

CHRISTIAN CONCERN FOR THE HOMELESS ASSOCIATION

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED MARCH 31, 2017

	<u>NOTE</u>	<u>2017</u>	<u>2016</u>
		\$	\$
INCOME			
Donation from The Community Chest		1,883,700	1,828,800
Service income		1,185,833	1,228,832
Offering received		2,974,646	2,734,117
Project offering income	6	630,199	731,195
Other and funding income		148,169	213,815
Subvention from Social Welfare Department		5,149,884	4,455,869
		<u>11,972,431</u>	<u>11,192,628</u>
LESS: ADMINISTRATIVE EXPENSES			
Advertising expenses		87,472	37,247
Auditors' remuneration		18,500	16,500
Bank charges		8,080	5,688
Building management fee		64,000	60,450
Charity donation expenses		--	250,000
Cleaning and consumable		53,543	54,126
Exchange loss		--	112,673
Impairment loss on accounts receivable		13,571	--
Insurance		37,658	35,583
Internet service expenses		17,111	14,196
Mandatory provident fund		594,043	588,633
Medical care		36,957	45,193
Mobile expenses		19,600	20,800
Newspaper and periodicals		6,627	4,116
Postage		17,971	17,304
Rent and rates		292,778	213,850
Repairs and maintenance		168,502	169,459
Research fee		241,765	--
Salaries and allowances		7,650,548	7,500,676
Staff training expenses		165,766	189,437
Stationery		26,232	20,630
Sundry expenses		17,829	11,396
Telephone		23,971	25,319
Transportation		5,242	2,961
Travelling expenses		22,715	23,112
Water and electricity		242,986	243,620
		<u>9,833,467</u>	<u>9,662,969</u>

...../To be continued

CHRISTIAN CONCERN FOR THE HOMELESS ASSOCIATION

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED MARCH 31, 2017

...../Continued

	<u>NOTE</u>	<u>2017</u>	<u>2016</u>
		\$	\$
LESS: SERVICES EXPENSES			
Charity		297,946	480,076
Meal expenses		149,829	154,109
Outsource service charge		309,543	282,981
		<u>757,318</u>	<u>917,166</u>
LESS: OTHER AND FUND EXPENSES			
Programme expenses		444,542	537,266
		<u>444,542</u>	<u>537,266</u>
LESS: OTHER OPERATING EXPENSES			
Depreciation	8	545,952	469,115
		<u>545,952</u>	<u>469,115</u>
TOTAL EXPENDITURE FOR THE YEAR		11,581,279	11,586,516
		<u>11,581,279</u>	<u>11,586,516</u>
SURPLUS/(DEFICIT) FOR THE YEAR		391,152	(393,888)
		<u>391,152</u>	<u>(393,888)</u>
OTHER COMPREHENSIVE INCOME		--	--
		<u>---</u>	<u>---</u>
TOTAL COMPREHENSIVE INCOME/(EXPENSE)		391,152	(393,888)
		<u>391,152</u>	<u>(393,888)</u>
TOTAL COMPREHENSIVE INCOME/(EXPENSE) IS			
ATTRIBUTED TO:			
Accumulated general fund		154,261	69,312
Capital fund		--	(70,000)
Service development fund		--	(250,000)
Social Welfare Department reserve fund		236,891	(143,200)
		<u>391,152</u>	<u>(393,888)</u>

The notes on pages 11 to 23 form part of these financial statements.

CHRISTIAN CONCERN FOR THE HOMELESS ASSOCIATION

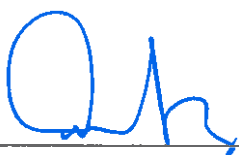
STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2017

