



## TO THE MEMBERS OF THE DUTY LAWYER SERVICE

*(Incorporated in Hong Kong with liability limited by guarantee)*

### INDEPENDENT AUDITOR'S REPORT

We have audited the financial statements of The Duty Lawyer Service (the "Service") set out on pages 91 to 106, which comprise the statement of financial position as at March 31, 2016, and the statement of comprehensive income, statement of changes in reserves and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### *Council members' responsibility for the financial statements*

The council members are responsible for the preparation of financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance, and for such internal control as the council members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditor's responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. This report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Service's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Service's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the council members, as well as evaluating the overall presentation of the financial statements.

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

#### *Opinion*

In our opinion, the financial statements give a true and fair view of the financial position of the Service as at March 31, 2016, and of its financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

**Yong Zheng CPA Limited**  
*Certified Public Accountants*

**Chan Ku Kin Thomas**  
*Practising Certificate no. P02145*

Hong Kong, 21 Jul 2016



**THE DUTY LAWYER SERVICE  
(LIMITED BY GUARANTEE)  
STATEMENT OF COMPREHENSIVE INCOME  
For the year ended March 31, 2016**

	Note	2016 HK\$	2015 HK\$
Operating income	(4)	124,227,650	122,095,420
Other income		<u>135,683</u>	<u>246,934</u>
Total income		124,363,333	122,342,354
Legal cost		(65,925,823)	(61,442,391)
Administrative expenses		(60,712,302)	(57,661,200)
(Deficit) Surplus for the year	(5)	(2,274,792)	3,238,763
Other comprehensive income for the year		<u>---</u>	<u>---</u>
Total comprehensive (deficit) surplus for the year	(10)	<u>(2,274,792)</u>	<u>3,238,763</u>

The notes on pages 95 to 106 form an integral part of these financial statements.



**THE DUTY LAWYER SERVICE  
(LIMITED BY GUARANTEE)  
STATEMENT OF CHANGES IN RESERVES  
For the year ended March 31, 2016**

	<b>Capital reserve HK\$</b>	<b>Revenue reserve HK\$</b>	<b>Government reserve HK\$</b>	<b>Total HK\$</b>
At 1/4/2014	3,226,117	2,654,733	4,170,189	10,051,039
Surplus and total comprehensive surplus for the year	---	3,238,763	---	3,238,763
Excess surplus transferred from Revenue reserve to Government reserve	---	(3,122,913)	3,122,913	---
Amount transferred to recurrent subvention	---	---	(4,156,689)	(4,156,689)
At 31/3/2015 and 1/4/2015	3,226,117	2,770,583	3,136,413	9,133,113
Deficit and total comprehensive deficit for the year	---	(2,274,792)	---	(2,274,792)
Amount transferred to recurrent subvention	--	---	(3,136,413)	(3,136,413)
At 31/3/2016	<u>3,226,117</u>	<u>495,791</u>	<u>---</u>	<u>3,721,908</u>

The notes on pages 95 to 106 form an integral part of these financial statements.



**THE DUTY LAWYER SERVICE  
(LIMITED BY GUARANTEE)  
STATEMENT OF FINANCIAL POSITION  
As at March 31, 2016**

	Note	2016 HK\$	2015 HK\$
<b>Current assets</b>			
Accounts receivable – Care or Protection Proceedings			
Scheme	(8) / (11a)	395,045	458,910
Accounts receivable – Convention Against Torture			
Scheme	(8) / (12a)	22,946,335	17,690,383
Accounts receivable – Free Legal Advice Scheme	(8) / (13a)	45,000	58,500
Deposits and prepayments	(8)	3,451,289	2,909,589
Fixed deposits with banks	(14)	10,000,000	25,361,016
Other bank balances and cash	(14)	4,765,121	4,280,394
		<u>41,602,790</u>	<u>50,758,792</u>
<b>Current liabilities</b>			
Legal fee payable	(9)	4,304,400	5,136,720
Legal fee payable and accruals – Care or Protection Proceedings Scheme	(9) / (11a)	108,697	187,290
Legal fee payable and accruals – Convention Against Torture Scheme	(9) / (12a)	12,174,280	17,081,599
Legal fee payable and accruals – Free Legal Advice Scheme	(9) / (13a)	45,000	38,400
Accounts payable and accruals	(9)	2,695,690	1,785,951
Accrued liabilities for untaken leave of employees	(15)	18,552,815	17,395,719
		<u>37,880,882</u>	<u>41,625,679</u>
<b>Net assets</b>		<u>3,721,908</u>	<u>9,133,113</u>
<b>Reserves</b>	(10)	<u>3,721,908</u>	<u>9,133,113</u>

Approved and authorised for issue by the Council on 21 Jul 2016

Yeung Man Chung, Charles  
*Council Member*

Wong Ng Kit Wah, Cecilia  
*Council Member*

Grace S. Wong  
*Administrator*

The notes on pages 95 to 106 form an integral part of these financial statements.



