

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 2019

NEW LIFE PSYCHIATRIC REHABILITATION ASSOCIATION

FINANCIAL REPORT

FOR THE YEAR ENDED 31ST MARCH 2019

| <u>CONTENTS</u> | <u>Pages</u> |
|---|---------------------|
| EXECUTIVE COMMITTEE MEMBERS | 1 |
| REPORT OF THE EXECUTIVE COMMITTEE | 2 - 10 |
| INDEPENDENT AUDITOR'S REPORT | 11 - 13 |
| CONSOLIDATED STATEMENT OF FINANCIAL POSITION | 14 - 15 |
| CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME | 16 - 18 |
| CONSOLIDATED STATEMENT OF RESERVE FUND | 19 |
| CONSOLIDATED STATEMENT OF CHANGES IN FUNDS AND RESERVES | 20 |
| CONSOLIDATED CASH FLOW STATEMENT | 21 - 22 |
| NOTES TO THE FINANCIAL STATEMENTS | 23 - 55 |

NEW LIFE PSYCHIATRIC REHABILITATION ASSOCIATION

EXECUTIVE COMMITTEE MEMBERS

Chairperson

Miss TAM Kam Lan, Annie, GBS, JP
Prof. CHEUNG Mui Ching, Fanny, SBS, OBE, JP (resigned on 7th September 2018)

Vice-chairperson

Mr. YOUNG Wai Tsing, Stephen

Honorary Secretary

Dr. CHEUNG Hung Kin

Honorary Treasurer

Mr. TSE Kam Keung

Members

Dr. LEE Chi Chiu
Ms. LO Dak Wai, Alexandra, JP
Prof. MAK Wing Sze, Winnie
Ms. WOO Yuen Ling
Dr. YEUNG Kwok Wah, Allen
Dr. YU Chi Shing, Edwin, MH
Dr. YU Wai Tak
Dr. YUEN Cheung Hang, Henry
Ms. CHAN Siu Bing, Amy (resigned on 7th September 2018)
Mr. LAI Kam Tong (resigned on 25th July 2018)

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 2019.

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:

Miss TAM Kam Lan, Annie, GBS, JP (appointed on 7th September 2018)
Dr. CHEUNG Hung Kin (appointed on 7th September 2018)
Prof. CHEUNG Mui Ching, Fanny, OBE, JP (resigned on 7th September 2018)
Dr. YU Wai Tak (resigned on 7th September 2018)

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 more than 70 service units/projects and 22 social enterprises serving total number of service users 78,188.

(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. The Association operates 3 centres to provide services for people challenged by ASD.

(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

The Executive Committee assumes the overall responsibility for the Association's risk management. Subcommittees provide guidance to senior management to address risks in their respective domains. Risk management policy is established to identify, assess, manage and monitor risks.

In June 2018, the Internal Audit Department of the Association was established to provide independent assessment and assurance to Executive Committee and management on the adequacy and effectiveness of internal controls of the Association. The Internal Audit Department operates independently and reports to the Finance and Administration Subcommittee directly.

In August 2018, Internal Audit Department established the Internal Audit Charter, and submitted it to the Finance and Administration Subcommittee and Executive Committee for approval. Subsequently, the Internal Auditor introduced the Internal Audit Charter, the roles and responsibilities of the Internal Audit Department to the management and the staff of the Association in different internal meetings.

(a) Financial Risks

Our funding comes from grant, fee income, donation and investment activities. The majority of grant is provided by the Social Welfare Department for delivering recurrent welfare services. Other grant-making bodies provide funding to support designated welfare service projects and initiatives most of which are time-limited. Fee income is user fees and charges received from providing welfare services. Investment income represents bank interest, dividend income and investment gain obtained from our investing activities as guided by the investment policy.

The Association's total income for this financial year 2018/19 was HK\$543 million. The two major sources of income were Lump Sum Grant from the Social Welfare Department for delivering recurrent welfare services (63.47%) and the fee income received providing welfare services (24.77%). Grants from The Hong Kong Jockey Club Charities Trust, Lotteries Fund and The Community Chest of Hong Kong made up about 4.20%, 2.52% and 0.26% of the total income respectively. Donation, investment income and other income represented the remaining 4.78% of the annual income.

The total expenditure of the Association's operations for this financial year 2018/19 were HK\$539 million. Cost on service operation and service support represented 82.70% and 13.49% of the total expenditure respectively. Management and administration cost was about 3.81% of the annual expenditure.

In this financial year, it was recorded an overall surplus of HK\$4 million. As of 31 March 2019, the Association was in a net asset position and hence considered to be financially sustainable.

BUSINESS REVIEW (continued)

(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.

In addition to offering employee assistance programmes and flexible working hour (subject to the nature of individual service) which makes a point of making sure the needy staff feel supported, the maternity leave benefits to all eligible employees were enhanced. With staff well-being being a continuum, a long-term project was embarked to build a culture of health and well-being. The Staff Well-being Task Group was formed in mid 2018 which supported and promoted healthy living, especially in increasing awareness and understanding of health. Employee participation by communicating the benefits of their ideas to the Association was encouraged. The Association offered subsidized mindfulness sessions, medical check-up, flu shots, interest classes (such as office gym, acupressure therapy etc.), health eating tips and tailored well-being messages.

(c) Service Quality Risks

To monitor the compliance of Service Quality Standards (SQS) set by the Social Welfare Department, the Association updated SQS requirements according to the laws and regulations, held internal audits to service units, cross-unit SQS audit and completed self-assessment on SQS. In order to prepare for the SWD's Special Visiting Program (SVP) of SQS, experience was shared among services units which had SVP before and assisted the respective SVP units to make the best preparation for the visit. In addition, training workshops were regularly held to familiarize staff at all levels on "SQS", a SQS e-quiz was organized last year.

As well, the Association set out and implemented the Year Plan on Occupational Safety and Health. Regular safety audits in all service units were conducted with recommendations and improvement actions taken.

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 2018/19, the Association maintains a membership of 148.

(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 2019, 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) As a recognition of the outstanding performance and great support for energy saving, Kwai Shing Sheltered Workshop and The Wellness Centre (Islands) won the Hanson Outstanding Award and Hanson Merit Award respectively while the Association received the Hanson Supportive Group Award in the Energy Saving Championship Scheme 2017 which was organized by the Environment Bureau and Electrical and Mechanical Services Department.
- (b) 25 staff members and service users participated in Country Parks Hiking and Planting Day in April 2018. Participants not only planted the seedlings of native tree species that helped increase the forest coverage but also enjoyed the beautiful scenery of the country parks and attained wellness of body, mind and soul.
- (c) 38 students of Department of Sociology, Hong Kong Shue Yan University and staff members joined hands to clean the seashore at Lung Kwu Tan, Tuen Mun on 6 October 2018 in order to reduce the pollution by solid wastes and protect the marine ecosystem.

(VI) Important events for Financial Year 2018/2019

- (a) To align with the recommendations of Mental Health Review Report issued by the Food and Health Bureau on the mission, strategy and approaches for mental health promotion, dayday330 Campaign, a year-round well-being (330) promotion and awareness campaign, was launched in February 2019. The Campaign comprised the dayday330 Charter for the public to sign up and promise oneself to take a daily 330 break, invitation to corporations, organizations and schools as supporting organizations to jointly promote the Campaign, New Life Farm Open Day, “dayday330” Experiential Day (330 Day), and a series of 330 programs organized in 7 Wellness Centres and our social enterprises throughout the year. Up till the end of March 2019, a total of over 1,700 people signed the dayday330 Charter and over 50 supporting organizations had joined the Campaign.

To officially kick-off the dayday330 Campaign, a launching ceremony was held on 30 March 2019 at E-Max, Kowloon Bay. A series of well-being talks and experiential activities were held on-site with total attendance of over 2,700.

BUSINESS REVIEW (continued)

(VI) Important events for Financial Year 2018/2019 (continued)

- (b) Granted by Social Welfare Department, i-SPA Support Centre for Persons with Autism commenced operation in Hong Kong Island in March 2019. The Centre aimed to enhance and develop the abilities of people with ASD to cope with the challenges during their transition into adulthood.
- (c) A new shop of farmfresh330 opened in January 2019 at Lab Concept in Admiralty to create training and employment opportunities for people in recovery (PIR). The Opening Ceremony was held on 4 March 2019.

(VII) Future Likely Developments

- (a) Chuk Yuen Integrated Work Centre (CYIWC) had commenced its service since 1995. Facing the deterioration of the aged service users, in physical, cognitive and psychosocial aspects, together with the broad age range and the dilapidated structures of centre throughout the past 24 years, funding application to the Hong Kong Jockey Club Charities Trust was made. A transformation from conventional integrated work centre to modernized 3-tier centre was proposed to upgrade the existing facilities, most importantly, to provide individualized and holistic care vocational service to PIR. This renovation cum service re-structure project would enhance the vocational rehabilitation training, ageing specialized training and community support services for the service users through upgraded environment and facilities.
- (b) The Wellness Centre (TWC) performed a vital part in providing community-based support service; the service site of the centre is an icon, to allow residents in the community to learn about the Association as well as our services. This year, Kwai Chung TWC and Sha Tin TWC successfully established the permanent site for providing high-quality services in the districts.

The Wellness Centre (Kwai Chung)

With the continuous support from Social Welfare Department and different community partners, the permanent site of Kwai Chung TWC in Fu On House, Tai Wo Hau Estate was established in April 2019.

The Wellness Centre (Shatin)

Shatin TWC provided one-stop, district-based and integrated mental health service for Tai Wai residents. With the support from Social Welfare Department and coordination with different parties, the new site commenced operation in April 2019.

(VIII) Results and Reserves

Financial results for the year ended 31st March 2019 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 14 to 22.

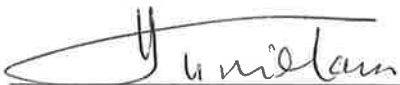
| | 2018/2019 | 2017/2018 |
|--|-----------|-----------|
| Return on Net Assets (change in net assets / average total net assets) | 1.2% | 1.3% |
| Current Ratio (current assets / current liabilities) | 9.7 | 9.9 |

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



Miss TAM Kam Lan, Annie, GBS, JP
Chairperson

Hong Kong, **3 0 AUG 2019**

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 55, which comprise the consolidated statement of financial position as at 31st March 2019, 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 2019, 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 10, 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.

