

REPORT BY THE TRUSTEE

of the

CUSTOMS AND EXCISE SERVICE

CHILDREN'S EDUCATION TRUST FUND

FOR THE YEAR

1 APRIL 2013 To 31 MARCH 2014

**Report by the Trustee
of the Customs and Excise Service Children's Education Trust Fund
for the year from 1 April 2013 to 31 March 2014**

INTRODUCTION

The Customs and Excise Service Children's Education Trust Fund Ordinance (the Ordinance) (Cap. 551) came into operation on 21 July 2000.

2. In accordance with section 4 of the Ordinance, the Commissioner of Customs and Excise shall be the Trustee of the Customs and Excise Service Children's Education Trust Fund (the Fund). As required by section 11 of the Ordinance, I take pleasure in presenting to the President and Honourable Members of the Legislative Council a copy of the signed and audited statement of accounts, the Director of Audit's report and my report on administration of the Fund for the year running from 1 April 2013 to 31 March 2014.

3. The Fund was started with a generous donation of \$300,000 granted by the Board of Management of the Chinese Permanent Cemeteries in September 1997. Over the years, individual donors have contributed an additional sum of \$6,250,000 towards operation of the Fund.

OBJECTS OF THE FUND

4. In accordance with section 5 of the Ordinance, the Trustee shall apply the Fund

in such manner and to such extent as the Customs and Excise Service Children's Education Trust Fund Committee (the Committee) may, in its absolute discretion, direct for the following objects :-

- (a) to provide assistance in, and facilities for, the higher education of the children of customs officers;
- (b) to provide assistance in, and facilities for, the education and training of handicapped children of customs officers; and
- (c) such other objects ancillary or incidental to the objects referred to in paragraphs (a) and (b) as the Committee may consider appropriate.

THE COMMITTEE AND THE INVESTMENT ADVISORY BOARD

5. The Committee was formed in accordance with section 6 of the Ordinance for management of the Fund. The Financial Secretary appointed Mr. Steve LAU Hon-wah as the Chairman, together with Mr. Martin LEE Ka-shing, Mr. Benedict SIN Nga-yau and Ms. LAM Cheuk-wing as members of the Committee for a period of two years with effect from 1 August 2012. A membership list is at **Appendix I**.

6. The Investment Advisory Board (the Board) was formed in accordance with section 10 of the Ordinance to guide the Trustee on placing of money drawn from the Fund in investments other than those authorized under the Trustee Ordinance (Cap.29). The Financial Secretary appointed Mr. Richard TANG Yat-sun as the Chairman, together with Dr. Francis CHOI Chee-ming, Mr. WONG Cho-bau, Mr. Howard YEUNG Ping-leung and Ms. LAU Yiu-hung as members of the Board for a period of

two years with effect from 1 August 2012. A membership list is at **Appendix II**.

7. Under section 9 of the Ordinance, the Trustee may, subject to prior approval of the Committee, place any money drawn from the Fund in investments authorized under the Trustee Ordinance (Cap.29) or recommended by the Board.

MEETING

8. With major decisions having made by circulation, the Committee met on 18 June 2013 to review the administration of the Fund.

GRANTS

9. From 1 April 2013 to 31 March 2014, a total sum of \$393,996 was approved and distributed to 138 eligible applicants, including \$268,000 to 134 eligible applicants in the form of book grant, \$99,996 to six eligible applicants in the form of scholarship and \$26,000 to four eligible applicants as special grant for their handicapped children.

Details are as follows :-

	<u>Name of Child</u>	<u>Curriculum / Education Institution</u>	<u>Book Grant</u> <u>(\$)</u>	<u>Scholarship</u> <u>(\$)</u>	<u>Special Grant</u> <u>(\$)</u>
1.	HON Hoo-kong	Bachelor of Arts / The Chinese University of Hong Kong	2,000	16,666	
2.	HUI Wing-san	Bachelor of Education / The Chinese University of Hong Kong	2,000		
3.	CHAN Ngo-fung	Bachelor of Science / The Chinese University of Hong Kong	2,000		
4.	IP Man-hei	Bachelor of Engineering / The Chinese University of Hong Kong	2,000		

