

HKUEFPA Annual Report 2010-2011

Hon. President: Dr. Y.F. Luk
Director, School of Economics and Finance
The University of Hong Kong

Hon. Advisors:

Dr. Alex Chan	Dr. Konan Chan
Dr. Onn Chan P	Prof. Eric Chang
Dr. Michael Chau	Prof. K.C. Fung
Dr. Stephen Ching	Dr. Victorius Hung
Dr. Xiaohui Gao	Prof. Wing Suen
Dr. Zhigang Li	Dr. Maurice Tse
Dr. Dragon Tang	Prof. Keith Wong
Dr. Raymond Tse	Dr. C.W. Yuen

Hon. Legal Advisor: Mr. Henry Leung

Hon. Auditor: Chan Siu Tsang, *Certified Public Accountant*

The Committee of HKUEFPA 2010-2011:

Chairman: Dr. Kate Kwan (MFin 2003)
Vice Chairman: Mr. Bosco Hui (MFin 2008)
Honorary Secretary: Miss. Yuri Zhou (MFin 2008)
Honorary Treasurer: Miss Ho Yuen Wan (MEcon 2010)
Committee Members: Mr Victor Chan (MFin PT) (appointed 28 Nov 2010)
Mr Gary Chao (MEcon FT) (appointed 18 Dec 2010)
Ms Feng Qi (MEcon 2010)
Ms Jenny Jin (MFin 2009)*
Ms Liu Wei Wei (MEcon FT) (appointed 11 June 2011)
Ms Johanne Sing (MEcon FT)
Immediate Past Chairman: Mr. Patrick Ho (MFin 2007)

**Note: Ms Jenny Jin resigned from office as a Committee Member on 13 March 2011.*

Registered Address: Room 1026, KK Leung Building
The University of Hong Kong
Pok Fu Lam, Hong Kong

HKUEFPA Annual Report 2010-2011

Report from the Chairman 2010-2011

Dear Members of HKUEFPA,

The Committee of HKUEFPA 2010-2011 continued the mission of fostering closer relationship between the students, alumni and faculty of the Master of Economics (“MEcon”) and Master of Finance (“MFin”) postgraduate programs. With the strong support from the School of Economics and Finance (the “School”), HKUEFPA (also the “Association”) organized a series of career and professional talks, company visits as well as various social and networking events.

In celebrating the HKU 100 Centenary Celebration, HKUEFPA participated in the HKU 100 Parade in Jan 2011, and assisted in the promotion of the School’s Homecoming Dinner held on Jun 25 at Loke Yew Hall. As members of the HKU family, we are proud to be involved in these ‘once in a lifetime’ functions.

During the year, HKUEFPA organized one professional talk and three career talks. I offered to make a professional talk in Dec 2010 on “Liquidity Risk Response: Secondary Loan Market Gets a Boost”, the topic of which I spoke at the 2010 Annual Conference of Global Association of Risk Professionals as a guest speaker. For our career talk series, we organized a talk on “Introduction for Career Search”, we also invited Eddie Liu from Nomura International to do a talk on “Introduction to Investment Banking Application”, giving our students useful information on how to apply jobs for investment banking positions. We also invited several recently graduates to share their job search experience with our postgraduates.

Following the sponsorship given by Li & Fung Logistics (formerly IDS Group) to our 2009 High Table Dinner, a company visit was organized for our postgraduates to meet with the company management and learn about the day-to-day operations of the company.

For social and networking activities, HKUEFPA organized three happy hour events, two of which were held in Shanghai by our active alumni members in Shanghai and one was held in Hong Kong Lan Kwai Fong. We also held a networking drink event with the counterparts from the joint MFin program between HKU and Peking University in Shenzhen who were in Hong Kong in June 2011. Apart from happy hour and networking drinks, we also organized a Winter hotpot dinner and a Summer boat cruise for our fellow members.

HKUEFPA co-hosted with the School the 4th Annual Economics and Finance Postgraduates High Table Dinner in April 2011 at the Hong Kong Bankers Club. As a genuine HKU tradition, this gala event serves as an important platform to foster the relationship between the School and our postgraduates.

