

BREWIN TRUST FUND

Report of the Brewin Trust Fund Committee on the Administration of the Fund for the year ended 30 June 2016

During the year under report, the composition of the Brewin Trust Fund Committee (the Committee), constituted under Section 5 of the Brewin Trust Fund Ordinance (Chapter 1077), was as follows –

Secretary for Home Affairs (Chairman and ex-officio)

Director of Social Welfare

Commissioner for Labour

Chairman, Board of Directors, Po Leung Kuk –

Dr Pollyanna CHU (up to 31.3.2016)

Dr KWOK LAW Kwai-chun, Eleanor, BBS (as from 1.4.2016)

Mr CHEUNG Cheuk-yiu, Charles

Ms KAN Wai-mun, Carmen

Ms KWAN Sau-ha

Mr KWOK Wing-chung, Ronald

Ms LAM Kwai-lan, Julia (up to 31.3.2016)

Ms POON Wing-yin (as from 1.4.2016)

2. The purpose of the Brewin Trust Fund (the Fund) is to provide financial assistance for the maintenance and benefit of –

- (a) widows, widowers and orphans who, being residents in Hong Kong, appear to the Committee to require such maintenance and benefit; and
- (b) workmen, which expression shall include females, who having been employed in Hong Kong and become wholly or in part incapacitated for work by reason of age, sickness, disablement or otherwise, appear to the Committee to require such maintenance and benefit.

3. The secretarial and accounting work of the Fund was undertaken by the Trust Funds and Temples Joint Secretariat. The Director of Audit was the Auditor of the Fund's account.

4. A copy of the audited Financial Statements for the year ended 30 June 2016 is at the Appendix.

5. The total expenditure for the year under report amounted to HK\$4,882,534, of which HK\$4,337,716 was spent on grants and HK\$544,818 was spent on the administration cost. The major breakdown on grants is as follows –

	<u>HK\$</u>
(a) Grants through the Director of Social Welfare to individuals and families in need of immediate financial assistance.	2,240,693
(b) Grants through the Commissioner for Labour to –	
(i) Needy family members of deceased employees in fatal employees' compensation cases.	1,500,000
(ii) Employees, or family members of deceased employees, who are incapacitated or die due to work-related diseases (other than pneumoconiosis, mesothelioma and occupational deafness) but are not eligible for compensation under the Employees' Compensation Ordinance.	-
(iii) Family members of deceased mesothelioma sufferer (with date of death falling after the Pneumoconiosis and Mesothelioma (Compensation) Ordinance takes effect) or deceased pneumoconiotics who are not eligible for any compensation under the Pneumoconiosis (Compensation) Ordinance, the Pneumoconiosis and Mesothelioma (Compensation) Ordinance or any benefits under the Pneumoconiosis Ex Gratia Scheme and grant from the Brewin Trust Fund has not been made before on account of mesothelioma or pneumoconiosis.	533,540
(iv) Employees who have been dismissed or forced to resign due to old age, sickness or redundancy before they qualify for long service payment or severance payment and are not entitled to remedies under Part VIA of the Employment Ordinance.	-
(v) Elderly employees or employees certified as permanently unfit to continue with their work who are unable to receive long service payment or terminal payment or severance payment under the Employment Ordinance by default of their employers.	47,823

HK\$

- | | | |
|-------|--|--------|
| (vi) | Family members of persons who died in work accidents and are alleged to be self-employed. | - |
| (vii) | Mesothelioma sufferers for meeting the medical expenses for the use of self-financed drugs in the Hospital Authority Drug Formulary for the treatment of mesothelioma. | 15,660 |

Total :	<u>4,337,716</u>
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(Lau Kong-wah)
Secretary for Home Affairs
Chairman
Brewin Trust Fund Committee
13 December 2016



Brewin Trust Fund

Financial Statements for the year ended 30 June 2016

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 Brewin Trust Fund set out on pages 3 to 17, which comprise the balance sheet as at 30 June 2016, and the income and expenditure account, statement of comprehensive income, 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.

