

新生精神康復會
NEW LIFE PSYCHIATRIC REHABILITATION ASSOCIATION
[incorporated in Hong Kong and limited by Guarantee]

FINANCIAL REPORT
FOR THE YEAR ENDED
31ST MARCH 2018

F. S. Li & Co.
李福樹會計師事務所
CERTIFIED PUBLIC ACCOUNTANTS
HONG KONG

NEW LIFE PSYCHIATRIC REHABILITATION ASSOCIATION

FINANCIAL REPORT

FOR THE YEAR ENDED 31ST MARCH 2018

CONTENTS

	<u>Pages</u>
EXECUTIVE COMMITTEE MEMBERS	1
REPORT OF THE EXECUTIVE COMMITTEE	2 - 9
INDEPENDENT AUDITOR'S REPORT	10 - 12
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	13 - 14
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	15 - 17
CONSOLIDATED STATEMENT OF RESERVE FUND	18
CONSOLIDATED STATEMENT OF CHANGES IN FUNDS AND RESERVES	19
CONSOLIDATED CASH FLOW STATEMENT	20 - 21
NOTES TO THE FINANCIAL STATEMENTS	22 - 56

NEW LIFE PSYCHIATRIC REHABILITATION ASSOCIATION

EXECUTIVE COMMITTEE MEMBERS

Chairperson

Prof. CHEUNG Mui Ching, Fanny, SBS, OBE, JP

Vice-chairperson

Dr. CHEUNG Hung Kin

Honorary Secretary

Dr. YU Wai Tak

Honorary Treasurer

Mr. YOUNG Wai Tsing, Stephen

Members

Ms. CHAN Siu Bing, Amy

Dr. LEE Chi Chiu

Prof. MAK Wing Sze, Winnie

Dr. NG Hon Shing

Mr. Tse Kam Keung

Ms. WOO Yuen Ling

Dr. YEUNG Kwok Wah, Allen

Dr. YU Chi Shing, M.H.

Dr. YUEN Cheung Hang, Henry

NEW LIFE PSYCHIATRIC REHABILITATION ASSOCIATION

REPORT OF EXECUTIVE COMMITTEE

The Executive Committee members have pleasure in presenting their report together with audited consolidated financial statements of the Association and its subsidiary [together referred to as "the Group"] for the year ended 31st March 2018.

EXECUTIVE COMMITTEE MEMBERS

The names of persons who were the Executive Committee Members of the Association during the financial year are listed on page 1.

In accordance with Article 23 of the Association's Articles of Association, the term of office of the Executive Committee members shall be one year while the Chairperson and other Office Bearers shall have a fixed three-year term, all are eligible for re-election for another term.

All Executive Committee members will retire at the forthcoming annual general meeting and being eligible offer themselves for re-election.

The names of persons who were the directors of the subsidiary during the financial year are as follow:

Prof. CHEUNG Mui Ching, Fanny, OBE, JP
Dr. YU Wai Tak

PRINCIPAL ACTIVITIES

The principal activities of the Group are to establish and carry on residential, vocational rehabilitation, employment and job training, social enterprises, family support, self-help and mutual help, mental health promotion and prevention, community mental health services or any such projects on a non-profit making basis for people with mental illness, their families and the general public.

PERMITTED INDEMNITY PROVISION

There is a permitted indemnity provision (as defined in section 469 of the Hong Kong Companies Ordinance) in force for the benefit of the Executive Committee Members of the Association during the year and at the time of approval of this report.

EXECUTIVE COMMITTEE MEMBERS' INTERESTS

No material transactions, arrangements and contracts in relation to the Association's operation were entered by to which the Association's subsidiary company and in which an Executive Committee member had a material interest subsisted at the end of the year or at any time during the year.

EXECUTIVE COMMITTEE MEMBERS' INTERESTS (continued)

At no time during the year nor at the end of the year was the Association or its subsidiary company a party to any arrangements to enable the Executive Committee members of the Association to acquire benefits by means of the acquisition of debentures of the Association or the acquisition of shares in or debentures of any other body corporate.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the Association were entered into or existed during the year.

BUSINESS REVIEW

(I) A fair review of the Association's services

Established in 1965 and incorporated in 1969, the Association is a non-government organisation specialising in delivering community mental health services in Hong Kong. We aim to make a positive difference by advocating for equal opportunities for people in recovery of mental illness (PIR), enhancing their quality of life, and moving towards an inclusive society through direct services, social enterprises, mental health education, mutual aid and family support.

Vision

We strive to promote mental wellness for PIR and for their families and the general public with the ultimate goal of equal opportunities, social inclusion, acceptance and full participation for all in the community.

Mission

We are dedicated to pioneering and delivering people-focused, recovery-oriented, and evidence-based community mental health services with care and respect, innovation and continuous drive for excellence and professionalism.

The Association currently operates over 70 service units/projects and 22 social enterprises serving nearly 15,000 PIR. The number of Target Population reached by Public Education approached 47,000 approximately.

(II) Core Services

(a) Community Services

Integrated Community Centre for Mental Wellness (ICCMW) is an integrated centre that offers district-based and one-stop community support service accessible for PIR, persons with suspected mental health problems, caregivers and residents. The Association now operates seven ICCMWs in Tin Shui Wai, Sham Shui Po, Yau Tsim Mong, Shatin, Kwai Chung, Tuen Mun and Island Districts.

BUSINESS REVIEW (continued)

(II) Core Services (continued)

(b) Residential Services

To support the integration of PIR in the community with different level of care and support, the residential service provides 24-hour recovery-oriented services to residents who are not yet ready for independent living. The Association operates 2 long stay care homes, 11 halfway houses, 4 self-financed hostels, 1 supported hostels, and 2 hostels for the moderately mentally handicapped.

(c) Vocational Rehabilitation Services

Through work training as well as supported and open employment, the Association promotes upward mobility, self-reliance and social integration among people living with various degrees of disabilities. The Association runs 4 sheltered workshops, 2 integrated vocational rehabilitation service centres, and 1 supported employment service centre.

(d) Social Enterprises

The Association currently operates 22 social enterprises to provide work and training opportunities for PIR.

(e) Family Support

Family participation can effectively enhance the recovery of PIR in strengthening their abilities and improving family relationships. Hence, the Association is proactive in extending support to family caregivers as partners in embracing PIR on their journey of recovery.

(f) Services for people challenged by Autism Spectrum Disorders (ASD)

To enhance the social competence, self-independence and employability of people challenged by ASD, the Association implemented projects to promote peer-support among the youths, empower family members to support the education and employment development needs of their children as well as to enhance public understanding of persons challenged by ASD, thereby fostering their integration to community and achievement of a meaningful living.

(g) Training, Research and Development

Through the Jockey Club New Life Institute of Psychiatric Rehabilitation, the Association delivers mental health education and tailor-made professional training for mental health practitioners and the general public.

BUSINESS REVIEW (continued)**(II) Core Services (continued)****(h) Clinical Psychological Services**

The Association's clinical psychological service emphasizes on evidenced-based, people-oriented and strength-based practice. Services include individual psychological assessment and intervention, group therapy, consultation, professional training as well as psychology-related workshops.

(III) Principle risks and uncertainties

An Internal Audit Department is in place, which is directly responsible to the Executive Committee under the supervision of the Finance and Administration Subcommittee. The key role is to assist the Executive Committee to ensure the effectiveness of the financial and internal control systems. The Association also maintains a risk management policy and a risk register to manage its corporate and operational risks. It seeks to effectively manage all threats and opportunities that may have an impact on its reputation, ability to comply with statutory requirements and commitment to achieve the objectives and values.

(a) Financial Risks

The Association's financial risk is small because over 70% of the Association's total incomes come from the following stable sources:

- i) Subventions from the Social Welfare Department (64%)
- ii) Fee income from service recipients (6%)

(b) Manpower Risks

Recruitment and retention of manpower especially for paramedical and frontline staff due to competitive labour market and limited supply has been challenging. While this may affect the provision of quality services, various recruitment strategies and retention measures have been put in place to address the manpower risks, the improvements were encouraging.

(c) Service Quality Risks

Apart from observing the quality assurance requirements as stipulated by funding bodies, the Association also implements several mechanisms to manage the service quality risks, including the Continuous Quality Improvement and Quality Assurance Subcommittee, a set of performance standards and assurance system, and internal control measures on accounting procedures. The Association's Corporate Governance Handbook continued to optimize the corporate governance with respective principles and procedures. Furthermore, the Association's "Best Practice Manual" (Manual) had been published for distributing to the stakeholders. Communications on the Manual were also conducted through various platforms and meetings. The Manual would be reviewed and updated every 3 years or as necessary.

BUSINESS REVIEW (continued)

(IV) Key Relationships

(a) Membership

The Association's membership is open to persons who support the objects of the Association and pay a fee. The Association offers two categories of membership – Life Member and Ordinary Member. In 2017/18, the Association maintains a membership of 144.

(b) Service Recipients

Service recipients of the Association are mainly PIR, people with disabilities, and persons challenged by ASD who meet the admission criteria of service in need; their family members, caregivers; and the general public. The Association appreciated the participation of service recipients and family members in the Association's subcommittees and task groups. Their lived experiences enriched the exchange during the meetings.

(c) Staff

As at end of March 2018, the Association has a workforce of approximately 1,000 staff comprising of professional, management, administrative, frontline and support staff.

(d) External Partners

External partners of the Group include:

- i) Government departments and Bureaus;
- ii) Donors and funding bodies;
- iii) Corporations in partnership with the Group;
- iv) China and overseas counterparts;
- v) Mutual aid organisations for people in recovery and carers; and
- vi) Volunteer groups and individuals.

The Association maintains a good relationship with all these external partners so as to deliver mental health services with care and respect, innovation and continuous drive for excellence and professionalism.

(V) Environmental Friendliness and Social Responsibility

The Association made continuous efforts to implement environmental friendly initiatives and foster diffusion of knowledge of environment protection and nature conservation within service units and among service users and staff. The Association carried out various green initiatives and activities during the year including:

BUSINESS REVIEW (continued)**(V) Environmental Friendliness and Social Responsibility (continued)**

- (a) Service units at New Life Building participated in a one-year project namely “Community Involvement Project for Municipal Solid Waste Charging – Waste Reduction Get, Set, Go!” funded by Environment and Conservation Fund. Through upcycling workshops, staff and service recipients learnt about the objectives and implementation arrangement of municipal solid waste charging as well as the importance of “waste reduction at source”. Collection points for recyclables were set up within New Life Building and publicity of clean recycling was displayed near the collection points. According to statistics, total amount of disposed waste reduced by 21% while total amount of collected recyclables increased by 48%. The overall effect of the project was significant.
- (b) Love Green Day 2018 was held in March 2018. With the theme of “waste reduction at source”, the arrangement of municipal solid waste charging and the works and effectiveness of the project on waste reduction were shared on the event. Upcycling workshops to enhance the awareness of participants on waste conversion and resource conservation were conducted.
- (c) New Life Farm was sponsored by the Environment and Conservation Fund in 2017 to launch an extended program for 2 years of transferring food waste into organic fertilizer. The aim was to promote home planting, city greening and to raise the awareness on waste reduction and conservation. In 2017/2018, 30,000 kg of food waste was recycled to produce 8,000 kg of food waste compost. As for public education, more than 4,000 people visited our composting machine; over 500 members of public joined our plant pot workshops. We also organized game booths to introduce our situation, advantages and challenges to over 3,000 participants.
- (d) To address the food waste problem, Food Sharing Projects had been launched in Wong Tai Sin and Tuen Mun districts since 2012. In 2017/2018, the projects distributed close to 273,000 kg surplus food to 74,741 recipients. In addition, with the continuous and staunch support from over 100 corporate partners and organizations, stable supply of a wide variety of food was received.