We organized the 2nd Masters Debate Championship in Feb/Mar 2011. This event is getting evolved as one of the signature and annual events of the Association, where postgraduates from the Master of Economics, Master of Finance, Master of Business Administration, and the joint MEcon/MFin program in Shenzhen would meet and debate on specific topics and compete for the Champion title.

HKUEFPA Annual Report 2010-2011

Report from the Chairman 2010-2011 (continued)

For new initiatives, I am glad to report that HKUEFPA started publishing a quarterly HKUEFPA Newsletter. The Newsletter serves to keep members updated on the events organized as well as on upcoming events. We have also setup a group page in Facebook and Ren Ren site to maintain close contacts with our members.

HKUEFPA organized a Logo Design Competition in Feb 2011, with the aim to look for a logo design for the Association. To assist the Committee members to have a sense of identity and to promote the existence of the Association, we produced namecards for each of the Committee members.

It was also the first time which HKUEFPA organized the MEcon/MFin Orientation Camp for our new postgraduate students for both programs. It was a day camp event with various activities. We received positive feedback and we plan to make this an annual event for coming year.

Last but not least, first time since incorporation, HKUEFPA assisted in the promotion of a charity event via Facebook group page – a Broadway musical event organized by a charitable organization, DEER Theatre.

Since the incorporation of HKUEFPA, the memberships are open to students and alumni from the programs of Master of Economics, Master of Finance, Master of Business Administration as well as Master of Philosophy in Economics/Finance and Doctor of Philosophy in Economics/Finance. To date, we have 938 members and is continuing to grow.

To reduce the financial burden of our members, the Committee resolved to waive all membership and application fees for the time being. Instead, charges were levied on the participants of our events to cover the costs. While a nominal margin was also generated for our reserves, we maintained a prudent financial policy to keep our administrative expenses at the minimum. Gratefully we also received support from the School in affording us usage of the School's facilities, light refreshments for our talks and subsidies for students to participate in our events. As a result, we achieved a modest surplus at the end of the financial period.

The Association has made good progress and developments, and on behalf of the Committee, I would like to express our most sincere gratitude for the strong support and trust from our members, students, alumni and the School. I would also like to thank every one of our Committee members for their time, support, dedication, sacrifices and hard work during the term 2010-11.

Thank you all and I look forward to more of your support for our Association to grow from strength to strength and to serve our members, students, alumni and Alma Mater better in the future.

Yours sincerely,
Dr Kate Kwan
Chairman
2010-2011

HKUEFPA Annual Report 2010-2011

Major Events and Activities

1. Committee Meetings

A total of 9 Committee Meetings were held during the term. All matters relating to the Association were raised and discussed during these meetings. Attendance of the Committee Members for the meetings is as follows:

		<u>Attendance</u>
Chairman:	Dr. Kate Kwan	9 meetings
Vice Chairman:	Mr. Bosco Hui	8 meetings
Honorary Secretary:	Miss. Yuri Zhou	6 meetings
Honorary Treasurer:	Miss Ho Yuen Wan	6 meetings
Committee Members:	Mr Victor Chan (appointed 28 Nov 2010)	4 meetings
	Mr Gary Chao (appointed 18 Dec 2010)	6 meetings
	Ms Feng Qi	7 meetings
	Ms Liu Wei Wei (appointed 11 June 2011)	2 meetings
	Ms Johanne Sing	9 meetings
	Mr Patrick Ho	8 meetings
	Ms Jenny Jin (resigned in Mar 2011)	2 meetings

2. List of events and activities

2011

30 Sept Career Talk Series – Career Sharing Session

Recent graduates shared their career search insights and tips with our students.

24 Sept Briefing Session with HKUEFPA Volunteers

HKUEFPA Committee 2010-11 had an introduction and briefing session with postgraduates and members signed up as Volunteers for the Association.

16 Sept Career Talk Series – Introduction to Investment Banking Application

Mr. Eddie Liu from Nomura International gave our students an insider perspective on how to apply for investment banking positions.

2 Sept Career Talk Series – Introduction to Career Search

Mr. Patrick Ho, Immediate Past Chairman of HKUEFPA briefed our students on how to prepare for and best utilize resources for their career search efforts.

