

MISSION TO NEW ARRIVALS LIMITED
REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

(Expressed in Hong Kong Dollars)



Peter Cheng & Company
Certified Public Accountants (practising)

MISSION TO NEW ARRIVALS LIMITED
REPORT OF THE DIRECTORS

The directors have pleasure in submitting their annual report and the audited financial statements for the year ended 31 March 2017.

Principal place of business

The Mission to New Arrivals Limited ("the organization") is a company incorporated and domiciled in Hong Kong and has its registered office and principal place of business at 21st floor, Skyline Tower, 18 Tong Mi Road, Mongkok, Kowloon, Hong Kong.

Principal activities and business review

The organization helps new arrivals from mainland China and South Asia, as well as poor and grassroots families integrate to the Hong Kong society; and also shares with them the Christian faith.

The organization is exempted from tax under Section 88 of the Inland Revenue Ordinance.

Financial performance

- Donation income and fund income amounted to HK\$3,933,645 and HK\$4,517,947 respectively, representing an increase of 13% and 17%, or HK\$460,314 and HK\$649,502 respectively from last year.
- Overall programme income and other income amounted to HK\$3,302,334, a decrease of 21%, or HK\$866,392 from last year.
- Overall programme and ministry expenses amounted to HK\$7,824,504, a decrease of 8%, or HK\$665,637, from that in last year.
- Administrative expenses totalled to HK\$2,566,625, an increase of 20%, or HK\$449,863, from last year.

Financial statements

The result of the organization for the year ended 31 March 2017 and the state of affairs of the organization as at that date are set out in the financial statements on pages 5 to 15.

Directors

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

Ho Po Sang	Pun Kok Kong
Ku Hok Bun	Wu Ping Fan
Lai Chun Moon	Yuen Yuet Mui
Ng Lai Ping	

MISSION TO NEW ARRIVALS LIMITED
REPORT OF THE DIRECTORS

Directors

In accordance with the organization's Articles of Association, one-third of the directors, or if their number is not three or multiple of three, then the number nearest to but not exceeding one-third, shall retire from office. A retiring director shall be eligible for re-election.

At no time during the year was the organization a party to any arrangements to enable the directors of the organization to acquire benefits by means of acquisition of an interest in or debentures of the organization or any other body corporate.

No contract of significance to which the organization was a party, and in which a director had a material interest, subsisted at the end of the year or at any time during the year.

Permitted indemnity provisions

At no time during the financial year and up to the date of this Report of the Directors, there was or is, any permitted indemnity provision being in force for the benefit of any of the directors of the Organisation or an associated Organisation.

Auditors

Peter Cheng & Company retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of Peter Cheng & Company as auditors of the organization is to be proposed at the forthcoming Annual General Meeting.

By order of the Board



Director

Hong Kong, 20 DEC 2017

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
MISSION TO NEW ARRIVALS LIMITED

(incorporated in Hong Kong with liabilities limited by guarantee)



Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Mission to New Arrivals Limited ("the Organisation") set out on pages 5 to 17, which comprise the statement of financial position as at 31 March 2017, and the statement of comprehensive income, statement of changes in funds and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Organisation as at 31 March 2017, and of its financial performance and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standard for Private Entities ("HKFRS for Private Entities") 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 ("HKSA") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Organisation in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Directors and Those Charged with Governance for the Financial Statements

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRS for Private Entities issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Organisation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Organisation or to cease operations, or have no realistic alternative but to do so.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
MISSION TO NEW ARRIVALS LIMITED

(incorporated in Hong Kong with liabilities limited by guarantee)



Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A handwritten signature in blue ink, consisting of several overlapping loops and lines, positioned above the printed name of the auditor.

Peter Cheng & Company
Certified Public Accountants
Rooms 1202-3, 12/F., Lucky Commercial Centre,
103 Des Voeux Road West,
Hong Kong, 20 DEC 2017

MISSION TO NEW ARRIVALS LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2017

