

MISSION TO NEW ARRIVALS LIMITED
REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018
(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 2018.

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\$4,178,130 and HK\$3,047,216 respectively, representing an increase and decrease of 10% and 33%, or HK\$376,534 and HK\$1,470,731 respectively from last year.
- Overall programme income and other income amounted to HK\$2,662,995, a decrease of 22%, or HK\$771,388 from last year.
- Overall programme and ministry expenses amounted to HK\$7,821,609, a decrease of HK\$2,895 from that in last year.
- Administrative expenses totalled to HK\$2,500,216, an decrease of 3%, or HK\$66,409, from last year.

Financial statements

The result of the organization for the year ended 31 March 2018 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
Ku Hok Bun
Lai Chun Moon
Ng Lai Ping

Pun Kok Kong (resigned on 1 January 2018)
Wu Ping Fan
Yuen Yuet Mui

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,

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 2018, 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 2018, 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,

MISSION TO NEW ARRIVALS LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2018

	<u>Note</u>	<u>2018</u>	<u>2017</u>
		<u>HK\$</u>	<u>HK\$</u>
Income			
3H Handicraft Income		773,007	609,696
Charitable Fund-raising Income	6(a)	6,883	-
Creation Farm Income		119,179	87,512
Donations		4,178,130	3,933,645
Fund Income	6(b)	3,047,216	4,517,947
Life Building Centre Income		227,661	225,564
School Based Program Income		272,270	472,132
School of Poverty Caring Income		213,880	349,043
The Community Chest Fund Income			
- Capital Project		25,248	33,689
- School of Poverty Caring	6(c)	528,200	396,151
Love Granary Income		93,236	67,994
Other Income		111,372	92,559
Relief Fund Income	6(d)	292,059	967,994
		<u>9,888,341</u>	<u>11,753,926</u>
 Program and Ministry Expenses			
3H Handicraft Ministry		1,098,033	946,731
Charitable Fund-raising Expenses	6(a)	3,266	-
Creation Farm Ministry		630,472	851,386
Ethnic Minority Ministry		475,059	500,015
Life Building Centre Ministry		1,038,639	908,638
Love Granary Expenses		104,510	160,038
Network Ministry (Regional Programs for New Arrivals)		3,149,080	2,811,490
Relief Fund Expenses		444,684	443,255
School Based Program		219,978	440,713
The Community Chest Program - School of Poverty Caring Ministry		657,888	762,238
		<u>7,821,609</u>	<u>7,824,504</u>

MISSION TO NEW ARRIVALS LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2018

	<u>2018</u>	<u>2017</u>
	<u>HK\$</u>	<u>HK\$</u>
Administrative Expenses		
Advertising	3,696	3,708
Auditors' Remuneration	6,400	6,200
Cleaning	4,602	3,307
Computer Repair	11,376	14,293
Depreciation	267,759	361,325
Electricity & Water	48,063	45,364
Insurance	23,361	68,600
Medical	12,750	17,880
Messing	8,618	10,623
Postage	3,302	3,760
Printing & Stationery	34,939	31,966
Promotion & Development	547,209	432,979
Rent & Rates	803,693	724,955
Repair & Maintenance	6,767	7,244
Salary and Allowance	630,913	752,590
Staff Training	35,954	23,799
Sundry	16,044	18,153
Telephone & Telecommunication	27,741	32,329
Web Maintenance	7,029	7,550
	<u>2,500,216</u>	<u>2,566,625</u>
(Deficit)/surplus for the year	<u>(433,484)</u>	<u>1,362,797</u>
Other comprehensive income	<u>-</u>	<u>-</u>
Total comprehensive (deficit)/income for the year	<u>(433,484)</u>	<u>1,362,797</u>

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

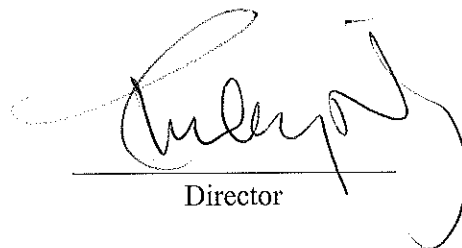
MISSION TO NEW ARRIVALS LIMITED
STATEMENT OF FINANCIAL POSITION
AT 31 MARCH 2018

	<u>Note</u>	<u>2018</u> HK\$	<u>2017</u> HK\$
Non-current assets			
Furniture, fixture and equipment	5	<u>535,519</u>	<u>722,652</u>
Current assets			
Accounts receivable		165,862	211,221
Rental and utilities deposits		187,100	187,100
Prepayments and other assets		156,118	119,779
Bank and cash balances		<u>6,902,368</u>	<u>7,139,787</u>
		<u>7,411,448</u>	<u>7,657,887</u>
Current liabilities			
Accrued expenses		<u>6,400</u>	<u>6,488</u>
		<u>6,400</u>	<u>6,488</u>
Net current assets		<u>7,405,048</u>	<u>7,651,399</u>
Net assets		<u>7,940,567</u>	<u>8,374,051</u>
 Representing: -			
General fund		4,644,307	4,593,892
Programme reserve fund	6(b)	960,000	1,280,000
Emergency relief fund	6(d)	836,260	1,000,159
Building fund	6(e)	<u>1,500,000</u>	<u>1,500,000</u>
Total funds		<u>7,940,567</u>	<u>8,374,051</u>