28 Aug HKUEFPA MEcon/MFin Orientation Camp 2011

72 students and 8 Committee and ex-Committee members joined the orientation day camp for new postgraduate students at Lady MacLehose Holiday Village.

26 Aug HKUEFPA Shanghai Happy Hour

About 18 alumni and their friends joined the Happy Hour in Shanghai and enjoyed a great night.

HKUEFPA Annual Report 2010-2011

Major Events and Activities (continued)

2. List of events and activities (continued)

2011

11 June **HKUEFPA Networking Drink**

About 20 MFin Shenzhen program students and Committee members enjoyed a networking drink event at RED Bar at IFC to exchange ideas and culture.

21 May **HKUEFPA Summer Boat Cruise**

41 MEcon students and their friends enjoyed a day out cruising and enjoyed an early summer.

30 April **HKUEFPA High Table Dinner**

The Association co-hosted this annual gala event with the School of Economics and Finance, this time at the Bankers Club. Over 136 students, alumni and faculty members enjoyed an evening of networking and performances by our students.

31 Mar **HKUEFPA Hong Kong Happy Hour**

Over 50 alumni and friends enjoyed the Happy Hour in Lan Kwai Fong after a day's hard work.

24 Mar **HKUEFPA Shanghai Happy Hour**

Over 30 alumni and friends joined the Happy Hour in Shanghai.

12 Mar **HKUEFPA Masters Debate Championship Final**

26 Feb **HKUEFPA Masters Debate Championship Preliminaries**

The 2nd Masters Debate Championship seen strong competition amongst students from the Master of Economics, Master of Finance, Master of Business Administration, and the joint HKU/PKU Master of Finance Shenzhen. Result was MFin Shenzhen winning the Championship with MBA as the first runner-up.

Feb **HKUEFPA Logo Design Competition**

A fun competition to explore the design talent of HKUEFPA members.

11 Feb **Company Visit to Li & Fung Logistics (formerly IDS Group)**

17 students and alumni joined the company visit to Li & Fung Logistics and learned a lot from the management of the company.

22 Jan **HKUEFPA Winner Hot Pot Dinner**

39 students and alumni enjoyed an evening networking around steaming hot pots against the winter cold.

9 Jan **HKU 100 Centenary Parade**

Students and alumni participated at the Parade to celebrate the 100 years anniversary of HKU.

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Major Events and Activities (continued)

2. List of events and activities (continued)

2010

17 Dec Professional Talk – Liquidity Risk Response: Secondary Loan Market Gets a Boost

Dr Kate Kwan from Citigroup gave our students a talk on the topic which had been presented at the 2010 Annual Conference of Global Association of Risk Professionals.

3. Admission of new members

A total of 938 members were admitted to the Association during the period.

Breakdown of 938 members include 383 ordinary members and 555 student members.

HKU ECONOMICS AND FINANCE POSTGRADUATES ASSOCIATION LIMITED

香港大學經濟及金融學研究生暨校友會有限公司

(INCORPORATED IN HONG KONG AND LIMITED BY GUARANTEE)

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2011

HKU ECONOMICS AND FINANCE POSTGRADUATES ASSOCIATION LIMITED

(Incorporated in Hong Kong and limited by guarantee)

For the year ended 30 June 2011

REPORT OF THE DIRECTORS

The Directors have pleasure in submitting their report together with the audited financial statements for the year ended 30 June 2011.

PRINCIPAL ACTIVITIES

The principal activities of HKU Economics and Finance Postgraduates Association Limited (the "Association") as per the Association's Memorandum of Association are, *inter alia*, to foster and promote close relationships and better understanding among the past and present Economics and Finance postgraduate students of the University of Hong Kong as well as to maintain, promote and cultivate friendship among the Members of the Association and in its connection, provide all kinds of sports or pastimes and promote, give or support dinners, balls, concerts and other entertainment.

RESULTS

The financial results of the Association for the year ended 30 June 2011 are set out on page 5 of the financial statements.

RESERVES

Movements in the reserves of the Association during the year are set out on page 7 of the financial statements.

