

ROYAL ASCOT
RESIDENTIAL CAR PARK MANAGEMENT FUND
AUDITED FINANCIAL STATEMENTS
31 DECEMBER 2019

ROYAL ASCOT - RESIDENTIAL CAR PARK MANAGEMENT FUND
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

CONTENTS

	<u>Pages</u>
Independent Auditor's Report	1-2
Statement of Comprehensive Income	3
Statement of Financial Position	4
Statement of Changes in Funds	5
Statement of Cash Flows	6
Notes to the Financial Statements	7-16

(EXPRESSED IN HONG KONG DOLLARS)

INDEPENDENT AUDITOR'S REPORT



TO THE OWNER OF THE RESIDENTIAL CAR PARK MANAGEMENT FUND OF ROYAL ASCOT ('THE FUND')

OPINION

We have audited the financial statements of the Fund set out on pages 3 to 16, which comprise statement of financial position as at 31 December 2019, and the statement of comprehensive income, statement of changes in owners' funds and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund 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.

RESPONSIBILITIES OF MANAGEMENT AGENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

The Building Management Ordinance and Deed of Mutual Covenant require the Management Agent to prepare financial statements which give a true and fair view of the financial transactions and financial position of the Fund. Accordingly, the Management Agent is responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA, and for such internal control as the Management Agent determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management Agent is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with Section 27 of the Building Management Ordinance and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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

INDEPENDENT AUDITOR'S REPORT (CONT'D)



AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (Cont'd)

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management Agent.
- Conclude on the appropriateness of the Management Agent's 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 Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.


C & T ASSOCIATES CPA LIMITED

Certified Public Accountants

Ellen Tsang Fung Chu

Practising Certificate Number: P02576

10/F Chiu Lung Building

25 Chiu Lung Street

Central

Hong Kong

14 DEC 2020

ROYAL ASCOT - RESIDENTIAL CAR PARK MANAGEMENT FUND

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2019

	<i>Note</i>	General fund <u>HK\$</u>	2019 Building fund <u>HK\$</u>	Total <u>HK\$</u>	General fund <u>HK\$</u>	2018 Building fund <u>HK\$</u>	Total <u>HK\$</u>
Income							
Management fee income		6,565,440	---	6,565,440	6,096,480	---	6,096,480
Hourly carpark income		280	---	280	420	---	420
Licence fee income		69,674	---	69,674	69,674	---	69,674
Interest income		155,588	45,702	201,290	59,858	22,184	82,042
Sundry income		163,500	---	163,500	93,277	---	93,277
		<u>6,954,482</u>	<u>45,702</u>	<u>7,000,184</u>	<u>6,319,709</u>	<u>22,184</u>	<u>6,341,893</u>
Expenditure							
Salaries and allowances		1,087,408	---	1,087,408	1,015,448	---	1,015,448
Staff welfare		2,390	---	2,390	3,100	---	3,100
Uniform		6,861	---	6,861	4,821	---	4,821
Cleaning		1,023,908	---	1,023,908	933,194	---	933,194
Electricity		1,553,309	---	1,553,309	1,599,324	---	1,599,324
Water charges		8,527	---	8,527	6,788	---	6,788
Repairs and maintenance							
Plumbing and drainage		(10,440)	---	(10,440)	189,280	---	189,280
Electrical facilities		60,315	---	60,315	3,304	---	3,304
Fire service and equipment		240,883	---	240,883	22,074	---	22,074
Security system		(48,290)	---	(48,290)	13,559	---	13,559
Building structure and equipment		63,697	---	63,697	183,567	---	183,567
Public facilities		11,986	---	11,986	(12,998)	---	(12,998)
Insurance		99,429	---	99,429	36,582	---	36,582
Professional fee and bank charges		20,338	---	20,338	17,237	---	17,237
Auditor's remuneration		8,250	---	8,250	8,250	---	8,250
Headquarter expenses		24,324	---	24,324	23,388	---	23,388
Management office expenses		1,777	---	1,777	77	---	77
Stationery and printing		6,582	---	6,582	3,699	---	3,699
Share of development pool expenses	5	709,972	---	709,972	642,121	---	642,121
Manager's remuneration							
- General Fund	4	341,244	---	341,244	329,042	---	329,042
Manager's remuneration							
- Building Fund	4	---	350	350	---	3,799	3,799
Property tax	3(k)	8,141	---	8,141	8,222	---	8,222
Provision for typhoon loss		4,700	---	4,700	---	---	---
Building fund utilized		---	6,998	6,998	---	75,973	75,973
		<u>5,225,311</u>	<u>7,348</u>	<u>5,232,659</u>	<u>5,030,079</u>	<u>79,772</u>	<u>5,109,851</u>
Surplus and total comprehensive income/ (loss) for the year							
		1,729,171	38,354	1,767,525	1,289,630	(57,588)	1,232,042
Management fund at beginning of the year							
		6,714,891	2,654,476	9,369,367	5,425,261	2,712,064	8,137,325
Management fund at end of the year							
		<u>8,444,062</u>	<u>2,692,830</u>	<u>11,136,892</u>	<u>6,714,891</u>	<u>2,654,476</u>	<u>9,369,367</u>

