

Audited Financial Statements
The HKIAAT Trust Fund
For the year ended 30 June 2012

The HKIAAT Trust Fund

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Audited Financial Statements for the Year Ended 30 June 2012

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Independent Auditor's Report

To the Trustees of
The HKIAAT Trust Fund

We have audited the financial statements of The HKIAAT Trust Fund (the "Trust Fund") set out on pages 3 to 12, which comprise the statement of financial position at 30 June 2012, and the statement of comprehensive income, the statement of changes in accumulated funds and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Trustees' responsibility for the financial statements

The Trustees of the Trust Fund are responsible for the preparation of financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants (the "Institute"), and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. This report is made solely to you, as a body, in accordance with the trust deed, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Institute. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Trustees, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent Auditor's Report

To the Trustees of
The HKIAAT Trust Fund

Opinion

In our opinion, the financial statements give a true and fair view of the state of affairs of the Trust Fund at 30 June 2012, and of its deficit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards.

Mazars CPA Limited

Certified Public Accountants

42nd floor, Central Plaza

18 Harbour Road, Wanchai, Hong Kong

18 September 2012

Yip Ngai Shing

Practising Certificate number: P05163

The HKIAAT Trust Fund

Statement of Financial Position

At 30 June 2012

	<i>Note</i>	2012 <i>HK\$</i>	2011 <i>HK\$</i>
Current assets			
Amount due from HKIAAT	4	469,104	385,364
Cash and cash equivalents	5	390,356	379,279
		859,460	764,643
Current liability			
Accruals for awards and scholarships	6	(884,370)	(732,600)
Net (liabilities)/assets		(24,910)	32,043
Accumulated funds		(24,910)	32,043

Approved by the Trustees on 18 September 2012

Cho Lung Pui Lan, Stella
Trustee

Kong Chi How, Johnson
Trustee

Li Tak Ming, Andy
Trustee

The HKIAAT Trust Fund

Statement of Comprehensive Income

For the year ended 30 June 2012

	<i>Note</i>	2012 <i>HK\$</i>	2011 <i>HK\$</i>
Revenue			
Donations	7	200,906	155,395
Interest income		37	19
		<hr/>	<hr/>
		200,943	155,414
Expenses			
Bank charges		(336)	(300)
Scholarships		(257,560)	(161,720)
		<hr/>	<hr/>
		(257,896)	(162,020)
Deficit		(56,953)	(6,606)
Other comprehensive income		<hr/>	<hr/>
		-	-
Comprehensive income		<hr/>	<hr/>
		(56,953)	(6,606)

The HKIAAT Trust Fund

Statement of Changes in Accumulated Funds

For the year ended 30 June 2012

	2012 <i>HK\$</i>	2011 <i>HK\$</i>
<u>Accumulated funds</u>		
At the beginning of the reporting period	<u>32,043</u>	<u>38,649</u>
Deficit	(56,953)	(6,606)
Other comprehensive income	<u>-</u>	<u>-</u>
Comprehensive income	<u>(56,953)</u>	<u>(6,606)</u>
At the end of the reporting period	<u>(24,910)</u>	<u>32,043</u>

The HKIAAT Trust Fund

Statement of Cash Flows

For the year ended 30 June 2012

	<i>Note</i>	2012 <i>HK\$</i>	2011 <i>HK\$</i>
Cash flows from operating activities			
Deficit		(56,953)	(6,606)
Increase in amount due from HKIAAT		(83,740)	(33,160)
Increase in accruals for awards and scholarships		<u>151,770</u>	<u>39,485</u>
Net cash generated from/(utilized in) operating activities and net increase/(decrease) in cash and cash equivalents		11,077	(281)
Cash and cash equivalents at the beginning of the reporting period		<u>379,279</u>	<u>379,560</u>
Cash and cash equivalents at the end of the reporting period	5	<u><u>390,356</u></u>	<u><u>379,279</u></u>

The HKIAAT Trust Fund

Notes to the Financial Statements

For the year ended 30 June 2012

1. PRINCIPAL ACTIVITIES

The HKIAAT Trust Fund (the “Trust Fund”) was set up under a trust deed dated 21 June 1999 for educational purposes and in particular for the provision of scholarships to persons studying for the examinations held by Hong Kong Institute of Accredited Accounting Technicians Limited (“HKIAAT”). According to the trust deed, the trustees of the Trust Fund are the president, the immediate past president and a vice president of HKIAAT. HKIAAT is incorporated in Hong Kong under the Hong Kong Companies Ordinance as a company limited by guarantee with its registered office located at 27th floor, Wu Chung House, 213 Queen’s Road East, Wanchai, Hong Kong. The Trust Fund is a subsidiary of HKIAAT. The ultimate parent of the Trust Fund is the Hong Kong Institute of Certified Public Accountants (the “Institute”). The Trust Fund, being a charitable trust, is exempt from Hong Kong Profits Tax under Section 88 of the Inland Revenue Ordinance.