DIRECTORS

The Board of Directors (the "Board") during the year and up to the date of this report comprise:-

Dr. Kate Kwan*	(Chairman)
Mr. Ho Jing Kan Patrick	(Chairman, retired on 20 Nov 2010)
Mr. Hui Tien Ruy Bosco*	(Vice Chairman)
Dr. Kate Kwan	(Vice Chairman, retired on 20 Nov 2010)
Ms. Zhou Yun*	(Hon. Secretary)
Miss. Dai Qin	(Hon. Secretary, retired on 20 Nov 2010)
Miss. Ho Yuen Wan*	(Hon. Treasurer)
Mr. Tse Ho Kin	(Hon. Treasurer, retired on 20 Nov 2010)
Mr. Chan Chi Hoi	(Committee Member, appointed on 28 Nov 2010)
Mr. Chao Weng Hou	(Committee Member, appointed on 18 Dec 2010)
Miss. Feng Qi^	(Committee Member)
Miss. Jin Jing^	(Committee Member, resigned on 13 Mar 2011)
Miss. Liu Weiwei	(Committee Member, appointed on 11 June 2011)
Miss. Johanne Sing*	(Committee Member)
Mr. Ho Jing Kan Patrick+	(Immediate Past Chairman, Ex-Officio Committee Member)
Miss. Fung Hoi Ki Heidi	(Committee Member, retired on 20 Nov 2010)
Mr. Gao Xin	(Committee Member, retired on 20 Nov 2010)
Miss. Hu Wenqian	(Committee Member, retired on 20 Nov 2010)
Mr. Wang Chao	(Committee Member, retired on 20 Nov 2010)
Miss. Zhou Yun	(Committee Member, retired on 20 Nov 2010)

* *elected at AGM on 20 Nov 2010*

+ *retired as Chairman and became Ex-Officio Committee Member at AGM on 20 Nov 2010*

^ *retired and re-elected as the same at AGM on 20 Nov 2010*

In accordance with the Association's Articles of Association, all of the existing directors shall retire from the Board at the forthcoming Annual General Meeting and be eligible for re-election.

HKU ECONOMICS AND FINANCE POSTGRADUATES ASSOCIATION LIMITED
(Incorporated in Hong Kong and limited by guarantee)
For the year ended 30 June 2011

DIRECTORS' INTERESTS

No contracts of significance in relation to the Association's business to which the Association was a party and in which a Director of the Association had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

MANAGEMENT CONTRACTS

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

On behalf of the Board

Kate Kwan

Chairman

HONG KONG, 30 September 2011

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
HKU ECONOMICS AND FINANCE POSTGRADUATES ASSOCIATION LIMITED**

(Incorporated in Hong Kong and limited by guarantee)

For the year ended 30 June 2011

I have audited the financial statements of HKU Economics and Finance Postgraduates Association Limited (the "Association") set out on pages 5 to 13, which comprise the statement of financial position as at 30 June 2011, and the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibilities for the financial statements

The directors of the Association are responsible for the preparation and the true and fair presentation of these financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibilities

My responsibility is to express an opinion on these financial statements based on my audit. This report is made solely to you, as a body, in accordance with section 141 of the Hong Kong Companies Ordinance, and for no other purpose. I do not assume responsibility towards or accept liability to any other person for the contents of this report.

I conducted my audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to 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 and true and fair presentation of the financial statements 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 directors, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
HKU ECONOMICS AND FINANCE POSTGRADUATES ASSOCIATION LIMITED**
(Incorporated in Hong Kong and limited by guarantee)
For the year ended 30 June 2011

Opinion

In my opinion, the financial statements give a true and fair view of the state of the Association's affairs as at 30 June 2011 and of its surplus and cash flows for the year then ended and have been properly prepared in accordance with Hong Kong Financial Reporting Standards and the Hong Kong Companies Ordinance.

