

CRICKET HONG KONG LIMITED
(Incorporated in Hong Kong and limited by guarantee)

Reports and Financial Statements
For the year ended 30 June 2019

CRICKET HONG KONG LIMITED
(Incorporated in Hong Kong and limited by guarantee)
REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

C O N T E N T S

	Pages
Directors' Report	1 - 4
Independent Auditor's Report	5 - 8
Consolidated Statement of Profit or Loss and Other Comprehensive Income	9
Consolidated Statement of Financial Position	10
Consolidated Statement of Changes in Funds	11
Consolidated Statement of Cash Flows	12
Notes to the Consolidated Financial Statements	13 - 56
<u>Appendices</u> (For management purposes only)	
Detailed Income Statement - Company	i
Administrative Expenses - Company	ii

CRICKET HONG KONG LIMITED
(Incorporated in Hong Kong and limited by guarantee)
DIRECTORS' REPORT

The directors present their annual report together with the audited consolidated financial statements for the year ended 30 June 2019.

1. PRINCIPAL ACTIVITY

The principal activity of Company is the support, promotion and development of cricket in Hong Kong.

The activity of its subsidiary is set out in note 14 to the consolidated financial statements.

2. RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 30 June 2019 are set out in the consolidated statement of profit or loss and other comprehensive income on page 9.

3. IN-KIND SPONSORSHIP

During the year, the Company has received in-kind financial support from a local official sport body and the Government of Hong Kong to help promoting cricket in Hong Kong.

The Company rented the office premises from the Management Office of Olympic House Limited. According to the agreement, the management office waived the rental expenses of HK\$143,440 (2018: HK\$176,720) as a support to the Company for the year.

The Company entered into an agreement with the Government of Hong Kong for cricket promoting activities. According to the agreement, the Government waived the venue charges of HK\$155,532 (2018: HK\$156,004) as a support to the Company for the year.

Details are set out in note 9 to the consolidated financial statements.

CRICKET HONG KONG LIMITED
(Incorporated in Hong Kong and limited by guarantee)
DIRECTORS' REPORT

4. DIRECTORS

(a) Directors of the Company

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

Alastair James Young	(appointed on 16 March 2019)
Alvina Tam Shun	(appointed on 16 March 2019)
Anoop Gulab Gidwani	(appointed on 16 March 2019)
Anthony John Melloy	(appointed on 16 March 2019)
John Antony Cribbin	(resigned on 16 March 2019)
Jonathan Charles Cummings	
Natural Yip Sze Wan	(appointed on 16 March 2019)
Phillip William Pemberton	(appointed on 16 March 2019)
Rizwan Ullah	(appointed on 16 March 2019)
Rodney James Miles	(resigned on 16 March 2019)
Sharyn Louise McNeill	(appointed on 16 March 2019)

Elections for directors of the Company will, hereafter, be conducted in accordance with the Articles of Association. Any eligible person may hold office and stand for election.

(b) Directors of the Company's subsidiary

During the year and up to the date of this report, John Antony Cribbin, Jonathan Charles Cummings and Rodney James Miles are also directors in the subsidiary of the Company. Other director of the Company's subsidiary during the year and up to the date of this report was:

Justin James Charles Pearce

CRICKET HONG KONG LIMITED
(Incorporated in Hong Kong and limited by guarantee)
DIRECTORS' REPORT

5. DIRECTORS' AND EXECUTIVE COMMITTEE MEMBERS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS THAT ARE SIGNIFICANT IN RELATION TO THE GROUP'S BUSINESS

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

6. MANAGEMENT CONTRACTS

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

7. PERMITTED INDEMNITY PROVISIONS

Subject to applicable laws, every director of the Company shall be entitled to be indemnified by the relevant company against all costs, charges, losses, expenses and liabilities incurred by him or her in the execution and discharge of his or her duties or in relation thereto pursuant to their respective Articles of Associations. Such provisions were in force during the course of the financial year ended 30 June 2019 and remained in force as of the date of this report.

CRICKET HONG KONG LIMITED
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DIRECTORS' REPORT

8. BUSINESS REVIEW

The Company is a not-for-profit organisation with liability limited by guarantee.

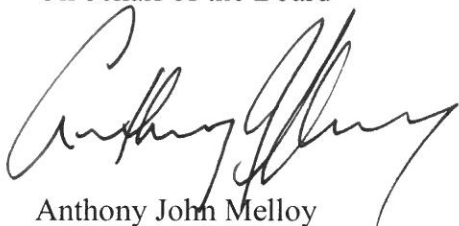
The changes in the composition in the Board of Directors (the "Board") in March 2019 have resulted in a more diversified members with a wide range of experience. The Board is currently reviewing the vision and long-term strategy of the Company and how it can successfully promote and develop cricket in Hong Kong as well as successfully delivering high performance in global and regional tournaments with various national teams. The Board is also committed to ensuring that there is a strong corporate governance structure in place for the benefit of all stakeholders.

The Board is satisfied with the financial performance of the Company for the year ended 30 June 2019 and recognised the valuable funding and support that the Company received from the Hong Kong Government and the International Cricket Council ("ICC"). The Board reviewed and monitored expenditures and rolling cash flow forecasts on a monthly basis to ensure that the Company can continue to operate and invest for the long-term, based upon the level of income receivable.

9. AUDITOR

The consolidated financial statements have been audited by RSM Hong Kong who retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board



Anthony John Melloy

Hong Kong, 23 January 2020

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**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
CRICKET HONG KONG LIMITED
(Incorporated in Hong Kong and limited by guarantee)**

Opinion

We have audited the consolidated financial statements of Cricket Hong Kong Limited (the "Company") and its subsidiary (the "Group") set out on pages 9 to 56, which comprise the consolidated statement of financial position as at 30 June 2019, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in funds and consolidated statement of cash flows 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 30 June 2019, 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 (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 ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated 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.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
CRICKET HONG KONG LIMITED
(Incorporated in Hong Kong and limited by guarantee)**

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 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 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.

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. 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.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
CRICKET HONG KONG LIMITED
(Incorporated in Hong Kong and limited by guarantee)**

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

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's 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 HKSA's, 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.
- 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.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
CRICKET HONG KONG LIMITED
(Incorporated in Hong Kong and limited by guarantee)**

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

- 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 board of directors, 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

23 January 2020


CRICKET HONG KONG LIMITED
(Incorporated in Hong Kong and limited by guarantee)
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2019

