

ASSOCIATION FOR INTERNATIONAL TEACHING, EDUCATIONAL AND
CURRICULUM EXCHANGE LIMITED

國際教學教育課程協會有限公司

(incorporated in Hong Kong with liability limited by guarantee)

DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

Certified True and Correct

Younis Murphy

Director

Date: 31 MAR 2021



華德會計師事務所

CW CPA Certified Public Accountants

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DIRECTORS' REPORT

The directors submit their report together with the audited financial statements for the year ended 30 June 2020.

PRINCIPAL ACTIVITY

Association for International Teaching, Educational and Curriculum Exchange Limited ("the Association") is a non-profit-making entity. The function of the Association is for enhancement of education.

BUSINESS REVIEW

The Association falls within reporting exemption for the preparation of a business review. Accordingly, no business review has been prepared.

RESULTS

The results of the Association for the year ended 30 June 2020 are set out on page 3 of the financial statements.

RESERVES

Details of the movements in reserves are disclosed in the statement of changes in equity as set out on page 5 of the financial statements.

DIRECTORS

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

D J TROY
J HOUSTON
E LIU
F H TONG
T MURPHY

In accordance with Articles 38, 39 and 40 of the Association's Articles of Association, one-third of the directors who have been longest in office since their last election shall retire and, being eligible, offer themselves for re-election.

DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS THAT ARE SIGNIFICANT IN RELATION TO THE ASSOCIATION'S BUSINESS

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

DIRECTORS' REPORT (continued)

MANAGEMENT CONTRACTS

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

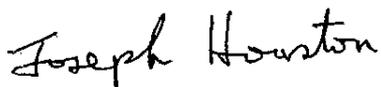
PERMITTED INDEMNITY PROVISIONS

At no time during the financial year and up to the date of this directors' report, was or is there, any permitted indemnity provision being in force for the benefit of any of the directors of the Association.

AUDITOR

The financial statements have been audited by CW CPA, Certified Public Accountants, who retire and, being eligible, offer themselves for re-appointment.

On behalf of the board



J HOUSTON
Chairman

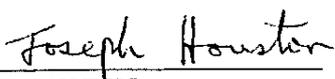
HONG KONG, 19 OCT 2020

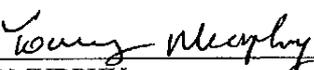
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
 FOR THE YEAR ENDED 30 JUNE 2020**

	Note	2020 HK\$	2019 HK\$
Income			
Donations received	2.2a	621,923	552,430
Subsidies income	2.2a	<u>98,639</u>	<u>219,046</u>
		720,562	771,476
Other income			
Interest income	2.2b	<u>115</u>	<u>115</u>
		<u>720,677</u>	<u>771,591</u>
Expenditure			
Auditor's remuneration		(5,000)	(5,000)
Bank charges		(450)	(701)
Electricity and water		(4,822)	(5,867)
Insurance		(16,238)	(2,295)
Office expenses		(59,725)	(71,498)
Orientation		-	(20,000)
Professional fees		(5,630)	(11,160)
Rent and rates		(46,416)	(47,651)
Staff costs		(240,410)	(231,100)
Teacher subsidies		<u>(102,306)</u>	<u>(249,751)</u>
		<u>(480,997)</u>	<u>(645,023)</u>
Surplus for the year		239,680	126,568
Other comprehensive surplus for the year, net of tax			
<i>Item that may be reclassified to profit or loss</i>			
Fair value gain on financial assets at fair value through other comprehensive income	6	<u>10,542</u>	<u>48,906</u>
Total comprehensive surplus for the year, net of tax		<u>250,222</u>	<u>175,474</u>

**STATEMENT OF FINANCIAL POSITION
 AS AT 30 JUNE 2020**

	Note	2020 HK\$	2019 HK\$
ASSETS			
Non-current assets			
Plant and equipment	5	3	3
Financial assets at fair value through other comprehensive income	6	<u>595,308</u>	<u>584,766</u>
		<u>595,311</u>	<u>584,769</u>
Current assets			
Deposits		3,400	3,400
Cash and bank balances		<u>1,266,208</u>	<u>1,026,528</u>
		<u>1,269,608</u>	<u>1,029,928</u>
TOTAL ASSETS		<u>1,864,919</u>	<u>1,614,697</u>
EQUITY AND LIABILITIES			
General funds		1,859,836	1,609,614
Current liabilities			
Other payables		<u>5,083</u>	<u>5,083</u>
TOTAL EQUITY AND LIABILITIES		<u>1,864,919</u>	<u>1,614,697</u>