Chan Siu Tsang
Certified Public Accountant
Suite 1605, Queen's Place
74 Queen's Road Central
Hong Kong

Date: 30 September 2011

HKU ECONOMICS AND FINANCE POSTGRADUATES ASSOCIATION LIMITED
(Incorporated in Hong Kong and limited by guarantee)
For the year ended 30 June 2011

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2011

	Note	2011 HK\$	2010 HK\$
INCOME			
Donation income	5	149,520	-
Income from various functions and activities	6	101,220	141,380
Foreign exchange gain		969	99
Interest Income		<u>73</u>	<u>3</u>
		<u>251,782</u>	<u>141,482</u>
EXPENDITURE			
Bank charges		450	450
Business registration and filing fee		555	555
Expenses for various functions and activities	6	87,063	120,695
Sundry expenses		<u>646</u>	<u>120</u>
		<u>88,714</u>	<u>121,820</u>
SURPLUS FOR THE YEAR		<u>163,068</u>	<u>19,662</u>

The notes on pages 9 to 13 form part of these financial statements.

HKU ECONOMICS AND FINANCE POSTGRADUATES ASSOCIATION LIMITED
(Incorporated in Hong Kong and limited by guarantee)
For the year ended 30 June 2011

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2011

	Note	2011 HK\$	2010 HK\$
CURRENT ASSETS			
Accounts receivable	9	21,750	11,700
Cash and cash equivalents		191,067	30,033
Inventories	10	<u>7,386</u>	<u>42</u>
Net assets		<u><u>220,203</u></u>	<u><u>41,775</u></u>
EQUITY			
Accumulated funds		<u>204,843</u>	<u>41,775</u>
Total equity		204,843	41,775
CURRENT LIABILITIES			
Current account with directors	11	<u>15,360</u>	<u>-</u>
Total equity and liabilities		<u><u>220,203</u></u>	<u><u>41,775</u></u>

Approved and authorised for issue by the Board of Directors on 30 September 2011

Kate Kwan
Chairman

Ho Yuen Wan
Honorary Treasurer

The notes on pages 9 to 13 form part of these financial statements.

HKU ECONOMICS AND FINANCE POSTGRADUATES ASSOCIATION LIMITED
(Incorporated in Hong Kong and limited by guarantee)
For the year ended 30 June 2011

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2011**

	Accumulated Funds HK\$	Total HK\$
Balance at 30 June 2009	22,113	22,113
Surplus for the year	19,662	19,662
Balance at 30 June 2010	41,775	41,775
Surplus for the year	163,068	163,068
Balance at 30 June 2011	<u>204,843</u>	<u>204,843</u>

The notes on pages 9 to 13 form part of these financial statements.

HKU ECONOMICS AND FINANCE POSTGRADUATES ASSOCIATION LIMITED
(Incorporated in Hong Kong and limited by guarantee)
For the year ended 30 June 2011

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2011

	2011 HK\$	2010 HK\$
Cash flows from operating activities		
Surplus for the year	163,068	19,662
Adjustments for:		
(Increase)/decrease in accounts receivables	(10,050)	10,050
(Increase)/decrease in gift coupons	-	190
(Increase)/decrease in inventories	(7,344)	(42)
Foreign exchange gain	(969)	(99)
Interest income	(73)	(3)
Increase/(decrease) in current account with directors	15,360	-
	-----	-----
Net cash from operating activities	<u>159,992</u>	<u>29,758</u>
	-----	-----
Cash flows from investing activities		
Interest received	73	3
	-----	-----
Net cash from investing activities	<u>73</u>	<u>3</u>
	-----	-----
Net increase in cash and cash equivalents	160,065	29,761
Cash and cash equivalents at beginning of financial year	30,033	173
Effect of exchange rate changes on the balance of cash held in foreign currency	969	99
	-----	-----
Cash and cash equivalents at end of financial year	<u>191,067</u>	<u>30,033</u>

The notes on pages 9 to 13 form part of these financial statements.

HKU ECONOMICS AND FINANCE POSTGRADUATES ASSOCIATION LIMITED
(Incorporated in Hong Kong and limited by guarantee)
For the year ended 30 June 2011

NOTES TO THE FINANCIAL STATEMENTS

1. STATUS OF THE ASSOCIATION

The Association is a company incorporated in Hong Kong with liability limited by guarantee and has no share capital. The address of its registered office is Room 1026, KK Leung Building, The University of Hong Kong, Pok Fu Lam, Hong Kong.

