

**AGRICULTURAL PRODUCTS SCHOLARSHIP FUND REPORT**  
**FOR THE PERIOD FROM 1 APRIL 2015 TO 31 MARCH 2016**

THIS Report is submitted in accordance with Section 9E(3) of the Agricultural Products (Marketing) Ordinance, Cap. 277.

2. The Agricultural Products Scholarship Fund (the Fund) was established on 17 February 1978 under Section 9A of the Agricultural Products (Marketing) Ordinance for the purpose of providing scholarships, grants and loans for the education and training of persons (including their families and dependants), who are employed in agriculture or agricultural product marketing industries in Hong Kong; and persons who wish to enter the agriculture or agricultural product marketing industries in Hong Kong. The Fund was first created with an allocation of \$1 million from the Vegetable Marketing Organization's accumulated surplus and it may be increased by way of interest, and by moneys and assets donated, subscribed or bequeathed to the Fund. The capital of the Fund was increased to \$2 million in 1987-88 by the injection of an additional \$1 million from the Vegetable Marketing Organization. During the years 1989-90, 1992-93 and 1994-95, the Vegetable Marketing Organization further injected an additional \$2 million in each of the respective years into the Fund, thereby increasing its capital to \$8 million.

3. The Fund is administered by its Trustee (the Director of Marketing) on the advice of the Agricultural Products Scholarship Fund Advisory Committee which comprises the Trustee (as ex-officio Chairman), four members appointed by the Chief Executive and three members elected amongst members of the Marketing Advisory Board.

**Income and Expenditure**

4. In the financial year 2015-16, aggregate income including interest income on held-to-maturity investments and bank deposits was \$57,510 whilst the total expenditure amounted to \$340,425. The deficit for the year was \$282,915.

**Awards of Scholarships, Grants and Loans**

5. During 2015-16, a total of \$306,000 was awarded to 11 students studying various courses at local and overseas universities, and to 5 students pursuing senior secondary school education locally. Of this, \$300,000 was awarded as scholarships and \$6,000 as grants. No loans were issued during the year.

**Financial Statements**

6. The financial statements of the Fund have been audited by an auditor appointed by the Chief Executive. The audited financial statements together with the Auditor's Report for the financial year 2015-16 are attached.

LEUNG Siu-fai

Director of Marketing

Trustee, AGRICULTURAL PRODUCTS SCHOLARSHIP FUND

Encl.

**AGRICULTURAL PRODUCTS SCHOLARSHIP FUND**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**31 MARCH 2016**

**INDEPENDENT AUDITOR'S REPORT  
TO THE TRUSTEE OF THE AGRICULTURAL PRODUCTS SCHOLARSHIP FUND**  
(Established under the Agricultural Products (Marketing) Ordinance, Chapter 277)

We have audited the financial statements of the Agricultural Products Scholarship Fund (the "Fund") set out on pages 3 to 14, which comprise the balance sheet as at 31 March 2016, and the statement of comprehensive income, the statement of changes in funds and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Trustee's Responsibility for the Financial Statements**

The Agricultural Products (Marketing) Ordinance, Chapter 277, requires the Trustee to keep proper accounts. The Trustee is responsible for the preparation of financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants, and for such internal control as the Trustee 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**

Our responsibility is to express an opinion on these financial statements based on our audit and to report our opinion solely to you in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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 judgement, 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 Trustee, 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.

**INDEPENDENT AUDITOR'S REPORT  
TO THE TRUSTEE OF THE AGRICULTURAL PRODUCTS SCHOLARSHIP FUND  
(CONTINUED)**

(Established under the Agricultural Products (Marketing) Ordinance, Chapter 277)

**Opinion**

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

**PricewaterhouseCoopers**  
Certified Public Accountants

Hong Kong, 18 August 2016

**AGRICULTURAL PRODUCTS SCHOLARSHIP FUND**

(All amounts in Hong Kong dollars unless otherwise stated)