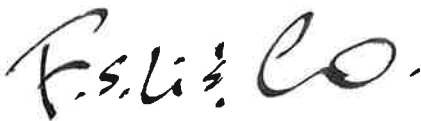
As part of an audit in accordance with HKSAAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- 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, 30 AUG 2019

NEW LIFE PSYCHIATRIC REHABILITATION ASSOCIATION

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31ST MARCH 2019

| | <u>Note</u> | <u>2019</u> <u>HK\$</u> | <u>2018</u> <u>HK\$</u> |
|---|-------------|----------------------------|----------------------------|
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 6 | 14,124,128 | 14,843,798 |
| Equity investments at fair value through other comprehensive income | 7 | 7,282,538 | - |
| Investment in securities | 8 | - | 9,626,165 |
| | | 21,406,666 | 24,469,963 |
| CURRENT ASSETS | | | |
| Inventories - goods for sale | | 966,111 | 835,729 |
| Accounts and other receivables | 9 | 69,306,126 | 51,590,905 |
| Time deposits with banks | 10 | 199,951,164 | 218,814,783 |
| Bank and cash balances | | 31,743,115 | 22,701,594 |
| | | 301,966,516 | 293,943,011 |
| CURRENT LIABILITIES | | | |
| Creditors and accruals | 11 | (31,174,167) | (29,655,205) |
| Tax payable | | - | (93,097) |
| | | (31,174,167) | (29,748,302) |
| NET CURRENT ASSETS | | 270,792,349 | 264,194,709 |
| NET ASSETS | | 292,199,015 | 288,664,672 |
| NET ASSETS HELD ON BEHALF OF MINDSET PLACE - property management account | 12 | 133,452 | 108,665 |
| | | 292,332,467 | 288,773,337 |

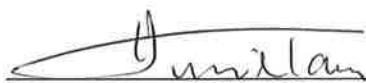
NEW LIFE PSYCHIATRIC REHABILITATION ASSOCIATION


CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31ST MARCH 2019

(Continued)

| | Note | <u>2019</u> HK\$ | <u>2018</u> HK\$ |
|--|------|---------------------|---------------------|
| <i>representing:</i> | | | |
| DESIGNATED FUNDS | | | |
| Reserved Fund | 13 | 6,128,001 | 9,259,976 |
| Investment Revaluation Reserve | 14 | (544,799) | (90,733) |
| Fund for Ching Kung House | 15 | 2,610,985 | 2,471,382 |
| Staff Welfare and Development Fund | 16 | 3,115,283 | 2,753,021 |
| Service Users' and Families' Welfare and Charitable Fund | 17 | 1,470,981 | 1,470,981 |
| Flag Day Fund | 18 | 11,483,604 | 11,437,047 |
| Production Floating Fund | 19 | 82,252,005 | 79,734,485 |
| Fundraising Campaign Fund | 20 | 875,907 | 875,907 |
| Dr. Wu Wai Yung Fund | 21 | 3,145,289 | 3,227,063 |
| Dr. Stella Liu Fund | 22 | 1,918,614 | 1,894,742 |
| Mrs. Esther De Sousa Fund | 23 | 2,776,833 | 2,724,393 |
| | | 115,232,703 | 115,758,264 |
| SUBVENTION ACCOUNT | | | |
| Lump Sum Grant Reserve Fund | | | |
| Lump Sum Grant Reserve | 24 | 138,080,429 | 138,134,650 |
| Provident Fund Reserve | 24 | 30,329,355 | 28,411,249 |
| Social Welfare Subvention Surpluses | | | |
| Rent and Rates | 25 | (2,609,789) | (1,960,744) |
| Central Items Surpluses | 25 | 350,125 | 354,125 |
| Furniture & Equipment Replenishment and Minor Works Block Grant Reserve Fund | 26 | 7,159,104 | 4,809,285 |
| Social Welfare Development Fund | 27 | 1,733,012 | 1,016,466 |
| Small Enterprise Fund (SWD) | 28 | 1,924,076 | 2,141,377 |
| | | 176,966,312 | 172,906,408 |
| | | 292,199,015 | 288,664,672 |
| PROPERTY MANAGEMENT RESERVES HELD ON BEHALF OF MINDSET PLACE | | | |
| | 29 | 133,452 | 108,665 |
| | | 292,332,467 | 288,773,337 |

The financial statements on page 14 to 55 were approved and authorised for issue by the Executive Committee on **30 AUG 2019**


Miss TAM Kam Lan, Annie, GBS, JP
Chairperson


Mr. TSE Kam Keung
Honorary Treasurer

NEW LIFE PSYCHIATRIC REHABILITATION ASSOCIATION

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME **FOR THE YEAR ENDED 31ST MARCH 2019**

| | <u>2019</u> <u>HK\$</u> | <u>2018</u> <u>HK\$</u> |
|--|--|--|
| INCOME | | |
| Social Welfare Lump Sum Grant | 327,099,233 | 299,107,404 |
| Social Welfare Designated Subvention | - | |
| Central Items - Amount refunded to Government | - | (62,654) |
| Rent and rates, Government Rent | 12,710,654 | 11,720,445 |
| Rent and Rates - Amount refunded to Government | (3,467) | (3,329) |
| Social Welfare Development Fund | 2,113,600 | 2,577,442 |
| Intensive Employment Assistance Programme for Self-reliance | - | |
| | 2,740,153 | 2,379,766 |
| Furniture and Equipment Replenishment and Minor Works Block Grant | - | |
| | 4,720,000 | 4,437,000 |
| Hospital Authority | 1,314,000 | 1,446,542 |
| Employees Retraining Fund | 233,362 | 213,784 |
| Community Chest | 1,394,466 | 1,176,400 |
| Other grants | 12,110,298 | 11,317,380 |
| Lotteries Fund [Note 30] | 8,950,261 | 3,265,279 |
| Hong Kong Jockey Club Charities Trust | 22,793,214 | 18,583,038 |
| Donations | 4,114,528 | 3,569,636 |
| Donation - Sun Hung Kei Donation Box Project (PSP No. 2017/175/1) [Note 34] | - | 7,652 |
| | - | |
| Dues and Fees | 29,271,712 | 29,399,151 |
| Members' Subscriptions | 2,650 | 3,900 |
| Rental Income | 369,000 | 277,815 |
| Mental health promotion programme | 71,874 | 32,525 |
| Miscellaneous Receipts | 3,143,927 | 1,427,857 |
| Grants transferred to Deferred Income | 593,132 | 208,034 |
| | <hr/> | <hr/> |
| OPERATING INCOME | 433,742,597 | 391,085,067 |
| OTHER INCOME | | |
| Production income | 104,837,780 | 102,071,318 |
| Interest income on bank deposits | 3,405,451 | 1,929,659 |
| Interest income on bond investments | 6,621 | 23,400 |
| Dividend income on marketable investments | 386,801 | 388,378 |
| Gain on foreign exchange, net | 330,417 | 82,731 |
| Additional subvention received for previous year | 317,316 | 373,830 |
| Property manager remuneration | 8,772 | 7,337 |
| | <hr/> | <hr/> |
| | 109,293,158 | 104,876,653 |
| | <hr/> | <hr/> |
| TOTAL INCOME CARRIED DOWN | 543,035,755 | 495,961,720 |

NEW LIFE PSYCHIATRIC REHABILITATION ASSOCIATION

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31ST MARCH 2019

(continued)

| | <u>2019</u> HK\$ | <u>2018</u> HK\$ |
|--|---------------------|---------------------|
| INCOME | | |
| TOTAL INCOME BROUGHT DOWN | 543,035,755 | 495,961,720 |
| EXPENDITURE | | |
| Personnel Emoluments | (310,657,411) | (281,301,316) |
| Cost of Operation | (16,302,597) | (14,816,129) |
| Administration | (20,108,705) | (16,832,363) |
| Utilities | (8,367,923) | (8,077,738) |
| Stores and Equipment | (20,841,187) | (19,612,306) |
| Programme Expenses | (11,486,671) | (8,698,557) |
| Transport and Travelling | (1,609,617) | (1,288,631) |
| Designated Subvention Items | - | |
| Central Items | (4,000) | (4,000) |
| Rent and rates, Government Rent | (13,356,232) | (12,642,048) |
| Social Welfare Development Fund | (1,375,499) | (1,764,671) |
| Intensive Employment Assistance Programme for Self-reliance | (2,740,154) | (2,379,766) |
| Furniture and Equipment Replenishment and Minor Works Block Grant | (2,394,368) | (3,584,984) |
| Hospital Authority | (1,589,721) | (1,789,452) |
| Employees Retraining Fund | (233,362) | (213,784) |
| Community Chest | (1,394,466) | (1,176,400) |
| Grants Utilized | (6,592,393) | (7,594,230) |
| Lotteries Fund [Note 30] | (8,950,261) | (3,265,279) |
| Hong Kong Jockey Club Charities Trust | (22,793,214) | (18,583,038) |
| Production expenses | (86,711,114) | (79,722,694) |
| Loss on foreign exchange | (246,976) | (223,950) |
| Amount refund to Government | (1,328,112) | (10,750,390) |
| Mental health promotion programme | (77,268) | (74,593) |
| | (539,161,251) | (494,396,319) |
| LOSS ON DISPOSAL OF MARKETABLE INVESTMENTS | (152,967) | - |
| WRITE-BACK OF IMPAIRMENT LOSS ON AVAILABLE-FOR-SALE INVESTMENTS | (58,011) | 1,301,655 |
| SURPLUS OF RESERVE FUND BEFORE TAXATION | 3,663,526 | 2,867,056 |
| TAXATION [Note 5] | 93,097 | - |
| SURPLUS OF RESERVE FUND FOR THE YEAR | 3,756,623 | 2,867,056 |
| ITEMS INCLUDED IN SMALL ENTERPRISES FUND (SWD) | | |
| Grant for Small Enterprise Fund (SWD) for the year | 322,519 | 2,649,756 |
| NET SURPLUS FOR THE YEAR | 4,079,142 | 5,516,812 |

NEW LIFE PSYCHIATRIC REHABILITATION ASSOCIATION

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST MARCH 2019

| | <u>2019</u> <u>HK\$</u> | <u>2018</u> <u>HK\$</u> |
|--|--|--|
| NET SURPLUS FOR THE YEAR | 4,079,142 | 5,516,812 |
| OTHER COMPREHENSIVE INCOME/(EXPENSE) | | |
| <i>Items that will not be reclassified to surplus or deficit:</i> | | |
| Change in fair value of equity investments at fair value through other comprehensive income [Note 14] | (544,799) | |
| <i>Items will be reclassified subsequently to surplus or deficit:</i> | | |
| Change in fair value of available-for-sale investments [Note 14] | - | 1,246,335 |
| Write-back of impairment loss on available-for-sale investments - recognised in surplus or deficit [Note 14] | - | (1,301,655) |
| | <u>(544,799)</u> | <u>(55,320)</u> |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | <u>3,534,343</u> | <u>5,461,492</u> |