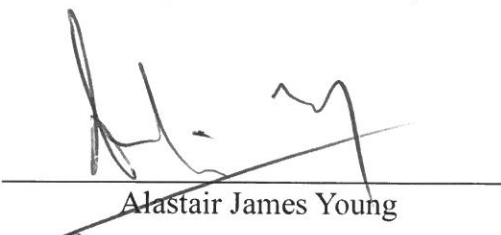
	Note	Year ended 30.6.2019 HK\$	Period from 1.1.2017 to 30.6.2018 HK\$
Revenue	7	24,734,713	34,869,794
Direct costs	8	<u>(16,385,159)</u>	<u>(29,756,403)</u>
Gross profit		8,349,554	5,113,391
Other income	7	-	4,681
Reversal of impairment loss on amount due from a related company		12,930,468	-
Impairment loss on goodwill	13	(14,288,673)	-
Impairment loss on trade receivables		(25,000)	-
Administrative expenses	9	<u>(5,357,322)</u>	<u>(17,652,233)</u>
Surplus/(deficit) before tax		1,609,027	(12,534,161)
Income tax expense	10	<u>-</u>	<u>-</u>
Surplus/(deficit) and total comprehensive income for the year/period		<u>1,609,027</u>	<u>(12,534,161)</u>

CRICKET HONG KONG LIMITED
(Incorporated in Hong Kong and limited by guarantee)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2019

	Note	<u>2019</u> <u>HK\$</u>	<u>2018</u> <u>HK\$</u>
Non-current assets			
Property, plant and equipment	12	298,584	368,820
Goodwill	13	-	-
		<u>298,584</u>	<u>368,820</u>
Current assets			
Inventories	15	141,911	163,361
Trade and other receivables	16	914,107	1,362,416
Amount due from a related company	17	-	-
Bank and cash balances		<u>4,651,984</u>	<u>4,658,708</u>
		<u>5,708,002</u>	<u>6,184,485</u>
Current liabilities			
Accruals and other payables		2,817,676	2,882,793
Deferred income	18	<u>444,380</u>	<u>2,535,009</u>
		<u>3,262,056</u>	<u>5,417,802</u>
Net current assets		<u>2,445,946</u>	<u>766,683</u>
NET ASSETS		<u><u>2,744,530</u></u>	<u><u>1,135,503</u></u>
FUNDS			
Cricket Facilities Fund	22	1,315,811	-
General Reserve Fund	22	<u>1,428,719</u>	<u>1,135,503</u>
		<u><u>2,744,530</u></u>	<u><u>1,135,503</u></u>

Approved by the Board of Directors on 23 January 2020 and are signed on its behalf by:


 Anthony John Melloy


 Alastair James Young

CRICKET HONG KONG LIMITED
(Incorporated in Hong Kong and limited by guarantee)
CONSOLIDATED STATEMENT OF CHANGES IN FUNDS
FOR THE YEAR ENDED 30 JUNE 2019

	Cricket Facilities Fund HK\$	General Reserve Fund HK\$	Total HK\$
At 1 January 2017	7,518,954	6,150,710	13,669,664
Deficit and total comprehensive income for the period	<u>(7,518,954)</u>	<u>(5,015,207)</u>	<u>(12,534,161)</u>
At 30 June 2018 and 1 July 2018	-	1,135,503	1,135,503
Surplus and total comprehensive income for the year	<u>1,315,811</u>	<u>293,216</u>	<u>1,609,027</u>
At 30 June 2019	<u><u>1,315,811</u></u>	<u><u>1,428,719</u></u>	<u><u>2,744,530</u></u>

CRICKET HONG KONG LIMITED
(Incorporated in Hong Kong and limited by guarantee)
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2019

	Note	Year ended 30.6.2019 HK\$	Period from 1.1.2017 to 30.6.2018 HK\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Surplus/(deficit) before tax		1,609,027	(12,534,161)
Adjustments for:			
Depreciation		157,366	258,732
Impairment loss on goodwill		14,288,673	-
Reversal of impairment loss on amount due from a related company		(12,930,468)	-
Impairment on amount due from a related company		-	10,252,487
Gain on disposal of property, plant and equipment		-	(4,681)
Operating cash flows before working capital changes		3,124,598	(2,027,623)
Decrease in inventories		21,450	74,182
Decrease in trade and other receivables		447,309	707,611
Increase in amount due from a related company		(73,162)	(10,250,476)
(Decrease)/increase in accruals and other payables		(1,032,629)	1,016,508
(Decrease)/increase in deferred income		(2,407,629)	2,168,590
Net cash generated from/(used in) operating activities		79,937	(8,311,208)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of a subsidiary	20	469	-
Purchase of property, plant and equipment		(87,130)	(373,071)
Proceeds from disposal of property, plant and equipment		-	28,087
Net cash used in investing activities		(86,661)	(344,984)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(6,724)	(8,656,192)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR/PERIOD		4,658,708	13,314,900
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD		4,651,984	4,658,708
ANALYSIS OF CASH AND CASH EQUIVALENTS			
Bank and cash balances		4,651,984	4,658,708

CRICKET HONG KONG LIMITED
(Incorporated in Hong Kong and limited by guarantee)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

1. GENERAL INFORMATION

Cricket Hong Kong Limited (the “Company”) was incorporated in Hong Kong with liability limited by guarantee. The address of its registered office and principal place of business is 1019 Olympic House, 1 Stadium Path, So Kon Po, Causeway Bay, Hong Kong.

The Company was engaged in the support, promotion and development of cricket in Hong Kong during the year. The principal activities of its subsidiary are set out in note 14 to the consolidated financial statements.

2. BASIS OF PREPARATION

These consolidated 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 consolidated financial statements also comply with the requirements of the Hong Kong Companies Ordinance (Cap. 622). Significant accounting policies adopted by the Group are disclosed below.

In the prior period, the Company changed its financial year end date from 31 December to 30 June in order to conform to the season of the cricket league. The current period financial statements covered a twelve-month period ended 30 June 2019 and the comparative financial statements covered an eighteen-month period ended 30 June 2018. The comparative amounts are therefore not entirely comparable.

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. 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 consolidated financial statements.

CRICKET HONG KONG LIMITED
(Incorporated in Hong Kong and limited by guarantee)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

(a) Application of new and revised HKFRSs

The HKICPA has issued a number of new and revised HKFRSs that are first effective for annual periods beginning on or after 1 July 2018. Of these, the following developments are relevant to the Group's consolidated financial statements:

- (i) HKFRS 9 Financial Instruments; and
- (ii) HKFRS 15 Revenue from Contracts with Customers

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

HKFRS 9 Financial Instruments

HKFRS 9 replaces the provisions of HKAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9, i.e. applied the classification and measurement requirements retrospectively to instruments that have not been derecognised as at 1 July 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 July 2018. The difference between carrying amounts as at 30 June 2018 and the carrying amounts as at 1 July 2018 are recognised in the opening reverse funds, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 39 Financial Instruments: Recognition and Measurement.

CRICKET HONG KONG LIMITED
(Incorporated in Hong Kong and limited by guarantee)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

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

(a) Application of new and revised HKFRSs (cont'd)

HKFRS 9 Financial Instruments (cont'd)

The adoption of HKFRS 9 resulted in the following changes to the Group's accounting policies.

(i) Classification

From 1 July 2018, the Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value through other comprehensive income ("FVTOCI") or fair value through profit or loss ("FVTPL"), and
- those to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at FVTOCI.