**BALANCE SHEET**

|   |      | <u>As at 31 March</u>   |                         |
|---|------|-------------------------|-------------------------|
|   | Note | 2016                    | 2015                    |
| <b>ASSETS</b>   |      |                         |                         |
| <b>Non-current assets</b>                                 |      |                         |                         |
| Held-to-maturity investments                              | 6    | 497,700                 | 1,696,447               |
| <b>Current assets</b>                                     |      |                         |                         |
| Held-to-maturity investments                              | 6    | 1,200,186               | -                       |
| Other receivables   |      | 10,620                  | 9,539                   |
| Bank deposits with original maturities over three months  |      | 4,736,000               | 4,981,500               |
| Cash and cash equivalents                                 | 7    | 42,400                  | 80,806                  |
|   |      | <u>5,989,206</u>        | <u>5,071,845</u>        |
| <b>Total assets</b>                                       |      | <u><u>6,486,906</u></u> | <u><u>6,768,292</u></u> |
| <b>FUNDS</b>  |      |                         |                         |
| Capital allocated by the Vegetable Marketing Organization | 8    | 8,000,000               | 8,000,000               |
| Accumulated deficit                                       | 8    | (1,547,235)             | (1,264,320)             |
| <b>Total funds</b>  |      | <u><u>6,452,765</u></u> | <u><u>6,735,680</u></u> |
| <b>LIABILITIES</b>  |      |                         |                         |
| <b>Current and total liabilities</b>                      |      |                         |                         |
| Accruals  |      | 34,141                  | 32,612                  |
| <b>Total funds and liabilities</b>                        |      | <u><u>6,486,906</u></u> | <u><u>6,768,292</u></u> |

The notes on pages 7 to 14 are an integral part of these financial statements.

The financial statements on pages 3 to 14 were approved by the Trustee on 18 August 2016.

LEUNG Siu-fai

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Trustee

Hong Kong

**AGRICULTURAL PRODUCTS SCHOLARSHIP FUND**  
(All amounts in Hong Kong dollars unless otherwise stated)

**STATEMENT OF COMPREHENSIVE INCOME**

|  | Note | Year ended 31 March |                  |
|--|------|---------------------|------------------|
|  |      | 2016                | 2015             |
| <b>Income</b>  |      |                     |                  |
| Interest income on held-to-maturity investments          |      | 12,215              | 49,684           |
| Interest income on bank deposits                         |      | 42,626              | 46,411           |
| Premium on amortisation of held-to-maturity investments  | 6    | 1,439               | -                |
| Sundry income  |      | 1,230               | 400              |
|  |      | <u>57,510</u>       | <u>96,495</u>    |
| <b>Expenditure</b>                                       |      |                     |                  |
| Auditor's remuneration                                   |      | (32,000)            | (31,000)         |
| Scholarships   |      | (300,000)           | (444,000)        |
| Grants   |      | (6,000)             | (2,000)          |
| Discount on amortisation of held-to-maturity investments | 6    | -                   | (13,006)         |
| Bank charges   |      | (2,425)             | (2,064)          |
|  |      | <u>(340,425)</u>    | <u>(492,070)</u> |
| <b>Deficit for the year</b>                              |      | <u>(282,915)</u>    | <u>(395,575)</u> |
| <b>Other comprehensive income for the year</b>           |      | -                   | -                |
| <b>Total comprehensive loss for the year</b>             |      | <u>(282,915)</u>    | <u>(395,575)</u> |

The notes on pages 7 to 14 are an integral part of these financial statements.

**AGRICULTURAL PRODUCTS SCHOLARSHIP FUND**  
(All amounts in Hong Kong dollars unless otherwise stated)

**STATEMENT OF CHANGES IN FUNDS**

|   | Note | 2016             | 2015             |
|---|------|------------------|------------------|
| <b>Balance at 1 April</b>               |      | 6,735,680        | 7,131,255        |
| Total comprehensive income for the year |      |                  |                  |
| - Deficit for the year                  | 8    | (282,915)        | (395,575)        |
| - Other comprehensive income            |      | -                | -                |
| <b>Balance at 31 March</b>              |      | <u>6,452,765</u> | <u>6,735,680</u> |

The notes on pages 7 to 14 are an integral part of these financial statements.

**AGRICULTURAL PRODUCTS SCHOLARSHIP FUND**  
(All amounts in Hong Kong dollars unless otherwise stated)

**STATEMENT OF CASH FLOWS**

|  | Note | <u>Year ended 31 March</u> |             |
|--|------|----------------------------|-------------|
|  |      | 2016                       | 2015        |
| <b>Net cash used in operating activities</b>                                       | 9    | (337,666)                  | (464,959)   |
| <b>Cash flows from investing activities</b>  |      |                            |             |
| Interest received  |      | 53,760                     | 91,823      |
| Proceeds from redemption of held-to-maturity investments                           | 6    | -                          | 2,500,000   |
| Net placement/(uplift) of bank deposits with original maturities over three months |      | 245,500                    | (2,131,500) |
| Net cash generated from investing activities                                       |      | 299,260                    | 460,323     |
| <b>Net decrease in cash and cash equivalents</b>                                   |      | (38,406)                   | (4,636)     |
| Cash and cash equivalents at beginning of the year                                 |      | 80,806                     | 85,442      |
| <b>Cash and cash equivalents at end of the year</b>                                | 7    | 42,400                     | 80,806      |

The notes on pages 7 to 14 are an integral part of these financial statements.