Every member of the Association undertakes to contribute to the assets of the Association in the event of its being wound up while he is a member, or within one year afterwards, for payment of the debts and liabilities of the Association contracted before he ceases to be a member, and the costs, charges and expenses of winding up the same, and for the adjustment of the rights of the contributories among themselves, such amount as may be required, save, not exceeding \$100.

The Association is engaged in fostering and promoting close relationships and better understanding among the past and present Economics and Finance postgraduate students of the University of Hong Kong, cultivating friendship among the Members of the Association as well as promoting the studies, research and education of Economics and Finance.

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

2. PRINCIPAL ACCOUNTING POLICIES

(a) Basis of preparation of the financial statements

For the purpose of compliance with section 122 of the Hong Kong Companies Ordinance, the financial statements have been prepared to present a true and fair view of the state of affairs and income and expenditure of the Association. Consequently, they are prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“**HKFRSs**”, which collectively includes Hong Kong Accounting Standards and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance.

The measurement basis used in the preparation of the financial statements is historical cost, except for the financial instruments which are stated at fair value.

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

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

There is no area involving a high degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements.

HKU ECONOMICS AND FINANCE POSTGRADUATES ASSOCIATION LIMITED
(Incorporated in Hong Kong and limited by guarantee)
For the year ended 30 June 2011

2. PRINCIPAL ACCOUNTING POLICIES (continued)

(b) Standards, amendments and interpretations to existing standards that are not yet effective

Up to the date of this report, a number of new standards, amendments to standards and interpretations are not yet effective for the year ended 30 June 2011, and have not been applied in preparing these financial statements. None of these will have an effect on the financial statements of the Association.

(c) Accounts receivable

Accounts receivable are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of accounts receivables is established when there is objective evidence that the Association will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the statement of comprehensive income. Impairment loss is reversed in subsequent years when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

(d) Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation, which are at least tested annually for impairment and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may 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.

(e) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

(f) Inventories

Inventories are carried at lower of cost and net realisable value. Cost is determined using the weighted average cost formula and comprises costs of purchase incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

HKU ECONOMICS AND FINANCE POSTGRADUATES ASSOCIATION LIMITED
(Incorporated in Hong Kong and limited by guarantee)
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2. PRINCIPAL ACCOUNTING POLICIES (continued)

(g) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Association has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

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, whose existence 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.

(h) Revenue recognition

Income from functions and activities and transfer from the HKU Economics and Finance Postgraduates Committee are recognised on a time-apportioned basis over the year to which they relate.

3. CAPITAL MANAGEMENT

The Association is a company limited by guarantee and has no share capital. The Association considers its capital to be the accumulated funds. The Association's primary objectives when managing its accumulated funds is to safeguard the Association's ability to continue as a going concern, so that it can continue to provide support and protect the interest of its members. The Association's capital management practices were consistent with its objectives during the year. The Association is not subject to any externally imposed capital requirements.

4. FINANCIAL RISK MANAGEMENT

The Association's major financial instruments include accounts receivable and cash at bank and on hand. No sensitivity analysis or other quantitative disclosure relating to each type of risk arising from the financial instrument is presented as the Board considers there is no material financial risks exposure to the Association.

(a) Credit risk

The Association does not have any significant credit risk with respect to its receivables. The maximum exposure to credit risk is represented by the carrying amount of accounts receivable. The Association's bank balances are deposited in internationally reputable banks and as such, no significant credit risk is anticipated.

(b) Foreign currency risk

The Association operates in Hong Kong and is not exposed to any material foreign currency risk as majority of the transactions and financial assets are denominated in its functional currencies.

HKU ECONOMICS AND FINANCE POSTGRADUATES ASSOCIATION LIMITED

(Incorporated in Hong Kong and limited by guarantee)

For the year ended 30 June 2011

4. FINANCIAL RISK MANAGEMENT (continued)

(c) Interest rate risk

Interest rate risks are risks that fair value or future cash flows of financial instruments will fluctuate because of changes in market interest rates. Apart from the bank balances denominated in Hong Kong dollars and Renminbi which carry interest rates at market rates, the Association has no other interest-bearing borrowings and its operating cash flows are substantially independent of changes in market interest rate.

