

**FISH MARKETING ORGANIZATION**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**31 MARCH 2020**



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

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

**Opinion***What we have audited*

The financial statements of Fish Marketing Organization (the "Organization") set out on pages 4 to 40, which comprise:

- the balance sheet as at 31 March 2020;
- the statement of comprehensive income for the year then ended;
- the statement of changes in funds for the year then ended;
- the statement of cash flows for the year then ended; and
- notes to the financial statements, which include a summary of significant accounting policies.

*Our opinion*

In our opinion, the financial statements give a true and fair view of the financial position of the Organization as at 31 March 2020, and of its financial performance and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

**Basis for Opinion**

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

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

*Independence*

We are independent of the Organization in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

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

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



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

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

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

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

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

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

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

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

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



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

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

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

- Conclude on the appropriateness of the Director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Director regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



**PricewaterhouseCoopers**  
Certified Public Accountants

Hong Kong, 15 SEP 2020



**FISH MARKETING ORGANIZATION**

(All amounts in Hong Kong dollars unless otherwise stated)

**BALANCE SHEET**

		<u>As at 31 March</u>	
	Note	2020	2019
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5(a)	11,263,828	16,175,094
Right-of-use assets	5(b)	4,670,136	-
FMO Loans	7(a)	1,147,065	448,465
Assets under defined benefit plan	17(a)	2,738,794	3,435,000
Total non-current assets		<u>19,819,823</u>	<u>20,058,559</u>
<b>Current assets</b>			
Inventories	8	818,931	862,613
FMO Loans	7(a)	113,169,051	93,221,217
Receivables from co-operative societies and fishermen		55,471	148,522
Trade and other receivables	9	8,564,312	8,289,444
Bank deposits with original maturities over three months	10	139,034,263	173,558,999
Cash and cash equivalents	11	35,612,155	19,662,589
Total current assets		<u>297,254,183</u>	<u>295,743,384</u>
<b>Total assets</b>		<u><u>317,074,006</u></u>	<u><u>315,801,943</u></u>
<b>FUNDS</b>			
FMO General Fund			
Accumulated surplus	12	134,623,597	174,055,063
Specific funds			
FMO Loan Fund	7(a)	127,040,634	87,209,516
Funds provided from external sources for capital expenditure	13	1,778,641	1,778,641
CARE Loan Fund	14(a)	165,814	165,814
<b>Total funds</b>		<u>263,608,686</u>	<u>263,209,034</u>



**FISH MARKETING ORGANIZATION**


(All amounts in Hong Kong dollars unless otherwise stated)

**BALANCE SHEET (CONTINUED)**

	Note	<u>As at 31 March</u>	
		2020	2019
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Non-current deposits from licensees of market premises	15	12,728,756	16,548,861
Long service payment obligations	17	5,244,778	4,158,169
Total non-current liabilities		<u>17,973,534</u>	<u>20,707,030</u>
<b>Current liabilities</b>			
Trade and other payables	15	16,016,293	8,449,905
Amounts due to Government Loan Fund	16	14,847,651	19,143,826
Long service payment obligations	17	509,356	219,777
Fish buyers' deposits		933,633	537,123
Savings held on behalf of co-operative societies and fishermen	18	3,184,853	3,535,248
Total current liabilities		<u>35,491,786</u>	<u>31,885,879</u>
<b>Total liabilities</b>		<u>53,465,320</u>	<u>52,592,909</u>
<b>Total funds and liabilities</b>		<u>317,074,006</u>	<u>315,801,943</u>

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

The financial statements on pages 4 to 40 were approved by the Director of Marketing on **15 SEP 2020**

  
 LEUNG Siu-fai  
 Director of Marketing



**FISH MARKETING ORGANIZATION**

(All amounts in Hong Kong dollars unless otherwise stated)

**STATEMENT OF COMPREHENSIVE INCOME**

		Year ended 31 March	
	Note	2020	2019
<b>INCOME</b>			
<b>Operating income</b>			
Commission income		16,069,404	19,733,098
Net income from sales of marine fish/produce	19	3,739,835	3,445,212
Licence fee income		41,399,920	47,653,614
Cold storage income		23,629	28,741
Berthing income		568,905	803,650
Net income from sales of sea water	20	333,460	262,946
Other operating income		1,049,078	695,541
		<u>63,184,231</u>	<u>72,622,802</u>
<b>Non-trading income</b>			
Interest income on bank deposits		3,238,313	2,964,457
Other income		330	6
		<u>3,238,643</u>	<u>2,964,463</u>
<b>Total income</b>		<u>66,422,874</u>	<u>75,587,265</u>
<b>EXPENDITURE</b>			
<b>Operating expenditure</b>			
Employee benefit expenditure	21	(37,774,080)	(35,401,401)
<b>General working expenses</b>			
Rent, rates and permit fees		(2,593,511)	(2,457,275)
Printing and stationery		(506,549)	(441,209)
Utility services		(2,947,488)	(3,200,474)
Maintenance and minor improvements		(2,913,373)	(3,437,685)
Stores and equipment		(742,035)	(620,516)
Miscellaneous expenses		(1,386,151)	(1,636,563)
Staff welfare		(245,515)	(303,761)
Staff training		(43,830)	(37,895)
Travelling expenses		(85,796)	(71,210)
Protective clothing and uniforms		(6,500)	(25,205)
Insurance		(1,325,689)	(714,901)
Auditor's remuneration		(422,400)	(418,400)
Security services		(1,883,593)	(1,819,444)
Bank charges		(22,236)	(20,870)
Balance carried forward		<u>(15,124,666)</u>	<u>(15,205,408)</u>



**FISH MARKETING ORGANIZATION**

(All amounts in Hong Kong dollars unless otherwise stated)

**STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)**

		Year ended 31 March	
	Note	2020	2019
<b>Operating expenditure (Continued)</b>			
<b>General working expenses (Continued)</b>			
Balance brought forward		(15,124,666)	(15,205,408)
Depreciation of property, plant and equipment	5(a)	(3,559,902)	(4,641,512)
Depreciation of right-of-use assets	5(b)	(176,558)	-
Transportation expenses		(1,591,310)	(1,827,557)
Publicity and sales promotion	22	(4,224,610)	(3,438,008)
Legal and professional fees		(31,931)	(175,800)
Cleaning charges		(701,700)	(869,080)
Seawater testing charges		(212,217)	-
Subsidy for lorry parking		(444,750)	(481,196)
		<u>(26,067,644)</u>	<u>(26,638,561)</u>
<b>Total operating expenditure</b>		<u>(63,841,724)</u>	<u>(62,039,962)</u>
<b>Other expenditure</b>			
Loss on disposals of property, plant and equipment	26(b)	(76,890)	(94,110)
		<u>(76,890)</u>	<u>(94,110)</u>
<b>Total expenditure</b>		<u>(63,918,614)</u>	<u>(62,134,072)</u>
<b>Operating surplus for the year</b>			
Net (deficit)/surplus from FMO Loan Fund	24	2,504,260	13,453,193
Net surplus from CARE Loan Fund	25	(168,882)	136,076
		<u>-</u>	<u>-</u>
<b>Surplus for the year</b>		<u>2,335,378</u>	<u>13,589,269</u>
<b>Other comprehensive income for the year</b>			
<u>Items that will not be reclassified subsequently to surplus or deficit</u>			
Remeasurements for defined benefit plan	17(a)	(671,332)	(550,000)
Remeasurements for long service payment obligations	17(b)	(1,264,394)	(909,307)
<b>Total comprehensive income for the year</b>		<u>399,652</u>	<u>12,129,962</u>

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



**FISH MARKETING ORGANIZATION**

(All amounts in Hong Kong dollars unless otherwise stated)

**STATEMENT OF CHANGES IN FUNDS**

	Note	Total funds	
		2020	2019
<b>At 1 April</b>		263,209,034	251,079,072
Surplus for the year		2,335,378	13,589,269
Other comprehensive income			
- Remeasurements for defined benefit plan	17(a)	(671,332)	(550,000)
- Remeasurements for long service payment obligations	17(b)	(1,264,394)	(909,307)
<b>Total comprehensive income</b>		399,652	12,129,962
<b>At 31 March</b>		263,608,686	263,209,034

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



**FISH MARKETING ORGANIZATION**

(All amounts in Hong Kong dollars unless otherwise stated)

**STATEMENT OF CASH FLOWS**

		Year ended 31 March	
	Note	2020	2019
<b>Cash flows from operating activities</b>			
Cash used in operations	26(a)	(14,529,649)	(36,032,865)
Interest received on FMO loans		679,621	551,482
Net cash outflow from operating activities		(13,850,028)	(35,481,383)
<b>Cash flows from investing activities</b>			
Purchases of property, plant and equipment	5(a)	(3,582,220)	(2,002,058)
Proceeds from disposals of property, plant and equipment	26(b)	10,000	30,300
Net uplift of bank deposits with original maturities over three months		34,524,736	13,680,619
Bank interest received		3,453,276	2,756,947
Net cash inflow from investing activities		34,405,792	14,465,808
<b>Cash flows from financing activities</b>			
New drawdown from Government Loan Fund	26(c)	60,000,000	60,000,000
Repayments to Government Loan Fund	26(c)	(64,107,500)	(54,290,833)
Interest paid on Government Loan Fund	26(c)	(498,698)	(472,270)
Net cash (outflow)/inflow from financing activities		(4,606,198)	5,236,897
<b>Net increase/(decrease) in cash and cash equivalents</b>		15,949,566	(15,778,678)
Cash and cash equivalents at beginning of the year		19,662,589	35,441,267
<b>Cash and cash equivalents at end of the year</b>	11	35,612,155	19,662,589

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



## **FISH MARKETING ORGANIZATION**

(All amounts in Hong Kong dollars unless otherwise stated)

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

#### **1 General information**

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

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

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

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

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

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

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

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

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

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



## **FISH MARKETING ORGANIZATION**

(All amounts in Hong Kong dollars unless otherwise stated)

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

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

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

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

The Organization has applied the following Amendments for the first time for its annual reporting period commencing 1 April 2019:

Annual Improvements Project – HKFRS 1 and HKAS 28 (Amendment)	Annual Improvements 2014 - 2016 cycle
HKAS 40 (Amendment)	Transfers of Investment Property
HKFRS 2 (Amendment)	Classification and Measurement of Share-based Payment Transactions
HK(IFRIC) 22	Foreign Currency Transactions and Advance Consideration
HKFRS 16	Leases
HK(IFRIC) 23	Uncertainty over Income Tax Treatments

The adoption of these Amendments did not have any material impact on the current period or any prior period and is not likely to affect future periods except for HKFRS 16 as set out in note 2.2.

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

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

The following published new and amended standards that are relevant to the Organization’s operations are mandatory for the Organization’s reporting periods beginning on or after 1 April 2020 and have not been early adopted by the Organization:

Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting <sup>1</sup>
HKFRS 3	Definition of Business <sup>1</sup>
HKAS 1 and HKAS 8 (Amendments)	Definition of Material <sup>1</sup>
HKAS 39, HKFRS 7 and HKFRS 9 (Amendments)	Interest Rate Benchmark Reform <sup>1</sup>
HKFRS 17	Insurance Contracts <sup>2</sup>
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>

Note:

- (1) Effective for financial period beginning on 1 April 2020  
(2) Effective for financial period beginning on 1 April 2021  
(3) Effective for financial period beginning on or after a date to be determined

The Organization has already commenced an assessment of the impact of these Amendments. According to the preliminary assessment made by the Organization, no significant impact on the financial performance and position of the Organization is expected when they become effective.



## FISH MARKETING ORGANIZATION

(All amounts in Hong Kong dollars unless otherwise stated)

### NOTES TO THE FINANCIAL STATEMENTS

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

##### 2.2 Changes in accounting policies

This note explains the impact of the adoption of HKFRS 16 “Leases” on the Organization’s financial statements.

The Organization has adopted HKFRS 16 from 1 April 2019 which resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. The Organization adopted HKFRS 16 using the modified retrospective approach which means that the reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet as of 1 April 2019 and that comparatives will not be restated.