## **AGRICULTURAL PRODUCTS SCHOLARSHIP FUND**

(All amounts in Hong Kong dollars unless otherwise stated)

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

#### **1 General information**

The financial statements of the Agricultural Products Scholarship Fund (the “Fund”) are prepared in accordance with Section 9E(1) of the Agricultural Products (Marketing) Ordinance, Cap. 277. The Fund was established for the following objects:

- (a) the provision of scholarships, grants and loans for the education and training of persons who are employed in agriculture and agricultural product marketing industries in Hong Kong and their families and dependants; and
- (b) the provision of scholarships, grants and loans for the education and training of persons who wish to enter the agriculture and agricultural product marketing industries in Hong Kong.

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

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

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

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

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

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

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

- (a) New standards, amendments and interpretations to existing HKFRS (collectively, the “Amendments”) effective from 1 April 2015

The following Amendments that are relevant and have been adopted by the Fund for the first time for the financial year beginning on 1 April 2015:

Annual improvements to HKFRSs 2011 - 2013 Cycle, on HKFRS 13 “Fair value measurement”. These Amendments did not have a significant effect on the financial statements.

Other Amendments which are effective for the financial year beginning on 1 April 2015 are not material to the Fund.

## **AGRICULTURAL PRODUCTS SCHOLARSHIP FUND**

(All amounts in Hong Kong dollars unless otherwise stated)

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

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

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

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

Certain new and relevant Amendments have been published that are mandatory for the Fund's accounting periods commencing on or after 1 April 2016, and have not been applied in preparing these financial statements:

Annual improvements 2014  
HKFRS 9

Improvements to HKAS and HKFRSs<sup>1</sup>  
Financial instruments – Financial liabilities<sup>2</sup>

Notes:

- (1) Effective for the Fund's first financial period beginning on 1 April 2016  
(2) Effective for the Fund's first financial period beginning on 1 April 2018

The Fund will apply these Amendments in the year of initial application. The Fund is currently assessing the impact of the adoption of the Amendments and is not yet in a position to state whether they would have a significant impact on the Fund's results of operations and financial position.

##### **2.2 Foreign currency translation**

- (a) Functional and presentation currency

Items included in the financial statements of the Fund are measured using the currency of the primary economic environment in which the Fund operates ("the functional currency"). The financial statements are presented in Hong Kong dollars, which is the Fund's functional and presentation currency.

- (b) Transactions and balances

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

##### **2.3 Financial assets**

The Fund classifies its financial assets in the following categories: loans and receivables and held-to-maturity investments. The classification depends on the purposes for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

- (a) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Trustee has the positive intention and ability to hold to maturity. If the Fund was to sell other than an insignificant amount of held-to-maturity investments, the whole category would be tainted and reclassified as available for sale. Held-to-maturity investments are included in non-current assets, except for those with maturities less than 12 months after the balance sheet date; these are classified as current assets.

## **AGRICULTURAL PRODUCTS SCHOLARSHIP FUND**

(All amounts in Hong Kong dollars unless otherwise stated)

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

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

##### **2.3 Financial assets (Continued)**

###### **(a) Held-to-maturity investments (Continued)**

Held-to-maturity investments are recognised initially at fair value plus transaction costs and subsequently carried at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of the investments is established when there is objective evidence that the investment issuers have a financial difficulty in paying the contractual amounts. The amount of the provision for impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The carrying amount of the asset is reduced and the amount of the provision is recognised in the statement of comprehensive income.

###### **(b) Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. The Fund's loans and receivables are detailed in note 5.

##### **2.4 Cash and cash equivalents**

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

##### **2.5 Impairment of financial assets carried at amortised cost**

The Fund assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the statement of comprehensive income.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the statement of comprehensive income.

**AGRICULTURAL PRODUCTS SCHOLARSHIP FUND**  
(All amounts in Hong Kong dollars unless otherwise stated)

**NOTES TO THE FINANCIAL STATEMENTS**

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

**2.6 Provisions**

Provisions are recognised when the Fund has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

**2.7 Revenue recognition**

Interest income on bank deposits is recognised on a time proportion basis using the effective interest method.

Sundry income is recognised on an accruals basis.

**2.8 Capital allocated by the Vegetable Marketing Organization**

The funding is recognised in the statement of comprehensive income as income and then transferred to the “capital allocated by the Vegetable Marketing Organization”, which is used to support the operation of the Fund.

