

**FISH MARKETING ORGANIZATION**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**31 MARCH 2018**



**INDEPENDENT AUDITOR'S REPORT  
TO THE DIRECTOR OF MARKETING**

(Fish Marketing Organization is established by the Marine Fish (Marketing) Ordinance, Chapter 291 and headed by the Director of Marketing)

**Opinion**

*What we have audited*

The financial statements of Fish Marketing Organization (the "Organization") set out on pages 4 to 41, which comprise:

- the balance sheet as at 31 March 2018;
- the statement of comprehensive income for the year ended;
- the statement of changes in funds for the year ended;
- the statement of cash flows for the year then ended;
- notes to the financial statements, which include a summary of significant accounting policies.

*Our opinion*

In our opinion, the financial statements give a true and fair view of the financial position of the Organization as at 31 March 2018, and of its financial performance and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

**Basis for Opinion**

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*Independence*

We are independent of the Organization 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.

**Responsibilities of the Director of Marketing for the Financial Statements**

The Marine Fish (Marketing) Ordinance, Chapter 291, requires the Organization to keep proper accounts. The Director of Marketing (the "Director") is responsible for the preparation of financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA, and for such internal control as the Director determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.



**INDEPENDENT AUDITOR'S REPORT  
TO THE DIRECTOR OF MARKETING (CONTINUED)**

(Fish Marketing Organization is established by the Marine Fish (Marketing) Ordinance, Chapter 291 and headed by the Director of Marketing)

**Responsibilities of the Director of Marketing for the Financial Statements  
(Continued)**

In preparing the financial statements, the Director is responsible for assessing the Organization'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 Organization either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

The Director is responsible for overseeing the Organization's financial reporting process.

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Director.

**INDEPENDENT AUDITOR'S REPORT  
TO THE DIRECTOR OF MARKETING (CONTINUED)**

(Fish Marketing Organization is established by the Marine Fish (Marketing) Ordinance, Chapter 291 and headed by the Director of Marketing)

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

- Conclude on the appropriateness of the Director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization'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 Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Director 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.



**PricewaterhouseCoopers**  
Certified Public Accountants

Hong Kong, - 3 OCT 2016

**FISH MARKETING ORGANIZATION**

(All amounts in Hong Kong dollars unless otherwise stated)

**BALANCE SHEET**

		<u>As at 31 March</u>	
	Note	2018	2017
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	18,938,958	22,041,409
FMO Loans	7(a)	535,411	839,384
Assets under defined benefit plan	17(a)	4,010,000	1,790,000
Total non-current assets		<u>23,484,369</u>	<u>24,670,793</u>
<b>Current assets</b>			
Inventories	8	711,545	534,406
FMO Loans	7(a)	42,797,270	28,587,084
Receivables from co-operative societies and fishermen		101,946	51,848
Trade and other receivables	9	6,874,781	6,538,602
Bank deposits with original maturities over three months	10	187,239,618	120,764,916
Cash and cash equivalents	11	35,441,267	95,844,200
Total current assets		<u>273,166,427</u>	<u>252,321,056</u>
<b>Total assets</b>		<u><u>296,650,796</u></u>	<u><u>276,991,849</u></u>
<b>FUNDS</b>			
FMO General Fund			
Accumulated surplus	12	162,061,177	148,970,251
Specific funds			
FMO Loan Fund	7(a)	87,073,440	86,777,553
Funds provided from external sources for capital expenditure	13	1,778,641	1,778,641
CARE Loan Fund	14(a)	165,814	165,814
<b>Total funds</b>		<u>251,079,072</u>	<u>237,692,259</u>

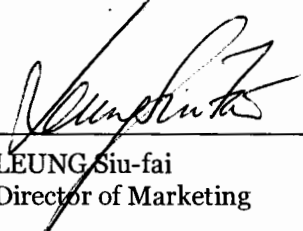
**FISH MARKETING ORGANIZATION**  
(All amounts in Hong Kong dollars unless otherwise stated)

**BALANCE SHEET (CONTINUED)**

	Note	<u>As at 31 March</u>	
		2018	2017
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Non-current deposits from licensees of market premises	15	10,913,571	10,762,294
Long service payment obligations	17	3,183,081	3,875,722
		<u>14,096,652</u>	<u>14,638,016</u>
<b>Current liabilities</b>			
Trade and other payables	15	13,085,229	10,400,766
Amounts due to Government Loan Fund	16	13,342,840	9,480,304
Long service payment obligations	17	494,434	392,612
Fish buyers' deposits		509,674	723,871
Savings held on behalf of co-operative societies and fishermen	18	4,042,895	3,664,021
		<u>31,475,072</u>	<u>24,661,574</u>
<b>Total liabilities</b>		<u>45,571,724</u>	<u>39,299,590</u>
<b>Total funds and liabilities</b>		<u>296,650,796</u>	<u>276,991,849</u>

The above balance sheet should be read in conjunction with the accompanying notes.

The financial statements on pages 4 to 41 were approved by the Director of Marketing on - 3 OCT 2018

  
LEUNG Siu-fai  
Director of Marketing

**FISH MARKETING ORGANIZATION**

(All amounts in Hong Kong dollars unless otherwise stated)

**STATEMENT OF COMPREHENSIVE INCOME**

		Year ended 31 March	
	Note	2018	2017
<b>INCOME</b>			
<b>Operating income</b>			
Commission		19,684,698	21,265,949
Net income from sales of marine fish/produce	19	3,993,555	4,191,225
Licence fee income		43,705,314	40,786,793
Cold storage income		77,544	108,780
Berthing income		800,490	915,895
Net income from sales of sea water	20	166,935	162,842
Other operating income		815,187	1,047,327
		<u>69,243,723</u>	<u>68,478,811</u>
<b>Non-trading income</b>			
Interest income on bank deposits		1,122,711	1,010,058
Other income		-	4,327
		<u>1,122,711</u>	<u>1,014,385</u>
<b>Total income</b>		<u>70,366,434</u>	<u>69,493,196</u>
<b>EXPENDITURE</b>			
<b>Operating expenditure</b>			
Employee benefit expenditure	21	(35,381,577)	(34,654,838)
<b>General working expenses</b>			
Rent, rates and permit fees		(2,424,858)	(2,253,399)
Printing and stationery		(432,896)	(428,502)
Utility services		(3,134,814)	(3,118,465)
Maintenance and minor improvements		(2,164,871)	(1,865,155)
Stores and equipment		(813,585)	(719,851)
Miscellaneous expenses		(1,203,616)	(1,097,454)
Staff welfare		(251,886)	(239,953)
Staff training		(29,995)	(98,080)
Travelling expenses		(113,892)	(102,959)
Protective clothing and uniforms		(3,380)	(5,760)
Insurance		(670,130)	(914,018)
Auditor's remuneration		(400,400)	(436,400)
Security services		(1,468,185)	(1,366,269)
Commission expenses		-	(27)
Bank charges		(19,479)	(19,874)
		<u>(13,131,987)</u>	<u>(12,666,166)</u>

**FISH MARKETING ORGANIZATION**

(All amounts in Hong Kong dollars unless otherwise stated)

**STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)**

		Year ended 31 March	
	Note	2018	2017
<b>Operating expenditure (Continued)</b>			
<b>General working expenses (Continued)</b>			
Balance brought forward		(13,131,987)	(12,666,166)
Depreciation	5	(5,492,436)	(5,507,503)
Transportation expenses		(1,941,065)	(1,923,200)
Liaison and ancillary services		(20,000)	(20,000)
Publicity and sales promotion	22	(2,685,417)	(2,891,473)
Bad debt written off	9	(71,502)	-
Legal and professional fees		(68,400)	-
Cleaning charges		(655,810)	(596,540)
Subsidy for lorry parking		(459,276)	(502,350)
		<u>(24,525,893)</u>	<u>(24,107,232)</u>
<b>Total operating expenditure</b>		<u>(59,907,470)</u>	<u>(58,762,070)</u>
<b>Other expenditure</b>			
Loss on disposals of property, plant and equipment	26(b)	(170,051)	(90,770)
Environment improvement services		-	(774,167)
		<u>(170,051)</u>	<u>(864,937)</u>
<b>Total expenditure</b>		<u>(60,077,521)</u>	<u>(59,627,007)</u>
<b>Operating surplus for the year</b>		10,288,913	9,866,189
Net surplus from FMO Loan Fund	24	295,887	894,694
Net surplus from CARE Loan Fund	25	-	2,805
<b>Surplus for the year</b>		<u>10,584,800</u>	<u>10,763,688</u>
<b>Other comprehensive income for the year</b>			
<u>Items that will not be reclassified subsequently to surplus or deficit</u>			
Remeasurements for defined benefit plan	17(a)	2,139,000	1,063,000
Remeasurements for long service payment obligations	17(b)	663,013	2,661,293
<b>Total comprehensive income for the year</b>		<u>13,386,813</u>	<u>14,487,981</u>

The above statement of comprehensive income should be read in conjunction with the accompanying notes.