(VI) Important events for Financial Year 2017/2018

- (a) Sponsored by MINDSET and allied with Baptist Oi Kwan Social Service, Caritas Hong Kong and Mental Health Association of Hong Kong, the Association established MINDSET College which was the first education-orientated mental health community service in Hong Kong. MINDSET College originated from “Recovery College” in the United Kingdom, which provides recovery-orientated training and courses through “co-production”. Course curriculum included recovery, self-advocacy, building life, keeping well, peer development and family support. The college launch ceremony was held on 18 September 2017. In 2017/2018, MINDSET College recruited 347 students, provided 88 sessions and achieved 95% attendance rate.

BUSINESS REVIEW (continued)**(VI) Important events for Financial Year 2017/2018 (continued)**

- (b) After 4 years of preparation and innovation works as well as the completion of the facility enhancement project at Tuen Mun Long Stay Care Home in mid-2017, part of the home was better equipped with facilities enabling the implementation of a 3-tier service model to address the diverse care and recovery needs of PIR across a wide age range. PIR with different care, rehabilitative and recovery needs were relocated to 3 types of service units. To celebrate the successful transition of the services, an opening ceremony of Jockey Club Lohas Place and Lohas Veranda was held on 16 November 2017.
- (c) Funded by The Hong Kong Jockey Club Charities Trust, the Jockey Club iREACH Social Competence Development and Employment Support Center has commenced operation since September 2017 at two sites in Chai Wan and Yau Ma Tei. The Center aimed to provide continuous and sustainable lifespan services for people challenged by Autism Spectrum Disorders (ASD) and to support their needs across developmental stages.
- (d) T.Cafe, located at T.Park which was the first self-sustained sludge treatment facility in Hong Kong, commenced operation on 29 October 2017. This was the Association's first partnership project with Environmental Protection Department. T.Cafe was a self-service eco-cafe with multi-social values. Apart from promoting eco-friendly approach, food wise culture, reduction of food waste and carbon footprint, it also created 3 job opportunities for PIR.

(VII) Future Likely Developments

Riding on the recovery work over a decade and recent development of well-being promotion, the Association continued to consolidate recovery-oriented practices focusing on the theme of shared humanity. In particular, through learning from the lived experience of PIR in the co-production process, it promotes equality of human nature as well as valued social roles of every individual. New initiatives, including MINDSET College and Honest Open Proud campaign, were launched to support the vision.

A sub-group of Peer Initiative Task Group with representatives of staff and PIR was formed to promote co-production. Co-production workshop was organized to strengthen the value of co-production as well as to share way forward in co-production.

(VIII) Results and Reserves

Financial results for the year ended 31st March 2018 and movements in the funds and reserves are set out in the statement of comprehensive income and the statement of changes in funds and reserves on pages 15 to 20.

	2017/2018	2016/2017
Return on Net Assets (change in net assets / average total net assets)	1.30%	3.70%
Current Ratio (current assets / current liabilities)	9.9	9.9

BUSINESS REVIEW (continued)

(VIII) Results and Reserves (continued)

The Association maintains a healthy financial position. The net assets return indicated that its stable financial performance, reflecting a careful and sound financial management strategy. Its current ratio also reveals the strong ability of the Association to meet its current obligations.

On behalf of the Executive Committee



Prof. CHEUNG Mui-ching, Fanny, SBS, OBE, JP
Chairperson

Hong Kong, 10 AUG 2018

F. S. Li & Co.

CERTIFIED PUBLIC ACCOUNTANTS

1001 Admiralty Centre Tower 1, 18 Harcourt Road, Hong Kong.
Tel : 2861 1717 Fax : 2865 6828 Email : mail@fslco.com

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

NEW LIFE PSYCHIATRIC REHABILITATION ASSOCIATION

[incorporated in Hong Kong and limited by guarantee]

Opinion

We have audited the consolidated financial statements of New Life Psychiatric Rehabilitation Association and its subsidiary ["the Group"] set out on pages 13 to 56, which comprise the consolidated statement of financial position as at 31st March 2018, and the consolidated statement of comprehensive income, the consolidated statement of changes in funds and reserves and the consolidated cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31st March 2018, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standard for Private Entities ["HKFRSPE"] issued by the Hong Kong Institute of Certified Public Accountants ["HKICPA"] and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ["HKSAs"] issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ["the Code"], and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information other than the consolidated financial statements and auditor's report thereon

The Executive Committee Members are responsible for the other information. The other information comprises all the information included in the list of Executive Committee Members on page 1 and the Report of Executive Committee on pages 2 to 9, but does not include 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.

Information other than the consolidated financial statements and auditor's report thereon
(continued)

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 Executive Committee Members and those charged with governance for the consolidated financial statements

The Executive Committee Members are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSPE issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the Executive Committee Members 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 Executive Committee Members 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 Executive Committee Members either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAAs 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.

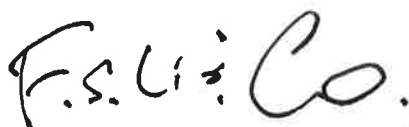
As part of an audit in accordance with HKSAAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- 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.

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

- 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 Executive Committee Members.
- 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 financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with 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.



F. S. Li & Co.
Certified Public Accountants

Hong Kong, 10 AUG 2018

NEW LIFE PSYCHIATRIC REHABILITATION ASSOCIATION

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31ST MARCH 2018**

	<u>Note</u>	<u>2018</u> HK\$	<i>(restated)</i> <u>2017</u> HK\$
NON-CURRENT ASSETS			
Property, plant and equipment	6	14,843,798	15,622,536
Investment in securities	7	9,626,165	8,000,778
		24,469,963	23,623,314
CURRENT ASSETS			
Inventories - goods for sale		835,729	858,722
Accounts and other receivables	8	51,590,905	34,114,862
Time deposits with banks	9	218,814,783	240,945,903
Bank and cash balances		22,701,594	15,720,057
		293,943,011	291,639,544
CURRENT LIABILITIES			
Creditors and accruals	10	(29,655,205)	(29,251,432)
Tax payable		(93,097)	(1,173,440)
		(29,748,302)	(30,424,872)
NET CURRENT ASSETS		264,194,709	261,214,672
NET ASSETS		288,664,672	284,837,986
NET ASSETS HELD ON BEHALF OF MINDSET PLACE - property management account	11	108,665	164,689
		288,773,337	285,002,675

NEW LIFE PSYCHIATRIC REHABILITATION ASSOCIATION

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31ST MARCH 2018

(Continued)

	<u>Note</u>	<u>2018</u> HK\$	<i>(restated)</i> <u>2017</u> HK\$
<i>representing:</i>			
DESIGNATED FUNDS			
Reserved Fund	12	9,259,976	15,182,527
Investment Revaluation Reserve	13	(90,733)	(35,413)
Fund for Ching Kung House	14	2,471,382	2,345,708
Staff Welfare and Development Fund	15	2,753,021	2,410,714
Service Users' and Families' Welfare and Charitable Fund	16	1,470,981	1,470,981
Flag Day Fund	17	11,437,047	10,656,522
Production Floating Fund	18	79,734,485	70,661,567
Fundraising Campaign Fund	19	875,907	875,907
Dr. Wu Wai Yung Fund	20	3,227,063	3,077,394
Dr. Stella Liu Fund	21	1,894,742	1,882,753
Mrs. Esther De Sousa Fund	22	2,724,393	2,699,640
		115,758,264	111,228,300
SUBVENTION ACCOUNT			
Lump Sum Grant Reserve Fund			
Lump Sum Grant Reserve	23	138,134,650	141,896,397
Provident Fund Reserve	23	28,411,249	26,488,795
Social Welfare Subvention Surpluses			
Rent and Rates	24	(1,960,744)	(1,015,812)
Central Items Surpluses	24	354,125	420,779
Furniture & Equipment Replenishment and Minor Works Block Grant Reserve Fund	25	4,809,285	3,926,614
Social Welfare Development Fund	26	1,016,466	195,369
Small Enterprise Fund (SWD)	27	2,141,377	1,697,544
		172,906,408	173,609,686
		288,664,672	284,837,986
PROPERTY MANAGEMENT RESERVES HELD ON BEHALF OF MINDSET PLACE			
	28	108,665	164,689
		288,773,337	285,002,675

The financial statements on page 13 to 56 were approved and authorised for issue by the Executive Committee on **10 AUG 2018**



Prof. CHEUNG Mui Ching, Fanny
Chairperson



Mr. TSE Kam Keung
Executive Committee Member

NEW LIFE PSYCHIATRIC REHABILITATION ASSOCIATION

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31ST MARCH 2018

	<u>2018</u> <u>HK\$</u>	<i>(restated)</i> <u>2017</u> <u>HK\$</u>
INCOME		
Social Welfare Lump Sum Grant	299,107,404	283,971,629
Social Welfare Designated Subvention		
Central Items	-	-
Central Items - Amount refunded to Government	(62,654)	(380,049)
Rent and Rates	11,720,445	14,233,728
Rent and Rates - Amount refunded to Government	(3,329)	(1,504)
Social Welfare Development Fund	2,577,442	1,402,300
Intensive Employment Assistance Programme for Self-reliance	2,379,766	1,614,873
Furniture and Equipment Replenishment and Minor Works Block Grant	4,437,000	4,258,000
Hospital Authority	1,446,542	1,790,400
Employees Retraining Fund	213,784	179,924
Community Chest	1,176,400	1,142,100
HSBC (Community Chest 45th Anniversary Fund)	-	1,117,417
Other grants	11,317,380	6,709,505
Lotteries Fund [Note 29]	3,265,279	1,898,138
Hong Kong Jockey Club Charities Trust	18,583,038	24,490,617
Donations	3,569,636	2,082,060
Donation - Sun Hung Kei Donation Box Project (PSP No. 2017/175/1) [Note 33]	7,652	-
Dues and Fees	29,399,151	28,397,616
Members' Subscriptions	3,900	4,400
Rental Income	277,815	265,800
Mental health promotion programme	32,525	55,087
Miscellaneous Receipts	1,427,857	1,037,923
Grants transferred to Deferred Income	208,034	(329,546)
OPERATING INCOME	391,085,067	373,940,418
OTHER INCOME		
Production income	102,071,318	82,337,351
Interest income on bank deposits	1,929,659	1,821,629
Interest income on bond investments	23,400	45,330
Dividend income on marketable investments	388,378	677,691
Gain on disposal of available-for-sale investments	-	1,614,468
Gain on foreign exchange	82,731	2,403
Additional subvention received for previous year	373,830	-
Property manager remuneration	7,337	8,972
	104,876,653	86,507,844
TOTAL INCOME CARRIED DOWN	495,961,720	460,448,262

NEW LIFE PSYCHIATRIC REHABILITATION ASSOCIATION

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31ST MARCH 2018

(continued)