**THE DUTY LAWYER SERVICE  
(LIMITED BY GUARANTEE)  
STATEMENT OF CASH FLOWS  
For the year ended March 31, 2016**

	Note	2016 HK\$	2015 HK\$
<b>Cash flow from operating activities</b>			
(Deficit) Surplus for the year		(2,274,792)	3,238,763
Adjustments for:			
Amount transferred to recurrent subvention from Government reserve		(3,136,413)	(4,156,689)
Interest income		<u>(66,534)</u>	<u>(201,348)</u>
		(5,477,739)	(1,119,274)
Increase in accounts receivable		(5,178,587)	(4,814,843)
Increase in deposits and prepayments		(541,700)	(1,890,867)
(Decrease) Increase in legal fee payable, accounts payable and accruals		(4,901,893)	14,073,568
Increase in accrued liabilities for untaken leave of employees		<u>1,157,096</u>	<u>1,415,794</u>
Cash (used in) generated from operations		(14,942,823)	7,664,378
Interest received		<u>66,534</u>	<u>201,348</u>
<i>Net cash (used in) generated from operating activities</i>		<u>(14,876,289)</u>	<u>7,865,726</u>
<b>Net (decrease) increase in cash and cash equivalents</b>		(14,876,289)	7,865,726
<b>Cash and cash equivalents at the beginning of the year</b>		<u>29,641,410</u>	<u>21,775,684</u>
<b>Cash and cash equivalents at the end of the year</b>	(14)	<u><u>14,765,121</u></u>	<u><u>29,641,410</u></u>

The notes on pages 95 to 106 form an integral part of these financial statements.



**THE DUTY LAWYER SERVICE  
(LIMITED BY GUARANTEE)  
NOTES TO THE FINANCIAL STATEMENTS  
For the year ended March 31, 2016**

**(1) General**

The Law Society Legal Advice and Duty Lawyer Schemes were incorporated in Hong Kong under the predecessor Hong Kong Companies Ordinance (Cap. 32) as The Duty Lawyer Service (the “Service”) on August 17, 1993 as a company limited by guarantee and with no share capital. The registered office of the Service is located at 23/F., Asia Orient Tower, Town Place, 33 Lockhart Road, Wanchai, Hong Kong.

The principal activities of the Service during the year were operation of the Duty Lawyer Scheme, the Free Legal Advice Scheme, the Tel-Law Scheme, the Care or Protection Scheme and the Convention Against Torture Scheme.

The Service is fully subvented by the Hong Kong Special Administrative Region Government (“the Government”) and is independently managed and administered jointly by the Hong Kong Bar Association and the Law Society of Hong Kong through the Council of the Service.

**(2) Adoption of new and amended accounting standards**

The Hong Kong Institute of Certified Public Accountants (“HKICPA”) has issued a number of new and amended Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations (“INT”), that are first effective for the current accounting period of the Service. However, the adoption of these new and amended HKFRSs by the Service has no material effects on the Service’s financial performance and position.

**(3) Significant accounting policies**

These financial statements have been prepared in accordance with all applicable HKFRSs issued by the HKICPA, accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. The measurement basis used in the preparation of the financial statements is the historical cost basis. A summary of the significant accounting policies adopted by the Service is set out below:



### **(3) Significant accounting policies (continued)**

#### **(a) Basis of preparation of financial statements**

These financial statements have been prepared in conformity with the principles applicable to a going concern as the Service is an organisation fully subvented by the Government.

#### **(b) Accounts receivable, deposits and prepayments**

Accounts receivable, deposits and prepayments are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less impairment losses, if any. At the end of each reporting period, the Service assesses whether there is any objective evidence that a receivable or group of receivables is impaired. The objective evidence includes observable data that the Service will not be able to collect all amounts due according to the original terms of receivables. The amount of the impairment loss is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of the impairment loss is recognised in the statement of comprehensive income.