**FISH MARKETING ORGANIZATION**  
 (All amounts in Hong Kong dollars unless otherwise stated)

**STATEMENT OF CHANGES IN FUNDS**

	Note	Total funds	
		2018	2017
<b>At 1 April</b>		237,692,259	223,204,278
Surplus for the year		10,584,800	10,763,688
Other comprehensive income			
- Remeasurements for defined benefit plan	17	2,139,000	1,063,000
- Remeasurements for long service payment obligations	17	663,013	2,661,293
<b>Total comprehensive income</b>		13,386,813	14,487,981
<b>At 31 March</b>		251,079,072	237,692,259

The above statement of changes in funds should be read in conjunction with the accompanying notes.

**FISH MARKETING ORGANIZATION**

(All amounts in Hong Kong dollars unless otherwise stated)

**STATEMENT OF CASH FLOWS**

		Year ended 31 March	
	Note	2018	2017
<b>Cash flows from operating activities</b>			
Cash generated from operations	26(a)	3,491,845	18,355,772
Interest received on FMO loans		513,623	644,033
CARE interest received on loan		-	831
Net cash inflow from operating activities		<u>4,005,468</u>	<u>19,000,636</u>
<b>Cash flows from investing activities</b>			
Purchases of property, plant and equipment	5	(2,563,036)	(2,212,958)
Proceeds from disposals of property, plant and equipment	26(b)	3,000	-
Net (placement)/uplift of bank deposits with original maturities over three months		(66,474,702)	21,259,530
Bank interest received		1,205,944	1,261,157
Net cash (outflow)/inflow from investing activities		<u>(67,828,794)</u>	<u>20,307,729</u>
<b>Cash flows from financing activities</b>			
New drawdown from Government Loan Fund		60,000,000	40,000,000
Repayments to Government Loan Fund		(56,149,167)	(40,452,500)
Interest paid on Government Loan Fund		(430,440)	(334,539)
Net cash inflow/(outflow) from financing activities		<u>3,420,393</u>	<u>(787,039)</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<u>(60,402,933)</u>	<u>38,521,326</u>
Cash and cash equivalents at beginning of the year		<u>95,844,200</u>	<u>57,322,874</u>
<b>Cash and cash equivalents at end of the year</b>	11	<u><u>35,441,267</u></u>	<u><u>95,844,200</u></u>

The above statement of cash flows should be read in conjunction with the accompanying notes.

## **FISH MARKETING ORGANIZATION**

(All amounts in Hong Kong dollars unless otherwise stated)

### **NOTES TO THE FINANCIAL STATEMENTS**

#### **1 General information**

Fish Marketing Organization (the "Organization") is established under the Marine Fish (Marketing) Ordinance, Chapter 291, which requires that marine fish be bought and sold wholesale at the wholesale marine fish markets operated by the Organization. A fish seller shall pay a commission to the Organization for the services provided in respect of such sale.

The principal activity of the Organization is to provide services to the fish sellers in return for commission calculated based on the price or quantity of fish sold in the Organization's markets.

- (a) The amount of commission income accruing to the Organization therefore depends significantly on:
  - (i) the degree of the fish sellers' compliance with the Marine Fish (Marketing) Ordinance by bringing their catch into the Organization's markets for sale; and
  - (ii) the market conditions prevailing in the market which influence the selling prices of the fish.
- (b) With effect from 25 June 1999, the rate of commission payable to the Organization for services provided in respect of the sales of marine fish at a market is changed from 7% of the price for which the fish was sold to the following basis:
  - (i) HK\$5 per 15 catties sold or 7% of the purchase price, whichever is the lower, for services provided in respect of the sales of marine fish by way of direct sale; or
  - (ii) 7% of the purchase price for services provided in respect of the sales of marine fish by way of any other method of sale.

The address of the Organization is 757 Lai Chi Kok Road, Cheung Sha Wan Wholesale Vegetable Market, Cheung Sha Wan, Kowloon.

These financial statements are presented in Hong Kong dollars unless otherwise stated.

#### **2 Summary of significant accounting policies**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

##### **2.1 Basis of preparation**

The financial statements of the Organization have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"), which collective term includes all applicable individual HKFRS, Hong Kong Accounting Standards ("HKAS") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants and accounting principles generally accepted in Hong Kong. The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Organization's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

## FISH MARKETING ORGANIZATION

(All amounts in Hong Kong dollars unless otherwise stated)

### NOTES TO THE FINANCIAL STATEMENTS

#### 2 Summary of significant accounting policies (Continued)

##### 2.1 Basis of preparation (Continued)

- (a) New and amended standards and interpretations (collectively, the “Amendments”) adopted by the Organization

The Organization has adopted the following Amendments for the first time for its annual accounting year commencing 1 April 2017:

- HKAS 7 (Amendment) Statement of cash flows: disclosure initiative
- HKFRS 12 Disclosure of interest in other entities

The adoption of these Amendments did not have any impact on the current period or any prior period and is not likely to affect future periods other than certain additional disclosure to satisfy the new disclosure requirements introduced by HKAS 7 (Amendment), which require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash flow changes, as disclosed in note 26(c).

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

- (b) Amendments that are not yet effective and have not been early adopted by the Organization

Certain Amendments have been published that are mandatory for the Organization’s reporting periods beginning on or after 1 April 2018. The following Amendments are relevant and applicable to the Organization; however, they have not been early adopted in these financial statements:

Annual Improvements Project – HKFRS 1 and HKAS 28 (Amendment)	Annual improvements 2014 - 2016 cycle <sup>1</sup>
HKAS 40 (Amendment)	Transfers of investment property <sup>1</sup>
HKFRS 2 (Amendment)	Classification and measurement of share-based payment transactions <sup>1</sup>
HKFRS 9	Financial instruments <sup>1</sup>
HKFRS 15	Revenue from contracts with customers <sup>1</sup>
HKFRS 16	Leases <sup>2</sup>
HKFRS 10 and HKAS 28 (Amendment)	Sale or contribution of assets between an investor and its associate or joint venture <sup>3</sup>
HK(IFRIC) 22	Foreign currency transactions and advance consideration <sup>1</sup>

Note:

- (1) Effective for financial period beginning on 1 January 2018
- (2) Effective for financial period beginning on 1 January 2019
- (3) Effective for financial period beginning on or after a date to be determined

The Organization is in the process of making an assessment of what the impact of these Amendments is expected to be in the period of initial application. So far the Organization has identified some aspects of the new standards which may have a significant impact on the financial statements. Further details of the expected impacts are discussed below. While preliminary assessment has been completed for HKFRS 9, HKFRS 15 and HKFRS 16, the actual impacts upon the initial adoption of the standards may differ as the assessment completed to date is based on information currently available to the Organization, and further impacts may be identified before the standards are initially applied. The Organization may also change its accounting policy elections, including the transition options, until the standards are initially applied in that financial statements.

## **FISH MARKETING ORGANIZATION**

(All amounts in Hong Kong dollars unless otherwise stated)

### **NOTES TO THE FINANCIAL STATEMENTS**

#### **2 Summary of significant accounting policies (Continued)**

##### **2.1 Basis of preparation (Continued)**

- (b) Amendments that are not yet effective and have not been early adopted by the Organization (Continued)

##### HKFRS 9 Financial instruments

HKFRS 9 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in HKFRS 9 are based on an expected credit loss model and replace the HKAS 39 incurred loss model.

