

**FISH MARKETING ORGANIZATION**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**31 MARCH 2016**

**INDEPENDENT AUDITOR'S REPORT  
TO FISH MARKETING ORGANIZATION**

(Established under the Marine Fish (Marketing) Ordinance, Chapter 291)

We have audited the financial statements of Fish Marketing Organization set out on pages 3 to 39, which comprise the balance sheet as at 31 March 2016, the statement of comprehensive income, the statement of changes in funds and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Fish Marketing Organization's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit and to report our opinion solely to you in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Fish Marketing Organization, as well as evaluating the overall presentation of the financial statements.

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

**INDEPENDENT AUDITOR'S REPORT  
TO FISH MARKETING ORGANIZATION (CONTINUED)**  
(Established under the Marine Fish (Marketing) Ordinance, Chapter 291)

**Opinion**

In our opinion, the financial statements give a true and fair view of the financial position of Fish Marketing Organization as at 31 March 2016, and of its financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards.

**PricewaterhouseCoopers**  
Certified Public Accountants

Hong Kong, 30 August 2016

**FISH MARKETING ORGANIZATION**

(All amounts in Hong Kong dollars unless otherwise stated)

**BALANCE SHEET**

	Note	<u>As at 31 March</u>		<u>As of 1 April</u>
		2016	2015 (restated)	2014 (restated)
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment Fish Marketing Organization (“FMO”)	5	25,426,724	28,100,582	32,905,979
Loans	7(a)	1,311,619	1,568,905	1,959,704
Assets under defined benefit plan	17(a)	631,000	2,000,000	2,200,000
		<u>27,369,343</u>	<u>31,669,487</u>	<u>37,065,683</u>
<b>Current assets</b>				
Inventories	8	772,691	747,974	1,267,785
FMO Loans	7(a)	27,880,697	33,820,239	38,458,598
Co-operative for American Relief Everywhere (“CARE”) Loans	14(a)	43,026	-	-
Receivables from co-operative societies and fishermen		397,681	3,006	31,289
Trade and other receivables	9	7,448,063	6,881,218	6,284,619
Bank deposits with original maturities over three months	10	142,024,446	154,975,145	155,299,996
Cash and cash equivalents	11	57,322,874	28,882,713	9,126,337
		<u>235,889,478</u>	<u>225,310,295</u>	<u>210,468,624</u>
<b>Total assets</b>		<u>263,258,821</u>	<u>256,979,782</u>	<u>247,534,307</u>
<b>FUNDS</b>				
FMO General Fund				
Accumulated surplus	12	135,379,769	128,695,267	123,391,260
Specific funds				
FMO Loan Fund	7(a)	85,882,859	85,702,910	84,820,021
Funds provided from external sources for capital expenditure	13	1,778,641	1,778,641	1,778,641
CARE Loan Fund	14(a)	163,009	164,799	164,799
<b>Total funds</b>		<u>223,204,278</u>	<u>216,341,617</u>	<u>210,154,721</u>

**FISH MARKETING ORGANIZATION**

(All amounts in Hong Kong dollars unless otherwise stated)

**BALANCE SHEET (CONTINUED)**

	Note	<u>As at 31 March</u>		<u>As of 1 April</u>
		2016	2015 (restated)	2014 (restated)
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Non-current deposits from licensees of market premises	15	9,519,040	8,192,745	9,602,756
Long service payments obligations	17(b)	6,182,472	6,117,103	5,060,726
		<u>15,701,512</u>	<u>14,309,848</u>	<u>14,663,482</u>
<b>Current liabilities</b>				
Trade and other payables	15	10,929,479	11,616,005	7,696,587
Amounts due to Government Loan Fund	16	9,858,416	11,871,623	12,799,818
Long service payments obligations	17(b)	676,891	571,652	537,841
Fish buyers' deposits		611,046	572,186	553,350
Savings held on behalf of co-operative societies and fishermen	18	2,277,199	1,696,851	1,128,508
		<u>24,353,031</u>	<u>26,328,317</u>	<u>22,716,104</u>
<b>Total liabilities</b>		<u>40,054,543</u>	<u>40,638,165</u>	<u>37,379,586</u>
<b>Total funds and liabilities</b>		<u>263,258,821</u>	<u>256,979,782</u>	<u>247,534,307</u>

The notes on pages 9 to 39 are an integral part of these financial statements.

The financial statements on pages 3 to 39 were approved by Fish Marketing Organization on 30 August 2016.

LEUNG Siu-fai

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Fish Marketing Organization

**FISH MARKETING ORGANIZATION**

(All amounts in Hong Kong dollars unless otherwise stated)

**STATEMENT OF COMPREHENSIVE INCOME**

		Year ended 31 March	
	Note	2016	2015 (restated)
<b>INCOME</b>			
<b>Operating income</b>			
Commission		21,177,971	21,489,703
Net income from sales of marine fish/produce	19	3,930,096	3,768,782
Licence fee income		37,253,659	35,114,929
Cold storage income		110,660	108,742
Berthing income		953,120	897,380
Net income from sales of sea water	20	196,876	236,058
Other operating income		824,861	746,316
		<u>64,447,243</u>	<u>62,361,910</u>
<b>Non-trading income</b>			
Interest income on bank deposits		810,192	850,100
Other income		2,580	23,840
		<u>812,772</u>	<u>873,940</u>
<b>Total income</b>		<u>65,260,015</u>	<u>63,235,850</u>
<b>EXPENDITURE</b>			
<b>Operating expenditure</b>			
<b>Employee benefit expenditure</b>	21	<u>(33,277,549)</u>	<u>(32,271,077)</u>
<b>General working expenses</b>			
Rent, rates and permit fees	22	(2,173,176)	(2,450,262)
Printing and stationery		(422,060)	(419,279)
Utility services		(3,024,940)	(2,996,936)
Maintenance and minor improvements		(2,243,046)	(1,535,461)
Stores and equipment		(669,021)	(442,424)
Miscellaneous expenses		(743,856)	(554,319)
Staff welfare		(249,962)	(228,427)
Staff training		(99,775)	(16,225)
Travelling expenses		(99,983)	(97,748)
Protective clothing and uniforms		(9,405)	(89)
Insurance		(736,805)	(785,797)
Auditor's remuneration		(369,400)	(355,400)
Security services		(1,336,693)	(1,260,810)
Commission expenses		(98)	(214)
Bank charges		(16,431)	(11,927)
Handling fees		(5,191)	(5,675)
		<u>(12,199,842)</u>	<u>(11,160,993)</u>
Balance carried forward			