(ii) Measurement

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

At initial recognition, the Group measures financial assets at its fair value plus, in the case of financial assets not at FVTPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

CRICKET HONG KONG LIMITED
(Incorporated in Hong Kong and limited by guarantee)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

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

(a) Application of new and revised HKFRSs (cont'd)

HKFRS 9 Financial Instruments (cont'd)

(ii) Measurement (cont'd)

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses), together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.
- **FVTOCI:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVTOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in other income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment losses are presented as separate line item in the statement of profit or loss.

CRICKET HONG KONG LIMITED
(Incorporated in Hong Kong and limited by guarantee)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

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

(a) Application of new and revised HKFRSs (cont'd)

HKFRS 9 Financial Instruments (cont'd)

(ii) Measurement (cont'd)

- FVTPL: Assets that do not meet the criteria for amortised cost or FVTOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

(iii) Impairment

From 1 July 2018, the Group assesses on a forward looking basis the expected credit losses ("ECL") associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Set out below is the impact of the adoption of HKFRS 9 on the Group.

The following table and the accompanying notes below explain the original measurement categories under HKAS 39 and the new measurement categories under HKFRS 9 for each class of the Group's financial assets as at 1 July 2018.

	Classification under HKAS 39	Classification under HKFRS 9	Carrying amount under HKAS 39 HK\$	Carrying amount under HKFRS 9 HK\$
Financial assets				
Amount due from a related company	Loans and receivables	Amortised cost	-	-
Trade and other receivables	Loans and receivables	Amortised cost	1,155,121	1,155,121
Bank and cash balances	Loans and receivables	Amortised cost	4,658,708	4,658,708

CRICKET HONG KONG LIMITED
(Incorporated in Hong Kong and limited by guarantee)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

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

(a) Application of new and revised HKFRSs (cont'd)

HKFRS 9 Financial Instruments (cont'd)

(iii) Impairment (cont'd)

The measurement categories for all financial liabilities remain the same. The carrying amounts for all financial liabilities at 1 July 2018 have not been impacted by the initial application.

The Group did not designate or de-recognise any financial assets or financial liabilities at FVTPL at 1 July 2018.

Note:

Amounts due from a related company, trade and other receivables and bank and cash balances that were classified as loans and receivables under HKAS 39 are now classified at amortised cost.

The Group did not recognise loss allowance upon the initial recognition of HKFRS 9 as the amount involved is insignificant.

HKFRS 15 Revenue from contracts with customers

HKFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced HKAS 18 Revenue, HKAS 11 Construction Contracts and related interpretations.

The Group has applied HKFRS 15 retrospectively, as from 1 July 2018, without any significant impact on the consolidated financial statements.

The Group is engaged in the support, promotion and development of cricket in Hong Kong.

Revenue from the sale of cricket goods is recognised when the control of goods has transferred, being when the products are received by the customers. Revenue is recognised net of sales returns.

CRICKET HONG KONG LIMITED
(Incorporated in Hong Kong and limited by guarantee)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

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

(a) Application of new and revised HKFRSs (cont'd)

HKFRS 15 Revenue from contracts with customers (cont'd)

Revenue from member subscriptions is recognised when the performance obligation to provide membership services is satisfied over time as the members simultaneously receive and consume the benefits of the services provided by the Group as it performs.

Revenue from sponsorship, events, courses, development, ground and ground maintenance is recognised upon full delivery of the performances and services in accordance with the terms of the underlying agreement.

(b) New and revised HKFRSs in issue but not yet effective

The Group has not early applied new and revised HKFRSs that have been issued but are not yet effective for the financial year beginning on 1 July 2018. These new and revised HKFRSs include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
HKFRS 16 Leases	1 January 2019
HK(IFRIC) 23 Uncertainty over Income Tax Treatments	1 January 2019
Annual Improvements to HKFRSs 2015-2017 Cycle	1 January 2019

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. The Group is unable to estimate the impact of the interpretation on the financial statements until a more detailed assessment has been completed.

CRICKET HONG KONG LIMITED
(Incorporated in Hong Kong and limited by guarantee)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

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

(b) New and revised HKFRSs in issue but not yet effective

HKFRS 16 Leases

HKFRS 16 replaces HKAS 17 Leases and related interpretations. The new standard introduces a single accounting model for lessees. For lessees the distinction between operating and finance leases is removed and lessees will recognise right-of-use assets and lease liabilities for all leases (with optional exemptions for short-term leases and leases of low value assets). HKFRS 16 carries forward the accounting requirements for lessors in HKAS 17 substantially unchanged. Lessors will therefore continue to classify leases as operating or financing leases.

HKFRS 16 is effective for annual periods beginning on or after 1 July 2019. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption.

Based on a preliminary assessment, the standard will affect primarily the accounting for the Group's operating leases. The Group's leases of offices are currently classified as operating leases and the lease payments (net of any incentives received from the lessor) are recognised as an expense on a straight-line basis over the lease term.

Under HKFRS 16, the Group may elect not to recognise assets and liabilities for leases with a lease term of 12 months or less. In such cases, the Group recognises the lease payments in profit or loss on a straight-line basis over the lease term.

The Group expects that the transition adjustments to be made upon the initial adoption of HKFRS 16 will not be material.

CRICKET HONG KONG LIMITED
(Incorporated in Hong Kong and limited by guarantee)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

4. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared under the historical cost convention, unless mentioned otherwise in the accounting policies below.

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

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

(a) Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary made up to 30 June. Subsidiaries are entities over which the Group has control. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group has power over an entity when the Group has existing rights that give it the current ability to direct the relevant activities, i.e. activities that significantly affect the entity's returns.

When assessing control, the Group considers its potential voting rights as well as potential voting rights held by other parties. A potential voting right is considered only if the holder has the practical ability to exercise that right.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date the control ceases.

Intragroup transactions, balances and unrealised profits are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

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

CRICKET HONG KONG LIMITED
(Incorporated in Hong Kong and limited by guarantee)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Business combination and goodwill

The acquisition method is used to account for the acquisition of a subsidiary in a business combination. The consideration transferred in a business combination is measured at the acquisition-date fair value of the assets given, equity instruments issued, liabilities incurred and any contingent consideration. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received. Identifiable assets and liabilities of the subsidiary in the acquisition are measured at their acquisition-date fair values.

The excess of the sum of the consideration transferred over the Group's share of the net fair value of the subsidiary's identifiable assets and liabilities is recorded as goodwill. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the sum of the consideration transferred is recognised in consolidated profit or loss as a gain on bargain purchase which is attributed to the Group.

After initial recognition, goodwill is measured at cost less accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs") or groups of CGUs that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the Group at which the goodwill is monitored for internal management purposes. Goodwill impairment reviews are undertaken annually, or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to its recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(c) Foreign currency translation

Functional and presentation currency

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

CRICKET HONG KONG LIMITED
(Incorporated in Hong Kong and limited by guarantee)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Property, plant and equipment

Property, plant and equipment are stated in the consolidated statement of financial position at cost, less subsequent accumulated depreciation and subsequent 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 Group 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.

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:

Leasehold improvements	Unexpired term of lease
Ground equipment	25%
Office equipment	25%
Furniture and fixtures	25%
Computer equipment	25%

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

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in profit or loss.