2. PRINCIPAL ACCOUNTING POLICIES

a. Basis of preparation

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”), which include all individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Institute and accounting principles generally accepted in Hong Kong. These financial statements have been prepared under the historical cost convention.

These financial statements have been prepared in conformity with the principles applicable to a going concern basis. The applicability of these principles is mainly dependent upon continued availability of adequate finance in view of the excess of current liability over current assets. The immediate parent has confirmed its intention to make available adequate funds to the Trust Fund as and when required to maintain the Trust Fund as a going concern.

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 Trust Fund’s accounting policies. The estimates and associated assumptions are based on experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

These financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2011 financial statements, except for the first-time early adoption of the revised HKFRSs as set out in note 2b to these financial statements. The following HKFRSs issued in prior years, that are not yet effective for the current year but are applicable to the Trust Fund, have been early adopted in prior years:

HKFRS 9	“Financial Instruments”
HKFRS 13	“Fair Value Measurement”

The HKIAAT Trust Fund

Notes to the Financial Statements

For the year ended 30 June 2012

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

b. Early adoption of applicable revised HKFRSs that were issued during the current year

The Institute has issued certain new/revised HKFRSs during the current year that are available for early adoption. Of these, the following revised HKFRSs are applicable to these financial statements and early adopted by the Trust Fund for the first time:

Amendments to HKAS 1 (Revised)	“Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income”
Annual Improvements Project	“Annual Improvements 2009-2011 Cycle”

Amendments to HKAS 1 (Revised) improve the presentation of other comprehensive income. The amendments require entities to group together the items of other comprehensive income that may be reclassified to profit or loss in the future by presenting them separately from those that will not be reclassified to profit or loss. The amended HKAS 1 will be effective for annual periods beginning on or after 1 July 2012. The application of the amendments does not have any significant impact on the Trust Fund.

“Annual Improvements 2009-2011 Cycle” sets out a collection of amendments to HKFRSs which make necessary, but non-urgent, amendments to HKFRSs that will not be included as part of another major project. The amendments, among others, clarify the requirements for comparative information, the classification of servicing equipment and the income tax consequences of distributions to holders of an equity instrument and of transaction costs of an equity transaction. The amendments are effective for annual periods beginning on or after 1 January 2013. The application of the amendments does not have any significant impact on the Trust Fund.

c. Financial instruments

Financial assets and financial liabilities are recognized in the statement of financial position when the Trust Fund becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value and transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

The Trust Fund’s financial assets, including amount due from HKIAAT and bank balances, are subsequently measured at amortized cost using the effective interest method, less identified impairment charges (see note 2d) as the assets are held within a business model whose objective is to hold assets in order to collect contractual cash flows and the contractual terms of the financial assets give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial liabilities include accruals for awards and scholarships which are subsequently measured at amortized cost using the effective interest method.

The HKIAAT Trust Fund

Notes to the Financial Statements

For the year ended 30 June 2012

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

d. Impairment of financial assets

The Trust Fund recognizes charges for impaired financial assets promptly where there is objective evidence that impairment of financial assets has occurred. The impairment of financial assets carried at amortized cost is measured as the difference between the financial assets' carrying amount and the present value of estimated future cash flows discounted at the financial assets' original effective interest rate. Impairment charges are assessed individually for significant financial assets.

The carrying amount of the financial assets is reduced through the use of the financial asset impairment charges account. Changes in the carrying amount of the financial asset impairment charges account are recognized in surplus or deficit. When the financial asset is considered uncollectible, it is written off against the financial asset impairment charges account.

If, in a subsequent period, the amount of an impairment charge decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment charge is reversed by reducing the financial asset impairment charges account, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized. The amount of any reversal is recognized in surplus or deficit.

e. Derecognition of financial assets and financial liabilities

Financial assets are derecognized when the contractual rights to receive the cash flows of the financial assets expire; or where the Trust Fund transfers the financial assets and either (i) it has transferred substantially all the risks and rewards of ownership of the financial assets or (ii) it has neither transferred nor retained substantially all the risks and rewards of ownership of the financial assets but has not retained control of the financial assets.

Financial liabilities are derecognized when they are extinguished, i.e. when the obligation is discharged, cancelled or expires.

f. Cash and cash equivalents

Cash and cash equivalents comprise cash at bank.

g. Revenue recognition

Revenue is recognized when it is probable that the economic benefits will flow to the Trust Fund and when the revenue can be measured reliably.

Donations are recognized on an accrual basis when receipt thereof is certain.

Interest income from bank savings accounts is recognized as it accrues using the effective interest method.