Secretary for Home Affairs Incorporated's Responsibility for the Financial Statements

The Secretary for Home Affairs Incorporated is responsible for the preparation of financial statements that give a true and fair view in accordance with section 10(1) of the Brewin Trust Fund Ordinance (Cap. 1077) and Hong Kong Financial Reporting Standards, and for such internal control as the Secretary for Home Affairs Incorporated 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 10(2) of the Brewin 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 Secretary for Home Affairs Incorporated, 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 Brewin Trust Fund as at 30 June 2016, and of its financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with section 10(1) of the Brewin Trust Fund Ordinance.


TEO Wing-on
Principal Auditor
for Director of Audit

13 December 2016

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

BREWIN TRUST FUND

BALANCE SHEET AS AT 30 JUNE 2016

	Note	2016 HK\$	2015 HK\$
CURRENT ASSETS			
Available-for-sale financial assets	3	-	2,853,600
Financial assets designated at fair value	4	214,623,855	217,043,581
Accounts receivable	5	5,180,765	2,364,573
Time deposits		21,273,654	-
Cash and cash equivalents	6	22,491,025	44,871,665
		<hr/>	<hr/>
		263,569,299	267,133,419
CURRENT LIABILITIES			
Provision for staff gratuity	7	(74,239)	(37,046)
Provision for untaken leave		(5,137)	(2,686)
Accounts payable		(1,847,632)	(241,227)
		<hr/>	<hr/>
		(1,927,008)	(280,959)
NET CURRENT ASSETS			
		<hr/>	<hr/>
		261,642,291	266,852,460
		<hr/>	<hr/>
		261,642,291	266,852,460
		<hr/>	<hr/>
ACCUMULATED FUND			
Capital reserve		60,000,000	60,000,000
Accumulated surplus		201,642,291	206,094,335
Investment revaluation reserve		-	758,125
		<hr/>	<hr/>
		261,642,291	266,852,460
		<hr/>	<hr/>

The accompanying notes 1 to 11 form part of these financial statements.


 (Lau Kong-wah)
 Secretary for Home Affairs Incorporated
 Trustee
 Brewin Trust Fund
 13 December 2016

BREWIN TRUST FUND

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016 HK\$	2015 HK\$
INCOME			
Dividends		2,866,433	4,171,551
Interest	8	3,462,581	2,367,320
Gains on disposal of available-for-sale financial assets		109,720	103,669,488
Unrealised gains on financial assets designated at fair value		751,471	-
Refund of grants		-	3,059
Exchange gain		-	53,871
		<hr/>	<hr/>
		7,190,205	110,265,289
EXPENDITURE			
Grants		(4,337,716)	(4,328,539)
Staff costs		(544,818)	(427,119)
Losses on disposal of financial assets designated at fair value		(4,732,590)	(318,833)
Unrealised losses on financial assets designated at fair value		-	(6,946,988)
Investment management fees		(1,131,797)	(198,597)
Exchange loss		(890,804)	-
Other operating expenses		(4,524)	(289)
		<hr/>	<hr/>
		(11,642,249)	(12,220,365)
		<hr/>	<hr/>
(DEFICIT)/SURPLUS FOR THE YEAR		(4,452,044)	98,044,924
		=====	=====

The accompanying notes 1 to 11 form part of these financial statements.

BREWIN TRUST FUND

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2016

	2016 HK\$	2015 HK\$
(DEFICIT)/SURPLUS FOR THE YEAR	(4,452,044)	98,044,924
OTHER COMPREHENSIVE INCOME		
Items that may be reclassified subsequently to surplus or deficit :		
Available-for-sale financial assets		
Fair value changes on revaluation	-	580,000
Reclassification adjustment released from investment revaluation reserve upon disposal	(758,125)	(95,163,741)
	(758,125)	(94,583,741)
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR	(5,210,169)	3,461,183

The accompanying notes 1 to 11 form part of these financial statements.