**FISH MARKETING ORGANIZATION**

(All amounts in Hong Kong dollars unless otherwise stated)

**STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)**

		Year ended 31 March	
	Note	2016	2015 (restated)
<b>Operating expenditure (Continued)</b>			
<b>General working expenses (Continued)</b>			
Balance brought forward		(12,199,842)	(11,160,993)
Depreciation	5	(5,459,544)	(5,508,341)
Transportation expenses		(1,889,214)	(1,830,812)
Liaison and ancillary services		(20,000)	(20,000)
Publicity and sales promotion	23	(2,997,164)	(2,188,218)
Legal and professional fees		(25,000)	(109,000)
Cleaning charges		(386,448)	(248,150)
Subsidy for lorry parking		(509,922)	(532,351)
General working expenses		(23,487,134)	(21,597,865)
<b>Total operating expenditure</b>		(56,764,683)	(53,868,942)
<b>Other expenditure</b>			
Loss on disposals of property, plant and equipment	27(b)	(66,394)	(56,498)
<b>Total expenditure</b>		(56,831,077)	(53,925,440)
<b>Operating surplus for the year</b>		8,428,938	9,310,410
Funding to Marine Fish Scholarship Fund	30	-	(3,000,000)
Net surplus from FMO Loan Fund	25	179,949	882,889
Net deficit from CARE Loan Fund	26	(1,790)	-
<b>Surplus for the year</b>		8,607,097	7,193,299
<b>Other comprehensive income for the year</b>			
<u>Items that will not be reclassified subsequently to surplus or deficit</u>			
Remeasurements for defined benefit plan	17(a)	(1,535,000)	(53,000)
Remeasurements for long service payments obligations	17(b)	(209,436)	(953,403)
<b>Total comprehensive income for the year</b>		6,862,661	6,186,896

The notes on pages 9 to 39 are an integral part of these financial statements.

**FISH MARKETING ORGANIZATION**

(All amounts in Hong Kong dollars unless otherwise stated)

**STATEMENT OF CHANGES IN FUNDS**

	Note	<u>Total funds</u>
<b>Balance at 1 April 2014, as previously reported</b>		209,712,726
Prior year adjustment	2.1(c)	441,995
		<hr/>
<b>Balance at 1 April 2014, as restated</b>		210,154,721
		<hr/>
Surplus for the year		7,193,299
Other comprehensive loss		
- Remeasurements for - defined benefit plan	17(a)	(53,000)
- long service payments obligations	17(b)	(953,403)
		<hr/>
<b>Total comprehensive income</b>		6,186,896
		<hr/>
<b>Balance at 31 March 2015, as restated</b>		216,341,617
		<hr/>
<b>Balance at 1 April 2015, as previously reported</b>		216,179,023
Prior year adjustment	2.1(c)	162,594
		<hr/>
<b>Balance at 1 April 2015, as restated</b>		216,341,617
		<hr/>
Surplus for the year		8,607,097
Other comprehensive loss		
- Remeasurements for - defined benefit plan	17(a)	(1,535,000)
- long service payments obligations	17(b)	(209,436)
		<hr/>
<b>Total comprehensive income</b>		6,862,661
		<hr/>
<b>Balance at 31 March 2016</b>		223,204,278
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The notes on pages 9 to 39 are an integral part of these financial statements.



**FISH MARKETING ORGANIZATION**

(All amounts in Hong Kong dollars unless otherwise stated)

**STATEMENT OF CASH FLOWS**

		<u>Year ended 31 March</u>	
	Note	2016	2015
<b>Cash flows from operating activities</b>			
Cash generated from operations	27(a)	19,097,108	19,803,020
Interest received on FMO loans		520,567	568,998
CARE Loan interest received		184	-
		<u>19,617,859</u>	<u>20,372,018</u>
<b>Cash flows from investing activities</b>			
Bank interest received		1,113,626	1,123,518
Purchases of property, plant and equipment	5	(2,869,880)	(759,442)
Proceeds from disposals of property, plant and equipment	27(b)	17,800	-
Net uplift of bank deposits with original maturities over three months		12,950,699	324,851
		<u>11,212,245</u>	<u>688,927</u>
<b>Cash flows from financing activities</b>			
New drawdown from Government Loan Fund	16	50,000,000	57,000,000
Repayments to Government Loan Fund		(52,035,000)	(57,871,680)
Interest on Government Loan Fund paid		(354,943)	(432,889)
		<u>(2,389,943)</u>	<u>(1,304,569)</u>
<b>Net increase in cash and cash equivalents</b>			
		<u>28,440,161</u>	<u>19,756,376</u>
Cash and cash equivalents at beginning of the year		28,882,713	9,126,337
<b>Cash and cash equivalents at end of the year</b>			
	11	<u>57,322,874</u>	<u>28,882,713</u>

The notes on pages 9 to 39 are an integral part of these financial statements.

## **FISH MARKETING ORGANIZATION**

(All amounts in Hong Kong dollars unless otherwise stated)

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

#### **1 General information**

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

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

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

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

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

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

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

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

The financial statements of the Organization have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”) and under the historical cost convention.

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

## **FISH MARKETING ORGANIZATION**

(All amounts in Hong Kong dollars unless otherwise stated)

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

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

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

- (a) New standards, amendments and interpretations to existing HKFRS (collectively, the “Amendments”) effective for the Organization’s financial year commencing on 1 April 2015

The following Amendments have been adopted by the Organization for the first time for the financial year commencing on 1 April 2015:

Amendment to HKAS 19 on contributions from employees or third parties to defined benefit plans. The Amendment distinguishes between contributions that are linked to service only in the period in which they arise and those linked to service in more than one period. The Amendment allows contributions that are linked to service, and do not vary with the length of employee service, to be deducted from the cost of benefits earned in the period that the service is provided. Contributions that are linked to service, and vary according to the length of employee service, must be spread over the service period using the same attribution method that is applied to the benefits. The Amendment did not have a significant effect on the financial statements.

Amendments from annual improvements to HKFRSs - 2010 - 2012 Cycle on HKAS 16 ‘Property, plant and equipment’ and HKAS 24 ‘Related party disclosures’. The Amendments did not have a significant effect on the financial statements.

Amendments from annual improvements to HKAS and HKFRS - 2011 - 2013 Cycle on HKFRS 13 ‘Fair value measurement’. The Amendments did not have a significant effect on the financial statements.

Other Amendments which are effective for the Organization’s financial year commencing on 1 April 2015 are not material to the Organization.