NEW LIFE PSYCHIATRIC REHABILITATION ASSOCIATION

**CONSOLIDATED STATEMENT OF RESERVE FUND
FOR THE YEAR ENDED 31ST MARCH 2019**

(continued)

| | <u>2019</u> HK\$ | <u>2018</u> HK\$ |
|--|--------------------------------|--------------------------------|
| NET SURPLUS FOR THE YEAR BEFORE TRANSFER | 3,756,623 | 2,867,056 |
| TRANSFER FROM/(TO): | | |
| Designated funds - | | |
| Investment revaluation reserve [Note 14] | (90,733) | - |
| Fund for Ching Kung House [Note 15] | (139,603) | (125,674) |
| Staff Welfare and Development Fund [Note 16] | (362,262) | (342,307) |
| Flag Day Fund [Note 18] | (46,557) | (780,525) |
| Production Floating Fund [Note 19] | (2,517,520) | (9,072,918) |
| Dr. Wu Wai Yung Fund [Note 21] | 81,774 | (149,669) |
| Dr. Stella Liu Fund [Note 22] | (23,872) | (11,989) |
| Mrs. Esther De Sousa Fund [Note 23] | (52,440) | (24,753) |
| Subvention account - | | |
| Lump Sum Grant Reserve Fund | | |
| Lump Sum Grant Reserve [Note 24] | 54,221 | 3,761,747 |
| Provident Fund Reserve [Note 24] | (1,918,106) | (3,557,260) |
| Social Welfare Subvention Surpluses | | |
| Rent and Rates [Note 25] | 649,045 | 944,932 |
| Central Items [Note 25] | 4,000 | 66,654 |
| Furniture & Equipment Replenishment and Minor | | |
| Works Block Grant Reserve Fund [Note 26] | (2,349,819) | (882,671) |
| Social Welfare Development Fund [Note 27] | (716,546) | (821,097) |
| Small Enterprise Fund (SWD) [Note 28] | 539,820 | 2,205,923 |
| Net amount transfer | <u>(6,888,598)</u> | <u>(8,789,607)</u> |
| DEFICIT FOR THE YEAR AFTER TRANSFER [Note 13] | (3,131,975) | (5,922,551) |
| RESERVED FUND BROUGHT FORWARD | <u>9,259,976</u> | <u>15,182,527</u> |
| RESERVED FUND CARRIED FORWARD | <u><u>6,128,001</u></u> | <u><u>9,259,976</u></u> |

NEW LIFE PSYCHIATRIC REHABILITATION ASSOCIATION

CONSOLIDATED STATEMENT OF CHANGES IN FUNDS AND RESERVES FOR THE YEAR ENDED 31ST MARCH 2019

| | 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. Wu Wai Yung Fund | Dr. Siella Liu Fund | Mr. Esther De Sousa Fund |
| | HK\$ | HK\$ | HK\$ | HK\$ | HK\$ | HK\$ | HK\$ | HK\$ | HK\$ | HK\$ | HK\$ |
| Balance at 31st March 2017 | 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 |
| Surplus for the year ended 31st March 2018 | 2,867,056 | - | - | - | - | - | - | - | - | - | - |
| Grants for Small Enterprise Fund (SWD) | - | 1,246,335 | - | - | - | - | - | - | - | - | - |
| Change in fair value of available-for-sale investments | - | (1,301,655) | - | - | - | - | - | - | - | - | - |
| Impairment loss on available-for-sale investments recognised in surplus or deficit | - | - | - | - | - | - | - | - | - | - | - |
| Total comprehensive income/(expense) for the year ended 31st March 2018 | 2,867,056 | (55,320) | - | - | - | - | - | - | - | - | - |
| Claw back of unpaid balance | - | - | - | - | - | - | - | - | - | - | - |
| Transfer | (8,789,607) | - | 125,674 | 342,307 | - | 780,525 | 9,072,918 | - | 149,669 | 11,989 | 24,753 |
| 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 |
| Surplus for the year ended 31st March 2019 | 3,756,623 | - | - | - | - | - | - | - | - | - | - |
| Grants for Small Enterprise Fund (SWD) | - | (544,799) | - | - | - | - | - | - | - | - | - |
| Change in fair value of investments | - | - | - | - | - | - | - | - | - | - | - |
| Total comprehensive income/(expense) for the year ended 31st March 2019 | 3,756,623 | (544,799) | - | - | - | - | - | - | - | - | - |
| Transfer | (6,388,598) | 90,733 | 139,603 | 362,262 | - | 46,357 | 2,517,520 | - | (81,774) | 23,872 | 52,440 |
| Balance as at 31st March 2019 | 6,128,001 | (544,799) | 2,610,985 | 3,115,283 | 1,470,981 | 11,483,404 | 82,252,005 | 875,907 | 3,145,289 | 1,918,614 | 2,776,833 |
| | HK\$ | HK\$ | HK\$ | HK\$ | HK\$ | HK\$ | HK\$ | HK\$ | HK\$ | HK\$ | HK\$ |
| Balance at 31st March 2017 | 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 |
| Surplus for the year ended 31st March 2018 | - | - | - | - | - | - | - | - | - | - | - |
| Grants for Small Enterprise Fund (SWD) | - | - | - | - | - | - | - | - | - | - | - |
| Change in fair value of available-for-sale investments | - | - | - | - | - | - | - | - | - | - | - |
| Impairment loss on available-for-sale investments recognised in surplus or deficit | - | - | - | - | - | - | - | - | - | - | - |
| Total comprehensive income for the year ended 31st March 2018 | - | - | - | - | - | - | - | - | - | - | - |
| Claw back of unpaid balance | - | (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 | 172,906,408 | 115,758,264 |
| Surplus for the year ended 31st March 2019 | - | - | - | - | - | - | - | - | - | - | - |
| Grants for Small Enterprise Fund (SWD) | - | - | - | - | - | - | - | - | - | - | - |
| Change in fair value of investments | - | - | - | - | - | - | - | - | - | - | - |
| Total comprehensive income for the year ended 31st March 2019 | - | - | - | - | - | - | - | - | - | - | - |
| Transfer | (54,221) | 1,918,106 | (649,045) | (4,000) | 2,349,819 | - | - | 716,546 | (539,820) | 3,737,385 | (3,737,385) |
| Balance as at 31st March 2019 | 138,080,429 | 30,329,355 | (2,609,789) | 350,125 | 7,159,104 | - | - | 1,733,012 | 1,924,076 | 176,643,793 | 115,222,703 |
| | HK\$ | HK\$ | HK\$ | HK\$ | HK\$ | HK\$ | HK\$ | HK\$ | HK\$ | HK\$ | HK\$ |
| Balance at 31st March 2017 | 284,837,986 | 284,837,986 | 284,837,986 | 284,837,986 | 284,837,986 | 284,837,986 | 284,837,986 | 284,837,986 | 284,837,986 | 284,837,986 | 284,837,986 |
| Surplus for the year ended 31st March 2018 | 2,867,056 | 2,867,056 | 2,867,056 | 2,867,056 | 2,867,056 | 2,867,056 | 2,867,056 | 2,867,056 | 2,867,056 | 2,867,056 | 2,867,056 |
| Grants for Small Enterprise Fund (SWD) | 2,649,756 | 2,649,756 | 2,649,756 | 2,649,756 | 2,649,756 | 2,649,756 | 2,649,756 | 2,649,756 | 2,649,756 | 2,649,756 | 2,649,756 |
| Change in fair value of available-for-sale investments | 1,246,335 | 1,246,335 | 1,246,335 | 1,246,335 | 1,246,335 | 1,246,335 | 1,246,335 | 1,246,335 | 1,246,335 | 1,246,335 | 1,246,335 |
| Impairment loss on available-for-sale investments recognised in surplus or deficit | (1,301,655) | (1,301,655) | (1,301,655) | (1,301,655) | (1,301,655) | (1,301,655) | (1,301,655) | (1,301,655) | (1,301,655) | (1,301,655) | (1,301,655) |
| Total comprehensive income for the year ended 31st March 2018 | 5,461,492 | 5,461,492 | 5,461,492 | 5,461,492 | 5,461,492 | 5,461,492 | 5,461,492 | 5,461,492 | 5,461,492 | 5,461,492 | 5,461,492 |
| Claw back of unpaid balance | (1,634,806) | (1,634,806) | (1,634,806) | (1,634,806) | (1,634,806) | (1,634,806) | (1,634,806) | (1,634,806) | (1,634,806) | (1,634,806) | (1,634,806) |
| Transfer | 288,664,672 | 288,664,672 | 288,664,672 | 288,664,672 | 288,664,672 | 288,664,672 | 288,664,672 | 288,664,672 | 288,664,672 | 288,664,672 | 288,664,672 |
| Balance as at 31st March 2018 | 3,756,623 | 3,756,623 | 3,756,623 | 3,756,623 | 3,756,623 | 3,756,623 | 3,756,623 | 3,756,623 | 3,756,623 | 3,756,623 | 3,756,623 |
| Surplus for the year ended 31st March 2019 | 3,225,519 | 3,225,519 | 3,225,519 | 3,225,519 | 3,225,519 | 3,225,519 | 3,225,519 | 3,225,519 | 3,225,519 | 3,225,519 | 3,225,519 |
| Grants for Small Enterprise Fund (SWD) | (544,799) | (544,799) | (544,799) | (544,799) | (544,799) | (544,799) | (544,799) | (544,799) | (544,799) | (544,799) | (544,799) |
| Change in fair value of investments | - | - | - | - | - | - | - | - | - | - | - |
| Total comprehensive income for the year ended 31st March 2019 | 3,534,343 | 3,534,343 | 3,534,343 | 3,534,343 | 3,534,343 | 3,534,343 | 3,534,343 | 3,534,343 | 3,534,343 | 3,534,343 | 3,534,343 |
| Transfer | - | - | - | - | - | - | - | - | - | - | - |
| Balance as at 31st March 2019 | 292,199,015 | 292,199,015 | 292,199,015 | 292,199,015 | 292,199,015 | 292,199,015 | 292,199,015 | 292,199,015 | 292,199,015 | 292,199,015 | 292,199,015 |

