

Sir Edward Youde Memorial Fund
Report of the Board of Trustees for the Period
1 April 2013 to 31 March 2014

The Sir Edward Youde Memorial Fund was established in 1987 with donations by the Hong Kong community to commemorate the governorship of Sir Edward Youde (1982-1986). It is administered in accordance with Chapter 1140 of the Laws of Hong Kong for the purpose of providing for and encouraging the education or learning of, or research by, the people of Hong Kong.

2. The Fund is vested in a Board of Trustees, the membership of which during the year under review was as follows –

Mr MA Ching-cheng	(<u>Chairman</u>)
Lady Youde	
The Secretary for Home Affairs	(<u>ex officio</u>)
Ms HO Chiu-king, Pansy	
Mr IP Shu-kwan, Stephen, GBS, JP	

3. Secretarial services to the Board of Trustees are provided by the Trust Funds and Temples Joint Secretariat, which also maintains the books of accounts for the Fund. HSBC Investments Holdings (Bahamas) Limited advises the Board on investments, and the Director of Audit is appointed by the Chief Executive as the auditor of the Fund's accounts.

4. Grants from the Fund are determined by the Sir Edward Youde Memorial Fund Council, the membership of which during the year under review was as follows –

Dr CHAN Cho-chak, John, GBS, JP	(<u>Chairman</u>) up to 30.6.2013
Professor HO Man-wui, Richard, JP	(<u>Chairman</u>) as from 1.7.2013
Lady Youde	
The Secretary for Education	(<u>ex officio</u>)
Professor NG Mee-kam	
Mr POON Yiu-kin, Samuel	
Professor IP Yuk-yu, Nancy, MH	
Professor TSE Kwai-che, David	as from 1.7.2013

5. Secretarial services to the Council are provided by the Student Financial Assistance Agency.

/During...

6. During the year the following categories of the Sir Edward Youde Memorial Awards were granted –

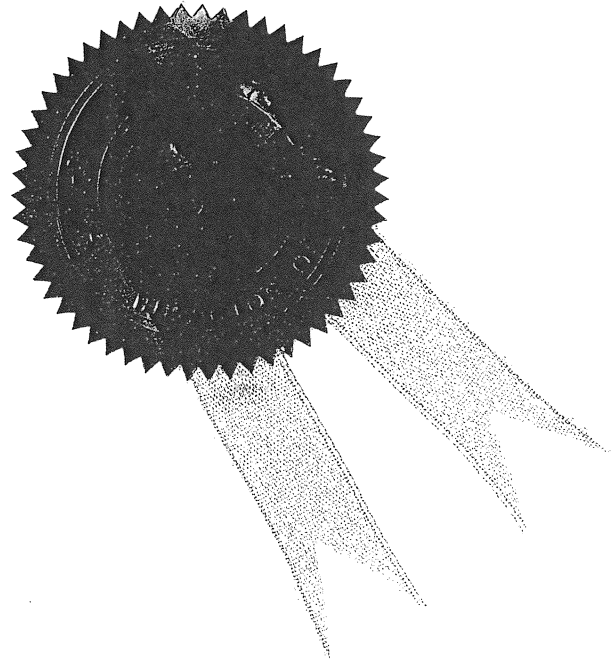
	HK\$	HK\$
For Fellowships		
<u>Local</u>		
10 totalling	300,000	
<u>Overseas</u>		
8 totalling	<u>2,239,000</u>	2,539,000
For Scholarships		
<u>Local</u>		
24 totalling	480,000	
<u>Overseas</u>		
8 totalling	<u>2,096,000</u>	2,576,000
Honorary Fellowships/Scholarships		
<u>Local</u>		
7 totalling	15,000	
<u>Overseas</u>		
1 totalling	<u>10,000</u>	25,000
Medals (including a Medal, a Certificate and a Cash Prize of \$5,000)		
6 totalling		32,700
Awards for Disabled Students		
13 totalling		222,714
Prizes for Senior Secondary Students		
833 @ \$1,000		833,000
Sponsorship for the Young Friends of the 2014 Hong Kong Arts Festival		600,000
Awards for Self-improvement for Working Adults		
5 @ \$5,000		25,000
Outstanding Apprentice Awards		
2 @ \$5,000		10,000
		<u>6,863,414</u>

7. The audited Financial Statements of the Fund is produced at the Appendix.


(MA Ching-cheng)
Chairman

Board of Trustees of the Sir Edward Youde Memorial Fund

24 September 2014



Sir Edward Youde Memorial 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 Sir Edward Youde Memorial Fund set out on pages 3 to 15, 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.