- (i) Classification and measurement

The Organization expect that the adoption of HKFRS 9 does not have a significant impact on the classification and measurement of its financial assets including derivative financial instruments, if any.

- (ii) Impairment

HKFRS 9 requires the Organization to record expected credit losses on all of its debt securities, loans and trade receivables, either on a 12-month or lifetime basis. The Organization expects to apply the simplified approach and record lifetime expected losses on all trade receivables. The Organization does not expect any significant impact from these changes.

The Organization plans to adopt the new standard on the required effective date without restating prior years' information and recognise any difference between the previous carrying amount and the carrying amount at the beginning of the annual reporting period at the date of initial application in the opening retained earnings.

##### HKFRS 15 Revenue from contracts with customers

HKFRS 15 establishes a five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new revenue standard will supersede all current revenue recognition requirements under HKFRS. Either a full retrospective application or a modified retrospective application is required for annual period beginning on 1 January 2018. Early adoption is permitted.

The Organization performed a preliminary assessment of HKFRS 15, which is subject to changes arising from a more detailed ongoing analysis. The Organization expects that the adoption of HKFRS 15 will have no material impact on the financial statements in the period of initial application. However, there will be additional disclosures upon the adoption of HKFRS 15.

##### HKFRS 16 Leases

HKFRS 16 will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

The accounting for lessors will not significantly change.

**FISH MARKETING ORGANIZATION**  
(All amounts in Hong Kong dollars unless otherwise stated)

**NOTES TO THE FINANCIAL STATEMENTS**

**2 Summary of significant accounting policies (Continued)**

**2.1 Basis of preparation (Continued)**

- (b) Amendments that are not yet effective and have not been early adopted by the Organization (Continued)

HKFRS 16 Leases (Continued)

The new standard is mandatory for financial year commencing on 1 January 2019. At this stage, the Organization does not intend to adopt the standard before its effective date. The Organization expects that the adoption of HKFRS 16 will have no material impact on the financial statements.

The Organization is currently assessing the impact of the adoption of other Amendments and is of the view that they would not have a significant impact on the Organization's results of operations and financial position.

**2.2 Foreign currency translation**

- (a) Functional and presentation currency

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

- (b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions and valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

**2.3 Property, plant and equipment**

Land and buildings comprise mainly offices and market buildings. Leasehold land classified as finance lease and all other property, plant and equipment are stated at historical cost less depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

**FISH MARKETING ORGANIZATION**  
(All amounts in Hong Kong dollars unless otherwise stated)

**NOTES TO THE FINANCIAL STATEMENTS**

**2 Summary of significant accounting policies (Continued)**

**2.3 Property, plant and equipment (Continued)**

Leasehold land classified as finance lease commences amortisation from the time when the land interest becomes available for its intended use. Amortisation on leasehold land classified as finance lease and depreciation on all other property, plant and equipment is calculated using the straight-line method to allocate their costs to their residual values over their estimated useful lives, as follows:

Leasehold land classified as finance lease	Over the unexpired period of the lease
Leasehold improvements	Shorter of the lease period and the useful lives of 10 years
Buildings	
- Permanent construction but not of a concrete nature	10 years
- Permanent construction of a concrete nature	20 years
Furniture, fixtures and equipment	5 to 10 years
Motor vehicles	5 years

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

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

Gains and losses on disposal are determined by comparing the proceeds with the carrying amount. These are included in profit or loss.

**2.4 Impairment of non-financial assets**

Non-financial assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

**2.5 Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost comprises cost of purchase and direct materials. Cost, determined using the first-in first-out method, mainly comprises invoiced cost. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

**2.6 Financial assets - loans and receivables**

(a) Classification

The Organization classifies its financial assets in loans and receivables. The classification depends on the purpose for which the financial assets were acquired.

**FISH MARKETING ORGANIZATION**  
(All amounts in Hong Kong dollars unless otherwise stated)

**NOTES TO THE FINANCIAL STATEMENTS**

**2 Summary of significant accounting policies (Continued)**

**2.6 Financial assets - loans and receivables (Continued)**

(a) Classification (Continued)

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for the amounts that are settled or expected to be settled more than 12 months after the end of the reporting period. These are classified as non-current assets.

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on the trade-date - the date on which the Organization commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Organization has transferred substantially all risks and rewards of ownership. At initial recognition, the Organization measures its loans and receivables at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. Loans and receivables are subsequently carried at amortised cost using effective interest method.

**2.7 FMO Loans, CARE Loans and trade and other receivables**

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Fish Marketing Organization Loans ("FMO Loans"), Co-operative for American Relief Everywhere Loans ("CARE Loans") and trade and other receivables are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method, less provision for impairment.

**2.8 Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount reported in the balance sheet where the Organization currently has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The Organization has also entered into arrangements that do not meet the criteria for offsetting but still allow for the related amounts to be set off in certain circumstances, such as bankruptcy or the termination of a contract.

**2.9 Impairment of financial assets carried at amortised cost**

The Organization assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss.



## **FISH MARKETING ORGANIZATION**

(All amounts in Hong Kong dollars unless otherwise stated)

### **NOTES TO THE FINANCIAL STATEMENTS**

#### **2 Summary of significant accounting policies (Continued)**

##### **2.9 Impairment of financial assets carried at amortised cost (Continued)**

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

##### **2.10 Cash and cash equivalents**

Cash and cash equivalents include cash in hand and bank deposits with original maturities of three months or less.

##### **2.11 Government loans and borrowing costs**

Government loans are recognised initially at fair value, net of transaction costs incurred. Government loans are subsequently stated at amortised cost; any difference, if any, between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the government loans using the effective interest method.

Government loans are classified as current liabilities which are due within 12 months after the balance sheet date and as non-current liabilities for the portion which are due over 12 months after the balance sheet date.

Borrowing costs are recognised in profit or loss in the period in which they are incurred.

##### **2.12 Trade and other payables**

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers and service providers. Trade and other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

##### **2.13 Employee benefits**

###### **(a) Employee leave entitlements**

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by the employees up to the balance sheet date.

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

###### **(b) Retirement plan obligations**

The Organization operates a defined benefit plan, a defined contribution plan and a mandatory provident fund scheme ("MPF scheme") in Hong Kong, the assets of which are held in separate trustee-administered funds. All three retirement plans are funded by payments from employees and by the Organization. For the defined benefit plan, payments are made after taking into account the recommendations of independent qualified actuary.

**FISH MARKETING ORGANIZATION**  
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**NOTES TO THE FINANCIAL STATEMENTS**

**2 Summary of significant accounting policies (Continued)**

**2.13 Employee benefits (Continued)**

(b) Retirement plan obligations (Continued)

Defined contribution plan and MPF scheme

The Organization's contributions to the defined contribution plan and MPF scheme are based on a certain percentage of the employees' income. The Organization's contributions to both the defined contribution plan and the MPF scheme are expenses as incurred.

The Organization's contributions to the defined contribution plan are reduced by contributions forfeited by those employees who leave the defined contribution plan prior to vesting fully in the contributions. The Organization has no further payment obligations once the contributions to both the defined contribution plan and the MPF scheme have been paid. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Defined benefit plan

A defined benefit plan is a retirement plan that is not a defined contribution plan. Typically, defined benefit plan define an amount of retirement benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The asset recognised in the balance sheet in respect of defined benefit plan is the fair value of plan assets less the present value of the defined benefit obligation at each balance sheet date. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds or government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related obligation.

The current service cost of the defined benefit plan, recognised in the statement of comprehensive income in employee benefit expense, except where included in the cost of an asset, reflects the increase in the defined benefit obligation results from employee service in the current year, benefit changes, curtailments and settlements.

Past service costs are charged immediately to the statement of comprehensive income.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. The cost is included in employee benefit expense in the statement of comprehensive income.

Remeasurement arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income in the period in which they arise.