(e) Operating leases

The Group as lessee

Leases that do not substantially transfer to the Group all the risks and rewards of ownership of assets are accounted for as operating leases. Lease payments (net of any incentives received from the lessor) are recognised as an expense on a straight-line basis over the lease term.

CRICKET HONG KONG LIMITED
(Incorporated in Hong Kong and limited by guarantee)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average basis. The cost of finished goods comprises all cost of purchase of cricket balls. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale.

(g) Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when the Group entity becomes a party to the contractual provisions of the instrument.

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 FVTPL are recognised immediately in profit or loss.

The Group 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 Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

The Group derecognises financial liabilities when, and only when, the Group'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.

CRICKET HONG KONG LIMITED
(Incorporated in Hong Kong and limited by guarantee)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) 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 instruments

Debt instruments held by the Group are classified at amortised cost as the instrument 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.

(i) Trade and other receivables

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

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

(j) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for ECL.

(k) Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability under HKFRSs. The accounting policy adopted for specific financial liabilities is set out below.

CRICKET HONG KONG LIMITED
(Incorporated in Hong Kong and limited by guarantee)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(l) 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.

(m) Revenue recognition

Revenue from the sale of cricket goods is recognised when the control of goods has transferred, being when the products are received by the customers. Revenue is recognised net of sales returns.

Revenue from member subscriptions is recognised when the performance obligation to provide membership services is satisfied over time as the members simultaneously receive and consume the benefits of the services provided by the Group as it performs.

Revenue from sponsorship, events, courses, development, ground and ground maintenance is recognised upon full delivery of the performances and services in accordance with the terms of the underlying agreement.

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

Policy prior to 1 July 2018

Revenue is measured at the fair value of the consideration received or receivable and is recognised when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably.

Revenue from the sales of goods are recognised on the transfer of significant risks and rewards of ownership, which generally coincides with the time when the goods are delivered and the title has passed to the customers.

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

CRICKET HONG KONG LIMITED
(Incorporated in Hong Kong and limited by guarantee)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) Revenue recognition (cont'd)

Subventions, affiliation fees, membership fees and playing fees relate to the playing season which is deemed to end on 31 May each year are accounted for on an accrual basis with income appropriately time apportioned.

Sponsorship income is recognised when the right to receive payment is established or in accordance with the terms of the underlying sponsorship agreement.

Other and sundry income are recognised in the period in which they become receivable.

Revenue from government grants is recognised in accordance with the policy set out in note 4(o) below.

(n) Employee benefits

(i) Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the end of the reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) Pension obligations

The Group contributes to defined contribution retirement schemes which are available to all employees. Contributions to the schemes by the Group and employees are calculated as a percentage of employees' basic salaries. The retirement benefit scheme cost charged to profit or loss represents contributions payable by the Group to the funds.

CRICKET HONG KONG LIMITED
(Incorporated in Hong Kong and limited by guarantee)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) Employee benefits (cont'd)

(iii) Termination benefits

Termination benefits are recognised at the earlier of the dates when the Group can no longer withdraw the offer of those benefits, and when the Group recognises restructuring costs and involves the payment of termination benefits.

(o) Government grants

A government grant is recognised when there is reasonable assurance that the Group will comply with the conditions attaching to it and that the grant will be received.

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

Government grants that become receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

(p) Taxation

Income tax expenses 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 of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

CRICKET HONG KONG LIMITED
(Incorporated in Hong Kong and limited by guarantee)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) Taxation (cont'd)

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 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 investments in subsidiaries except where the Group 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.

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 funds, in which case the deferred tax is also recognised in other comprehensive income or directly in funds.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Group 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 Group intends to settle its current tax assets and liabilities on a net basis.

CRICKET HONG KONG LIMITED
(Incorporated in Hong Kong and limited by guarantee)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(q) Impairment of non-financial assets

The carrying amounts of non-financial assets are reviewed at each reporting date for indications of impairment and where an asset is impaired, it is written down as an expense through the consolidated statement of profit or loss and other comprehensive income to its estimated recoverable amount. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, recoverable amount is determined for the CGU to which the asset belongs. Recoverable amount is the higher of value in use and the fair value less costs of disposal of the individual asset or the CGU.

Value in use is the present value of the estimated future cash flows of the asset / CGU. Present values are computed using pre-tax discount rates that reflect the time value of money and the risks specific to the asset / CGU whose impairment is being measured.

Impairment losses for CGU are allocated first against the goodwill of the unit and then pro rata amongst the other assets of the CGU. Subsequent increases in the recoverable amount caused by changes in estimates are credited to profit or loss to the extent that they reverse the impairment.

(r) Impairment of financial assets

The Group recognises a loss allowance for ECL on financial assets that are measured at amortised cost. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables. The ECL on these financial assets are estimated using a provision matrix based on the Group'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 direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group 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 Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

CRICKET HONG KONG LIMITED
(Incorporated in Hong Kong and limited by guarantee)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

Lifetime ECL represents the ECL 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 Group 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 Group 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 Group'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 Group'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.

CRICKET HONG KONG LIMITED
(Incorporated in Hong Kong and limited by guarantee)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

Significant increase in credit risk (cont'd)

Irrespective of the outcome of the above assessment, the Group 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 Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group 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 Group 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 are no past due amounts.

The Group 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.

CRICKET HONG KONG LIMITED
(Incorporated in Hong Kong and limited by guarantee)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

Definition of default

The Group 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 Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group 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.

CRICKET HONG KONG LIMITED
(Incorporated in Hong Kong and limited by guarantee)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

Write-off policy

The Group 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. Financial assets written off may still be subject to enforcement activities under the Group'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.

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

If the Group 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 Group 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 Group 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.

CRICKET HONG KONG LIMITED
(Incorporated in Hong Kong and limited by guarantee)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

Policy prior to 1 July 2018

At the end of each reporting period, the Group assesses whether its financial assets (other than those at fair value through profit or loss) are impaired, based on objective evidence that, as a result of one or more events that occurred after the initial recognition, the estimated future cash flows of the (group of) financial asset(s) have been affected.

In addition, for trade receivables that are assessed not to be impaired individually, the Group assesses them collectively for impairment, based on the Group's past experience of collecting payments, an increase in the delayed payments in the portfolio, observable changes in economic conditions that correlate with default on receivables, etc.

Only for trade receivables, the carrying amount is reduced through the use of an allowance account and subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For all other financial assets, the carrying amount is directly reduced by the impairment loss.

For financial assets measured at amortised cost, if the amount of the impairment loss decreases in a subsequent period and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed (either directly or by adjusting the allowance account for receivables) through profit or loss. However, the reversal must not result in a carrying amount that exceeds what the amortised cost of the financial asset would have been had the impairment not been recognised at the date the impairment is reversed.

(s) Provisions and contingent liabilities

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

CRICKET HONG KONG LIMITED
(Incorporated in Hong Kong and limited by guarantee)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(s) Provisions and contingent liabilities (cont'd)

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.