	<u>Name of Child</u>	<u>Curriculum / Education Institution</u>	<u>Book Grant</u> <u>(\$)</u>	<u>Scholarship</u> <u>(\$)</u>	<u>Special Grant</u> <u>(\$)</u>
5.	LI Tsz-chung, Christopher	Bachelor of Social Science / The Chinese University of Hong Kong	2,000		
6.	YIM Yat-long	Bachelor of Science / The Chinese University of Hong Kong	2,000		
7.	YUAN Hai-chian	Bachelor of Nursing / The Chinese University of Hong Kong	2,000		
8.	CHEUNG Tsz-lam	Bachelor of Medicine and Bachelor of Surgery / The Chinese University of Hong Kong	2,000		
9.	LIU Wing-sum	Bachelor of Education / The Chinese University of Hong Kong	2,000		
10.	TSE Sha-pik, Sabrina	Bachelor of Social Science / The Chinese University of Hong Kong	2,000		
11.	HO Ka-man	Bachelor of Engineering / The Chinese University of Hong Kong	2,000		
12.	HONG Kiu	Bachelor of Business Administration / The Chinese University of Hong Kong	2,000		
13.	KWAN Hoi-lam	Bachelor of Medicine and Bachelor of Surgery / The Chinese University of Hong Kong	2,000		
14.	WONG Yui-yiu	Bachelor of Engineering / The Chinese University of Hong Kong	2,000		
15.	KUM Lok-yin	Bachelor of Nursing / The Chinese University of Hong Kong	2,000		
16.	WONG Suet-wing	Bachelor of Medicine and Bachelor of Surgery / The Chinese University of Hong Kong	2,000		
17.	POON Pan-hin	Bachelor of Science / The Chinese University of Hong Kong	2,000		
18.	TAM Chun-hin	Bachelor of Nursing / The Chinese University of Hong Kong	2,000		
19.	LI Chit-yiu	Bachelor of Engineering / The Chinese University of Hong Kong	2,000		
20.	YU Kwok-yin	Bachelor of Social Sciences / Hong Kong Baptist University	2,000	16,666	
21.	LAM Chin-kiu, Phoebe	Bachelor of Business Administration / Hong Kong Baptist University	2,000	16,666	

	<u>Name of Child</u>	<u>Curriculum / Education Institution</u>	<u>Book Grant</u> <u>(\$)</u>	<u>Scholarship</u> <u>(\$)</u>	<u>Special Grant</u> <u>(\$)</u>
22.	CHENG Hiu-lam, Sally	Associate of Science / Hong Kong Baptist University College of International Education	2,000		
23.	LEE Chun-yiu	Bachelor of Social Sciences / Hong Kong Baptist University College of International Education	2,000		
24.	CHANG Tsz-yin	Bachelor of Social Sciences / Hong Kong Baptist University College of International Education	2,000		
25.	HON Shing-yin	Bachelor of Arts / Hong Kong Baptist University	2,000		
26.	HO Chun-ye, Jadis	Bachelor of Arts / Hong Kong Baptist University	2,000		
27.	LEE Tsz-lun	Associate of Science / Hong Kong Baptist University College of International Education	2,000		
28.	CHEUNG Wing-kei	Bachelor of Social Sciences / Hong Kong Baptist University College of International Education	2,000		
29.	YUEN Sze-ngai	Bachelor of Science / Hong Kong Baptist University	2,000		
30.	NG Yuen-nam	Associate of Arts / Hong Kong Baptist University College of International Education	2,000		
31.	MA Hoi-yan, Coco	Bachelor of Nursing / The University of Hong Kong	2,000	16,666	
32.	CHOI Yiu-fai	Bachelor of Arts / The University of Hong Kong	2,000		
33.	YAU Sin-ki	Bachelor of Arts / The University of Hong Kong	2,000		
34.	CHO Yu-hin, Jeffrey	Bachelor of Business Administration / The University of Hong Kong	2,000		
35.	WAN Tze-kit	Bachelor of Medicine and Bachelor of Surgery / The University of Hong Kong	2,000		
36.	CHAN Hiu-ying, Daisy	Bachelor of Science / The University of Hong Kong	2,000		
37.	LEE Wah-foon, Matthew	Bachelor of Social Sciences / The University of Hong Kong	2,000		
38.	LEE Nam-kit	Bachelor of Science / The University of Hong Kong	2,000		
39.	LI Chun-wing, Eric	Bachelor of Social Sciences / The University of Hong Kong	2,000		
40.	CHIM Chor-kiu	Bachelor of Journalism / The University of Hong Kong	2,000		