The HKIAAT Trust Fund

Notes to the Financial Statements

For the year ended 30 June 2012

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

h. Related parties

A related party is a person or entity that is related to the Trust Fund.

- (i) A person or a close member of that person's family is related to the Trust Fund if that person:
- (a) has control or joint control over the Trust Fund;
 - (b) has significant influence over the Trust Fund; or
 - (c) is a member of the key management personnel of the Trust Fund or of a parent of the Trust Fund.
- (ii) An entity is related to the Trust Fund if any of the following conditions applies:
- (a) The entity and the Trust Fund are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (b) 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).
 - (c) Both entities are joint ventures of the same third party.
 - (d) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (e) The entity is a post-employment benefit plan for the benefit of employees of either the Trust Fund or an entity related to the Trust Fund. If the Trust Fund is itself such a plan, the sponsoring employers are also related to the Trust Fund.
 - (f) The entity is controlled or jointly controlled by a person identified in (i).
 - (g) A person identified in (i)(a) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

3. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each category of financial instruments at the end of the reporting period are as follows:

	2012 <i>HK\$</i>	2011 <i>HK\$</i>
Financial assets – measured at amortized cost		
Amount due from HKIAAT	469,104	385,364
Cash and cash equivalents	390,356	379,279
	<u>859,460</u>	<u>764,643</u>
Financial liability – measured at amortized cost		
Accruals for awards and scholarships	884,370	732,600

The carrying amounts of the Trust Fund's financial instruments at the end of the reporting period approximate their fair value.

The HKIAAT Trust Fund

Notes to the Financial Statements

For the year ended 30 June 2012

4. AMOUNT DUE FROM HKIAAT

The amount due from HKIAAT is unsecured, interest-free and payable on demand.

5. CASH AND CASH EQUIVALENTS

	2012 <i>HK\$</i>	2011 <i>HK\$</i>
Bank balances		
- Savings account	376,093	374,679
- Current account	14,263	4,600
	<u>390,356</u>	<u>379,279</u>

Cash at bank earns interest at floating rates based on daily bank deposit rates.

6. ACCRUALS FOR AWARDS AND SCHOLARSHIPS

	2012 <i>HK\$</i>	2011 <i>HK\$</i>
HKIAAT Scholarships	716,720	644,990
HKIAAT Applied Learning Scholarships	26,400	48,320
HKIAAT Employees Retraining Board Scholarships	58,710	39,290
HKIAAT (Secondary School Group) Scholarships	82,540	-
	<u>884,370</u>	<u>732,600</u>

The awards and scholarships are granted to students upon approval by the trustees of the Trust Fund. The amount granted will be offset against subsequent claims made by the award/scholarship recipients. Any unused balance will be written back upon expiry. The awards and scholarships will expire in 2 to 5 years from the grant date.

The maturity profile of the Trust Fund's financial liabilities at the end of the reporting period, based on the contracted undiscounted payments, is all within 30 days.

7. DONATIONS

	2012 <i>HK\$</i>	2011 <i>HK\$</i>
Donation from HKIAAT	199,530	155,395
Other parties	1,376	-
	<u>200,906</u>	<u>155,395</u>

The HKIAAT Trust Fund

Notes to the Financial Statements

For the year ended 30 June 2012

8. RELATED PARTY TRANSACTIONS

During the current year, the Trust Fund received a donation of HK\$199,530 (2011: HK\$155,395) from HKIAAT. At 30 June 2012, amount due from HKIAAT is HK\$469,104 (2011: HK\$385,364).

9. FINANCIAL RISK MANAGEMENT

Financial instruments consist of amount due from HKIAAT, bank balances and accruals for awards and scholarships. The Trust Fund carries as little risk from financial instruments as practicable. The liquidity risk is disclosed in note 6 to the financial statements. The Trust Fund is exposed to other financial risks which are discussed below:

a. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Trust Fund's exposure to interest rate fluctuations is limited to interest receivable on its bank savings account. Management considers that the Trust Fund has limited exposure to interest rate risk relating to the Trust Fund's bank balances as the changes in the interest rate for these items over the period until the end of the next annual reporting period are expected to be minimal. Any fluctuation in the prevailing levels of market interest rates will have an impact on the interest income alone as the Trust Fund did not borrow any interest bearing loans. The Trust Fund manages the interest rate risk by monitoring closely the movements in interest rates in order to limit potential adverse impact on interest income.

b. Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The Trust Fund has designed its credit policies with an objective to minimize its exposure to credit risk. Donation income is mainly from HKIAAT which is the immediate parent of the Trust Fund.

The Trust Fund's surplus cash has been deposited with a reputable and creditworthy bank. Management considers there is minimal risk associated with the bank balances.

10. CAPITAL MANAGEMENT

The Trust Fund operates by allocating its receipts. In the event of capital needs, HKIAAT will make donations to the Trust Fund to ensure its capital adequacy.