DIRECTORS' REPORT

The directors submit herewith their annual report together with the consolidated audited financial statements for the year ended 31 March 2023.

PRINCIPAL PLACE OF BUSINESS

Hong Kong Securities and Investment Institute (the "Institute") is an institute incorporated and domiciled in Hong Kong and has its registered office and principal place of business at 17/F, Cambridge House, Taikoo Place, 979 King's Road, Quarry Bay, Hong Kong.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Institute and its subsidiaries (the "Group") offer those who are interested in pursuing a career within the financial services industry a comprehensive programme of high quality professional training, events and internationally recognised examinations which aim to assist individuals achieve their own professional goals within the industry.

Further discussion and analysis of the principal activities as required by Schedule 5 to the Hong Kong Companies Ordinance, including a discussion of the principal risks and uncertainties facing the Group and an indication of likely future developments in the Group's business, can be found in the Business Review section set out in the Annual Report. This discussion forms part of this directors' report.

DIRECTORS

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

Mr Colin Stuart Shaftesley *(Chairman)*
Mr Graham Michael Cottingham
Miss Angelina Agnes Kwan
Ms Phyllis Yim Lan Lee
Mr Kevin Chi Kit Liem
Mr Eric Tin Yau Ho
Mr Vincent Chun Hung Chan
Mr Dinshaw Jeremy Lam
Mr Chi Wang Lui
Mr Piu Tong
Mr Zhongze Wang
Mr Dickson Chan Chi Chuen (Appointed on 15 December 2022)
Mr Foster Yim Hong Cheuk (Appointed on 15 December 2022)
Mr Lo Ken Bon (Appointed on 15 December 2022)
Mr Gordon Tsui Luen On (Appointed on 15 December 2022)
Mr David Shing Yim Chau (Resigned on 15 December 2022)
Mr Christopher Fai Man Lee (Resigned on 15 December 2022)
Ms Katherine Kit Shuen Ng (Resigned on 15 December 2022)
Mr Samuel Chiu Mo Tsang (Resigned on 15 December 2022)

In addition, the directors of the Institute's subsidiaries during the period from the beginning of the financial year to the date of this report are as follows:

Mr Colin Stuart Shaftesley
Miss Ruth Hing See Kung
Ms Yuan Yuan He

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

No contract of significance to which the Institute, or any of its subsidiaries or fellow subsidiaries was a party, and in which a director of the Institute had a material interest, subsisted at the end of the year or at any time during the year.

AUDITORS

KPMG retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of KPMG as honorary auditors of the Institute is to be proposed at the forthcoming annual general meeting.

By order of the board
Colin Stuart Shaftesley
Hong Kong, 29 September 2023

Independent auditor's report to the members of Hong Kong Securities and Investment Institute
(Incorporated in Hong Kong as a company limited by guarantee)

OPINION

We have audited the consolidated financial statements of Hong Kong Securities and Investment Institute ("the Institute") and its subsidiaries ("the Group") set out on pages 6 to 32, which comprise the consolidated statement of financial position as at 31 March 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in general fund and the consolidated cash flow statement for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2023 and of its consolidated financial performance and its consolidated 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") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

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 Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code") and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The directors are responsible for the other information. The other information comprises all the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

The directors are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with section 405 of the 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.

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 consolidated financial statements.

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

– Identify and assess the risks of material misstatement of the consolidated 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 Group's internal control.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

– Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

– Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group'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 consolidated 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 Group to cease to continue as a going concern.

– Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

– Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee 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.

KPMG
Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong
29 September 2023

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 March 2023 (Expressed in Hong Kong dollars)

	Note	2023	2022
Revenue	4(a)		
Professional examination and development income		**$ 53,516,425**	$ 53,246,198
Annual fees from members		**3,024,897**	3,458,706
Entrance fees from members		**45,000**	45,300
Member event income		**546,650**	352,150
Sales of study materials		**328,400**	383,000
		$ 57,461,372	$ 57,485,354
Other income			
Interest income		**$ 345,086**	$ 79,271
Other income	4(b)	**3,976,478**	1,640,868
		$ 4,321,564	$ 1,720,139
Expenditure			
Staff costs	5	**$ 38,846,458**	$ 37,562,463
Professional examination and development expenses		**5,159,602**	5,608,543
Member event expenses		**844,634**	576,871
Cost of study materials sold		**6,990**	31,907
Depreciation	9	**6,325,015**	7,514,154
Repair and maintenance		**3,758,490**	3,891,188
Other premises expenses		**1,651,324**	1,583,522
Bank charges		**1,321,268**	1,337,810
Interest expenses of lease liabilities		**1,306,637**	317,228
Marketing		**1,081,410**	702,835
Printing and stationery		**500,727**	679,684
Miscellaneous expenses		**498,750**	310,038
Operating lease charges on premises		**236,198**	96,657
Communications		**199,578**	220,895
Loss on disposal of property, plant and equipment	9	**190,915**	–
Legal and professional fees		**167,013**	153,077
Travelling and entertainment		**73,597**	96,965
		$ 62,168,606	$ 60,683,837

for the year ended 31 March 2023 (Expressed in Hong Kong dollars)