 J HOUSTON
 Director


 T MURPHY
 Director

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2020

	Accumulated surplus HK\$	Revaluation reserve HK\$	Total HK\$
At 1 July 2018	1,313,325	120,815	1,434,140
Surplus for the year	126,568	-	126,568
Fair value gain on financial assets at fair value through other comprehensive income	-	48,906	48,906
	<u>1,439,893</u>	<u>169,721</u>	<u>1,609,614</u>
At 30 June 2019			
At 1 July 2019	1,439,893	169,721	1,609,614
Surplus for the year	239,680	-	239,680
Fair value gain on financial assets at fair value through other comprehensive income	-	10,542	10,542
	<u>1,679,573</u>	<u>180,263</u>	<u>1,859,836</u>
At 30 June 2020			

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2020

	2020 HK\$	2019 HK\$
Cash flows from operating activities		
Surplus for the year	239,680	126,568
Adjustments for :		
Interest income	<u>(115)</u>	<u>(115)</u>
Surplus before working capital changes	239,565	126,453
Changes in working capital		
- Other payables	<u>-</u>	<u>200</u>
Interest received	<u>239,565</u> <u>115</u>	<u>126,653</u> <u>115</u>
Net cash generated from operating activities and net increase in cash and cash equivalents	239,680	126,768
Cash and cash equivalents at the beginning of the year	<u>1,026,528</u>	<u>899,760</u>
Cash and cash equivalents at the end of the year	<u>1,266,208</u>	<u>1,026,528</u>
Analysis of the balances of cash and cash equivalents		
Cash and bank balances	<u>1,266,208</u>	<u>1,026,528</u>

NOTES TO THE FINANCIAL STATEMENTS

1 GENERAL INFORMATION

- (a) Association For International Teaching, Educational And Curriculum Exchange Limited (“the Association”) is for enhancement of education.
- (b) The Association is incorporated in Hong Kong with limited liability. The address of its registered office is G/F, 48 Princess Margaret Road, Homantin, Kowloon, Hong Kong.
- (c) These financial statements are presented in Hong Kong dollars (HK\$).

2 PRINCIPAL ACCOUNTING POLICIES

2.1 Basis of preparation and changes in accounting policies

The financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (HKFRSs) issued by the Hong Kong Institute of Certified Public Accountants (“the HKICPA”) and Hong Kong Companies Ordinance.

The financial statements have been prepared using the historical cost basis, except for financial assets at fair value through other comprehensive income, which is measured at fair value.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Association’s accounting policies. There is no area involving a high degree of judgement or complexity, or area where assumptions and estimates are significant to the financial statements.

(a) *New and amended standards adopted by the Association*

The HKICPA has issued a number of new HKFRSs and amendments to HKFRSs that are first effective for the current accounting period of the Company. Of these, the following developments are relevant to the Company’s financial statements :

HKFRS 16, Leases

HKFRS 16 replaces HKAS 17, *Leases*, and the related interpretations, HK(IFRIC) 4, *Determining whether an arrangement contains a lease*, HK(SIC) 15, *Operating leases – incentives*, and HK(SIC) 27, *Evaluating the substance of transactions involving the legal form of a lease*. It introduces a single accounting model for lessees, which requires a lessee to recognise a right-of-use asset and a lease liability for all leases, except for leases that have a lease term of 12 months or less (“short-term leases”) and leases of low-value assets. The lessor accounting requirements are brought forward from HKAS 17 substantially unchanged. HKFRS 16 also introduces additional qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2 PRINCIPAL ACCOUNTING POLICIES (continued)

2.1 Basis of preparation and changes in accounting policies (continued)

(a) *New and amended standards adopted by the Association (continued)*

HKFRS 16, Leases (continued)

HKFRS 16 also introduces additional qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity.

The Association has initially applied HKFRS 16 as from 1 July 2019. The Association has elected to use the modified retrospective approach and has therefore recognized the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 July 2019. Comparative information has not been restated and continues to be reported under HKAS 17. Further details of the nature and effect of the changes to previous accounting policies and the transition options applied are set out below:

The change in the definition of a lease mainly relates to the concept of control. HKFRS 16 defines a lease on the basis of whether a customer controls the use of an identified asset for a period of time, which may be determined by a defined amount of use. 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. The Association applies the new definition of a lease in HKFRS 16 only to contracts that were entered into or changed on or after 1 July 2019. For contracts entered into before 1 July 2019, the Association has used the transitional practical expedient to grandfather the previous assessment of which existing arrangements are or contain leases. Accordingly, contracts that were previously assessed as leases under HKAS 17 continue to be accounted for as leases under HKFRS 16 and contracts previously assessed as non-lease service arrangements continue to be accounted for as executory contracts.