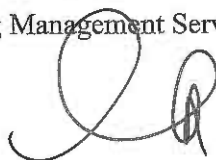
The accompanying notes form part of these financial statements

ROYAL ASCOT - RESIDENTIAL CAR PARK MANAGEMENT FUND
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	<i>Note</i>	2019 <u>HK\$</u>	2018 <u>HK\$</u>
Non-current assets			
Utility and other deposits		<u>374</u>	<u>374</u>
Current assets			
Amount due from Management Agent	6	534,687	336,409
Cash and cash equivalents held by manager	7	6,949,049	6,753,379
Management fee receivable		33,620	42,786
Prepayments		13,305	9,554
Temporary payments		153,611	310,587
Cash and cash equivalents		<u>5,888,892</u>	<u>4,321,890</u>
		<u>13,573,164</u>	<u>11,774,605</u>
Current liabilities			
Accounts payable and accruals		1,100,634	1,079,446
Refundable tenants' deposits		85,059	88,044
Contract liabilities from management fee received in advance	3(j)	59,429	55,758
Temporary receipts		12,550	12,550
Tax payable	3(k)	6,126	6,174
Provision for typhoon loss		9,208	---
		<u>1,273,006</u>	<u>1,241,972</u>
Net current assets		<u>12,300,158</u>	<u>10,532,633</u>
Total assets less current liabilities		<u>12,300,532</u>	<u>10,533,007</u>
Non-current liability			
Management fee deposits	9	1,163,640	1,163,640
Net assets		<u>11,136,892</u>	<u>9,369,367</u>
Management fund			
General fund	10	8,444,062	6,714,891
Building fund	11	2,692,830	2,654,476
		<u>11,136,892</u>	<u>9,369,367</u>

Approved by the Management Agent on 14 December 2020

For and on behalf of
Kai Shing Management Services Limited



Management Agent

The accompanying notes form part of these financial statements

ROYAL ASCOT - RESIDENTIAL CAR PARK MANAGEMENT FUND
 STATEMENT OF CHANGES IN FUNDS
 FOR THE YEAR ENDED 31 DECEMBER 2019

	General fund <u>HK\$</u>	Building fund <u>HK\$</u>	Total <u>HK\$</u>
Balance at 1 January 2018	5,425,261	2,712,064	8,137,325
Total comprehensive income/(loss) for the year	<u>1,289,630</u>	<u>(57,588)</u>	<u>1,232,042</u>
Balance at 31 December 2018 and 1 January 2019	6,714,891	2,654,476	9,369,367
Total comprehensive income for the year	<u>1,729,171</u>	<u>38,354</u>	<u>1,767,525</u>
Balance at 31 December 2019	<u>8,444,062</u>	<u>2,692,830</u>	<u>11,136,892</u>