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

Certain Amendments have been published that are mandatory for the Organization’s periods commencing on or after 1 April 2016 and they have not been early adopted in these financial statements. None of these is expected to have a significant impact on the financial statements of the Organization, except the following set out below:

Annual improvement 2014	Improvements to HKAS and HKFRS <sup>1</sup>
HKAS 1 Amendments	Disclosure initiative <sup>1</sup>
HKASs 16 and 38 Amendments	Clarification of acceptable methods of depreciation and amortisation <sup>1</sup>
HKFRS 9	Financial instruments - Financial liabilities <sup>2</sup>
HKFRS 15	Revenue from contracts with customers <sup>2</sup>
HKFRS 16	Leases <sup>3</sup>

Notes:

- (1) Effective for the Organization’s financial period beginning on or after 1 April 2016
- (2) Effective for the Organization’s financial period beginning on or after 1 April 2018
- (3) Effective for the Organization’s financial period beginning on or after 1 April 2019

The Organization will apply these Amendments in the year of initial application. The Organization is currently assessing the impact of the adoption of the Amendments and is not yet in a position to state whether they would have a significant impact on the Organization’s results of operations and financial position.

## FISH MARKETING ORGANIZATION

(All amounts in Hong Kong dollars unless otherwise stated)

### NOTES TO THE FINANCIAL STATEMENTS

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

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

(c) Restatement of long service payments obligations

In previous years, the Organization recognised long service payments obligations in accordance with HKAS 37 “Provisions, contingent liabilities and contingent assets”. All changes in long service payments obligations including remeasurements arising from experience adjustments and changes in assumptions were charged or credited to surplus for the year.

However, during the year, the Organization considers that it is more appropriate to recognise the long service payments obligations in accordance with HKAS 19 “Employee benefits” of which remeasurements arising from experience adjustments and changes in assumptions are charged or credited to other comprehensive income. The Organization determined that prior year adjustments should be made in these financial statements in order to present these figures fairly. The effects of these adjustments are as below:

	At 31 March 2015	At 1 April 2014
(Decrease)/increase in long service payments obligations		
- Non-current portion	(97,022)	(709,778)
- Current portion	(65,572)	267,783
Increase in accumulated surplus – FMO General Fund	162,594	441,995
	<u>                    </u>	<u>                    </u>
		Year ended 31 March 2015
Decrease in operating expenditure		674,002
Increase in other comprehensive loss		(953,403)
		<u>                    </u>

##### 2.2 Foreign currency translation

(a) Functional and presentation currency

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

(b) Transactions and balances

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

## **FISH MARKETING ORGANIZATION**

(All amounts in Hong Kong dollars unless otherwise stated)

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

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

### **2.3 Property, plant and equipment**

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

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

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

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

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the balance sheet 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 (note 2.4).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the statement of comprehensive income.

### **2.4 Impairment of non-financial assets**

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

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

**NOTES TO THE FINANCIAL STATEMENTS**

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

**2.5 Inventories**

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

**2.6 Financial assets**

The Organization's financial assets comprise mainly loans and receivables. The classification of financial assets depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. The Organization's loans and receivables comprise those financial assets that are detailed in note 6.

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

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

FMO Loans, CARE Loans and trade and other receivables are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method, less provision for impairment.

**2.8 Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Organization or the counterparty.

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

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

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

## **FISH MARKETING ORGANIZATION**

(All amounts in Hong Kong dollars unless otherwise stated)

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

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

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

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

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

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

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

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

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

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

Borrowing costs are recognised in the statement of comprehensive income in the period in which they are incurred.

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

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

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

## **FISH MARKETING ORGANIZATION**

(All amounts in Hong Kong dollars unless otherwise stated)

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

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

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

(a) Employee leave entitlements

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

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

(b) Retirement plan obligations

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

##### Defined contribution plan and MPF scheme

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

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

##### Defined benefit plan

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

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

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

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



## **FISH MARKETING ORGANIZATION**

(All amounts in Hong Kong dollars unless otherwise stated)

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

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

##### **2.13 Employee benefits (Continued)**

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

###### Defined benefit plan (Continued)

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

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

###### **(c) Long service payments obligations**

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

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

##### **2.14 Provisions**

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

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

##### **2.15 Revenue and other income recognition**

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

- (a) Commission income is recognised based on the price or quantity of the fish transactions concluded in the Organization's markets on an accruals basis.
- (b) Sales of marine fish/produce/sea water is recognised as income upon delivery of marine fish/produce/sea water to the customer, who has accepted the marine fish/produce/sea water and collectability of the related receivables is reasonably assured.
- (c) Licence fee income is accounted for on a straight-line basis over the respective period of the leases of market premises.

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

**NOTES TO THE FINANCIAL STATEMENTS**

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

**2.15 Revenue and other income recognition (Continued)**

- (d) Cold storage income is recognised based on the weight and period of fish stored on an accruals basis.
- (e) Berthing income is recognised when the services are rendered.
- (f) Interest income on bank deposits, FMO Loans and CARE Loan is recognised on a time proportion basis using the effective interest method.
- (g) Other operating income mainly represents loading income which is recognised upon loading of fisheries products in the markets.
- (h) Other income is recognised on an accruals basis.

**2.16 Operating leases**

- (a) As the lessee

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

- (b) As the lessor

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

**2.17 FMO Loan Fund and CARE Loan Fund (“Funds”)**

The FMO Loan Fund was set up for making loans to fishermen for productive purposes.

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

The income and expenditure relating to these Funds are dealt with as a single line item in the statement of comprehensive income and the details are disclosed in notes 25 and 26. Any net surplus or deficit relating to these Funds is transferred from the FMO General Fund to the respective Funds.

**3 Financial and fund risks management**

**3.1 Financial risk factors**

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

## **FISH MARKETING ORGANIZATION**

(All amounts in Hong Kong dollars unless otherwise stated)

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

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

##### **3.1 Financial risk factors (Continued)**

(a) Foreign exchange risk

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

(b) Credit risk

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

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

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

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

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

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

(c) Liquidity risk

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS**

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

**3.1 Financial risk factors (Continued)**

(c) Liquidity risk (Continued)

As at 31 March 2016 and 2015, the maturity analysis of the financial liabilities is as follows:

	2016	2015
<b>Less than one year</b>		
Trade and other payables	9,406,157	9,572,293
Fish buyers' deposits	611,046	572,186
Savings held on behalf of co-operative societies and fishermen	2,277,199	1,696,851
Amounts due to Government Loan Fund (note 16)	10,000,000	12,035,000
Interest payable on amounts due to Government Loan Fund over the loan period	156,526	197,730
	22,450,928	24,074,060
	22,450,928	24,074,060
<b>More than one year</b>		
Trade and other payables (note 15)	9,519,040	8,192,745
	9,519,040	8,192,745
<b>Total</b>	31,969,968	32,266,805

(d) Cash flow and fair value interest rate risk

The Organization's cash flow and fair value interest rate risk is primarily arisen from bank deposits, FMO Loans, CARE Loans and amounts due to Government Loan Fund. Other than that, the Organization has no other significant interest-bearing assets or liabilities.