- (a) Impact of the adoption of HKFRS 16 on the Organization’s balance sheet on 1 April 2019

	Carrying amount at 31 March 2019	Reclassification of leasehold lands	Carrying amount at 1 April 2019
<b>Balance sheet line items impacted by the adoption of HKFRS 16</b>			
Property, plant and equipment – leasehold land and building	4,846,694	(4,846,694)	-
- Cost	35,037,605	(10,694,910)	24,342,695
- Accumulated depreciation	(30,190,911)	5,848,216	(24,342,695)
Right-of-use assets	-	4,846,694	4,846,694
- Cost	-	10,694,910	10,694,910
- Accumulated depreciation	-	(5,848,216)	(5,848,216)

Leasehold land previously recorded as property, plant and equipment was reclassified to right-of-use assets at 1 April 2019.

There was no impact on accumulated surplus on 1 April 2019.

- (b) Impact of the adoption of HKFRS 16 on the Organization’s financial results and cash flows

There is no impact on the surplus and cash flows for the year.

- (c) Lessor accounting

The Organization did not need to make any adjustments to the accounting for assets held as lessor under operating leases as a result of the adoption of HKFRS 16.

##### 2.3 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.



## **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 Foreign currency translation (Continued)**

###### **(b) Transactions and balances**

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

##### **2.4 Property, plant and equipment**

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

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

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

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

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

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

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

Upon the adoption of HKFRS 16, the land interests of the Organization's owned properties previously classified under land and buildings was reclassified as the right-of-use assets (note 2.2).



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

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

##### **2.6 Inventories**

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

##### **2.7 Financial assets**

###### **(a) Classification**

The Organization classifies its financial assets as those to be measured at amortised cost. The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

###### **(b) Recognition and derecognition**

Regular way purchases and sales of financial assets are recognised on the trade-date – the date on which the Organization commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Organization has transferred substantially all the risks and rewards of ownership.

###### **(c) Measurement**

At initial recognition, the Organization measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset.

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in other income/(expenditure), net using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other income/(expenditure), net together with foreign exchange gains and losses.



## **FISH MARKETING ORGANIZATION**

(All amounts in Hong Kong dollars unless otherwise stated)

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

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

##### **2.7 Financial assets (Continued)**

###### **(d) Impairment**

The Organization assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables and FMO Loans, the Organization applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Impairment on other financial assets is measured as either 12-month expected credit losses or lifetime expected credit loss, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime expected credit losses.

##### **2.8 FMO Loans, CARE Loans and trade and other receivables**

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

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

##### **2.9 Offsetting financial instruments**

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

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

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

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

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

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

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



## **FISH MARKETING ORGANIZATION**

(All amounts in Hong Kong dollars unless otherwise stated)

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

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

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

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

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

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

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

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

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

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

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

###### Defined contribution plan and MPF scheme

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

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

###### Defined benefit plan

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



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

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

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

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

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

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

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

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.



## **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**

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 at a point in time based on the price or quantity of the fish transactions concluded in the Organization's markets when the transactions are completed.
- (b) Sales of marine fish/produce/sea water is recognised at a point in time 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 recognised over time on a straight-line basis over the respective period of the leases of market premises.
- (d) Cold storage income is recognised at a point in time based on the weight and period of fish stored.
- (e) Berthing income is recognised at a point in time 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 at a point in time upon loading of fisheries products in the markets.
- (h) Other income is recognised at a point in time when the right to receive income is established.

##### **2.16 FMO Loan Fund and CARE Loan Fund**

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

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

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

##### **2.17 Leases**

- (a) As a lessor

Rental income from operating leases in respect of market premises where the Organization is a lessor is recognised in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as rental income. The respective leased assets are included in balance sheet based on their nature. The Organization did not need to make any adjustments to the accounting for assets held as lessor as a result of adopting HKFRS 16.

- (b) As a lessee

Payments associated with contract not contains a lease are recognised on a straight-line basis as an expense in profit or loss.



## **FISH MARKETING ORGANIZATION**

(All amounts in Hong Kong dollars unless otherwise stated)

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

#### **3 Financial and fund risks management**

##### **3.1 Financial risk factors**

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

(a) Foreign exchange risk

Foreign exchange risk arises where future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Organization's functional currency. In the opinion of the Organization, the Organization has minimal exposure to foreign exchange risk as its transactions are mainly denominated in Hong Kong dollars.

(b) Credit risk

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

The Organization's financial assets are subject to the expected credit loss model. While cash and cash equivalents are also subject to the impairment requirements of HKFRS 9, the identified impairment loss was immaterial as they are mainly deposited in reputable banks in Hong Kong.

The Organization applies the HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and FMO Loans.

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 customers, the Organization has policies in place to ensure they are with appropriate credit history and to limit the amount of credit exposure to customers so as to minimise credit risk resulting from counterparties default. In respect of FMO Loans, individual evaluations are performed on all borrowers. For each loan granted, the Organization has policies to assess the eligibility of the granting to fishermen and request each borrower to provide surety for the loan. The Organization will also make specific provision for those balances which cannot be recovered. The Organization does not hold any collateral from customers.

The expected loss rates are based on the payment profiles of sales/loans and the corresponding historical credit losses experienced over a period of past 12 months. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the end customers and fishermen to settle the receivables.



**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)****(b) Credit risk (Continued)**

On that basis, the loss allowance as at 31 March 2020 and 2019 was determined as follows for trade receivables and FMO loans:

	Current	Past due 1 to 60 days	61 to 90 days past due	More than 90 days past due	Total
<b>31 March 2020</b>					
Expected loss rate					
– trade receivables	0%	0%	0%	0%	
– FMO loans	0.49%	0%	0%	0%	
Gross carrying amount					
– trade receivables	1,476,421	979,574	12,096	77,694	2,545,785
– FMO loans	116,541,956	-	-	-	116,541,956
<b>Provision for impairment</b>					
– trade receivables	-	-	-	-	-
– FMO loans	573,708	-	-	-	573,708
<b>31 March 2019</b>					
Expected loss rate					
– trade receivables	0%	0%	0%	0%	
– FMO loans	0.58%	0%	0%	0%	
Gross carrying amount					
– trade receivables	2,446,977	593,964	7,361	17,314	3,065,616
– FMO loans	94,517,118	-	-	-	94,517,118
<b>Provision for impairment</b>					
– trade receivables	-	-	-	-	-
– FMO loans	553,618	-	-	-	553,618

Trade receivables and FMO Loans are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Organization, and a failure to make contractual payments for a period of greater than 90 days past due.

