

HONG KONG NETBALL ASSOCIATION LIMITED
香港投球總會有限公司

REPORTS AND FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2011

CONTENTS

	<u>PAGES</u>
Report of the directors	1 - 2
Independent auditors' report	3 - 4
Statement of financial position	5
Statement of comprehensive income	6
Statement of cash flows	7
Statement of changes in equity	8
Notes to the accounts	9 - 15

HONG KONG NETBALL ASSOCIATION LIMITED

香港投球總會有限公司

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements for the year ended 31 March 2011.

PRINCIPAL ACTIVITIES

The Association is engaged in promotion of the netball games and competitions within or outside Hong Kong.

ACCOUNTS

The results of the Association's operations for the year are set out in the statement of comprehensive income on page 6.

The state of the Association's affairs as at 31 March 2011 is set out in the statement of financial position on page 5.

Movements in the Association's cash flows for the year are set out in the statement of cash flows on page 7.

DIRECTORS

The directors of the Association during the year and up to the date of this report are :-

Veronica June Arnold	
Jennifer Laura Amanda Chadwick	
Yu Po Yan Polly	(Appointed on 29 June 2010)
Lam Sik Min Prisca	(Resigned on 29 June 2010)

In accordance with Article 30 of the Association's Articles of Association, all existing directors shall retire from office and being eligible, offer themselves for re-election.

The Association did not enter into any contract, other than the contracts of service with the directors or any person engaged in the full-time employment of the Association, whereby any individual, firm or body corporate undertakes the management and administration of the whole, or any substantial part of any business of the Association.

HONG KONG NETBALL ASSOCIATION LIMITED

香港投球總會有限公司

REPORT OF THE DIRECTORS

(Continued)

DIRECTORS' INTERESTS IN CONTRACTS

There were no contracts of significance to which the Association was a party and in which a director of the Association had, whether directly or indirectly, a material interest subsisting at the end of the year or at any time during the year.

DIRECTORS' RIGHTS TO ACQUIRE SHARES AND DEBENTURES

At no time during the year was the Association a party to any arrangements so as to enable the directors of the Association to acquire benefits by means of the acquisition of shares in or debentures of the Association or any other body corporate.

AUDITORS

The financial statements for the year have been audited by Messrs. Bright Union Hong Kong CPA Limited Certified Public Accountants (Practising), who retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board

Director

Hong Kong

BRIGHT UNION HONG KONG CPA LIMITED

Certified Public Accountants (Practising)

階 陽 香 港 會 計 師 行 有 限 公 司

Units 404-405A, Wing Tuck Commercial Centre, 177-183 Wing Lok Street, Sheung Wan, H.K.

香港上環永樂街 177-183 號永德商業中心 4 樓 404-405A 室 Tel. : 23318206 Fax: 31101338

INDEPENDENT AUDITOR'S REPORT

To the members of
HONG KONG NETBALL ASSOCIATION LIMITED
香港投球總會有限公司
(incorporated in Hong Kong with limited by guarantee)

We have audited the financial statements of Hong Kong Netball Association Limited (“the Association”) set out on pages 5 to 15, which comprise the statement of financial position as at 31 March 2011, and the statement of comprehensive income, statement of cash flows and statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The directors are responsible for the preparation and the true and fair presentation of these financial statements in accordance with Hong Kong Financial Reporting Standard for Private Entities issued by the Hong Kong Institute of Certified Public Accountants and 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.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. Our 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. 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 Hong Kong Institute of Certified Public Accountants. Those standards require that we 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.

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

BRIGHT UNION HONG KONG CPA LIMITED
階 陽 香 港 會 計 師 行 有 限 公 司
Certified Public Accountants (Practising)

UNITS 404-405A, 4/F., WING TUCK COMM. CTR., 177 WING LOK ST., SHEUNG WAN, H.K.
香港上環永樂街 177 號永德商業中心 4 樓 404-405A 室 Tel.: 2331 8206 Fax: 3110 1338

INDEPENDENT AUDITORS' REPORT

(Continued)

Opinion

In our opinion, the financial statements give a true and fair view of the state of affairs of the Association as at 31 March 2011 and of its deficit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standard for Private Entities and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

Bright Union Hong Kong CPA Limited
Certified Public Accountants (Practising)
WONG KAM WING
Practising no. : P02179