As at 31 March 2016, if interest rates on the bank deposits, FMO Loans, CARE Loans and amounts due to Government Loan Fund had been 11 basis points (2015: 12 basis points) higher/lower with all other variables held constant, surplus for the year would have been approximately \$227,000 (2015: approximately \$230,000) higher/lower, as a result of higher/lower net interest income on the bank deposits, FMO Loans, CARE Loans and amounts due to Government Loan Fund.

**3.2 Funds risk management**

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

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

**3.3 Fair value estimation**

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

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

## **FISH MARKETING ORGANIZATION**

(All amounts in Hong Kong dollars unless otherwise stated)

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

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

##### **3.4 Offsetting financial assets and financial liabilities**

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

#### **4 Critical accounting estimates and judgements**

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

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

##### **(a) Impairment of FMO Loans**

The Organization makes provision for impairment of FMO Loans based on an assessment of the recoverability of the FMO Loans. Provisions are applied to FMO Loans where events or changes in circumstances indicate that the balances may not be collectible. The identification of impairment of FMO Loans requires the use of judgement and estimates. Where the expectations are different from the original estimates, such differences will impact the carrying values of FMO Loans and impairment of FMO Loans is recognised in the year in which such estimates have been changed.

##### **(b) Defined benefit plan and long service payments obligations**

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

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS**

**5 Property, plant and equipment**

	Land and buildings	Leasehold improvements	Furniture, fixtures and equipment	Motor vehicles	Total
<b>At 1 April 2014</b>					
Cost	35,037,605	49,508,592	14,615,468	876,758	100,038,423
Accumulated depreciation	(29,308,120)	(28,357,815)	(8,833,771)	(632,738)	(67,132,444)
Net book amount	<u>5,729,485</u>	<u>21,150,777</u>	<u>5,781,697</u>	<u>244,020</u>	<u>32,905,979</u>
<b>Year ended 31 March 2015</b>					
Opening net book amount	5,729,485	21,150,777	5,781,697	244,020	32,905,979
Additions	-	28,200	731,242	-	759,442
Disposals (note 27(b))	-	-	(56,498)	-	(56,498)
- Cost	-	-	(248,213)	-	(248,213)
- Accumulated depreciation	-	-	191,715	-	191,715
Depreciation	(176,558)	(3,987,040)	(1,212,339)	(132,404)	(5,508,341)
Closing net book amount	<u>5,552,927</u>	<u>17,191,937</u>	<u>5,244,102</u>	<u>111,616</u>	<u>28,100,582</u>
<b>At 31 March 2015</b>					
Cost	35,037,605	49,536,792	15,098,497	876,758	100,549,652
Accumulated depreciation	(29,484,678)	(32,344,855)	(9,854,395)	(765,142)	(72,449,070)
Net book amount	<u>5,552,927</u>	<u>17,191,937</u>	<u>5,244,102</u>	<u>111,616</u>	<u>28,100,582</u>
<b>Year ended 31 March 2016</b>					
Opening net book amount	5,552,927	17,191,937	5,244,102	111,616	28,100,582
Additions	-	1,499,100	1,370,780	-	2,869,880
Disposals (note 27(b))	-	-	(84,194)	-	(84,194)
- Cost	-	-	(559,538)	-	(559,538)
- Accumulated depreciation	-	-	475,344	-	475,344
Depreciation	(176,558)	(3,937,016)	(1,290,162)	(55,808)	(5,459,544)
Closing net book amount	<u>5,376,369</u>	<u>14,754,021</u>	<u>5,240,526</u>	<u>55,808</u>	<u>25,426,724</u>
<b>At 31 March 2016</b>					
Cost	35,037,605	51,035,892	15,909,739	876,758	102,859,994
Accumulated depreciation	(29,661,236)	(36,281,871)	(10,669,213)	(820,950)	(77,433,270)
Net book amount	<u>5,376,369</u>	<u>14,754,021</u>	<u>5,240,526</u>	<u>55,808</u>	<u>25,426,724</u>

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

**NOTES TO THE FINANCIAL STATEMENTS**

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

Depreciation expense of \$5,459,544 (2015: \$5,508,341) has been charged in general working expenses.

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

**6 Financial instruments by category**

The Organization's financial instruments include the following:

	Note	2016	2015
<b>Financial assets - loans and receivables</b>			
FMO Loans – net	7(a)	29,192,316	35,389,144
CARE Loans	14(a)	43,026	-
Receivables from co-operative societies and fishermen		397,681	3,006
Trade and other receivables	9	6,182,436	5,897,415
Bank deposits with original maturities over three months	10	142,024,446	154,975,145
Cash and cash equivalents	11	57,322,874	28,882,713
		<u>235,162,779</u>	<u>225,147,423</u>
<b>Financial liabilities - other financial liabilities at amortised cost</b>			
Trade and other payables	15	18,925,197	17,765,038
Amounts due to Government Loan Fund	16	9,858,416	11,871,623
Fish buyers' deposits		611,046	572,186
Savings held on behalf of co-operative societies and fishermen	18	2,277,199	1,696,851
		<u>31,671,858</u>	<u>31,905,698</u>

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

**NOTES TO THE FINANCIAL STATEMENTS**

7 **FMO Loan Fund**

(a) Balance sheet

The FMO Loan Fund is represented by the following assets and liabilities which have been included in the assets and liabilities of the Organization in the balance sheet on pages 3 and 4:

