont'd)

A defined contribution plan is a pension plan under which the Institute pays fixed contributions into a separate entity. The Institute has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The Institute pays contributions to publicly or privately administrated pension insurance plans on a mandatory, contractual or voluntary basis. The Institute has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(iii) Termination benefits

Termination benefits are payable when employment is terminated by the Institute before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Institute recognises termination benefits at the earlier of the following dates: (a) when the Institute can no longer withdraw the offer of those benefits; and (b) when the Institute recognises costs for a restructuring that is within the scope of HKAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

(iv) Long service payment liabilities

The Institute's net obligation in respect of long service amounts payable on cessation of employment in certain circumstances under the Hong Kong Employment Ordinance is the amount of future benefit that employees have earned in return for their services in the current and prior periods.

The Institute's net obligation in respect of long service amounts payable on cessation of employment in certain circumstances under the Hong Kong Employment Ordinance is the amount of future benefit that employees have earned in return for their services in the current and prior periods.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(k) Current and deferred income tax

The income tax expense comprises current and deferred tax. Tax is recognised in the statement of profit or loss and other comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In which case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the Hong Kong's tax laws enacted or substantively enacted by the end of the reporting period in the countries where the Institute operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It established provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(l) Leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Institute.

Contracts may contain both lease and non-lease components. The Institute allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Institute is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

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NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(l) Leases (Cont'd)

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Institute under residual value guarantees;
- the exercise price of a purchase option if the Institute is reasonably certain to exercise that option, and;
- payments of penalties for terminating the lease, if the lease term reflects the Institute exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Institute, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Institute:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Institute, which does not have recent third party financing, and;
- makes adjustments specific to the lease, e.g. term, country, currency and security.

If a readily observable amortising loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the company uses that rate as a starting point to determine the incremental borrowing rate.

The Institute is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

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NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

3. FINANCIAL RISK MANAGEMENT (Cont'd)

(a) Financial risk factors

The Institute is exposed to a variety of financial risks: credit risk and liquidity risk. The Institute's overall risk management programme focuses on the unpredictability of financial market and seeks to minimise potential adverse effects on the Institute's financial performance. The Institute does not use derivative financial instruments to hedge certain risk exposures.

(i) Credit risk

The Institute is exposed to credit risk in relation to its cash and bank balances. The Institute's maximum exposure to credit risk is the carrying amounts of these financial assets. The credit risk on deposits with bank is limited because deposits are in banks with sound credit ratings.

The Institute has designed its credit policy with an objective to minimize its exposure to credit risk. The Institute's membership subscription and application fee receivables', is very short term in nature and the associated risk is minimal.

(ii) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash. Management of Institute regularly monitor current and expected liquidity requirements and to ensure that adequate funding is available for operating, investing and financing activities.

The table below analyses the Institute's financial liabilities into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Carrying amount HK\$	Total contractual undiscounted cash flow HK\$	On demand and less than 1 year HK\$	Between 1 and 2 years HK\$
<u>At 31 December 2024</u>				
Accrued expenses	136,915	136,915	136,915	-
Other payables	2,300	2,300	2,300	-
Lease liabilities	144,660	148,500	148,500	-
	<u>283,875</u>	<u>287,715</u>	<u>287,715</u>	<u>-</u>
<u>At 31 December 2023</u>				
Accrued expenses	292,447	292,447	292,447	-
Other payables	2,300	2,300	2,300	-
Lease liabilities	294,714	310,500	162,000	148,500
	<u>589,461</u>	<u>605,247</u>	<u>456,747</u>	<u>148,500</u>

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NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

3. FINANCIAL RISK MANAGEMENT (Cont'd)

(b) Capital management

The Institute's objectives when managing capital are to safeguard the Institute's ability to continue as a going concern in order to develop and maintain the qualification programme and continuing professional development programme for members.

The capital structure of the Institute consists of founding sponsorship account. The Institute actively and regularly reviews and manages its capital to ensure that its level is adequate to fund future expenditures, taking into account its projected cashflow requirement, future financial obligations and commitments.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

The Institute 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.

(a) Estimated useful lives of plant and equipment

The Institute's management determines the estimated useful lives and related depreciation charges for its plant and equipment. This estimate is based on the historical experience of the actual useful lives of plant and equipment of similar nature and functions. The useful lives of plant and equipment are reviewed, and adjusted as appropriate, at the end of the reporting period.

(b) Impairment of assets

The Institute tests annually whether assets have suffered any impairment in accordance with the accounting policy stated in Note 2(c). The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. The value-in-use calculation requires the Institute to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value, which has been prepared on the basis of management's assumptions and estimates.