(c) Long service payment obligations

The Organization recognises long service payment obligations liable to its employees in accordance with the Hong Kong Employment Ordinance (Cap. 57) upon the termination of the employment, or retirement, when the employees fulfil certain conditions and the termination meets the required circumstances. The obligations are calculated based on the long service payments that are required to be made to the employees by the Organization in respect of their services up to the year-end date as reduced by certain benefits arising from the Organization's other retirement plans.

**FISH MARKETING ORGANIZATION**  
(All amounts in Hong Kong dollars unless otherwise stated)

**NOTES TO THE FINANCIAL STATEMENTS**

**2 Summary of significant accounting policies (Continued)**

**2.13 Employee benefits (Continued)**

(c) Long service payment obligations (Continued)

The expected costs of these obligations are accrued over the period of employment using the same accounting methodology as used for defined benefit plan. Remeasurements arising from experience adjustments and changes in assumptions are charged or credited directly to other comprehensive income in the period in which they arise. These obligations are valued annually by an independent qualified actuary.

**2.14 Provisions**

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

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

**2.15 Revenue and other income recognition**

Revenue comprises the fair value of the consideration received or receivable for the sales of goods and services in the ordinary course of the Organization's activities. Revenue and other income are recognised as follows:

- (a) Commission income is recognised based on the price or quantity of the fish transactions concluded in the Organization's markets on an accrual basis.
- (b) Sales of marine fish/produce/sea water is recognised as income upon delivery of marine fish/produce/sea water to the customer, who has accepted the marine fish/produce/sea water and collectability of the related receivables is reasonably assured.
- (c) Licence fee income is accounted for on a straight-line basis over the respective period of the leases of market premises.
- (d) Cold storage income is recognised based on the weight and period of fish stored on an accrual basis.
- (e) Berthing income is recognised when the services are rendered.
- (f) Interest income on bank deposits, FMO Loans and CARE Loan is recognised on a time proportion basis using the effective interest method.
- (g) Other operating income mainly represents loading income which is recognised upon loading of fisheries products in the markets.
- (h) Other income is recognised on an accrual basis.

**FISH MARKETING ORGANIZATION**  
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**NOTES TO THE FINANCIAL STATEMENTS**

**2 Summary of significant accounting policies (Continued)**

**2.16 Operating leases**

(a) As the lessee

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Organization as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

(b) As the lessor

When assets are leased out under operating leases, the assets are included in the balance sheet according to their nature. Licence fee income arising from market premises leased out under operating leases is recognised over the lease term on a straight-line basis.

**2.17 FMO Loan Fund and CARE Loan Fund**

The Fish Marketing Organization Loan Fund ("FMO Loan Fund") was set up for making loans to fishermen for productive purposes.

The Co-operative for American Relief Everywhere Loan Fund ("CARE Loan Fund") was donated by the Co-operative for American Relief Everywhere for making loans to fishermen for productive purposes.

The income and expenditure relating to these funds are dealt with as a single line item in the statement of comprehensive income and the details are disclosed in notes 24 and 25. Any net surplus or deficit relating to these funds is transferred from the Fish Marketing Organization General Fund ("FMO General Fund") to the respective funds.

**3 Financial and fund risks management**

**3.1 Financial risk factors**

The Organization's activities expose it to a variety of financial risks factors: foreign exchange risk, credit risk, liquidity risk and cash flow and fair value interest rate risks. The Organization's overall risk management procedures focus on the unpredictability of financial markets and seek to minimise potential adverse effects on the Organization's financial performance.

(a) Foreign exchange risk

Foreign exchange risk arises where future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Organization's functional currency. In the opinion of the Organization, the Organization has minimal exposure to foreign exchange risk as its transactions are mainly denominated in Hong Kong dollars and no sensitivity analysis is performed accordingly.

(b) Credit risk

The Organization has policies in place for the control and monitoring of its credit risk. The credit risk of the Organization is primarily attributable to the FMO Loans, receivables from co-operative societies and fishermen, trade and other receivables and deposits placed with banks.

In respect of FMO Loans, individual evaluations are performed on all borrowers. For each loan granting, the Organization has policies to assess the eligibility of the granting to fishermen and request each borrower to provide surety for the loan. Besides, the Organization will make specific provision for those balances which cannot be recovered.

**FISH MARKETING ORGANIZATION**  
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**NOTES TO THE FINANCIAL STATEMENTS**

**3 Financial and fund risks management (Continued)**

**3.1 Financial risk factors (Continued)**

(b) Credit risk (Continued)

In respect of receivables from co-operative societies and fishermen, the Organization closely monitors the balances and they have no past history of default.

In respect of trade and other receivables, which are arisen mainly from the sales of marine fish/produce/sea water and the commission receivables from credit customers, the Organization has policies in place to ensure they are with appropriate credit history and to limit the amount of credit exposure to credit customers so as to minimise credit risk resulting from counterparties default. The Organization will also make specific provision for those balances which cannot be recovered. The Organization does not hold any collateral from credit customers.

The credit risk on liquid funds is limited because the counterparties are reputable and creditworthy banks.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet. In the opinion of the Organization, its overall credit risk is considered to be low.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient bank deposits and bank balances. Cash flows are prepared daily and closely monitored by the Organization to ensure that it has sufficient cash to meet operational needs. In the opinion of the Organization, the Organization does not have any significant liquidity risk.

The table below analyses the Organization's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

As at 31 March 2018 and 2017, the maturity analysis of the financial liabilities is as follows:

	2018	2017
<b>Less than one year</b>		
Trade and other payables	11,493,194	8,892,074
Fish buyers' deposits	509,674	723,871
Savings held on behalf of co-operative societies and fishermen	4,042,895	3,664,021
Amounts due to Government Loan Fund (note 16)	13,398,333	9,547,500
Interest payable on amounts due to Government Loan Fund over the loan period	184,689	132,599
	<u>29,628,785</u>	<u>22,960,065</u>
<b>More than one year</b>		
Non-current deposits from licensees of market premises (note 15)	10,913,571	10,762,294
Total	<u><u>40,542,356</u></u>	<u><u>33,722,359</u></u>

**FISH MARKETING ORGANIZATION**  
(All amounts in Hong Kong dollars unless otherwise stated)

**NOTES TO THE FINANCIAL STATEMENTS**

**3 Financial and fund risks management (Continued)**

**3.1 Financial risk factors (Continued)**

(d) Cash flow and fair value interest rate risks

The Organization's cash flow and fair value interest rate risks are primarily arisen from bank deposits which carry interest at prevailing market interest rates and FMO Loans and amounts due to Government Loan Fund which carry interests at fixed rates. Other than these, the Organization has no other significant interest-bearing assets or liabilities.

As at 31 March 2018, if interest rates on the bank deposits had been 25 basis points (2017: 25 basis points) higher/lower with all other variables held constant, surplus for the year would have been approximately HK\$518,000 (2017: approximately HK\$567,000) higher/lower, as a result of higher/lower net interest income on the bank deposits.

In respect of the FMO Loans and amounts due to Government Loan Fund, the fair value interest rate risk is considered to be low due to the short maturity period.

**3.2 Funds risk management**

The Organization's objectives when managing funds are to safeguard the Organization's ability to continue as a going concern and to have sufficient funding for future operation. The Organization's overall strategy remains unchanged from prior year.

Total funds of the Organization comprise FMO General Fund, FMO Loan Fund, Funds provided from external sources for capital expenditure and CARE Loan Fund.

**3.3 Fair value estimation**

Fair value measurement by level of hierarchy is not disclosed as the Organization has no financial instruments that are measured at fair value on the three-level hierarchy basis in the balance sheet.

The carrying value less impairment of loans and receivables, and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Organization for similar financial instruments.

**3.4 Offsetting financial assets and financial liabilities**

No disclosure of the offsetting of financial assets and financial liabilities is made as there are no netting arrangements in place during the year.

**FISH MARKETING ORGANIZATION**  
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**NOTES TO THE FINANCIAL STATEMENTS**

**4 Critical accounting estimates and judgements**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Organization makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Defined benefit plan and long service payment obligations

The present values of the defined benefit and long service payment obligations depend on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost/(income) for defined benefit plan and long service payment obligations include the discount rate. Any changes in these assumptions will impact the carrying amount of defined benefit and long service payment obligations.