NEW LIFE PSYCHIATRIC REHABILITATION ASSOCIATION

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2019

| | <u>2019</u> HK\$ | <u>2018</u> HK\$ |
|--|----------------------------|----------------------------|
| <i>Cash flows from operating activities</i> | | |
| Surplus before taxation | 3,663,526 | 2,867,056 |
| Grants for Small Enterprises Fund | <u>322,519</u> | <u>2,649,756</u> |
| | 3,986,045 | 5,516,812 |
| Adjustments for: | | |
| Interest income on bank deposits | (3,405,451) | (1,929,659) |
| Interest income on bond investments | (6,621) | (23,400) |
| Dividend income on marketable investments | (386,801) | (388,378) |
| Loss on disposal of marketable investments | 152,967 | - |
| Write-back of impairment loss on available-for-sale investments | 58,011 | (1,301,655) |
| Depreciation on property, plant and equipment | 8,718,106 | 7,913,326 |
| Loss on disposal of property, plant and equipment | <u>19,456</u> | <u>28,804</u> |
| Operating surplus before working capital changes | 9,135,712 | 9,815,850 |
| (Increase)/Decrease in: | | |
| Inventories | (130,382) | 22,993 |
| Accounts and other receivables | (17,477,920) | (17,593,934) |
| Increase in creditors and accruals | <u>1,518,962</u> | <u>403,773</u> |
| | (6,953,628) | (7,351,318) |
| Profits tax paid | <u>-</u> | <u>(1,080,343)</u> |
| Net cash used in operating activities | (6,953,628) | (8,431,661) |
| <i>Cash flows from investing activities</i> | | |
| Interest received on bank deposits | 3,172,560 | 1,876,544 |
| Interest received on bond investments | 7,126 | 25,495 |
| Maturity of bond | 1,000,000 | - |
| Dividends received | 381,886 | 178,237 |
| Proceeds on disposal of marketable investments | 587,850 | - |
| Payment on purchase of property, plant and equipment | (8,017,892) | (7,163,392) |
| Net increase in bank deposits of more than 3 months to maturity from date of deposit | <u>(12,543,686)</u> | <u>(38,772,777)</u> |
| Net cash used in investing activities | (15,412,156) | (43,855,893) |
| <i>Cash flows from financing activities</i> | | |
| Amount refunded to Government (unspent balance on Provident Fund Reserve) | <u>-</u> | <u>(1,634,806)</u> |
| Net cash used in financing activities | <u>-</u> | <u>(1,634,806)</u> |
| Net decrease in cash and cash equivalents | <u>(22,365,784)</u> | <u>(53,922,360)</u> |

NEW LIFE PSYCHIATRIC REHABILITATION ASSOCIATION

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST MARCH 2019

(continued)

| | <u>2019</u> <u>HK\$</u> | <u>2018</u> <u>HK\$</u> |
|--|--|--|
| Net decrease in cash and cash equivalents | (22,365,784) | (53,922,360) |
| Cash and cash equivalents at beginning of year | <u>55,401,594</u> | <u>109,323,954</u> |
| Cash and cash equivalents at end of year | <u><u>33,035,810</u></u> | <u><u>55,401,594</u></u> |
| Analysis of balances of cash and cash equivalents | | |
| Time deposits with bank | 199,951,164 | 218,814,783 |
| Bank and cash balances | <u>31,743,115</u> | <u>22,701,594</u> |
| | 231,694,279 | 241,516,377 |
| Time deposits of more than 3 months to maturity from date of deposit | <u>(198,658,469)</u> | <u>(186,114,783)</u> |
| | <u><u>33,035,810</u></u> | <u><u>55,401,594</u></u> |
| | 0 | |
| <i>Non-cash transactions:</i> | | |
| During the year the Group received scrip dividends in lieu of cash dividends of | <u><u>217,748</u></u> | <u><u>381,147</u></u> |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2019

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 36(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.
- (iv) 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 Financial Reporting Standard 9 ("HKFRS 9") "Financial Instruments" (Prior periods - Hong Kong Accounting Standard 39 ("HKAS 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)**(i) *Financial instruments (continued)***

HKFRS 9 replaces HKAS 39 for the Group's financial instruments in this accounting period. The Group has initially applied the provision of recognition and measurement HKFRS 9 at 1st April 2018. Under the transitional provision chosen, comparative information is not restated. Due to the adoption of HKFRS 9, available-for-sale investments are reclassified as equity investments at fair value through other comprehensive income, of which the accounting policy is stated at note 2(j) to the financial statements. In addition, HKFRS 9 replaces the "incurred loss" model in HKAS 39 with the "expected credit loss" ("ECL") model. ECL model requires an ongoing measurement of credit risk associated with a financial asset and therefore recognizes ECLs earlier than under "incurred loss" accounting model in HKAS 39. Notwithstanding change of accounting policies from HKAS 39 to HKFRS 9, the carrying amounts of financial assets and liabilities at 1st April 2018 are the same.

(j) *Equity investments at fair value through other comprehensive income*

Equity investments at fair value through other comprehensive income are those equity investments not held for trading. The Group's equity investments are listed securities. Amounts presented in other comprehensive income for such investments are not subsequently transferred to profit or loss. At the time of disposal of an equity investment, the cumulative gain or loss of the investment is transferred from investment revaluation reserve to general fund.

(k) *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.

2. Basis of preparation and accounting policies (continued)

(k) *Investment in securities* (continued)

ii) Held-to-maturity investments (continued)

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.

(l) *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.

(m) *Account and other receivables*

Account and other receivables are measured at amortised cost using the effective interest rate method less allowance for credit loss [2018 - initially recognised at fair value and thereafter stated at amortised cost using the effective interest rate method 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 allowance for credit losses [2018 - impairment losses for bad and doubtful debts).

(n) *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.

(o) *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.

(p) *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.

2. Basis of preparation and accounting policies (continued)**(p) Taxation (continued)**

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>2019</u> | <u>2018</u> |
|---|-------------------|-------------------|
| | HK\$ | HK\$ |
| Auditors' remuneration | 220,480 | 209,100 |
| Staff costs | 310,657,411 | 281,301,316 |
| Depreciation on property, plant and equipment | 8,718,106 | 7,913,326 |
| Loss on disposal of property, plant and equipment | 19,456 | 28,804 |
| Rent under operating leases | <u>11,294,893</u> | <u>10,845,345</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 [2018 - 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 [2018 - Same] after set off against available tax losses brought forward.

The tax credited 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>2019</u> HK\$ | <u>2018</u> HK\$ |
|--|---------------------|---------------------|
| Deficit before taxation | <u>(1,856,737)</u> | <u>(3,859,011)</u> |
| Applied tax rate | <u>16.50%</u> | <u>16.50%</u> |
| Tax on deficit before taxation | (306,000) | (637,000) |
| Over-provision in respect of previous years | (93,097) | - |
| Tax effect of: | | |
| Expenses that are not deductible for taxation purposes | 102,000 | 106,000 |
| Unrecognised temporary differences | 379,000 | 480,000 |
| Unrecognised tax loss | <u>(175,000)</u> | <u>51,000</u> |
| | <u>(93,097)</u> | <u>-</u> |

At the reporting date, the subsidiary company has unused tax losses and deductible temporary differences of HK\$134,000 and HK\$8,042,000 [2018 - HK\$1,186,000 and HK\$5,745,000] 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 2019

6. Property, plant and equipment

| | Land and Buildings HK\$ | Construction and fitting out HK\$ | Furniture and Equipment HK\$ | Motor Vehicle HK\$ | Computer HK\$ | Total HK\$ |
|---------------------------------|----------------------------------|--|---------------------------------------|--------------------------|--------------------|---------------------|
| <i>At cost</i> | | | | | | |
| At 31st March 2018 | 2 | 16,279,340 | 22,034,177 | 1,008,307 | 6,539,775 | 45,861,601 |
| Additions | - | 260,732 | 4,084,749 | 2,535,463 | 1,136,948 | 8,017,892 |
| Disposal | - | - | (53,793) | - | (8,449) | (62,242) |
| At 31st March 2019 | 2 | 16,540,072 | 26,065,133 | 3,543,770 | 7,668,274 | 53,817,251 |
| <i>Accumulated depreciation</i> | | | | | | |
| At 31st March 2018 | - | (10,768,617) | (15,293,046) | (541,932) | (4,414,208) | (31,017,803) |
| Charge for the year | - | (2,595,453) | (4,313,535) | (381,727) | (1,427,391) | (8,718,106) |
| Written back on disposal | - | - | 36,637 | - | 6,149 | 42,786 |
| At 31st March 2019 | - | (13,364,070) | (19,569,944) | (923,659) | (5,835,450) | (39,693,123) |
| <i>Net book value</i> | | | | | | |
| At 31st March 2019 | 2 | 3,176,002 | 6,495,189 | 2,620,111 | 1,832,824 | 14,124,128 |
| At 31st March 2018 | 2 | 5,510,723 | 6,741,131 | 466,375 | 2,125,567 | 14,843,798 |

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. A parcel at Lot No. TMTL No. 383
2. A parcel at Lot No. TMTL No. 254
3. A parcel at Lot No. NKIL No. 5938
4. Ching Kung House at Flat A, 3/F, No. 30 Nassau Street, Kowloon

7. Equity investments at fair value through other comprehensive income

| | 2019 HK\$ | 2018 HK\$ |
|-----------------------------|----------------------------|----------------------------|
| Hong Kong listed securities | 7,282,538 | - |

8. Investment in securities

| | 2019 HK\$ | 2018 HK\$ |
|--|----------------------------|----------------------------|
| <i>Available-for-sale investments</i> | | |
| Hong Kong listed securities, at market value | - | 7,758,334 |
| Marketable Fund, at market value | - | 865,231 |
| At fair value | - | 8,623,565 |
| <i>Held-to-maturity investments</i> | | |
| Bonds, at amortised cost | - | 1,002,600 |
| | - | 9,626,165 |

NEW LIFE PSYCHIATRIC REHABILITATION ASSOCIATION*Notes to the Financial Statements for the year ended 31st March 2019***9. Account and other receivables**

| | <u>2019</u> HK\$ | <u>2018</u> HK\$ |
|--|---------------------|---------------------|
| Contract deposits | 10,214,944 | 10,156,563 |
| Accounts receivable | 9,795,683 | 8,624,620 |
| Rental deposits | 1,748,816 | 2,180,454 |
| Utility deposits | 1,903,149 | 1,327,501 |
| Sundry deposits | 172,811 | 222,041 |
| Prepayments | 7,035,775 | 10,571,374 |
| Dividend receivable | 93,003 | 88,088 |
| Interest receivable | 753,772 | 521,386 |
| Money due from clients | 1,000 | 1,000 |
| Accounts with: | | |
| Lotteries Fund | 7,599,525 | 742,566 |
| On-site Training Programme | 367,140 | 56,725 |
| Intensive Employment Assistance Project Community Care Fund | 14,394 | 10,048 |
| Queen Elizabeth Foundation for the Mentally Handicapped | - | 4,628 |
| Employees Retraining Board Fund | - | 8,539 |
| Hong Kong Jockey Club Charities Trust | 27,614,099 | 16,218,243 |
| Community Chest | 182,766 | - |
| Community Investment and Inclusion Fund | 417,956 | 179,937 |
| Kwai Tsing Community Green Station | 710,469 | |
| Mindset project | 364,778 | - |
| BMCPD Charitable Fund | - | 409,550 |
| Environment and Conservation Fund | 316,046 | 267,642 |
| | <u>69,306,126</u> | <u>51,590,905</u> |

10. Time deposits with banks

| | <u>2019</u> HK\$ | <u>2018</u> HK\$ |
|---|---------------------|---------------------|
| Funds from : | | |
| Social Welfare Subvention Reserve Funds | 141,375,990 | 152,993,217 |
| Other Funds | 58,575,174 | 65,821,566 |
| Total time deposits with banks | <u>199,951,164</u> | <u>218,814,783</u> |