(d) Liquidity risk

Liquidity risk is the risk that funds will not be available to meet liabilities as they fall due. The Association's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves and cash balances to meet its liquidity requirements in the short and longer term. The current financial strength poses no threat of liquidity to the Association.

(e) Price risk

As the Association has no other major financial assets other than accounts receivable and cash at bank and on hand, the directors of the Association consider the price risk for such are minimal.

5. DONATION INCOME

Donation income comprises entirely of a non-recurring/one-off ex-gratia donation by Dr. Onn Chan who is an Honorary Member of the Association.

6. SURPLUS FROM VARIOUS FUNCTIONS AND ACTIVITIES

	2011			2010		
	Income HK\$	Expenditure HK\$	Surplus/ (Deficit) HK\$	Income HK\$	Expenditure HK\$	Surplus/ (Deficit) HK\$
BBQ	-	-	-	2,400	(2,347)	53
High Table Dinner	64,043	(58,300)	5,743	83,529	(81,533)	1,996
Hong Kong Company Visit	-	(480)	(480)	-	-	-
Hot Pot Dinner	5,850	(5,049)	801	10	-	10
Polo Shirt Sale	23,027	(11,424)	11,603	25,900	(14,244)	11,656
Name Card Printing	-	-	-	6,500	(3,780)	2,720
Networking Dinner Cruise	-	-	-	18,330	(13,553)	4,777
Shenzhen Company Visit	-	-	-	1,411	(1,281)	130
Summer Boat Cruise	8,300	(8,082)	218	-	-	-
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	101,220	(83,335)	17,885	138,080	(116,738)	21,342
Logo Design Competition	-	(500)	(500)	-	-	-
Masters Debate Championship	-	(3,180)	(3,180)	3,300	(3,660)	(360)
Talks	-	(48)	(48)	-	(297)	(297)
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	<u>101,220</u>	<u>(87,063)</u>	<u>14,157</u>	<u>141,380</u>	<u>(120,695)</u>	<u>20,685</u>

HKU ECONOMICS AND FINANCE POSTGRADUATES ASSOCIATION LIMITED
(Incorporated in Hong Kong and limited by guarantee)
For the year ended 30 June 2011

7. DIRECTORS' REMUNERATION

None of the Directors received any emoluments in respect of their services rendered to the Association during the year.

8. INCOME TAX

Section 24(1) of the Inland Revenue Ordinance specifies that any person carries on a club or similar institution which receives from its members not less than half of its gross receipts on revenue account (including entrance fees and subscriptions), such person shall be deemed not to carry on a business; but where less than half of its gross receipts are received from members, the whole of the income from transactions both with members and others (including entrance fees and subscriptions) shall be deemed to be receipts from a business, and such person shall be chargeable in respect of the profits therefrom.

The Association is exempt from Hong Kong profits tax by virtue of Section 24(1) of the Inland Revenue Ordinance.

9. ACCOUNTS RECEIVABLE

The carrying amount of accounts receivable approximates to its fair value. The Directors of the Association are of the opinion that no impairment of accounts receivable is necessary.

10. INVENTORIES

Inventories comprise entirely of finished goods of polo shirts at cost.

11. CURRENT ACCOUNT WITH DIRECTORS

	2011 HK\$	2010 HK\$
Payments received on behalf of the Association	(3,300)	-
Expenses paid on behalf of the Association	<u>18,660</u>	<u>-</u>
	<u>15,360</u>	<u>-</u>

Current accounts with directors comprise payments to the Association that directors received on its behalf and in transit of returning to the Association, and the expenses of the Association that directors paid on its behalf and in transit of being reimbursed by the Association.

12. AUDITOR'S REMUNERATION

The audit of these financial statements has been performed on an honorary basis.

13. MATERIAL CHANGE IN FINANCIAL POSITION

The Board confirms that there has been no material adverse change in the financial position since 30 June 2011, being the date of the last audited financial results.

12. COMPARATIVE FIGURES

Certain comparative figures of last year have been reclassified to conform to the current year's presentation.