	<u>Name of Child</u>	<u>Curriculum / Education Institution</u>	<u>Book Grant</u> <u>(\$)</u>	<u>Scholarship</u> <u>(\$)</u>	<u>Special Grant</u> <u>(\$)</u>
41.	LIM Ching-fung	Bachelor of Social Sciences / The University of Hong Kong	2,000		
42.	PONG Hiu-ying, Cynthia	Bachelor of Arts / The University of Hong Kong	2,000		
43.	YUEN Lok-yi, Stephanie	Bachelor of Social Sciences / The University of Hong Kong	2,000		
44.	YU Ka-wing	Associate of Business Administration / The University of Hong Kong SPACE Community College	2,000		
45.	YANG Siu-ki	Higher Diploma / The University of Hong Kong SPACE Community College	2,000		
46.	OR Ming-ho	Associate of Science / The University of Hong Kong SPACE Community College	2,000		
47.	LIN Wing-hong	Associate of Science / The University of Hong Kong SPACE Community College	2,000		
48.	WONG Cheuk-bond	Associate of Applied Science / The University of Hong Kong SPACE Community College	2,000		
49.	LAI Wai-ho	Bachelor of Science / The University of Hong Kong SPACE Community College	2,000		
50.	WONG Yik-ching	Higher Diploma / The University of Hong Kong SPACE Community College	2,000		
51.	LEE Ho-wai	Associate of Applied Science / The University of Hong Kong SPACE Community College	2,000		
52.	TANG Long-him	Bachelor of Arts / The University of Hong Kong SPACE Community College	2,000		
53.	LOK Hui-ting	Bachelor of Arts / City University of Hong Kong	2,000	16,666	
54.	CHAN Fat-tim	Bachelor of Engineering / City University of Hong Kong	2,000	16,666	
55.	CHAN Po-ki	Bachelor of Social Sciences / City University of Hong Kong	2,000		
56.	CHAN Hok-wang	Bachelor of Business Administration / City University of Hong Kong	2,000		
57.	HUNG Nok-hang	Bachelor of Social Sciences / City University of Hong Kong	2,000		

	<u>Name of Child</u>	<u>Curriculum / Education Institution</u>	<u>Book Grant</u> <u>(\$)</u>	<u>Scholarship</u> <u>(\$)</u>	<u>Special Grant</u> <u>(\$)</u>
58.	NG Yin-ho	Bachelor of Engineering / City University of Hong Kong	2,000		
59.	CHENG Yee-ki, Imelda	Bachelor of Social Sciences / City University of Hong Kong	2,000		
60.	CHICK Yue-hin, Matthew	Bachelor of Arts / City University of Hong Kong	2,000		
61.	HO Yin-cheung	Bachelor of Engineering / City University of Hong Kong	2,000		
62.	WONG Long-hei	Bachelor of Science / City University of Hong Kong	2,000		
63.	AU YEUNG Wai-shan	Bachelor of Arts / City University of Hong Kong	2,000		
64.	WONG Chun-ming	Bachelor of Engineering / City University of Hong Kong	2,000		
65.	SIN Wing-tung	Associate of Arts / Community College of City University of Hong Kong	2,000		
66.	FAN Hiu-ching	Associate of Social Sciences / Community College of City University of Hong Kong	2,000		
67.	HUNG Nok-yee	Associate of Business Administration / Community College of City University of Hong Kong	2,000		
68.	CHAN Wing-ka	Associate of Social Sciences / Community College of City University of Hong Kong	2,000		
69.	YEUNG Tsz-ying	Associate of Business Administration / Community College of City University of Hong Kong	2,000		
70.	FUNG Wing-man, Erica	Bachelor of Science / The Hong Kong Polytechnic University	2,000		
71.	LEUNG Kin-long	Bachelor of Engineering and Bachelor of Business Administration / The Hong Kong Polytechnic University	2,000		
72.	CHEUNG Ka-ying	Bachelor of Arts / The Hong Kong Polytechnic University	2,000		
73.	SHUM Cheuk-laam	Bachelor of Engineering / The Hong Kong Polytechnic University	2,000		