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NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

5. REVENUE AND OTHER INCOME

	2024 HK\$	2023 HK\$
<u>Revenue</u>		
Application fee income	13,300	15,700
Annual subscription fees		
- Founding fellows and fellows	27,000	23,000
- Professional members	385,300	296,400
- Associate members	65,100	39,200
Total annual subscription and application fees	490,700	374,300
Accreditation fee income	650,000	400,000
Activity income	103,340	40,515
Course income	73,500	63,000
ECF project income	-	325,425
Examination fee income	347,600	190,900
Certification programme	48,500	100,600
GETS registration and subscription fee income	33,250	-
Event sponsorship income	784,000	589,000
	<u>2,530,890</u>	<u>2,083,740</u>
<u>Other income</u>		
Interest income	7,929	1,646
Other income	-	1
	<u>7,929</u>	<u>1,647</u>
	<u>2,538,819</u>	<u>2,085,387</u>

6. SURPLUS BEFORE INCOME TAX

Surplus before income tax is stated after charging the following:

	2024 HK\$	2023 HK\$
Auditor's remuneration	8,000	7,800
Bad debts	4,400	22,380
Depreciation		
- own asset	6,938	3,443
- right-of-use asset	153,240	127,338
ECF project expenses	-	325,425
Staff costs		
- Wages and salaries	675,573	415,126
- Mandatory provident fund contributions	34,217	20,883

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NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

7. FINANCE COST

	2024 HK\$	2023 HK\$
Interest expenses on lease liabilities	11,946	4,385

8. DIRECTORS' REMUNERATION

None of the directors received or will receive any fees or emoluments in respect of their services to the Institute during the year.

9. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profit for the year. (2023: Nil).

	2024 HK\$	2023 HK\$
<u>Current tax</u>		
Hong Kong profits tax	22,737	-

The taxation on the surplus before income tax differs from the theoretical amount that would arise using the taxation rate of Hong Kong as follows:

	2024 HK\$	2023 HK\$
Surplus before income tax	386,101	500,987
Calculated at a statutory rate of 16.5% (2023: 16.5%)	63,707	82,663
Expenses not deductible for taxation purposes	525	-
Income not subject to tax	(1,308)	(272)
Unrecognised deferred tax arising from temporary difference	1,119	(2,524)
Utilisation of unrecognised tax loss	(15,569)	(79,867)
Tax reduction under two-tiered profit tax rates regime	(24,237)	-
Tax concession	(1,500)	-
Income tax expense	22,737	-

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NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

10. PLANT AND EQUIPMENT

	Office equipment HK\$
<u>Cost</u>	
As at 1 January 2023	55,351
Additions	20,814
At 31 December 2023	76,165
Additions	-
At 31 December 2024	76,165
<u>Accumulated depreciation</u>	
As at 1 January 2023	55,018
Depreciation for the year	3,443
At 31 December 2023	58,461
Depreciation for the year	6,938
At 31 December 2024	65,399
<u>Net book value</u>	
At 31 December 2024	10,766
At 31 December 2023	17,704

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NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

11. RIGHT-OF-USE ASSETS

	Properties leased for own use HK\$
<u>Cost</u>	
At 1 January 2023	248,383
Additions	306,479
Written off	(248,383)
At 31 December 2023	306,479
Additions	-
At 31 December 2024	306,479
<u>Accumulated depreciation</u>	
At 1 January 2023	137,646
Depreciation for the year	127,338
Written off	(248,383)
At 31 December 2023	16,601
Depreciation for the year	153,240
At 31 December 2024	169,841
<u>Net book value</u>	
At 31 December 2024	136,638
At 31 December 2023	289,878

(i) Amount recognised in the statement of profit or loss and other comprehensive income

The statement of profit or loss and other comprehensive income shows the following amounts relating to leases:

	Note	2024 HK\$	2023 HK\$
Depreciation charge of right-of-use assets			
- Properties leased for own use	6	153,240	127,338
Interest expenses on lease liabilities (included in finance cost)	7	11,946	4,385

The total cash outflow for leases in 2024 was HK\$162,000 (2023: HK\$129,440).

(ii) The Institute's leasing activities and how these are accounted for

The Institute leases an office. Rental contracts are typically made for fixed periods of 2 years.

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NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

12. CASH AND CASH EQUIVALENTS

	2024	2023
	HK\$	HK\$
Cash at banks and in hand	1,842,846	1,605,148

All cash and cash equivalents are denominated in Hong Kong dollars.

13. CONTRACT BALANCES

Contract assets / contract costs:

Since payments are received in advance, the Institute do not have any contract assets or receivables from contracts with customers. Besides, there are no significant costs to obtain or fulfill contracts with customers to be amortized.

Contract liabilities:

	2024	2023
	HK\$	HK\$
Subscription fees received in advance	267,650	232,400
Other fees received in advance	40,300	75,500
	307,950	307,900

The Institute charges their members an annual subscription fee for renewal of membership on a calendar-year basis (i.e. from 1 January to 31 December), which is recognized in surplus or deficit on a straight-line basis over the subscription period. The contract liabilities mainly relate to (1) the subscription fees received in advance which represent the unearned subscription income for the period from 1 January to 31 December of a year and (2) other fees received in advance which mainly relate to examinations and seminars to be conducted or to be completed after the end of the reporting period.

Significant changes in the balances of contract liabilities during the reporting period:

	2024	2023
	HK\$	HK\$
Decrease due to the recognition of revenue for contract liabilities at the beginning of the reporting period	(307,900)	(150,800)
Increase due to cash received during the reporting period	307,950	307,900

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NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

14. LEASE LIABILITIES

	2024 HK\$	2023 HK\$
Lease liabilities	144,660	294,714
Less: Current portion of non-current liabilities	(144,660)	(150,054)
	<u>-</u>	<u>144,660</u>

15. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were authorised for issue by the Institute's board of directors on 22 July 2025.