#### **(c) Accounts payable, legal fee payable and accruals**

Accounts payable, legal fee payable and accruals are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, unless the effect of discounting would be immaterial, in which case they are stated at cost.

#### **(d) Provisions and contingent liabilities**

Provisions are recognised for liabilities of uncertain timing or amount when the Service has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate of the amount of obligation can be made. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, provisions are stated at the present value of the expenditures expected to be required to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.



### (3) Significant accounting policies (continued)

#### (e) Revenue recognition

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

- (i) Subvention income is recognised when the approval has been given by the Government and there is reasonable assurance that the subvention income will be received.
- (ii) Handling fee income arising from handling defendant cases are accounted for when the services are rendered.
- (iii) Interest income is recognised as it accrues using the effective interest method.

#### (f) Operating leases

Leases which do not transfer substantially all the risks and rewards of ownership of assets to the Service are classified as operating leases.

Payments made under operating leases are charged to the statement of comprehensive income in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset.





### (3) Significant accounting policies (continued)

#### (g) Related parties

- (i) A person, or a close member of that person's family, is related to the Service if that person:
  - (a) has control or joint control over the Service;
  - (b) has significant influence over the Service; or
  - (c) is a member of the key management personnel of the Service.
  
- (ii) An entity is related to the Service if any of the following conditions applies:
  - (a) The entity is a post-employment benefit plan for the benefit of employees of either the Service or an entity related to the Service.
  - (b) The entity is controlled or jointly controlled by a person identified in note (3)(g)(i).
  - (c) A person identified in note (3)(g)(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).
  - (d) The entity, or any member of a group of which it is a part, provides key management personnel services to the Service.

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 Service.

#### (h) Employee benefits

Salaries, housing allowance, 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 of the Service. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

#### (i) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Service's cash management are also included as a component of cash and cash equivalents for the purpose of the statement of cash flows.



**(4) Operating income**

	<b>2016</b>	<b>2015</b>
	HK\$	HK\$
Operating income represents recurrent subvention from the Government and handling fee income and is analysed as follows:		
Recurrent subvention	122,025,000	119,934,000
Handling fee income	2,202,650	2,161,420
	<u>124,227,650</u>	<u>122,095,420</u>

**(5) (Deficit) Surplus for the year**

	<b>2016</b>	<b>2015</b>
	HK\$	HK\$
<i>(Deficit) Surplus for the year is arrived at after charging:</i>		
Auditors' remuneration	82,500	75,000
Minimum lease payments on properties under operating leases	3,314,482	2,879,556
Less: Amount reimbursed by CAT Scheme (Note 12)	<u>(1,418,290)</u>	<u>(1,092,000)</u>
Amount charged to statement of comprehensive income	1,896,192	1,787,556
Employee benefit expenses:		
Contributions to defined contribution retirement plans	8,967,603	8,316,448
Less: Amount reimbursed by CAT Scheme (Note 12)	<u>(3,256,097)</u>	<u>(2,970,606)</u>
Amount reimbursed by C or P Scheme (Note 11)	<u>(300,127)</u>	<u>(244,472)</u>
- Amount charged to statement of comprehensive income	5,411,379	5,101,370
Salaries, allowances and other employee benefits	78,770,280	74,119,644
Less: Amount reimbursed by CAT Scheme (Note 12)	<u>(30,786,862)</u>	<u>(28,701,309)</u>
Amount reimbursed by C or P Scheme (Note 11)	<u>(2,487,030)</u>	<u>(2,234,613)</u>
- Amount charged to statement of comprehensive income	45,496,388	43,183,722
- Net increase in accrued liabilities for untaken leave of employees	<u>1,157,096</u>	<u>1,415,794</u>
<i>and after crediting:</i>		
Interest income	<u>66,534</u>	<u>201,348</u>



**(6) Disclosure of benefits and interests of council members pursuant to the Hong Kong Companies Ordinance**

*(A) Council members' emoluments*

Remuneration of the council members of the Service disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance is as follows:

	<b>2016</b>	<b>2015</b>
	HK\$	HK\$
Fees and other emoluments	=====	-----

*(B) Material interests of council members in transactions, arrangements or contracts*

There were no transactions, arrangements or contracts of significance entered into or subsisted during the year to which the Service was a party and in which a council member of the Service had, directly or indirectly, a material interest.