BREWIN TRUST FUND**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2016**

	Capital Reserve HK\$	Accumulated Surplus HK\$	Investment Revaluation Reserve HK\$	Total HK\$
Balance at 1 July 2014	60,000,000	108,049,411	95,341,866	263,391,277
Total comprehensive income/(loss) for 2014-15	-	98,044,924	(94,583,741)	3,461,183
Balance at 30 June 2015	60,000,000	206,094,335	758,125	266,852,460
Total comprehensive loss for 2015-16	-	(4,452,044)	(758,125)	(5,210,169)
Balance at 30 June 2016	60,000,000	201,642,291	-	261,642,291
	=====	=====	=====	=====

The accompanying notes 1 to 11 form part of these financial statements.

BREWIN TRUST FUND

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016 HK\$	2015 HK\$
CASH FLOWS FROM OPERATING ACTIVITIES			
(Deficit)/Surplus for the year		(4,452,044)	98,044,924
Adjustments for :			
Dividends		(2,866,433)	(4,171,551)
Interest		(3,462,581)	(2,367,320)
Gains on disposal of available-for-sale financial assets		(109,720)	(103,669,488)
Losses on disposal of financial assets designated at fair value		4,732,590	318,833
Exchange losses/(gains)		135,898	(136,390)
Unrealised (gains)/losses on financial assets designated at fair value		(751,471)	6,946,988
Acquisition of financial assets designated at fair value		(59,188,688)	(229,838,231)
Sale proceeds from disposal of financial assets designated at fair value		57,075,516	6,023,918
Increase in accounts receivable		(2,713,094)	(4,465)
Increase/(Decrease) in provision for staff gratuity		37,193	(46,563)
Increase/(Decrease) in provision for untaken leave		2,451	(1,750)
Increase in accounts payable		1,606,405	235,708
NET CASH USED IN OPERATING ACTIVITIES		<u>(9,953,978)</u>	<u>(228,665,387)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Sale proceeds from disposal of available-for-sale financial assets		2,205,195	145,718,975
Dividends received		3,192,241	4,081,791
Interest received		3,674,334	2,235,453
Increase in time deposits with original maturity over three months		(21,273,654)	-
NET CASH (USED IN) / FROM INVESTING ACTIVITIES		<u>(12,201,884)</u>	<u>152,036,219</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS		(22,155,862)	(76,629,168)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		44,871,665	121,859,599
Effect of exchange rate changes on cash and cash equivalents		<u>(224,778)</u>	<u>(358,766)</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	6	<u><u>22,491,025</u></u>	<u><u>44,871,665</u></u>

The accompanying notes 1 to 11 form part of these financial statements.

BREWIN TRUST FUND

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL

The Brewin Trust Fund (the Fund) provides assistance for the maintenance and benefit of widows, widowers and orphans who, being resident in Hong Kong, appear to the Brewin Trust Fund Committee (the Committee) to require such maintenance and benefit; and the maintenance and benefit of workmen, which expression shall include females, who having been employed in Hong Kong and become wholly or in part incapacitated for work by reason of age, sickness, disablement or otherwise, appear to the Committee to require such maintenance and benefit in accordance with section 4 of the Brewin Trust Fund Ordinance (Cap. 1077).

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 10(1) of the Brewin 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 except that available-for-sale financial assets and financial assets designated at fair value are stated at fair value as explained in the accounting policy set out in note 2(d) and 2(e) 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 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 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) Available-for-sale financial assets

The Fund's available-for-sale financial assets are classified as non-current assets unless the Committee intends to dispose of the investments within 12 months of the balance sheet date.

Purchases and sales of investments are recognised on trade-date on which the Fund is committed to the transactions. Available-for-sale financial assets are initially recognised at fair value plus transaction costs. At each balance sheet date, the fair value is re-measured and any unrealised holding gain or loss arising from the change in fair value is recognised in other comprehensive income and accumulated separately in the investment revaluation reserve.

When available-for-sale financial assets are sold, gains or losses on disposal include the difference between the net sale proceeds and the carrying amount, as well as the accumulated fair value adjustments released from the investment revaluation reserve to the income and expenditure account.

The fair values of quoted investments are based on current bid-prices.