The actuary, Milliman Limited, determines the appropriate discount rate at the end of the year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the defined benefit and long service payment obligations. In determining the appropriate discount rate, the actuary considers the interest rates of high-quality corporate bonds or government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related defined benefit liability and long service payment obligations.

Other key assumptions for defined benefit and long service payment obligations are based in part on current market conditions. Additional information is disclosed in note 17.

**FISH MARKETING ORGANIZATION**  
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**NOTES TO THE FINANCIAL STATEMENTS**

**5 Property, plant and equipment**

	Land and buildings	Leasehold improve- ments	Furniture, fixtures and equipment	Motor vehicles	Total
<b>At 1 April 2016</b>					
Cost	35,037,605	51,035,892	15,909,739	876,758	102,859,994
Accumulated depreciation	(29,661,236)	(36,281,871)	(10,669,213)	(820,950)	(77,433,270)
Net book amount	<u>5,376,369</u>	<u>14,754,021</u>	<u>5,240,526</u>	<u>55,808</u>	<u>25,426,724</u>
<b>Year ended 31 March 2017</b>					
Opening net book amount	5,376,369	14,754,021	5,240,526	55,808	25,426,724
Additions	-	1,493,000	719,958	-	2,212,958
Disposals (note 26(b))	-	-	(90,770)	-	(90,770)
- Cost	-	-	(711,467)	-	(711,467)
- Accumulated depreciation	-	-	620,697	-	620,697
Depreciation	(176,558)	(3,993,009)	(1,282,128)	(55,808)	(5,507,503)
Closing net book amount	<u>5,199,811</u>	<u>12,254,012</u>	<u>4,587,586</u>	<u>-</u>	<u>22,041,409</u>
<b>At 31 March 2017</b>					
Cost	35,037,605	52,528,892	15,918,230	876,758	104,361,485
Accumulated depreciation	(29,837,794)	(40,274,880)	(11,330,644)	(876,758)	(82,320,076)
Net book amount	<u>5,199,811</u>	<u>12,254,012</u>	<u>4,587,586</u>	<u>-</u>	<u>22,041,409</u>
<b>Year ended 31 March 2018</b>					
Opening net book amount	5,199,811	12,254,012	4,587,586	-	22,041,409
Additions	-	1,900,835	662,201	-	2,563,036
Disposals (note 26(b))	-	-	(173,051)	-	(173,051)
- Cost	-	-	(1,113,131)	-	(1,113,131)
- Accumulated depreciation	-	-	940,080	-	940,080
Depreciation	(176,559)	(4,110,788)	(1,205,089)	-	(5,492,436)
Closing net book amount	<u>5,023,252</u>	<u>10,044,059</u>	<u>3,871,647</u>	<u>-</u>	<u>18,938,958</u>
<b>At 31 March 2018</b>					
Cost	35,037,605	54,429,727	15,467,300	876,758	105,811,390
Accumulated depreciation	(30,014,353)	(44,385,668)	(11,595,653)	(876,758)	(86,872,432)
Net book amount	<u>5,023,252</u>	<u>10,044,059</u>	<u>3,871,647</u>	<u>-</u>	<u>18,938,958</u>



**FISH MARKETING ORGANIZATION**  
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**NOTES TO THE FINANCIAL STATEMENTS**

**5 Property, plant and equipment (Continued)**

Depreciation expense of HK\$5,492,436 (2017: HK\$5,507,503) has been charged in general working expenses.

The Organization's leasehold land and buildings are situated in Hong Kong and the leasehold land classified as finance lease are held under medium term leases of between 10 to 50 years.

**6 Financial instruments by category**

The Organization's financial instruments include the following:

	Note	2018	2017
<b>Financial assets - loans and receivables</b>			
FMO Loans	7(a)	43,332,681	29,426,468
Receivables from co-operative societies and fishermen		101,946	51,848
Trade and other receivables	9	5,942,689	5,644,159
Bank deposits with original maturities over three months	10	187,239,618	120,764,916
Cash and cash equivalents	11	35,441,267	95,844,200
		<u>272,058,201</u>	<u>251,731,591</u>
<b>Financial liabilities - other financial liabilities at amortised cost</b>			
Trade and other payables	15	22,406,765	19,654,368
Amounts due to Government Loan Fund	16	13,342,840	9,480,304
Fish buyers' deposits		509,674	723,871
Savings held on behalf of co-operative societies and fishermen	18	4,042,895	3,664,021
		<u>40,302,174</u>	<u>33,522,564</u>

**FISH MARKETING ORGANIZATION**  
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**NOTES TO THE FINANCIAL STATEMENTS**

7 **FMO Loan Fund**

(a) Balance sheet

The FMO Loan Fund is represented by the following assets and liabilities which have been included in the assets and liabilities of the Organization in the balance sheet on pages 4 and 5:

	Note	2018	2017
<b>ASSETS</b>			
<b>Non-current assets</b>			
FMO Loans			
- Loans to fishermen		42,895,491	28,901,355
- Interest receivable		896,854	883,240
		<u>43,792,345</u>	<u>29,784,595</u>
Less: Provision for impairment of FMO Loans	(b)	(203,278)	(35,974)
		<u>43,589,067</u>	<u>29,748,621</u>
Less: Accumulated amortisation at 1 April		(322,153)	(651,179)
Amortisation of premium on FMO Loans	24	65,767	329,026
		<u>(256,386)</u>	<u>(322,153)</u>
		<u>43,332,681</u>	<u>29,426,468</u>
Less: Current portion		(42,797,270)	(28,587,084)
		<u>535,411</u>	<u>839,384</u>
<b>Current assets</b>			
Current portion of FMO Loans		42,797,270	28,587,084
Interest receivable on bank deposits		87,432	46,059
Bank deposits with original maturities over three months	10	28,555,540	50,171,154
Cash and cash equivalents	11	28,440,627	16,614,176
		<u>99,880,869</u>	<u>95,418,473</u>
<b>Total assets</b>		<u>100,416,280</u>	<u>96,257,857</u>
<b>FUNDS</b>			
Capital account		57,000,000	57,000,000
Accumulated surplus at 1 April		29,777,553	28,882,859
Net surplus for the year transferred from FMO General Fund	12&24	295,887	894,694
		<u>30,073,440</u>	<u>29,777,553</u>
Accumulated surplus at 31 March		<u>30,073,440</u>	<u>29,777,553</u>
<b>Total funds</b>		<u>87,073,440</u>	<u>86,777,553</u>

**FISH MARKETING ORGANIZATION**  
(All amounts in Hong Kong dollars unless otherwise stated)

**NOTES TO THE FINANCIAL STATEMENTS**

**7 FMO Loan Fund (Continued)**

(a) Balance sheet (Continued)

	Note	2018	2017
<b>LIABILITIES</b>			
<b>Current and total liabilities</b>			
Amounts due to Government Loan Fund	16	13,342,840	9,480,304
<b>Total funds and liabilities</b>		<u>100,416,280</u>	<u>96,257,857</u>

(b) FMO Loans

The FMO Loan Fund is primarily for making loans to fishermen for productive purposes. The FMO Loans bear interests at rates from 1% to 3% (2017: 1% to 3%) per annum and are repayable over a period up to five years (2017: up to six years). As at 31 March 2018, the weighted average effective interest rate of the FMO Loans is 1.35% (2017: 1.24%) per annum.

Loan borrowers are required to provide surety for the loans through endorsement of their fishing vessel license books in the Marine Department that the vessels are subjects of the loans concerned and/or provision of guarantees by third parties.

As at 31 March 2018, FMO Loans of HK\$203,278 (2017: HK\$35,974) were impaired and full provisions have been made. The individually impaired receivables mainly related to borrowers, who were in unexpectedly difficult economic situations. The ageing of these FMO Loans is as follows:

	2018	2017
<u>Past due by:</u>		
Current	-	35,974
Over 90 days	203,278	-
	<u>203,278</u>	<u>35,974</u>

None of the remaining balances of FMO Loans were past due or impaired.