	<u>NOTE</u>	<u>2017</u>	<u>2016</u>
		\$	\$
NON-CURRENT ASSETS			
Property, plant and equipment	8	919,757	804,459
CURRENT ASSETS			
Accounts receivable		9,899	25,664
Prepayments and deposits		89,040	103,587
Other accounts receivable		154,133	196,782
Bank balances and cash		11,007,590	10,901,908
		<u>11,260,662</u>	<u>11,227,941</u>
CURRENT LIABILITIES			
Accruals and other accounts payable		94,517	44,811
Advanced receipts		431,007	409,719
Designated fund	9	6,021	41,651
Designated fund – Social Welfare Development fund	10	117,398	373,564
Amount due to a related company	11	–	22,331
		<u>648,943</u>	<u>892,076</u>
NET CURRENT ASSETS		<u>10,611,719</u>	<u>10,335,865</u>
NET ASSETS		<u>11,531,476</u>	<u>11,140,324</u>
REPRESENTED BY			
Accumulated general fund		4,733,668	4,579,407
Capital fund	12	600,000	600,000
Service development fund	12	5,453,595	5,453,595
Social Welfare Department reserve fund:	12		
LSG reserve and interest received		721,655	418,093
Provident fund reserve		8,893	26,655
Social Welfare subvention surplus account		13,665	62,574
		744,213	507,322
		<u>11,531,476</u>	<u>11,140,324</u>

Approved and authorised for issue by the board of executive councillors on September 22, 2017



 TAM STEPHEN
 CHAIRMAN



 TONG KA LING, ANITA
 EXECUTIVE COUNCILLORS

The notes on pages 11 to 23 form part of these financial statements.

CHRISTIAN CONCERN FOR THE HOMELESS ASSOCIATION

STATEMENT OF CHANGES IN FUNDS

FOR THE YEAR ENDED MARCH 31, 2017

	<u>Accumulated general fund</u>	<u>Capital fund</u>	<u>Service development fund</u>	<u>Social Welfare Department reserve fund</u>	<u>Total</u>
	\$	\$	\$	\$	\$
Balance at April 1, 2015	4,844,109	335,986	5,703,595	650,522	11,534,212
Total comprehensive expense for the year	69,312	(70,000)	(250,000)	(143,200)	(393,888)
Transfer from accumulated general fund to capital fund	(334,014)	334,014	--	--	--
Balance at March 31, 2016	<u>4,579,407</u>	<u>600,000</u>	<u>5,453,595</u>	<u>507,322</u>	<u>11,140,324</u>
Balance at April 1, 2016	4,579,407	600,000	5,453,595	507,322	11,140,324
Total comprehensive income for the year	154,261	--	--	236,891	391,152
Balance at March 31, 2017	<u>4,733,668</u>	<u>600,000</u>	<u>5,453,595</u>	<u>744,213</u>	<u>11,531,476</u>

The notes on pages 11 to 23 form part of these financial statements.

CHRISTIAN CONCERN FOR THE HOMELESS ASSOCIATION

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2017

	<u>NOTE</u>	<u>2017</u> \$	<u>2016</u> \$
NET CASH FROM OPERATING ACTIVITIES	13	688,140	414,150
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		60	40
Purchase of property, plant and equipment		(661,250)	(89,040)
Interest received		78,732	117,825
Net cash (used in)/from investing activities		<u>(582,458)</u>	<u>28,825</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS			
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		105,682	442,975
		10,901,908	10,458,933
CASH AND CASH EQUIVALENTS AT END OF YEAR		<u>11,007,590</u>	<u>10,901,908</u>
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS			
Bank balances and cash		<u>11,007,590</u>	<u>10,901,908</u>

The notes on pages 11 to 23 form part of these financial statements.

CHRISTIAN CONCERN FOR THE HOMELESS ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

1. CORPORATE INFORMATION

Christian Concern for the Homeless Association (“the Association”) is a charitable organisation registered in accordance with section 88 of the Hong Kong Inland Revenue Ordinance. The Association is incorporated in Hong Kong and limited by guarantee. The address of its principal place of operation is 2/F., Cheong Wah Building, 203-211 Nam Cheong Street, Sham Shui Po, Kowloon, Hong Kong.

The principal activity of the Association is providing concern, visitation, and counselling to the homeless.

2. BASIS OF PREPARATION

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”) (which also include Hong Kong Accounting Standards and Interpretation) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. These financial statements are presented to the nearest Hong Kong dollars, which is the Association’s functional and presentation currency.

(b) Reporting exemption

The Association qualifies for the reporting exemption as a small guarantee company under sections 359(1)(a) and 363 of the Hong Kong Companies Ordinance.

(c) Basis of measurement

The measurement base used in preparing these financial statements is historical cost convention.