	<u>Name of Child</u>	<u>Curriculum / Education Institution</u>	<u>Book Grant</u> <u>(\$)</u>	<u>Scholarship</u> <u>(\$)</u>	<u>Special Grant</u> <u>(\$)</u>
74.	LAI Ho-yan	Bachelor of Business Administration / The Hong Kong Polytechnic University	2,000		
75.	LAM Ho, Martin	Bachelor of Engineering / The Hong Kong Polytechnic University	2,000		
76.	LI Ho-yan	Higher Diploma / The Hong Kong Polytechnic University	2,000		
77.	YIP Tsz-hin	Bachelor of Engineering / The Hong Kong Polytechnic University	2,000		
78.	CHAU Cho-kiu	Bachelor of Science / The Hong Kong Polytechnic University	2,000		
79.	WONG Pui-ka, April	Bachelor of Science / The Hong Kong Polytechnic University	2,000		
80.	YU Kit-man	Bachelor of Business Administration / The Hong Kong Polytechnic University	2,000		
81.	HO Ka-ming	Bachelor of Science / The Hong Kong Polytechnic University	2,000		
82.	MA Chun-wing, Kyle	Bachelor of Engineering / The Hong Kong Polytechnic University	2,000		
83.	YIM Tze-ching	Bachelor of Engineering / The Hong Kong Polytechnic University	2,000		
84.	FAN Hiu-fung	Associate in Applied Social Sciences / The Hong Kong Polytechnic University Community College	2,000		
85.	LAU Carrie	Associate in Applied Social Sciences / The Hong Kong Polytechnic University Community College	2,000		
86.	HO Yin-ting	Associate in Engineering / The Hong Kong Polytechnic University Community College	2,000		
87.	TSE Howell	Associate in Business / The Hong Kong Polytechnic University Community College	2,000		
88.	CHU Ho-yin	Associate in Business / The Hong Kong Polytechnic University Community College	2,000		
89.	TANG Ho-ming	Associate in Business / The Hong Kong Polytechnic University Community College	2,000		
90.	LAU Tsz-kwan	Associate in Applied Social Sciences / The Hong Kong Polytechnic University Community College	2,000		

	<u>Name of Child</u>	<u>Curriculum / Education Institution</u>	<u>Book Grant</u> <u>(\$)</u>	<u>Scholarship</u> <u>(\$)</u>	<u>Special Grant</u> <u>(\$)</u>
91.	CHAN Tsz-yu	Bachelor of Social Sciences / The Open University of Hong Kong	2,000		
92.	LEUNG Ching-shuen, Fiona	Bachelor of Business Administration / The Open University of Hong Kong	2,000		
93.	CHAN Tsz-ki	Bachelor of Business Administration / The Open University of Hong Kong	2,000		
94.	HO Hoi-ki	Bachelor of Arts / The Open University of Hong Kong	2,000		
95.	HUI Ka-wai	Bachelor of Nursing / The Open University of Hong Kong	2,000		
96.	KWONG Shu-leung	Higher Diploma / Li Ka Shing Institute of Professional and Continuing Education, OUHK	2,000		
97.	TAM Man-wai	Bachelor of Arts / Hong Kong Shue Yan University	2,000		
98.	TAM Wai-ming	Bachelor of Commerce / Hong Kong Shue Yan University	2,000		
99.	LEE Lok-ching	Bachelor of Business Administration / Hong Kong Shue Yan University	2,000		
100.	LAU Tsz-ching	Bachelor of Social Sciences / Hong Kong Shue Yan University	2,000		
101.	CHEUNG Cheuk-kwan	Bachelor of Arts / Hong Kong Shue Yan University	2,000		
102.	SO Mei-ying, Christy	Bachelor of Commerce / Hong Kong Shue Yan University	2,000		
103.	WONG Wai-tung	Bachelor of Journalism and Communication / Hong Kong Shue Yan University	2,000		
104.	HO Chun-miu, Joyce	Bachelor of Business Administration / Hong Kong Shue Yan University	2,000		
105.	CHU Kin-leung	Bachelor of Science / Hong Kong University of Science & Technology	2,000		
106.	IP Chu-wah, Gary	Bachelor of Business Administration / Hong Kong University of Science & Technology	2,000		
107.	YU Chun-hang	Bachelor of Engineering / Hong Kong University of Science & Technology	2,000		