**3 Financial and capital risks management**

**3.1 Financial risk factors**

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

(a) Foreign exchange risk

Foreign exchange risk arises where future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Fund’s functional currency. The Fund is not exposed to material foreign exchange risk as it has no significant transactions which are denominated in foreign currency. In the opinion of the Trustee, the Fund has minimal exposure to the foreign exchange risk as the transactions are mainly denominated in Hong Kong dollars and no sensitivity analysis is performed.

(b) Credit risk

The Fund has policies in place for the control and monitoring of its credit risk. The credit risk of the Fund is primarily attributable to the held-to-maturity investments and deposits at banks.

The credit risk on held-to-maturity investments and liquid funds are limited because the counterparties are banks and bonds issuers which are with high credit ratings assigned by international credit-rating agencies. As such, no significant credit risk is anticipated.

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

**AGRICULTURAL PRODUCTS SCHOLARSHIP FUND**  
(All amounts in Hong Kong dollars unless otherwise stated)

**NOTES TO THE FINANCIAL STATEMENTS**

**3 Financial and capital risks management (Continued)**

**3.1 Financial risk factors (Continued)**

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient bank deposits and bank balances. In the opinion of Trustee, the Fund does not have any significant liquidity risk.

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

As at 31 March 2016 and 2015, the maturity analysis of the financial liabilities is as follows:

|                           | 2016          | 2015          |
|---------------------------|---------------|---------------|
| <b>Less than one year</b> |               |               |
| Accruals                  | <u>34,141</u> | <u>32,612</u> |

(d) Cash flow and fair value interest rate risk

Other than the bank deposits, the Fund has no other significant interest-bearing assets and liabilities. The held-to-maturity investments carry at a fixed coupon rate. The Fund's income and operating cash flows are substantially independent of changes in market interest rates. Accordingly, in the opinion of the Trustee, the exposure to cash flow interest rate risk is considered to be low and no sensitivity analysis is performed.

**3.2 Fund risk management**

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

The capital of the Fund comprises its capital allocated by the Vegetable Marketing Organization and accumulated deficit.

**3.3 Fair value estimation**

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

The carrying value less impairment provision of receivables and payables are a reasonable approximation of their fair values. The fair value of financial liabilities for disclosure purpose is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Fund for similar financial instruments, unless the effect of discounting is insignificant.

**3.4 Offsetting financial assets and financial liabilities**

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

## AGRICULTURAL PRODUCTS SCHOLARSHIP FUND

(All amounts in Hong Kong dollars unless otherwise stated)

### NOTES TO THE FINANCIAL STATEMENTS

#### 4 Critical accounting estimates and judgements

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

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

##### Held-to-maturity investments

The Trustee follows the guidance of Hong Kong Accounting Standard 39 “Financial Instruments: Recognition and Measurement” (“HKAS 39”) on classifying non-derivative financial assets with fixed or determinable payments and fixed maturity as held-to-maturity. This classification requires significant judgement. In making this judgement, the Trustee evaluates its intention and ability to hold such investments to maturity.

If the Trustee fails to keep these investments to maturity other than for specific circumstances as explained in HKAS 39, it will be required to reclassify the whole class as available-for-sale financial assets. The investments would therefore be measured at fair value instead of amortised cost.

#### 5 Financial instruments by category

The Fund’s financial instruments include the following:

|  | <b>Held-to-<br/>maturity<br/>investments</b> | <b>Loans and<br/>receivables</b> | <b>Total</b>     |
|--|--|----------------------------------|------------------|
| <b>Assets</b>  |  |                                  |                  |
| <b><u>31 March 2016</u></b>                              |  |                                  |                  |
| Held-to-maturity investments (Note 6)                    | 1,697,886                                    | -                                | 1,697,886        |
| Other receivables  | -  | 10,620                           | 10,620           |
| Bank deposits with original maturities over three months | -  | 4,736,000                        | 4,736,000        |
| Cash and cash equivalents (Note 7)                       | -  | 42,400                           | 42,400           |
|  | <u>1,697,886</u>                             | <u>4,789,020</u>                 | <u>6,486,906</u> |
| <b><u>31 March 2015</u></b>                              |  |                                  |                  |
| Held-to-maturity investments (Note 6)                    | 1,696,447                                    | -                                | 1,696,447        |
| Other receivables  | -  | 9,539                            | 9,539            |
| Bank deposits with original maturities over three months | -  | 4,981,500                        | 4,981,500        |
| Cash and cash equivalents (Note 7)                       | -  | 80,806                           | 80,806           |
|  | <u>1,696,447</u>                             | <u>5,071,845</u>                 | <u>6,768,292</u> |