(d) Going concern

These financial statements have been prepared on the basis that the Association is a going concern.

CHRISTIAN CONCERN FOR THE HOMELESS ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Adoption of new and revised HKFRSs

In current year, the Association has adopted all of the new and revised standards and interpretations issued by the HKICPA that are relevant to its operations and effective for current accounting period of the Association. The adoption of these new and revised standards and interpretations has no material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

Standards and interpretations not yet effective

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments, new standards and interpretations which are not yet effective for the current accounting period of the Association and have not been adopted in these financial statements. The executive councillors anticipate that the adoption of these amendments, new standards and interpretations in future periods is unlikely to have a significant impact on the Association's results of operations and financial position.

(b) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Depreciation is provided to write off the cost of property, plant and equipment, less their estimated residual value, if any, using the straight-line method at the following rates per annum:

Leasehold land and buildings	2%
Furniture and fixtures	25%
Decoration and improvement	25%

(c) Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Rental applicable to such operating leases are charged to surplus or deficit on the straight-line basis over the period of the lease.

CHRISTIAN CONCERN FOR THE HOMELESS ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Impairment

At the end of each reporting period, the Association reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. 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.

Assets that have an indefinite useful life are not subject to amortisation, which are at least tested annually for impairment and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to surplus or deficit in the year in which the reversals are recognised.

(e) Accounts and other receivables

Accounts and other receivables are initially recognised at fair value and thereafter stated at amortised cost less impairment losses for bad and doubtful debts except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less impairment losses for bad and doubtful debts.

(f) Cash and cash equivalents

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

(g) Other payables

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

CHRISTIAN CONCERN FOR THE HOMELESS ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Provisions

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

(i) Government grant and designated fund

Funds granted by government or government designated authorities/agencies for supporting the functions of the association are taken up as deferred income upon the applications approved by the officers. When the Association has fulfilled and complied with the requirements and conditions, the entitled portions of funds are recognised as income and the relevant costs incurred are properly accounted for.

(j) Recognition of income

Provided it is probable that the economic benefits will flow to the Association and the revenue and costs, if applicable, can be measure reliably, revenue is recognised in statement of profit or loss and other comprehensive income as follows:

(i) Donations

Donations for designated purposes are recognised when the purposes are served. Other donations are accounted for on cash basis.

(ii) Service income

Service income is recognised upon services rendered.

(iii) Interest income

Interest income from bank deposits is accrued on a time-apportioned basis on the principal outstanding and at the rate applicable.

(iv) Social Welfare Department Lump Sum Grant Subvention

Social Welfare Department Lump Sum Grant is recognised on cash basis.

CHRISTIAN CONCERN FOR THE HOMELESS ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Employee benefits

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

(l) Foreign currency translations

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at end of the reporting period exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in surplus or deficit.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. When a gain or loss on a non-monetary item is recognised directly in equity, any exchange component of that gain or loss shall be recognised directly in equity. Conversely, when a gain or loss on a non-monetary item is recognised in surplus or deficit, any exchange component of that gain or loss shall be recognised in surplus or deficit.

(m) Related parties

- (i) A person or a close member of that person's family is related to the Association if that person:
- (a) has control or joint control over the Association;
 - (b) has significant influence over the Association; or
 - (c) is a member of the key management personnel of the Association or of a parent of the Association.

CHRISTIAN CONCERN FOR THE HOMELESS ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Related parties (continued)

(ii) An entity is related to the Association if any of the following conditions applies:

- (a) The entity and the Association are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (b) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (c) Both entities are joint ventures of the same third party.
- (d) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (e) The entity is a post-employment benefit plan for the benefit of employees of either the Association or an entity related to the Association.
- (f) The entity is controlled or jointly controlled by a person identified in (i).
- (g) A person identified in (i)(a) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

Impairment on receivables

The Association's management determines the provision for impairment on receivables. This estimate is based on the credit history of its customers and current market conditions. Management reassesses the estimation at the end of each reporting period.

CHRISTIAN CONCERN FOR THE HOMELESS ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

5. TAXATION

No provision has been made for Hong Kong Profits Tax in the financial statements as the Association is a charitable organisation exempted from tax under section 88 of the Hong Kong Inland Revenue Ordinance.