	Note	**2023**	2022
Deficit before taxation		**$ (385,673)**	$ (1,478,344)
Taxation	8	**(21,015)**	(199,506)
Deficit for the year	17(a)	**$ (406,688)**	$ (1,677,850)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of overseas subsidiary		**(380,634)**	134,669
Deficit and other comprehensive income for the year		**$ (787,322)**	$ (1,543,181)

The notes on pages 12 to 32 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31 March 2023 (Expressed in Hong Kong dollars)

	Note	2023	2022
Non-current assets			
Property, plant and equipment	9	**$ 37,359,432**	$ 35,971,166
Deposits	11	**1,405,169**	1,405,169
		$ 38,764,601	$ 37,376,335
Current assets			
Deposits, prepayments and other receivables	11	**$ 4,723,790**	$ 10,578,445
Time deposits with bank	12	**13,450,582**	16,195,450
Cash and bank balances	12	**12,969,838**	17,960,829
		$ 31,144,210	$ 44,734,724
Current liabilities			
Accruals and other payables	13(a)	**$ 2,720,092**	$ 3,965,217
Deferred income	13(b)	**5,344,234**	8,576,774
Provisions	14	**–**	650,000
Amount due to the Government of the Hong Kong Special Administrative Region	15	**1,721,241**	4,559,568
Lease liabilities	16	**2,963,596**	3,152,368
		$ 12,749,163	$ 20,903,927
Net current assets		**$ 18,395,047**	$ 23,830,797
Total assets less current liabilities		**$ 57,159,648**	$ 61,207,132

at 31 March 2023 (Expressed in Hong Kong dollars)

	Note	2023	2022
Non-current liabilities			
Deferred income	13(b)	**$ 328,695**	$ 625,260
Provisions	14	**1,993,000**	1,993,000
Lease liabilities	16	**27,537,393**	30,500,990
		$ 29,859,088	$ 33,119,250
Net assets		**$ 27,300,560**	$ 28,087,882
Representing:			
General fund	17(a)	**$ 27,489,946**	$ 27,896,634
Exchange reserve	17(b)	**(189,386)**	191,248
		$ 27,300,560	$ 28,087,882

Approved and authorised for issue by the board of directors on 29 September 2023.

Mr Colin Stuart Shaftesley	)	
	)	Directors
Mr Piu Tong	)	

The notes on pages 12 to 32 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN GENERAL FUND

for the year ended 31 March 2023 (Expressed in Hong Kong dollars)

		General fund		Exchange reserve		Total equity
Balance at 1 April 2021	$	29,574,484	$	56,579	$	29,631,063
Deficit for the year		(1,677,850)		–		(1,677,850)
Other comprehensive income for the year		–		134,669		134,669
Balance at 31 March and 1 April 2022	$	27,896,634	$	191,248	$	28,087,882
Deficit for the year		(406,688)		–		(406,688)
Other comprehensive income for the year		–		(380,634)		(380,634)
Balance at 31 March 2023	$	27,489,946	$	(189,386)	$	27,300,560

The notes on pages 12 to 32 form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 March 2023 (Expressed in Hong Kong dollars)

	Note	2023	2022
Deficit before taxation		**$ (385,673)**	$ (1,478,344)
Adjustments for:			
Interest income		**(345,086)**	(79,271)
Interest expenses		**1,306,637**	317,228
Depreciation	9	**6,325,015**	7,514,154
Loss on disposal of property, plant and equipment	9	**190,915**	–
Operating cash flow before changes in working capital		**$ 7,091,808**	$ 6,273,767
Decrease/(increase) in deposits, prepayments and other receivables		**5,854,655**	(5,525,761)
(Decrease)/increase in accruals and other payables		**(1,242,472)**	749,010
(Decrease)/increase in deferred income		**(3,529,105)**	2,888,718
Decrease/(increase) in restricted cash balances		**3,081,765**	(384,231)
(Decrease)/increase in provisions		**(650,000)**	1,993,000
(Decrease)/increase in amount due to the government of the Hong Kong Special Administrative Region		**(2,838,327)**	502,407
Tax paid		**(23,668)**	(196,853)
Net cash generated from operating activities		**$ 7,744,656**	$ 6,496,910
Investing activities			
Interest received		**$ 345,086**	$ 79,271
Payment for purchase of property, plant and equipment		**(7,905,323)**	(24,728)
Net proceed from/(payment for) time deposits with bank		**2,744,868**	(60,507)
Net cash used in investing activities		**$ (4,815,369)**	$ (5,964)
Financing activities			
Interest element of lease rentals paid	12	**$ (1,306,637)**	$ (317,228)
Capital element of lease rentals paid	12	**(3,152,369)**	(8,330,728)
Net cash used in financing activities		**$ (4,459,006)**	$ (8,647,956)
Net decrease in cash and cash equivalents		**$ (1,529,719)**	$ (2,353,863)
Cash and cash equivalents at 1 April		**13,125,950**	15,345,364
Effect of foreign exchange rate changes		**(379,507)**	134,449
Cash and cash equivalents at 31 March	12	**$ 11,216,724**	$ 13,125,950

The notes on pages 12 to 32 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

1 STATUS AND PRINCIPAL ACTIVITIES OF THE INSTITUTE

Hong Kong Securities and Investment Institute (the "Institute") was incorporated on 28 November 1997 under the Hong Kong Companies Ordinance as a company limited by guarantee.