	<u>Name of Child</u>	<u>Curriculum / Education Institution</u>	<u>Book Grant</u> <u>(\$)</u>	<u>Scholarship</u> <u>(\$)</u>	<u>Special Grant</u> <u>(\$)</u>
108.	CHAU Lai-bun	Bachelor of Engineering / Hong Kong University of Science & Technology	2,000		
109.	KAN Long-ting	Bachelor of Engineering / Hong Kong University of Science & Technology	2,000		
110.	LEUNG Yue-kiu	Bachelor of Science / Hong Kong University of Science & Technology	2,000		
111.	WAN Yu-ching, Janice	Bachelor of Arts / Lingnan University	2,000		
112.	NG Sze-chai, Sally	Bachelor of Business Administration / Lingnan University	2,000		
113.	LEUNG Lok-ki	Advanced Diploma / Lingnan Institute of Further Education	2,000		
114.	SHUM Wun-ting	Bachelor of Health Education / The Hong Kong Institute of Education	2,000		
115.	LAW Ho-pong, Steven	Bachelor of Education / The Hong Kong Institute of Education	2,000		
116.	TAM Wing-kei	Bachelor of Education / The Hong Kong Institute of Education	2,000		
117.	HO Pak-wing	Bachelor of Music in Education / The Hong Kong Institute of Education	2,000		
118.	WONG Hon-yin	Bachelor of Arts / The Hong Kong Institute of Education	2,000		
119.	TAM Pui-ying	Associate of Arts / The Hong Kong Institute of Education	2,000		
120.	LEE Wing-lam, Ada	Bachelor of Arts / Chu Hai College of Higher Education	2,000		
121.	IP Kin-kwok	Bachelor of Arts / Chu Hai College of Higher Education	2,000		
122.	LAW Chun-kit	Bachelor of Business Administration / Chu Hai College of Higher Education	2,000		
123.	LIN Chung-ying	Bachelor of Arts / Centennial College	2,000		
124.	WONG Hong-ni, Carrie	Bachelor of Arts / Centennial College	2,000		
125.	LIU Pok-man	Bachelor of Business Administration / Hang Seng Management College	2,000		
126.	LEUNG Wai-chin, Vivian	Bachelor of Business Administration / Hang Seng Management College	2,000		

<u>Name of Child</u>	<u>Curriculum / Education Institution</u>	<u>Book Grant</u> <u>(\$)</u>	<u>Scholarship</u> <u>(\$)</u>	<u>Special Grant</u> <u>(\$)</u>
127. HO Ching-yin	Bachelor of Business Administration / Hang Seng Management College	2,000		
128. HO Hoi-man	Bachelor of Business Administration / Hang Seng Management College	2,000		
129. HUI Ka-kei	Bachelor of Engineering / Technological and Higher Education Institute of Hong Kong	2,000		
130. LUI Sin-man	Bachelor of Health Science / Tung Wah College	2,000		
131. CHAN Yiu-hei	Bachelor of Fine Arts / The Hong Kong Academy for Performing Arts	2,000		
132. LAM Junny	Higher Diploma / Hong Kong Design Institute	2,000		
133. WONG Chi-kin	Higher Diploma / Hong Kong Institute of Vocational Education	2,000		
134. Muzamil Nadia	Higher Diploma / Hong Kong College of Technology	2,000		
135. TSANG Tsz-sin	Mary Rose School			6,500
136. CHAN Hau-yung	St. Paul's Church Kindergarten			6,500
137. LAM Wun-chit	Precious Blood Primary School			6,500
138. HO Shek-hei	Catiline Anglo-Chinese Kindergarten			6,500

10. Balance of the Fund as at 31 March 2014 amounted to \$4,717,194 with \$6,550,000 in the capital account and an accumulated deficit of \$1,832,806.

