



李漢權會計師事務所  
Alfred H.K. Li & Co., CPA  
Certified Public Accountants

香港九龍觀塘巧明街100號城東誌安盛金融大樓11樓1102室  
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Tel(電話): (852) 3583 3340 Fax(傳真): (852) 3583 0345 Website(網址): www.alfredlicpa.com

**ASIAN FILM AWARDS ACADEMY LIMITED**

REPORTS AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

Certified True Copy

Director / Secretary  
WONG Ying Wai

優質  
服務  
創造  
價值

Creating Value Through Quality Services



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**ASIAN FILM AWARDS ACADEMY LIMITED  
REPORTS AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021**

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**ASIAN FILM AWARDS ACADEMY LIMITED**  
**DIRECTORS' REPORT**

The directors present their annual report together with the audited financial statements for the year ended 31 March 2021.

**1. PRINCIPAL ACTIVITIES**

The Company's principal activity has not changed during the year and was engaged in organising the flagship annual event, The Asian Film Awards for promotion and development of Asian cinema during the year.

**2. RESULTS**

The results for the year ended 31 March 2021 are set out in the statement of profit or loss and other comprehensive income on page 6.

**3. DIRECTORS**

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

LAM Kin Ngok, Peter  
SHIINA Yasushi  
WANG Cheung Yue, Fred  
WONG Ying Wai  
LEE Yong-kwan  
ANDO Hiroyasu

In accordance with Article no. 21 of the Company's Articles of Association, the term of office of a director shall be five years and eligible for re-election.

**4. MANAGEMENT CONTRACTS**

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

**ASIAN FILM AWARDS ACADEMY LIMITED  
DIRECTORS' REPORT**

**5. PERMITTED INDEMNITY PROVISIONS**

Pursuant to Article no. 30 of the Company's Articles of Association, the directors of the Company shall be indemnified out of the assets of the Company against any liability incurred by them to a person other than the Company in connection with any negligence, default, breach of duty or breach of trust in relation to the Company.

**6. AUDITOR**

The financial statements have been audited by Alfred H.K. Li & Co., CPA, Certified Public Accountants, who retire and, being eligible, offer itself for re-appointment.

On behalf of the Board



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WONG Ying Wai

Hong Kong, 22 October 2021



李漢權會計師事務所  
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**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF  
ASIAN FILM AWARDS ACADEMY LIMITED  
(Incorporated in Hong Kong as a company limited by guarantee)**

**Opinion**

We have audited the financial statements of Asian Film Awards Academy Limited (the "Company") set out on pages 6 to 25, which comprise the statement of financial position as at 31 March 2021, 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 Company as at 31 March 2021, 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 (the "HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

**Basis for Opinion**

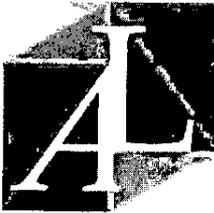
We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Other Information**

The directors are responsible for the Other Information. The Other Information comprises all of the information included in the annual report other than 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  
ASIAN FILM AWARDS ACADEMY LIMITED  
(Incorporated in Hong Kong as a company limited by guarantee)**

**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.

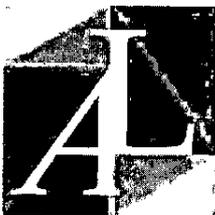
In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company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

**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. We report our opinion 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.



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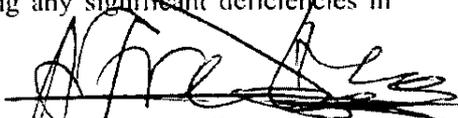
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**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF  
ASIAN FILM AWARDS ACADEMY LIMITED  
(Incorporated in Hong Kong as a company limited by guarantee)**

**Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)**

- 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 Company's internal control.
- 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors 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.