The Fund assesses at each balance sheet date whether there is objective evidence that a financial asset is impaired. The cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the income and expenditure account – is removed from the investment revaluation reserve and recognised in the income and expenditure account. Impairment losses in respect of available-for-sale debt securities are reversed if the subsequent increase in fair value can be objectively related to an event occurring after the impairment loss was recognised. Reversals of impairment losses for debt securities are recognised in the income and expenditure account. Impairment losses for equity securities are not reversed through the income and expenditure account. Any subsequent increase in the fair value of such assets is recognised in other comprehensive income and recorded in the investment revaluation reserve.

(e) Financial assets designated at fair value

Financial assets classified as held for trading are included in the category “financial assets designated at fair value”. 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.

(f) 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.

(g) 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.

(h) 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.

3. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2016 HK\$	2015 HK\$
Equity securities - at fair value		
Listed in Hong Kong	-	2,853,600
	=====	=====
Classified as :		
Non-current assets	-	-
Current assets	-	2,853,600
	-----	-----
	-	2,853,600
	=====	=====

4. FINANCIAL ASSETS DESIGNATED AT FAIR VALUE

	2016 HK\$	2015 HK\$
Equity securities - at fair value		
Listed in Hong Kong	25,122,260	35,307,740
Listed outside Hong Kong	87,629,135	77,647,338
	112,751,395	112,955,078
Debt securities - at fair value		
Unlisted	101,872,460	104,088,503
	-----	-----
Fair value at end of year	214,623,855	217,043,581
	=====	=====

5. ACCOUNTS RECEIVABLE

	2016 HK\$	2015 HK\$
Dividends	322,012	647,820
Interest purchased on debt securities	-	406,374
Interest	958,112	529,207
Amount due from Director of Social Welfare Incorporated	788,308	780,412
Proceeds from disposal of investments	3,112,148	-
Others	185	760
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Balance at end of year	5,180,765	2,364,573
	=====	=====

6. CASH AND CASH EQUIVALENTS

	2016 HK\$	2015 HK\$
Time deposits with original maturity within three months	-	24,963,381
Deposits and balances with custodians	15,853,370	11,787,567
Cash at banks	6,637,655	8,120,717
	<hr/>	<hr/>
	22,491,025	44,871,665
	=====	=====

7. PROVISION FOR STAFF GRATUITY

	2016 HK\$	2015 HK\$
Balance at beginning of year	37,046	83,609
Provision for the year	39,362	35,083
Payment during the year	(2,169)	(80,099)
Provision written back	-	(1,547)
	<hr/>	<hr/>
Balance at end of year	74,239	37,046
	=====	=====

8. INTEREST

	2016 HK\$	2015 HK\$
Interest on bank deposits	377,309	1,764,255
Interest on debt securities	3,085,272	603,065
	<hr/>	<hr/>
	3,462,581	2,367,320
	=====	=====

9. FINANCIAL RISK MANAGEMENT

- (a) The Fund's major financial instruments include available-for-sale financial assets, financial assets designated at fair value, bank deposits and accounts receivable. The major 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 the 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 designated at fair value, only those classified under the investment grade by Moody's, Standard & Poor's or Fitch are considered. At the balance sheet date, the credit quality of investments in debt securities analysed by the lower of ratings designated by Moody's, Standard & Poor's or Fitch was as follows:

	2016 HK\$	2015 HK\$
Debt securities by credit rating		
Aaa/AAA	-	4,652,081
Aa1 to Aa3/AA+ to AA-	8,070,004	12,520,753
A1 to A3/A+ to A-	93,802,456	86,915,669
	<hr/>	<hr/>
	101,872,460	104,088,503
	=====	=====

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

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 is exposed to market risk due to changes in market variables such as equity prices, interest rates and exchange rates. The Fund has appointed a professional investment manager to manage market risk and maintains a diversified portfolio of investments. The Committee 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 securities had been 15% (2015: 15%) higher/lower, the deficit of the Fund for the year would have decreased/increased by about HK\$16,913,000 (2015: surplus would have increased/decreased by about HK\$16,943,000) and the investment revaluation reserve would remain unchanged (2015: the reserve would have increased/decreased by HK\$428,000). The sensitivity analysis was based on the carrying amount of equity securities held by the Fund as 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 debt securities, their fair values will fall when market interest rates increase. It is estimated that, as at 30 June 2016, a general increase/decrease of 25 basis points (2015: 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\$1,276,000 (2015: decrease/increase the surplus by about HK\$1,491,000) and would decrease/increase the accumulated surplus by about HK\$1,276,000 (2015: HK\$1,491,000).