Approved and authorised for issue by the board of directors on



 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 2018

	General fund HK\$	Programme reserve fund HK\$	Emergency relief fund HK\$	Building fund HK\$	Total HK\$
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	4,593,892	1,280,000	1,000,159	1,500,000	8,374,051
Total comprehensive income	(433,484)	-	-	-	(433,484)
Transferred from: -					
- Programme reserve fund	320,000	(320,000)	-	-	-
- Emergency reserve fund	163,899	-	(163,899)	-	-
- Building fund	-	-	-	-	-
Balance at 31 March 2018	<u>4,644,307</u>	<u>960,000</u>	<u>836,260</u>	<u>1,500,000</u>	<u>7,940,567</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 2018

	<u>2018</u>	<u>2017</u>
	<u>HK\$</u>	<u>HK\$</u>
Operating activities		
(Deficit)/surplus for the year	(433,484)	1,362,797
Adjustments for: -		
Depreciation	<u>267,759</u>	<u>361,325</u>
(Deficit)/surplus before changes in working capital	(165,725)	1,724,122
Decrease/(increase) in accounts receivable	45,359	(12,511)
Decrease in rental and utilities deposits	-	47,200
(Increase) in prepayments and other assets	(36,339)	(42,955)
(Decrease) in accrued expenses	<u>(88)</u>	<u>(105,074)</u>
Net cash (used in)/generated from operating activities	<u>(156,793)</u>	<u>1,610,782</u>
Investing activities		
Purchase of furniture, fixture and equipment	<u>(80,626)</u>	<u>(66,082)</u>
Net cash used in investing activities	<u>(80,626)</u>	<u>(66,082)</u>
Net (decrease)/increase in cash and cash equivalents	(237,419)	1,544,700
Cash and cash equivalents at 1 April	<u>7,139,787</u>	<u>5,595,087</u>
Cash and cash equivalents at 31 March	<u><u>6,902,368</u></u>	<u><u>7,139,787</u></u>
Analysis of the balances of cash and cash equivalents		
Bank and cash balances	<u><u>6,902,368</u></u>	<u><u>7,139,787</u></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 2018

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 2018

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 2018

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>2018</u>	<u>2017</u>
	<u>HK\$</u>	<u>HK\$</u>
Fees	-	-
Salaries, allowances and benefits in kind	-	-
Discretionary bonuses	-	-
Retirement scheme contributions	-	-
	-	-

MISSION TO NEW ARRIVALS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

5. Furniture, fixture and equipment

	<u>Machinery & equipment HK\$</u>	<u>Furniture & fixtures HK\$</u>	<u>Total HK\$</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>
Cost			
At 1 April 2017	1,022,761	2,102,960	3,125,721
Additions, at cost	57,828	22,798	80,626
At 31 March 2018	<u>1,080,589</u>	<u>2,125,758</u>	<u>3,206,347</u>
Aggregated depreciation			
At 1 April 2017	851,598	1,551,471	2,403,069
Charge for the year	76,330	191,429	267,759
At 31 March 2018	<u>927,928</u>	<u>1,742,900</u>	<u>2,670,828</u>
Net Book value			
At 31 March 2018	<u>152,661</u>	<u>382,858</u>	<u>535,519</u>

6. Funds

(a) Usage of charitable Fund-raising Income

The net proceeds of HK\$3,617 (2017:HK\$ Nil) received from the general charitable fund-raising activity (public subscription permit number 2018/003/1) on 14 to 28 January 2018 has been used for 3H Handicraft Ministry to support grassroots families and new arrivals ladies project.

	<u>2018 HK\$</u>	<u>2017 HK\$</u>
Charitable Fund-raising Income	6,883	-
Charitable Fund-raising expenses	(3,266)	-
	<u>3,617</u>	<u>-</u>

MISSION TO NEW ARRIVALS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

6. Funds (cont'd)

(b) Program reserve fund

This represents fund granted 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 3 financial years from 2018/19 to 2020/21.

(c) In the year ended 31 March 2017, the Community Chest Fund income (School of Poverty Caring) of HK\$396,151 is understated by HK\$132,049 which is incorrectly classified as donation income. The Comparative figures are not re-classified in this connection.

(d) Emergency relief fund

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.

This includes funds 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.

(e) Building fund

Building fund was set up for the acquisition of a permanent office of the Organisation in future.

7. Flag day fund raising income and expenses

	<u>2018</u>	<u>2017</u>
	<u>HK\$</u>	<u>HK\$</u>
Flag day fund raising income	-	-
Direct expenses	-	-
Net proceeds	<u>-</u>	<u>-</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>-</u>	<u>1,233,161</u>
Deficit for the year	-	(1,233,161)
Balance brought forward	-	1,233,161
Balance carried forward	<u>-</u>	<u>-</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.