  
Certified Public Accountants  
Hong Kong  
22 October 2021

**ASIAN FILM AWARDS ACADEMY LIMITED**  
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 MARCH 2021**

	Note	<u>2021</u> HK\$	<u>2020</u> HK\$
Revenue	7	4,206,137	8,989,193
Cost of production		<u>(4,104,328)</u>	<u>(4,395,881)</u>
Gross profit		101,809	4,593,312
Other income	8	11,237	10,441
Administrative and other operating expenses		<u>(281,708)</u>	<u>(506,594)</u>
<b>(Deficit)/surplus before tax</b>		<b>(168,662)</b>	<b>4,097,159</b>
Income tax expense	9	<u>-</u>	<u>-</u>
<b>(Deficit)/surplus for the year</b>	10	<b>(168,662)</b>	<b>4,097,159</b>
<b>Other comprehensive income for the year, net of tax</b>		<u>-</u>	<u>-</u>
<b>Total comprehensive (expense)/income for the year</b>		<b><u>(168,662)</u></b>	<b><u>4,097,159</u></b>

**ASIAN FILM AWARDS ACADEMY LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2021**

	Note	<u>2021</u> HK\$	<u>2020</u> HK\$
<b>Non-current assets</b>			
Property, plant and equipment	12	876	1,752
<b>Current assets</b>			
Amount due from a related company	13	42,740	27,540
Bank and cash balances		11,091,090	8,607,506
		<u>11,133,830</u>	<u>8,635,046</u>
<b>Current liabilities</b>			
Deferred income	14	7,670,838	5,222,383
Accruals and other payables		264,693	46,578
		<u>7,935,531</u>	<u>5,268,961</u>
<b>Net current assets</b>		<u>3,198,299</u>	<u>3,366,085</u>
<b>NET ASSETS</b>		<u>3,199,175</u>	<u>3,367,837</u>
<b>RESERVES</b>		<u>3,199,175</u>	<u>3,367,837</u>

Approved by the Board of Directors on 22 October 2021 and were signed on its behalf by:



WONG Ying Wai  
Director



WANG Cheung Yue, Fred  
Director

**ASIAN FILM AWARDS ACADEMY LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 MARCH 2021**

	<u>Accumulated (deficits)/funds HK\$</u>
At 1 April 2019	(729,322)
Total comprehensive income for the year	<u>4,097,159</u>
At 31 March 2020 and at 1 April 2020	3,367,837
Total comprehensive expense for the year	<u>(168,662)</u>
At 31 March 2021	<u><u>3,199,175</u></u>

**ASIAN FILM AWARDS ACADEMY LIMITED**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 MARCH 2021**

	<u>2021</u> HK\$	<u>2020</u> HK\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Deficit)/surplus for the year	(168,662)	4,097,159
Adjustment for		
Depreciation	<u>876</u>	<u>876</u>
Operating (deficit)/surplus before working capital changes	(167,786)	4,098,035
Decrease in prepayments, deposits and other receivables	-	73,838
Increase in amount due from a related company	(15,200)	(7,705)
Increase in deferred income	2,448,455	5,222,383
Increase/(decrease) in accruals and other payables	<u>218,115</u>	<u>(4,811,792)</u>
Net cash generated from operating activities	<u>2,483,584</u>	<u>4,574,759</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>2,483,584</b>	<b>4,574,759</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<u><b>8,607,506</b></u>	<u><b>4,032,747</b></u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<u><b>11,091,090</b></u>	<u><b>8,607,506</b></u>
<b>ANALYSIS OF CASH AND CASH EQUIVALENTS</b>		
Bank and cash balances	<u><b>11,091,090</b></u>	<u><b>8,607,506</b></u>

**ASIAN FILM AWARDS ACADEMY LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021**

**1. GENERAL INFORMATION**

Asian Film Awards Academy Limited (the “Company”) was incorporated in Hong Kong with liability limited by guarantee. Every member is liable to contribute a sum of not exceeding HK\$ 100 each to the assets of the Company in winding up. The address of its registered office is located at Unit 2909A, Bank of America Tower, 12 Harcourt Road, Central, Hong Kong.