Impairment losses on debtors are presented as general working expenses in the statement of comprehensive income. Subsequent recoveries of amounts previously written off are credited against the same line item.

For other financial assets at amortised cost, including receivables from co-operative societies and fishermen, the Organization applies the HKFRS 9 general approach to measuring expected credit losses, no loss allowance provision was determined for these financial assets as at 31 March 2020 as the Organization considered that the expected credit loss was immaterial.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.



**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**

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

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

As at 31 March 2020 and 2019, the maturity analysis of the financial liabilities is as follows:

	2020	2019
<b>Less than one year</b>		
Trade and other payables	14,190,003	6,817,011
Fish buyers' deposits	933,633	537,123
Savings held on behalf of co-operative societies and fishermen	3,184,853	3,535,248
Amounts due to Government Loan Fund (note 16)	15,000,000	19,107,500
Interest payable on amounts due to Government Loan Fund over the loan period	170,323	264,320
	<u>33,478,812</u>	<u>30,261,202</u>
<b>More than one year</b>		
Non-current deposits from licensees of market premises (note 15)	12,728,756	16,548,861
Total	<u>46,207,568</u>	<u>46,810,063</u>

**(d) Cash flow and fair value interest rate risks**

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

As at 31 March 2020, if interest rates on the bank deposits had been 25 basis points (2019: 25 basis points) higher/lower with all other variables held constant, surplus for the year would have been approximately HK\$403,000 (2019: approximately HK\$449,000) higher/lower, as a result of higher/lower net interest income on the bank deposits.

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



## **FISH MARKETING ORGANIZATION**

(All amounts in Hong Kong dollars unless otherwise stated)

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

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

##### **3.2 Funds risk management**

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

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

##### **3.3 Fair value estimation**

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

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

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

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

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

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

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

##### Defined benefit plan and long service payment obligations

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

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

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



# **FISH MARKETING ORGANIZATION**

(All amounts in Hong Kong dollars unless otherwise stated)

## **NOTES TO THE FINANCIAL STATEMENTS**

### **5 Property, plant and equipment and right-of-use assets**

#### **(a) Property, plant and equipment**

	Land and buildings	Leasehold improve- ments	Furniture, fixtures and equipment	Motor vehicles	Total
<b>At 1 April 2018</b>					
Cost	35,037,605	54,429,727	15,467,300	876,758	105,811,390
Accumulated depreciation	(30,014,353)	(44,385,668)	(11,595,653)	(876,758)	(86,872,432)
Net book amount	<u>5,023,252</u>	<u>10,044,059</u>	<u>3,871,647</u>	<u>-</u>	<u>18,938,958</u>
<b>Year ended 31 March 2019</b>					
Opening net book amount	5,023,252	10,044,059	3,871,647	-	18,938,958
Additions	-	1,068,950	933,108	-	2,002,058
Disposals (note 26(b))	-	-	(124,410)	-	(124,410)
- Cost	-	-	(808,483)	(382,984)	(1,191,467)
- Accumulated depreciation	-	-	684,073	382,984	1,067,057
Depreciation	(176,558)	(3,515,798)	(949,156)	-	(4,641,512)
Closing net book amount	<u>4,846,694</u>	<u>7,597,211</u>	<u>3,731,189</u>	<u>-</u>	<u>16,175,094</u>
<b>At 31 March 2019</b>					
Cost	35,037,605	55,498,677	15,591,925	493,774	106,621,981
Accumulated depreciation	(30,190,911)	(47,901,466)	(11,860,736)	(493,774)	(90,446,887)
Net book amount	<u>4,846,694</u>	<u>7,597,211</u>	<u>3,731,189</u>	<u>-</u>	<u>16,175,094</u>
<b>Year ended 31 March 2020</b>					
Opening net book amount, as previously reported	4,846,694	7,597,211	3,731,189	-	16,175,094
Transfer to right-of-use assets on adoption of HKFRS 16 (note 2.2)	(4,846,694)	-	-	-	(4,846,694)
- Cost	(10,694,910)	-	-	-	(10,694,910)
- Accumulated depreciation	5,848,216	-	-	-	5,848,216
Opening net book amount as restated	<u>-</u>	<u>7,597,211</u>	<u>3,731,189</u>	<u>-</u>	<u>11,328,400</u>



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

**NOTES TO THE FINANCIAL STATEMENTS**

**5 Property, plant and equipment and right-of-use assets (Continued)**

(a) Property, plant and equipment (Continued)

	Land and buildings	Leasehold improve- ments	Furniture, fixtures and equipment	Motor vehicles	Total
<b>Year ended 31 March 2020</b>					
Opening net book amount as restated	-	7,597,211	3,731,189	-	11,328,400
Additions	-	3,142,030	440,190	-	3,582,220
Disposals (note 26(b))	-	-	(86,890)	-	(86,890)
- Cost	-	-	(603,242)	-	(603,242)
- Accumulated depreciation	-	-	516,352	-	516,352
Depreciation	-	(2,724,908)	(834,994)	-	(3,559,902)
Closing net book amount	-	8,014,333	3,249,495	-	11,263,828
<b>At 31 March 2020</b>					
Cost	24,342,695	58,640,707	15,428,873	493,774	98,906,049
Accumulated depreciation	(24,342,695)	(50,626,374)	(12,179,378)	(493,774)	(87,642,221)
Net book amount	-	8,014,333	3,249,495	-	11,263,828

Upon the adoption of HKFRS 16, the land interests of the Organization's owned properties previously classified under land and building was reclassified as the right-of-use assets.

Depreciation expense of HK\$3,559,902 (2019: HK\$4,641,512) has been charged in general working expenses.