	<u>Note</u>	<u>2017</u> <u>HK\$</u>	<u>2016</u> <u>HK\$</u>
Income			
3H Handicraft Income		609,696	656,059
Creation Farm Income		87,512	169,507
Donations		3,933,645	3,473,331
Flag Day Income		-	1,266,562
Fund Income	6(a)	4,517,947	3,868,445
Life Building Centre Income		225,564	229,307
School Based Program Income		472,132	555,240
School of Poverty Caring Income		349,043	139,889
The Community Chest Fund Income			
- Capital Project		33,689	144,897
- School of Poverty Caring		396,151	564,080
Love Granary Income		67,994	29,303
Other Income		92,559	141,082
Relief Fund Income	6(b)	967,994	272,800
		<u>11,753,926</u>	<u>11,510,502</u>
 Program and Ministry Expenses			
3H Handicraft Ministry		946,731	1,101,379
Creation Farm Ministry		851,386	880,861
Ethnic Minority Ministry		500,015	533,538
Flag Day Expenses		-	33,401
Life Building Centre Ministry		908,638	1,220,247
Love Granary Expenses		160,038	242,937
Network Ministry (Regional Programs for New Arrivals)		2,811,490	2,940,882
Relief Fund Expenses		443,255	331,047
School Based Program		440,713	491,720
The Community Chest Program - School of Poverty Caring Ministry		762,238	714,129
		<u>7,824,504</u>	<u>8,490,141</u>

MISSION TO NEW ARRIVALS LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2017

	<u>2017</u>	<u>2016</u>
	<u>HK\$</u>	<u>HK\$</u>
Administrative Expenses		
Advertising	3,708	3,979
Auditors' Remuneration	6,200	5,800
Cleaning	3,307	18,742
Computer Repair	14,293	7,615
Depreciation	361,325	508,947
Electricity & Water	45,364	25,035
Insurance	68,600	103,380
Medical	17,880	-
Messing	10,623	12,783
Motor Vehicle Expenses	-	56,300
Postage	3,760	2,711
Printing & Stationery	31,966	42,302
Promotion & Development	432,979	226,712
Rent & Rates	724,955	343,348
Repair & Maintenance	7,244	2,253
Salary and Allowance	752,590	678,314
Staff Training	23,799	17,276
Sundry	18,153	35,167
Telephone	32,329	26,098
Web Maintenance	7,550	-
	<u>2,566,625</u>	<u>2,116,762</u>
Surplus for the year	<u>1,362,797</u>	<u>903,599</u>
Other comprehensive income	-	-
Total comprehensive income for the year	<u>1,362,797</u>	<u>903,599</u>

The accompanying Accounting Policies and Explanatory Notes form an integral part of, and should be read in conjunction with, these financial statements.

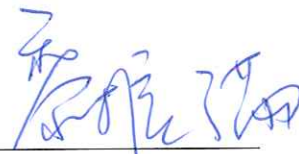
MISSION TO NEW ARRIVALS LIMITED
STATEMENT OF FINANCIAL POSITION
AT 31 MARCH 2017

	<u>Note</u>	<u>2017</u> <u>HK\$</u>	<u>2016</u> <u>HK\$</u>
Non-current assets			
Furniture, fixture and equipment	5	<u>722,652</u>	<u>1,017,895</u>
Current assets			
Accounts receivable		211,221	198,710
Rental and utilities deposits		187,100	234,300
Prepayments and other assets		119,779	76,824
Bank and cash balances		<u>7,139,787</u>	<u>5,595,087</u>
		<u>7,657,887</u>	<u>6,104,921</u>
Current liabilities			
Accounts payable		6,488	-
Accrued expenses		-	111,562
		<u>6,488</u>	<u>111,562</u>
Net current assets		<u>7,651,399</u>	<u>5,993,359</u>
Net assets		<u>8,374,051</u>	<u>7,011,254</u>
Representing: -			
General fund		4,593,892	5,443,790
Programme reserve fund	6(a)	1,280,000	-
Emergency relief fund	6(b)	1,000,159	567,464
Building fund	6(c)	<u>1,500,000</u>	<u>1,000,000</u>
Total funds		<u>8,374,051</u>	<u>7,011,254</u>

Approved and authorised for issue by the board of directors on **20 DEC 2017**



Director



Director

The accompanying Accounting Policies and Explanatory Notes form an integral part of, and should be read in conjunction with, these financial statements.

MISSION TO NEW ARRIVALS LIMITED
STATEMENT OF CHANGES IN FUNDS
FOR THE YEAR ENDED 31 MARCH 2017

	General fund HK\$	Programme reserve fund HK\$	Emergency relief fund HK\$	Building fund HK\$	Total HK\$
Balance at 31 March 2015	4,768,310	-	839,345	500,000	6,107,655
Total comprehensive income	903,599	-	-	-	903,599
Transferred to: -					
- Emergency reserve fund	271,881	-	(271,881)	-	-
- Building fund	(500,000)	-	-	500,000	-
Balance at 31 March 2016	5,443,790	-	567,464	1,000,000	7,011,254
Total comprehensive income	1,362,797	-	-	-	1,362,797
Transferred to: -					
- Programme reserve fund	(1,280,000)	1,280,000	-	-	-
- Emergency reserve fund	(432,695)	-	432,695	-	-
- Building fund	(500,000)	-	-	500,000	-
Balance at 31 March 2017	<u>4,593,892</u>	<u>1,280,000</u>	<u>1,000,159</u>	<u>1,500,000</u>	<u>8,374,051</u>

The accompanying Accounting Policies and Explanatory Notes form an integral part of, and should be read in conjunction with, these financial statements.