Every member of the Institute has undertaken to contribute such an amount as may be required (not exceeding HK$100) to the Institute's assets if it should be wound up while he is a member or within one year after he ceases to be a member.

The Institute and its subsidiaries (together referred to as the "Group") offer those who are interested in pursuing a career within the financial services industry a comprehensive programme of high quality professional training, events and internationally recognised examinations which aim to assist individuals achieve their own professional goals within the industry.

2 SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. Significant accounting policies adopted by the Group are disclosed below.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group and the Institute. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

(b) Basis of preparation of the financial statements

The measurement basis used in the preparation of the financial statements is the historical cost basis. These financial statements presented in Hong Kong dollars ("HK$"), unless otherwise stated.

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.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has the right to, variable returns from its involvement with the entity and has the ability to affect those returns by its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

Investments in subsidiaries are consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

In the Institute's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 2(j)), unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

(d) Property, plant and equipment

Property, plant and equipment, including right-of-use assets arising from leases of underlying property, plant and equipment (see note 2(g)), are stated at cost less accumulated depreciation and impairment losses.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight line method over their estimated useful lives as follows:

–	Leasehold improvements	Over the term of lease
–	Computer equipment	3 years
–	Office equipment, furniture and fixtures	5 years
–	Right-of-use assets	Over the term of lease

Both the useful life of an asset and its residual value, if any, are reviewed annually.

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in the consolidated statement of profit or loss and other comprehensive income on the date of retirement or disposal.

Grants that compensate the group for the cost of property, plant and equipment are deducted from the carrying amount of property, plant and equipment (see note 2(p)).

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Revenue and other income

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably. Revenue is recognised in profit or loss when the control over a product or service is transferred to the customer at the amount of promised consideration to which the Group is expected to be entitled, excluding those comments collected on behalf of third parties. Further details of revenue and other income recognition are set as below:

– Subscriptions from members represent entrance fees from new members and annual fees from existing members. Entrance fees from new members are recognised as income when the applicant has been approved as a member of the Institute by the Membership Committee and the fees have been received. Annual fees from existing members are recognised as income by the Institute over the period to which they relate. The unrecognised portion of annual fees is recorded as deferred income in the statement of financial position.

– Income from member events, professional development seminars, courses and examinations is recognised when the related event, seminar, course or examination has been held.

– Interest income is recognised as it accrues using the effective interest method.

– Sales of study materials is recognised when study materials are sold to customers which is taken to be the point in time when the customer has accepted the study materials and the related risk and rewards of ownership.

– Other income is recognised on an accrual basis.

(f) Translation of foreign currency transactions

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.

The results of foreign operations are translated into Hong Kong dollars at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items are translated into Hong Kong dollars at the closing foreign exchange rates at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognised.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Leased assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if the rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site or which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see notes 2(d)).

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group’s estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

In the consolidated statement of financial position, the Group presents right-of-use assets within the same line item as similar underlying assets and presents lease liabilities separately.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Financial assets at amortised cost

Deposits, prepayments and other receivables, cash and bank balances and time deposits are stated at amortised cost using the effective interest method, less allowance for impairment losses, if any, except where the effect of discounting would be immaterial. In such cases, the financial assets at amortised cost are stated at cost less allowance for impairment losses.

The loss allowance is measured at an amount equal to lifetime expected credit loss ("ECL"), which are those losses that are expected to occur over the expected life of the financial assets. The loss allowance is estimated using appropriate proxies, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

ECL is remeasured at each reporting date with any changes recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss with a corresponding adjustment to the carrying amount of the financial assets through a loss allowance account.

The gross carrying amount of a financial 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 Group determines that the debtor/counterparties does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

(i) Intangible assets (other than goodwill)

The Group recognised the development and enhancement of the Advanced Learning Platform ("ALP") Project which is fully funded by a grant from the SFC as intangible assets. Grants that compensate the group for the cost of intangible assets are deducted from the carrying amount of intangible assets (see note 2(p)).

(j) Impairment of non-financial assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or an impairment loss previously recognized no longer exists and may have decreased:

– intangible assets; and

– investment in a subsidiary.

If any such indication exists, the asset's recoverable amount is estimated. In addition, intangible assets that are not yet available for use and intangible assets that have indefinite useful lives, the recoverable amount is estimated annually whether or not there is any indication of impairment.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Impairment of non-financial assets (continued)

– Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generate cash inflows independently (i.e. a cash-generating unit).

– Recognition of impairment losses

An impairment loss is recognized in profit or loss if the carrying amount of an asset, or the cash generating unit to which it belongs, exceed its recoverable amount.