	<u>2018</u> <u>HK\$</u>	<i>(restated)</i> <u>2017</u> <u>HK\$</u>
INCOME		
TOTAL INCOME BROUGHT DOWN	495,961,720	460,448,262
EXPENDITURE		
Personnel Emoluments	(281,301,316)	(261,253,554)
Cost of Operation	(14,816,129)	(14,596,964)
Administration	(16,832,363)	(14,503,512)
Utilities	(8,077,738)	(6,694,262)
Stores and Equipment	(19,612,306)	(24,290,352)
Programme Expenses	(8,698,557)	(9,999,312)
Transport and Travelling	(1,288,631)	(1,258,771)
Designated Subvention Items		
Central Items	(4,000)	(4,000)
Rent and rates, Government Rent	(12,642,048)	(11,583,639)
Social Welfare Development Fund	(1,764,671)	(3,041,656)
Intensive Employment Assistance Programme for Self-reliance	(2,379,766)	(1,638,860)
Furniture and Equipment Replenishment and Minor Works Block Grant	(3,584,984)	(4,551,611)
Hospital Authority	(1,789,452)	(2,001,026)
Employees Retraining Fund	(213,784)	(179,924)
Community Chest	(1,176,400)	(1,142,100)
HSBC (Community Chest 45th Anniversary Fund)	-	(1,117,417)
Grants Utilized	(7,594,230)	(5,236,938)
Lotteries Fund [Note 29]	(3,265,279)	(1,898,138)
Hong Kong Jockey Club Charities Trust	(18,583,038)	(24,490,617)
Production expenses	(79,722,694)	(64,089,988)
Loss on foreign exchange	(223,950)	(9,148)
Amount refund to Government	(10,750,390)	-
Mental health promotion programme	(74,593)	(97,816)
	(494,396,319)	(453,679,605)
WRITE-BACK OF IMPAIRMENT LOSS ON AVAILABLE-FOR-SALE INVESTMENTS	<u>1,301,655</u>	<u>740,911</u>
SURPLUS OF RESERVE FUND BEFORE TAXATION	2,867,056	7,509,568
TAXATION [Note 5]	<u>-</u>	<u>-</u>
SURPLUS OF RESERVE FUND FOR THE YEAR	2,867,056	7,509,568
ITEMS INCLUDED IN SMALL ENTERPRISES FUND (SWD)		
Grant for Small Enterprise Fund (SWD) for the year	<u>2,649,756</u>	<u>2,891,789</u>
NET SURPLUS FOR THE YEAR	<u><u>5,516,812</u></u>	<u><u>10,401,357</u></u>

NEW LIFE PSYCHIATRIC REHABILITATION ASSOCIATION

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST MARCH 2018

	<u>2018</u> <u>HK\$</u>	<u>2017</u> <u>HK\$</u>
NET SURPLUS FOR THE YEAR	5,516,812	10,401,357
OTHER COMPREHENSIVE INCOME/(EXPENSE)		
Items will be reclassified subsequently to surplus or deficit:		
Change in fair value of available-for-sale investments [Note 13]	1,246,335	790,180
Write-back of impairment loss on available-for-sale investments - recognised in surplus or deficit [Note 13]	(1,301,655)	(740,911)
	<u>(55,320)</u>	<u>49,269</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>5,461,492</u>	<u>10,450,626</u>

NEW LIFE PSYCHIATRIC REHABILITATION ASSOCIATION

**CONSOLIDATED STATEMENT OF RESERVE FUND
FOR THE YEAR ENDED 31ST MARCH 2018**

(continued)

	<u>2018</u>	<u>2017</u>
	HK\$	HK\$
NET SURPLUS FOR THE YEAR BEFORE TRANSFER	2,867,056	7,509,568
TRANSFER FROM/(TO):		
Designated funds -		
Fund for Ching Kung House [Note 14]	(125,674)	(136,801)
Staff Welfare and Development Fund [Note 15]	(342,307)	(247,346)
Service Users' and Families' Welfare and Charitable Fund [Note 16]	-	(66,422)
Flag Day Fund [Note 17]	(780,525)	24,261
Production Floating Fund [Note 18]	(9,072,918)	(6,111,626)
Dr. Wu Wai Yung Fund [Note 20]	(149,669)	(127,003)
Dr. Stella Liu Fund [Note 21]	(11,989)	996,877
Mrs. Esther De Sousa Fund [Note 22]	(24,753)	(26,253)
Subvention account -		
Lump Sum Grant Reserve Fund		
Lump Sum Grant Reserve [Note 23]	3,761,747	(5,027,533)
Provident Fund Reserve [Note 23]	(3,557,260)	(2,619,187)
Social Welfare Subvention Surpluses		
Rent and Rates [Note 24]	944,932	(2,648,585)
Central Items [Note 24]	66,654	384,049
Furniture & Equipment Replenishment and Minor Works Block Grant Reserve Fund [Note 25]	(882,671)	245,989
Social Welfare Development Fund [Note 26]	(821,097)	1,624,051
Small Enterprise Fund (SWD) [Note 27]	2,205,923	3,136,674
Net amount transfer	<u>(8,789,607)</u>	<u>(10,598,855)</u>
DEFICIT FOR THE YEAR AFTER TRANSFER [Note 12]	(5,922,551)	(3,089,287)
RESERVED FUND BROUGHT FORWARD		
As previously stated	<u>18,237,924</u>	21,327,211
Prior year adjustment [Note 36]	<u>(6,333,377)</u>	<u>(6,333,377)</u>
As restated	<u>11,904,547</u>	<u>14,993,834</u>
RESERVED FUND CARRIED FORWARD	<u>5,981,996</u>	<u>11,904,547</u>

NEW LIFE PSYCHIATRIC REHABILITATION ASSOCIATION

CONSOLIDATED STATEMENT OF CHANGES IN FUNDS AND RESERVES FOR THE YEAR ENDED 31ST MARCH 2018

	DESIGNATED FUND											DESIGNATED FUND TOTAL
	Reserved Fund	Investment Revaluation Reserve	Fund for Ching Kung House	Staff Welfare and Development Fund	Service Users' and Families' Welfare and Charitable Fund	Flag Day Fund	Production Floating Fund	Fundraising Campaign Fund	Dr. Wa Wai Yung Fund	Dr. Stella Liu Fund	Mrs. Esther De Sousa Fund	
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
Balance at 31st March 2016	21,327,211	(84,682)	2,208,907	2,163,368	1,404,559	10,680,783	67,827,921	875,907	2,950,391	2,879,630	2,673,387	114,907,382
As previously stated	(3,055,397)	-	-	-	-	-	(3,277,980)	-	-	-	-	(6,333,377)
Prior year adjustment [Note 36]	-	-	-	-	-	-	-	-	-	-	-	-
As restated	18,271,814	(84,682)	2,208,907	2,163,368	1,404,559	10,680,783	64,549,941	875,907	2,950,391	2,879,630	2,673,387	108,574,005
Surplus for the year ended 31st March 2017	7,509,568	-	-	-	-	-	-	-	-	-	-	7,509,568
Change in fair value of available-for-sale investments	-	790,180	-	-	-	-	-	-	-	-	-	790,180
Impairment loss on available-for-sale investments recognised in surplus or deficit	-	(740,911)	-	-	-	-	-	-	-	-	-	(740,911)
Total comprehensive income for the year ended 31st March 2017	7,509,568	49,269	-	-	-	-	-	-	-	-	-	7,558,837
Transfer	(10,598,855)	-	136,801	247,346	66,422	(24,261)	6,111,626	-	127,003	(996,877)	26,253	(4,904,542)
Balance as at 31st March 2017	18,237,924	(35,413)	2,345,708	2,410,714	1,470,981	10,656,522	73,939,547	875,907	3,077,394	1,882,753	2,699,640	117,561,677
As previously stated	(3,055,397)	-	-	-	-	-	(3,277,980)	-	-	-	-	(6,333,377)
Prior year adjustment [Note 36]	-	-	-	-	-	-	-	-	-	-	-	-
As restated	15,182,527	(35,413)	2,345,708	2,410,714	1,470,981	10,656,522	70,661,567	875,907	3,077,394	1,882,753	2,699,640	111,228,300
Surplus for the year ended 31st March 2018	2,867,056	-	-	-	-	-	-	-	-	-	-	2,867,056
Change in fair value of available-for-sale investments	-	1,246,335	-	-	-	-	-	-	-	-	-	1,246,335
Impairment loss on available-for-sale investments recognised in surplus or deficit	-	(1,301,655)	-	-	-	-	-	-	-	-	-	(1,301,655)
Total comprehensive income for the year ended 31st March 2018	2,867,056	(55,320)	-	-	-	-	-	-	-	-	-	2,811,736
Claw back of unspent balance	-	-	-	-	-	-	-	-	-	-	-	-
Transfer	(8,789,607)	-	125,674	342,307	-	780,525	9,072,918	-	149,669	11,989	24,753	1,718,278
Balance as at 31st March 2018	9,259,976	(90,733)	2,471,382	2,753,021	1,470,981	11,437,047	79,734,485	875,907	3,227,063	1,894,742	2,724,393	115,758,264

NEW LIFE PSYCHIATRIC REHABILITATION ASSOCIATION

CONSOLIDATED STATEMENT OF CHANGES IN FUNDS AND RESERVES FOR THE YEAR ENDED 31ST MARCH 2018 (continued)

	SUBVENTION ACCOUNT										DESIGNATED FUND TOTAL	FUNDS AND RESERVES TOTAL
	Lump Sum Grant Reserve Fund	Provident Fund Reserve	Social Welfare Subvention Surpluses - Rent & rates	Social Welfare Subvention Surpluses - Central Items surpluses	Furniture & Equipment Replenishment and Minor Works Block Grant Reserve Fund	One-off Subsidy for Non-government to reinforce their organisation Re-structuring and Service Re-engineering Efforts	Additional Resources for Para-medical Staff funded by Lotteries Fund	Social Welfare Development Fund	Small Enterprise Fund (SWD)	SUBVENTION ACCOUNT TOTAL		
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
Balance at 31st March 2016	131,655,430	23,869,608	(3,664,397)	804,328	4,172,603	-	-	1,819,420	1,942,429	160,599,921	114,907,382	275,507,303
As previously stated	5,253,034	-	-	-	-	-	-	-	-	5,253,034	(6,333,377)	(1,080,343)
Prior year adjustment [Note 36]												
As restated	136,908,464	23,869,608	(3,664,397)	804,328	4,172,603	-	-	1,819,420	1,942,429	165,852,955	108,574,005	274,426,960
Surplus for the year ended 31st March 2017	-	-	-	-	-	-	-	-	2,891,789	2,891,789	7,509,568	7,509,568
Grants for Small Enterprise Fund (SWD)	-	-	-	-	-	-	-	-	-	-	-	2,891,789
Change in fair value of available-for-sale investments	-	-	-	-	-	-	-	-	-	-	790,180	790,180
Impairment loss on available-for-sale investments recognised in surplus or deficit	-	-	-	-	-	-	-	-	-	-	(740,911)	(740,911)
Total comprehensive income for the year ended 31st March 2017	-	-	-	-	-	-	-	-	2,891,789	2,891,789	7,558,837	10,450,626
Transfer	4,987,933	2,619,187	2,648,585	(384,049)	(245,989)	-	-	(1,624,051)	(3,136,674)	4,864,942	(4,904,542)	(39,600)
Balance at 31st March 2017	136,643,363	26,488,795	(1,015,812)	420,779	3,926,614	-	-	195,369	1,697,544	168,356,652	117,561,677	285,918,329
As previously stated	5,253,034	-	-	-	-	-	-	-	-	5,253,034	(6,333,377)	(1,080,343)
Prior year adjustment [Note 36]												
As restated	141,896,397	26,488,795	(1,015,812)	420,779	3,926,614	-	-	195,369	1,697,544	173,609,686	111,228,300	284,837,986
Surplus for the year ended 31st March 2018	-	-	-	-	-	-	-	-	2,649,756	2,649,756	2,867,056	2,867,056
Grants for Small Enterprise Fund (SWD)	-	-	-	-	-	-	-	-	-	-	-	2,649,756
Change in fair value of available-for-sale investments	-	-	-	-	-	-	-	-	-	-	1,246,335	1,246,335
Impairment loss on available-for-sale investments	-	-	-	-	-	-	-	-	-	-	(1,301,655)	(1,301,655)
Total comprehensive income for the year ended 31st March 2018	-	-	-	-	-	-	-	-	2,649,756	2,649,756	2,811,736	5,461,492
Claw back of unspent balance	-	(1,634,806)	-	-	-	-	-	-	-	(1,634,806)	-	(1,634,806)
Transfer	(3,761,747)	3,557,260	(944,932)	(66,654)	882,671	-	-	821,097	(2,205,923)	(1,718,228)	1,718,228	-
Balance as at 31st March 2018	138,134,650	28,411,249	(1,960,744)	354,125	4,809,285	-	-	1,016,466	2,141,377	177,906,408	115,759,364	288,664,672