MISSION TO NEW ARRIVALS LIMITED
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 31 MARCH 2017

	<u>2017</u>	<u>2016</u>
	<u>HK\$</u>	<u>HK\$</u>
Operating activities		
Surplus for the year	1,362,797	903,599
Adjustments for: -		
Depreciation	<u>361,325</u>	<u>508,947</u>
Surplus before changes in working capital	1,724,122	1,412,546
(Increase) in accounts receivable	(12,511)	(178,332)
Decrease/(increase) in rental and utilities deposits	47,200	(139,000)
(Increase) in prepayments and other assets	(42,955)	(55,888)
Increase/(decrease) in accounts payable	6,488	(192,800)
(Decrease)/increase in accrued expenses	<u>(111,562)</u>	<u>75,152</u>
Net cash generated from operating activities	<u>1,610,782</u>	<u>921,678</u>
Investing activities		
Purchase of furniture, fixture and equipment	<u>(66,082)</u>	<u>(1,155,492)</u>
Net cash used in investing activities	<u>(66,082)</u>	<u>(1,155,492)</u>
Net increase/(decrease) in cash and cash equivalents	1,544,700	(233,814)
Cash and cash equivalents at 1 April	<u>5,595,087</u>	<u>5,828,901</u>
Cash and cash equivalents at 31 March	<u>7,139,787</u>	<u>5,595,087</u>
Analysis of the balances of cash and cash equivalents		
Bank and cash balances	<u>7,139,787</u>	<u>5,595,087</u>

The accompanying Accounting Policies and Explanatory Notes form an integral part of, and should be read in conjunction with, these financial statements.

MISSION TO NEW ARRIVALS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

1. Status of the organization

Liabilities of the organization is limited by guarantee, such that under the provisions of the organization's memorandum of association, every member shall, in the event of the organization being wound up, contribute such amount as may be required to meet the liabilities of the organization, but not exceeding HK\$100 each.

The organization helps new arrivals from mainland China and South Asia, as well as poor and grassroots families integrate to the Hong Kong society; and also shares with them the Christian faith.

2. Significant accounting policies

(a) Statement of compliance

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

The HKICPA has issued a number of amendments to HKFRSs and one new Interpretation that are first effective for the current accounting period of the organization. The adoption of them did not result in significant changes to the organization’s accounting policies in these financial statements for the years presented.

(b) Basis of preparation of the financial statements

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

The preparation of financial statements in conformity with HKFRSs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

MISSION TO NEW ARRIVALS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

2. Significant accounting policies (cont'd)

(c) Revenue recognition

Where a revenue item is attributable to designated funds, the revenue is allocated to the respective funds; all other revenue is allocated to general fund.

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the organization and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

- Donation and other income is recognized on cash receipt basis.

(d) Operating lease

Where the organization has the use of assets under operating lease, payments made under the leases are charged to the income and expenditure account in equal installments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognized in the income and expenditure account as an integral part of the aggregated net lease payments made.

(e) Fixed assets and depreciation

Fixed assets are stated in the statement of financial position at cost less accumulated depreciation and impairment losses, if any.

Depreciation is calculated to write off the cost of items of fixed assets, less their estimated residual value, if any, on a reducing balance basis over their estimated useful lives of 3 years.

The carrying amounts of fixed assets are reviewed for indications of impairment at each balance sheet date. An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. The recoverable amount of an asset, or of the cash-generating unit to which it belongs, is the greater of its fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is reversed if there has been a favourable change in estimates used to determine the recoverable amount.

Gains or losses arising from the retirement or disposal of a fixed asset are determined as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss on the date of retirement or disposal.

MISSION TO NEW ARRIVALS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

2. Significant accounting policies (cont'd)

(f) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits at banks, net of short-term bank loans and bank overdrafts which are repayable on demand.

(g) Account and other payables

Account and other payables are initially recognised at fair value and thereafter stated at amortised cost unless the effect of discounting would be immaterial, in which cases, they are stated at cost.