ROYAL ASCOT - RESIDENTIAL CAR PARK MANAGEMENT FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019

	2019	2018
	<u>HK\$</u>	<u>HK\$</u>
Operating activities		
Surplus and total comprehensive income for the year	1,767,525	1,232,042
Adjustments for:		
Interest income	(201,290)	(82,042)
Operating surplus before changes in working capital	1,566,235	1,150,000
Increase in amount due from Management Agent	(198,278)	(181,206)
Decrease in amount due from Intra Properties	---	578,417
Increase in cash and cash equivalents held by Manager	(195,670)	(80,336)
Decrease/(increase) in management fee receivable	9,166	(5,751)
(Increase)/decrease in prepayments	(3,751)	28,431
Decrease/(increase) in temporary payments	156,976	(57,816)
Increase/(decrease) in accounts payable and accruals	21,188	(98,923)
(Decrease)/increase in refundable tenants' deposits	(2,985)	841
Increase in contract liabilities from management fee received in advance	3,671	29,267
Decrease in tax payable	(48)	(3,614)
Increase in provision for typhoon loss	9,208	---
Net cash generated from operating activities	1,365,712	1,359,310
Investing activity		
Interest received	201,290	82,042
Net cash generated from investing activity	201,290	82,042
Net increase in cash and cash equivalents	1,567,002	1,441,352
Cash and cash equivalents at beginning of the year	4,321,890	2,880,538
Cash and cash equivalents at end of the year	5,888,892	4,321,890

ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS

	2019	2018
	<u>HK\$</u>	<u>HK\$</u>
Cash at banks and on site	5,888,892	4,321,890

ROYAL ASCOT - RESIDENTIAL CAR PARK MANAGEMENT FUND

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

1. GENERAL

Royal Ascot - Residential Car Park ('Fund') is managed by Royal Ascot Management Company Limited, (the 'Manager'), in accordance with a Deed of Mutual Covenant dated 18 November 1995. Pursuant to a management agreement, the Manager appointed Kai Shing Management Services Limited, the ('Management Agent'), to undertake the management of Royal Ascot. Royal Ascot is situated at 1 Tsun King Road, Shatin.

These financial statements reflected the financial transactions and financial position of the Residential Car Park of Royal Ascot administered by the Management Agent. Other than these accounts are not included in these financial statements.

2. ADOPTION OF NEW AND REVISED FINANCIAL REPORTING STANDARDS

The Management Agent has adopted all the new or revised standards, amendments and interpretations (herein collectively referred to as HKFRSs) issued by the Hong Kong Institute of Certified Public Accountants (HKICPA) that are effective for the current accounting period. The adoption of these new standards has not had any significant effect on the accounting policies or result and financial position of the Fund.

In addition, the HKICPA has issued a number of new or revised HKFRSs but are not yet effective, and the Management Agent has not early adopted in these financial statements.

The Management Agent is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, the Management Agent has concluded that while the adoption of the new or revised HKFRSs, may result in new or amended disclosure, these are unlikely to have a significant impact on the Residential Car Park of Royal Ascot's result of operations and financial position.

3. BASIS OF PREPARATION AND ACCOUNTING POLICIES

(a) *Basis of preparation*

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (HKFRSs), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (HKASs) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (HKICPA) and accounting principles generally accepted in Hong Kong. A summary of the significant accounting policies adopted by the Fund is set out below.

The measurement basis used in the preparation of the financial statements is historical cost convention.

The preparation of financial statements in conformity with HKFRSs requires the Management Agent to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and assumptions are continually re-evaluated and are based on the Management Agent's expectations of future events which are considered to be reasonable.

ROYAL ASCOT - RESIDENTIAL CAR PARK MANAGEMENT FUND

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT'D)

3. BASIS OF PREPARATION AND ACCOUNTING POLICIES (Cont'd)

(b) *Revenue recognition*

Revenue is recognized when the economic benefits will flow to the Fund and the revenue can be measured reliably on the following basis:

- (i) Management fee income is recognized as revenue when the Management Agent's right to receive management fee is established.
- (ii) Hourly car park income is recognized when services are provided.
- (iii) Licence fee income is recognized in the period in which the licence is granted on a straight line basis over the terms of the agreement.
- (iv) Interest income is recognized using the effective interest method.