6. PROJECT OFFERING INCOME

	<u>2017</u>	<u>2016</u>
	\$	\$
<u>Project Income</u>		
Community Chest One Off Supplementary	--	181,205
Donation for Community Chest Capital Project Fund	73,521	--
Donation for Dreams Come True	24,720	--
Donation for Interim Housing	431,906	416,869
Donation for repair and maintenance of transitory hostel	7,045	16,905
Grant from S.K. Yee Medical Foundation	93,007	106,246
Others	--	5,970
SWD One off allocation	--	4,000
Total Project Offering Income	<u>630,199</u>	<u>731,195</u>

7. EXECUTIVE COUNCILLORS' REMUNERATION

Remuneration of the executive councillors of the Association disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

The executive councillors received no remuneration for their services to the Association during the year (2016: Nil).

CHRISTIAN CONCERN FOR THE HOMELESS ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

8. PROPERTY, PLANT AND EQUIPMENT

	<u>Leasehold land and buildings</u>	<u>Furniture and fixtures</u>	<u>Decoration and improvement</u>	<u>Total</u>
	\$	\$	\$	\$
<u>Cost or deemed cost:</u>				
At April 1, 2015	1	914,100	3,697,572	4,611,673
Additions	--	79,440	9,600	89,040
Disposals	--	(3,720)	--	(3,720)
At March 31, 2016	1	989,820	3,707,172	4,696,993
At April 1, 2016	1	989,820	3,707,172	4,696,993
Additions	--	151,250	510,000	661,250
Disposals	--	(15,230)	--	(15,230)
At March 31, 2017	1	1,125,840	4,217,172	5,343,013
<u>Accumulated depreciation and impairment losses:</u>				
At April 1, 2015	--	616,955	2,810,054	3,427,009
Depreciation charge for the year	--	120,538	348,577	469,115
Eliminated on disposals	--	(3,590)	--	(3,590)
At March 31, 2016	--	733,903	3,158,631	3,892,534
At April 1, 2016	--	733,903	3,158,631	3,892,534
Depreciation charge for the year	--	133,025	412,927	545,952
Eliminated on disposals	--	(15,230)	--	(15,230)
At March 31, 2017	--	851,698	3,571,558	4,423,256
<u>Carrying amount:</u>				
At April 1, 2015	1	297,145	887,518	1,184,664
At March 31, 2016	1	255,917	548,541	804,459
At April 1, 2016	1	255,917	548,541	804,459
At March 31, 2017	1	274,142	645,614	919,757

The land and buildings are located in Hong Kong and held under medium-term lease.

The land and buildings are depreciated to \$1 in the year of acquisition. As permitted by transitional provisions 80B in Hong Kong Accounting Standard 16 "Property, Plant and Equipment", the net book value \$1 of land and buildings (at cost: \$2,764,010, accumulated depreciation : \$2,764,009) is used as a deemed cost.

CHRISTIAN CONCERN FOR THE HOMELESS ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

9. DESIGNATED FUND

	<u>SK Yee Fund #206003 \$</u>	<u>Community Chest One-off Fund \$</u>	<u>Others \$</u>	<u>Dreams Come True \$</u>	<u>Total \$</u>
At beginning of year	8,211	1,675	7,045	24,720	41,651
Less: Payment for the year	(3,865)	--	(7,045)	(24,720)	(35,630)
At end of year	<u>4,346</u>	<u>1,675</u>	<u>--</u>	<u>--</u>	<u>6,021</u>

CHRISTIAN CONCERN FOR THE HOMELESS ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

10. DESIGNATED FUND – SOCIAL WELFARE DEVELOPMENT FUND

Use of the Social Welfare Development Fund (SWDF) Phase 2 funded by Lotteries Fund for the financial year 2016/17:

<u>Particulars</u>	<u>₹</u>	<u>₹</u>
(a) Balance of SWDF brought forward :		(a) 373,564
(b) Allocation from SWDF during the financial year :		(b) 151,500
(c) Interest received during the financial year :		(c) 8
(d) Expenditure under SWDF during the financial year:		
1. Expenditure for projects under scope A	145,234	
2. Expenditure for projects under scope B (non-IT)	--	
3. Expenditure for projects under scope B (IT)	--	
4. Expenditure for projects under scope C	241,765	
5. Expenditure for administrative support	20,675	
Total expenditure during the financial year:	(d) 407,674	
(e) Balance carried forward to the next financial year :		(e) 117,398
(e) = (a) + (b) + (c) - (d)		

The above expenditures under the SWDF have been incurred in accordance with the requirements stipulated in SWDF Guidance Notes for Application, SWD's approval letters and the procurement of projects and services are in line with the procedures specified in the Lotteries Fund Manual.