As regards the bank deposits, since they are all 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 interest income from financial instruments bearing interest at a floating rate is not significant.

(iii) Foreign currency risk

(a) Exposure to currency risk

The Fund's overseas investments are exposed to currency risk. The Fund only makes investments denominated in Hong Kong dollar, US dollar, Euro, New Taiwan dollar and currencies of countries whose foreign currency long-term debt has a high credit rating. The Fund's exposure to currency risk is handled in accordance with a documented risk management and investment strategy, and the Fund monitors the risk on a continuous basis.

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. The net exposure to each currency at the balance sheet date arising from recognised assets and liabilities is shown below:

	2016 HK\$	2015 HK\$
Hong Kong dollar	65,527,864	58,717,247
US dollar	153,546,228	143,220,692
Euro	10,423,422	12,735,965
Renminbi	-	24,971,827
New Taiwan dollar	10,953,038	11,207,272
Pound Sterling	6,271,633	7,864,183
Singapore dollar	5,556,823	3,867,045
Japanese Yen	3,470,566	-
Others	5,892,717	4,268,229
	<u>261,642,291</u>	<u>266,852,460</u>

(b) Sensitivity analysis

It was estimated that, as at the balance sheet date, should foreign currencies other than US dollar strengthen/weaken by 10 % (2015: 10%) 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\$4,257,000 (2015: surplus would increase/decrease by HK\$6,491,000) and the accumulated surplus would increase/decrease by HK\$4,257,000 (2015: HK\$6,491,000).

(III) 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 effects of fluctuations in cash flows.

(b) Fair value of financial instruments

(I) Fair value hierarchy

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.

	2016		
	Level 1 HK\$	Level 2 HK\$	Total HK\$
Available-for-sale financial assets			
Equity securities – Listed in Hong Kong	-	-	-
Financial assets designated at fair value			
Equity securities:			
Listed in Hong Kong	25,122,260	-	25,122,260
Listed outside Hong Kong	87,629,135	-	87,629,135
	112,751,395	-	112,751,395
Debt securities - Unlisted	-	101,872,460	101,872,460
	<u>112,751,395</u>	<u>101,872,460</u>	<u>214,623,855</u>
	=====	=====	=====

	2015		
	Level 1 HK\$	Level 2 HK\$	Total HK\$
Available-for-sale financial assets			
Equity securities – Listed in Hong Kong	2,853,600	-	2,853,600
Financial assets designated at fair value			
Equity securities:			
Listed in Hong Kong	35,307,740	-	35,307,740
Listed outside Hong Kong	77,647,338	-	77,647,338
	112,955,078	-	112,955,078
Debt securities - Unlisted	-	104,088,503	104,088,503
	<u>115,808,678</u>	<u>104,088,503</u>	<u>219,897,181</u>
	=====	=====	=====

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

The three levels of the fair value hierarchy are:

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

Level 2: 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; and

Level 3: fair value measured using significant unobservable inputs.

The fair value of unlisted debt securities in Level 2 was determined using quotation from the investment manager.

(II) Fair values of financial assets and liabilities

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

10. CAPITAL MANAGEMENT

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

- to comply with the Brewin 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 capital to ensure that its level is sufficient to fund future grants and expenditure, taking into account projected cash flow requirements, future financial obligations and commitments.

11. COMMITMENTS

As at 30 June 2016, the Fund had financial commitments for grants of HK\$5,105,340 (2015: HK\$6,420,700) approved by the Committee for allocation in 2016-17.