NEW LIFE PSYCHIATRIC REHABILITATION ASSOCIATION

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2018

	<u>2018</u> HK\$	<u>2017</u> HK\$
<i>Cash flows from operating activities</i>		
Surplus before taxation	2,867,056	7,509,568
Grants for Small Enterprises Fund	<u>2,649,756</u>	<u>2,891,789</u>
	5,516,812	10,401,357
Adjustments for:		
Interest income on bank deposits	(1,929,659)	(1,821,629)
Interest income on bond investments	(23,400)	(45,330)
Dividend income on marketable investments	(388,378)	(677,691)
Gain on disposal of available-for-sale investments	-	(1,614,468)
Write-back of impairment loss on available-for-sale investments	(1,301,655)	(740,911)
Depreciation on property, plant and equipment	7,913,326	7,688,350
Loss on disposal of property, plant and equipment	<u>28,804</u>	<u>15,660</u>
Operating surplus before working capital changes	9,815,850	13,205,338
(Increase)/Decrease in:		
Inventories	22,993	130,864
Accounts and other receivables	(17,593,934)	7,629,819
Increase in creditors and accruals	<u>403,773</u>	<u>5,543,685</u>
	(7,351,318)	26,509,706
Profits tax paid	<u>(1,080,343)</u>	<u>-</u>
Net cash (used in)/from operating activities	(8,431,661)	26,509,706
<i>Cash flows from investing activities</i>		
Interest received on bank deposits	1,876,544	1,626,542
Interest received on bond investments	25,495	49,683
Maturity of bond	-	2,000,000
Dividends received	178,237	57,796
Proceeds on disposal of available-for-sale investments	-	7,027,840
Purchase of available-for-sale investments	-	(3,012,500)
Payment on purchase of property, plant and equipment	(7,163,392)	(16,361,336)
Net (increase)/decrease in bank deposits of more than 3 months to maturity from date of deposit	<u>(38,772,777)</u>	<u>(18,568,217)</u>
Net cash used in investing activities	(43,855,893)	(27,180,192)
<i>Cash flows from financing activities</i>		
Amount refunded to Government (upsent balance on Provident Fund Reserve)	<u>(1,634,806)</u>	<u>-</u>
Net cash used in financing activities	(1,634,806)	-
Net decrease in cash and cash equivalents	<u>(53,922,360)</u>	<u>(670,486)</u>

NEW LIFE PSYCHIATRIC REHABILITATION ASSOCIATION

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST MARCH 2018

(continued)

	<u>2018</u> HK\$	<u>2017</u> HK\$
Net decrease in cash and cash equivalents	(53,922,360)	(670,486)
Cash and cash equivalents at beginning of year	<u>109,323,954</u>	<u>109,994,440</u>
Cash and cash equivalents at end of year	<u><u>55,401,594</u></u>	<u><u>109,323,954</u></u>
Analysis of balances of cash and cash equivalents		
Time deposits with bank	218,814,783	240,945,903
Bank and cash balances	<u>22,701,594</u>	<u>15,720,057</u>
	241,516,377	256,665,960
Time deposits of more than 3 months to maturity from date of deposit	<u>(186,114,783)</u>	<u>(147,342,006)</u>
	<u><u>55,401,594</u></u>	<u><u>109,323,954</u></u>
<i>Non-cash transactions:</i>		
During the year the Group received scrip dividends in lieu of cash dividends of	<u><u>381,147</u></u>	<u><u>599,715</u></u>

NEW LIFE PSYCHIATRIC REHABILITATION ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2018

1. General

New Life Psychiatric Rehabilitation Association ["the Association"] is a company limited by guarantee and does not have a share capital. The liability of each of the members is limited to the extent of an amount not exceeding the sum of HK\$20. The Association's principal place of operation is at 332 Nam Cheong Street, Kowloon, Hong Kong.

The Group consists of the Association and its wholly-owned subsidiary company of which the particulars are set out in note 35(b) to the financial statements. The Group's principal activities are to establish and carry on residential, vocational rehabilitation, employment and job training, social enterprises, family support, self-help and mutual help, mental health promotion and prevention, community mental health services or any such projects on a non-profit making basis for people with mental illness, their families and the general public.

2. Basis of preparation and accounting policies

(a) *Statement of compliance*

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standard for Private Entities ["HKFRSPE"] issued by the Hong Kong Institute of Certified Public Accountants ["HKICPA"] and accounting principles generally accepted in Hong Kong. These financial statements also comply with the applicable requirements of the Hong Kong Companies Ordinance.

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

(b) *Basis of preparation of the financial statements*

The Group financial statements include the financial statements of the Association and its subsidiary company made up to 31st March. All significant intercompany transactions and balances within the Group are eliminated on consolidation.

(c) *Revenue recognition*

Revenue is recognised when it is probable that the economic benefits will flow to the Group/Association when the revenue can be measured reliably, on the following bases:

- (i) Government grant or subvention is recognised as income when no specific future performance conditions are imposed; if there are conditions, it is recognised as income when conditions are fulfilled.

2. Basis of preparation and accounting policies (continued)

(c) Revenue recognition (continued)

- (ii) Grants or donations from non-government parties which are earmarked for specific purposes, are initially recognised as deferred income and then they are recognised in income and expenditure account over the period necessary to match with the related costs which they are intended to compensate. Grants or donations relating to purchase of property, plant and equipment are set off against the acquisition cost of the assets.
- (iii) Fee income is recognised upon delivery of goods and provision of service.
- (vi) Interest income is recognised as it accrues using the effective interest method.
- (v) Dividend and investment income are recognised when the shareholder's right to receive payment is established.

(d) Foreign currencies

The Group's functional and presentation currency is Hong Kong dollars.

Transactions arising in foreign currencies during the year are converted at exchange rates approximating to those ruling at transaction dates. Monetary assets and liabilities denominated in foreign currencies at year end are translated at rates of exchange approximating to those ruling at year end date. All exchange differences are dealt with in the surplus or deficit.

(e) Impairment losses

At each reporting date, property, plant and equipment and investment in subsidiary company are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in surplus or deficit.

Similarly, at each reporting date, inventories for sale are assessed for impairment by comparing the carrying amount of each item of inventory (or group of similar items) with its selling price less costs to complete and sell. If an item of inventory (or group of similar items) is impaired, its carrying amount is reduced to selling price less costs to complete and sell, and an impairment loss is recognised immediately in surplus or deficit.

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount (selling price less costs to complete and sell, in the case of inventories), but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset (group of related assets) in prior years. A reversal of an impairment loss is recognised immediately in surplus or deficit.

2. Basis of preparation and accounting policies (continued)**(f) Designated Funds**

Designated funds are funds specified by the donors and/or set aside by the Association for designated purposes. The income and expenditure relating to these funds, except Small Enterprise Fund, are dealt with in the statement of income. Any surplus or deficit would be transferred to the respective designated funds.

(g) Property, plant and equipment, and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated to write off the cost of property, plant and equipment less accumulated impairment losses over their estimated useful lives using a straight line basis at the following rates:-

Construction and fitting out	25 per cent per annum
Furniture and equipment	25 per cent per annum
Motor vehicles	15 per cent per annum
Computer	25 per cent per annum

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

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

(h) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the Association. All other leases are classified as operating leases.

Rentals payable under operating leases are charged to surplus or deficit on a straight-line basis over the term of the relevant lease.

(i) Financial instruments

To account for financial instruments (financial assets and liabilities), the Group chooses to apply the recognition and measurement provision of Hong Kong Accounting Standard 39 "Financial Instruments: Recognition and Measurement" of Hong Kong Financial Reporting Standards and the disclosure requirements of Section 11 "Basic Financial Instruments" and Section 12 "Other Financial Instruments Issues" of HKFRSPE.

2. Basis of preparation and accounting policies (continued)**(j) *Investment in securities*****i) Available-for-sale investments**

Available-for-sale investments are those non-derivative financial assets that are designated as available for sale or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at fair value through profit or loss. Available-for-sale investments are initially recognized at fair value plus transaction costs. Gains and losses arisen from changes in fair value are recognised directly in investment revaluation reserve, until the investment is derecognised or impaired at which time the cumulative surplus or deficit previously recognised in investment revaluation reserve is recognised in surplus or deficit. Available-for-sale investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are recognised in the statement of financial position at cost less any impairment losses.

ii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that the Group has the positive intention and ability to hold to maturity.

Held-to-maturity investments are stated in statement of financial position at cost plus/less any discount/premium amortised to date. The discount or premium is amortized over the period to maturity to interest income in the statement of comprehensive income. Provision for impairment loss is made when there is a diminution in value.

The carrying amounts of held-to-maturity investments are reviewed at the reporting date in order to assess the credit risk and whether the carrying amounts are expected to be recovered. Provisions are made when carrying amounts are not expected to be recovered and are recognised in surplus or deficit.

(k) *Inventories*

Inventories are stated at the lower of cost and net realizable value. Cost is determined on a weighted average basis and includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to the present location and condition. Net realizable value represents estimated selling price less all further costs to completion and direct selling costs.

(l) *Account and other receivables*

Account and other receivables are initially recognised at fair value and thereafter stated at amortised cost less impairment losses for bad and doubtful debts unless the effect of discounting would be immaterial, in which case the receivables are stated at cost less impairment losses for bad and doubtful debts. A provision for impairment of receivables is made when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables.

2. Basis of preparation and accounting policies (continued)

(m) Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand and deposits with banks within 3 months to maturity from date of deposit.

(n) Creditors and accruals

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

(o) Taxation

Taxation represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profits for the year.

Deferred tax is the tax expected to be payable or recoverable 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, and is accounted for using financial position liability method. Taxation rates enacted or substantively enacted by the reporting date are used to determine deferred tax.

Generally, deferred tax liabilities are provided for in full on all taxable temporary differences, while deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

3. Surplus before taxation

Surplus before taxation is arrived after charging the following:-

	<u>2018</u>	<u>2017</u>
	HK\$	HK\$
Auditors' remuneration	209,100	246,200
Staff costs	281,893,732	261,253,554
Depreciation on property, plant and equipment	7,913,326	7,688,350
Loss on disposal of property, plant and equipment	28,804	15,660
Rent under operating leases	<u>10,845,345</u>	<u>13,288,914</u>

4. Executive Committee members' remuneration

The Executive Committee Members did not receive or have and would not receive or have any remuneration or interests as mentioned in Section 383(1)(a), (b), (c), (d) and (e) of the Companies Ordinance during the year [2017 - Same].

No consideration was provided to or receivable by third parties for services of the Executive Committee Members or their services in other capacity while Executive Committee Members.

5. Taxation

The Association is a charitable institution and is exempted from Hong Kong taxation under Section 88 of the Inland Revenue Ordinance.

No provision for Hong Kong profits tax has been made as the subsidiary company did not have assessable profits for the year after [2017 - Same].

The tax for the year of the subsidiary company can be reconciled to the deficit before taxation per the statement of comprehensive income of the subsidiary company as follows:-

	<u>2018</u> HK\$	<u>2017</u> HK\$
Deficit before taxation	<u>(3,859,011)</u>	<u>(4,983,670)</u>
Applied tax rate	<u>16.50%</u>	<u>16.50%</u>
Tax on deficit before taxation	(637,000)	(822,000)
Tax effect of:		
Expenses that are not deductible for taxation purposes	106,000	259,000
Unrecognised temporary differences	480,000	419,000
Unrecognised tax loss	<u>51,000</u>	<u>144,000</u>
	<u>-</u>	<u>-</u>

At the reporting date, the subsidiary company has unused tax losses and deductible temporary differences of HK\$1,186,000 and HK\$5,745,000 [2017 - HK\$877,000 and HK\$2,834,000] respectively available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profits streams.