The Board of Trustees of the Sir Edward Youde Memorial Fund's Responsibility for the Financial Statements

The Board of Trustees of the Sir Edward Youde Memorial Fund is responsible for the preparation of financial statements that give a true and fair view in accordance with section 14(1) of the Sir Edward Youde Memorial Fund Ordinance (Cap. 1140) and Hong Kong Financial Reporting Standards, and for such internal control as the Board of Trustees of the Sir Edward Youde Memorial Fund 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 14(3) of the Sir Edward Youde Memorial 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 Board of Trustees of the Sir Edward Youde Memorial Fund, 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 Sir Edward Youde Memorial 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 14(1) of the Sir Edward Youde Memorial Fund Ordinance.



Frederick T C WONG
Principal Auditor
for Director of Audit

24 September 2014

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

SIR EDWARD YOUDE MEMORIAL FUND

BALANCE SHEET AS AT 31 MARCH 2014

	Note	2014 HK\$	2013 HK\$
CURRENT ASSETS			
Financial assets at fair value			
through profit or loss	3	74,917,204	73,746,675
Accounts receivable	4	91,417	60,791
Prepayment		180	-
Cash and cash equivalents	5	34,844,976	39,015,487
		<hr/>	<hr/>
		109,853,777	112,822,953
CURRENT LIABILITIES			
Provision for staff gratuity	6	(76,351)	(40,397)
Provision for untaken leave		(5,554)	(5,058)
Accounts payable	7	(60,684)	(55,979)
		<hr/>	<hr/>
		(142,589)	(101,434)
NET CURRENT ASSETS			
		<hr/>	<hr/>
		109,711,188	112,721,519
		<hr/>	<hr/>
ACCUMULATED FUND			
Capital		90,040,680	89,676,656
Accumulated surplus		19,670,508	23,044,863
		<hr/>	<hr/>
		109,711,188	112,721,519
		<hr/>	<hr/>

The accompanying notes 1 to 12 form part of these financial statements.


(MA Ching-cheng)
Chairman

Board of Trustees of the Sir Edward Youde Memorial Fund

24 September 2014

SIR EDWARD YOUDE MEMORIAL FUND

**INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2014**

	Note	2014 HK\$	2013 HK\$
INCOME			
Dividends		917,261	771,033
Interest	8	462,278	485,665
Gains on disposal of financial assets at fair value through profit or loss		28,928	374,249
Unrealised gains on financial assets at fair value through profit or loss		2,467,165	5,063,436
Exchange gains		-	82,235
Refund of grants		669,755	282,935
		<hr/> 4,545,387	<hr/> 7,059,553
EXPENDITURE			
Fellowships, scholarships, prizes and memorial medals/awards		(6,863,414)	(6,717,093)
Exchange losses		(313,143)	-
Staff costs		(421,126)	(374,666)
Investment management fees		(194,657)	(182,989)
Other operating expenses		(127,402)	(140,405)
		<hr/> (7,919,742)	<hr/> (7,415,153)
DEFICIT FOR THE YEAR		<hr/> (3,374,355)	<hr/> (355,600)
Other comprehensive income		-	-
TOTAL COMPREHENSIVE EXPENSE FOR THE YEAR		<hr/> <u><u>(3,374,355)</u></u>	<hr/> <u><u>(355,600)</u></u>

The accompanying notes 1 to 12 form part of these financial statements.