**(7) Taxation**

The Service has been granted tax exemption under section 88 of the Hong Kong Inland Revenue Ordinance. Accordingly, no provision for Hong Kong profits tax is required to be made.

**(8) Accounts receivable, deposits and prepayments**

Accounts receivable, deposits and prepayments are expected to be recovered within one year and as the discounting effect will be immaterial, their carrying amounts are reasonable approximations of their fair values.

**(9) Accounts payable, legal fee payable and accruals**

Accounts payable, legal fee payable and accruals are due to be settled within one year and as the discounting effect will be immaterial, their carrying amounts are reasonable approximations of their fair values.



**(10) Reserves**

	<b>Capital reserve (Note a) HK\$</b>	<b>Revenue reserve (Note b) HK\$</b>	<b>Government reserve (Note c) HK\$</b>	<b>Total HK\$</b>
At 1/4/2014	3,226,117	2,654,733	4,170,189	10,051,039
Surplus and total comprehensive surplus for the year	---	3,238,763	---	3,238,763
Excess surplus transferred from Revenue reserve to Government reserve	---	(3,122,913)	3,122,913	---
Amount transferred to recurrent subvention	---	---	(4,156,689)	(4,156,689)
At 31/3/2015	<u>3,226,117</u>	<u>2,770,583</u>	<u>3,136,413</u>	<u>9,133,113</u>
Deficit and total comprehensive deficit for the year	---	(2,274,792)	---	(2,274,792)
Amount transferred to recurrent subvention	---	---	(3,136,413)	(3,136,413)
At 31/3/2016	<u>3,226,117</u>	<u>495,791</u>	<u>---</u>	<u>3,721,908</u>

Note:

- (a) The Capital reserve represents the fair value of the net assets of The Law Society Legal Advice and Duty Lawyer Schemes which were transferred to the Service on the date of its incorporation for no consideration.
- (b) The Revenue reserve represents the accumulated surplus or deficit generated by the Service. The accumulated surplus is restricted to a maximum amount that can be carried by the Service in accordance with the terms of the Memorandum of Administrative Arrangements issued by the Government from time to time.
- (c) The Government reserve represents the excess surplus transferred from Revenue reserve and will be transferred to the subvention account as instructed by the Government.



### (11) Legal Representation Scheme for Children/Juveniles in Care or Protection Proceedings

- (a) The balances represent the receivable and payable on behalf of the Legal Representation Scheme for Children/Juveniles in Care or Protection Proceedings (“C or P Scheme”).
- (b) The Service received subvention from the Labour and Welfare Bureau of the Government and paid the related expenses on their behalf for the running of the C or P Scheme. The relevant subvention and expenditures for the year are as follows:

	2016 HK\$	2015 HK\$
Subvention – C or P Scheme	4,428,846	4,265,864
Capital expenditure	---	---
Personal emoluments	(2,787,157)	(2,479,085)
Legal cost and operating cost	<u>(1,641,689)</u>	<u>(1,786,779)</u>
	<u>---</u>	<u>---</u>

- (c) Apart from the above, the Labour and Welfare Bureau also paid an amount of HK\$271,370 (2015: HK\$350,764) to the Home Affairs Bureau for their share of the common costs in operation of the C or P Scheme and the Service’s schemes subvented by the Home Affairs Bureau.

### (12) Legal Assistance Scheme for Convention Against Torture

- (a) The balances represent the receivable and payable on behalf of the Legal Assistance Scheme for Convention Against Torture (“CAT Scheme”).
- (b) The Service received subvention from the Home Affairs Bureau of the Government and paid the related expenses on their behalf for the running of the CAT Scheme. The relevant subvention and expenditures for the year are as follows:

	2016 HK\$	2015 HK\$
Subvention – CAT Scheme	109,540,769	98,185,307
Litigation costs for judicial review cases recovered	675,600	---
Capital expenditure	(875,085)	---
Personal emoluments	(34,042,959)	(31,671,915)
Legal cost and operating cost	<u>(75,298,325)</u>	<u>(66,513,392)</u>
	<u>---</u>	<u>---</u>