– Reversals of impairment losses

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognized in prior years. Reversals of impairment losses are credit to profit or loss in the year in which the reversals are recognized.

(k) Trade and other payables

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

(l) 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. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the cash flow statement. Cash and cash equivalents are assessed for ECLs in accordance with the accounting policies in note 2(h).

(m) Employee benefits

(i) Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost to the Institute 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.

(ii) Contributions to Mandatory Provident Funds as required under the Hong Kong Mandatory Fund Schemes Ordinance, are recognised as an expense in the statement of profit or loss and other comprehensive income as incurred.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group or the Institute 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.

(o) Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) 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).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) 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).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

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.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Government grants

Government grants are recognised in the consolidated statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them.

Government grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred.

Government grants that compensate the Group for the cost of an asset are deducted from the carrying amount of the asset and consequently are effectively recognised in profit or loss over the useful life of the asset by way of reduced depreciation expense.

3 CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued a number of amendments to HKFRSs that are first effective for the current accounting period of the Group.

Except for the New HKICPA guidance on the accounting implications of the abolition of the MPF-LSP offsetting Mechanism, none of the developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

New HKICPA guidance on the accounting implications of the abolition of the MPF-LSP offsetting Mechanism

In June 2022, the Government of the Hong Kong SAR (the "Government") gazetted the Hong Kong Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the "Amendment Ordinance"), which will eventually abolish the statutory right of an employer to reduce its long service payment ("LSP") and severance payment payable to a Hong Kong employee by drawing on its mandatory contributions to the mandatory provident fund ("MPF") scheme (also known as the "offsetting mechanism"). The Government has subsequently announced that the Amendment Ordinance will come into effect from 1 May 2025 (the "Transition Date"). Separately, the Government is also expected to introduce a subsidy scheme to assist employers after the abolition.

Among other things, once the abolition of the offsetting mechanism takes effect, an employer can no longer use any of the accrued benefits derived from its mandatory MPF contributions (irrespective of the contributions made before, on or after the Transition Date) to reduce the LSP in respect of an employee's service from the Transition Date. However, where an employee's employment commenced before the Transition Date, the employer can continue to use the above accrued benefits to reduce the LSP in respect of the employee's service up to that date; in addition, the LSP in respect of the service before the Transition Date will be calculated based on the employee's monthly salary immediately before the Transition Date and the years of service up to that date.

(Expressed in Hong Kong dollars unless otherwise indicated)

3 CHANGES IN ACCOUNTING POLICIES (continued)

New HKICPA guidance on the accounting implications of the abolition of the MPF-LSP offsetting Mechanism (continued)

In July 2023, the HKICPA published “Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong” that provides guidance on the accounting considerations relating to the offsetting mechanism and the abolition of the mechanism. In particular, the guidance indicates that entities may account for the accrued benefits derived from its mandatory MPF contributions that are expected to be used to reduce the LSP payable to an employee as deemed contributions by that employee towards the LSP. However, upon the enactment of the Amendment Ordinance in June 2022, it is no longer permissible to apply the practical expedient in paragraph 93(b) of HKAS 19 and recognise such deemed contributions as reduction of current service cost in the period the related service is rendered, and any impact from ceasing to apply the practical expedient is recognised as a catch-up adjustment in profit or loss with a corresponding adjustment to the LSP liability during the year ended 31 March 2023.

In this financial report and in prior periods, the Group has been accounting for the accrued benefits derived from its mandatory MPF contributions that are expected to be used to reduce the LSP payable to an employee as deemed employee contributions towards the LSP and applying the above-mentioned practical expedient, which is no longer permissible under the HKICPA guidance.

The Group is in the process of making an assessment of what the impact of this new guidance. The management has commenced the processes including additional data collection and impact assessment. However, the impact is not reasonably estimable at the time this financial report is authorised for issue, as the Group has yet to fully complete its assessment. The Group expects to adopt this guidance with retrospective application in its annual financial statements for the year ending 31 March 2024.

4 REVENUE AND OTHER INCOME

(a) Disaggregation of revenue

Revenue from contracts with customers within the scope of HKFRS 15 is analysed as follows:

	2023	2022
Disaggregated by the timing of revenue recognition		
Revenue recognised at a point in time	**$ 54,436,475**	$ 54,026,648
Revenue recognised over time	**3,024,897**	3,458,706
	$ 57,461,372	$ 57,485,354

The Group has applied the practical expedient in paragraph 121 of HKFRS 15 to its contracts with customers and did not disclose information about the remaining performance obligations under the contracts that had an original expected duration of one year or less.

(Expressed in Hong Kong dollars unless otherwise indicated)

4 REVENUE AND OTHER INCOME (continued)

(b) Other income

	2023	2022
Government grants (Note)	**$ 1,525,200**	$ –
Donation received	**950,000**	–
Service fee received from Pilot Programme (note 15)	**800,000**	1,160,000
Others	**701,278**	480,868
	$ 3,976,478	$ 1,640,868

Note: In 2022/23, the Group successfully applied for funding support from the Employment Support Scheme under the Anti-epidemic Fund, set up by the Hong Kong SAR Government. The purpose of the funding is to provide financial support to employers to retain their current employees. Under the terms of the grant, the Group is required to employ a sufficient number of employees with reference to its proposed employee headcounts.