NEW LIFE PSYCHIATRIC REHABILITATION ASSOCIATION

Notes to the Financial Statements for the year ended 31st March 2018

6. Property, plant and equipment

	Land and Buildings HK\$	Construction and fitting out HK\$	Furniture and Equipment HK\$	Vehicle HK\$	Computer HK\$	Total HK\$
<i>At cost</i>						
At 31st March 2017	2	14,190,440	18,146,080	1,008,307	5,440,985	38,785,814
Additions	-	2,088,900	3,975,702	-	1,098,790	7,163,392
Disposal	-	-	(87,605)	-	-	(87,605)
At 31st March 2018	2	16,279,340	22,034,177	1,008,307	6,539,775	45,861,601
<i>Accumulated depreciation</i>						
At 31st March 2017	-	(8,185,340)	(11,547,956)	(430,538)	(2,999,444)	(23,163,278)
Charge for the year	-	(2,583,277)	(3,803,891)	(111,394)	(1,414,764)	(7,913,326)
Written back on disposal	-	-	58,801	-	-	58,801
At 31st March 2018	-	(10,768,617)	(15,293,046)	(541,932)	(4,414,208)	(31,017,803)
<i>Net book value</i>						
At 31st March 2018	2	5,510,723	6,741,131	466,375	2,125,567	14,843,798
At 31st March 2017	2	6,005,100	6,598,124	577,769	2,441,541	15,622,536

The leases of land, on which the Association's premises are located, are expired on 30th June 2047.

The Association's premises are located at:

1. Farm land at Lot Nos. TMTL No. 383
2. Ching Kung House at Flat A, 3/F, No. 30 Nassau Street, Kowloon

7. Investment in securities

	2018 HK\$	2017 HK\$
<i>Available-for-sale investments</i>		
Listed securities, at market value	7,758,334	6,075,027
Marketable Fund, at market value	<u>865,231</u>	<u>920,551</u>
At fair value	8,623,565	6,995,578
<i>Held-to-maturity investments</i>		
Bonds, at amortised cost	<u>1,002,600</u>	<u>1,005,200</u>
	<u>9,626,165</u>	<u>8,000,778</u>

8. Account and other receivables

	<u>2018</u> HK\$	<u>2017</u> HK\$
Contract deposits	10,156,563	4,030,343
Accounts receivable	8,624,620	7,720,809
Rental deposits	2,180,454	1,730,864
Utility deposits	1,327,501	1,319,701
Sundry deposits	222,041	206,365
Prepayments	10,571,374	7,324,839
Dividend receivable	88,088	259,094
Interest receivable	521,386	468,271
Money due from clients	1,000	1,000
Accounts with:		
Lotteries Fund	742,566	940,222
On-site Training Programme	56,725	-
Integrated Employment Assistance Scheme (Kwai Tsing)	-	437,215
Intensive Employment Assistance Project Community		
Care Fund	10,048	109,786
Health Care & Promotion Fund	-	118,545
Queen Elizabeth Foundation for the Mentally		
Handicapped	4,628	13,801
Employees Retraining Board Fund	8,539	-
Hong Kong Jockey Club Charities Trust	16,218,243	7,767,846
Community Investment and Inclusion Fund	179,937	580,430
HSBC (Community Chest 45th Anniversary Fund)	-	457,898
Food Sharing Project	-	188,409
BMCPCC Charitable Fund	409,550	52,833
Environment and Conservation Fund	267,642	386,591
	<u>51,590,905</u>	<u>34,114,862</u>

9. Time deposits with banks

	<u>2018</u> HK\$	<i>(restated)</i> <u>2017</u> HK\$
Funds from :		
Social Welfare Subvention Reserve Funds	152,993,217	156,785,082
Other Funds	65,821,566	84,160,821
Total time deposits with banks	<u>218,814,783</u>	<u>240,945,903</u>

9. Time deposits with banks (continued)

	<u>2018</u> HK\$	<u>2017</u> HK\$
<i>Analysis:</i>		
Time deposits of less than 3 months to maturity from date of deposit	32,700,000	93,603,897
Time deposits of more than 3 months to maturity from date of deposit	<u>186,114,783</u>	<u>147,342,006</u>
	<u>218,814,783</u>	<u>240,945,903</u>

10. Creditors and accruals

	<u>2018</u> HK\$	<u>2017</u> HK\$
Accounts payable	2,608,224	4,570,855
Accruals	5,807,716	2,814,840
Other payables	4,454,460	5,777,478
Receipt in advance (included temporary credit)	1,513,475	2,404,319
Deferred income	5,721,666	5,620,320
Deposits of clients (for keys and lockers)	90,920	88,020
Rental deposits - Ching Kung House	35,200	35,200
Other deposits received	1,573,580	1,028,900
Accounts with:		
On-site Training Programme	-	940,760
Integrated Employment Assistance Scheme (Wong Tai Sin)	-	167,609
Integrated Employment Assistance Programme for Self-reliance	408,695	189,560
Chow Tai Fook Charity Foundation	4,207,691	2,162,007
Enhancing Employment of People with Disabilities through Small Enterprises Project	19,489	26,439
Employees Retraining Board Fund	-	46,044
Partnership fund	112,468	-
Ho Tung Fund	48,600	-
UPS Foundation	133,639	59,969
Food Sharing Project	198,971	-
Contribution	2,609,140	2,953,909
Mindset Project	<u>111,271</u>	<u>365,203</u>
	<u>29,655,205</u>	<u>29,251,432</u>

11. Net assets held on behalf of MINDSET Place - property management account

The Group acts as property manager of MINDSET Place, and holds the assets and liabilities of the property management account of MINDSET Place on behalf of the owner.

	<u>2018</u> HK\$	<u>2017</u> HK\$
<i>Assets</i>		
Furniture and equipment ^(Remark)	-	-
Accounts receivable	1,176	588
Utility and other deposits	17,800	17,800
Prepayment	5,150	1,671
Cash balances	178,277	219,866
<i>Liabilities</i>		
Other payables and accrued charges	(7,260)	(6,658)
Receipt in advance	(17,900)	-
Tenants' deposits	<u>(68,578)</u>	<u>(68,578)</u>
<i>Net assets</i>	<u><u>108,665</u></u>	<u><u>164,689</u></u>

Remark: Movements in furniture and equipment

	<u>HK\$</u>
<i>Cost</i>	
At 31st March 2017 and 2018	5,270
<i>Accumulated depreciation</i>	
At 31st March 2017 and 2018	<u>(5,270)</u>
<i>Net book value</i>	
At 31st March 2017 and 2018	<u><u>-</u></u>

12. Reserved Fund

	<u>2018</u> HK\$	<u>2017</u> HK\$
Balance at beginning of year		
As previously stated	18,237,924	21,327,211
Prior year adjustment [Note 36]	<u>(3,055,397)</u>	<u>(3,055,397)</u>
As restated	15,182,527	18,271,814
Movements during the year		
Surplus for the year	<u>2,867,056</u>	<u>7,509,568</u>
Transfer to various funds and reserves	<u>(8,789,607)</u>	<u>(10,598,855)</u>
Deficit for the year after transfer ^{Remark 1}	<u>(5,922,551)</u>	<u>(3,089,287)</u>
Balance at end of year	<u><u>9,259,976</u></u>	<u><u>15,182,527</u></u>

12. Reserved Fund (continued)

Remark 1 :

	<u>2018</u>	<u>2017</u>
	HK\$	HK\$
Deficit for the year after transfer represents:		
Deficit from subvented units [Note 30]	(334,708)	(564,192)
Deficit from Community Chest allocation	(384,725)	(471,864)
Deficit from self financed units/projects	(3,273,453)	(3,679,889)
Deficit from subsidiary company	(3,859,011)	(4,983,670)
Transfer from Small Enterprise Fund (SWD) [Note 27]	2,205,923	3,136,674
Interest income on time deposits/bond investments	559,649	513,543
Dividend income	388,378	677,691
Write-back of impairment loss on available-for-sale investments	1,301,655	740,911
(Loss)/Gain on foreign exchange on time deposits for Reserve Fund	(223,950)	2,403
Gain on disposal of available-for-sale investments	-	1,614,468
Direct expenses	-	(35,762)
Transfer to Lump Sum Grant Reserve and Provident Fund Reserve [Note 23]	<u>(2,302,309)</u>	<u>(39,600)</u>
	<u><u>(5,922,551)</u></u>	<u><u>(3,089,287)</u></u>

13. Investment Revaluation Reserve

	<u>2018</u>	<u>2017</u>
	HK\$	HK\$
Balance at beginning of year	(35,413)	(84,682)
Movements during the year		
Change in fair value of the available-for-sale investments	1,246,335	790,180
Impairment loss on available-for-sale investments recognised in surplus or deficit	<u>(1,301,655)</u>	<u>(740,911)</u>
	<u>(55,320)</u>	49,269
Balance at end of year	<u><u>(90,733)</u></u>	<u><u>(35,413)</u></u>

Investment revaluation reserve represents the cumulative net change in the fair value of available-for-sale investments until the investments are derecognised or impaired.

14. Fund for Ching Kung House

	<u>2018</u> HK\$	<u>2017</u> HK\$
Balance at beginning of year	2,345,708	2,208,907
Movements during the year		
Operating income (rental income)	211,200	211,200
Direct expenses		
Rent and rates	(12,426)	(12,425)
Administration expenses	(52,036)	(45,236)
Other expenses (utilities, repairs and maintenance)	(21,064)	(16,738)
Amount transferred from Reserved Fund	<u>125,674</u>	<u>136,801</u>
Balance at end of year	<u><u>2,471,382</u></u>	<u><u>2,345,708</u></u>

The fund is established as an operating fund for financing living expenses of a designated service user and the property management of Ching Kung House.

15. Staff Welfare and Development Fund

	<u>2018</u> HK\$	<u>2017</u> HK\$
Balance at beginning of year	2,410,714	2,163,368
Movements during the year		
Operating income	342,899	247,946
Direct expenses	(592)	(600)
Amount transferred from Reserved Fund	<u>342,307</u>	<u>247,346</u>
Balance at end of year	<u><u>2,753,021</u></u>	<u><u>2,410,714</u></u>

The fund is established as a supportive fund for financing the staff development and training projects.

NEW LIFE PSYCHIATRIC REHABILITATION ASSOCIATION

Notes to the Financial Statements for the year ended 31st March 2018

16. Service Users' and Families' Welfare and Charitable Fund

	<u>2018</u> HK\$	<u>2017</u> HK\$
Balance at beginning of year	1,470,981	1,404,559
Movements during the year		
Operating income	-	87,483
Direct expenses	-	(21,061)
Amount transferred from Reserved Fund	-	66,422
Balance at end of year	<u>1,470,981</u>	<u>1,470,981</u>

The fund is established as a supportive fund for financing the service users' and their families' welfare and special needs.