AUDITOR

11. The Director of Audit was appointed as auditor of the Fund in accordance with section 11(4) of the Ordinance. The signed and audited statement of accounts as well as the Director's report are at **Appendix III**.

VOTE OF THANKS

12. I would like to thank those serving on the Committee and the Board for steering the Fund through yet another year of successful operation. My gratitude also goes to the Director of Audit for carrying out a thorough examination on financial statements of the Fund.

(Clement Cheung)
Commissioner of Customs and Excise
Trustee,
Customs and Excise Service Children's
Education Trust Fund

25 September 2014

Customs and Excise Service Children's Education Trust Fund Committee

(as at 31 March 2014)

- Chairman : Mr. Steve LAU Hon-wah, S.B.S., J.P.
(appointed by the Financial Secretary)
- Members : Commissioner of Customs and Excise
- Mr. Clement CHEUNG Wan-ching, J.P.
- Officer in charge of Service Welfare Division in the Customs and Excise Department
- Mr. SIN Ying-sang
- Representative of the Customs Officers
- Ms. LAM Cheuk-wing
(appointed by the Financial Secretary)
- Mr. Martin LEE Ka-shing
(appointed by the Financial Secretary)
- Mr. Benedict SIN Nga-yan
(appointed by the Financial Secretary)
- Honorary Treasurer : Mr. MAK Keung-hoi, Senior Treasury Accountant
(Customs and Excise Department)
- Honorary Secretary : Miss Kimberly YU, Executive Officer (Staff Relations)
(Customs and Excise Department)

Customs and Excise Service Children's Education Trust Fund

Investment Advisory Board

(as at 31 March 2014)

Chairman : Mr. Richard TANG Yat-sun, B.B.S., J.P.
(appointed by the Financial Secretary)

Members : Dr. Francis CHOI Chee-ming, G.B.S., J.P.
(appointed by the Financial Secretary)

Mr. WONG Cho-bau, J.P.
(appointed by the Financial Secretary)

Mr. Howard YEUNG Ping-leung
(appointed by the Financial Secretary)

Ms. LAU Yiu-hung
(appointed by the Financial Secretary)



**Customs and Excise Service
Children's Education Trust Fund**

Financial Statements for the year ended 31 March 2014

Report of the Director of Audit



Audit Commission
The Government of the Hong Kong Special Administrative Region

Independent Audit Report

To the Legislative Council

I certify that I have audited the financial statements of the Customs and Excise Service Children's Education Trust Fund set out on pages 3 to 11, which comprise the balance sheet as at 31 March 2014, and the income and expenditure account, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Commissioner of Customs and Excise's Responsibility for the Financial Statements

The Commissioner of Customs and Excise is responsible for the preparation of financial statements that give a true and fair view in accordance with section 11(1) to (3) of the Customs and Excise Service Children's Education Trust Fund Ordinance (Cap. 551) and Hong Kong Financial Reporting Standards, and for such internal control as the Commissioner of Customs and Excise determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with section 11(4) of the Customs and Excise Service Children's Education Trust Fund Ordinance and the Audit Commission auditing standards. Those standards require that I 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 entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Commissioner of Customs and Excise, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements give a true and fair view of the financial position of the Customs and Excise Service Children's Education Trust Fund as at 31 March 2014, 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 accordance with section 11(1) to (3) of the Customs and Excise Service Children's Education Trust Fund Ordinance.



Frederick T C WONG
Principal Auditor
for Director of Audit

26 June 2014

Audit Commission
26th Floor
Immigration Tower
7 Gloucester Road
Wanchai, Hong Kong

**Customs and Excise Service Children's Education Trust Fund
Balance Sheet as at 31 March 2014**

	2014	2013
	HK\$	HK\$
Current assets		
Accounts receivable	43,371	23,755
Bank deposits	4,667,976	4,753,917
Cash at bank	5,847	7,743
	4,717,194	4,785,415
 Accumulated fund		
Capital	6,550,000	6,250,000
Accumulated deficit	(1,832,806)	(1,464,585)
	4,717,194	4,785,415

The accompanying notes 1 to 6 form part of these financial statements.