(t) Events after the reporting period

Events after the reporting period that provide additional information about the Group's position at the end of the reporting period or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the financial statements when material.

5. CRITICAL JUDGEMENT AND KEY ESTIMATES

Critical judgement in applying accounting policies

In the process of applying the accounting policies, the directors have made the following judgement that has the most significant effect on the amounts recognised in the consolidated financial statements (apart from those involving estimations, which are dealt with below).

Significant increase in credit risk

As explained in note 3, ECL are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. HKFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Group takes into account qualitative and quantitative reasonable and supportable forward-looking information.

CRICKET HONG KONG LIMITED
(Incorporated in Hong Kong and limited by guarantee)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

5. CRITICAL JUDGEMENT AND KEY ESTIMATES (CONT'D)

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.

(a) Property, plant and equipment and depreciation

The Group determines the estimated useful lives, residual values and related depreciation charges for the Group's property, plant and equipment. This estimate is based on the historical experience of the actual useful lives and residual values of property, plant and equipment of similar nature and functions. The Group will revise the depreciation charge where useful lives and residual values are different to those previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned.

The carrying amount of property, plant and equipment as at 30 June 2019 was HK\$298,854 (30 June 2018: HK\$368,820).

(b) Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating unit to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. The carrying amount of goodwill at the end of the reporting period was nil after an impairment loss of HK\$14,288,673 was recognised during the year. Details of the impairment loss calculation are provided in note 13 to the consolidated financial statements.

(c) Provision of government rates of cricket ground in Gin Drinker Bay

The Group is subject to government rates for the use of lands. Significant estimate is required in determining the government rates of cricket ground in Gin Drinkers Bay of which no assessment has yet been issued by the Government. The provision is calculated based on the ratable value of a land of similar use and the Group takes into account the area and district of such land making the estimation. During the year, a provision of government rates of HK\$408,000 was charged to profit or loss (period from 1.1.2017 to 30.6.2018: HK\$Nil).

CRICKET HONG KONG LIMITED
(Incorporated in Hong Kong and limited by guarantee)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

6. FINANCIAL RISK MANAGEMENT

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

(a) Foreign currency risk

The Group has minimal exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in HK\$.

(b) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities, including deposits with banks and financial institutions and other financial instruments. The Group's exposure to credit risk arising from cash and cash equivalents is limited because the counterparties are banks and financial institutions with high credit-rating assigned by international credit-rating agencies, for which the Group considers to have low credit risk.

Financial assets at amortised cost

All of the Group's financial assets at amortised cost are considered to have low credit risk, and the loss allowance recognised during the period, if any, was therefore limited to 12-month expected losses.

CRICKET HONG KONG LIMITED
(Incorporated in Hong Kong and limited by guarantee)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

6. FINANCIAL RISK MANAGEMENT (CONT'D)

(c) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements and maintain sufficient bank and cash balances and availability of funding from international cricket organisations and subvention from the government so as to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term. In the opinion of the directors of the Group does not have significant liquidity risk.

The maturity of all the Group's financial liabilities at the end of reporting period is less than one year.

(d) Categories of financial instruments at 30 June 2019

	<u>2019</u> HK\$	<u>2018</u> HK\$
Financial assets:		
Financial assets measured at amortised cost	5,269,679	-
Loans and receivables	<u>-</u>	<u>5,813,829</u>
Financial liabilities:		
Financial liabilities at amortised cost	<u>2,817,676</u>	<u>2,852,093</u>

(e) Fair values

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

CRICKET HONG KONG LIMITED
(Incorporated in Hong Kong and limited by guarantee)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

7. REVENUE AND OTHER INCOME

Disaggregation of revenue

	Year ended 30.6.2019 HK\$	Period from 1.1.2017 to 30.6.2018 HK\$
Revenue from contracts with customers within the scope of HKFRS 15		
Sales of cricket goods	367,075	468,105
Domestic competition fees	876,800	1,131,379
Sponsorship and event income	241,216	747,223
Development program course income	330,698	356,184
Coaching and officials course income	7,500	-
Other development income	61,390	26,555
Ground income from Gin Drinkers Bay	5,700	-
Ground maintenance income	452,000	2,160,000
Member subscriptions	299,240	372,590
	<u>2,641,619</u>	<u>5,262,036</u>
Revenue from other sources		
Grants - Hong Kong SAR Government	7,861,703	9,505,990
- International Cricket Council	9,783,080	18,490,392
- Asian Cricket Council	3,862,770	126,454
Donations	142,266	133,306
Sundry income	443,275	1,351,616
	<u>22,093,094</u>	<u>29,607,758</u>
	<u><u>24,734,713</u></u>	<u><u>34,869,794</u></u>

Apart from revenue from the member subscriptions which is derived over time, the Group derives the revenue at a point in time. All revenues are derived in Hong Kong.

The Group has initially applied HKFRS 15 using the cumulative effect method. Under this method, the comparative information is not restated and was prepared in accordance with HKAS 18.

CRICKET HONG KONG LIMITED
(Incorporated in Hong Kong and limited by guarantee)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

7. REVENUE AND OTHER INCOME (CONT'D)

Disaggregation of revenue (cont'd)

The other income is as follows:

	Year ended 30.6.2019 HK\$	Period from 1.1.2017 to 30.6.2018 HK\$
Gain on disposal of property, plant and equipment	<u>-</u>	<u>4,681</u>

8. DIRECT COSTS

	Year ended 30.6.2019 HK\$	Period from 1.1.2017 to 30.6.2018 HK\$
Representative squad costs (Note 8.1)	10,547,829	13,451,257
Ground expenditure (Note 8.2)	1,682,597	9,104,073
Domestic competition expenditure (Note 8.3)	1,023,184	1,526,139
Cost of cricket goods sold	341,867	446,183
Event and tournament expenditure - Hong Kong (Note 8.4)	871,347	1,895,788
Cricket development expenditure (Note 8.5)	<u>1,918,335</u>	<u>3,332,963</u>
	<u>16,385,159</u>	<u>29,756,403</u>

CRICKET HONG KONG LIMITED
(Incorporated in Hong Kong and limited by guarantee)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

8. DIRECT COSTS (CONT'D)

8.1 Representative squad costs

	Year ended <u>30.6.2019</u> HK\$	Period from 1.1.2017 to <u>30.6.2018</u> HK\$
Player allowances	2,683,876	2,864,612
Travel expenses	2,116,216	1,368,177
Insurance	125,706	145,085
Kit, clothing and laundry expenses	172,567	518,128
National squad inventory reserve	-	39,781
Medical and physiotherapy	429,230	608,916
Accommodation and meals	418,877	950,373
Meals, refreshments and supplements	38,226	19,802
Coaching and equipment expenses	836,165	1,229,617
Functions and entertainment	7,401	52,882
Ground hire expenses	22,680	47,499
Ground officials	19,814	84,843
Match cost and participation fee	47,284	426,208
Promotion and marketing expenses	50,121	5,525
Staff costs	3,520,252	4,977,850
Sundry expenses	59,414	111,959
	<u>10,547,829</u>	<u>13,451,257</u>

8.2 Ground expenditure

	Year ended <u>30.6.2019</u> HK\$	Period from 1.1.2017 to <u>30.6.2018</u> HK\$
Ground maintenance		
Mission Road maintenance expenditure	94,369	1,904,332
PKVR Reservoir maintenance expenditure	358,010	600,226
Gin Drinkers Bay maintenance expenditure (Note (i))	1,230,218	-
Ground development		
Gin Drinkers Bay development expenditure (Note (i))	-	6,599,515
	<u>1,682,597</u>	<u>9,104,073</u>

CRICKET HONG KONG LIMITED
(Incorporated in Hong Kong and limited by guarantee)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

8. DIRECT COSTS (CONT'D)

8.2 Ground expenditure (cont'd)

Note:

- (i) The Group had received HK\$3,000,000 from the Sir David Trench Fund during the year recognised as other income to compensate the total development cost of the cricket facility at Gin Drinkers Bay Landfill, which is leased from the Hong Kong Environment Protection Department.