17. Flag Day Fund

	<u>2018</u> HK\$	<u>2017</u> HK\$
Balance at beginning of year	10,656,522	10,680,783
Movements during the year		
Flag day income net of expenditure ^{Remark 1}	1,705,056	1,505,195
Surplus/(Deficit) from Jockey Club New Life Institute/Public Education ^{Remark 2}	259,245	(437,707)
Happy ageing 330-Older Adult Project ^{Remark 3}	-	(107,585)
New Life 330 - second phase of audio track, mobile applications & webpage works ^{Remark 4}	-	-
New Life 330 project	(1,183,776)	(984,164)
Amount transferred from/(to) Reserved Fund	780,525	(24,261)
Balance at end of year	<u>11,437,047</u>	<u>10,656,522</u>

Remark :

(1) Flag day income net of expenditure :

Donation	1,768,604	1,620,054
Expenditure	(63,548)	(114,859)
Amount using for :		
Happy ageing 330-Older Adult Project ^{Remark 3}		1,505,195
New Life 330 - second phase of audio track, mobile applications & webpage works ^{Remark 4}	1,705,056	

17. Flag Day Fund (continued)

	<u>2018</u>	<u>2017</u>
	HK\$	HK\$
Remark :		
(2) Deficit from Jockey Club New Life Institute/Public Education :		
Operating income from Jockey Club New Life Institute (dues and fees, rental income and miscellaneous receipts)	1,891,283	1,781,792
Mental health promotion programme	32,525	55,087
Direct expenses		
Personnel emoluments	(433,500)	(601,492)
Administration and programme expenses	(783,065)	(1,207,257)
Rent and rates	(125,463)	(125,463)
Other expenses (utilities, stores and equipment, transportation and miscellaneous expenses)	(247,942)	(242,558)
Mental health promotion programme	(74,593)	(97,816)
	<u>259,245</u>	<u>(437,707)</u>
(3) Happy ageing 330-Older Adult Project :		
Usage of Net Proceeds of 2015/16 Flag Day :		
Balance at beginning of year	1,270,262	1,377,847
Utilization	<u>-</u>	<u>(107,585)</u>
Balance at end of year	<u>1,270,262</u>	<u>1,270,262</u>
Usage of Net Proceeds of 2016/17 Flag Day :		
Balance at beginning of year	1,505,195	-
Net Proceeds received ^{Remark 1}	<u>-</u>	1,505,195
Utilization	<u>-</u>	<u>-</u>
Balance at end of year	<u>1,505,195</u>	<u>1,505,195</u>
(4) New Life 330 - second phase of audio track, mobile applications & webpage works :		
Usage of Net Proceeds of 2017/18 Flag Day		
Net Proceeds received ^{Remark 1}	1,705,056	-
Utilization	<u>-</u>	<u>-</u>
Balance at end of year	<u>1,705,056</u>	<u>-</u>

The fund is established as a supportive fund for financing part of the operating costs of Jockey Club New Life Institute, and for financing public education activities.

18. Production Floating Fund

	<u>2018</u> HK\$	<u>2017</u> HK\$
Balance at beginning of year		
As previously stated	73,939,547	67,827,921
Prior year adjustment [Note 36]	<u>(3,277,980)</u>	<u>(3,277,980)</u>
As restated	70,661,567	64,549,941
Movements during the year		
Operating income	<u>92,517,531</u>	<u>87,757,031</u>
Direct expenses	<u>(83,444,613)</u>	<u>(81,645,405)</u>
Amount transferred from Reserved Fund	<u>9,072,918</u>	<u>6,111,626</u>
Balance at end of year	<u><u>79,734,485</u></u>	<u><u>70,661,567</u></u>

Reserves of each of the services units at end of year:

Kwai Shing Workshop	3,043,518	2,958,964
Shek Pai Wan Integrated Work Centre	2,477,110	2,117,444
Tin King Workshop	2,170,488	1,825,227
Chuk Yuen Integrated Work Centre	5,771,032	5,262,977
New Life Building Workshop	8,264,974	7,606,882
New Life Farm Sheltered Workshop	6,217,017	5,197,101
Supported Employment Projects	49,278,215	46,523,747
Tuen Mun Long Stay Care Home	1,257,499	1,207,609
New Life Building Long Stay Care Home	653,107	634,126
Tuen Mun Training Activity Centre (Revamped to The Wellness Centre-Tuen Mun from Oct 2010)	311,201	312,200
New Life Building Training Activity Centre (Revamped to The Wellness Centre-Sham Shui Po from Oct 2010)	<u>290,324</u>	<u>293,270</u>
	<u><u>79,734,485</u></u>	<u><u>73,939,547</u></u>

The fund is established as a supportive fund for financing the Association's own service units' development, production and business.

19. Fundraising Campaign Fund

	<u>2018</u> HK\$	<u>2017</u> HK\$
Balance at beginning and at end of year	<u><u>875,907</u></u>	<u><u>875,907</u></u>

The fund is established as a supportive fund for financing fundraising activities and community mental health promotion campaigns.

20. Dr. Wu Wai Yung Fund

	<u>2018</u> HK\$	<u>2017</u> HK\$
Balance at beginning of year	3,077,394	2,950,391
Movements during the year		
Operating income	336,068	359,642
Direct expenses	(303,811)	(264,729)
Interest income on time deposits	34,681	41,238
Gain/(Loss) on foreign exchange	82,731	(9,148)
Amount transferred from Reserved Fund	<u>149,669</u>	<u>127,003</u>
Balance at end of year	<u>3,227,063</u>	<u>3,077,394</u>

The fund is established as a supportive fund for financing "China Exchange Programme".

21. Dr. Stella Liu Fund

	<u>2018</u> HK\$	<u>2017</u> HK\$
Balance at beginning of year	1,882,753	2,879,630
Movements during the year		
Interest income on bond investments	-	2,575
Interest income on time deposits	11,989	17,428
Direct expenses	-	(1,016,880)
Amount transferred from/(to) Reserved Fund	<u>11,989</u>	<u>(996,877)</u>
Balance at end of year	<u>1,894,742</u>	<u>1,882,753</u>

The fund is established as a supportive fund for financing "Farm Development Programme".

22. Mrs. Esther De Sousa Fund

	<u>2018</u> <u>HK\$</u>	<u>2017</u> <u>HK\$</u>
Balance at beginning of year	2,699,640	2,673,387
Movements during the year		
Interest income on bond investments	-	2,575
Interest income on time deposits	24,753	23,678
Amount transfer from Reserved Fund	24,753	26,253
Balance at end of year	<u>2,724,393</u>	<u>2,699,640</u>

The fund is established as a supportive fund for financing the development of new services to meet service gaps, and for establishing a practice and research centre.

23. Lump Sum Grant Reserve and Provident Fund Reserve

	<u>Lump Sum Grant Reserve</u>	<u>Provident Fund Reserve</u>		
		<u>Provident Fund Reserve</u>	<u>Provident Fund Reserve - 6.8% and Other Posts</u>	<u>Total</u>
	<u>HK\$</u>	<u>HK\$</u>	<u>HK\$</u>	<u>HK\$</u>
Balance at 31st March 2016				
As previously stated	131,630,230	1,969,083	21,886,125	23,855,208
Prior year adjustment [Note 36]	5,253,034	-	-	-
As restated	136,883,264	1,969,083	21,886,125	23,855,208
Transfer balance	25,200	14,400	-	14,400
Movements during the year				
Grant received	262,342,953	8,441,691	13,186,985	21,628,676
Personnel emolument/OC/PF net fee/ other income	(258,557,937)	(7,973,029)	(11,036,460)	(19,009,489)
Interest income on time deposits	1,202,917	-	-	-
Amount transferred from Reserved Fund	4,987,933	468,662	2,150,525	2,619,187
Transfer from 6.8% and other posts to Snapshot staff	-	213,279	(213,279)	-
	<u>4,987,933</u>	<u>681,941</u>	<u>1,937,246</u>	<u>2,619,187</u>
Balance at 31st March 2017				
As previously stated	136,643,363	2,665,424	23,823,371	26,488,795
Prior year adjustment [Note 36]	5,253,034	-	-	-
As restated	<u>141,896,397</u>	<u>2,665,424</u>	<u>23,823,371</u>	<u>26,488,795</u>

23. Lump Sum Grant Reserve and Provident Fund Reserve (continued)

	Lump Sum Grant Reserve	Provident Fund Reserve		
			Provident Fund Reserve - 6.8% and Other Posts	Total
	HK\$	Provident Fund Reserve HK\$	HK\$	HK\$
Balance at 31st March 2017 (<i>restated</i>)	141,896,397	2,665,424	23,823,371	26,488,795
Movements during the year				
Grant received	276,592,777	8,606,217	13,908,410	22,514,627
Personnel emolument/OC/PF net fee/ other income	(272,656,066)	(7,828,142)	(12,036,332)	(19,864,474)
Interest income on time deposits	1,282,898	-	-	-
Amount transferred from Reserved Fund	5,219,609	778,075	1,872,078	2,650,153
Amount refunded to Government	(10,750,388)	-	-	-
Additional subvention received for previous year	-	-	373,830	373,830
Transfer from 6.8% and other posts to Snapshot staff	-	(247,362)	247,362	-
Amount transferred from Reserve Fund [Note 12]	1,769,032	480,485	52,792	533,277
	(3,761,747)	1,011,198	2,546,062	3,557,260
Claw back of unspent balance	-	(1,634,806)	-	(1,634,806)
Balance at 31st March 2018	138,134,650	2,041,816	26,369,433	28,411,249

A) Utilisation of the LSG reserve in the last year and Plan on use

1. absorbing deficits of services and activities of subvented units under Social Welfare Department;
2. subsidizing renovation costs of subvented units not covered by other funds;
3. fulfilling the contractual commitment to staff, maintaining and strengthening service delivery and implement strategic development plans.

B) Utilisation of the Non-Snapshot Staff PF Reserve in the last year and Plan on use

- Adjusting the PF contribution rates or giving a one-off additional contribution to staff so as to enhance staff retention, effective 1st April 2015.

NEW LIFE PSYCHIATRIC REHABILITATION ASSOCIATION

Notes to the Financial Statements for the year ended 31st March 2018

24. Social Welfare Subvention Surplus

	<u>Rent and Rates</u> HK\$	<u>Central Items</u> HK\$	<u>Total</u> HK\$
Balance at 31st March 2016	(3,664,397)	804,828	(2,859,569)
Movements during the year			
Grant received	14,233,728	-	14,233,728
Amount repaid to Government	(1,504)	(380,049)	(381,553)
Rent and rates paid	(11,583,639)	-	(11,583,639)
Central items paid	-	(4,000)	(4,000)
	<u>2,648,585</u>	<u>(384,049)</u>	<u>2,264,536</u>
Balance at 31st March 2017	(1,015,812)	420,779	(595,033)
Movements during the year			
Grant received	11,720,445	-	11,720,445
Amount repaid to Government	(3,329)	(62,654)	(65,983)
Rent and rates paid	(12,662,048)	-	(12,662,048)
Central items paid	-	(4,000)	(4,000)
Amount transferred to Reserved Fund	<u>(944,932)</u>	<u>(66,654)</u>	<u>(1,011,586)</u>
Balance at 31st March 2018	<u>(1,960,744)</u>	<u>354,125</u>	<u>(1,606,619)</u>

25. Furniture & Equipment Replenishment and Minor Works Block Grant Reserve Fund

	<u>2018</u> HK\$	<i>(restated)</i> <u>2017</u> HK\$
Balance at beginning of year	3,926,614	4,172,603
Movements during the year		
Grant received	4,437,000	4,258,000
Interest income on time deposits	30,655	47,622
Payment for:		
Minor works projects	(3,295,510)	(4,043,556)
Furniture and equipment	(289,474)	(459,265)
Vehicle overhaul	-	(48,790)
Amount transferred from/(to) Reserved Fund	<u>882,671</u>	<u>(245,989)</u>
Balance at end of year	<u>4,809,285</u>	<u>3,926,614</u>

25. Furniture & Equipment Replenishment and Minor Works Block Grant Reserve Fund
(continued)

Capital Commitments in respect of the Furniture & Equipment Replenishment and Minor Works Block Grant Reserve

At reporting date, the outstanding commitments in respect of Furniture & Equipment Replenishment and Minor Works Block Grant were as follows :

	<u>2018</u> HK\$	<u>2017</u> HK\$
Contracted for but not provided in the financial statement	<u>-</u>	<u>-</u>

26. Social Welfare Development Fund

The Social Welfare Development Fund (SWDF) is funded by Lotteries Fund.

