Alliance Plus CPA Limited
滙智會計師事務所有限公司
Certified Public Accountants

Hong Kong Institute of Security Professionals

(Registered under the Societies Ordinance in Hong Kong)

Reports and Financial Statements
Year Ended 31 March 2019

Contents

Alliance Plus CPA Limited
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Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT
TO THE COMMITTEE MEMBERS OF HONG KONG INSTITUTE OF SECURITY PROFESSIONALS
(Registered under the Societies Ordinance in Hong Kong)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Hong Kong Institute of Security Professionals ("the Institute") set out on pages 5 to 15, which comprise the statement of financial position as at 31 March 2019, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Institute as at 31 March 2019, and of its financial performance and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the 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.

Other Information

The Committee Members are responsible for the other information. The other information comprises the information included in the notes to the financial statements, 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 Committee Members and Those Charged with Governance for the Financial Statements

The Committee Members are responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA, and for such internal control as the Committee Members 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 Committee Members 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 Committee Members either intend to deregister 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 Responsibilities 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, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with HKSAs, 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 may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Institute's internal control

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Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Committee Members.

- Conclude on the appropriateness of the Committee Members' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 may 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.

Alliance Plus CPA Limited

Certified Public Accountants
Hong Kong, 6 July 2019

Tsang Ho On
Practising Certificate Number P05230

Hong Kong Institute of Security Professionals
Statement of Profit or Loss and Other Comprehensive Income
Year ended 31 March 2019

	Notes	2019 HK$	2018 HK$
Turnover			
Entrance fees from members		500	3,000
Annual fees from members		13,555	5,045
Seminar and activity income		12,420	13,040
Others		1,191	11,040
		27,666	32,125
Other income			
Bank interest income		49	1
Administrative expenses			
Bank charges		-	301
Postage, mail and courier		23	209
Printing, stationery and others		2,391	1,821
Seminar and activity expenses			
- food and beverage		17,654	-
- printing		1,913	-
- rent		6,540	9,980
- tutor fee		-	7,000
Sundries		6,830	12,724
Telephone		456	456
Website fee and others		6,800	300
		42,607	32,791
Surplus/(deficit) before taxation		(14,892)	(665)
Income tax	6a	-	-
Surplus/(deficit) for the year and transferred to general fund		(14,892)	(665)
Other comprehensive income		-	-
Total comprehensive income/(expense) for the year		(14,892)	(665)

The notes on pages 9 to 15 form part of these financial statements.

Hong Kong Institute of Security Professionals
Statement of Financial Position - 31 March 2019

	Notes	2019 HK$	2018 HK$
Current assets			
Prepayment		1,600	4,340
Cash and cash equivalents		86,762	98,009
		88,362	102,349
Current liabilities			
Receipts in advance		13,360	12,455
Taxation	6b	842	842
		14,202	13,297
Net current assets/(liabilities)		74,160	89,052
Funds and reserves			
General fund		74,160	89,052
		74,160	89,052

The financial statements on pages 5 to 15 were approved and authorised for issue by the Committee Members on 6 July 2019 and are signed on its behalf by:

President

Treasurer

The notes on pages 9 to 15 form part of these financial statements.

Hong Kong Institute of Security Professionals
Statement of Changes in Funds
Year ended 31 March 2019

	General fund HK$
At 1 April 2017	89,717
Total comprehensive income/(expense) for the year	(665)
At 31 March 2018	89,052
Total comprehensive income/(expense) for the year	(14,892)
At 31 March 2019	74,160

Hong Kong Institute of Security Professionals
Statement of Cash Flows
Year ended 31 March 2019

	2019 HK$	2018 HK$
Operating activities		
Surplus/(deficit) before taxation	(14,892)	(665)
Adjustments for:		
Interest income	(49)	(1)
Operating income/(expenses) before changes in working capital	(14,941)	(666)
(Increase)/decrease in operating assets		
Prepayment	2,740	(2,900)
Increase/(decrease) in operating liabilities		
Receipts in advance	905	10,705
Cash generated from operations	(11,296)	7,139
Profits tax paid	-	-
Net cash (used in)/generated from operating activities	(11,296)	7,139
Investing activities		
Interest received	49	1
Net cash (used in)/generated from investing activities	49	1
Financing activities		
Interest paid	-	-
Net cash (used in)/generated from financing activities	-	-
Net increase/(decrease) in cash and cash equivalents	(11,247)	7,140
Cash and cash equivalents at the beginning of the year	98,009	90,869
Cash and cash equivalents at the end of the year	86,762	98,009

Analysis of balances of cash and cash equivalents		
Cash at bank and on hand	86,762	98,009
	86,762	98,009

1. General information

Hong Kong Institute of Security Professionals ("the Institute") was registered on 21 October 2014 under the Societies Ordinance in Hong Kong. The registered address is located at Unit B, 19/F., Hillier Commercial Building, 89-91 Wing Lok Street, Sheung Wan, Hong Kong.

The principal activities of the Institute are provision of training and educational activities to security professionals.

2. Basis of preparation of the financial statements

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and accounting principles generally accepted in Hong Kong. HKFRSs comprise Hong Kong Financial Reporting Standards; Hong Kong Accounting Standards ("HKASs"); and Interpretations.

These financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, 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 judgements 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 period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 5.

These financial statements are presented in Hong Kong dollars, which is the Institute's functional and presentation currency.