(Luke AU YEUNG Ho-lok)
Acting Commissioner of Customs and Excise
Trustee
Customs and Excise Service Children's
Education Trust Fund
June 2014

(LAU Hon-wah, Steve)
Chairman
Customs and Excise Service Children's
Education Trust Fund Committee
June 2014

Customs and Excise Service Children's Education Trust Fund
Income and Expenditure Account
For the year ended 31 March 2014

	2014	2013
	HK\$	HK\$
Income		
Bank interest	53,821	34,123
Other income	2,000	1,428
	55,821	35,551
 Expenditure		
Special education grant/Book grant/ Scholarship to Service members	(393,996)	(449,257)
Exchange losses	(30,046)	(998)
	(424,042)	(450,255)
Deficit for the year	(368,221)	(414,704)
Other comprehensive income	-	-
Total comprehensive expense for the year	(368,221)	(414,704)

The accompanying notes 1 to 6 form part of these financial statements.

Customs and Excise Service Children's Education Trust Fund
Statement of Changes in Equity
For the year ended 31 March 2014

	Capital HK\$	Accumulated deficit HK\$	Total HK\$
Balance at 1 April 2012	6,250,000	(1,049,881)	5,200,119
Donations received during 2012-13	-	-	-
Total comprehensive expense for 2012-13	-	(414,704)	(414,704)
Balance at 31 March 2013	<u>6,250,000</u>	<u>(1,464,585)</u>	<u>4,785,415</u>
Donations received during 2013-14	300,000	-	300,000
Total comprehensive expense for 2013-14	-	(368,221)	(368,221)
Balance at 31 March 2014	<u><u>6,550,000</u></u>	<u><u>(1,832,806)</u></u>	<u><u>4,717,194</u></u>

The accompanying notes 1 to 6 form part of these financial statements.

Customs and Excise Service Children's Education Trust Fund
Statement of Cash Flows
For the year ended 31 March 2014

	2014	2013
	HK\$	HK\$
Cash flows from operating activities		
Deficit for the year	(368,221)	(414,704)
Bank interest	(53,821)	(34,123)
Exchange losses	30,046	998
Net cash used in operating activities	<u>(391,996)</u>	<u>(447,829)</u>
Cash flows from investing activities		
Bank interest received	34,169	33,561
Net decrease in bank deposits with original maturity over three months	<u>55,931</u>	<u>116,440</u>
Net cash from investing activities	<u>90,100</u>	<u>150,001</u>
Cash flows from financing activities		
Donations received	<u>300,000</u>	<u>-</u>
Net cash from financing activities	<u>300,000</u>	<u>-</u>
Net decrease in cash and cash equivalents	(1,896)	(297,828)
Cash and cash equivalents at beginning of year	<u>7,743</u>	<u>305,571</u>
Cash and cash equivalents at end of year	<u><u>5,847</u></u>	<u><u>7,743</u></u>
Analysis of the balance of cash and cash equivalents		
Cash at bank	<u><u>5,847</u></u>	<u><u>7,743</u></u>

The accompanying notes 1 to 6 form part of these financial statements.

Customs and Excise Service Children's Education Trust Fund
Notes to the Financial Statements

1. General

The Customs and Excise Service Children's Education Trust Fund (the Fund) was established mainly to provide assistance in, and facilities for, the higher education of the children of customs officers and for the education and training of handicapped children of customs officers in accordance with section 5 of the Customs and Excise Service Children's Education Trust Fund Ordinance (Cap. 551). The address of the Fund's principal place of business is 29th and 31st floors of the Customs Headquarters Building, 222 Java Road, North Point, Hong Kong.

2. Significant accounting policies

(a) Statement of compliance

The financial statements of the Fund have been prepared in accordance with section 11 (1) to (3) of the Customs and Excise Service Children's Education Trust Fund Ordinance and all applicable Hong Kong Financial Reporting Standards (HKFRSs) issued by the Hong Kong Institute of Certified Public Accountants.

(b) Basis of preparation

The financial statements have been prepared on an accrual basis and under the historical cost convention.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenditure. The estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

There are no critical accounting judgements involved in the application of the Fund's accounting policies. There are neither key assumptions concerning the future nor other key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in the next year.

(c) Adoption of new / revised HKFRSs

The Fund has adopted all new / revised HKFRSs which are effective and relevant to the Fund for the current accounting period.