	<u>2018</u> HK\$	<u>2017</u> HK\$
a) SWDF Phase 1		
Balance at beginning and at end of year	<u>-</u>	<u>-</u>
b) SWDF Phase 2		
Balance at beginning of year	59,043	1,819,420
Movements during the year		
Grant received	-	144,000
Interest on time deposits	-	7,022
Payment for		
1) Expenditure for projects under scope A	(20,633)	(332,320)
2) Expenditure for projects under scope B	-	(1,483,510)
3) Expenditure for projects under administrative support	761	(95,569)
Amount transferred to Reserved Fund ^{Remark}	<u>(19,872)</u>	<u>(1,760,377)</u>
Balance at end of year	<u>39,171</u>	<u>59,043</u>
c) SWDF Phase 3		
Balance at beginning of year	136,326	-
Movements during the year		
Grant received	2,577,442	1,258,300
Interest on time deposits	8,326	8,283
Payment for		
1) Expenditure for projects under scope A	(1,335,409)	(986,619)
2) Expenditure for projects under scope B	(322,150)	(87,125)
3) Expenditure for projects under administrative support	(87,240)	(56,513)
Amount transferred from Reserved Fund ^{Remark}	<u>840,969</u>	<u>136,326</u>
Balance at end of year	<u>977,295</u>	<u>136,326</u>
Total at end of year	<u>1,016,466</u>	<u>195,369</u>
Remark:		
Net amount transferred from/(to) Reserved Fund	<u>821,097</u>	<u>(1,624,051)</u>

27. Small Enterprise Fund (SWD)

Accumulated surplus/(deficit) of each of the projects under Small Enterprise Fund (SWD) are as follows:

<u>Projects</u>	Balance brought forward HK\$	Grant received HK\$	Transferred to Reserved Fund HK\$	Balance carried forward HK\$
2018				
Café 330 - CMC	1,227,252	102,937	(557,536)	772,653
Delight Kitchen	(245,899)	773,960	(539,570)	(11,509)
Drinks 330	(237,089)	1,772,859	(449,612)	1,086,158
Café 330 - PWH	258,535	-	(255,543)	2,992
Café 330 - CU	493,737	-	(223,081)	270,656
Café 330 - HKU	31,574	-	(11,147)	20,427
RWB 330	169,434	-	(169,434)	-
	<u>1,697,544</u>	<u>2,649,756</u>	<u>(2,205,923)</u>	<u>2,141,377</u>
2017				
Café 330 - CMC	-	1,839,459	(612,207)	1,227,252
Delight Kitchen	-	881,842	(1,127,741)	(245,899)
Drinks 330	-	170,488	(407,577)	(237,089)
Café 330 - PWH	377,627	-	(119,092)	258,535
Café 330 - CU	816,285	-	(322,548)	493,737
Café 330 - HKU	410,268	-	(378,694)	31,574
RWB 330	338,249	-	(168,815)	169,434
	<u>1,942,429</u>	<u>2,891,789</u>	<u>(3,136,674)</u>	<u>1,697,544</u>

The fund is granted by Social Welfare Department as seed money mainly for financing capital expenditure of service units.

28. Property management reserve held on behalf of MINDSET Place

	<u>2018</u>	<u>2017</u>
	HK\$	HK\$
<i>Income for the year ended 31st March</i>		
Building management fees	191,016	191,016
Sponsorship Income	-	189,072
Interest income	16	16
	191,032	380,104
<i>Expenditure for the year ended 31st March</i>		
Administration expenses		
Insurance	(4,142)	(4,073)
Personnel emolument	(54,126)	(66,281)
Staff Wellness expenses	(725)	(726)
Accessory Service	-	(1,200)
Licence fee	-	(290)
Administration expenses	(9,950)	(3,380)
Uniform expenses	(116)	(192)
Manager remuneration (paid to the Company)	-	(8,972)
Utilities	(24,252)	(26,533)
Repairs and maintenance	(153,745)	(264,720)
Depreciation on property, plant and equipment	-	(320)
	(247,056)	(376,687)
<i>(Deficit)/Surplus for the year ended 31st March</i>	(56,024)	3,417
<i>Accumulated surplus brought forward</i>	164,689	161,272
<i>Accumulated surplus carried forward</i>	108,665	164,689

29. Lotteries Fund

	<u>2018</u> HK\$	<u>2017</u> HK\$
a) <i>Procurement of Furniture and Equipment:</i>		
New Life Jubilee House	27,000	-
Joyous Place	77,000	-
	104,000	-
b) <i>Fitting-out Works:</i>		
New Life Building Management Office	2,078,342	-
Tin Yuet Halfway House	263,609	325,199
New Life Building Halfway House I	-	222,730
New Life Building Halfway House II	-	209,745
New Life Building Halfway House III	-	185,715
The Wellness Centre - Tuen Mun	(63,945)	-
The Wellness Centre - Islands	26,843	240,037
The Wellness Centre - Kwai Chung	21,000	-
	2,325,849	1,183,426
c) <i>Pilot project on PSW in Community Service</i>		
Agency-based community services	835,430	675,412
d) <i>Undertake Fire Safety/Building Safety Rectification Measures:</i>		
Tin Yuet Halfway House	-	22,500
New Life Building Halfway House I	-	6,600
New Life Building Halfway House II	-	5,400
New Life Building Halfway House III	-	4,800
	-	39,300
	3,265,279	1,898,138

Capital Commitments in respect of the Lotteries Fund Block Grant and the Lotteries Fund Project Grant

At 31st March 2018, the outstanding commitments in respect of the Lotteries Fund Block Grant and the Lotteries Fund Project Grant are as follows:

	<u>2018</u> HK\$	<i>(restated)</i> <u>2017</u> HK\$
Contracted for but not provided in the financial statement in respect of:		
Lotteries Fund Block Grant	-	-
Lotteries Fund Project Grant	3,015,236	3,714,260
	3,015,236	3,714,260

30. Transfer of surpluses social welfare subvention

The Association operated service units which are managed by professional personnel. The surplus and deficit for the year are brought forward to the Income and Expenditure Account as follows:

SURPLUS / (DEFICIT) FROM SUBVENTED SERVICE UNITS

	<u>2018</u>	<u>2017</u>
	HK\$	HK\$
Central Administration		
Central Administration Expenses	62,120	(41,047)
Management Office at New Life Building	(12,993)	157,199
	<u>49,127</u>	<u>116,152</u>
Workshops and Hostels		
Sun Chui Halfway House	(20,744)	(11,270)
Pok Hong Halfway House	(2,767)	(8,884)
Tin Yuet Halfway House	(5,539)	(12,130)
Shan King Halfway House	(3,084)	(8,998)
Shek Lei Halfway House	(3,637)	(7,809)
Chuk Yuen Halfway House	(3,875)	(9,507)
Lei Tung Halfway House	(3,163)	(8,941)
New Life Building Halfway House (I)	(3,316)	(24,681)
New Life Building Halfway House (II)	(2,946)	(12,068)
New Life Building Halfway House (III)	(5,648)	(13,298)
Jockey Club Farm House	(3,163)	(6,500)
New Life Jubilee Hostel	(4,052)	(10,678)
Tin King Hostel	(7,558)	(12,563)
Joyous Place	6,271	(11,318)
Tuen Mun Long Stay Care Home	(32,884)	(109,374)
New Life Building Long Stay Care Home	(27,728)	(64,674)
The Wellness Centre - Sham Shui Po	(31,268)	(50,401)
The Wellness Centre - Tuen Mun	(9,471)	(21,929)
The Wellness Centre - Shatin	(10,930)	(18,248)
The Wellness Centre - Tin Shui Wai	(13,093)	(24,100)
The Wellness Centre - Kwai Chung	(89,810)	(17,946)
The Wellness Centre - Yau Tsim Mong	(2,498)	(22,895)
The Wellness Centre - Islands	4,266	(57,661)
Balance of Workshops and Hostels carried down	<u>(276,637)</u>	<u>(545,873)</u>

30. Transfer of surpluses social welfare subvention (continued)

SURPLUS / (DEFICIT) FROM SUBVENTED SERVICE UNITS (continued)

	<u>2018</u>	<u>2017</u>
	HK\$	HK\$
Workshops and Hostels		
Balance of Workshops and Hostels brought down	(276,637)	(545,873)
Kwai Shing Sheltered Workshop	14,413	1,094
Shek Pai Wan Integrated Work Centre	3,931	2,139
Tin King Sheltered Workshop	(2,998)	(77,611)
Chuk Yuen Integrated Work Centre	8,938	2,713
New Life Building Sheltered Workshop	(6,844)	(7,109)
New Life Farm Sheltered Workshop	(103,595)	16,839
Agency-Based Vocational Support	(690)	(4,095)
Work Extension Programme	(1,166)	(3,678)
Supported Employment Service	(18,673)	(63,348)
On the Job Training Programme	(514)	(1,415)
	<u>(383,835)</u>	<u>(680,344)</u>
	<u>(334,708)</u>	<u>(564,192)</u>

31. Categories of financial assets and financial liabilities

	<u>2018</u>	<u>2017</u>
	HK\$	HK\$
<i>Financial assets:</i>		
Non-current assets -		
Available-for-sale investments, at fair value	8,623,565	6,995,578
Held-to-maturity investments, at amortised cost	1,002,600	1,005,200
Current assets - at amortized cost:		
Receivables [excluding prepayments]	41,019,531	26,790,023
Bank deposits and cash	241,516,377	256,665,960
	<u>292,162,073</u>	<u>291,456,761</u>
<i>Financial liabilities:</i>		
Current liabilities - at amortized cost:		
Payables [excluding receipt in advance]	<u>28,141,730</u>	<u>26,847,113</u>

32. Commitments under operating leases

At the reporting date, the Group had the following future aggregate minimum lease payments under non-cancellable operating leases in respect of land and buildings:

	<u>2018</u>	<u>2017</u>
	HK\$	HK\$
Not later than one year	7,717,662	7,334,181
Later than one year but not later than five years	<u>3,127,683</u>	<u>4,291,134</u>
	<u>10,845,345</u>	<u>11,625,315</u>

33. Sun Hung Kei Donation Box Project (PSP No. 2017/175/1)

The purpose of the "Sun Hung Kei Donation Box Project" is to raise funds for financing public education programmes of New Life Psychiatric Rehabilitation Association for raising mental health awareness among the general public.

34. Related party transactions

Except for the transactions and balances disclosed elsewhere in these financial statements, the Group did not undertake any transactions with related parties during the year [2017 - Same].

NEW LIFE PSYCHIATRIC REHABILITATION ASSOCIATION

Notes to the Financial Statements for the year ended 31st March 2018

35. Statement of Financial Position of the Association at 31st March 2018

	<u>Note</u>	<u>2018</u> HK\$	<i>(restated)</i> <u>2017</u> HK\$
NON-CURRENT ASSETS			
Property, plant and equipment	35(a)	7,663,061	7,430,933
Investment in subsidiary company	35(b)	7,987,653	8,094,740
Investment in securities	7	9,626,165	8,000,778
		25,276,879	23,526,451
CURRENT ASSETS			
Inventories - goods for sale		658,862	681,454
Accounts and other receivables	35(c)	49,462,834	29,891,990
Time deposits with banks	9	218,814,783	240,945,903
Bank and cash balances		19,934,204	13,630,863
		288,870,683	285,150,210
CURRENT LIABILITIES			
Creditors and accruals	35(d)	(25,392,011)	(24,957,051)
NET CURRENT ASSETS		263,478,672	260,193,159
NET ASSETS		288,755,551	283,719,610