3. Application of new and revised HKFRSs

New and revised standards and interpretations applied with no material effects on the financial statements

The HKICPA has issued a number of new HKFRSs and amendments to HKFRSs that are first effective for the current accounting period of the Institute. Of these, none of the developments are relevant to the Institute's financial statements.

New and revised standards and interpretations in issue but not yet effective

The Institute has not early adopted any new or revised standard or interpretation that is not yet effective for the current accounting period.

The Institute is in the process of making an assessment of what the impact of these amendments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the financial statements.

4. Principal accounting policies

a Accounts receivables

A receivable is recognised when the company has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognized before the company has an unconditional right to receive consideration, the amount is presented as a contract asset.

Receivables are stated at amortised cost using the effective interest method less allowance for credit losses.

b 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.

c Accounts payables

Accounts payables are initially recognised at fair value. Accounts payables are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

d Leased assets

Where the Institute acquires the use of assets under finance leases, the amounts representing the fair value of the leased asset, or, if lower, the present value of the minimum lease payments, of such assets are included in fixed assets and the corresponding liabilities, net of finance charges, are recorded as obligations under finance leases. Depreciation is provided at rates which write off the cost or valuation of the assets over the term of the relevant lease or, where it is likely the Institute will obtain ownership of the asset, the life of the asset, as set out in the relevant accounting policy. Impairment losses are accounted for in accordance with the accounting policy as set out in the relevant accounting policy. Finance charges implicit in the lease payments are charged to profit or loss over the period of the leases so as to produce an approximately constant periodic rate of charge on the remaining balance of the obligations for each accounting period. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

Where the Institute has the use of assets held under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

e Taxation

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Institute controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

f Provisions

Provisions are recognised when the company 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 expenditure 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.

g Related parties

(a) A person or a close member of that person's family is related to the Institute if that person:
- (i) has control or joint control over the Institute;
- (ii) has significant influence over the Institute; or
- (iii) is a member of the key management personnel of the Institute.

(b) An entity is related to the Institute if any of the following conditions applies:
- (i) The entity is a post-employment benefit plan for the benefit of employees of either the Institute or an entity related to the Institute.
- (ii) The entity is controlled or jointly controlled by a person identified in (a).
- (iii) A person identified in (a)(i) 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).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

h Impairment of assets

At each reporting date, the company assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The gross carrying amount of a financial asset, lease receivable or contract asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

i Revenue recognition

Revenue is recognised in profit or loss as follows:

(i) entrance fees from new members are recognized as income when the applicant has been approved as a member of the Institute by the Committee and the fees have been received;

(ii) annual fees from existing members are recognized as income by the Institute over the period to which they relate;

(iii) income from seminars and activities is recognized when the seminar or activity has been held; and

(iv) interest income is recognised using the effective interest method.

j Financial risk management

Exposure to credit, liquidity and interest rate risks arises in the normal course of the Institute's operation. The Institute's exposure to these risks and the financial risk management policies and practices used by the Institute to manage these risks are described below.

Credit risk
The Institute do not hold any significant financial assets other than cash and cash equivalents. Cash and cash equivalents held by the Institute are deposited with reputable financial institutions. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

Liquidity risk
In the management of the liquidity risk, the Institute monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Institute's operations and mitigate the effects of fluctuations in cash flows.

Interest rate risk
The Institute is exposed to cash flow interest rate risk in relation to variable-rate bank balances. The Institute currently does not have a policy on cash flow hedges of interest rate risk. However, the management considers the exposure to interest rate risk on bank balances is insignificant, so no sensitivity analysis is presented. The management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

5. Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. 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 period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are described below.

Impairments
The Institute reviews the carrying amounts of assets at the end of the reporting period to determine whether there is objective evidence of impairment. When indication of impairment is identified, management prepares discounted future cash flow to assess the differences between the carrying amount and value in use and provides for impairment loss. Any change in the assumptions adopted in the cash flow forecasts would increase or decrease in the provision of impairment loss and affect the Institute's net asset value.

6. Income tax

a No provision for Hong Kong profits tax has been provided as the Institute has no assessable profits for the year.

b Taxation in the statement of financial position represents the amount of Hong Kong profits tax provided for the prior year.

c At the end of the reporting period, the Institute has no deferred tax.

7. Auditors' remuneration

The position of the auditors of the Institute is honorary and therefore no auditors' remuneration was paid during the year.

8. Cash and cash equivalents and other cash flow information

Cash and cash equivalents comprise:

	2019 HK$	2018 HK$
Fixed deposits	-	-
Cash at bank and on hand	86,762	98,009
Cash and cash equivalents in statement of financial position	86,762	98,009
Bank overdraft	-	-
Cash and cash equivalents in statement of cash flows	86,762	98,009

9. Capital management

The Institute's primary objectives when managing capital are to safeguard the Institute's ability to continue as a going concern, so that it can continue to provide benefits for stakeholders. The Institute monitors its capital structure on the basis of gearing ratio which is the Institute's total liabilities over its total assets. The Institute's policy is to keep the gearing ratio at a reasonable level. The Institute's gearing ratio as at 31 March 2019 was 16% (2018: 13%).

10. Significant related party transactions

The Institute did not enter into any significant related party transactions during the year.

11. Approval of financial statements

These financial statements were approved and authorised for issue by the Committee Members on 6 July 2019.