	Note	2016	2015
<b>ASSETS</b>			
<b>Non-current assets</b>			
FMO Loans			
- Loans to fishermen		29,173,898	35,158,505
- Interest receivable		1,052,813	839,002
		<u>30,226,711</u>	<u>35,997,507</u>
Less: Provision for impairment of FMO Loans	(b)	(383,216)	(167,365)
		<u>29,843,495</u>	<u>35,830,142</u>
Less: Accumulated amortisation at 1 April (Discount)/Premium on amortisation of FMO Loans	25	(440,998) (210,181)	(695,027) 254,029
Accumulated amortisation at 31 March		<u>(651,179)</u>	<u>(440,998)</u>
FMO Loans - net		<u>29,192,316</u>	<u>35,389,144</u>
Less: Current portion		<u>(27,880,697)</u>	<u>(33,820,239)</u>
Non-current portion		<u>1,311,619</u>	<u>1,568,905</u>
<b>Current assets</b>			
Current portion of FMO Loans		27,880,697	33,820,239
Interest receivable on bank deposits		16,494	75,067
Bank deposits with original maturities over three months	10	14,571,553	39,557,127
Cash and cash equivalents	11	51,960,912	22,553,195
		<u>94,429,656</u>	<u>96,005,628</u>
<b>Total assets</b>		<u>95,741,275</u>	<u>97,574,533</u>
<b>FUNDS</b>			
Capital account transferred from FMO General Fund		57,000,000	57,000,000
Accumulated surplus at 1 April		28,702,910	27,820,021
Net surplus for the year transferred from FMO General Fund	12&25	179,949	882,889
Accumulated surplus at 31 March		<u>28,882,859</u>	<u>28,702,910</u>
<b>Total funds</b>		<u>85,882,859</u>	<u>85,702,910</u>



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

**NOTES TO THE FINANCIAL STATEMENTS**

**7 FMO Loan Fund (Continued)**

(a) Balance sheet (Continued)

	Note	2016	2015
<b>LIABILITIES</b>			
<b>Current and total liabilities</b>			
Amounts due to Government Loan Fund	16	9,858,416	11,871,623
<b>Total funds and liabilities</b>		<u>95,741,275</u>	<u>97,574,533</u>

(b) FMO Loans

The FMO Loan Fund is primarily for making loans to fishermen for productive purposes. The FMO Loans bear interests at rates from 1% to 3% (2015: 1% to 3%) per annum and are repayable over a period up to seven years (2015: up to eight years). As at 31 March 2016, the weighted average effective interest rate of the FMO Loans is 1.93% (2015: 1.13%) per annum.

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

As at 31 March 2016, FMO Loans of \$383,216 (2015: \$167,365) were impaired and full provisions have been made. The individually impaired receivables mainly related to borrowers, who were in unexpectedly difficult economic situations. The ageing of these FMO Loans is as follows:

	2016	2015
<u>Past due by:</u>		
Over 90 days	<u>383,216</u>	<u>167,365</u>

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

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

	Note	2016	2015
At 1 April		167,365	584,516
Provision for/(reversal of provision for) impairment of receivables	25	215,851	(114,773)
Provision written off as uncollectible		-	(302,378)
At 31 March		<u>383,216</u>	<u>167,365</u>

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

The maximum exposure to credit risk at the balance sheet date is the carrying values of the FMO Loans. The carrying values of FMO Loans approximate their fair values at 31 March 2016 and 2015 and are denominated in Hong Kong dollars.

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

**NOTES TO THE FINANCIAL STATEMENTS**

**8 Inventories**

	Note	2016	2015
Marine fish/produce	19	290,743	320,956
Plastic containers		15,127	32,442
Printing forms		242,003	222,500
Neckties		3,864	3,864
Plastic rollers		7,454	7,454
Sea water	20	12,382	7,784
Fish tag		43,569	60,297
Fish feed		143,424	79,035
Souvenir		14,125	13,642
		<u>772,691</u>	<u>747,974</u>

Cost of inventories recognised as expenditures amounted to \$17,919,831 (2015: \$18,033,575).

**9 Trade and other receivables**

	2016	2015
Trade receivables	3,324,452	2,976,458
Interest receivables	207,878	262,718
Other receivables	1,400,466	1,388,599
Utility deposits	1,249,640	1,269,640
	<u>6,182,436</u>	<u>5,897,415</u>
Financial assets	1,265,627	983,803
Prepayments		
	<u>7,448,063</u>	<u>6,881,218</u>

As at 31 March 2016, trade receivables of \$930,920 (2015: \$270,982) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The Organization does not hold any collateral over these balances and the ageing analysis of these trade receivables is as follows:

	2016	2015
<u>Past due by:</u>		
Up to 30 days	855,045	245,486
31 to 60 days	55,690	10,364
61 to 90 days	20,132	2,803
Over 90 days	53	12,329
	<u>930,920</u>	<u>270,982</u>

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

**NOTES TO THE FINANCIAL STATEMENTS**

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

Movement on provision for impairment of trade receivables is as follows:

	2016	2015
At 1 April	-	18,554
Receivables written off during the year as uncollectible	-	(18,554)
	<hr/>	<hr/>
At 31 March	-	-
	<hr/> <hr/>	<hr/> <hr/>

The creation and release of provision for impaired receivables have been included in “operating expenditure” and “non-trading income” respectively in the statement of comprehensive income. Amounts charged to the allowance account are generally written off, when there is no expectation of recovering additional cash.

The other classes within trade and other receivables do not contain impaired assets.

The maximum exposure to credit risk at the balance sheet date is the carrying value of each class of receivables mentioned above. The carrying values of trade and other receivables approximate their fair values at 31 March 2016 and 2015 and are denominated in Hong Kong dollars.

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

	Note	2016	2015
FMO General Fund		127,452,893	115,418,018
FMO Loan Fund	7(a)	14,571,553	39,557,127
		<hr/>	<hr/>
Maximum exposure to credit risk		142,024,446	154,975,145
		<hr/> <hr/>	<hr/> <hr/>

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

**11 Cash and cash equivalents**

	Note	2016	2015
<u>FMO General Fund</u>			
Cash at banks and in hand		5,241,979	6,164,719
		<hr/>	<hr/>
<u>FMO Loan Fund</u>			
Cash at banks and in hand		6,881,297	8,153,195
Bank deposits with original maturities of three months or less		45,079,615	14,400,000
		<hr/>	<hr/>
	7(a)	51,960,912	22,553,195
		<hr/>	<hr/>
<u>CARE Loan Fund</u>			
Cash at banks	14(a)	119,983	164,799
		<hr/>	<hr/>
Total		57,322,874	28,882,713
		<hr/> <hr/>	<hr/> <hr/>
Maximum exposure to credit risk		56,776,444	28,609,876
		<hr/> <hr/>	<hr/> <hr/>