35. Statement of Financial Position of the Association at 31st March 2018 (continued)

	<u>Note</u>	<u>2018</u> HK\$	<u>(restated)</u> <u>2017</u> HK\$
<i>representing:</i>			
DESIGNATED FUNDS			
Reserved Fund	35(e)	11,492,232	15,761,695
Investment Revaluation Reserve	13	(90,733)	(35,413)
Fund for Ching Kung House	14	2,471,382	2,345,708
Staff Welfare and Development Fund	15	2,753,021	2,410,714
Service Users' and Families' Welfare and Charitable Fund	16	1,470,981	1,470,981
Flag Day Fund	17	11,437,047	10,656,522
Production Floating Fund	18	79,734,485	70,661,567
Fundraising Campaign Fund	19	875,907	875,907
Dr. Wu Wai Yung Fund	20	3,227,063	3,077,394
Dr. Stella Liu Fund	21	1,894,742	1,882,753
Mrs. Esther De Sousa Fund	22	2,724,393	2,699,640
		117,990,520	111,807,468
SUBVENTION ACCOUNT			
Lump Sum Grant Reserve Fund			
Lump Sum Grant Reserve	23	138,134,650	141,896,397
Provident Fund Reserve	23	28,411,249	26,488,795
Social Welfare Subvention Surpluses			
Rent and Rates	24	(1,960,744)	(1,015,812)
Central Items Surpluses	24	354,125	420,779
Furniture & Equipment Replenishment and Minor Works Block Grant Reserve Fund	25	4,809,285	3,926,614
Social Welfare Development Fund	26	1,016,466	195,369
		170,765,031	171,912,142
		288,755,551	283,719,610

Approved and authorised for issue by the Executive Committee on **1 0 AUG 2018**



Prof. CHEUNG Mui Ching, Fanny
Chairperson



Mr. TSE Kam Keung
Executive Committee Member

35. Statement of Financial Position of the Association at 31st March 2018 (continued)

(a) Property, plant and equipment

	<u>Land and Buildings</u> HK\$	<u>Furniture and Equipment</u> HK\$	<u>Vehicle</u> HK\$	<u>Computer</u> HK\$	<u>Total</u> HK\$
<i>At cost</i>					
At 31st March 2017	2	12,971,147	752,898	5,440,985	19,165,032
Additions	-	3,593,466	-	1,098,790	4,692,256
Disposal	-	(60,389)	-	-	(60,389)
At 31st March 2018	2	16,504,224	752,898	6,539,775	23,796,899
<i>Accumulated depreciation</i>					
At 31st March 2017	-	(8,559,526)	(175,129)	(2,999,444)	(11,734,099)
Charge for the year	-	(2,907,044)	(111,394)	(1,414,764)	(4,433,202)
Written back on disposal	-	33,463	-	-	33,463
At 31st March 2018	-	(11,433,107)	(286,523)	(4,414,208)	(16,133,838)
<i>Net book value</i>					
At 31st March 2018	2	5,071,117	466,375	2,125,567	7,663,061
At 31st March 2017	2	4,411,621	577,769	2,441,541	7,430,933

The leases of land, on which the Association's premises are located, are expired on 30th June 2047.

The Association's premises are located at:

1. Farm land at Lot Nos. TMTL No. 383
2. Ching Kung House at Flat A, 3/F, No. 30 Nassau Street, Kowloon

(b) Investment in subsidiary company

	<u>2018</u> HK\$	<u>2017</u> HK\$
Unlisted shares, at cost	20	20
Amount due from subsidiary company	<u>7,987,633</u>	<u>8,094,720</u>
	<u>7,987,653</u>	<u>8,094,740</u>

Particulars of the subsidiary company are as follows:

Name	:	New Life Support Enterprises Limited
Place of incorporation	:	Hong Kong
Percentage of equity held	:	100% [50% held directly by the Association and 50% held by the trustee on behalf of the Association]
Nature of activity	:	operating projects for the benefit of people with disabilities through provision of training and employment opportunities

35. Statement of Financial Position of the Association at 31st March 2018 (continued)

(c) Account and other receivables

	<u>2018</u>	<u>2017</u>
	HK\$	HK\$
Contract deposits	10,156,563	4,030,343
Accounts receivable	7,678,835	6,026,201
Rental deposits	1,826,705	1,414,915
Utility deposits	1,132,351	1,124,351
Sundry deposits	120,841	105,165
Prepayments	10,039,187	5,409,074
Dividend receivable	88,088	259,094
Interest receivable	521,386	468,271
Money due from clients	1,000	1,000
Accounts with:		
Lotteries Fund	742,566	940,222
On-site Training Programme	56,725	-
Integrated Employment Assistance Scheme (Kwai Tsing)	-	437,215
Intensive Employment Assistance Project Community Care Fund	10,048	109,786
Health Care & Promotion Fund	-	118,545
Queen Elizabeth Foundation for the Mentally Handicapped	4,628	13,801
Employees Retraining Board Fund	8,539	-
Hong Kong Jockey Club Charities Trust	16,218,243	7,767,846
Community Investment and Inclusion Fund	179,937	580,430
HSBC (Community Chest 45th Anniversary Fund)	-	457,898
Food Sharing Project	-	188,409
BMCPC Charitable Fund	409,550	52,833
Environment and Conservation Fund	267,642	386,591
	<u>49,462,834</u>	<u>29,891,990</u>

35. Statement of Financial Position of the Association at 31st March 2018 (continued)

(d) Creditors and accruals

	<u>2018</u>	<u>2017</u>
	HK\$	HK\$
Accounts payable	1,847,047	1,847,388
Accruals	3,463,424	2,814,840
Other payables	4,454,460	5,777,478
Receipt in advance (included temporary credit)	355,750	833,405
Deferred income	5,721,666	5,620,320
Deposits of clients (for keys and lockers)	90,920	88,020
Rental deposits	35,200	35,200
Other deposits received	1,573,580	1,028,900
Accounts with:		
On-site Training Programme	-	940,760
Integrated Employment Assistance Scheme (Wong Tai Sin)	-	167,609
Integrated Employment Assistance Programme for Self-reliance	408,695	189,560
Chow Tai Fook Charity Foundation	4,207,691	2,162,007
Enhancing Employment of People with Disabilities through Small Enterprises Project	19,489	26,439
Employees Retraining Board Fund	-	46,044
Partnership fund	112,468	-
Ho Tung Fund	48,600	-
UPS Foundation	133,639	59,969
Food Sharing Project	198,971	-
Contribution	2,609,140	2,953,909
Mindset Peer Support Worker Project	111,271	365,203
	<u>25,392,011</u>	<u>24,957,051</u>

35. Statement of Financial Position of the Association at 31st March 2018 (continued)

(e) Reserved Fund

	<u>2018</u> HK\$	<u>2017</u> HK\$
Balance at beginning of year	15,761,695	17,003,986
Movements during the year		
Surplus for the year	<u>6,726,067</u>	<u>12,493,238</u>
Transfer to various funds and reserves*	<u>(10,995,530)</u>	<u>(13,735,529)</u>
Deficit for the year after transfer ^{Remark}	<u>(4,269,463)</u>	<u>(1,242,291)</u>
Balance at end of year	<u><u>11,492,232</u></u>	<u><u>15,761,695</u></u>

Remark:

Deficit for the year after transfer represents:

Deficit from subvented units [Note 30]	(334,708)	(564,192)
Deficit from Community Chest allocation	(384,725)	(471,864)
Deficit from self financed units/projects	(3,273,453)	(3,679,889)
Interest income on time deposits/bond investments	536,249	513,543
Dividend income	411,778	677,691
Impairment loss on available-for-sale investments - Write-back/(Impairment)	1,301,655	740,911
Gain on foreign exchange on time deposits for Reserve Fund	(223,950)	2,403
Gain on disposal of available-for-sale investments	-	1,614,468
Direct expenses	-	(35,762)
Transfer to Lump Sum Grant Reserve and Provident Fund Reserve [Note 23]	<u>(2,302,309)</u>	<u>(39,600)</u>
	<u><u>(4,269,463)</u></u>	<u><u>(1,242,291)</u></u>

* Transfer amount per consolidated financial statements

8,789,607	10,598,855
-----------	------------

Exclusion of transfer amount from :

 Small Enterprise Fund (SWD) for operation of subsidiary company

<u>2,205,923</u>	<u>3,136,674</u>
------------------	------------------

<u><u>10,995,530</u></u>	<u><u>13,735,529</u></u>
--------------------------	--------------------------

36. Prior year adjustment

During the year, the Group has clarified the following matters with the Social Welfare Department ("SWD") and the Inland Revenue Department ("IRD"):-

1) SWD - cost recovery of Lump Sum Grant by New Life Psychiatric Rehabilitation Association ("the Association")

According to SWD's review on the continued operation of the social enterprise business by the Association, during the year, SWD agreed the Association to recharge the administration expenses in central administration so as to account for the deployment of the resources of subvented Supported Employment Service. It resulted in cost recovery of Lump Sum Grant by the Association in the years of 2012/2013, 2013/2014 and 2014/2015 in sum of HK\$5,253,034, and therefore, the Association recharged the administration expenses in central administration of the social enterprises service units and of New Life Support Enterprises Limited, the subsidiary company, in the years of 2012/2013, 2013/2014 and 2014/2015 in sum of HK\$3,277,980 and HK\$1,975,054 respectively. As the cost recovery and the amounts recharged were related to previous financial years, the management decided to account back the amounts in the relevant financial years, and therefore, prior year adjustment has been made.

2) IRD - Capital Grants and Operation Grants of the Small Enterprise Fund (SWD) of New Life Support Enterprises Limited, the subsidiary company ("NLSE")

During the year, profits taxes of NLSE, after the clarification with the IRD, for the years of assessment 2011/2012 to 2015/2016 have been substantiated be under-provided by HK\$1,080,343. The under-provision was due to the omission of add-back of some of the Capital Grants and Operation Grants of the Small Enterprise Fund (SWD) in the relevant years' profits tax computations. As the profits taxes were related to previous financial years, the management decided to account back the amount in the relevant financial years, and therefore, prior year adjustment has been made.

The effect on the results for the years ended 31st March 2017 and 2016 of the Group and the Association, and the effect on statement of financial position at 31st March 2017 and 2016 of the Group and the Association are set out as follows:-

The Group

Amounts DECREASED in Statement of Comprehensive Income	Taxation HK\$	Production expenses - recharged HK\$	Deficit for the year HK\$
for the years ended on or before 31st March 2015	(970,247)	(5,253,034)	(6,223,281)
for the year ended 31st March 2016	(110,096)	-	(110,096)
for the year ended 31st March 2017	-	-	-
	<u>(1,080,343)</u>	<u>(5,253,034)</u>	<u>(6,333,377)</u>

36. Prior year adjustment (continued)

The Group (continued)

Amounts INCREASED/ (DECREASED) in Statement of Financial Position	Current	Subvention	<u>Designated Funds</u>	
	<u>Liabilities</u>	<u>Account</u>	Reserve	Production
	Tax payable	Lump Sum Grant Reserve	Fund	Floating Fund
	HK\$	HK\$	HK\$	HK\$
an aggregate effect on Reserve Funds up to 31st March 2015			(2,945,301)	(3,277,980)
at 31st March 2016	1,080,343	5,253,034	(3,055,397)	(3,277,980)
at 31st March 2017	<u>1,080,343</u>	<u>5,253,034</u>	<u>(3,055,397)</u>	<u>(3,277,980)</u>

The Association

Amounts INCREASED/(DECREASED) in Statement of Comprehensive Income	<u>Income</u>	<u>Expenditure</u>	Deficit for the year
	Dues and fees - recharged	Production expenses - recharged	
	HK\$	HK\$	
for the years ended on or before 31st March 2015	1,975,054	(5,253,034)	(3,277,980)
for the year ended 31st March 2016	-	-	-
for the year ended 31st March 2017	<u>-</u>	<u>-</u>	<u>-</u>
	<u>1,975,054</u>	<u>(5,253,034)</u>	<u>(3,277,980)</u>

Amounts INCREASED/(DECREASED) in Statement of Financial Position	Amount due from subsidiary company	Subvention <u>Account</u> Lump Sum Grant Reserve	<u>Designated Funds</u> Production Floating Fund
	HK\$	HK\$	HK\$
	HK\$	HK\$	HK\$
an aggregate effect on Reserve Funds up to 31st March 2015			(3,277,980)
at 31st March 2016	1,975,054	5,253,034	(3,277,980)
at 31st March 2017	<u>1,975,054</u>	<u>5,253,034</u>	<u>(3,277,980)</u>