(c) *Employee benefits*

- (i) Contributions to defined contribution retirement plans, including contributions to Mandatory Provident Funds under the Hong Kong Mandatory Provident Fund Scheme Ordinance, are recognized as an expense in the statement of comprehensive income as incurred.
- (ii) Termination benefits are recognized as a liability and an expense when, and only when the owners of the Residential Car Park of Royal Ascot demonstrably commits to terminate employment or provide termination benefits as a result of voluntary redundancy or has a detailed formal plan for the termination and is without realistic possibility of withdrawal.

(d) *Share of development pool expenses*

Sharing of development pool's expenses mainly comprises of staff costs, cleaning, security, maintenance and repairs, electricity and office expenses for the development common area within Royal Ascot.

The allocation of the contribution is in proportion of the management units attributable to the units owned by the respective owners in Royal Ascot to the total management units of Royal Ascot in accordance with the provisions of the Deed of Mutual Covenant.

	No. of management units	Sharing ratio (%)
Allocation to:		
- Residential units	216,598	88.75
- Residential Car Park	19,480	7.98
- Commercial Accommodation and Kindergarten	7,974	3.27
	<u>244,052</u>	<u>100</u>

ROYAL ASCOT - RESIDENTIAL CAR PARK MANAGEMENT FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT'D)

3. BASIS OF PREPARATION AND ACCOUNTING POLICIES (Cont'd)

(e) Recognition of dues and government fee

Any dues or government fees charged on receipts, directly or indirectly associate with the operations of the Residential Car Park, should be recognized upon the confirmed issue of notice of assessment of the relevant transactions by the Government.

(f) Accounts and other receivables

Accounts and other receivables are initially recognized at fair value and thereafter stated at amortized cost less impairment losses for bad and doubtful debts, except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less impairment losses for bad and doubtful debts.

(g) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and balances with banks, demand deposits with banks, 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.

(h) Impairment of assets

The carrying amounts of the Fund's assets subject to impairment are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its estimated recoverable amount. Recoverable amount is defined as the higher of value in use and fair value less costs to sell.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount or when there is an indication that the impairment loss recognised for the asset no longer exists or decreases.

An impairment loss is reversed only to the extent that it does not increase the asset's carrying amount above the carrying amount that would have been determined (net of depreciation) if no impairment loss had been recognised.

(i) Accounts and other payables

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

ROYAL ASCOT - RESIDENTIAL CAR PARK MANAGEMENT FUND

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT'D)

3. BASIS OF PREPARATION AND ACCOUNTING POLICIES (Cont'd)

(j) *Contract liabilities from management fee received in advance*

Contract liability is recognised when the Manager's obligation to transfer goods or services to the owner for which the Manager has received consideration from the owner.

(k) *Taxation*

Tax charge for the year represents estimated property tax liability at 15% on net assessable licence income for the year as adjusted for minor over/underprovision for prior years.

Provision for taxation represents estimated property tax liability for the current and prior years as follows:

	2019 <u>HK\$</u>	2018 <u>HK\$</u>
Provision in respect of prior years	6,174	9,788
Provision for the year	8,131	8,222
Over-provision of prior years	---	(4,051)
Paid during the year	<u>(8,179)</u>	<u>(7,785)</u>
	<u>6,126</u>	<u>6,174</u>

(l) *Related parties*

For the purpose of these financial statements, related parties include the Management Agent and companies controlled by the Management Agent or under common control with the Management Agent.

4. MANAGER'S REMUNERATION

Manager's remuneration is payable to Royal Ascot Management Company Limited as the Manager and is calculated by reference to 7% (2018: 7%) of total management expenses in General Fund for the year incurred. Effective from 1 January 2017, Manager's remuneration of all Building Fund expenditure is calculated at 5% of the actual Building Fund expenditure subject to the final endorsement of The Manager.