Movements on provision for impairment of FMO Loans are as follows:

	Note	2018	2017
At 1 April		35,974	383,216
Provision/(reversal of provision) for impairment of receivables	24	167,304	(170,258)
Provision written off as uncollectible		-	(140,893)
Reversal of over-provision for impairment of receivables		-	(36,091)
At 31 March		<u>203,278</u>	<u>35,974</u>

The creation and release of provision for impaired FMO Loans have been included in the net surplus from FMO Loan Fund in the statement of comprehensive income. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

The maximum exposure to credit risk at the balance sheet date is the carrying values of the FMO Loans. The carrying values of FMO Loans approximate their fair values at 31 March 2018 and 2017 and are denominated in Hong Kong dollars.

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**NOTES TO THE FINANCIAL STATEMENTS**

**8 Inventories**

	Note	2018	2017
Marine fish/produce	19	396,725	280,184
Plastic containers		704	18,504
Printing forms		218,712	198,135
Neckties		3,864	3,864
Plastic rollers		7,454	7,454
Sea water	20	9,676	12,306
Fish tag		62,533	213
Souvenir		11,877	13,746
		<u>711,545</u>	<u>534,406</u>

Cost of inventories recognised as expenditures amounted to HK\$16,659,834 (2017: HK\$17,189,781).

**9 Trade and other receivables**

	2018	2017
Trade receivables	2,717,960	3,030,108
Interest receivables	459,069	229,882
Other receivables	1,601,020	1,222,529
Utility deposits	1,164,640	1,161,640
Financial assets	5,942,689	5,644,159
Prepayments	932,092	894,443
Total	<u>6,874,781</u>	<u>6,538,602</u>

As of 31 March 2018, trade receivables of HK\$434,525 (2017: HK\$439,305) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The Organization does not hold any collateral over these balances and the ageing analysis of these trade receivables is as follows:

	2018	2017
<u>Past due by:</u>		
Up to 30 days	345,405	349,323
31 to 60 days	38,961	66,097
61 to 90 days	16,556	13,175
Over 90 days	33,603	10,710
	<u>434,525</u>	<u>439,305</u>

During the year, trade receivables of HK\$71,502 (2017: nil) was directly written off as bad debts and has been expensed in general working expenses.

**FISH MARKETING ORGANIZATION**  
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**NOTES TO THE FINANCIAL STATEMENTS**

**9 Trade and other receivables (Continued)**

The trade and other receivables do not contain impaired assets.

The maximum exposure to credit risk at the balance sheet date is the carrying value of each class of receivables mentioned above. The carrying values of trade and other receivables approximate their fair values at 31 March 2018 and 2017 and are denominated in Hong Kong dollars.

**10 Bank deposits with original maturities over three months**

	Note	2018	2017
FMO General Fund		158,684,078	70,593,762
FMO Loan Fund	7(a)	28,555,540	50,171,154
		<u>187,239,618</u>	<u>120,764,916</u>
Maximum exposure to credit risk		<u>187,239,618</u>	<u>120,764,916</u>

The carrying values of bank deposits are denominated in Hong Kong dollars.

**11 Cash and cash equivalents**

	Note	2018	2017
<u>FMO General Fund</u>			
Cash at banks and in hand		5,684,826	5,141,962
Bank deposits with original maturities of three months or less		1,150,000	73,922,248
		<u>6,834,826</u>	<u>79,064,210</u>
<u>FMO Loan Fund</u>			
Cash at banks and in hand		9,474,729	4,205,312
Bank deposits with original maturities of three months or less		18,965,898	12,408,864
	7(a)	<u>28,440,627</u>	<u>16,614,176</u>
<u>CARE Loan Fund</u>			
Cash at banks	14(a)	165,814	165,814
		<u>165,814</u>	<u>165,814</u>
Total		<u>35,441,267</u>	<u>95,844,200</u>
Maximum exposure to credit risk		<u>34,968,132</u>	<u>95,642,993</u>

The carrying values of cash and cash equivalents are denominated in Hong Kong dollars.

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**NOTES TO THE FINANCIAL STATEMENTS**

**12 FMO General Fund – Accumulated Surplus**

	Note	2018	2017
At 1 April		148,970,251	135,379,769
Surplus for the year		10,584,800	10,763,688
Surplus from remeasurements for			
- Defined benefit plan	17(a)	2,139,000	1,063,000
- Long service payment obligations	17(b)	663,013	2,661,293
Net surplus transferred to FMO Loan Fund	7(a)	(295,887)	(894,694)
Net surplus transferred to CARE Loan Fund	14(a)	-	(2,805)
		<u>162,061,177</u>	<u>148,970,251</u>

**13 Funds provided from external sources for capital expenditure**

	2018	2017
C.D. & W. Grant for Cheung Sha Wan Market	1,147,192	1,147,192
C.D. & W. Scheme Surplus for loans to fishermen	66,449	66,449
Compensation for relinquishing seven buildings at Aberdeen Fish Market on ground resumed by Government	565,000	565,000
	<u>1,778,641</u>	<u>1,778,641</u>

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**NOTES TO THE FINANCIAL STATEMENTS**

**14 CARE Loan Fund**

(a) Balance sheet

The CARE Loan Fund is represented by the following assets and liabilities which have been included in the assets of the Organization in the balance sheet on pages 4 and 5:

	Note	2018	2017
<b>ASSETS</b>			
<b>Non-current assets</b>			
CARE Loan:			
- Loan issued to fishermen		-	-
		-----	-----
Less: Accumulated amortisation at 1 April		-	(2,151)
Amortisation of premium	25	-	2,151
		-----	-----
Accumulated amortisation at 31 March		-	-
		-----	-----
CARE Loan – net		-	-
		-----	-----
<b>Current assets</b>			
Cash and cash equivalents	11	165,814	165,814
		-----	-----
<b>Total assets</b>		<u>165,814</u>	<u>165,814</u>
<b>FUNDS</b>			
Accumulated surplus at 1 April		165,814	163,009
Net surplus for the year	12&25	-	2,805
		-----	-----
Accumulated surplus at 31 March		165,814	165,814
		-----	-----
<b>Liabilities</b>			
Current and total liabilities		-	-
		-----	-----
<b>Total funds and liabilities</b>		<u>165,814</u>	<u>165,814</u>

(b) CARE Loans

The CARE Loan Fund is represented by the designated cash and cash equivalents as stated in note 11. The CARE Loan Fund was initially donated by the Co-operative for American Relief Everywhere. The fund was set up for making loans to fishermen for productive purposes.

As at 31 March 2017 and 2018, there is no CARE Loan.

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**NOTES TO THE FINANCIAL STATEMENTS**

**15 Trade and other payables**

	2018	2017
Trade payables	921,665	636,237
Other payables	4,568,272	3,427,418
Deposits from licensees of market premises	16,169,737	14,856,784
Utility and other deposits	747,091	733,929
	<hr/>	<hr/>
Financial liabilities	22,406,765	19,654,368
Receipts in advance	179,062	130,685
Provision for unused annual leave (note (a))	1,412,973	1,378,007
	<hr/>	<hr/>
	23,998,800	21,163,060
Less: Non-current deposits from licensees of market premises	(10,913,571)	(10,762,294)
	<hr/>	<hr/>
	<u>13,085,229</u>	<u>10,400,766</u>

(a) Movements on provision for unused annual leave are as follows:

	Note	2018	2017
At 1 April		1,378,007	1,412,392
Charged to the statement of comprehensive income			
- Provision for the year	21	132,176	103,046
- Utilised during the year		(97,210)	(137,431)
		<hr/>	<hr/>
At 31 March		<u>1,412,973</u>	<u>1,378,007</u>

(b) The carrying values of trade and other payables approximate their fair values at 31 March 2018 and 2017 and are denominated in Hong Kong dollars.

**16 Amounts due to Government Loan Fund**

Since 2006, the Government has annually approved an amount of loans that could be drawn down from the Government Loan Fund to the FMO Loan Fund to meet the demand for loans from fishermen affected by the Fishing Moratorium.