(b) Right-of-use assets

	Land interests on owned properties
<b>At 1 April 2019 (on adoption of HKFRS 16)</b>	
Cost	10,694,910
Accumulated depreciation	(5,848,216)
Net book amount	4,846,694
<b>Year ended 31 March 2020</b>	
Opening net book amount	4,846,694
Depreciation	(176,558)
Closing net book amount	4,670,136



**FISH MARKETING ORGANIZATION**

(All amounts in Hong Kong dollars unless otherwise stated)

**NOTES TO THE FINANCIAL STATEMENTS****5 Property, plant and equipment and right-of-use assets (Continued)****(b) Right-of-use assets (Continued)**

	Land interests on owned properties
<b>At 31 March 2020</b>	
Cost	10,694,910
Accumulated depreciation	(6,024,774)
Net book amount	<u>4,670,136</u>

The Organization's has leasehold land in Hong Kong. For the leasehold land, the Organization is the registered owner of this property interests. Upfront payments were made to acquire these land interests and there are no ongoing payments to be made under the terms of the land lease (i.e. no lease liabilities are recognised), other than government rents and rates and other payments to the relevant government authorities, which may vary from time to time.

**6 Financial instruments by category**

The Organization's financial instruments include the following:

	Note	2020	2019
<b>Financial assets at amortized cost</b>			
FMO Loans	7(a)	114,316,116	93,669,682
Receivables from co-operative societies and fishermen		55,471	148,522
Trade and other receivables	9	8,258,140	6,748,660
Bank deposits with original maturities over three months	10	139,034,263	173,558,999
Cash and cash equivalents	11	35,612,155	19,662,589
		<u>297,276,145</u>	<u>293,788,452</u>
<b>Financial liabilities at amortized cost</b>			
Trade and other payables	15	26,918,759	23,365,872
Amounts due to Government Loan Fund	16	14,847,651	19,143,826
Fish buyers' deposits		933,633	537,123
Savings held on behalf of co-operative societies and fishermen	18	3,184,853	3,535,248
		<u>45,884,896</u>	<u>46,582,069</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 4 and 5:

	Note	2020	2019
<b>ASSETS</b>			
<b>Non-current assets</b>			
FMO Loans			
- Loans to fishermen		114,700,300	93,241,210
- Interest receivable		1,841,656	1,275,908
		<u>116,541,956</u>	<u>94,517,118</u>
Less: Provision for impairment of FMO Loans	(b)	(573,708)	(553,618)
		<u>115,968,248</u>	<u>93,963,500</u>
Less: Accumulated amortisation at 1 April		(293,818)	(256,386)
Amortisation of discount on FMO Loans	24	(1,358,314)	(37,432)
		<u>(1,652,132)</u>	<u>(293,818)</u>
FMO Loans - net		<u>114,316,116</u>	<u>93,669,682</u>
Less: Current portion		(113,169,051)	(93,221,217)
Non-current portion		<u>1,147,065</u>	<u>448,465</u>
<b>Current assets</b>			
Current portion of FMO Loans		113,169,051	93,221,217
Interest receivable on bank deposits		54,427	4,373
Cash and cash equivalents	11	27,517,742	12,679,287
		<u>140,741,220</u>	<u>105,904,877</u>
<b>Total assets</b>		<u>141,888,285</u>	<u>106,353,342</u>
<b>FUNDS</b>			
Capital account			
At 1 April		57,000,000	57,000,000
Transfer from FMO General Fund	12	40,000,000	-
		<u>97,000,000</u>	<u>57,000,000</u>
At 31 March		97,000,000	57,000,000
Accumulated surplus at 1 April		30,209,516	30,073,440
Net (deficit)/surplus for the year transferred from FMO General Fund	12 & 24	(168,882)	136,076
		<u>30,040,634</u>	<u>30,209,516</u>
Accumulated surplus at 31 March		30,040,634	30,209,516
<b>Total funds</b>		<u>127,040,634</u>	<u>87,209,516</u>
<b>LIABILITIES</b>			
<b>Current and total liabilities</b>			
Amounts due to Government Loan Fund	16	14,847,651	19,143,826
<b>Total funds and liabilities</b>		<u>141,888,285</u>	<u>106,353,342</u>



## FISH MARKETING ORGANIZATION

(All amounts in Hong Kong dollars unless otherwise stated)

### NOTES TO THE FINANCIAL STATEMENTS

#### 7 FMO Loan Fund (Continued)

##### (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% (2019: 1% to 3%) per annum and are repayable over a period up to four years (2019: up to five years). As at 31 March 2020, the weighted average effective interest rate of the FMO Loans is 1.0291% (2019: 1.0145%) 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.

The Organization does not hold any collateral as security. The Organization applies the HKFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for FMO Loans. To measure the expected credit losses, FMO Loans have been grouped based on shared credit risk characteristics and the days past due. Note 3.1 (b) provides for details about the calculation of the allowance.

Movement on the provision for impairment of FMO Loans is as follows:

	2020	2019
Opening loss allowance as at 1 April	553,618	203,278
Increase in loss allowance recognised in profit or loss during the year	20,090	350,340
Closing loss allowance as at 31 March	<u>573,708</u>	<u>553,618</u>

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 2020 and 2019 and are denominated in Hong Kong dollars.

#### 8 Inventories

	Note	2020	2019
Marine fish/produce	19	458,822	541,503
Plastic containers		79,104	704
Printing forms		175,768	197,463
Plastic rollers		3,654	3,654
Sea water	20	14,197	15,044
Fish tag		76,893	94,133
Souvenir		10,493	10,112
		<u>818,931</u>	<u>862,613</u>

Cost of inventories recognised as expenditures amounted to HK\$13,117,101 (2019: HK\$17,588,503).



**FISH MARKETING ORGANIZATION**

(All amounts in Hong Kong dollars unless otherwise stated)

**NOTES TO THE FINANCIAL STATEMENTS****9 Trade and other receivables**

	2020	2019
Trade receivables	2,545,785	3,065,616
Interest receivables	883,761	824,385
Other receivables	3,557,571	1,665,026
Utility deposits	1,271,023	1,193,633
	<hr/>	<hr/>
Financial assets	8,258,140	6,748,660
Prepayments	306,172	1,540,784
	<hr/>	<hr/>
Total	<u>8,564,312</u>	<u>8,289,444</u>

The Organization does not hold any collateral as security. The Organization applies the HKFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. On that basis, no allowance was determined as at 31 March 2020 and 2019 and disclosed in note 3.1(b).