<u>Residential car park</u>	2019 <u>HK\$</u>	2018 <u>HK\$</u>
<u>General Fund</u>		
Manager's remuneration of General Fund expenditure charged by 7%	341,244	329,042
<u>Building Fund</u>		
Manager's remuneration of Building Fund expenditure charged by 5%	<u>350</u>	<u>3,799</u>
	<u>341,594</u>	<u>332,841</u>

ROYAL ASCOT - RESIDENTIAL CAR PARK MANAGEMENT FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT'D)

5. SHARE OF DEVELOPMENT POOL EXPENSES

	2019 <u>HK\$</u>	2018 <u>HK\$</u>
Salaries and allowances	3,379,657	3,907,292
Staff welfare	12,705	21,580
Uniform	64,959	46,737
Cleaning	1,430,220	1,390,274
Electricity	291,241	286,959
Water and telephone charges	28,056	18,960
Repair and maintenance		
- Lift	434,950	394,680
- Plumbing and drainage	947,798	35,100
- Electrical facilities	43,856	14,139
- Air-conditioning system	192,246	130,518
- Fire service and equipment	155,275	10,402
- Security system	6,728	64,936
- Office equipment and decoration	347,636	308,336
- Building structure and equipment	39,799	75,733
Public facilities	45,768	31,746
Gardening	317,528	254,100
Hardware and tools	---	900
Management office expenses	195,166	155,087
Security fee	93,240	106,890
Insurance	186,366	169,247
Professional fee and bank charges	35,186	38,127
Headquarter expenses	304,000	305,308
Advertising expenses	22,613	63,210
Stationery and printing	163,787	104,292
Rates and government charges	101,625	112,075
Provision for typhoon loss	56,491	---
	<u>8,896,896</u>	<u>8,046,628</u>
Apportionment:		
Block One	693,958	627,637
Block Two	559,615	506,133
Block Three	642,356	580,967
Block Five	642,356	580,967
Block Six	712,641	644,535
Block Seven	712,641	644,535
Block Eight	983,107	889,152
Block Nine	983,107	889,152
Block Ten	983,107	889,152
Block Eleven	983,107	889,152
Commercial common	290,929	263,125
Residential car park	709,972	642,121
	<u>8,896,896</u>	<u>8,046,628</u>

ROYAL ASCOT - RESIDENTIAL CAR PARK MANAGEMENT FUND

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT'D)

6. AMOUNT DUE FROM MANAGEMENT AGENT

The amount represents temporary advances made from the Management Agent to meet the management expenses of the Residential Car Parks.

7. CASH AND CASH EQUIVALENTS HELD BY MANAGER

The amounts of fixed deposit held by Manager are placed in time deposits of tenor up to 6 months the interest on which are credited back to owners of the Residential Car Parks as interest income in appropriate management funds.

8. CASH AT BANK

Cash at banks are held under the name of the Management Agent on trust for the Residential Car Parks.

9. MANAGEMENT FEE DEPOSIT

The amount represents payment from owners as security deposit. It is non-refundable to owners.

10. GENERAL FUND

The surplus in this fund is not refundable nor transferable to owners.

11. BUILDING FUND

The fund is set up for sharing expenditure of a capital nature for the replacement or improvement of installation, plant and equipment in the development's common areas.

Under the terms of DMC, surplus in this building fund is not refundable nor transferable to owners.

12. MANAGEMENT OF FUNDS

The Management Agent's objectives when managing the management funds are to safeguard the ability to continue as a going concern and to provide service to owners commensurately with the level of risk. The Management Agent manages the management funds and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. If necessary the Management Agent may adjust the amount of management fee to be collected from owners.

ROYAL ASCOT - RESIDENTIAL CAR PARK MANAGEMENT FUND

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT'D)

13. FINANCIAL RISK MANAGEMENT

(a) *Credit risk*

The Fund's credit risk is primarily attributable to management fee receivable and is monitored and controlled by the Management Agent. Therefore, the credit risk is considered to be low.