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

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

**NOTES TO THE FINANCIAL STATEMENTS**

**12 FMO General Fund**

	Note	Accumulated surplus
<b>Balance at 1 April 2014, as previously reported</b>		122,949,265
Prior year adjustment	2.1(c)	441,995
		<hr/>
<b>Balance at 1 April 2014, as restated</b>		123,391,260
Surplus for the year		7,193,299
Loss from remeasurements for		
- Defined benefit plan	17	(53,000)
- Long service payments obligations	17	(953,403)
Net surplus transferred to FMO Loan Fund	7(a)	(882,889)
		<hr/>
<b>Balance at 31 March 2015, as restated</b>		128,695,267
		<hr/> <hr/>
<b>Balance 1 April 2015, as previously reported</b>		128,532,673
Prior year adjustment	2.1(c)	162,594
		<hr/>
<b>Balance at 1 April 2015, as restated</b>		128,695,267
Surplus for the year		8,607,097
Loss from remeasurements for		
- Defined benefit plan	17	(1,535,000)
- Long service payments obligations	17	(209,436)
Net surplus transferred to FMO Loan Fund	7(a)	(179,949)
Net deficit transferred to CARE Loan Fund	14(a)	1,790
		<hr/>
<b>Balance at 31 March 2016</b>		135,379,769
		<hr/> <hr/>

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

	2016	2015
C.D. & W. Grant for Cheung Sha Wan Market	1,147,192	1,147,192
C.D. & W. Scheme Surplus for loans to fishermen	66,449	66,449
Compensation for relinquishing seven buildings at Aberdeen Fish Market on ground resumed by Government	565,000	565,000
	<hr/>	<hr/>
At 1 April and 31 March	1,778,641	1,778,641
	<hr/> <hr/>	<hr/> <hr/>

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

**14 CARE Loan Fund**

(a) Balance sheet

The CARE Loan Fund is represented by the following assets and liabilities which have been included in the assets of the Organization in the balance sheet on pages 3 and 4:

	Note	2016	2015
<b>Non-current assets</b>			
CARE Loan:			
- Loan issued to fishermen		45,000	-
- Interest receivable		177	-
		<u>45,177</u>	<u>-</u>
		-----	-----
Less: Accumulated amortisation at 1 April		-	-
Discount on amortisation	26	(2,151)	-
		<u>(2,151)</u>	<u>-</u>
		-----	-----
Accumulated amortisation at 31 March		(2,151)	-
		<u>(2,151)</u>	<u>-</u>
		-----	-----
CARE Loan – net		43,026	-
Less: current portion		(43,026)	-
		<u>-</u>	<u>-</u>
		-----	-----
Non-current portion		-	-
		<u>-</u>	<u>-</u>
		-----	-----
<b>Current assets</b>			
Current portion of CARE Loan		43,026	-
Cash and cash equivalents	11	119,983	164,799
		<u>163,009</u>	<u>164,799</u>
		=====	=====
<b>Total assets</b>			
		<u>163,009</u>	<u>164,799</u>
		=====	=====
<b>FUNDS</b>			
Accumulated surplus at 1 April		164,799	164,799
Net deficit for the year	12&26	(1,790)	-
		<u>163,009</u>	<u>164,799</u>
		-----	-----
Accumulated surplus at 31 March		163,009	164,799
		<u>163,009</u>	<u>164,799</u>
		-----	-----
<b>LIABILITIES</b>			
Current and total liabilities		-	-
		<u>-</u>	<u>-</u>
		-----	-----
<b>Total funds and liabilities</b>			
		<u>163,009</u>	<u>164,799</u>
		=====	=====

(b) CARE Loans

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

The CARE Loan bears interest at 2.83% (2015: Nil) per annum and is repayable within one year. As at 31 March 2016, the effective interest rate of the CARE Loans is 2.83% (2015: Nil) per annum.

As at 31 March 2016, no CARE Loan was past due or impaired.

The maximum exposure to credit risk at the balance sheet date is the carrying value of the CARE Loan. The carrying value of CARE Loan approximates its fair value at 31 March 2016 and is denominated in Hong Kong dollars.

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

**15 Trade and other payables**

	2016	2015
Trade payables	635,164	461,227
Other payables	3,735,564	3,358,341
Deposits from licensees of market premises	13,909,751	13,251,481
Utility and other deposits	644,718	693,989
	<hr/>	<hr/>
Financial liabilities	18,925,197	17,765,038
Receipts in advance	110,930	708,725
Provision for unused annual leave (note (a))	1,412,392	1,334,987
	<hr/>	<hr/>
	20,448,519	19,808,750
Less: Non-current deposits from licensees of market premises	(9,519,040)	(8,192,745)
	<hr/>	<hr/>
	<u>10,929,479</u>	<u>11,616,005</u>

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

	Note	2016	2015
At 1 April		1,334,987	1,220,762
Charged to the statement of comprehensive income			
- Provision for the year	21	158,612	177,369
Utilised during the year		(81,207)	(63,144)
		<hr/>	<hr/>
At 31 March		<u>1,412,392</u>	<u>1,334,987</u>

(b) The carrying values of trade and other payables approximate their fair values at 31 March 2016 and 2015 and are denominated in Hong Kong dollars.

**16 Amounts due to Government Loan Fund**

Since 2006, the Government has annually approved an amount of loans that could be drawn down from the Government Loan Fund to the FMO Loan Fund to meet the demand for loans of fishermen affected by the Fishing Moratorium. The amounts of actual drawdowns for the years of 2006 to 2015 are as follows:

	2016	2015
Year of drawdown		
- 2006	60,000,000	60,000,000
- 2007	35,210,000	35,210,000
- 2008	40,130,000	40,130,000
- 2009	40,140,000	40,140,000
- 2010	32,058,000	32,058,000
- 2011	41,270,000	41,270,000
- 2012	34,400,000	34,400,000
- 2013	58,000,000	58,000,000
- 2014	57,000,000	57,000,000
- 2015	50,000,000	-
	<hr/>	<hr/>

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

**NOTES TO THE FINANCIAL STATEMENTS**

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

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

	Note	2016	2015
Amount due to Government Loan Fund (2008)		120,000	120,000
Amount due to Government Loan Fund (2014)		-	11,915,000
Amount due to Government Loan Fund (2015)		9,880,000	-
		<u>10,000,000</u>	<u>12,035,000</u>
Interest payable to Government Loan Fund (2008)		17,771	15,991
Interest payable to Government Loan Fund (2014)		-	13,851
Interest payable to Government Loan Fund (2015)		10,555	-
		<u>28,326</u>	<u>29,842</u>
		<u>10,028,326</u>	<u>12,064,842</u>
Less: Accumulated amortisation at 1 April		(193,219)	(133,397)
Discount/(premium) on amortisation of amounts due to Government Loan Fund	25	23,309	(59,822)
		<u>(169,910)</u>	<u>(193,219)</u>
Total	7(a)	<u>9,858,416</u>	<u>11,871,623</u>

The amounts due to Government Loan Fund are unsecured and interest-bearing at rates set by the Government periodically. At 31 March 2016, the prevailing interest rate of the amounts due is 1.282% (2015: 1.395%) per annum. For the amounts drawdown from 2012 onwards, the principal and the interest payable are repayable by 4 quarterly installments from the initial drawdown date. For the amounts drawdown before 2012, the principal and the interest payable are repayable only when the fishermen make their repayments of the corresponding FMO loans to the Organization as described in note 7(b).