The Company is principally engaged in organising the flagship annual event, The Asian Film Awards for promotion and development of Asian cinema during the year.

**2. BASIS OF PREPARATION**

These 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”). HKFRSs comprise Hong Kong Financial Reporting Standards (“HKFRS”); Hong Kong Accounting Standards (“HKAS”); and Interpretations. These financial statements also comply with the requirements of the Hong Kong Companies Ordinance (Cap. 622). Significant accounting policies adopted by the Company 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 year of the Company. 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 Company for the current and prior accounting years reflected in these financial statements.

**3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS**

3.1 In the current year, the Company has applied the following new and revised HKFRSs issued by the HKICPA:

HKFRS 3 (Amendments)	Business Combinations
HKAS 1 and HKAS 8 (Amendments)	Presentation of Financial Statements and Accounting Policies, Changes in Accounting Estimates and Errors
HKAS 39, HKFRS 7 and HKFRS 9 (Amendments)	Interest Rate Benchmark Reform

The application of the HKFRSs has no material impact on the Company’s financial performance and financial position for the current and prior years.

**ASIAN FILM AWARDS ACADEMY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2021**

**3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (CONT'D)**

3.2 The Company has not early applied the following new and revised HKFRSs issued by the HKICPA that have been issued but are not yet effective:

HKFRS 17 (Amendments)	Insurance Contracts <sup>1</sup>
HKAS 28 and HKFRS 10 (Amendments)	Sale or Contribution of Assets between an investor and its Associate or Joint Venture <sup>1</sup>
HKFRS 3 (Amendments)	Reference to the Conceptual Framework <sup>5</sup>
HKFRS 16 (Amendments)	Issuance of Covid-19-Related Rent Concessions <sup>3</sup>
HKAS 1 (Amendments)	Presentation of Financial Statements – Classification of Liabilities as Current or Non-current <sup>4</sup>
HKAS 1 (Amendments)	Presentation of Financial Statements – Classification by the borrower of a Term Loan that Contains a Repayment on Demand Clause (HK Int 5 (2020)) <sup>4</sup>
HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16 (Amendments)	Interest Rate Benchmark Reform – Phrase 2 <sup>2</sup>
HKAS 16 (Amendments)	Property, Plant and Equipment – Proceed before Intended Use <sup>5</sup>
HKAS 37 (Amendments)	Onerous Contracts – Cost of Fulfilling a Contract <sup>5</sup>
HKFRS (Amendments)	Annual Improvements to IFRSs 2018-2020 Cycle <sup>5</sup>
HKAS 12 (Amendments)	Deferred Tax related to Assets and Liabilities arising from a Single Transaction <sup>4</sup>

<sup>1</sup> Original effective date has been deferred to a date yet to be determined

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2021

<sup>3</sup> Effective for annual periods beginning on or after 1 June 2020

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2023

<sup>5</sup> Effective for annual periods beginning on or after 1 January 2022

The directors are now assessing the impact of the new and revised standards, amendments or interpretations on the financial statements, which may give rise to the changes in presentation, disclosure and measurement of certain items in the financial statements.

**4. SIGNIFICANT ACCOUNTING POLICIES**

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

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires the management to exercise its judgement in the process of applying the accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 5.

The significant accounting policies applied in the preparation of these financial statements are set out below.

**ASIAN FILM AWARDS ACADEMY LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021**

**4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**(a) Foreign currency translation**

**(i) Functional and presentation currency**

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

**(ii) Transactions and balances in financial statements**

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

Non-monetary items that are measured at fair values in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

**(b) Property, plant and equipment**

Property, plant and equipment, held for use in the production or supply of goods or services, or for administrative purposes, are stated in the statement of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

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

**ASIAN FILM AWARDS ACADEMY LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021**

**4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**(b) Property, plant and equipment (cont'd)**

Depreciation of property, plant and equipment is calculated at rates sufficient to write off their cost less their residual values over the estimated useful lives on a straight-line basis. The principal annual rates are as follows:

Computer equipment	25%
Furniture and fixtures	20%

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

**(c) Recognition and derecognition of financial instruments**

Financial assets and financial liabilities are recognised in the statement of financial position when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

**ASIAN FILM AWARDS ACADEMY LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021**

**4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**(d) Financial assets**

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Debt investments

Debt investments held by the Company are classified into one of the following measurement categories:

- amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method.
- FVTOCI - recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss.
- FVTPL if the investment does not meet the criteria for being measured at amortised cost or FVTOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

**(e) Financial liabilities and equity instruments**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under HKFRSs. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

**ASIAN FILM AWARDS ACADEMY LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021**

**4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**(f) Other payables**

Other payables are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

**(g) Revenue recognition**

The Company relies on grants and sponsorship from major corporations and individuals to cover the majority of the costs of running its annual event. Grants and sponsorship are recognised when there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grants and sponsorship will be received.

Government grants relating to income are deferred and recognised in the income statement over the period necessary to match them with the costs they are intended to compensate.

**(h) Taxation**

Income tax represents the sum of the current tax and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit recognised in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

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

Deferred tax liabilities are recognised for taxable temporary differences arising on investment in a subsidiary, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

**ASIAN FILM AWARDS ACADEMY LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021**

**4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**(h) Taxation (cont'd)**

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

**(i) Impairment of financial assets**

The Company recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company always recognises lifetime ECL for receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast director of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

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**4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**(i) Impairment of financial assets (cont'd)**

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

*Significant increase in credit risk*

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Company's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Company's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

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**4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**(i) Impairment of financial assets (cont'd)**

*Significant increase in credit risk (cont'd)*

Irrespective of the outcome of the above assessment, the Company presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Company has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

- (i) the financial instrument has a low risk of default,
- (ii) the debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and
- (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Company considers a financial asset to have low credit risk when the asset has external credit rating of "investment grade" in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of "performing". Performing means that the counterparty has a strong financial position and there is no past due amounts.

The Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

*Definition of default*

The Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full (without taking into account any collaterals held by the Company).

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Impairment of financial assets (cont'd)

*Definition of default (Cont'd)*

Irrespective of the above analysis, the Company considers that default has occurred when a financial asset is more than 90 days past due unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

*Credit-impaired financial assets*

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the counterparty;
- a breach of contract, such as a default or past due event;
- the lender(s) of the counterparty, for economic or contractual reasons relating to the counterparty's financial difficulty, having granted to the counterparty a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the counterparty will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

*Write-off policy*

The Company writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, including when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

*Measurement and recognition of ECL*

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

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**4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**(i) Impairment of financial assets (cont'd)**

*Measurement and recognition of ECL (cont'd)*

For financial assets, the ECL is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate.

If the Company has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Company measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Company recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

**(j) Provisions and contingent liabilities**

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

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow 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 is remote.

**5. KEY SOURCES OF ESTIMATION UNCERTAINTY**

**Key sources of estimation uncertainty**

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

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**5. KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)**

**(a) Property, plant and equipment and depreciation**

Property, plant and equipment are stated at costs less accumulated depreciation and impairment, if any. In determining whether an asset is impaired, the Company has to exercise judgment and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the assets belongs. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the net present value used in the impairment test.

The carrying amounts of property, plant and equipment as at 31 March 2021 were HK\$876 (2020: HK\$ 1,752).

**(b) Impairment of receivables**

The management of the Company estimates the amount of impairment loss for ECL on receivables based on the credit risk of receivables. The amount of the impairment loss based on ECL model is measured as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the effective interest rate determined at initial recognition. Where the future cash flows are less than expected, or being revised downward due to changes in facts and circumstances, a material impairment loss may arise.

**6. FINANCIAL RISK MANAGEMENT**

The Company's activities may expose it to a variety of financial risks: credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

**(a) Credit risk**

The carrying amount of bank and cash balances and amount due from a related company included in the statement of financial position represents the Company's maximum exposure to credit risk in relation to the Company's financial assets.