(b) *Liquidity risk*

Liquidity risk is managed by maintaining sufficient cash or cash equivalents.

As at 31 December 2019, the aging analysis of the trade and other payables, representing the contractual undiscounted cash flows, based on the remaining period at the reporting date to the contractual maturity date is as follows:

	2019 <u>HK\$</u>	2018 <u>HK\$</u>
Less than one year	<u>1,100,634</u>	<u>1,079,446</u>

ROYAL ASCOT - RESIDENTIAL CAR PARK MANAGEMENT FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT'D)

14. RELATED PARTY TRANSACTIONS

During the year, the Residential Car Park had the following related party transactions with related companies of the Management agent:

<i>Name of related parties</i>	<i>Nature</i>	2019			2018		
		Residential Car Park HK\$	Development Pool HK\$	Total HK\$	Residential Car Park HK\$	Development Pool HK\$	Total HK\$
Fidelity Guarantee Company Limited	Professional fee and bank charges	250	250	500	250	250	500
Home Master Services Limited	Cleaning	---	---	---	---	72,000	72,000
	Management office expenses	---	12,520	12,520	---	1,800	1,800
	Public facilities	9,740	2,800	12,540	---	13,630	13,630
	Repairs and maintenance	---	---	---	---	---	---
	- Office equipment and decoration	---	5,500	5,500	---	---	---
	Uniform	910	38,077	38,987	---	11,691	11,691
Smartone Mobile Communications Limited	Management office expenses	---	2,160	2,160	---	2,160	2,160
Sun Hung Kai Properties Insurance Limited	Insurance	---	27,858	27,858	---	21,195	21,195
SUNeVision Super e-Technology Limited	Management office expenses	---	8,760	8,760	---	---	---
	Repairs and maintenance	---	---	---	---	4,800	4,800
	- Security system	---	6,800	6,800	---	---	---
	- Office equipment and decoration	---	13,906	13,906	---	19,208	19,208

ROYAL ASCOT - RESIDENTIAL CAR PARK MANAGEMENT FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT'D)

14. RELATED PARTY TRANSACTIONS (Cont'd)

During the year, the Residential Car Park had the following related party transactions with related companies of the Management agent (Cont'd):

<u>Name of related parties</u>	<u>Nature</u>	2019			2018		
		Residential Car Park HK\$	Development Pool HK\$	Total HK\$	Residential Car Park HK\$	Development Pool HK\$	Total HK\$
Super e-Management Limited	Management office expenses	---	21,040	21,040	77	18,000	18,077
	Repairs and maintenance	---	15,000	15,000	---	15,000	15,000
	- Security system						
Superpower Pumping Engineering Company Limited	Repairs and maintenance	---	28,000	28,000	---	---	---
	- Plumbing and drainage						
Accounts payable as at the end of the reporting period		---	28,800	28,800	3,500	24,300	27,800

These companies are the subsidiaries of Sun Hung Kai Properties Limited, the ultimate holding company of Kai Shing Management Services Limited, the Management Agent of the Residential Car Park.

In the opinion of the Management Agent of the Residential Car Park, the above transactions were entered into at a price on normal commercial terms.

ROYAL ASCOT - RESIDENTIAL CAR PARK MANAGEMENT FUND

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT'D)

15. PROVISION FOR TYPHOON LOSS

On 16 September 2018, Typhoon "Mangkhut" caused significant damages to certain common facilities of Royal Ascot. The Management Agent estimated that the aggregate replacement and repairs cost to reinstate these facilities to normal operation would exceed the amount of recovery from insurance claims by HK\$1.21 million.

16. CATEGORIES OF FINANCIAL INSTRUMENTS

	2019 <u>HK\$</u>	2018 <u>HK\$</u>
Financial assets		
Financial assets at amortised cost	<u>13,560,233</u>	<u>11,765,425</u>
Financial liabilities		
Financial liabilities at amortised cost	<u>2,430,520</u>	<u>2,399,438</u>

17. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Management Agent on 14 December 2020.