5 STAFF COSTS

	2023	2022
Salaries, wages and other benefits	**$ 37,863,766**	$ 36,532,930
Contributions to provident fund	**982,692**	1,029,533
	$ 38,846,458	$ 37,562,463

6 AUDITORS' REMUNERATION

The position of the auditors of the Institute is honorary and therefore no auditors' remuneration was paid during the year (2022: HK$Nil).

7 DIRECTORS' EMOLUMENTS

None of the directors received or will receive any fees or emoluments that should be disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation during the year (2022: HK$Nil).

8 TAXATION

The Institute is a professional association and not more than half of the receipts by way of subscriptions are from persons who would be entitled to claim their subscriptions as allowable deductions for the purpose of Hong Kong Profits Tax. The Institute is therefore not subject to Hong Kong Profits Tax under section 24(2) of the Hong Kong Inland Revenue Ordinance. Accordingly, no provision for Hong Kong Profits Tax has been made in the financial statements.

During the year, corporate income tax expense of HK$21,015 (2022: HK$199,506) was recognised from a subsidiary of the Group in the People's Republic of China.

(Expressed in Hong Kong dollars unless otherwise indicated)

9 PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements	Furniture, fixtures and office equipment	Computer equipment	Right-of-use assets	Total
Cost:					
At 1 April 2022	**$ 5,527,856**	**$ 4,089,245**	**$ 8,375,842**	**$ 53,521,066**	**$ 71,514,009**
Additions	**5,444,316**	**1,609,476**	**851,531**	**–**	**7,905,323**
Disposals	**(5,527,856)**	**(3,354,389)**	**(6,589,266)**	**(18,754,139)**	**(34,225,650)**
Exchange adjustments		**(2,274)**	**(7,824)**	**–**	**(10,098)**
At 31 March 2023	**$ 5,444,316**	**$ 2,342,058**	**$ 2,630,283**	**$ 34,766,927**	**$ 45,183,584**
Accumulated depreciation:					
At 1 April 2022	**$ 5,499,498**	**$ 3,616,914**	**$ 7,974,789**	**$ 18,451,642**	**$ 35,542,843**
Charge for the year	**576,335**	**366,882**	**496,947**	**4,884,851**	**6,325,015**
Written back on disposals	**(5,511,419)**	**(3,185,305)**	**(6,583,872)**	**(18,754,139)**	**(34,034,735)**
Exchange adjustments	**–**	**(2,230)**	**(6,741)**	**–**	**(8,971)**
At 31 March 2023	**$ 564,414**	**$ 796,261**	**$ 1,881,123**	**$ 4,582,354**	**$ 7,824,152**
Cost:					
At 1 April 2021	$ 5,527,856	$ 4,084,194	$ 8,351,373	$ 18,754,139	$ 36,717,562
Additions	–	3,840	20,888	34,766,927	34,791,655
Disposals	–	–	–	–	–
Exchange adjustments	–	1,211	3,581	–	4,792
At 31 March 2022	$ 5,527,856	$ 4,089,245	$ 8,375,842	$ 53,521,066	$ 71,514,009
Accumulated depreciation:					
At 1 April 2021	$ 5,356,446	$ 3,447,547	$ 7,421,694	$ 11,798,430	$ 28,024,117
Charge for the year	143,052	168,200	549,690	6,653,212	7,514,154
Exchange adjustments	–	1,167	3,405	–	4,572
At 31 March 2022	$ 5,499,498	$ 3,616,914	$ 7,974,789	$ 18,451,642	$ 35,542,843
Net book value:					
At 31 March 2023	$ 4,879,902	$ 1,545,797	$ 749,160	$ 30,184,573	$ 37,359,432
At 31 March 2022	$ 28,358	$ 472,331	$ 401,053	$ 35,069,424	$ 35,971,166

The Advanced Learning Platform ("ALP") enables the Group to provide a one-stop service and personalised on-line portal to its members and financial services industry practitioners. It also enables the Group to offer learning management services and develop technology-based learning solutions in addition to the classroom-based trainings that are currently provided. The directly attributable costs of the infrastructure enhancement to launch the ALP Project of HK$2,310,210 (2022: HK$2,310,210) are capitalised as property, plant and equipment. The costs have been fully funded by a grant from the SFC which is subject to a repayment clause (see note 21).

(Expressed in Hong Kong dollars unless otherwise indicated)

10 INTANGIBLE ASSETS

The costs of development and enhancement of the ALP Project of HK$11,836,756 (2022: HK$11,836,756) are capitalized as intangible assets. The costs have been fully funded by the grant from the SFC which is subject to a repayment clause (see note 21).

11 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

The rental deposit of HK$1,405,169 (2022: HK$1,405,169) is expected to be recovered after one year. All of the other deposits, prepayments and other receivables are unsecured, interest-free and expected to be recovered or expensed in profit or loss within one year. As at 31 March 2023, an amount of HK$915 (2022: HK$4) other receivables was recorded in relation to the Pilot Programme (see note 15).