NEW LIFE PSYCHIATRIC REHABILITATION ASSOCIATION

Notes to the Financial Statements for the year ended 31st March 2019

10. Time deposits with banks (continued)

| | <u>2019</u> HK\$ | <u>2018</u> HK\$ |
|--|---------------------------|---------------------------|
| <i>Analysis:</i> | | |
| Time deposits of less than 3 months to maturity from date of deposit | 1,292,695 | 32,700,000 |
| Time deposits of more than 3 months to maturity from date of deposit | <u>198,658,469</u> | <u>186,114,783</u> |
| | <u><u>199,951,164</u></u> | <u><u>218,814,783</u></u> |

11. Creditors and accruals

| | <u>2019</u> HK\$ | <u>2018</u> HK\$ |
|--|--------------------------|--------------------------|
| Accounts payable | 2,852,556 | 2,608,224 |
| Accruals | 6,281,880 | 5,807,716 |
| Other payables | 3,112,536 | 4,454,460 |
| Receipt in advance (included temporary credit) | 921,309 | 1,513,475 |
| Deferred income | 5,185,249 | 5,721,666 |
| Deposits of clients (for keys and lockers) | 101,550 | 90,920 |
| Rental deposits - Ching Kung House | 41,000 | 35,200 |
| Other deposits received | 1,587,100 | 1,573,580 |
| Accounts with: | | |
| Integrated Employment Assistance Programme for Self-reliance | 354,141 | 408,695 |
| Chow Tai Fook Charity Foundation | 4,651,284 | 4,207,691 |
| Janssen HK | 304,710 | - |
| Enhancing Employment of People with Disabilities through Small Enterprises Project | 19,489 | 19,489 |
| Employees Retraining Board Fund | 176,215 | - |
| Partnership Fund | 17,696 | 112,468 |
| Ho Tung Fund | - | 48,600 |
| Queen Elizabeth Foundation for Mentally Handicapped | 8,066 | - |
| UPS Foundation | 75,089 | 133,639 |
| Food Sharing Project | 311,242 | 198,971 |
| Contribution | 5,173,055 | 2,609,140 |
| Mindset Project | <u>-</u> | <u>111,271</u> |
| | <u><u>31,174,167</u></u> | <u><u>29,655,205</u></u> |

NEW LIFE PSYCHIATRIC REHABILITATION ASSOCIATION

Notes to the Financial Statements for the year ended 31st March 2019

12. 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>2019</u> HK\$ | <u>2018</u> HK\$ |
|--|-----------------------|-----------------------|
| <i>Assets</i> | | |
| Furniture and equipment ^(Remark) | - | - |
| Accounts receivable | - | 1,176 |
| Utility and other deposits | 17,800 | 17,800 |
| Prepayment | 1,904 | 5,150 |
| Cash balances | 189,273 | 178,277 |
| <i>Liabilities</i> | | |
| Other payables and accrued charges | (6,947) | (7,260) |
| Receipt in advance | - | (17,900) |
| Tenants' deposits | <u>(68,578)</u> | <u>(68,578)</u> |
| <i>Net assets</i> | <u><u>133,452</u></u> | <u><u>108,665</u></u> |

Remark: Movements in furniture and equipment

| | |
|---------------------------------|-----------------|
| | <u>HK\$</u> |
| <i>Cost</i> | |
| At 31st March 2018 and 2019 | 5,270 |
| <i>Accumulated depreciation</i> | |
| At 31st March 2018 and 2019 | <u>(5,270)</u> |
| <i>Net book value</i> | |
| At 31st March 2018 and 2019 | <u><u>-</u></u> |

13. Reserved Fund

| | <u>2019</u> HK\$ | <u>2018</u> HK\$ |
|---|-------------------------|-------------------------|
| Balance at beginning of year | 9,259,976 | 15,182,527 |
| Movements during the year | | |
| Surplus for the year | <u>3,756,623</u> | <u>2,867,056</u> |
| Transfer to various funds and reserves | <u>(6,888,598)</u> | <u>(8,789,607)</u> |
| Deficit for the year after transfer ^{Remark 1} | <u>(3,131,975)</u> | <u>(5,922,551)</u> |
| Balance at end of year | <u><u>6,128,001</u></u> | <u><u>9,259,976</u></u> |

NEW LIFE PSYCHIATRIC REHABILITATION ASSOCIATION

Notes to the Financial Statements for the year ended 31st March 2019

13. Reserved Fund (continued)

Remark 1 :

| | <u>2019</u> HK\$ | <u>2018</u> HK\$ |
|---|---------------------|---------------------|
| Deficit for the year after transfer represents: | | |
| Surplus/(Deficit) from subvented units [Note 31] | 84,173 | (334,708) |
| Deficit from Community Chest allocation | (391,863) | (384,725) |
| Deficit from self financed units/projects | (3,122,535) | (3,273,453) |
| Deficit from subsidiary company | (1,763,640) | (3,859,011) |
| Transfer from Small Enterprise Fund (SWD) [Note 28] | 539,820 | 2,205,923 |
| Interest income on time deposits/bond investments | 953,597 | 559,649 |
| Dividend income | 386,801 | 388,378 |
| Write-back of impairment loss on available-for-sale investments | (58,011) | 1,301,655 |
| Gain/(Loss) on foreign exchange on time deposits for Reserve Fund | 330,416 | (223,950) |
| Cumulative loss of disposed investments transfer to Reserve Fund | (90,733) | - |
| Transfer to Lump Sum Grant Reserve and Provident Fund Reserve [Note 24] | - | (2,302,309) |
| | <u>(3,131,975)</u> | <u>(5,922,551)</u> |

14. Investment Revaluation Reserve

| | <u>2019</u> HK\$ | <u>2018</u> HK\$ |
|--|---------------------|---------------------|
| Balance at beginning of year | (90,733) | (35,413) |
| Movements during the year | | |
| Change in fair value of investments | (544,799) | 1,246,335 |
| Impairment loss on available-for-sale investments recognised in surplus or deficit | - | (1,301,655) |
| | (544,799) | (55,320) |
| Cumulative loss of disposed investments transfer from Reserve Fund | 90,733 | - |
| Balance at end of year | <u>(544,799)</u> | <u>(90,733)</u> |

Previously, the reserve comprised the cumulative net change in fair value of available-for-sale investments until the investments were derecognised or impaired. Upon the adoption of the provision of recognition and measurement of HKFRS 9, available-for-sale investments are reclassified as equity investments at fair value through other comprehensive income, the reserve comprises the cumulated net change in the fair value of equity investments. Upon disposal of an equity investment, the cumulative gain or loss of the investment is transferred from the reserve to the Reserve Fund.

NEW LIFE PSYCHIATRIC REHABILITATION ASSOCIATION*Notes to the Financial Statements for the year ended 31st March 2019***15. Fund for Ching Kung House**

| | <u>2019</u> HK\$ | <u>2018</u> HK\$ |
|---|---------------------|---------------------|
| Balance at beginning of year | 2,471,382 | 2,345,708 |
| Movements during the year | | |
| Operating income (rental income) | 228,987 | 211,200 |
| Direct expenses | | |
| Rent and rates | (7,577) | (12,426) |
| Administration expenses | (64,290) | (52,036) |
| Other expenses (utilities, repairs and maintenance) | (17,517) | (21,064) |
| Amount transferred from Reserved Fund | 139,603 | 125,674 |
| Balance at end of year | 2,610,985 | 2,471,382 |

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.

16. Staff Welfare and Development Fund

| | <u>2019</u> HK\$ | <u>2018</u> HK\$ |
|---------------------------------------|---------------------|---------------------|
| Balance at beginning of year | 2,753,021 | 2,410,714 |
| Movements during the year | | |
| Operating income | 362,262 | 342,899 |
| Direct expenses | - | (592) |
| Amount transferred from Reserved Fund | 362,262 | 342,307 |
| Balance at end of year | 3,115,283 | 2,753,021 |

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 2019

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

| | <u>2019</u> HK\$ | <u>2018</u> HK\$ |
|---|---------------------|---------------------|
| Balance at beginning and 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.

18. Flag Day Fund

| | <u>2019</u> HK\$ | <u>2018</u> HK\$ |
|--|---------------------|---------------------|
| Balance at beginning of year | 11,437,047 | 10,656,522 |
| Movements during the year | | |
| Flag day income net of expenditure ^{Remark 1} | 1,473,629 | 1,705,056 |
| (Deficit)/Surplus from Jockey Club New Life Institute/ Public Education ^{Remark 2} | (84,635) | 259,245 |
| Asia Pacific Accessible Art Festival 2018 | (120,098) | |
| Happy ageing 330-Older Adult Project ^{Remark 3} | (508,364) | - |
| New Life 330 - second phase of audio track, mobile applications & webpage works ^{Remark 4} | (567,726) | - |
| New Life 330 project | (146,369) | (1,183,776) |
| Miscellaneous receipts | 120 | - |
| Amount transferred from Reserved Fund | <u>46,557</u> | <u>780,525</u> |
| Balance at end of year | <u>11,483,604</u> | <u>11,437,047</u> |

Remark :

(1) Flag day income net of expenditure :

| | | |
|---|------------------|------------------|
| Donation | 1,599,595 | 1,768,604 |
| Expenditure | <u>(125,966)</u> | <u>(63,548)</u> |
| Amount using for : | | |
| New Life 330 - second phase of audio track, mobile applications & webpage works | | <u>1,705,056</u> |
| Upgrading work for mobile application and website, promotion of mobile applications and webpage and human resources expenditure ^{Remark 5} | <u>1,473,629</u> | |

NEW LIFE PSYCHIATRIC REHABILITATION ASSOCIATION

Notes to the Financial Statements for the year ended 31st March 2019

18. Flag Day Fund (continued)

| Remark : | <u>2019</u> HK\$ | <u>2018</u> HK\$ |
|--|-----------------------------------|-----------------------------------|
| (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) | 2,109,606 | 1,891,283 |
| Mental health promotion programme | 71,874 | 32,525 |
| Direct expenses | | |
| Personnel emoluments | (386,982) | (433,500) |
| Administration and programme expenses | (1,340,615) | (783,065) |
| Rent and rates | (131,150) | (125,463) |
| Other expenses (utilities, stores and equipment, transportation and miscellaneous expenses) | (330,100) | (247,942) |
| Mental health promotion programme | <u>(77,268)</u> | <u>(74,593)</u> |
| | <u>(84,635)</u> | <u>259,245</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 | 1,270,262 |
| Utilization | <u>(508,364)</u> | <u>-</u> |
| Balance at end of year | <u>761,898</u> | <u>1,270,262</u> |
| Usage of Net Proceeds of 2016/17 Flag Day : | | |
| Balance at beginning and 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 | | |
| Balance at beginning of year | 1,705,056 | - |
| Net Proceeds received | - | 1,705,056 |
| Utilization | <u>(567,726)</u> | <u>-</u> |
| Balance at end of year | <u>1,137,330</u> | <u>1,705,056</u> |
| (5) Upgrading work for mobile application and website, promotion of mobile applications and webpage and human resources expenditure : | | |
| Usage of Net Proceeds of 2018/19 Flag Day | | |
| Net Proceeds received | 1,473,629 | - |
| Utilization | <u>-</u> | <u>-</u> |
| Balance at end of year | <u>1,473,629</u> | <u>-</u> |