The adoption of HKFRS 16 has no significant impact on the Association.

(b) *Standards, amendments and interpretations to existing standards that are relevant to the Association but not yet effective and have not been early adopted by the Association*

Up to the date of this report, a number of new standards, amendments to standards and interpretations are not yet effective for the year ended 30 June 2020, and have not been early adopted in preparing these financial statements. None of these will have material effect on the financial statements of the Association.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2 PRINCIPAL ACCOUNTING POLICIES (continued)

2.2 Revenue recognition

Revenue is recognized as follows:

(a) Donation and subsidies income

Donation and subsidies income are recognized on cash basis.

(b) Interest income

Interest income is recognized on a time-proportion basis using the effective interest method.

2.3 Plant and equipment

Plant and equipment are stated at historical cost less depreciation and impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Association and the cost of the item can be measured reliably. All other repairs and maintenance are expensed in the profit or loss during the financial period in which they are incurred.

Depreciation of plant and equipment is calculated using the straight-line method to allocate cost to their residual values over their estimated useful lives, at annual rate of 20%.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each of the end of the reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

2.4 Investments

The Association's policies for investments in debt and equity securities, other than investments in subsidiaries are recognized / derecognized on the date the Association commits to purchase / sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at fair value through profit or loss ("FVPL") for which transaction costs are recognized directly in profit or loss. These investments are subsequently accounted for as follows, depending on their classification.

Investments in equity securities are classified as fair value through other comprehensive income ("FVOCI") (non-recycling) such that subsequent changes in fair value are recognized in other comprehensive income unless the equity investment is held for trading purposes and on initial recognition of the investment the Association makes an election to designate the investment at FVPL. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings. It is not recycled through profit or loss. Dividends from investments in equity securities, irrespective of whether classified as at FVPL or FVOCI, are recognized in profit or loss as other income.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2 PRINCIPAL ACCOUNTING POLICIES (continued)

2.5 Impairment of non-financial assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that assets may be impaired or an impairment charge previously recognized no longer exists or may have decreased. If any such indication exists, the asset's recoverable amount is estimated. The recoverable amount of an asset is the higher of its fair value less costs of disposal and value in use. An impairment charge is recognized in profit or loss whenever the carrying amount of an asset exceeds its recoverable amount.

An impairment charge is reversed if there has been a change in the estimates used to determine the recoverable amount and which results in an increase in the recoverable amount. A reversal of impairment charges is limited to the asset's carrying amount that would have been determined had no impairment charge been recognized in prior periods. Reversals of impairment charges are credited to profit or loss in the period in which the reversals are recognized.

2.6 Financial instruments

Financial assets and financial liabilities are recognized in the statements of financial position when the Association becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities within the scope of HKFRS 9 are initially measured at fair value and transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

The Association's financial assets, including receivables, time deposits and cash and cash equivalents, are subsequently measured at amortized cost using the effective interest method, less identified impairment charges (see note 2.7) as the assets are held within a business model whose objective is to hold assets in order to collect contractual cash flows and the contractual terms of the financial assets give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial liabilities include lease liabilities, payables and accruals. All financial liabilities are subsequently measured at amortized cost using the effective interest method.

2.7 Impairment of financial assets

The Association recognizes loss allowances for expected credit losses ("ECL") on the financial instruments that are not measured at fair value through profit or loss. The Association considers the probability of default upon initial recognition of financial assets and assesses whether there has been a significant increase in credit risk on an ongoing basis.

The Association considers the credit risk of a financial instrument is low if the financial instrument has a low risk of default, the debtor has a strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the debtor to fulfill its contractual cash flow obligations.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2 PRINCIPAL ACCOUNTING POLICIES (continued)

2.7 Impairment of financial assets (continued)

The carrying amount of the receivables is reduced through the use of the receivable impairment charges account. Changes in the carrying amount of the receivable impairment charges account are recognized in profit or loss. The receivable is written off against the receivable impairment charges account when the Association has no reasonable expectations of recovering the receivable.

If, in a subsequent period, the amount of ECL decreases, the reversal would be adjusted to the receivable impairment charges account at the end of the reporting period. The amount of any reversal is recognized in profit or loss.

2.8 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

2.9 Derecognition of financial assets and financial liabilities

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

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

2.10 Provisions

Provisions are recognized when the Association has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2 PRINCIPAL ACCOUNTING POLICIES (continued)

2.11 Foreign currency translation

(a) Functional and presentation currency

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

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the profit or loss, except when deferred in equity as qualifying cash flow hedges or qualifying net investment hedges.