**AGRICULTURAL PRODUCTS SCHOLARSHIP FUND**  
(All amounts in Hong Kong dollars unless otherwise stated)

**NOTES TO THE FINANCIAL STATEMENTS**

**5 Financial instruments by category (Continued)**

|  | 2016          | 2015          |
|--|---------------|---------------|
| <b>Financial liabilities - other financial liabilities at amortised cost</b> |               |               |
| Accruals   | <u>34,141</u> | <u>32,612</u> |

**6 Held-to-maturity investments**

|   | 2016               | 2015             |
|---|--------------------|------------------|
| Listed in Hong Kong, at amortised cost                | 1,697,886          | 1,696,447        |
| Less: Current portion of held-to-maturity investments | <u>(1,200,186)</u> | <u>-</u>         |
| Non-current portion                                   | <u>497,700</u>     | <u>1,696,447</u> |

The movement in held-to-maturity investments may be summarised as follows:

|   | 2016               | 2015             |
|---|--------------------|------------------|
| At 1 April  | 1,696,447          | 4,209,453        |
| Redemption  | -                  | (2,500,000)      |
| Premium/(discount) on amortisation                    | <u>1,439</u>       | <u>(13,006)</u>  |
| At 31 March   | 1,697,886          | 1,696,447        |
| Less: Current portion of held-to-maturity investments | <u>(1,200,186)</u> | <u>-</u>         |
| Non-current portion                                   | <u>497,700</u>     | <u>1,696,447</u> |

The Fund has not reclassified any financial assets measured amortised cost rather than fair value during the year (2015: nil).

There were no gains or losses realised on the redemption of held-to-maturity investments in 2015, as all the financial assets were redeemed at their redemption date.

The fair value of held-to-maturity investments is based on quoted market bid prices as at balance sheet date (2016: HK\$1,703,160; 2015: HK\$1,706,100).

Held-to-maturity investments are denominated in Hong Kong dollars.

The maximum exposure to credit risk at the reporting date is the carrying amount of held-to-maturity investments.

**AGRICULTURAL PRODUCTS SCHOLARSHIP FUND**  
(All amounts in Hong Kong dollars unless otherwise stated)

**NOTES TO THE FINANCIAL STATEMENTS**

**7 Cash and cash equivalents**

|   | 2016          | 2015          |
|---|---------------|---------------|
| Bank balances and maximum exposure to credit risk | <u>42,400</u> | <u>80,806</u> |

The carrying amount of cash and cash equivalents is denominated in Hong Kong dollars at 31 March 2016 and 2015.

**8 Funds**

|   | Capital<br>allocated by<br>the Vegetable<br>Marketing<br>Organization<br>(Note) | Accumulated<br>deficit      | Total funds                 |
|---|---|-----------------------------|-----------------------------|
| Balance at 1 April 2014                       | 8,000,000   | (868,745)                   | 7,131,255                   |
| Total comprehensive loss                      | -   | (395,575)                   | (395,575)                   |
|   | <u>                    </u>   | <u>                    </u> | <u>                    </u> |
| Balances at 31 March 2015 and<br>1 April 2015 | 8,000,000   | (1,264,320)                 | 6,735,680                   |
| Total comprehensive loss                      | -   | (282,915)                   | (282,915)                   |
|   | <u>                    </u>   | <u>                    </u> | <u>                    </u> |
| Balance at 31 March 2016                      | <u>8,000,000</u>  | <u>(1,547,235)</u>          | <u>6,452,765</u>            |

Note:

The balance represents capital allocated by the Vegetable Marketing Organization to support the operations of the Fund.

**9 Net cash used in operating activities**

|   | 2016                        | 2015                        |
|---|-----------------------------|-----------------------------|
| Deficit for the year  | (282,915)                   | (395,575)                   |
| Adjustments for:  |                             |                             |
| - Interest income on bank deposits                                      | (42,626)                    | (46,411)                    |
| - Interest income on held-to-maturity investments                       | (12,215)                    | (49,684)                    |
| - (Premium)/discount on amortisation of held-to-maturity<br>investments | (1,439)                     | 13,006                      |
|   | <u>(339,195)</u>            | <u>(478,664)</u>            |
| Changes in working capital:   |                             |                             |
| - Accruals  | 1,529                       | 1,205                       |
| - Other receivables   | -                           | 12,500                      |
|   | <u>                    </u> | <u>                    </u> |
| Net cash used in operating activities                                   | <u>(337,666)</u>            | <u>(464,959)</u>            |