### (13) Free Legal Advice Scheme

- (a) The balances represent the receivable and payable on behalf of the Free Legal Advice Scheme (“FLAS Scheme”).
- (b) The Service received volunteer lawyers allowances from the Home Affairs Bureau of the Government and paid the allowances to the volunteer lawyers on their behalf for the running of the FLAS Scheme. The amount of allowances received and paid for the year are as follows:

	<b>2016</b>	<b>2015</b>
	HK\$	HK\$
Reimbursement of volunteer lawyers allowances for the FLAS Scheme	442,200	425,700
Volunteer lawyers allowances	<u>(442,200)</u>	<u>(425,700)</u>
	<u>---</u>	<u>---</u>

### (14) Cash and cash equivalents

	<b>2016</b>	<b>2015</b>
	HK\$	HK\$
Fixed deposits with banks	10,000,000	25,361,016
Other bank balances and cash	<u>4,765,121</u>	<u>4,280,394</u>
	<u>14,765,121</u>	<u>29,641,410</u>

### (15) Accrued liabilities for untaken leave of employees

	<b>2016</b>	<b>2015</b>
	HK\$	HK\$
Accrued liabilities for untaken leave of employees	<u>18,552,815</u>	<u>17,395,719</u>

The accrued liabilities for untaken leave of employees is calculated with reference to the accumulated untaken leave entitled by the employees and based on the applicable salary and allowances and the amount of contributions payable to the defined contribution retirement plan.



## (16) Operating lease arrangements

At March 31, 2016, the Service had total future minimum lease payments in respect of land and buildings under non-cancellable operating leases which are payable as follows:

	<b>2016</b>	<b>2015</b>
	HK\$	HK\$
No later than one year	2,886,860	3,002,063
Later than one year and not later than five years	<u>68,538</u>	<u>2,623,853</u>
	<u><u>2,955,398</u></u>	<u><u>5,625,916</u></u>

## (17) Financial risk management

The Service is an organisation receiving government subvention. The financial assets of the Service comprise of accounts receivable, deposits and prepayments and deposits with banks and the financial liabilities of the Service comprise of accrued liabilities for untaken leave of employees, accounts payable, legal fee payable and accruals. All the financial assets are held at current basis and adjustable to match with the requirements of the Service. At the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of each financial asset. The Service has also, in all material respects, complied with the government subvention requirements such that the Service has no significant exposure to credit risk and liquidity risk.



## (18) Reserves management

The Duty Lawyer Service is an organisation fully subvented by the Government. The Service is a company with liability limited by guarantee and its capital structure comprises of all the reserves as detailed in note (10) above.

The Service's primary objectives when managing reserves are to safeguard the Service's ability to continue as a going concern, so that it can continue to maintain the government subvented operations of the legal assistance schemes. The Governing Council of the Service meets regularly to oversee and direct the Service's operations generally, formulate and review existing policy so as to ensure that the Service effectively and efficiently operates these schemes.

As in prior years, the Service maintains the amount of reserves according to their designated purposes, which comprises of all capital reserve, revenue reserve and government reserve. According to the Memorandum of Administrative Arrangements between the Government and the Duty Lawyer Service, the total cumulative reserve carried by the Service shall not exceed five percent (5%) of the approved annual recurrent subvention in that year. If at the end of a financial year the level of reserve exceeds the approved level, the excess amount will be, at the direction of the Government, netted off against the following year's subvention.

The reserves of the Service at March 31, 2016 amounted to HK\$3,721,908 (2015: HK\$9,133,113). Movements of the reserves of the Service are detailed in note (10) above.





**(19) Hong Kong Financial Reporting Standards issued but not yet effective for the year ended March 31, 2016**

The HKICPA has issued a number of new and amended HKFRSs which are not yet effective for the accounting period ended March 31, 2016 and which have not been adopted in these financial statements.

Of these developments, the followings relate to matters that may be relevant to the Service's operations and financial statements:

	<b>Effective for accounting period beginning on or after</b>
Annual Improvements to HKFRSs 2012 – 2014 Cycle	January 1, 2016
Amendments to HKAS 1 Disclosure Initiative	January 1, 2016
HKFRS 9 (2014) Financial Instruments	January 1, 2018
HKFRS 15 Revenue from Contracts with Customers	January 1, 2018
HKFRS 16 Leases	January 1, 2019

The Service is in the process of making an assessment of what the impact is expected to be in the period of initial application. So far it has concluded that while the adoption may result in new or amended disclosures, it is unlikely to have a significant impact on the Service's financial performance and financial position.