12 CASH AND BANK BALANCES

	2023	2022
Deposits with banks	**$ 26,387,753**	$ 34,126,635
Cash in hand	**32,667**	29,644
Total cash and bank balances	**$ 26,420,420**	$ 34,156,279
Less: Time deposits with bank	**(13,450,582)**	(16,195,450)
Cash and bank balances	**$ 12,969,838**	$ 17,960,829

As at 31 March 2023, an amount of HK$1,753,114 (2022: HK$4,834,879) cash and bank balances was held by the Group on behalf of the Government of the Hong Kong Special Administrative Region for the restrictive use for the Pilot Programme. Details of the Pilot Programme are set out in note 15.

Analysis of the balances of cash and cash equivalents:

	2023	2022
Cash and bank balances	**$ 12,969,838**	$ 17,960,829
Less: Restricted cash balances	**(1,753,114)**	(4,834,879)
Total cash and cash equivalents	**$ 11,216,724**	$ 13,125,950

(Expressed in Hong Kong dollars unless otherwise indicated)

12 CASH AND BANK BALANCES (continued)

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the cash flow statement as cash flows from financing activities.

	Lease liabilities	
	2023	2022
At 1 April	**$ 33,653,358**	$ 7,217,159
Changes from financing cash flows:		
Capital element of lease rentals paid	**(3,152,369)**	(8,330,728)
Interest element of lease rentals paid	**(1,306,637)**	(317,228)
Total changes from financing cash flows	**$ (4,459,006)**	$ (8,647,956)
Other changes:		
Increase in lease liabilities from entering into new leases during the period	**$ –**	$ 34,766,927
Interest expenses	**1,306,637**	317,228
	$ 1,306,637	$ 35,084,155
At 31 March	**$ 30,500,989**	$ 33,653,358

13 ACCRUALS AND OTHER PAYABLES AND DEFERRED INCOME

(a) Accruals and other payables

All of the accruals and other payables are unsecured, interest-free and are expected to be settled within one year.

As at 31 March 2023, an amount of HK$32,788 (2022: HK$275,315) accruals and other payables was recorded in relation to the Pilot Programme.

(b) Deferred income

Deferred income consists of the SFC grant for the ALP Project of HK$22,025 (2022: HK$22,025), and receipts of examination fees, professional development seminar and course fees, and annual fees from members of HK$5,322,209 (2022: HK$8,554,749), which are not yet utilised or earned as income as at the end of the reporting period and are expected to be utilised or earned as income within one year.

Deferred annual fees from members of HK$328,695 (2022: HK$625,260) are expected to be recognised as income after one year.

(Expressed in Hong Kong dollars unless otherwise indicated)

14 PROVISIONS

Provision for re-instatement cost of office premise

		2023		2022
At 1 April	**$**	**2,643,000**	$	650,000
Additional provision made		**–**		1,993,000
Provision utilised		**(650,000)**		–
At 31 March	**$**	**1,993,000**	$	2,643,000

Under the tenancy agreement of the Group's office premises, the Group has a contractual obligation to hand back the premise in its original condition. Therefore, the Group applies the "liability approach" and recognises a provision for these reinstatement cost over the period of the lease, based on the best estimate of the expected reinstatement cost in respect of the modifications made to the office premise. The amount of the provision takes into account the Group's recent reinstatement costs incurred for the existing office premise. The expected timing of utilising the provision is when the Group terminates the tenancy agreement, which is not expected to happen until the tenancy agreement expires.

15 AMOUNT DUE TO THE GOVERNMENT OF THE HONG KONG SPECIAL ADMINISTRATIVE REGION

The Group acted as agent for the Government of the Hong Kong Special Administrative Region (the "Government") to plan and implement the Pilot Programme to Enhance Talent Training for the Asset and Wealth Management Sector (the "Pilot Programme") and follow any directions given by the Government in relation to the provision of the services.

The following table shows the movement of working funds received from the Government.

		2023		2022
At the beginning of the financial year	**$**	**4,559,568**	$	4,057,161
Add: Working funds received from the Government		**3,000,000**		8,230,000
Add: Interest received from bank account		**5,017**		29
Less: Utilised to compensate expenses incurred by the Group on behalf of the Government		**(5,843,344)**		(7,727,622)
	$	**1,721,241**	$	4,559,568

(Expressed in Hong Kong dollars unless otherwise indicated)

16 LEASE LIABILITIES

The following table shows the remaining contractual maturities of the Group's lease liabilities at the end of the current and previous reporting periods:

	31 March 2023		31 March 2022	
	Present value of the lease payments	Total lease payments	**Present value of the lease payments**	Total lease payments
Within 1 year	**$ 2,963,596**	$ 4,151,640	**$ 3,152,368**	$ 4,459,005
After 1 year but within 2 years	**$ 3,152,822**	$ 4,219,300	**$ 2,963,596**	$ 4,151,640
After 2 years but within 5 years	**11,376,207**	13,710,860	**18,948,153**	22,802,400
After 5 years	**13,008,364**	13,804,680	**8,589,241**	8,932,440
	$ 27,537,393	$ 31,734,840	**$ 30,500,990**	$ 35,886,480
	$ 30,500,989		**$ 33,653,358**	
Less: total future interest expenses		$ 5,385,464		$ 6,692,127
Present value of lease liabilities		$ 30,500,989		$ 33,653,358