As at 31 March 2020, the Organization considered that the expected credit loss for other receivables and deposits was immaterial thus no loss allowance was made (2019: nil).

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 2020 and 2019 and are denominated in Hong Kong dollars.

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

	2020	2019
FMO General Fund and maximum exposure to credit risk	<u>139,034,263</u>	<u>173,558,999</u>

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



# **FISH MARKETING ORGANIZATION**

(All amounts in Hong Kong dollars unless otherwise stated)

## **NOTES TO THE FINANCIAL STATEMENTS**

### **11 Cash and cash equivalents**

	Note	2020	2019
<u>FMO General Fund</u>			
Cash at banks and in hand		6,928,599	6,817,488
Bank deposits with original maturities of three months or less		1,000,000	-
		<u>7,928,599</u>	<u>6,817,488</u>
<u>FMO Loan Fund</u>			
Cash at banks and in hand		6,316,043	6,679,287
Bank deposits with original maturities of three months or less		21,201,699	6,000,000
	7(a)	<u>27,517,742</u>	<u>12,679,287</u>
<u>CARE Loan Fund</u>			
Cash at banks	14(a)	165,814	165,814
Total		<u>35,612,155</u>	<u>19,662,589</u>
Maximum exposure to credit risk		<u>35,271,013</u>	<u>18,607,948</u>

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

### **12 FMO General Fund – Accumulated Surplus**

	Note	2020	2019
At 1 April		174,055,063	162,061,177
Surplus for the year		2,335,378	13,589,269
Deficit from remeasurements for			
- Defined benefit plan	17(a)	(671,332)	(550,000)
- Long service payment obligations	17(b)	(1,264,394)	(909,307)
Net surplus/(deficit) transferred to FMO Loan Fund	7(a)	168,882	(136,076)
Net surplus transferred to CARE Loan Fund	14(a)	-	-
Transferred to capital account of FMO Loan Fund	7(a)	(40,000,000)	-
At 31 March		<u>134,623,597</u>	<u>174,055,063</u>

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

	2020	2019
C.D. & W. Grant for Cheung Sha Wan Market	1,147,192	1,147,192
C.D. & W. Scheme Surplus for loans to fishermen	66,449	66,449
Compensation for relinquishing seven buildings at Aberdeen Fish Market on ground resumed by Government	565,000	565,000
	<u>1,778,641</u>	<u>1,778,641</u>



**FISH MARKETING ORGANIZATION**

(All amounts in Hong Kong dollars unless otherwise stated)

**NOTES TO THE FINANCIAL STATEMENTS****14 CARE Loan Fund****(a) Balance sheet**

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

	Note	2020	2019
<b>ASSETS</b>			
<b>Non-current assets</b>			
CARE Loan:			
- Loan issued to fishermen		-	-
<b>Current assets</b>			
Cash and cash equivalents	11	165,814	165,814
<b>Total assets</b>		<u>165,814</u>	<u>165,814</u>
<b>FUNDS</b>			
Accumulated surplus at 1 April		165,814	165,814
Net surplus for the year	12 & 25	-	-
Accumulated surplus at 31 March		<u>165,814</u>	<u>165,814</u>
<b>Liabilities</b>			
Current and total liabilities		-	-
<b>Total funds and liabilities</b>		<u>165,814</u>	<u>165,814</u>

**(b) CARE Loans**

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

As at 31 March 2020 and 2019, there is no CARE Loan.

**15 Trade and other payables**

	2020	2019
Trade payables	872,017	960,238
Other payables	7,080,086	3,925,744
Deposits from licensees of market premises	18,135,910	17,645,491
Utility and other deposits	830,746	834,399
Financial liabilities	<u>26,918,759</u>	<u>23,365,872</u>
Receipts in advance	255,663	178,035
Provision for unused annual leave (note (a))	<u>1,570,627</u>	<u>1,454,859</u>
	28,745,049	24,998,766
Less: Non-current deposits from licensees of market premises	<u>(12,728,756)</u>	<u>(16,548,861)</u>
	<u>16,016,293</u>	<u>8,449,905</u>



**FISH MARKETING ORGANIZATION**

(All amounts in Hong Kong dollars unless otherwise stated)

**NOTES TO THE FINANCIAL STATEMENTS****15 Trade and other payables (Continued)**

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

	Note	2020	2019
At 1 April		1,454,859	1,412,973
Charged to the statement of comprehensive income			
- Provision for the year	21	220,108	176,525
- Utilised during the year		(104,340)	(134,639)
At 31 March		<u>1,570,627</u>	<u>1,454,859</u>

- (b) The carrying values of trade and other payables approximate their fair values at 31 March 2020 and 2019 and are denominated in Hong Kong dollars.

**16 Amounts due to Government Loan Fund**

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

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

	Note	2020	2019
Amount due to Government Loan Fund (2018)		-	19,107,500
Amount due to Government Loan Fund (2019)		15,000,000	-
		<u>15,000,000</u>	<u>19,107,500</u>
Interest payable to Government Loan Fund (2018)		-	19,362
Interest payable to Government Loan Fund (2019)		4,423	-
		<u>4,423</u>	<u>19,362</u>
		<u>15,004,423</u>	<u>19,126,862</u>
Less: Accumulated amortisation at 1 April		16,964	(68,415)
Amortisation of (discount)/premium on amounts due to Government Loan Fund	24	(173,736)	85,379
Accumulated amortisation at 31 March		<u>(156,772)</u>	<u>16,964</u>
Total	7(a)	<u>14,847,651</u>	<u>19,143,826</u>

The amounts due to Government Loan Fund are unsecured and interest-bearing at rates set by the Government periodically. At 31 March 2020, the prevailing interest rate of the amounts due is 1.106% (2019: 1.257%) per annum. The principal and the interest payable are repayable by 4 quarterly installments from the initial drawdown date.

The carrying values of the amounts due to Government Loan Fund approximate their fair values at 31 March 2020 and 2019 and are denominated in Hong Kong dollars.