Translation differences on non-monetary items, such as equity instruments held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation difference on non-monetary items, such as equities classified as available-for-sale financial assets, are included in the fair value reserve in equity.

2.12 Related parties

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

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

3 FINANCIAL RISK MANAGEMENT

The Association is a non-profit-making entity. Its principal activity is to enhance education by sending volunteer teachers for international exchange, and is exposed to minimal level of financial risks.

4 INCOME TAX

Hong Kong profits tax has not been provided as the entity is exempted from tax under S88 of the Inland Revenue Ordinance. (2019 : nil)

5 PLANT AND EQUIPMENT

	Furniture and fixtures HK\$	Leasehold improvements HK\$	Total HK\$
Cost			
At 1 July 2018, at 30 June 2019 and at 30 June 2020	193,983	226,355	420,338
Accumulated depreciation			
At 1 July 2018, at 30 June 2019 and at 30 June 2020	<u>193,982</u>	<u>226,353</u>	<u>420,335</u>
Net book value			
At 30 June 2020	<u>1</u>	<u>2</u>	<u>3</u>
At 30 June 2019	<u>1</u>	<u>2</u>	<u>3</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

6 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

<i>Financial assets at FVOCI</i>	2020			Total HK\$
	Level 1 HK\$	Level 2 HK\$	Level 3 HK\$	
Bond funds, listed in Hong Kong, at fair value	<u>595,308</u>	<u>-</u>	<u>-</u>	<u>595,308</u>
<i>Financial assets at FVOCI</i>	2019			Total HK\$
	Level 1 HK\$	Level 2 HK\$	Level 3 HK\$	
Bond funds, listed in Hong Kong, at fair value	<u>584,766</u>	<u>-</u>	<u>-</u>	<u>584,766</u>

The Association uses the following hierarchy for determining and disclosing the fair value of financial instruments :

- Level 1 : quoted prices in active markets for the same instrument (i.e., without modification or repackaging);
- Level 2 : quoted prices in active markets for similar assets or liabilities or other valuation techniques for which all significant inputs are based on observable market data; and
- Level 3 : valuation techniques for which any significant input are not based on observable market data.

There were no transfers amongst Level 1, Level 2 and Level 3 in the fair value hierarchy.

In relation to the Level 1 financial instruments, there was a fair value gain of HK\$10,542 (2019 : HK\$48,906) recognized directly in equity during the year.

There were no financial assets and financial liabilities that offset against each other at 30 June 2020 and 2019.

7 LEGAL STATUS

In accordance with Memorandum Six of the Association's Memorandum and Articles of Association, every member shall, in the event of the Association being wound up, contribute to the assets of the Association to the extent of HK\$100.

NOTES TO THE FINANCIAL STATEMENTS (continued)

8 LEASE COMMITMENTS

	2020 HK\$	2019 HK\$
Total future minimum amount of operating lease commitments at 30 June, payable, under non-cancellable leases, in respect of rented premises due : -		
- within one year	-	30,000
- in the second to fifth years inclusive	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>30,000</u>

9 APPROVAL OF FINANCIAL STATEMENTS

The financial statements set out on pages 3 to 15 were approved and authorized for issue by the board of directors on **19 OCT 2020**



華德會計師事務所
CW CPA Certified Public Accountants
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Partners

黃華榮 執業會計師
 THOMAS W S WONG, FCPA (Practising)

蔡懿德 執業會計師
 ROSANNA Y T CHOI, FCPA (Practising)

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
 ASSOCIATION FOR INTERNATIONAL TEACHING, EDUCATIONAL AND CURRICULUM
 EXCHANGE LIMITED**

國際教學教育課程協會有限公司

(incorporated in Hong Kong with liability limited by guarantee)

Opinion

We have audited the financial statements of Association For International Teaching, Educational And Curriculum Exchange Limited ("the Association") set out on pages 3 to 15, which comprise the statement of financial position as at 30 June 2020, 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 Association as at 30 June 2020, 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") 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 ("HKSA") 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 Association 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 qualified opinion.

Other information

The directors are responsible for the other information. The other information comprises the information included in the directors' report, 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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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
ASSOCIATION FOR INTERNATIONAL TEACHING, EDUCATIONAL AND CURRICULUM
EXCHANGE LIMITED (continued)**

Responsibilities of directors for the financial statements

The directors 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 the Hong Kong Companies Ordinance, and for such internal control as the directors 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 directors are responsible for assessing the Association'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 Association or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for overseeing the Association'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, 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 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 Association's internal control.