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**NOTES TO THE FINANCIAL STATEMENTS**

**16 Amounts due to Government Loan Fund (Continued)**

At 31 March, the principal and interest payables of the amounts due to Government Loan Fund are as follows:

	Note	2018	2017
Amount due to Government Loan Fund (2016)		-	9,547,500
Amount due to Government Loan Fund (2017)		13,398,333	-
		<u>13,398,333</u>	<u>9,547,500</u>
Interest payable to Government Loan Fund (2016)		-	10,200
Interest payable to Government Loan Fund (2017)		12,922	-
		<u>12,922</u>	<u>10,200</u>
		<u>13,411,255</u>	<u>9,557,700</u>
Less: Accumulated amortisation at 1 April		(77,396)	(169,910)
Amortisation of premium on amounts due to Government Loan Fund	24	8,981	92,514
Accumulated amortisation at 31 March		<u>(68,415)</u>	<u>(77,396)</u>
Total	7(a)	<u>13,342,840</u>	<u>9,480,304</u>

The amounts due to Government Loan Fund are unsecured and interest-bearing at rates set by the Government periodically. At 31 March 2018, the prevailing interest rate of the amounts due is 1.282% (2017: 1.282%) per annum. The principal and the interest payable are repayable by 4 quarterly installments from the initial drawdown date.

The carrying values of the amounts due to Government Loan Fund approximate their fair values at 31 March 2018 and 2017 and are denominated in Hong Kong dollars.

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**NOTES TO THE FINANCIAL STATEMENTS**

**17 Retirement benefit obligations**

	Note	2018	2017
<b>Balance sheet assets for:</b>			
- Defined benefit plan	(a)	<u>4,010,000</u>	<u>1,790,000</u>
<b>Balance sheet obligations for:</b>			
- Long service payment obligations			
- Non-current portion		(3,183,081)	(3,875,722)
- Current portion		(494,434)	(392,612)
	(b)	<u>(3,677,515)</u>	<u>(4,268,334)</u>
<b>Statement of comprehensive income charged for:</b>			
- Defined benefit plan	21	57,000	97,000
- Long service payment obligations	21	465,475	608,260
		<u>522,475</u>	<u>705,260</u>
<b>Remeasurements for:</b>			
- Defined benefit plan	(a)	(2,139,000)	(1,063,000)
- Long service payment obligations	(b)	(663,013)	(2,661,293)
		<u>(2,802,013)</u>	<u>(3,724,293)</u>

(a) Defined benefit plan

The Organization's defined benefit plan is a final salary defined benefit plan. The assets of the funded plan are held independently of the Organization's assets in separate trustee administered funds. The Organization's plan is valued by a qualified actuary annually using the project unit cost method. The following details are based on the valuations as at 31 March 2018 and 2017 carried out by Milliman Limited, who holds a recognised professional qualification.

The amounts recognised in the balance sheet are determined as follows:

	2018	2017
Present value of the funded obligations	(5,859,000)	(10,814,000)
Fair value of plan assets	<u>9,869,000</u>	<u>12,604,000</u>
Assets in the balance sheet	<u>4,010,000</u>	<u>1,790,000</u>

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**NOTES TO THE FINANCIAL STATEMENTS**

**17 Retirement benefit obligations (Continued)**

(a) Defined benefit plan (Continued)

The movements in present value of defined benefit obligations and fair value of plan assets over the year are as follows:

	Present value of defined benefit obligations	Fair value of plan assets	Total
At 1 April 2016	(10,475,000)	11,106,000	631,000
Current service costs	(94,000)	-	(94,000)
Interest (expense)/income	(53,000)	57,000	4,000
	<u>(10,622,000)</u>	<u>11,163,000</u>	<u>541,000</u>
Remeasurements:			
- Return on plan assets (excluding interest income)	-	1,366,000	1,366,000
- Surplus from change in financial assumption changes	13,000	-	13,000
- Experience losses	(316,000)	-	(316,000)
	<u>(303,000)</u>	<u>1,366,000</u>	<u>1,063,000</u>
Plan participants contributions	(107,000)	107,000	-
Employer contributions	-	193,000	193,000
Benefit payments	218,000	(218,000)	-
Administrative cost	-	(7,000)	(7,000)
	<u>111,000</u>	<u>75,000</u>	<u>186,000</u>
At 31 March 2017	<u>(10,814,000)</u>	<u>12,604,000</u>	<u>1,790,000</u>
At 1 April 2017	(10,814,000)	12,604,000	1,790,000
Current service costs	(71,000)	-	(71,000)
Interest (expense)/income	(59,000)	79,000	20,000
	<u>(10,944,000)</u>	<u>12,683,000</u>	<u>1,739,000</u>
Remeasurements:			
- Return on plan assets (excluding interest income)	-	1,800,000	1,800,000
- Surplus from change in financial assumption changes	48,000	-	48,000
- Experience gains	291,000	-	291,000
	<u>339,000</u>	<u>1,800,000</u>	<u>2,139,000</u>
Plan participants contributions	(77,000)	77,000	-
Employer contributions	-	138,000	138,000
Benefit payments	4,823,000	(4,823,000)	-
Administrative cost	-	(6,000)	(6,000)
	<u>4,746,000</u>	<u>(4,614,000)</u>	<u>132,000</u>
At 31 March 2018	<u>(5,859,000)</u>	<u>9,869,000</u>	<u>4,010,000</u>

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**NOTES TO THE FINANCIAL STATEMENTS**

**17 Retirement benefit obligations (Continued)**

(a) Defined benefit plan (Continued)

The plan assets at the balance sheet date are held in the following forms:

	2018 %	2017 %
Equities	59	67
Bonds	34	28
Money instruments	7	5
	<u>100</u>	<u>100</u>

(b) Long service payment obligations

The long service payments as prescribed under the Hong Kong Employment Ordinance are payable to employees, upon the termination of their employment, subject to completion of five years of continuous service and meeting certain qualifying conditions. The benefit is based on final wages and years of service at the time the employment is terminated.

The Organization has statutory obligation to pay such long service payments, which may be reduced by the employee's entitlements to retirement benefits under the Organization's other retirement plans registered under the Occupational Retirement Schemes Ordinance or MPF scheme, where appropriate.

The movements in liabilities recognised in the balance sheet over the year are as follows:

	Present value of long service payment obligations
At 1 April 2016	6,859,363
Current service costs	495,217
Interest expense	113,043
	<u>7,467,623</u>
Remeasurements:	
- Loss from change in financial assumption changes	38,386
- Experience gains	(2,699,679)
	<u>(2,661,293)</u>
Benefit payments	(537,996)
At 31 March 2017	<u><u>4,268,334</u></u>

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**NOTES TO THE FINANCIAL STATEMENTS**

**17 Retirement benefit obligations (Continued)**

(b) Long service payment obligations (Continued)

	Present value of long service payment obligations
At 1 April 2017	4,268,334
Current service costs	399,377
Interest expense	66,098
	<u>4,733,809</u>
Remeasurements:	
- Gain from change in financial assumption changes	(52,510)
- Experience gains	(610,503)
	<u>(663,013)</u>
Benefit payments	(393,281)
At 31 March 2018	<u><u>3,677,515</u></u>

(c) The principal actuarial assumptions used are as follows:

	<u>Defined benefit obligations</u>		<u>Long service payment obligations</u>	
	2018 %	2017 %	2018 %	2017 %
Discount rate	1.25	0.7	1.75	1.6
Expected rate of future salary increases	<u>3.5</u>	<u>3.5</u>	<u>3.5</u>	<u>3.5</u>

(d) The sensitivity of the defined benefit and long service payment obligations to changes in the weighted principal assumptions is:

	Change in assumption	<u>Impact on defined benefit obligations</u>		<u>Impact on long service payment obligations</u>	
		Increase in assumption	Decrease in assumption	Increase in assumption	Decrease in assumption
Discount rate	0.5%	Decrease by 0.7%	Increase by 0.7%	Decrease by 13.4%	Increase by 15.7%
Salary growth rate	0.5%	Increase by 0.7%	Decrease by 0.7%	Increase by 7.8%	Decrease by 7.9%

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit and long service payment obligations to significant actuarial assumptions, the same method (present value of the defined benefit and long service payment obligations calculated using the projected unit credit method at the balance sheet date) has been applied as when calculating the liability recognised within the balance sheet.