The above lease expires on 23 March 2022. The ground finished development and was put in use during the year.

8.3 Domestic competition expenditure

	Year ended <u>30.6.2019</u> HK\$	Period from 1.1.2017 to <u>30.6.2018</u> HK\$
Ground hire expenses	119,844	71,234
Umpire expenses	317,300	420,032
Equipment expenses	77,474	56,875
Insurance expenses	5,595	14,498
Meeting, food and refreshments	2,463	13,952
Trophies, medals and publicity	21,991	72,728
Staff costs	420,199	835,149
Sundry expenses	58,318	41,671
	<u>1,023,184</u>	<u>1,526,139</u>

CRICKET HONG KONG LIMITED
(Incorporated in Hong Kong and limited by guarantee)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

8. DIRECT COSTS (CONT'D)

8.4 Event and tournament expenditure - Hong Kong

	Year ended <u>30.6.2019</u> HK\$	Period from 1.1.2017 to <u>30.6.2018</u> HK\$
The Company		
ICC I-Cup and WCLC	-	1,720,755
East Asia Cup	228,987	175,033
South China Cup	176,108	-
West Pacific Cup	220,409	-
China Cricket International Limited		
Hong Kong T20 Blitz 2018	82,623	-
Hong Kong T20 Blitz 2019	21,600	-
Hong Kong Sixes 2017	9,620	-
Hong Kong World Sixes 2018	132,000	-
	<u>871,347</u>	<u>1,895,788</u>

8.5 Cricket development expenditure

	Year ended <u>30.6.2019</u> HK\$	Period from 1.1.2017 to <u>30.6.2018</u> HK\$
Schools, tertiary and community development activities	<u>1,918,335</u>	<u>3,332,963</u>

CRICKET HONG KONG LIMITED
(Incorporated in Hong Kong and limited by guarantee)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

9. ADMINISTRATIVE EXPENSES

	Year ended 30.6.2019 HK\$	Period from 1.1.2017 to 30.6.2018 HK\$
Accounting and bookkeeping fees	32,000	21,000
Auditor's remuneration	100,000	95,000
Bank charges	3,527	3,959
Depreciation	157,366	258,732
Impairment loss on amount due from a related company	-	10,252,487
Insurance	54,784	77,310
Local meeting, hospitality and entertainment	102,563	271,361
Office expenditure	120,074	179,146
Overseas meetings, accommodation and travel	123,521	175,895
Operating lease charges (Note (a))	-	-
Promotional and marketing expenses	477,367	108,124
Staff costs (excluding coaches) (Note 11)	3,658,882	5,487,225
Sundry expenses	336,671	299,276
Governance reform	190,567	422,718
	<u>5,357,322</u>	<u>17,652,233</u>

Note:

- (a) The Group rented the office premises and sports venues from the management office of Olympic House Limited and the Government of Hong Kong respectively. According to the agreement, the management office and the Government waived the rental expenses and venue charges of HK\$143,440 and HK\$155,532 for the year respectively (period from 1.1.2017 to 30.6.2018: HK\$176,720 and HK\$156,004).

CRICKET HONG KONG LIMITED
(Incorporated in Hong Kong and limited by guarantee)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

10. INCOME TAX EXPENSE

No provision for Hong Kong Profits Tax is required since the Group has no assessable profit for the year (period from 1.1.2017 to 30.6.2018: Nil).

The reconciliation between the income tax expense and the product of surplus/(deficit) before tax multiplied by the Hong Kong Profits Tax rate is as follows:

	Year ended 30.6.2019 HK\$	Period from 1.1.2017 to 30.6.2018 HK\$
Surplus/(deficit) before tax	<u>1,609,027</u>	<u>(12,534,161)</u>
Tax at the Hong Kong Profits Tax rate of 16.5% (period from 1.1.2017 to 30.6.2018: 16.5%)	265,489	(2,068,137)
Tax effect of income that is not taxable	(4,385,092)	(3,071,780)
Tax effect of expenses that are not deductible	2,361,756	1,691,660
Tax effect of temporary differences not recognised	7,139	(9,108)
Tax effect of tax losses not recognised	<u>1,750,708</u>	<u>3,457,365</u>
Income tax expense	<u>-</u>	<u>-</u>

At the end of reporting period the Group has unused tax losses of HK\$104,131,387 (30 June 2018: HK\$78,920,962) available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams. Tax losses may be carried forward indefinitely.

CRICKET HONG KONG LIMITED
(Incorporated in Hong Kong and limited by guarantee)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

11. EMPLOYEE BENEFITS EXPENSE

	Year ended 30.6.2019 HK\$	Period from 1.1.2017 to 30.6.2018 HK\$
Salaries, wages, bonuses and allowances (Note)	9,411,262	14,882,751
Staff quarters	93,600	137,050
Retirement benefit scheme contributions	309,181	476,904
	<u>9,814,043</u>	<u>15,496,705</u>

Note: None of the directors or members of the Executive Committee received or will receive any fees or emoluments in respect of services provided to the Group during the year (period from 1.1.2017 to 30.6.2018: Nil).

12. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK\$	Ground equipment HK\$	Office equipment HK\$	Furniture and fixtures HK\$	Computer equipment HK\$	Total HK\$
Cost						
At 1 January 2017	3,110,372	1,188,496	461,795	138,192	-	4,898,855
Additions	37,100	223,399	-	18,890	93,682	373,071
Disposals	-	(40,125)	-	-	-	(40,125)
At 30 June 2018 and 1 July 2018	3,147,472	1,371,770	461,795	157,082	93,682	5,231,801
Additions	-	40,570	18,260	-	28,300	87,130
At 30 June 2019	3,147,472	1,412,340	480,055	157,082	121,982	5,318,931
Accumulated depreciation						
At 1 January 2017	3,056,240	1,068,980	371,186	124,562	-	4,620,968
Charge for the period	63,407	119,368	45,511	12,711	17,735	258,732
Disposals	-	(16,719)	-	-	-	(16,719)
At 30 June 2018 and 1 July 2018	3,119,647	1,171,629	416,697	137,273	17,735	4,862,981
Charge for the year	9,275	84,133	30,335	7,844	25,779	157,366
At 30 June 2019	3,128,922	1,255,762	447,032	145,117	43,514	5,020,347
Carrying amount						
At 30 June 2019	<u>18,550</u>	<u>156,578</u>	<u>33,023</u>	<u>11,965</u>	<u>78,468</u>	<u>298,584</u>
At 30 June 2018	<u>27,825</u>	<u>200,141</u>	<u>45,098</u>	<u>19,809</u>	<u>75,947</u>	<u>368,820</u>

CRICKET HONG KONG LIMITED
(Incorporated in Hong Kong and limited by guarantee)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

13. GOODWILL

	<u>2019</u> HK\$
Cost	
At 1 July 2018	-
Arising on acquisition of a subsidiary (note 20)	<u>14,288,673</u>
At 30 June 2019	<u>14,288,673</u>
Accumulated impairment losses	
At 1 July 2018	-
Impairment loss recognised in the current year	<u>14,288,673</u>
At 30 June 2019	<u>14,288,673</u>
Carrying amount	
At 30 June 2019	<u><u>-</u></u>

Goodwill acquired in a business combination is allocated, at acquisition, to the CGU that are expected to benefit from that business combination. The carrying amount of goodwill had been allocated to the operation of international cricket tournaments and activities of the single CGU, i.e., China Cricket International Limited ("CCIL").

The recoverable amount of the CGU have been determined on the basis of the value in use using discount cash flow method. The Group prepares cash flow forecasts derived from the most recent financial budgets approved by the directors for the next five years. The Group estimated the revenue of CCIL is nil based on the most recent budgets as CCIL had not yet confirmed any tournament in the coming years. Accordingly, the recoverable amount of the CGU was nil and a full impairment of HK\$14,288,673 was recognised upon the acquisition of CCIL.

CRICKET HONG KONG LIMITED
(Incorporated in Hong Kong and limited by guarantee)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

14. INVESTMENT IN A SUBSIDIARY

	<u>2019</u> HK\$	<u>2018</u> HK\$
Unlisted investment, at cost	1,000	-
Provision for impairment	<u>(1,000)</u>	<u>-</u>
	<u>-</u>	<u>-</u>

Particulars of the subsidiary as at 30 June 2019 are as follows:

Name	Place of incorporation/ operation	Registered capital	Percentage of ownership/ interest/voting power/ profit sharing Direct	Principal activity
CCIL	Hong Kong	HK\$1,000	100%	Organise and promote cricket activities in Hong Kong

15. INVENTORIES

	<u>2019</u> HK\$	<u>2018</u> HK\$
Cricket balls	<u>141,911</u>	<u>163,361</u>

The cost of inventories recognised as an expense and included in direct costs amounted to HK\$341,867 (period from 1.1.2017 to 30.6.2018: HK\$446,183). All of the inventories are expected to be recovered within one year.

16. TRADE AND OTHER RECEIVABLES

	<u>2019</u> HK\$	<u>2018</u> HK\$
Trade receivables	533,055	842,932
Deposits	43,950	101,500
Other receivables	40,690	210,689
Prepayments	<u>296,412</u>	<u>207,295</u>
	<u>914,107</u>	<u>1,362,416</u>

CRICKET HONG KONG LIMITED
(Incorporated in Hong Kong and limited by guarantee)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

16. TRADE AND OTHER RECEIVABLES (CONT'D)

As of 30 June 2019, trade receivables of HK\$316,323 (2018: HK\$261,271) were past due but not impaired. These relate to a number of independent debtors for whom there is no recent history of default. The ageing analysis of trade receivables is as follows:

	<u>2019</u> HK\$	<u>2018</u> HK\$
Up to 3 months	178,298	201,625
3 - 6 months	88,025	32,646
6 - 12 months	22,000	27,000
Over 12 months	<u>28,000</u>	<u>-</u>
	<u><u>316,323</u></u>	<u><u>261,271</u></u>

17. AMOUNT DUE FROM A SUBSIDIARY / A RELATED COMPANY

	<u>2019</u> HK\$	<u>2018</u> HK\$
Amount due from CCIL (Note i)	13,538,220	12,930,468
Less: Allowance for impairment (Note ii)	<u>(13,538,220)</u>	<u>(12,930,468)</u>
	<u><u>-</u></u>	<u><u>-</u></u>

Notes:

- (i) The amount is due from CCIL and is unsecured, interest-free and repayable on demand. CCIL became a wholly-owned subsidiary of the Company on 4 September 2018. The amount was reclassified as amount due from subsidiary upon the acquisition and was eliminated in the consolidated financial statements.

CRICKET HONG KONG LIMITED
(Incorporated in Hong Kong and limited by guarantee)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

17. AMOUNT DUE FROM A SUBSIDIARY / A RELATED COMPANY (CONT'D)

Notes: (cont'd)

(ii) Movements in the allowance for impairment:

	Year ended 30.6.2019 HK\$	Period from 1.1.2017 to 30.6.2018 HK\$
At beginning of year/period	12,930,468	2,677,981
Impairment losses recognised	<u>607,752</u>	<u>10,252,487</u>
At end of year/period	<u><u>13,538,220</u></u>	<u><u>12,930,468</u></u>

18. DEFERRED INCOME

	2019 HK\$	2018 HK\$
Affiliation income	-	2,535,009
Membership fees	27,380	-
Sponsorship income	<u>417,000</u>	<u>-</u>
	<u><u>444,380</u></u>	<u><u>2,535,009</u></u>

All of the deferred income is expected to be recognised as income within one year.

CRICKET HONG KONG LIMITED
(Incorporated in Hong Kong and limited by guarantee)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

19. STATEMENT OF FINANCIAL POSITION AND MOVEMENT OF FUNDS OF THE COMPANY

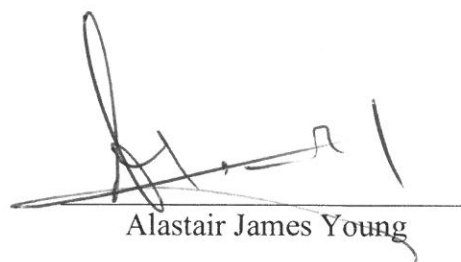
(a) Statement of financial position of the Company

		At 30 June	
	Note	2019	2018
		HK\$	HK\$
NON-CURRENT ASSETS			
Property, plant and equipment		298,584	368,820
Investment in a subsidiary	14	-	-
		298,584	368,820
CURRENT ASSETS			
Inventories		141,911	163,361
Trade and other receivables		914,107	1,362,416
Amount due from a related company		-	-
Amount due from a subsidiary		-	-
Bank and cash balances		4,590,663	4,658,708
		5,646,681	6,184,485
CURRENT LIABILITIES			
Accruals and other payables		2,150,759	2,882,793
Deferred income		27,380	2,535,009
		2,178,139	5,417,802
NET CURRENT ASSETS		3,468,542	766,683
NET ASSETS		3,767,126	1,135,503
FUNDS			
Cricket facilities fund		1,315,811	-
General reserve fund		2,451,315	1,135,503
TOTAL EQUITY		3,767,126	1,135,503