CHRISTIAN CONCERN FOR THE HOMELESS ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

11. AMOUNT DUE TO A RELATED COMPANY

The amount due to a related company is unsecured, interest free and has no fixed repayment term.

12. FUND ACCOUNTS

Fund accounts consist of three separate funds, namely Capital fund, Service development fund and Social Welfare Department reserve fund. Movements in individual fund accounts during the year are set out in the statement of changes in funds on page 8.

(a) Capital fund

Capital fund was set up to support future property maintenance and purchase of property, plant and equipment.

(b) Service development fund

Service development fund was set up for future service development of the Association.

(c) Social Welfare Department reserve fund

Social Welfare Department reserve fund was granted by the Social Welfare Department.

CHRISTIAN CONCERN FOR THE HOMELESS ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

13. RECONCILIATION OF SURPLUS/(DEFICIT) FOR THE YEAR TO NET CASH FROM OPERATING ACTIVITIES

	<u>2017</u>	<u>2016</u>
	\$	\$
Surplus/(Deficit) for the year	391,152	(393,888)
Adjustments for:		
Interest income	(78,732)	(117,825)
Impairment loss on disposal of property, plant and equipment	--	90
Depreciation	545,952	469,115
Gain on disposal of property, plant and equipment	(60)	--
Surplus/(Deficit) before working capital changes	<u>858,312</u>	<u>(42,508)</u>
Decrease in accounts receivable	15,765	13,435
Decrease/(Increase) in prepayments and deposits	14,547	(7,647)
Decrease in other accounts receivable	42,649	178,753
Increase/(Decrease) in accruals and other accounts payable	49,706	(26,959)
Increase in advanced receipts	21,288	138,212
Decrease in designated fund	(35,630)	(59,323)
(Decrease)/Increase in designated fund – Social Welfare Development fund	(256,166)	229,049
Decrease in amount due to a related company	(22,331)	(8,862)
Net cash from operating activities	<u><u>688,140</u></u>	<u><u>414,150</u></u>

14. OPERATING LEASE COMMITMENTS

At March 31, 2017, the Association had commitments for future minimum lease payments in respect of land and buildings under non-cancellable operating lease which fall due as follows:

	<u>2017</u>	<u>2016</u>
	\$	\$
Within 1 year	318,000	144,000
After 1 year but within 5 years	85,500	144,000
	<u><u>403,500</u></u>	<u><u>288,000</u></u>

CHRISTIAN CONCERN FOR THE HOMELESS ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

15. FINANCIAL RISK MANAGEMENT

The Association's activities are exposed to a variety of financial risks as summarised below:

(a) Interest rate risk

As the Association has no significant interest-bearing liabilities, it exposes to interest rate risk primarily to the bank deposits. In the opinion of the executive councillors, the interest rate risk is minimal.

(b) Foreign exchange risk

Most of the Association's monetary assets and liabilities are denominated in Hong Kong dollars, and the Association conducted its operation principally in Hong Kong dollars. Therefore, the foreign exchange risk is not significant.

(c) Credit risk

The Association is not subject to significant credit risk.

(d) Liquidity risk

The Association has policies to maintain continuity of funding to meet its liabilities. In the opinion of the executive councillors, the Association has a solid financial position, and the exposure to liquidity risk is minimal.

16. CAPITAL MANAGEMENT

The Association's primary objectives when managing capital are to safeguard the Association's ability to continue as a going concern, so that it can continue to provide benefits for its stakeholders.

The Association regularly reviews and manages its capital structure and makes adjustments to the capital structure in light of changes in economic conditions.

The capital comprises all components of funds and reserves, and the Association's management are of the opinion that they have monitored the capital under satisfactory level for the year.