The Fund has not early adopted any amendments, new standards and interpretations which are not yet effective for the current accounting period. The Fund is in the process of making an assessment of what the impact of these new amendments, new standards and interpretations is expected to be in the period of initial adoption. So far, it has concluded that the adoption of them is unlikely to have a significant impact on the Fund's result of operations and financial position.

(d) Donations

Donations are credited to the accumulated fund – capital account on actual receipt.

(e) Foreign currency translation

Hong Kong dollar is the currency of the primary economic environment in which the Fund operates. Foreign currency transactions during the year are translated into Hong Kong dollars at the exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated into Hong Kong dollars at the exchange rates ruling at the balance sheet date. Exchange gains and losses are dealt with in the income and expenditure account.

(f) Revenue recognition

Bank interest is recognised as it accrues using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset or, when appropriate, a shorter period to the net carrying amount of the financial asset.

(g) Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash on hand and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value, having been within three months of maturity when acquired.

3. Financial risk management

The Fund's major financial instruments include bank deposits and cash at bank. The main risks associated with these financial instruments are set out below.

(a) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Fund's maximum exposure to credit risk at the balance sheet date in relation to the financial instruments is the carrying amount of these assets as stated in the balance sheet. The Fund limits its exposure to credit risk by transacting with reputable licensed banks in Hong Kong.

(b) Interest rate risk

Interest rate risk is the risk of loss arising from changes in market interest rates. This can be further classified into fair value interest rate risk and cash flow interest rate risk.

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. Since the Fund's bank deposits bear interest at fixed rates, their fair value will fall when market interest rates increase. However, as they are stated at amortised cost, changes in market interest rates will not affect their carrying amounts and the Fund's deficit and equity.

Cash flow interest rate risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Fund is not exposed to cash flow interest rate risk as it has no financial instruments bearing interest at floating rates.

The Fund's exposure to interest rate risk, based on the major interest-bearing assets stated at carrying amounts at the balance sheet date and categorised by the earlier of contractual repricing dates or maturity dates, is shown below :

	Repricing Period		Total HK\$
	Up to 3 months HK\$	Over 3 months to 1 year HK\$	
2014			
Deposits with banks	51,759	4,616,217	4,667,976
2013			
Deposits with banks	51,347	4,702,570	4,753,917

(c) Liquidity risk

In the management of liquidity risk, the Fund maintains a level of cash and cash equivalents that is considered adequate to finance its operations and mitigate the effect of fluctuations in cash flows.

(d) Foreign currency risk

(i) Exposure to currency risk

The Fund maintained net financial instruments denominated in US dollar and Renminbi at a total of US\$227,270 (2013: US\$323,015) and CNY1,326,598 (2013: Nil) respectively at the balance sheet date. As Hong Kong dollar is pegged to the US dollar within a narrow range, it is considered that the Fund had no significant exposure to foreign exchange risk relating to this currency. Since no foreign currency rate hedging is made by the Fund, the carrying amounts of the financial instruments in Renminbi represent the maximum exposure of the Fund to foreign currency risk in respect of Renminbi.

(ii) Sensitivity analysis

It was estimated that as at 31 March 2014, should the Renminbi strengthen/weaken by 5% (2013: Nil) against the Hong Kong dollar, with all other variables being held constant, the deficit of the Fund would decrease/increase by HK\$83,000 (2013: Nil).

4. Capital management

The capital structure of the Fund consists of the capital and accumulated deficit. The Fund's objectives when managing capital are:

- to comply with the Customs and Excise Service Children's Education Trust Fund Ordinance; and
- to maintain a strong capital base for carrying out the purpose of the Fund as stated in note 1 above.

The Fund manages its capital to ensure that its level is sufficient to fund future scholarships and grants, taking into account its projected cash flow requirements, future financial obligations and commitments.

5. Cost of administering the Fund

The cost of administering the Fund has been borne by the Government of the Hong Kong Special Administrative Region in accordance with section 12 of the Customs and Excise Service Children's Education Trust Fund Ordinance.

6. Fair values of financial assets

All financial assets are stated in the balance sheet at amounts equal to or not materially different from their fair values.