SIR EDWARD YOUDE MEMORIAL FUND

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2014**

	Capital HK\$	Accumulated surplus HK\$	Total HK\$
Balance at 1 April 2012	87,171,142	23,400,463	110,571,605
Donation received during 2012-13	2,505,514	-	2,505,514
Total comprehensive expense for 2012-13	-	(355,600)	(355,600)
Balance at 31 March 2013	89,676,656	23,044,863	112,721,519
Donation received during 2013-14	364,024	-	364,024
Total comprehensive expense for 2013-14	-	(3,374,355)	(3,374,355)
Balance at 31 March 2014	90,040,680	19,670,508	109,711,188

The accompanying notes 1 to 12 form part of these financial statements.

SIR EDWARD YOUDE MEMORIAL FUND

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2014**

	Note	2014 HK\$	2013 HK\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Deficit for the year		(3,374,355)	(355,600)
Dividends		(917,261)	(771,033)
Interest income		(462,278)	(485,665)
Unrealised exchange losses/(gains)		311,966	(86,409)
Gains on disposal of financial assets at fair value through profit or loss		(28,928)	(374,249)
Unrealised gains on financial assets at fair value through profit or loss		(2,467,165)	(5,063,436)
(Increase)/Decrease in accounts receivable		(1,105)	3,273
Increase in prepayment		(180)	-
Increase in provision for staff gratuity		35,954	15,157
Increase in provision for untaken leave		496	1,091
Increase in accounts payable		4,705	9,997
NET CASH USED IN OPERATING ACTIVITIES		<u>(6,898,151)</u>	<u>(7,106,874)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of financial assets at fair value through profit or loss		(14,205,911)	(7,267,053)
Proceeds from disposal of financial assets at fair value through profit or loss		15,531,475	5,393,093
Dividends received		917,261	771,033
Interest received		432,757	519,174
NET CASH FROM/(USED IN) INVESTING ACTIVITIES		<u>2,675,582</u>	<u>(583,753)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Donation received		364,024	2,505,514
NET CASH FROM FINANCING ACTIVITIES		<u>364,024</u>	<u>2,505,514</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS		(3,858,545)	(5,185,113)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		39,015,487	44,114,191
Effects of exchange rate changes on cash and cash equivalents		(311,966)	86,409
CASH AND CASH EQUIVALENTS AT END OF YEAR	5	<u><u>34,844,976</u></u>	<u><u>39,015,487</u></u>

The accompanying notes 1 to 12 form part of these financial statements.

SIR EDWARD YOUDE MEMORIAL FUND

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL

The Sir Edward Youde Memorial Fund (the Fund) was established in 1987 for the general purpose of providing for and encouraging the education or learning of, or research by, the people of Hong Kong and, in particular, for making grants, or loans with or without interest:

- (a) for the furtherance of education, learning or research inside or outside Hong Kong; and
- (b) to educational institutions within Hong Kong for the furtherance of education, learning or research,

in accordance with section 6 of the Sir Edward Youde Memorial Fund Ordinance (Cap. 1140).

The address of the Fund's principal place of business is 34th Floor, Wu Chung House, 213 Queen's Road East, Wan Chai, Hong Kong.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

The financial statements have been prepared in accordance with section 14(1) of the Sir Edward Youde Memorial 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 except that financial assets at fair value through profit or loss are stated at fair value as explained in the accounting policy set out in note 2(d) below.

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 the following new HKFRS for the first time which is applicable to the Fund and effective for the current accounting period:

- HKFRS 13 “Fair Value Measurement”

The adoption of the new HKFRS has had no significant impact on the reported results and the financial position of the Fund.

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 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) Financial assets at fair value through profit or loss

Financial assets classified as held for trading are included in the category “financial assets at fair value through profit or loss”. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term. Financial assets under this category are carried at fair value based on their quoted market prices at the balance sheet date. Changes in the fair value are included in the income and expenditure account in the period in which they arise. Upon disposal, the difference between the net sale proceeds and the carrying value is also recognised in the income and expenditure account.

(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

Interest income 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.

Dividend income is recognised when the Fund's right to receive payment is established.

(g) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits 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.

(h) Donations

Donations are credited to the Capital Account on actual receipt.

3. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2014 HK\$	2013 HK\$
Equity funds – at fair value		
Unlisted	45,924,880	44,109,257
Bond funds – at fair value		
Listed	10,894,097	11,101,623
Unlisted	18,098,227	18,535,795
	28,992,324	29,637,418
	74,917,204	73,746,675
	=====	=====

4. ACCOUNTS RECEIVABLE

	2014 HK\$	2013 HK\$
Interest	89,140	59,619
Refund of scholarships	958	-
Others	1,319	1,172
	91,417	60,791
	=====	=====

5. CASH AND CASH EQUIVALENTS

	2014 HK\$	2013 HK\$
Time deposits with original maturity within three months	29,516,315	35,909,550
Call deposits held by fund manager	4,931,698	2,880,172
Cash at banks	396,963	225,765
	<u>34,844,976</u>	<u>39,015,487</u>
	=====	=====

6. PROVISION FOR STAFF GRATUITY

	2014 HK\$	2013 HK\$
Balance at beginning of year	40,397	25,240
Provision for the year	38,052	32,927
Payments for the year	(2,098)	(17,770)
	<u>76,351</u>	<u>40,397</u>
	=====	=====

7. ACCOUNTS PAYABLE

	2014 HK\$	2013 HK\$
Investment management fees	49,904	47,891
Accommodation expenses for Lady Youde	10,780	8,088
	<u>60,684</u>	<u>55,979</u>
	=====	=====

8. INTEREST

	2014 HK\$	2013 HK\$
(a) Interest on self-managed investments		
Interest on time deposits and savings accounts	458,538	474,331
(b) Interest on investments by fund manager		
Interest on call deposit	3,740	11,334
	<u>462,278</u>	<u>485,665</u>
	=====	=====

9. FINANCIAL RISK MANAGEMENT

- (a) The Fund's major financial instruments include financial assets at fair value through profit or loss and bank deposits. The risks associated with these financial instruments are set out below.

(I) 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.

To minimise credit risks arising from bank deposits, all time deposits are placed with reputable licensed banks in Hong Kong. To minimise credit risks arising from financial assets at fair value through profit or loss, only those classified under the investment grade by Moody's or Standard & Poor's are considered. At the balance sheet date, the credit quality of investments in bond funds analysed by the lower of ratings designated by Moody's or Standard & Poor's, was as follows:

	2014	2013
	HK\$	HK\$
Bond funds by credit rating		
Aa1 to Aa3 / AA+ to AA-	21,095,541	13,472,737
Baa1 to Baa2 / BBB+ to BBB	7,896,783	16,164,681
	<u>28,992,324</u>	<u>29,637,418</u>

For other receivables, the Fund considers that adequate provision has been made, where necessary, for amounts which are expected to be irrecoverable.

The maximum exposure to credit risk as at the balance sheet date in relation to each class of financial assets is the carrying amount of those assets as stated in the balance sheet.

(II) Market risk

The Fund's investments and bank deposits are exposed to market risk due to changes in market variables such as interest rates, equity prices and exchange rates. The Fund has appointed a professional fund manager to manage market risk and maintains a diversified portfolio of investments. The Board of Trustees monitors management of the portfolio to ensure that the appropriate investment strategy is adopted and implemented.

- (i) Equity price risk

If the market prices of the respective equity funds had been 10% (2013: 10%) higher/lower, the deficit of the Fund for the year would have decreased/increased by about HK\$4,600,000 (2013: HK\$4,400,000) and the accumulated surplus would have increased/decreased by about HK\$4,600,000 (2013:

HK\$4,400,000). The sensitivity analysis was based on the carrying amount of equity securities held by the Fund at the balance sheet date and all other variables being held constant.

(ii) 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.

For the Fund's investments in bond funds, their fair values will fall when market interest rates increase. It is estimated that, as at 31 March 2014, a general increase/decrease of 25 basis points (2013: 25 basis points) in interest rates, with all other variables held constant, would increase/decrease the deficit of the Fund for the year by about HK\$430,000 (2013: HK\$358,000) and would decrease/increase the accumulated surplus by about HK\$430,000 (2013: HK\$358,000). The sensitivity analysis was determined assuming that the change in interest rates had occurred at the balance sheet date and had been applied to bond funds in existence at that date. The 25 basis points increase/decrease represents the Fund's assessment of a reasonably possible change in interest rates over the period until the next balance sheet date.