Hong Kong

HONG KONG NETBALL ASSOCIATION LIMITED
香港投球總會有限公司

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2011

	<u>NOTE</u>	<u>2011</u> HK\$	<u>2010</u> HK\$
Current assets			
Inventories	(3)	33,438	44,250
Accounts receivables		37,568	2,880
Prepayment		4,720	30,080
Cash and bank balances		901,977	818,958
		<u>977,703</u>	<u>896,168</u>
Current liabilities			
Accounts and other payable		-	1,186
Receipts in advance		41,965	-
Deposit received		35,100	25,800
Accrued expenses		217,323	135,452
		<u>294,388</u>	<u>162,438</u>
Net assets		<u>683,315</u>	<u>733,730</u>
Represented by :			
Foundation funds	(4)	875,734	875,734
Accumulated deficits		(239,591)	(142,004)
Reserve funds		47,172	-
		<u>683,315</u>	<u>733,730</u>

The financial statements on pages 5 to 15 were approved and authorized for issue by the Executive Council on _____ and are signed on its behalf by:

Executive council member

Executive council member

The accompanying notes form an integral part of this statement of financial position.

HONG KONG NETBALL ASSOCIATION LIMITED

香港投球總會有限公司

STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 31 MARCH 2011

	<u>NOTE</u>	<u>2011</u> HK\$	<u>2010</u> HK\$
Government subventions	(5)	702,881	598,020
Other income	(6)	<u>618,119</u>	<u>481,592</u>
Total income		1,321,000	1,076,612
Administrative expenses	(7)	<u>(1,398,685)</u>	<u>(1,206,262)</u>
Deficit before tax		(77,685)	(126,650)
Taxation	(9)	<u>-</u>	<u>1</u>
Deficit for the year		<u><u>(77,685)</u></u>	<u><u>(126,649)</u></u>

The accompanying notes form an integral part of this statement of comprehensive income.

HONG KONG NETBALL ASSOCIATION LIMITED

香港投球總會有限公司

STATEMENT OF CASH FLOWS

YEAR ENDED 31 MARCH 2011

	<u>2011</u> HK\$	<u>2010</u> HK\$
Operating activities		
Deficit surplus before tax	(77,685)	(126,650)
Adjustments for:		
Interest income	(53)	(53)
Operating cash outflow before movements in working capital	(77,738)	(126,703)
Decrease in inventories	10,812	10,563
(Increase)/decrease in accounts receivables	(34,688)	620
Decrease in prepayment	25,360	8,824
Increase/(decrease) in receipts in advance	41,965	(1,000)
Increase in deposit received	9,300	25,800
Decrease in accounts and other payable	(1,186)	(1,831)
Decrease/(increase) in accrued expenses	81,871	(15,512)
	55,696	(99,239)
Cash generated from / (used in) operations	-	(1,276)
Profits tax paid	53	53
Interest income		
Net cash from / (used in) operating activities	55,749	(100,462)
Fund activity		
Reserve funds	27,270	-
Net increase / (decrease) in cash and cash equivalents	83,019	(100,462)
Cash and cash equivalents at beginning of year	818,958	919,420
Cash and cash equivalents at end of year	901,977	818,958
Analysis of the balance of cash and cash equivalents		
Cash and cash balances	901,977	818,958

The accompanying notes form an integral part of this cash flow statement.

HONG KONG NETBALL ASSOCIATION LIMITED

香港投球總會有限公司

STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 MARCH 2011

	<u>Accumulated surpluses</u> HK\$	<u>Reserve Funds</u> HK\$	<u>Total</u> HK\$
At 1/4/2010	(142,004)	-	(142,004)
Transfer funds for Leisure and Cultural Services Department to reserve funds	(19,902)	19,902	-
Surplus of reserve funds for the year (Note 8)	-	27,270	27,270
Net deficit for the year	<u>(77,685)</u>	<u>-</u>	<u>(77,685)</u>
At 31/3/2011	<u>(239,591)</u>	<u>47,172</u>	<u>(192,419)</u>

HONG KONG NETBALL ASSOCIATION LIMITED

香港投球總會有限公司

NOTES TO THE ACCOUNTS

YEAR ENDED 31 MARCH 2011

1. GENERAL

The Association is a private limited company incorporated in Hong Kong with limited by guarantee and is engaged in promotion of the netball games and competitions within or outside Hong Kong.

The addresses of the registered office and principal place of business of the Association are Room 1016, Olympic House, 1 Stadium Path, So Kon Po, Causeway Bay, Hong Kong.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The financial statements have been prepared in accordance with the Hong Kong Financial Reporting Standard for Private Entities (HKFRS-PE) issued by the Hong Kong Institute of Certified Public Accountants and the requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention.

(a) Inventories

Inventories are stated at the lower of cost and selling price less costs to complete and sell. Cost is calculated using the first –in, first-out (FIFO) method. At each reporting date, inventories are assessed for impairment and the carrying amount is reduced to its selling price less costs to complete and sell with the impairment loss recognized immediately in profit or loss.