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**NOTES TO THE FINANCIAL STATEMENTS**

**17 Retirement benefit obligations (Continued)**

- (e) The expected contributions by the Organization and by the employees for the year ending 31 March 2019 and 2018:

	<u>Defined benefit obligations</u>		<u>Long service payment obligations</u>	
	2018	2017	2018	2017
Expected contributions by:				
- Organization	138,000	193,000	-	-
- Employees	77,000	107,000	-	-
	<u>215,000</u>	<u>300,000</u>	<u>-</u>	<u>-</u>

- (f) The weighted average duration of the defined benefit obligations and long service payment obligations is around 2.4 years and 7.7 years (2017: 1.9 years and 10.4 years), respectively.
- (g) The expected maturity analysis without taking into consideration of early retirement of undiscounted benefit payments over the next 10 years is as follows:

	<u>Defined benefit obligations</u>		<u>Long service payment obligations</u>	
	2018	2017	2018	2017
Less than 1 year	2,520,000	5,037,000	187,000	273,000
Between 1 and 2 years	88,000	2,530,000	382,000	442,000
Between 2 and 5 years	3,421,000	2,692,000	1,085,000	1,256,000
Next 5 years	195,000	1,029,000	1,529,000	1,589,000
	<u>6,224,000</u>	<u>11,288,000</u>	<u>3,183,000</u>	<u>3,560,000</u>

**18 Savings held on behalf of co-operative societies and fishermen**

The savings, representing the amounts deposited by co-operative societies and fishermen netting off against the payments made by the Organization on their behalf, are unsecured, interest free and repayable on demand.

**19 Net income from sales of marine fish/produce**

	Note	2018	2017
<b>Gross sales</b>			
Sales of marine fish/produce		18,999,340	19,562,103
<b>Cost of inventories sold</b>			
Opening inventories		280,184	290,743
Purchases		15,122,326	15,360,319
Closing inventories	8	(396,725)	(280,184)
		<u>15,005,785</u>	<u>15,370,878</u>
<b>Net income for the year</b>		<u>3,993,555</u>	<u>4,191,225</u>

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**NOTES TO THE FINANCIAL STATEMENTS**

**20 Net income from sales of sea water**

	Note	2018	2017
<b>Sales of sea water</b>		1,581,013	1,531,883
<b>Cost of inventories sold</b>			
Opening inventories		12,306	12,382
Purchases		1,411,448	1,368,965
Closing inventories	8	(9,676)	(12,306)
		1,414,078	1,369,041
<b>Net income for the year</b>		166,935	162,842

**21 Employee benefit expenditure**

	Note	2018	2017
Salaries and wages		33,054,312	32,237,958
Provision for unused annual leave	15(a)	132,176	103,046
Retirement benefit costs			
- Defined contribution plan and MPF scheme		1,672,614	1,608,574
- Defined benefit plan	17(a)	57,000	97,000
- Long service payment obligations	17(b)	465,475	608,260
		35,381,577	34,654,838

**22 Publicity and sales promotion**

	2018	2017
Share of expenses for a promotion event co-organised by the Organization and the Vegetable Marketing Organization	1,749,908	1,908,176
Others	935,509	983,297
	2,685,417	2,891,473

**23 Taxation**

No Hong Kong profits tax has been provided as the Organization is exempted under Section 87 of the Inland Revenue Ordinance, Cap. 112 from any tax chargeable under the Ordinance.

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**NOTES TO THE FINANCIAL STATEMENTS**

**24 Net surplus from FMO Loan Fund**

	Note	2018	2017
<b>Income</b>			
Interest on FMO Loans		527,237	531,444
Interest on bank deposits		312,420	273,103
Amortisation of premium on FMO Loans	7(a)	65,767	329,026
Reversal of provision for impairment of FMO Loans	7(b)	-	170,258
Miscellaneous income		45	-
		<u>905,469</u>	<u>1,303,831</u>
<b>Expenditure</b>			
Interest expense for amounts due to Government Loan Fund		(433,162)	(316,413)
Amortisation of discount on amounts due to Government Loan Fund	16	(8,981)	(92,514)
Provision for impairment of FMO Loans	7(b)	(167,304)	-
Bank charges		(135)	(210)
		<u>(609,582)</u>	<u>(409,137)</u>
<b>Net surplus for the year</b>	7(a)	<u><u>295,887</u></u>	<u><u>894,694</u></u>

**25 Net surplus from CARE Loan Fund**

	Note	2018	2017
<b>Income</b>			
Interest on CARE Loan		-	654
Amortisation of premium on CARE Loan	14(a)	-	2,151
<b>Net surplus for the year</b>		<u><u>-</u></u>	<u><u>2,805</u></u>



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**NOTES TO THE FINANCIAL STATEMENTS**

**26 Cash flows information**

(a) Cash generated from operations

	2018	2017
Surplus for the year	10,584,800	10,763,688
Adjustments for:		
- Interest income on bank deposits	(1,435,131)	(1,283,161)
- Interest income on FMO Loans (note 24)	(527,237)	(531,444)
- Interest income on CARE Loans (note 25)	-	(654)
- Depreciation (note 5)	5,492,436	5,507,503
- Provision/(reversal of provision) for impairment of FMO Loans (note 7(b))	167,304	(170,258)
- Loss on disposals of property, plant and equipment (see (b) below)	170,051	90,770
- Amortisation of premium on FMO Loans (note 7(a))	(65,767)	(329,026)
- Amortisation of premium on CARE Loans (note 14)	-	(2,151)
- Interest expense for amounts due to Government Loan Fund (note 24)	433,162	316,413
- Amortisation of discount on amounts due to Government Loan Fund (note 24)	8,981	92,514
- Bad debt written off (note 9)	71,502	-
- Provision for unused annual leave (note 21)	132,176	103,046
- Retirement benefit costs for defined benefit plan (note 17(a))	57,000	97,000
- Retirement benefit costs for long service payments (note 17(a))	465,475	608,260
	<u>15,554,752</u>	<u>15,262,500</u>
Changes in working capital:		
- FMO Loans	(13,994,136)	152,543
- CARE Loans	-	45,000
- Inventories	(177,139)	238,285
- Receivables from co-operative societies and fishermen	(50,098)	345,833
- Trade and other receivables	(178,494)	931,465
- Long service payment obligations	(393,281)	(537,996)
- Defined benefit plan	(138,000)	(193,000)
- Trade and other payables	2,703,564	611,495
- Fish buyers' deposits	(214,197)	112,825
- Savings held on behalf of co-operative societies and fishermen	378,874	1,386,822
Net cash generated from operations	<u><u>3,491,845</u></u>	<u><u>18,355,772</u></u>

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**NOTES TO THE FINANCIAL STATEMENTS**

**26 Cash flows information (Continued)**

- (b) In the statement of cash flows, proceeds from disposals of property, plant and equipment comprise:

	Note	2018	2017
Net book amount	5	173,051	90,770
Loss on disposals of property, plant and equipment		(170,051)	(90,770)
		<u>3,000</u>	<u>-</u>
Proceeds from disposals of property, plant and equipment		<u>3,000</u>	<u>-</u>

- (c) Reconciliation of liabilities arising from financing activities

This section sets out an analysis of the movements in liabilities arising from financing activities for each of the periods.

	Government loan fund	
	2018	2017
Balance as at 1 April	9,480,304	9,858,416
Cash inflow	60,000,000	40,000,000
Cash outflow	(56,149,167)	(40,452,500)
Interest paid	(430,440)	(334,539)
Interest expenses	433,162	316,413
Amortisation of discount	8,981	92,514
	<u>13,342,840</u>	<u>9,480,304</u>
Balance as at 31 March	<u>13,342,840</u>	<u>9,480,304</u>

**27 Commitments**

- (a) Capital commitments

Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:

	2018	2017
Property, plant and equipment	<u>7,500</u>	<u>102,400</u>

- (b) Non-cancellable operating leases commitments – as lessor

At 31 March, the Organization had future aggregate minimum license fee receivable under non-cancellable operating leases in respect of market premises as follows:

	2018	2017
No later than one year	<u>11,134,632</u>	<u>10,203,330</u>

**28 Key management compensation**

	2018	2017
Salaries and other employee benefits	<u>1,492,199</u>	<u>1,962,750</u>