**FISH MARKETING ORGANIZATION**

(All amounts in Hong Kong dollars unless otherwise stated)

**NOTES TO THE FINANCIAL STATEMENTS****17 Retirement benefit obligations**

	Note	2020	2019
<b>Balance sheet assets for:</b>			
Defined benefit plan	(a)	<u>2,738,794</u>	<u>3,435,000</u>
<b>Balance sheet obligations for:</b>			
Long service payment obligations			
- Non-current portion		(5,244,778)	(4,158,169)
- Current portion		(509,356)	(219,777)
	(b)	<u>(5,754,134)</u>	<u>(4,377,946)</u>
<b>Statement of comprehensive income charged for:</b>			
- Defined benefit plan	21	24,874	25,000
- Long service payment obligations	21	441,249	377,839
		<u>466,123</u>	<u>402,839</u>
<b>Remeasurements for:</b>			
- Defined benefit plan	(a)	671,332	550,000
- Long service payment obligations	(b)	1,264,394	909,307
		<u>1,935,726</u>	<u>1,459,307</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 2020 and 2019 carried out by Milliman Limited, who holds a recognised professional qualification.

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

	2020	2019
Present value of the funded obligations	(3,517,411)	(3,678,000)
Fair value of plan assets	<u>6,256,205</u>	<u>7,113,000</u>
Assets in the balance sheet	<u>2,738,794</u>	<u>3,435,000</u>



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

**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 2018	(5,859,000)	9,869,000	4,010,000
Current service costs	(75,000)	-	(75,000)
Interest (expense)/income	(61,000)	113,000	52,000
	<u>(5,995,000)</u>	<u>9,982,000</u>	<u>3,987,000</u>
Remeasurements:			
- Return on plan assets (excluding interest income)	-	(427,000)	(427,000)
- Experience losses	(123,000)	-	(123,000)
	<u>(123,000)</u>	<u>(427,000)</u>	<u>(550,000)</u>
Plan participants contributions	(43,000)	43,000	-
Benefit payments	2,483,000	(2,483,000)	-
Administrative cost	-	(2,000)	(2,000)
	<u>2,440,000</u>	<u>(2,442,000)</u>	<u>(2,000)</u>
At 31 March 2019	<u>(3,678,000)</u>	<u>7,113,000</u>	<u>3,435,000</u>
At 1 April 2019	(3,678,000)	7,113,000	3,435,000
Current service costs	(77,000)	-	(77,000)
Interest (expense)/income	(35,000)	89,000	54,000
	<u>(3,790,000)</u>	<u>7,202,000</u>	<u>3,412,000</u>
Remeasurements:			
- Return on plan assets (excluding interest income)	-	(689,745)	(689,745)
- Loss from change in financial assumption	(23,979)	-	(23,979)
- Experience gains	42,392	-	42,392
	<u>18,413</u>	<u>(689,745)</u>	<u>(671,332)</u>
Plan participants contributions	(35,580)	35,580	-
Benefit payments	289,756	(289,756)	-
Administrative cost	-	(1,874)	(1,874)
	<u>254,176</u>	<u>(256,050)</u>	<u>(1,874)</u>
At 31 March 2020	<u>(3,517,411)</u>	<u>6,256,205</u>	<u>2,738,794</u>



**FISH MARKETING ORGANIZATION**

(All amounts in Hong Kong dollars unless otherwise stated)

**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:

	2020 %	2019 %
Equities	51	57
Bonds	37	37
Money instruments	12	6
	<u>100</u>	<u>100</u>

**(b) Long service payment obligations**

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

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

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

	Present value of long service payment obligations
At 1 April 2018	3,677,515
Current service costs	315,118
Interest expense	62,721
	<u>4,055,354</u>
Remeasurements:	
- Loss from change in financial assumption changes	246,786
- Experience losses	662,521
	<u>909,307</u>
Benefit payments	(586,715)
At 31 March 2019	<u>4,377,946</u>



# **FISH MARKETING ORGANIZATION**

(All amounts in Hong Kong dollars unless otherwise stated)

## **NOTES TO THE FINANCIAL STATEMENTS**

### **17 Retirement benefit obligations (Continued)**

#### **(b) Long service payment obligations (Continued)**

	Present value of long service payment obligations
At 1 April 2019	4,377,946
Current service costs	376,236
Interest expense	65,013
	<u>4,819,195</u>
Remeasurements:	
- Loss from change in financial assumption changes	1,008,235
- Gain from change in demographic assumption changes	(175)
- Experience losses	256,334
	<u>1,264,394</u>
Benefit payments	<u>(329,455)</u>
At 31 March 2020	<u><u>5,754,134</u></u>

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

	<u>Defined benefit obligations</u>		<u>Long service payment obligations</u>	
	2020	2019	2020	2019
	%	%	%	%
Discount rate	0.6	1.25	0.7	1.5
Expected rate of future salary increases	<u>3.5</u>	<u>3.5</u>	<u>3.5</u>	<u>3.5</u>

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

		<u>Impact on defined benefit obligations</u>		<u>Impact on long service payment obligations</u>	
	Change in assumption	Increase in assumption	Decrease in assumption	Increase in assumption	Decrease in assumption
Discount rate	0.5%	Decrease by 0.5%	Increase by 0.5%	Decrease by 11.4%	Increase by 13.0%
Salary growth rate	0.5%	Increase by 0.5%	Decrease by 0.5%	Increase by 3.5%	Decrease by 3.9%

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



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

**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 2020 and 2019:

	<u>Defined benefit obligations</u>		<u>Long service payment obligations</u>	
	2020	2019	2020	2019
Expected contributions by:				
- Organization	-	-	-	-
- Employees	36,000	34,000	-	-

- (f) The weighted average duration of the defined benefit obligations and long service payment obligations is around 1 years and 10 years (2019: 2.4 years and 9.0 years), respectively.
- (g) The expected maturity analysis without taking into consideration of early retirement of undiscounted benefit payments over the next 10 years is as follows:

	<u>Defined benefit obligations</u>		<u>Long service payment obligations</u>	
	2020	2019	2020	2019
Less than 1 year	968,000	492,000	612,000	87,000
Between 1 and 2 years	2,476,000	222,000	584,000	320,000
Between 2 and 5 years	78,000	3,229,000	2,269,000	2,312,000
Between 5 to 10 years	117,000	195,000	4,797,000	5,918,000
	<u>3,639,000</u>	<u>4,138,000</u>	<u>8,262,000</u>	<u>8,637,000</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	2020	2019
<b>Gross sales</b>			
Sales of marine fish/produce		15,205,154	19,409,589
<b>Cost of inventories sold</b>			
Opening inventories		541,503	396,725
Purchases		11,028,283	15,698,875
Freight charges		354,355	410,280
Closing inventories	8	(458,822)	(541,503)
		<u>11,465,319</u>	<u>15,964,377</u>
<b>Net income for the year</b>		<u>3,739,835</u>	<u>3,445,212</u>



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

**NOTES TO THE FINANCIAL STATEMENTS**

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

	Note	2020	2019
<b>Sales of sea water</b>		1,670,953	1,616,884
<b>Cost of inventories sold</b>			
Opening inventories		15,044	9,676
Purchases		1,336,646	1,359,306
Closing inventories	8	(14,197)	(15,044)
		<u>1,337,493</u>	<u>1,353,938</u>
<b>Net income for the year</b>		<u>333,460</u>	<u>262,946</u>

**21 Employee benefit expenditure**

	Note	2020	2019
Salaries and wages		35,349,927	33,138,316
Provision for unused annual leave	15(a)	220,108	176,525
Retirement benefit costs			
- Defined contribution plan and MPF scheme		1,737,922	1,683,721
- Defined benefit plan	17(a)	24,874	25,000
- Long service payment obligations	17(b)	441,249	377,839
		<u>37,774,080</u>	<u>35,401,401</u>

**22 Publicity and sales promotion**

	2020	2019
Share of expenses for a promotion event co-organised by the Organization and the Vegetable Marketing Organization	1,814,423	1,760,798
Others	2,410,187	1,677,210
	<u>4,224,610</u>	<u>3,438,008</u>

**23 Taxation**

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



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

**NOTES TO THE FINANCIAL STATEMENTS**

**24 Net (deficit)/surplus from FMO Loan Fund**

	Note	2020	2019
<b>Income</b>			
Interest on FMO Loans		1,245,369	930,536
Interest on bank deposits		274,339	157,806
Amortisation of discount on amounts due to Government Loan Fund	16	173,736	-
		<u>1,693,444</u>	<u>1,088,342</u>
<b>Expenditure</b>			
Interest expense for amounts due to Government Loan Fund		(483,759)	(478,710)
Amortisation of premium on amounts due to Government Loan Fund	16	-	(85,379)
Amortisation of discount on FMO Loans	7(a)	(1,358,314)	(37,432)
Provision for impairment of FMO Loans	7(b)	(20,090)	(350,340)
Bank charges		(163)	(405)
		<u>(1,862,326)</u>	<u>(952,266)</u>
<b>Net (deficit)/surplus for the year</b>	7(a)	<u>(168,882)</u>	<u>136,076</u>

**25 Net surplus from CARE Loan Fund**

	2020	2019
<b>Income</b>		
Net surplus for the year	-	-



**FISH MARKETING ORGANIZATION**

(All amounts in Hong Kong dollars unless otherwise stated)

**NOTES TO THE FINANCIAL STATEMENTS****26 Cash flows information****(a) Cash used in operations**

	2020	2019
Surplus for the year	2,335,378	13,589,269
Adjustments for:		
- Interest income on bank deposits	(3,512,652)	(3,122,263)
- Interest income on FMO Loans (note 24)	(1,245,369)	(930,536)
- Depreciation of property, plant and equipment (note 5(a))	3,559,902	4,641,512
- Depreciation of right-of-use assets (note 5(b))	176,558	-
- Provision for impairment of FMO Loans (note 7(b))	20,090	350,340
- Loss on disposals of property, plant and equipment (see (b) below)	76,890	94,110
- Amortisation of discount on FMO Loans (note 7(a))	1,358,314	37,432
- Interest expense for amounts due to Government Loan Fund (note 24)	483,759	478,710
- Amortisation of (discount)/premium on amounts due to Government Loan Fund (note 24)	(173,736)	85,379
- Provision for unused annual leave (note 21)	220,108	176,525
- Retirement benefit costs for defined benefit plan (note 17)	24,874	25,000
- Retirement benefit costs for long service payments (note 17)	441,249	377,839
	<u>3,765,365</u>	<u>15,803,317</u>
Changes in working capital:		
- FMO Loans	(21,459,090)	(50,345,719)
- Inventories	43,682	(151,068)
- Receivables from co-operative societies and fishermen	93,051	(46,576)
- Trade and other receivables	(215,492)	(1,049,347)
- Long service payment obligations	(329,455)	(586,715)
- Trade and other payables	3,526,175	823,441
- Fish buyers' deposits	396,510	27,449
- Savings held on behalf of co-operative societies and fishermen	(350,395)	(507,647)
	<u>(14,529,649)</u>	<u>(36,032,865)</u>

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

	Note	2020	2019
Net book amount	5(a)	86,890	124,410
Loss on disposals of property, plant and equipment		(76,890)	(94,110)
		<u>10,000</u>	<u>30,300</u>



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

**NOTES TO THE FINANCIAL STATEMENTS**

**26 Cash flows information (Continued)**

(c) Reconciliation of liabilities arising from financing activities

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

	Government loan fund	
	2020	2019
Balance as at 1 April	19,143,826	13,342,840
Cash inflow	60,000,000	60,000,000
Cash outflow	(64,107,500)	(54,290,833)
Interest paid	(498,698)	(472,270)
Interest expenses	483,759	478,710
Amortisation of (discount)/premium	(173,736)	85,379
Balance as at 31 March	14,847,651	19,143,826

**27 Commitments**

(a) Capital commitments

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

	2020	2019
Property, plant and equipment	14,000	547,500

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

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

	2020	2019
No later than one year	12,236,829	12,110,948

**28 Key management compensation**

	2020	2019
Salaries and other employee benefits	636,911	583,176