NEW LIFE PSYCHIATRIC REHABILITATION ASSOCIATION*Notes to the Financial Statements for the year ended 31st March 2019***19. Production Floating Fund**

| | <u>2019</u> HK\$ | <u>2018</u> HK\$ |
|---------------------------------------|--------------------------|--------------------------|
| Balance at beginning of year | 79,734,485 | 70,661,567 |
| Movements during the year | | |
| Operating income | <u>90,797,313</u> | <u>92,517,531</u> |
| Direct expenses | <u>(88,279,793)</u> | <u>(83,444,613)</u> |
| Amount transferred from Reserved Fund | <u>2,517,520</u> | <u>9,072,918</u> |
| Balance at end of year | <u><u>82,252,005</u></u> | <u><u>79,734,485</u></u> |

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

| | | |
|---|--------------------------|--------------------------|
| Kwai Shing Workshop | 3,231,615 | 3,043,518 |
| Shek Pai Wan Integrated Work Centre | 2,868,256 | 2,477,110 |
| Tin King Workshop | 2,811,969 | 2,170,488 |
| Chuk Yuen Integrated Work Centre | 6,364,574 | 5,771,032 |
| New Life Building Workshop | 8,935,766 | 8,264,974 |
| New Life Farm Sheltered Workshop | 6,516,619 | 6,217,017 |
| Supported Employment Projects | 48,913,589 | 49,278,215 |
| Tuen Mun Long Stay Care Home | 1,327,447 | 1,257,499 |
| New Life Building Long Stay Care Home | 684,589 | 653,107 |
| Tuen Mun Training Activity Centre (Revamped to The Wellness Centre-Tuen Mun from Oct 2010) | 310,201 | 311,201 |
| New Life Building Training Activity Centre (Revamped to The Wellness Centre-Sham Shui Po from Oct 2010) | <u>287,380</u> | <u>290,324</u> |
| | <u><u>82,252,005</u></u> | <u><u>79,734,485</u></u> |

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

20. Fundraising Campaign Fund

| | <u>2019</u> HK\$ | <u>2018</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.

NEW LIFE PSYCHIATRIC REHABILITATION ASSOCIATION*Notes to the Financial Statements for the year ended 31st March 2019***21. Dr. Wu Wai Yung Fund**

| | <u>2019</u> HK\$ | <u>2018</u> HK\$ |
|--|-------------------------|-------------------------|
| Balance at beginning of year | 3,227,063 | 3,077,394 |
| Movements during the year | | |
| Operating income | 189,171 | 336,068 |
| Direct expenses | (59,043) | (303,811) |
| Interest income on time deposits | 35,074 | 34,681 |
| (Loss)/Gain on foreign exchange | (246,976) | 82,731 |
| Amount transferred (to)/from Reserved Fund | <u>(81,774)</u> | <u>149,669</u> |
| Balance at end of year | <u><u>3,145,289</u></u> | <u><u>3,227,063</u></u> |

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

22. Dr. Stella Liu Fund

| | <u>2019</u> HK\$ | <u>2018</u> HK\$ |
|---------------------------------------|-------------------------|-------------------------|
| Balance at beginning of year | 1,894,742 | 1,882,753 |
| Movements during the year | | |
| Interest income on time deposits | 23,872 | 11,989 |
| Amount transferred from Reserved Fund | <u>23,872</u> | <u>11,989</u> |
| Balance at end of year | <u><u>1,918,614</u></u> | <u><u>1,894,742</u></u> |

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

NEW LIFE PSYCHIATRIC REHABILITATION ASSOCIATION

Notes to the Financial Statements for the year ended 31st March 2019

23. Mrs. Esther De Sousa Fund

| | <u>2019</u> <u>HK\$</u> | <u>2018</u> <u>HK\$</u> |
|------------------------------------|----------------------------|----------------------------|
| Balance at beginning of year | 2,724,393 | 2,699,640 |
| Movements during the year | | |
| Interest income on time deposits | <u>52,440</u> | <u>24,753</u> |
| Amount transfer from Reserved Fund | <u>52,440</u> | <u>24,753</u> |
| Balance at end of year | <u><u>2,776,833</u></u> | <u><u>2,724,393</u></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.

24. Lump Sum Grant Reserve and Provident Fund Reserve

| | <u>Lump Sum</u> <u>Grant Reserve</u> | <u>Provident Fund Reserve</u> | | |
|---|---|-------------------------------|--------------------------|--------------------------|
| | | Provident | Provident | |
| | | Fund Reserve | Fund Reserve - | |
| | | | 6.8% and | |
| | | | Other Posts | |
| | HK\$ | HK\$ | HK\$ | Total HK\$ |
| Balance at 31st March 2017 | 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 13] | 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 | <u>-</u> | <u>(1,634,806)</u> | <u>-</u> | <u>(1,634,806)</u> |
| Balance at 31st March 2018 | <u><u>138,134,650</u></u> | <u><u>2,041,816</u></u> | <u><u>26,369,433</u></u> | <u><u>28,411,249</u></u> |

NEW LIFE PSYCHIATRIC REHABILITATION ASSOCIATION

Notes to the Financial Statements for the year ended 31st March 2019

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

| | Lump Sum Grant Reserve | Provident Fund Reserve | | |
|---|---------------------------|---------------------------|--|-------------------|
| | | Provident Fund Reserve | Provident Fund Reserve - 6.8% and Other Posts | Total |
| | HK\$ | HK\$ | HK\$ | HK\$ |
| Balance at 31st March 2018 | 138,134,650 | 2,041,816 | 26,369,433 | 28,411,249 |
| Movements during the year | | | | |
| Grant received | 303,008,971 | 8,444,908 | 15,645,354 | 24,090,262 |
| Personnel emolument/OC/PF net fee/other income | (305,342,828) | (7,826,623) | (13,399,108) | (21,225,731) |
| Interest income on time deposits | 2,304,836 | - | - | - |
| Amount transferred from Reserved Fund | (29,021) | 618,285 | 2,246,246 | 2,864,531 |
| Amount refunded to Government | (25,200) | (1,263,741) | - | (1,263,741) |
| Additional subvention received for previous year | - | - | 317,316 | 317,316 |
| | (54,221) | (645,456) | 2,563,562 | 1,918,106 |
| Balance at 31st March 2019 | 138,080,429 | 1,396,360 | 28,932,995 | 30,329,355 |

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 2019

25. Social Welfare Subvention Surplus

| | <u>Rent and Rates</u> HK\$ | <u>Central Items</u> HK\$ | <u>Total</u> HK\$ |
|-------------------------------------|---------------------------------------|----------------------------------|---------------------------|
| 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) |
| | <u>(944,932)</u> | <u>(66,654)</u> | <u>(1,011,586)</u> |
| Balance at 31st March 2018 | (1,960,744) | 354,125 | (1,606,619) |
| Movements during the year | | | |
| Grant received | 12,710,654 | - | 12,710,654 |
| Amount repaid to Government | (3,467) | - | (3,467) |
| Rent and rates paid | (13,356,232) | - | (13,356,232) |
| Central items paid | - | (4,000) | (4,000) |
| Amount transferred to Reserved Fund | <u>(649,045)</u> | <u>(4,000)</u> | <u>(653,045)</u> |
| Balance at 31st March 2019 | <u>(2,609,789)</u> | <u>350,125</u> | <u>(2,259,664)</u> |

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

| | <u>2019</u> HK\$ | <u>2018</u> HK\$ |
|---------------------------------------|-------------------------|-------------------------|
| Balance at beginning of year | 4,809,285 | 3,926,614 |
| Movements during the year | | |
| Grant received | 4,720,000 | 4,437,000 |
| Interest income on time deposits | 24,187 | 30,655 |
| Payment for: | | |
| Minor works projects | (1,491,250) | (3,295,510) |
| Furniture and equipment | (903,118) | (289,474) |
| Amount transferred from Reserved Fund | <u>2,349,819</u> | <u>882,671</u> |
| Balance at end of year | <u>7,159,104</u> | <u>4,809,285</u> |

26. 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, there were no outstanding commitments in respect of Furniture & Equipment Replenishment and Minor Works Block Grant.

27. Social Welfare Development Fund

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

| | 2019 | 2018 |
|--|------------------|------------------|
| | HK\$ | HK\$ |
| a) SWDF Phase 2 | | |
| Balance at beginning of year | 39,171 | 59,043 |
| Movements during the year | | |
| Grant received | - | - |
| Interest on time deposits | - | - |
| Payment for | | |
| 1) Expenditure for projects under scope A | - | (20,633) |
| 2) Expenditure for projects under scope B | - | - |
| 3) Expenditure for projects under administrative support | - | 761 |
| Amount refunded to Government | (39,171) | - |
| Amount transferred to Reserved Fund ^{Remark} | <u>(39,171)</u> | <u>(19,872)</u> |
| Balance at end of year | <u>-</u> | <u>39,171</u> |
| b) SWDF Phase 3 | | |
| Balance at beginning of year | 977,295 | 136,326 |
| Movements during the year | | |
| Grant received | 2,113,600 | 2,577,442 |
| Interest on time deposits | 17,616 | 8,326 |
| Payment for | | |
| 1) Expenditure for projects under scope A | (646,748) | (1,335,409) |
| 2) Expenditure for projects under scope B | (659,976) | (322,150) |
| 3) Expenditure for projects under administrative support | (68,775) | (87,240) |
| Amount transferred from Reserved Fund ^{Remark} | <u>755,717</u> | <u>840,969</u> |
| Balance at end of year | <u>1,733,012</u> | <u>977,295</u> |
| Total at end of year | <u>1,733,012</u> | <u>1,016,466</u> |
| Remark: | | |
| Net amount transferred from Reserved Fund | <u>716,546</u> | <u>821,097</u> |

NEW LIFE PSYCHIATRIC REHABILITATION ASSOCIATION*Notes to the Financial Statements for the year ended 31st March 2019***28. 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\$ |
|-----------------|---------------------------------------|---------------------------|---|---------------------------------------|
| 2019 | | | | |
| Café 330 - CMC | 772,653 | - | 19,521 | 792,174 |
| Delight Kitchen | (11,509) | 300,607 | (31,705) | 257,393 |
| Drinks 330 | 1,086,158 | 21,912 | (426,761) | 681,309 |
| Café 330 - PWH | 2,992 | - | (2,992) | - |
| Café 330 - CU | 270,656 | - | (91,074) | 179,582 |
| Café 330 - HKU | 20,427 | - | (6,809) | 13,618 |
| | <u>2,141,377</u> | <u>322,519</u> | <u>(539,820)</u> | <u>1,924,076</u> |
| 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> |