(h) Provisions

Provisions are recognized when the Organization has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Organization expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

(i) Employee benefits

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(j) During the year, the Organisation changed its accounting policy with respect to the calculation of the full cost of the program and ministry. The Organisation now allocates the salaries and allowances of program staff to the respective programs. Prior to this change in policy, the Organisation showed the salary and allowance as a lump sum expense. The Organisation believes the new policy is preferable as it reflects the true cost of the program and ministry more closely.

3. Income tax

No provision has been made for Hong Kong Profits Tax as the organization is an approved charitable organization and is exempt from tax under section 88 of the Hong Kong Inland Revenue Ordinance.

4. Directors' remuneration

Directors' remuneration disclosed pursuant to section 383(1) of the Companies Ordinance is as follows:

	<u>2017</u> <u>HK\$</u>	<u>2016</u> <u>HK\$</u>
Fees	-	-
Salaries, allowances and benefits in kind	-	-
Discretionary bonuses	-	-
Retirement scheme contributions	-	-
	<hr/> <hr/>	<hr/> <hr/>

MISSION TO NEW ARRIVALS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

5. Furniture, fixture and equipment

	<u>Machinery & equipment HK\$</u>	<u>Furniture & fixtures HK\$</u>	<u>Total HK\$</u>
Cost			
At 1 April 2015	859,000	1,045,147	1,904,147
Additions, at cost	118,259	1,037,233	1,155,492
At 31 March 2016	<u>977,259</u>	<u>2,082,380</u>	<u>3,059,639</u>
Aggregated depreciation			
At 1 April 2015	660,396	872,401	1,532,797
Charge for the year	105,621	403,326	508,947
At 31 March 2016	<u>766,017</u>	<u>1,275,727</u>	<u>2,041,744</u>
Net Book value			
At 31 March 2016	<u>211,242</u>	<u>806,653</u>	<u>1,017,895</u>
Cost			
At 1 April 2016	977,259	2,082,380	3,059,639
Additions, at cost	45,502	20,580	66,082
At 31 March 2017	<u>1,022,761</u>	<u>2,102,960</u>	<u>3,125,721</u>
Aggregated depreciation			
At 1 April 2016	766,017	1,275,727	2,041,744
Charge for the year	85,581	275,744	361,325
At 31 March 2017	<u>851,598</u>	<u>1,551,471</u>	<u>2,403,069</u>
Net Book value			
At 31 March 2017	<u>171,163</u>	<u>551,489</u>	<u>722,652</u>

6. Funds

(a) Program reserve fund

Included in fund income during the year ended 31 March 2017 is an income of HK\$1,600,000 received from the Abundance Grace Charity Foundation Limited to the Organisation to support the "Love - Brighten Up Your Lives" program during the years from 2016/17 to 2020/21.

The fund granted was fully received during the year and shall be applied for the current year and the subsequent 4 financial years from 2017/18 to 2020/21. A Program Reserve Fund was set up and an amount of HK\$1,280,000 was transferred from General Fund to this Fund.

MISSION TO NEW ARRIVALS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

6. Funds

(b) Emergency relief fund

Included in relief fund income during the year ended 31 March 2017 is an income of HK\$750,000 received from the Abundance Grace Charity Foundation Limited to the Organisation to support the "Emergency relief fund" during the years from 2016/17 to 2020/21.

Emergency relief fund represents the fund set aside for the emergency relief and love granary ministries. The balance of such fund represents the accumulated net surplus or deficit arisen from designated income and expense associated with such purposes.

(c) Building fund

Building fund was set up for the acquisition of a permanent office of the Organisation in future. Based on a Board's Resolution dated 24 March 2017, a further transfer of HK\$500,000 was made from General Fund to Building Fund.

7. Flag day fund raising income and expenses

	<u>2017</u>	<u>2016</u>
	<u>HK\$</u>	<u>HK\$</u>
Flag day fund raising income	-	1,266,562
Direct expenses	-	(33,401)
Net proceeds	<u>-</u>	<u>1,233,161</u>
Usage of the net proceeds		
Network Ministry (classes, visitation, outings and other activities)	722,854	-
School of Poverty Caring Ministry	17,043	-
Rent, Electricity, Stationery & Sundry	184,974	-
Salaries and Allowance	308,290	-
	<u>1,233,161</u>	<u>-</u>
(Deficit)/surplus	<u>(1,233,161)</u>	<u>1,233,161</u>
Balance brought forward	<u>1,233,161</u>	<u>-</u>
Balance carried forward	<u>-</u>	<u>1,233,161</u>

The net proceeds received from flag day fund raising on 27 February 2016 of HK\$1,233,161 has not been used in the financial year ended 31 March 2016, but were utilized in the financial year ended 31 March 2017 according to the usage allocation stated in the application form for flag day fund raising.