17 GENERAL FUND AND EXCHANGE RESERVE

(a) General fund

	The Group		The Institute	
	2023	2022	**2023**	2022
General fund as at 1 April	**$ 27,896,634**	$ 29,574,484	**$ 23,058,537**	$ 27,612,345
Deficit for the year transferred from the consolidated statement of profit or loss and comprehensive income	**(406,688)**	(1,677,850)	**(817,147)**	(4,553,808)
General fund at 31 March	**$ 27,489,946**	$ 27,896,634	**$ 22,241,390**	$ 23,058,537

The SFC provided funding of HK$2 million, HK$3 million and HK$10 million to the Institute in the years ended 31 March 2000, 31 March 1999 and 31 March 1998 respectively. As at 31 March 2023, the total funding from the SFC amounted to HK$15 million (2022: HK$15 million). This funding is non-refundable, non-interest bearing, and repayable only in the event that the Institute is wound up.

Deficits are transferred to or from the statement of profit or loss and other comprehensive income in accordance with the memorandum and articles of association and shall be applied solely towards the promotion of the objects of the Institute as set forth in the memorandum and articles of association.

(Expressed in Hong Kong dollars unless otherwise indicated)

17 GENERAL FUND AND EXCHANGE RESERVE (continued)

(b) Exchange reserve

		2023		2022
Exchange reserve as at 1 April	**$**	**191,248**	$	56,579
Exchange difference on translation of financial statements of overseas subsidiary		**(380,634)**		134,669
Exchange reserve as at 31 March	**$**	**(189,386)**	$	191,248

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in note 2(f).

18 INVESTMENTS IN SUBSIDIARIES

The following list contains only the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group. The class of shares held is ordinary unless otherwise stated.

		Percentage of ownership interest			
Name of company	Place of incorporation	Group's effective interest	Held by the Company	Held by a subsidiary	Principal activity
Hong Kong Securities Institute (China) Limited	Hong Kong	100%	100%	–	Investment holding
深圳匯柏信息咨詢有限公司	People's Republic of China	100%	–	100%	Provision of consultancy services

19 FINANCIAL RISK MANAGEMENT AND FAIR VALUES

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

(a) Credit risk

The Group and the Institute do not hold any significant financial assets other than cash and cash equivalents and time deposits with banks. Cash and cash equivalents and time deposits held by the Group and 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.

(Expressed in Hong Kong dollars unless otherwise indicated)

19 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (continued)

(b) Liquidity risk

The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and readily realisable marketable securities and adequate committed lines of funding from major financial institutions and/or from the subsidiaries to meet its liquidity requirements in the short and longer term.

The following table shows the remaining contractual maturities at the end of the reporting period of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group can be required to pay:

	Contractual undiscounted cash outflow					
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Carrying amount at 31 March
2023						
Accruals and other payables	**$ 2,720,092**	**$ –**	**$ –**	**$ –**	**$ 2,720,092**	**$ 2,720,092**
Amount due to HKSAR Government	**1,721,241**	**–**	**–**	**–**	**1,721,241**	**1,721,241**
Lease liabilities	**4,151,640**	**4,219,300**	**13,710,860**	**13,804,680**	**35,886,480**	**30,500,989**
	$ 8,592,973	**$ 4,219,300**	**$ 13,710,860**	**$ 13,804,680**	**$ 40,327,813**	**$ 34,942,322**
2022						
Accruals and other payables	$ 3,965,217	$ –	$ –	$ –	$ 3,965,217	$ 3,965,217
Amount due to HKSAR Government	4,559,568	–	–	–	4,559,568	4,559,568
Lease liabilities	4,459,005	4,151,640	22,802,400	8,932,440	40,345,485	33,653,358
	$ 12,983,790	$ 4,151,640	$ 22,802,400	$ 8,932,440	$ 48,870,270	$ 42,178,143

The expected contractual cash flows, on an undiscounted basis, on those financial liabilities are similar to their respective carrying value at the reporting date.

(c) Interest rate risk

The Group's and the Institute's interest-bearing assets mainly comprise cash at bank, which matures, or reprices in the short term and time deposits with banks. As a result, the Group and the Institute are subject to limited exposure to fluctuations in the prevailing level of market interest rates.

At 31 March 2023, it is estimated that a general increase of 100 basis points in interest rates, with all other variables held constant, would increase the Group and the Institute's surplus and general fund by approximately HK$264,204 and HK$212,245 respectively (2022: HK$341,563 and HK$294,592) so far as the effect on interest-bearing financial assets is concerned.

19 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (continued)

(d) Currency risk

The Group and the Institute are exposed to currency risks primarily arising from transactions that are denominated in Renminbi ("RMB"). In respect of transactions denominated in RMB, the Group monitors its exposure on a regular basis.