The carrying values of the amounts due to Government Loan Fund approximate their fair values at 31 March 2016 and 2015 and are denominated in Hong Kong dollars.

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

**17 Retirement benefit obligations**

	Note	2016	2015 (restated)
<b>Balance sheet assets for:</b>			
- Defined benefit plan	(a)	<u>631,000</u>	<u>2,000,000</u>
<b>Balance sheet obligations for:</b>			
- Long service payments obligations			
- Non-current portion		(6,182,472)	(6,117,103)
- Current portion		(676,891)	(571,652)
	(b)	<u>(6,859,363)</u>	<u>(6,688,755)</u>
<b>Statement of comprehensive income charged for:</b>			
- Defined benefit plan	21	40,000	147,000
- Long service payments obligations	21	636,540	491,559
		<u>676,540</u>	<u>638,559</u>
<b>Remeasurements for:</b>			
- Defined benefit plan	(a)	1,535,000	53,000
- Long service payments obligations	(b)	209,436	953,403
		<u>1,744,436</u>	<u>1,006,403</u>

(a) Defined benefit plan

The Organization's defined benefit plan is a final salary defined benefit plan. The assets of the funded plan are held independently of the Organization's assets in separate trustee administered funds. The Organization's plan is valued by a qualified actuary annually using the project unit cost method. The following details are based on the valuations as at 31 March 2016 and 2015 carried out by Mercer (Hong Kong) Limited, who holds a recognised professional qualification.

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

	2016	2015
Present value of the funded obligations	(10,475,000)	(12,966,000)
Fair value of plan assets	11,106,000	14,966,000
	<u>631,000</u>	<u>2,000,000</u>
Assets in the balance sheet		



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

**17 Retirement benefit obligations (Continued)**

(a) Defined benefit plan (Continued)

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

	Present value of defined benefit obligations	Fair value of plan assets	Total
At 1 April 2014	(14,717,000)	16,917,000	2,200,000
Current service costs	(162,000)	-	(162,000)
Interest (expense)/income	(126,000)	146,000	20,000
	<u>(15,005,000)</u>	<u>17,063,000</u>	<u>2,058,000</u>
<u>Remeasurements:</u>			
- Return on plan assets (excluding interest income)	-	772,000	772,000
- Loss from change in financial assumption changes	(59,000)	-	(59,000)
- Experience losses	(766,000)	-	(766,000)
	<u>(825,000)</u>	<u>772,000</u>	<u>(53,000)</u>
Plan participants contributions	(140,000)	140,000	-
Benefit payments	3,004,000	(3,004,000)	-
Administrative cost	-	(5,000)	(5,000)
	<u>2,864,000</u>	<u>(2,869,000)</u>	<u>(5,000)</u>
At 31 March 2015	<u>(12,966,000)</u>	<u>14,966,000</u>	<u>2,000,000</u>
At 1 April 2015	(12,966,000)	14,966,000	2,000,000
Current service costs	(47,000)	-	(47,000)
Interest (expense)/income	(73,000)	88,000	15,000
	<u>(13,086,000)</u>	<u>15,054,000</u>	<u>1,968,000</u>
<u>Remeasurements:</u>			
- Return on plan assets (excluding interest income)	-	(1,191,000)	(1,191,000)
- Gain from change in financial assumption changes	107,000	-	107,000
- Experience losses	(451,000)	-	(451,000)
	<u>(344,000)</u>	<u>(1,191,000)</u>	<u>(1,535,000)</u>
Plan participants contributions	(114,000)	114,000	-
Employer contributions	-	206,000	206,000
Benefit payments	3,069,000	(3,069,000)	-
Administrative cost	-	(8,000)	(8,000)
	<u>2,955,000</u>	<u>(2,757,000)</u>	<u>198,000</u>
At 31 March 2016	<u>(10,475,000)</u>	<u>11,106,000</u>	<u>631,000</u>

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**NOTES TO THE FINANCIAL STATEMENTS**

**17 Retirement benefit obligations (Continued)**

(a) Defined benefit plan (Continued)

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

	2016 %	2015 %
Equities	69	74
Bonds	23	22
Money instruments	8	4
	<u>100</u>	<u>100</u>

(b) Long service payments obligations

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

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

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

	Present value of long service payments obligations
At 1 April 2014	5,598,567
Current service costs	351,967
Interest expense	139,592
	<u>6,090,126</u>
<u>Remeasurements:</u>	
- Loss from change in financial assumption changes	1,163,477
- Experience gains	(210,074)
	<u>953,403</u>
Benefit payments	(354,774)
At 31 March 2015	<u><u>6,688,755</u></u>

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

**17 Retirement benefit obligations (Continued)**

(b) Long service payments obligations (Continued)

	Present value of long service payments obligations
At 1 April 2015	6,688,755
Current service costs	532,281
Interest expense	104,259
	<u>7,325,295</u>
Remeasurements:	
- Gain from change in financial assumption changes	(919,350)
- Experience losses	1,128,786
	<u>209,436</u>
Benefit payments	<u>(675,368)</u>
At 31 March 2016	<u><u>6,859,363</u></u>

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

	<u>Defined benefit obligation</u>		<u>Long service payments obligations</u>	
	2016 %	2015 %	2016 %	2015 %
Discount rate	0.6	0.7	1.7	1.6
Expected rate of future salary increases	<u>3.5</u>	<u>4.0</u>	<u>3.5</u>	<u>4.0</u>

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

	Change in assumption	<u>Impact on defined benefit obligation</u>		<u>Impact on long service payments obligations</u>	
		Increase in assumption	Decrease in assumption	Increase in assumption	Decrease in assumption
Discount rate	0.5%	Decrease by 1.1%	Increase by 1.1%	Decrease by 10%	Increase by 12%
Salary growth rate	0.5%	Increase by 1.3%	Decrease by 1.2%	Increase by 11%	Decrease by 10%

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

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

**17 Retirement benefit obligations (Continued)**

- (e) The expected contributions by the Organization and by the employees for the year ending 31 March 2017:

	<u>Defined benefit obligation</u>	<u>Long service payments obligations</u>
Expected contributions by:		
- Organization	185,000	-
- Employees	69,000	-
	<u>                    </u>	<u>                    </u>

- (f) The weighted average duration of the defined benefit obligation and long service payments obligations is around 2.2 years and 13 years, respectively.