(b) Accounts receivables

Accounts receivables are recognized initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade 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 the receivables.

(c) Accounts and other payable

Accounts and other payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

HONG KONG NETBALL ASSOCIATION LIMITED

香港投球總會有限公司

NOTES TO THE ACCOUNTS

YEAR ENDED 31 MARCH 2011

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (Continued)

(d) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of income and retained earnings because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Association's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all temporary differences. Deferred tax assets are generally recognized for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary difference can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The net carry amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Association's expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. However, the measurement of deferred tax liabilities associated with an investment property measured at fair value does not exceed the amount of tax that would be payable on its sale to an unrelated market participant at fair value at the reporting date. Deferred tax is recognized in profit or loss, except when it relates to items that are recognized in other comprehensive income or directly in equity, in which case the deferred tax is also recognized in other comprehensive income or directly in equity respectively

HONG KONG NETBALL ASSOCIATION LIMITED

香港投球總會有限公司

NOTES TO THE ACCOUNTS

YEAR ENDED 31 MARCH 2011

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (Continued)

(e) Cash and cash equivalents

Cash and cash equivalents include cash on hand, demand deposits and other short-term highly liquid investments with original maturities of three months or less.

(f) Employee benefit obligations

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(g) Revenue recognition

(i) Sales

Sales of goods are recognized when the Association has delivered products to the customers, the customer has accepted the products and collectibility of the related receivables is reasonably assured.

(ii) Donations from members

Donations from members are recognised as revenue on cash basis.

(iii) Government subventions

Government subventions are recognized in the statement of financial position initially when there is reasonable assurance that they will be received and that the Association will comply with the conditions attaching to them. Grants that compensate the Association for expenses incurred are recognised as revenue in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Association for the cost of an asset are deducted in arriving at the carrying amount of the asset and consequently are recognised in profit or loss over the useful life of the asset.

HONG KONG NETBALL ASSOCIATION LIMITED

香港投球總會有限公司

NOTES TO THE ACCOUNTS

YEAR ENDED 31 MARCH 2011

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (Continued)

(h) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of the Association are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The financial statements are presented in Hong Kong Dollars, which is the Association's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in profit or loss.

3 INVENTORIES

	<u>2011</u> HK\$	<u>2010</u> HK\$
Merchandise, at cost	<u>33,438</u>	<u>44,250</u>

4 FOUNDATION FUNDS

Foundation funds represent the net aggregate amount of assets and liabilities taken over from the present unincorporated body known as the "HONG KONG NETBALL ASSOCIATION".

5 GOVERNEMENT SUBVENTIONS

	<u>2011</u> HK\$	<u>2010</u> HK\$
Government subventions		
- Leisure and Cultural Services Department funding	<u>702,881</u>	<u>598,020</u>

HONG KONG NETBALL ASSOCIATION LIMITED

香港投球總會有限公司

NOTES TO THE ACCOUNTS

YEAR ENDED 31 MARCH 2011

6 OTHER INCOME

	<u>2011</u> HK\$	<u>2010</u> HK\$
LCSD Hong Kong Netball League – Team fees	28,200	21,500
LCSD – School Sport: Easy sport programme	3,600	3,417
LCSD – Netball development tournament team fees	1,200	2,280
LCSD – Summer netball training courses entry fees	7,040	4,290
LCSD – School sport: Sport demonstration	1,250	4,595
LCSD – School sport: Outreach Coaching Programme	7,300	6,570
LCSD – Elementary netball training registration fees	3,300	1,760
LCSD – Umpiring theory and practical course fees	3,950	3,350
LCSD – Young Athletes Training Scheme Enrollment fee	8,550	9,000
LCSD – 7 th ANC – Remaining balance of prepayment	-	7,013
LCSD – School sport: Sport Carnival	-	367
Package Services of Conducting Activity: Netball promotional activity	-	1,100
HK Coaching Committee – Subvention of Coaching Courses	31,211	27,202
Coaching courses – Attendee fee	11,600	10,300
Sports Federation & Olympic Committee of Hong Kong, China – Subvention of Festival of Sport – Netball Tournament	7,039	3,620
HKNA End of Season Function	22,400	10,130
HKNA inter-school invitational netball tournament – entry fee	3,900	2,800
HKNA – Junior Netball League	9,450	5,100
HKNA – Outreach Coaching	20,200	32,700
Mixed league team registration fees	28,000	16,000
3 rd International Youth Sports Challenge – Players’ Contribution	24,000	-
Joint University Tournament	2,700	-
Miscellaneous Umpiring income	6,236	4,175
Youth / U21 selling of Ankle brace	8,455	11,130
Men’s League	1,250	1,200
Sales of trading goods	33,460	37,500
HKNA membership fees	321,275	252,640
Sundry income	22,500	1,800
Bank interest income	53	53
	<u>618,119</u>	<u>481,592</u>