(i) Exposure to currency risk

The following table details the Group's exposure at the reporting date to currency risk arising from recognised assets or liabilities denominated in a currency other than the Institute's functional currency.

	2023	2022
Hong Kong dollar equivalent:		
Cash and cash equivalents in Renminbi	**$ 5,185,320**	$ 4,685,865
Net exposure in Renminbi	**$ 5,185,320**	$ 4,685,865

(ii) Sensitivity analysis

The following table indicates the approximate change in the Group's surplus for the year and general fund in response to reasonably possible changes in the foreign exchange rates to which the Group has significant exposure at the reporting date. Other components of equity would not be affected by changes in the foreign exchange rates.

	2023		**2022**	
	Appreciation/ (depreciation) in foreign currency	Effect on surplus for the year and general fund	**Appreciation/ (depreciation) in foreign currency**	Effect on surplus for the year and general fund
Renminbi	**10%**	$ 518,532	**10%**	$ 468,587

The sensitivity analysis above has been determined assuming that the change in foreign exchange rates had occurred at the end of the reporting period and had been applied to the Institute's exposure to currency risk for financial instruments in existence at that date, and that all other variables, in particular interest rates, remain constant. The stated changes represent management's assessment of reasonably possible changes in foreign exchange rates over the period until the end of next reporting period. The analysis is performed on the same basis for 2022.

(e) Fair value

All financial instruments are carried at amounts not materially different from their fair values as at 31 March 2023 and 2022.

(Expressed in Hong Kong dollars unless otherwise indicated)

20 COMMITMENTS

(a) Capital commitments outstanding at 31 March 2023 not provided for in the financial statements were as follows:

		2023		2022
Contracted for	$	320,436	$	3,495,279
	$	320,436	$	3,495,279

(b) Total future minimum lease payments under non-cancellable operating leases were payable as follows:

		2023		2022
Within 1 year	$	87,812	$	40,929
	$	87,812	$	40,929

21 CONTINGENT LIABILITY

A part of the grants received by the Institute from the SFC is subject to a repayment clause. The Institute is required to repay HK$5 million or the total grant received, whichever is lower, to the SFC in any given year upon the Institute's attainment of a reserve (i.e. the General Fund of the Institute) amounting to the higher of (a) HK$50 million or (b) two years of operating expenses, as reflected in the Institute's annual accounts. Based on a 5 year forecast regarding the financial performance of the Institute, the management do not believe it probable that the Institute will attain the level of reserve that will trigger the repayment clause in the foreseeable future. No provision has therefore been made in respect of the repayment.

22 MATERIAL RELATED PARTY TRANSACTIONS

Apart from the balances disclosed elsewhere in these financial statements, the Institute received annual membership fees of HK$4,980 (2022: HK$19,700) from the directors of the Institute during the year.

(Expressed in Hong Kong dollars unless otherwise indicated)

23 INSTITUTE-LEVEL STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2023

	2023	2022
Non-current assets		
Property, plant and equipment	$ 37,352,970	$ 35,955,758
Deposits	1,405,169	1,405,169
Investment in a subsidiary	100	100
	$ 38,758,239	$ 37,361,027
Current assets		
Deposits, prepayments and other receivables	$ 4,629,477	$ 10,134,012
Amount due from a subsidiary	138,515	127,487
Time deposits with bank	13,450,582	16,195,450
Cash and bank balances	7,773,886	13,235,128
	$ 25,992,460	$ 39,720,687
Current liabilities		
Accruals and other payables	$ 2,621,150	$ 3,965,217
Deferred income	5,344,234	8,576,774
Provisions	–	650,000
Amount due to HKSAR Government	1,721,241	4,559,568
Lease liabilities	2,963,596	3,152,368
	$ 12,650,221	$ 20,903,927
Net current assets	$ 13,342,239	$ 18,816,760
Total assets less current liabilities	$ 52,100,478	$ 56,177,787
Non-current liabilities		
Deferred income	$ 328,695	$ 625,260
Provisions	1,993,000	1,993,000
Lease liabilities	27,537,393	30,500,990
	$ 29,859,088	$ 33,119,250
Net assets	$ 22,241,390	$ 23,058,537
General fund	$ 22,241,390	$ 23,058,537

Approved and authorised for issue by the board of directors on 29 September 2023.

	)	
Mr Colin Stuart Shaftesley	)	
	)	Directors
Mr Piu Tong	)	
	)	

24 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 MARCH 2023

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments, new standards and interpretations which are not yet effective for the year ended 31 March 2023 and which have been adopted in these financial statements. These include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to HKAS 1, Presentation of financial statements: *Classification of Liabilities as Current or Non-current*	1 January 2023
Amendments to HKAS 1, *Presentation of financial statements and HKFRS Practice Statement 2, Making materiality judgements: Disclosure of accounting policies*	1 January 2023
Amendments to HKAS 8, Accounting policies, changes in accounting estimates and errors: *Definition of accounting estimates*	1 January 2023

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