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

NEW LIFE PSYCHIATRIC REHABILITATION ASSOCIATION

Notes to the Financial Statements for the year ended 31st March 2019

29. Property management reserve held on behalf of MINDSET Place

| | <u>2019</u> HK\$ | <u>2018</u> HK\$ |
|--|------------------------------|------------------------------|
| <i>Income for the year ended 31st March</i> | | |
| Building management fees | 191,016 | 191,016 |
| Interest income | <u>75</u> | <u>16</u> |
| | 191,091 | 191,032 |
| <i>Expenditure for the year ended 31st March</i> | | |
| Administration expenses | | |
| Insurance | (6,927) | (4,142) |
| Personnel emolument | (60,774) | (54,126) |
| Staff Wellness expenses | (2,265) | (725) |
| Printing and stationery | (666) | - |
| Administration expenses | (8,382) | (9,950) |
| Miscellaneous expenses | (775) | (116) |
| Utilities | (24,537) | (24,252) |
| Repairs and maintenance | <u>(61,978)</u> | <u>(153,745)</u> |
| | <u>(166,304)</u> | <u>(247,056)</u> |
| <i>Surplus/(Deficit) for the year ended 31st March</i> | 24,787 | (56,024) |
| <i>Accumulated surplus brought forward</i> | <u>108,665</u> | <u>164,689</u> |
| <i>Accumulated surplus carried forward</i> | <u><u>133,452</u></u> | <u><u>108,665</u></u> |

30. Lotteries Fund

| | <u>2019</u> HK\$ | <u>2018</u> HK\$ |
|---|---------------------|-----------------------|
| a) Procurement of Furniture and Equipment: | | |
| New Life Jubilee House | - | 27,000 |
| Joyous Place | - | 77,000 |
| The Wellness Centre - Shatin | 4,000 | - |
| The Wellness Centre - Kwai Chung | 32,930 | - |
| Kwai Shing Sheltered Workshop | (16,909) | - |
| Tin King Sheltered Workshop | (17,909) | - |
| Work Extension Programme | <u>2,931</u> | <u>-</u> |
| | <u>5,043</u> | <u>104,000</u> |

NEW LIFE PSYCHIATRIC REHABILITATION ASSOCIATION

Notes to the Financial Statements for the year ended 31st March 2019

30. Lotteries Fund (continued)

| | <u>2019</u> | <u>2018</u> |
|--|------------------|------------------|
| | <u>HK\$</u> | <u>HK\$</u> |
| b) <i>Fitting-out Works:</i> | | |
| New Life Building Management Office | 627,424 | 2,078,342 |
| Pok Hong Halfway House | 593,376 | - |
| Tin Yuet Halfway House | 30,042 | 263,609 |
| New Life Building Halfway House I | - | - |
| New Life Building Halfway House II | - | - |
| New Life Building Halfway House III | 10,317 | - |
| Jockey Club Farm House | 1,454,266 | - |
| Tuen Mun Long Stay Care Home | 428,574 | - |
| The Wellness Centre - Tuen Mun | 337,406 | (63,945) |
| The Wellness Centre - Shatin | 834,063 | - |
| The Wellness Centre - Islands | 60,090 | 26,843 |
| The Wellness Centre - Kwai Chung | 2,991,327 | 21,000 |
| | <u>7,366,885</u> | <u>2,325,849</u> |
| c) <i>Pilot project on PSW in Community Service</i> | | |
| Agency-based community services | - | 835,430 |
| d) <i>Undertake Fire Safety/Building Safety Rectification Measures:</i> | | |
| Sun Chui Halfway House | 28,000 | - |
| Pok Hong Halfway House | 53,068 | - |
| Tin Yuet Halfway House | 4,500 | - |
| Shan King Halfway House | 39,500 | - |
| Chuk Yuet Halfway House | 78,000 | - |
| Lei Tung Halfway House | 42,000 | - |
| Jockey Club Farm House | 88,920 | - |
| Tin King Hostel | 861,413 | - |
| Tuen Mun Long Stay Care Home | 140,428 | - |
| Yi Yuet Hin | 69,750 | - |
| New Life Building Long Stay Care Home | 172,754 | - |
| | <u>1,578,333</u> | <u>-</u> |
| | <u>8,950,261</u> | <u>3,265,279</u> |

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

At 31st March 2019, the outstanding commitments in respect of the Lotteries Fund Block Grant and the Lotteries Fund Project Grant are as follows:

| | <u>2019</u> | <u>2018</u> |
|---|------------------|------------------|
| | <u>HK\$</u> | <u>HK\$</u> |
| Contracted for but not provided in the financial statement in respect of: | | |
| Lotteries Fund Block Grant | - | - |
| Lotteries Fund Project Grant | 2,245,229 | 3,015,236 |
| | <u>2,245,229</u> | <u>3,015,236</u> |

NEW LIFE PSYCHIATRIC REHABILITATION ASSOCIATION

Notes to the Financial Statements for the year ended 31st March 2019

31. 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>2019</u> | <u>2018</u> |
|---|--------------------|--------------------|
| | HK\$ | HK\$ |
| Central Administration | | |
| Central Administration Expenses | 39,010 | 62,120 |
| Management Office at New Life Building | 75,570 | (12,993) |
| | 114,580 | 49,127 |
| Workshops and Hostels | | |
| Sun Chui Halfway House | 12 | (20,744) |
| Pok Hong Halfway House | 13 | (2,767) |
| Tin Yuet Halfway House | 10 | (5,539) |
| Shan King Halfway House | 12 | (3,084) |
| Shek Lei Halfway House | 13 | (3,637) |
| Chuk Yuen Halfway House | 14 | (3,875) |
| Lei Tung Halfway House | 14 | (3,163) |
| New Life Building Halfway House (I) | (216) | (3,316) |
| New Life Building Halfway House (II) | 11 | (2,946) |
| New Life Building Halfway House (III) | 14 | (5,648) |
| Jockey Club Farm House | 17 | (3,163) |
| Community Psychiatric Service Units | (651) | |
| New Life Jubilee Hostel | 6,016 | (4,052) |
| Tin King Hostel | 16 | (7,558) |
| Joyous Place | 887 | 6,271 |
| Tuen Mun Long Stay Care Home | 156 | (32,884) |
| New Life Building Long Stay Care Home | (357) | (27,728) |
| The Wellness Centre - Sham Shui Po | (10,835) | (31,268) |
| The Wellness Centre - Tuen Mun | 3,815 | (9,471) |
| The Wellness Centre - Shatin | 4,396 | (10,930) |
| The Wellness Centre - Tin Shui Wai | (5,067) | (13,093) |
| The Wellness Centre - Kwai Chung | (5,246) | (89,810) |
| The Wellness Centre - Yau Tsim Mong | 3,816 | (2,498) |
| The Wellness Centre - Islands | 5,696 | 4,266 |
| Balance of Workshops and Hostels carried down | 2,556 | (276,637) |

NEW LIFE PSYCHIATRIC REHABILITATION ASSOCIATION

Notes to the Financial Statements for the year ended 31st March 2019

31. Transfer of surpluses social welfare subvention (continued)

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

| | <u>2019</u> | <u>2018</u> |
|---|------------------------|-------------------------|
| | HK\$ | HK\$ |
| Workshops and Hostels | | |
| Balance of Workshops and Hostels brought down | 2,556 | (276,637) |
| Kwai Shing Sheltered Workshop | 26,993 | 14,413 |
| Shek Pai Wan Integrated Work Centre | 4,805 | 3,931 |
| Tin King Sheltered Workshop | 19,104 | (2,998) |
| Chuk Yuen Integrated Work Centre | 34,701 | 8,938 |
| New Life Building Sheltered Workshop | (4,466) | (6,844) |
| New Life Farm Sheltered Workshop | (65,282) | (103,595) |
| Agency-Based Vocational Support | 2 | (690) |
| Work Extension Programme | (2,688) | (1,166) |
| Supported Employment Service | (46,134) | (18,673) |
| On the Job Training Programme | 2 | (514) |
| | <u>(30,407)</u> | <u>(383,835)</u> |
| | <u>84,173</u> | <u>(334,708)</u> |

32. Categories of financial assets and financial liabilities

| | <u>2019</u> | <u>2018</u> |
|---|---------------------------|---------------------------|
| | HK\$ | HK\$ |
| <i>Financial assets:</i> | | |
| Non-current assets - | | |
| Equity investments at fair value through other comprehensive income | 7,282,538 | - |
| Available-for-sale investments, at fair value | - | 8,623,565 |
| Held-to-maturity investments, at amortised cost | - | 1,002,600 |
| Current assets - at amortized cost: | | |
| Receivables [excluding prepayments] | 62,270,351 | 41,019,531 |
| Bank deposits and cash | 231,694,279 | 241,516,377 |
| | <u>301,247,168</u> | <u>292,162,073</u> |
| <i>Financial liabilities:</i> | | |
| Current liabilities - at amortized cost: | | |
| Payables [excluding receipt in advance] | 30,252,858 | 28,141,730 |

33. 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>2019</u> HK\$ | <u>2018</u> HK\$ |
|---|---------------------|---------------------|
| Not later than one year | 6,393,586 | 7,717,662 |
| Later than one year but not later than five years | <u>4,901,307</u> | <u>3,127,683</u> |
| | <u>11,294,893</u> | <u>10,845,345</u> |

34. 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.

35. 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 [2018 - Same].