Approved by the Board of Directors on 23 January 2020 and signed on its behalf by:



Anthony John Melloy



Alastair James Young

CRICKET HONG KONG LIMITED
(Incorporated in Hong Kong and limited by guarantee)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

19. STATEMENT OF FINANCIAL POSITION AND MOVEMENT OF FUNDS OF THE COMPANY (CONT'D)

(b) Movement of funds of the Company

	Cricket Facilities Fund	General Reserve Fund	Total
	HK\$	HK\$	HK\$
At 1 January 2017	7,518,954	6,150,710	13,669,664
Deficit and total comprehensive income for the period	(7,518,954)	(5,015,207)	(12,534,161)
At 30 June 2018 and 1 July 2018	-	1,135,503	1,135,503
Surplus and total comprehensive income for the year	1,315,811	1,315,812	2,631,623
At 30 June 2019	<u>1,315,811</u>	<u>2,451,315</u>	<u>3,767,126</u>

20. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Acquisition of a subsidiary

On 4 September 2018, the Group acquired 100% of the issued share capital of CCIL for a total consideration of HK\$1,000. CCIL was engaged in organisation and promotion of cricket activities in Hong Kong. The acquisition was made to ensure a single approach to the governance and management of all cricket activities in Hong Kong.

CRICKET HONG KONG LIMITED
(Incorporated in Hong Kong and limited by guarantee)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

20. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (CONT'D)

Acquisition of a subsidiary (cont'd)

The fair value of the identifiable assets and liabilities of CCIL acquired as at the date of acquisition are as follows:

	CCIL HK\$
Net liabilities acquired:	
Bank and cash balances	469
Accruals and other payables	(967,512)
Deferred income	(317,000)
Amount due to a related company	(13,003,630)
	(14,287,673)
Goodwill	14,288,673
	<u>1,000</u>
Satisfied by:	
Deposit paid for acquisition in prior year	<u>1,000</u>
Net cash inflow arising on acquisition:	
Cash and cash equivalents acquired	<u>469</u>

There are no acquisition-related costs charged to the consolidated statement of profit or loss and other comprehensive income for the year ended 30 June 2019.

The goodwill arising on the acquisition of CCIL is attributable to anticipated recoverable from the business combination.

For the period from the date of acquisition to 30 June 2019, there was no revenue contributed by CCIL to the Group's revenue and CCIL contributed approximately HK\$273,143 to the Group's loss.

CRICKET HONG KONG LIMITED
(Incorporated in Hong Kong and limited by guarantee)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

20. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (CONT'D)

Acquisition of a subsidiary (cont'd)

If the acquisition had been completed on 1 July 2018, total Group revenue for the year ended 30 June 2019 would have been HK\$24,734,713 and surplus for the year would have been HK\$1,608,747.

21. LEASE COMMITMENTS

At 30 June 2019 the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	<u>2019</u> HK\$	<u>2018</u> HK\$
Within one year	85,800	93,600
In the second to fifth years inclusive	<u>-</u>	<u>85,800</u>
	<u>85,800</u>	<u>179,400</u>

Operating lease payments represent rentals payable by the Group for certain of staff quarters. Leases are negotiated for an average term of two years and rentals are fixed over the lease terms and do not include contingent rentals.

22. FUNDS

Cricket Facilities Fund

The Cricket Facilities Fund is intended to finance the future development of cricket facilities such as the establishment of new grounds, renewal of existing grounds and the establishment and renewal of practice facilities. Transfers from this fund require the approval, by simple majority of the Directors.

General Reserve Fund

The General Reserve Fund will, for the foreseeable future, finance extraordinary operating expenditure not covered by current period revenue. Transfers from this fund require the approval, by simple majority of the Directors.

CRICKET HONG KONG LIMITED
(Incorporated in Hong Kong and limited by guarantee)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

23. CORPORATE STRUCTURE AND LEGAL STATUS

The Group is limited by guarantee and does not have a share capital. Under the provisions of the Group's articles of association, every member shall, in the event of the Group being wound up, contribute to the assets of the Group to the extent of HK\$100.

24. RELATED PARTY TRANSACTIONS

In addition to those related party transactions and balances disclosed elsewhere in the financial statements, the Group had the following transactions with CCIL, a related company, during the year:

	Year ended <u>30.6.2019</u> HK\$	Period from 1.1.2017 to <u>30.6.2018</u> HK\$
(Reversal of)/ impairment on amount due from a related company	<u>(607,752)</u>	<u>10,252,487</u>

In prior period, there has been a common directorship of the Company and CCIL in so far as John Antony Cribbin, Rodney James Miles and Jonathan Charles Cummings are concerned.

CRICKET HONG KONG LIMITED
(Incorporated in Hong Kong and limited by guarantee)
DETAILED INCOME STATEMENT - COMPANY
FOR THE YEAR ENDED 30 JUNE 2019
 (for management purposes only)

	Year ended 30.6.2019 HK\$	Period from 1.1.2017 to 30.6.2018 HK\$
REVENUE	24,734,713	34,869,794
DIRECT COSTS	(16,139,316)	(29,756,403)
GROSS PROFIT	8,595,397	5,113,391
Gain on disposal of property, plant and equipment	-	4,681
Impairment loss on amount due from a subsidiary	(607,752)	-
Impairment loss on investment in a subsidiary	(1,000)	-
Impairment loss on trade receivables	(25,000)	-
	7,961,645	5,118,072
ADMINISTRATIVE EXPENSES (Appendix ii)	(5,330,022)	(17,652,233)
SURPLUS/(DEFICIT) BEFORE TAX	2,631,623	(12,534,161)

CRICKET HONG KONG LIMITED
(Incorporated in Hong Kong and limited by guarantee)
ADMINISTRATIVE EXPENSES - COMPANY
FOR THE YEAR ENDED 30 JUNE 2019
 (for management purposes only)

	Year ended 30.6.2019 HK\$	Period from 1.1.2017 to 30.6.2018 HK\$
ADMINISTRATIVE EXPENSES		
Accounting and bookkeeping fees	32,000	21,000
Auditor's remuneration	80,000	95,000
Bank charges	2,187	3,959
Depreciation	157,366	258,732
Governance reform	190,566	422,718
Impairment loss on amount due from a related company	-	10,252,487
Insurance	54,784	77,310
Local meeting, hospitality and entertainment		
- AGM and annual dinner	-	131,729
- Meeting- Hospitality	101,905	139,632
Office expenditure	120,074	179,146
Overseas meeting, accommodation and travel		
- Overseas meeting	123,522	175,896
Promotional and marketing expenses	477,367	108,123
Staff costs	3,658,882	5,487,225
Sundry expenses		
- Legal and professional fee	200,612	259,898
- Sundry expenses	119,860	23,745
- Telephone and facsimile	10,897	15,633
	<u>5,330,022</u>	<u>17,652,233</u>