As regards the bank deposits, since 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 material cash flow interest rate risk because it has no major financial instruments bearing interest at a floating rate.

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

	Up to 3 months HK\$	Total HK\$
2014		
Deposits with banks	34,448,013	34,448,013
	=====	=====
2013		
Deposits with banks	38,789,722	38,789,722
	=====	=====

(iii) Foreign currency risk

(a) Exposure to currency risk

As at the balance date, the Fund maintained financial assets denominated in US dollars, Australian dollars and Renminbi at a total of USD4,150,916 (2013: USD4,983,441), AUD335,758 (2013: AUD326,905) and CNY3,953,772 (2013: CNY3,856,283) respectively. 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 for Renminbi and Australian dollars, the carrying amounts of the financial instruments in Renminbi and Australian dollars represent the maximum exposure of the Fund to foreign currency risk.

(b) Sensitivity analysis

It was estimated that, as at the balance sheet date, should the Renminbi and Australian dollars strengthen/weaken by 5% (2013: 5%) against the Hong Kong dollar, with all other variables being held constant, the deficit of the Fund for the year would decrease/increase by HK\$367,000 (2013: HK\$373,000) and the accumulated surplus would increase/decrease by HK\$367,000 (2013: HK\$373,000).

The sensitivity analysis above has been determined assuming that the change in foreign exchange rate had occurred at the balance sheet date and for financial instruments in existence at that date. The 5% (2013: 5%) strengthening/weakening in Renminbi and Australian dollars represents the assessment by the Fund of a reasonably possible change in foreign exchange rate over the period until the end of next year.

(III) Liquidity risk

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

(b) Fair value hierarchy of financial instruments

The following table presents the carrying value of financial instruments measured at fair value at the balance sheet date on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13 Fair Value Measurement.

	2014			2013		
	Level 1 HK\$	Level 2 HK\$	Total HK\$	Level 1 HK\$	Level 2 HK\$	Total HK\$
Financial assets at fair value through profit or loss						
Equity funds:						
- Unlisted	-	45,924,880	45,924,880	-	44,109,257	44,109,257
Bond funds:						
- Listed	10,894,097	-	10,894,097	11,101,623	-	11,101,623
- Unlisted	-	18,098,227	18,098,227	-	18,535,795	18,535,795
	10,894,097	18,098,227	28,992,324	11,101,623	18,535,795	29,637,418
	<u>10,894,097</u>	<u>18,098,227</u>	<u>28,992,324</u>	<u>11,101,623</u>	<u>18,535,795</u>	<u>29,637,418</u>
	<u>10,894,097</u>	<u>64,023,107</u>	<u>74,917,204</u>	<u>11,101,623</u>	<u>62,645,052</u>	<u>73,746,675</u>
	<u>10,894,097</u>	<u>64,023,107</u>	<u>74,917,204</u>	<u>11,101,623</u>	<u>62,645,052</u>	<u>73,746,675</u>

No financial assets were classified under Level 3. During the year, there were no significant transfers between instruments in Level 1 and Level 2.

The level into which a fair value measurement is classified and determined with reference to the observability and significance of the inputs used in the valuation techniques as follows:

Level 1 valuations: fair value measured using only unadjusted quoted prices in active markets for identical financial instruments at the measurement date.

Level 2 valuations: fair value measured using observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.

Level 3 valuations: fair value measured using significant unobservable inputs.

The fair value of unlisted equity funds and bond funds in Level 2 was determined using quotation from the fund manager.

10. CAPITAL MANAGEMENT

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

- to comply with the Sir Edward Youde Memorial 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 monitors capital by reviewing its level to ensure that it is sufficient to fund future grants and expenditure, taking into account projected cash flow requirements, future financial obligations and commitments.

11. COMMITMENTS

As at 31 March 2014, the financial commitments for approved overseas fellowships and scholarships subject to the successful completion of studies and reapplication for the awards pending payment were HK\$3,541,000 (2013: HK\$3,836,000).

12. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

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