HONG KONG NETBALL ASSOCIATION LIMITED
香港投球總會有限公司

NOTES TO THE ACCOUNTS

YEAR ENDED 31 MARCH 2011

7 ADMINISTRATIVE EXPENSES

	<u>2011</u> HK\$	<u>2010</u> HK\$
LCSD – HK Netball League Expenses	36,736	69,343
ANF meeting , July 2010,India	8,256	-
ANF meeting , July 2009,Malaysia	-	5,822
LCSD – School Sport: Easy sport programme expenses	8,400	7,008
LCSD – Netball development tournament expenses	3,396	7,637
LCSD – Summer training courses expenses	7,580	5,150
LCSD – School sport: Sport demonstration expenses	3,562	10,123
LCSD – School sport: Outreach Coaching expenses	14,742	13,140
LCSD – Elementary netball training course expenses	4,952	2,496
LCSD – Umpiring theory and practical Course expenses	7,136	11,764
LCSD –Young Athletes Training Scheme expenditure	19,609	20,155
LCSD – Mixed netball league	1,615	265
LCSD – National Squad Training (Senior / Open)	5,192	29,703
LCSD – Asian umpires camp – March 2011	-	2,629
LCSD – Regional Squad	43,685	-
Service package coach fee	-	600
HKNA Inter-School League (0809)	-	2,250
Coaching courses expenses	26,671	18,794
Thanks coach schemes expenses	11,050	10,010
Men’s League expenses	2,570	1,274
Miscellaneous umpiring expenses	17,455	16,553
HKNA End of Season Function expenditure	23,673	16,151
HKNA inter-school invitational netball tournament expenditure	9,519	5,186
HKNA Junior Netball League	35,987	7,100
Joint university netball tournament	9,067	2,690
Youth / U21	6,805	46,479
7 th Asian Netball Championship Expenditure	-	129,473
7 th Asian Youth Netball Championship	229,438	-
3 rd International Youth Sports Challenge	103,708	-
LCSD-National Junior Squad Training – Coach fee and venue charges	27,440	10,384
Sports Federation & Olympic Committee of Hong Kong, China –Festival of Sport – Netball Tournament expenditures	6,735	3,627
IFNA Members Congress – Aug 2009	-	21,317
Malaysia tour – Youth Squad	-	38,387
Development Squad	-	17,888
Secondary School Promotion	1,166	120
Auditors’ remuneration		
- under-provision for previous year	1,000	-
- current year	15,000	12,000
Staff quarter – rent imbursement	30,000	30,000
Salaries	502,613	463,121
Mandatory provident fund contribution	24,382	23,734
Third party liability insurance	20,850	14,462
Cost of sales for trading goods	39,994	63,873
Consumable stores	9,400	-
Written off the obsolete inventories	11,360	-
Administration expenses	41,744	36,047
Transportation	24,937	29,507
Bad debts	1,260	-
	<u>1,398,685</u>	<u>1,206,262</u>

HONG KONG NETBALL ASSOCIATION LIMITED

香港投球總會有限公司

NOTES TO THE ACCOUNTS

YEAR ENDED 31 MARCH 2011

8 RESERVE FUND – INCOME AND EXPENDITURES ACCOUNTS

	<u>2011</u> HK\$	<u>2010</u> HK\$
Government additional fund	75,000	-
Less : Purchase of office equipment	(45,515)	-
Purchase of stationary	(2,215)	-
	<hr/>	<hr/>
Surplus for the year	<u>27,270</u>	<u>-</u>

9. TAXATION

Hong Kong profits tax has not been provided for in the financial statements as the Association did not derive any assessable profit for the year.

10. DIRECTORS' REMUNERTION

Neither fees nor other remunerations are paid to the directors of the Association during the year.

11. EMPLOYEE BENEFIT OBLIGATIONS

The Association operates a Mandatory Provident Fund Scheme (the MPF scheme) under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance and not previously covered by the defined benefit retirement plan. The MPF scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK\$20,000. Contributions to the plan vest immediately.

12. CONTINGENT LIABILITIES

The liability of the members is limited. Every member of the Association undertakes to contribute to the assets of the Association in the event of its being wound up during the time that he or she is a member, or within one year thereafter, for payment of the debts and liabilities of the Association contracted before the time at which he or she ceases to be a member, and of the costs, charges and expenses of winding up the same, and for the adjustment of the rights of the contributories amongst themselves, such amount as may be required, not exceeding the sum of One Hong Kong Dollars