- (g) The expected maturity analysis of undiscounted benefit payments over the next 10 years is as follows:

	<u>Defined benefit obligation</u>		<u>Long service payments obligations</u>	
	2016	2015	2016	2015
Less than 1 year	3,403,000	5,115,000	420,000	345,000
Between 1 and 2 years	1,618,000	1,054,000	481,000	549,000
Between 2 and 5 years	2,736,000	4,188,000	1,163,000	1,358,000
Next 5 years	3,408,000	3,441,000	2,066,000	1,915,000
	<u>11,165,000</u>	<u>13,798,000</u>	<u>4,130,000</u>	<u>4,167,000</u>

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

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

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

	Note	2016	2015
<b>Gross sales</b>			
Sales of marine fish/produce		20,083,571	20,139,170
		-----	-----
<b>Cost of inventories sold</b>			
Opening inventories		320,956	917,471
Purchases		16,123,262	15,773,873
Closing inventories	8	(290,743)	(320,956)
		<u>16,153,475</u>	<u>16,370,388</u>
		-----	-----
<b>Net income for the year</b>		<u>3,930,096</u>	<u>3,768,782</u>

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

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

	Note	2016	2015
<b>Sales of sea water</b>		1,611,570	1,577,153
<b>Cost of inventories sold</b>			
Opening inventories		7,784	4,893
Purchases		1,419,292	1,343,986
Closing inventories	8	(12,382)	(7,784)
		1,414,694	1,341,095
<b>Net income for the year</b>		196,876	236,058

**21 Employee benefit expenditure**

	Note	2016	2015
Salaries and wages		30,882,979	29,979,027
Provision for unused annual leave	15(a)	158,612	177,369
Retirement benefit costs			
- Defined contribution plan and MPF scheme		1,559,418	1,476,122
- Defined benefit plan	17	40,000	147,000
- Long service payments obligations	17	636,540	491,559
		33,277,549	32,271,077

**22 Rent, rates and permit fees**

Included in the amount, \$nil (2015: \$362,400) represents operating lease rentals for market premises.

**23 Publicity and sales promotion**

	2016	2015
Share of expenses for a promotion event co-organised by the Organization and the Vegetable Marketing Organization	1,804,890	1,669,445
Others	1,192,274	518,773
	2,997,164	2,188,218

**24 Taxation**

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

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

**25 Net surplus from FMO Loan Fund**

	Note	2016	2015
<b>Income</b>			
Interest on FMO Loans		734,378	567,797
Interest on bank deposits		248,594	325,815
Premium on amortisation of FMO Loans	7(a)	-	254,029
Reversal of provision for impairment of FMO Loans	7(b)	-	114,773
Premium on amortisation of amounts due to Government Loan Fund	16	-	59,822
		<u>982,972</u>	<u>1,322,236</u>
<b>Expenditure</b>			
Interest expense for amounts due to Government Loan Fund		(353,427)	(436,196)
Discount on amortisation of FMO Loans	7(a)	(210,181)	-
Discount on amortisation of amounts due to Government Loan Fund	16	(23,309)	-
Provision for impairment of FMO Loans	7(b)	(215,851)	-
Bank charges		(255)	(255)
Bad debts written off		-	(2,896)
		<u>(803,023)</u>	<u>(439,347)</u>
<b>Net surplus for the year</b>	7(a)	<u><u>179,949</u></u>	<u><u>882,889</u></u>

**26 Net deficit from CARE Loan Fund**

	Note	2016	2015
<b>Income</b>			
Interest on CARE Loan		361	-
<b>Expenditure</b>			
Discount on amortisation of CARE Loan	14(a)	(2,151)	-
<b>Net deficit for the year</b>		<u><u>(1,790)</u></u>	<u><u>-</u></u>

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

**NOTES TO THE FINANCIAL STATEMENTS**

**27 Notes to the statement of cash flows**

(a) Net cash generated from operations

	2016	2015 (restated)
Surplus for the year	8,607,097	7,193,299
Adjustments for:		
- Interest income on bank deposits	(1,058,786)	(1,175,915)
- Interest income on FMO Loans (note 25)	(734,378)	(567,797)
- Interest income on CARE Loans (note 26)	(361)	-
- Depreciation (note 5)	5,459,544	5,508,341
- Provision for/(reversal of provision for) impairment of FMO Loans (note 7(b))	215,851	(114,773)
- Loss on disposals of property, plant and equipment (see (b) below)	66,394	56,498
- Bad debts written off (note 25)	-	2,896
- Discount/(premium) on amortisation of FMO Loans (note 7(a))	210,181	(254,029)
- Discount on amortisation of CARE Loans (note 14)	2,151	-
- Interest expense for amounts due to Government Loan Fund (note 25)	353,427	436,196
- Discount/(premium) on amortisation of amounts due to Government Loan Fund (note 25)	23,309	(59,822)
- Provision for unused annual leave (note 21)	158,612	177,369
- Retirement benefit costs for defined benefit plan	40,000	147,000
- Retirement benefit costs for long service payments	636,540	491,559
	<u>13,979,581</u>	<u>11,840,822</u>
Changes in working capital:		
- FMO Loans	5,984,607	5,393,863
- CARE Loans	(45,000)	-
- Inventories	(24,717)	519,811
- Receivables from co-operative societies and fishermen	(394,675)	28,283
- Trade and other receivables	(621,685)	(544,202)
- Long service payments obligations	(675,368)	(354,774)
- Defined benefit plan	(206,000)	-
- Trade and other payables	481,157	2,332,038
- Fish buyers' deposits	38,860	18,836
- Savings held on behalf of co-operative societies and fishermen	580,348	568,343
	<u>580,348</u>	<u>568,343</u>
Net cash generated from operations	<u>19,097,108</u>	<u>19,803,020</u>

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

	Note	2016	2015
Net book amount	5	84,194	56,498
Loss on disposals of property, plant and equipment		(66,394)	(56,498)
		<u>17,800</u>	<u>-</u>
Proceeds from disposals of property, plant and equipment		<u>17,800</u>	<u>-</u>

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

**28 Commitments**

(a) Capital commitments

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

	2016	2015
Property, plant and equipment	<u>127,500</u>	<u>119,500</u>

(b) Operating lease commitments – as lessor

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

	2016	2015
No later than one year	<u>9,499,655</u>	<u>9,192,305</u>

**29 Key management compensation**

	2016	2015
Salaries and other short-term employee benefits	<u>578,699</u>	<u>535,776</u>

**30 Funding to Marine Fish Scholarship Fund**

During the year, the Organization had not provided further funding (2015: \$3,000,000) to Marine Fish Scholarship Fund to support its operations.