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**6. FINANCIAL RISK MANAGEMENT (CONT'D)**

**(a) Credit risk (cont'd)**

The amount due from a related company is closely monitored by the directors.

The credit risk on cash and bank balances and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-ratings by international credit-rating agencies.

**(b) Liquidity risk**

The Company's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

The maturity of the Company's financial liabilities is less than 1 year.

**(c) Categories of financial instruments at 31 March**

	<u>2021</u> HK\$	<u>2020</u> HK\$
<b>Financial assets:</b>		
Loan and receivables (including cash and cash equivalents)	<u>11,133,830</u>	<u>8,635,046</u>
<b>Financial liabilities</b>		
Financial liabilities at amortised cost	<u>264,693</u>	<u>46,578</u>

**(d) Fair values**

The carrying amounts of the Company's financial assets and financial liabilities as reflected in the statement of financial position approximate their respective fair values.

**7. REVENUE**

	<u>2021</u> HK\$	<u>2020</u> HK\$
Grants and sponsorship fee for the 13 <sup>th</sup> Asian Film Awards	-	1,800,812
Sponsorship from Film Development Fund	<u>4,206,137</u>	<u>7,188,381</u>
	<u>4,206,137</u>	<u>8,989,193</u>

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**8. OTHER INCOME**

	<u>2021</u> HK\$	<u>2020</u> HK\$
Submission fee	8,350	-
Sundry income	2,887	10,441
	<u>11,237</u>	<u>10,441</u>

**9. INCOME TAX EXPENSE**

No provision has been made for Hong Kong profits tax as the Company is an approved charitable institution and exempted from tax under section 88 of the Hong Kong Inland Revenue Ordinance.

**10. (DEFICIT)/SURPLUS FOR THE YEAR**

The Company's (deficit)/surplus for the year is stated after charging the following:

	<u>2021</u> HK\$	<u>2020</u> HK\$
Auditor's remuneration	40,000	43,000
Depreciation	876	876
Directors' emoluments (note 11a)	-	-
Staff costs including directors' emoluments	<u>3,284,752</u>	<u>2,439,424</u>

**11. BENEFITS AND INTERESTS OF DIRECTORS**

(a) Directors' emoluments

No directors received any fee or emoluments in respect of their service rendered to the Company during the year (2020: Nil).

(b) Directors' material interests in transaction, arrangements or contracts

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

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**12. PROPERTY, PLANT AND EQUIPMENT**

	Computer equipment HK\$	Furniture and fixtures HK\$	Total HK\$
<b>Cost</b>			
At 1 April 2019, 31 March 2020, 1 April 2020 and 31 March 2021	37,680	4,380	42,060
<b>Accumulated depreciation</b>			
At 1 April 2019	37,680	1,752	39,432
Charge for the year	-	876	876
At 31 March 2020 and 1 April 2020	37,680	2,628	40,308
Charge for the year	-	876	876
At 31 March 2021	37,680	3,504	41,184
<b>Carrying amount</b>			
At 31 March 2021	-	876	876
At 31 March 2020	-	1,752	1,752

**13. AMOUNT DUE FROM A RELATED COMPANY**

Amount due from a related company disclosed pursuant to section 383(1) (d) of the Hong Kong Companies Ordinance is as follows:

Name of related company	Name of directors having beneficial interest	Maximum amount outstanding during the year	Balance at 31.3.2021	Balance at 31.3.2020
		HK\$	HK\$	HK\$
Asian Film Awards Management Limited	WONG Ying Wai	42,740	42,740	27,540

The amount due is unsecured, non-interest bearing and has no fixed repayment terms.

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**14. DEFERRED INCOME**

The amount represented the grants and sponsorship fee received from Government for compensating the expenses to be incurred in the coming year.

**15. APPROVAL OF FINANCIAL STATEMENTS**

The financial statements were approved and authorised for issue by the Board of directors on 22 October 2021.