NEW LIFE PSYCHIATRIC REHABILITATION ASSOCIATION

Notes to the Financial Statements for the year ended 31st March 2019

36. Statement of Financial Position of the Association at 31st March 2019

| | <u>Note</u> | <u>2019</u> HK\$ | <u>2018</u> HK\$ |
|---|-------------|---------------------|---------------------|
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 36(a) | 9,727,392 | 7,663,061 |
| Investment in subsidiary company | 36(b) | 5,994,127 | 7,987,653 |
| Equity investments at fair value through other comprehensive income | 7 | 7,282,538 | - |
| Investment in securities | 8 | - | 9,626,165 |
| | | 23,004,057 | 25,276,879 |
| CURRENT ASSETS | | | |
| Inventories - goods for sale | | 716,036 | 658,862 |
| Accounts and other receivables | 36(c) | 66,849,753 | 49,462,834 |
| Time deposits with banks | 10 | 199,951,164 | 218,814,783 |
| Bank and cash balances | | 30,280,411 | 19,934,204 |
| | | 297,797,364 | 288,870,683 |
| CURRENT LIABILITIES | | | |
| Creditors and accruals | 36(d) | (27,070,406) | (25,392,011) |
| NET CURRENT ASSETS | | 270,726,958 | 263,478,672 |
| NET ASSETS | | 293,731,015 | 288,755,551 |

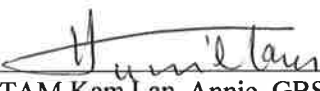
NEW LIFE PSYCHIATRIC REHABILITATION ASSOCIATION

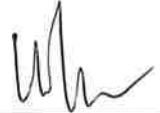
Notes to the Financial Statements for the year ended 31st March 2019

36. Statement of Financial Position of the Association at 31st March 2019 (continued)

| | <u>Note</u> | <u>2019</u> HK\$ | <u>2018</u> HK\$ |
|--|-------------|---------------------------|---------------------------|
| <i>representing:</i> | | | |
| DESIGNATED FUNDS | | | |
| Reserved Fund | 36(e) | 9,584,077 | 11,492,232 |
| Investment Revaluation Reserve | 14 | (544,799) | (90,733) |
| Fund for Ching Kung House | 15 | 2,610,985 | 2,471,382 |
| Staff Welfare and Development Fund | 16 | 3,115,283 | 2,753,021 |
| Service Users' and Families' Welfare and Charitable Fund | 17 | 1,470,981 | 1,470,981 |
| Flag Day Fund | 18 | 11,483,604 | 11,437,047 |
| Production Floating Fund | 19 | 82,252,005 | 79,734,485 |
| Fundraising Campaign Fund | 20 | 875,907 | 875,907 |
| Dr. Wu Wai Yung Fund | 21 | 3,145,289 | 3,227,063 |
| Dr. Stella Liu Fund | 22 | 1,918,614 | 1,894,742 |
| Mrs. Esther De Sousa Fund | 23 | 2,776,833 | 2,724,393 |
| | | 118,688,779 | 117,990,520 |
| SUBVENTION ACCOUNT | | | |
| Lump Sum Grant Reserve Fund | | | |
| Lump Sum Grant Reserve | 24 | 138,080,429 | 138,134,650 |
| Provident Fund Reserve | 24 | 30,329,355 | 28,411,249 |
| Social Welfare Subvention Surpluses | | | |
| Rent and Rates | 25 | (2,609,789) | (1,960,744) |
| Central Items Surpluses | 25 | 350,125 | 354,125 |
| Furniture & Equipment Replenishment and Minor Works Block Grant Reserve Fund | 26 | 7,159,104 | 4,809,285 |
| Social Welfare Development Fund | 27 | 1,733,012 | 1,016,466 |
| | | 175,042,236 | 170,765,031 |
| | | <u>293,731,015</u> | <u>288,755,551</u> |

Approved and authorised for issue by the Executive Committee on **30 AUG 2019**


Miss TAM Kam Lan, Annie, GBS, JP
Chairperson


Mr. TSE Kam Keung
Honorary Treasurer

NEW LIFE PSYCHIATRIC REHABILITATION ASSOCIATION

Notes to the Financial Statements for the year ended 31st March 2019

36. Statement of Financial Position of the Association at 31st March 2019 (continued)

(a) Property, plant and equipment

| | <u>Land and Buildings</u> HK\$ | <u>Furniture and Equipment</u> HK\$ | <u>Motor vehicles</u> HK\$ | <u>Computer</u> HK\$ | <u>Total</u> HK\$ |
|-------------------------------------|---|--|-----------------------------------|-------------------------|----------------------|
| <i>At cost</i> | | | | | |
| At 31st March 2018 | 2 | 16,504,224 | 752,898 | 6,539,775 | 23,796,899 |
| Additions | - | 3,558,549 | 2,535,463 | 1,136,948 | 7,230,960 |
| Disposal | - | (49,463) | - | (8,449) | (57,912) |
| At 31st March 2019 | 2 | 20,013,310 | 3,288,361 | 7,668,274 | 30,969,947 |
| <i>Accumulated depreciation</i> | | | | | |
| At 31st March 2018 | - | (11,433,107) | (286,523) | (4,414,208) | (16,133,838) |
| Charge for the year | - | (3,340,920) | (381,727) | (1,427,391) | (5,150,038) |
| Written back on disposal | - | 35,172 | - | 6,149 | 41,321 |
| At 31st March 2019 | - | (14,738,855) | (668,250) | (5,835,450) | (21,242,555) |
| <i>Net book value</i> | | | | | |
| At 31st March 2019 | 2 | 5,274,455 | 2,620,111 | 1,832,824 | 9,727,392 |
| At 31st March 2018 | 2 | 5,071,117 | 466,375 | 2,125,567 | 7,663,061 |

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. A parcel at Lot No. TMTL No. 383
2. A parcel at Lot No. TMTL No. 254
3. A parcel at Lot No. NKIL No. 5938
4. Ching Kung House at Flat A, 3/F, No. 30 Nassau Street, Kowloon

(b) Investment in subsidiary company

| | <u>2019</u> HK\$ | <u>2018</u> HK\$ |
|---|-------------------------|-------------------------|
| Unlisted shares, at cost | 6,000,020 | 20 |
| Amount due (to)/from subsidiary company | <u>(5,893)</u> | <u>7,987,633</u> |
| | <u>5,994,127</u> | <u>7,987,653</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% |
| Nature of activity | : operating projects for the benefit of people with disabilities through provision of training and employment opportunities |

NEW LIFE PSYCHIATRIC REHABILITATION ASSOCIATION

Notes to the Financial Statements for the year ended 31st March 2019

36. Statement of Financial Position of the Association at 31st March 2019 (continued)

(c) Account and other receivables

| | <u>2019</u> | <u>2018</u> |
|---|-------------------|-------------------|
| | HK\$ | HK\$ |
| Contract deposits | 10,214,944 | 10,156,563 |
| Accounts receivable | 8,456,763 | 7,678,835 |
| Rental deposits | 1,748,816 | 1,826,705 |
| Utility deposits | 1,133,651 | 1,132,351 |
| Sundry deposits | 172,811 | 120,841 |
| Prepayments | 6,687,820 | 10,039,187 |
| Dividend receivable | 93,003 | 88,088 |
| Interest receivable | 753,772 | 521,386 |
| Money due from clients | 1,000 | 1,000 |
| Accounts with: | | |
| Lotteries Fund | 7,599,525 | 742,566 |
| On-site Training Programme | 367,140 | 56,725 |
| Intensive Employment Assistance Project Community | | |
| Care Fund | 14,394 | 10,048 |
| Queen Elizabeth Foundation for the Mentally | | |
| Handicapped | - | 4,628 |
| Employees Retraining Board Fund | - | 8,539 |
| Hong Kong Jockey Club Charities Trust | 27,614,099 | 16,218,243 |
| Community Chest | 182,766 | - |
| Community Investment and Inclusion Fund | 417,956 | 179,937 |
| Kwai Tsing Community Green Station | 710,469 | - |
| Mindset project | 364,778 | - |
| BMCPC Charitable Fund | - | 409,550 |
| Environment and Conservation Fund | 316,046 | 267,642 |
| | <u>66,849,753</u> | <u>49,462,834</u> |

NEW LIFE PSYCHIATRIC REHABILITATION ASSOCIATION*Notes to the Financial Statements for the year ended 31st March 2019***36. Statement of Financial Position of the Association at 31st March 2019 (continued)****(d) Creditors and accruals**

| | <u>2019</u> HK\$ | <u>2018</u> HK\$ |
|---|----------------------------|----------------------------|
| Accounts payable | 2,268,620 | 1,847,047 |
| Accruals | 3,393,333 | 3,463,424 |
| Other payables | 3,112,536 | 4,454,460 |
| Receipt in advance (included temporary credit) | 290,031 | 355,750 |
| Deferred income | 5,185,249 | 5,721,666 |
| Deposits of clients (for keys and lockers) | 101,550 | 90,920 |
| Rental deposits | 41,000 | 35,200 |
| Other deposits received | 1,587,100 | 1,573,580 |
| Accounts with: | | |
| Integrated Employment Assistance Programme for Self-reliance | 354,141 | 408,695 |
| Chow Tai Fook Charity Foundation | 4,651,284 | 4,207,691 |
| Janssen HK | 304,710 | - |
| Enhancing Employment of People with Disabilities through Small Enterprises Project | 19,489 | 19,489 |
| Employees Retraining Board Fund | 176,215 | - |
| Partnership Fund | 17,696 | 112,468 |
| Ho Tung Fund | - | 48,600 |
| Queen Elizabeth Foundation for Mentally Handicapped | 8,066 | |
| UPS Foundation | 75,089 | 133,639 |
| Food Sharing Project | 311,242 | 198,971 |
| Contribution | 5,173,055 | 2,609,140 |
| Mindset Peer Support Worker Project | - | 111,271 |
| | <u>27,070,406</u> | <u>25,392,011</u> |

NEW LIFE PSYCHIATRIC REHABILITATION ASSOCIATION

Notes to the Financial Statements for the year ended 31st March 2019

36. Statement of Financial Position of the Association at 31st March 2019 (continued)

(e) Reserved Fund

| | <u>2019</u> HK\$ | <u>2018</u> HK\$ |
|--|---------------------------|---------------------|
| Balance at beginning of year | 11,492,232 | 15,761,695 |
| Movements during the year | | |
| Surplus for the year | 5,520,263 | 6,726,067 |
| Transfer to various funds and reserves* | (7,428,418) | (10,995,530) |
| Deficit for the year after transfer ^{Remark} | <u>(1,908,155)</u> | <u>(4,269,463)</u> |
| Balance at end of year | <u>9,584,077</u> | <u>11,492,232</u> |
| <i>Remark:</i> | | |
| Deficit for the year after transfer represents: | | |
| Surplus/(Deficit) from subvented units [Note 31] | 84,173 | (334,708) |
| Deficit from Community Chest allocation | (391,863) | (384,725) |
| Deficit from self financed units/projects | (3,122,535) | (3,273,453) |
| Interest income on time deposits/bond investments | 953,597 | 559,649 |
| Dividend income | 386,801 | 388,378 |
| Write-back of impairment loss on available-for-sale investments | (148,744) | 1,301,655 |
| Gain/(Loss) on foreign exchange on time deposits for Reserve Fund | 330,416 | (223,950) |
| Transfer to Lump Sum Grant Reserve and Provident Fund Reserve [Note 24] | <u>-</u> | <u>(2,302,309)</u> |
| | <u>(1,908,155)</u> | <u>(4,269,463)</u> |
| * Transfer amount per consolidated financial statements | 6,888,598 | 8,789,607 |
| Exclusion of transfer amount from : Small Enterprise Fund (SWD) for operation of subsidiary company | <u>539,820</u> | <u>2,205,923</u> |
| | <u>7,428,418</u> | <u>10,995,530</u> |