

Report on the Administration of the
Fire Services Department Welfare Fund (FSDWF)
for the year ended 31 March 2021

Income and Expenditure

The income of the Fund for the year under report amounted to \$1,819,253, a decrease of \$105,925 compared with the previous year's total of \$ 1,925,178. The income was derived from the following sources:-

Fees for Firemen's Services: Fire-fighting Training Courses provided to non-Fire Services members	\$281,025
Interests on loans and fixed deposits	\$262,994
Profit on sales of souvenirs financed by FSDWF	\$4,323
Donations received from the general public and departmental collections	\$490,911
Donations for Shaw Run Run Fund	\$780,000
	<u>\$1,819,253</u>

2. Expenditure increased from last year's figure of \$1,578,256 to \$2,219,613 and was incurred mainly on the following items:-

Subsidies to welfare functions and activities organized by FSD staff members	\$799,665
Payments to deceased officers' families	\$544,509
Shaw Run Run Fund Scholarships awarded to the successful applicants	\$780,000
Education expenses for the late Senior Station Officer CHEUNG THOMAS Y F's son	\$13,500
Education expenses for the late Senior Fireman HUI Chi-kit's son	\$1,275
Education expenses for the late Principal Fireman YAU Siu-ming's son	\$80,664
	<u>\$2,219,613</u>

Loans

3. No member applied for and received General Loans for the year.

Assets and Liabilities

4. The excess of expenditure over income for the year has decreased the accumulated fund from \$36,727,842 in the previous year to the present level of \$36,327,482 (each of the two figures excludes \$2,000,000 of Capital of Frederick Watson Fund and CHENG Yu-tung Fund).

General

5. The income under the General Account has decreased by \$623,822 in the year mainly due to decreases in interest income from bank deposits and fees for firemen's services as compared with last year. The expenditure has increased by \$379,664 mainly due to an increase in payments to deceased officers' families. As expenditure exceeds income, there is a deficit of \$354,376 for the General Account.

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Fire Services Department Welfare Fund

Financial statements for the year ended 31 March 2021

Report of the Director of Audit



Audit Commission

The Government of the Hong Kong Special Administrative Region

Independent Auditor's Report To the Legislative Council

Opinion

I certify that I have audited the financial statements of the Fire Services Department Welfare Fund set out on pages 4 to 33, which comprise the balance sheet as at 31 March 2021, and the income and expenditure account, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the financial statements give a true and fair view of the financial position of the Fire Services Department Welfare Fund as at 31 March 2021, and of its financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in accordance with section 10(1)(b) of the Fire Services Department (Welfare Fund) Regulation (Cap. 95 sub. leg. E).

Basis for opinion

I conducted my audit in accordance with section 11(3) of the Fire Services Department (Welfare Fund) Regulation and the Audit Commission auditing standards. My responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of my report. I am independent of the Fire Services Department Welfare Fund in accordance with those standards, and I have fulfilled my other ethical responsibilities in accordance with those standards. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the Director of Fire Services Incorporated for the financial statements

The Director of Fire Services Incorporated is responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and section 10(1)(b) of the Fire Services Department (Welfare Fund) Regulation, and for such

internal control as the Director of Fire Services Incorporated determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Director of Fire Services Incorporated is responsible for assessing the Fire Services Department Welfare Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Audit Commission auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the Audit Commission auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit 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 Fire Services Department Welfare Fund's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Director of Fire Services Incorporated;
- conclude on the appropriateness of the Director of Fire Services Incorporated's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fire Services Department Welfare Fund's ability to continue as a going concern. If I conclude that a material uncertainty exists,

I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Fire Services Department Welfare Fund to cease to continue as a going concern; and

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

S.M. Choi

S. M. CHOI
Principal Auditor
for Director of Audit

31 August 2021

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

**Fire Services Department Welfare Fund
Balance Sheet as at 31 March 2021**

	Note	2021 HK\$	2020 HK\$
GENERAL ACCOUNT			
CURRENT ASSETS			
Stock of souvenirs		341,135	329,047
General loans	4(a)	50,000	53,750
Accrued bank interest		11,928	94,713
Accrued loan interest		-	4
Accounts receivable		34	68
Time deposits with original maturities over three months		-	7,632,587
Cash and cash equivalents	4(b)	<u>26,326,680</u>	<u>18,956,754</u>
		<u>26,729,777</u>	<u>27,066,923</u>
CURRENT LIABILITIES			
Accounts payable		<u>20,412</u>	<u>3,182</u>
NET CURRENT ASSETS		<u><u>26,709,365</u></u>	<u><u>27,063,741</u></u>
ACCUMULATED FUND			
Accumulated surplus		<u><u>26,709,365</u></u>	<u><u>27,063,741</u></u>

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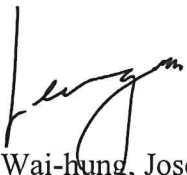
	Note	2021 HK\$	2020 HK\$
WIDOWS AND DEPENDANTS SCHEME	5		
CURRENT ASSETS			
Accrued bank interest		509	2,044
Time deposits with original maturities over three months		-	592,074
Cash and cash equivalents	5(a)	<u>600,386</u>	<u>1,503</u>
		<u>600,895</u>	<u>595,621</u>
ACCUMULATED FUND			
Accumulated surplus		<u>600,895</u>	<u>595,621</u>
FREDERICK WATSON FUND	6		
CURRENT ASSETS			
Accrued bank interest		657	8,804
Cash and cash equivalents	6(a)	<u>2,759,679</u>	<u>2,733,057</u>
		<u>2,760,336</u>	<u>2,741,861</u>
ACCUMULATED FUND			
Capital		1,000,000	1,000,000
Accumulated surplus		<u>1,760,336</u>	<u>1,741,861</u>
		<u>2,760,336</u>	<u>2,741,861</u>

	Note	2021 HK\$	2020 HK\$
CHENG YU-TUNG FUND	7		
CURRENT ASSETS			
Accrued bank interest		2,479	9,963
Time deposits with original maturities over three months		-	2,886,035
Cash and cash equivalents	7(a)	<u>2,925,298</u>	<u>6,073</u>
		<u>2,927,777</u>	<u>2,902,071</u>
ACCUMULATED FUND			
Capital		1,000,000	1,000,000
Accumulated surplus		<u>1,927,777</u>	<u>1,902,071</u>
		<u>2,927,777</u>	<u>2,902,071</u>
SHAW RUN RUN FUND	8		
CURRENT ASSETS			
Cash and cash equivalents	8(a)	<u>1,000,000</u>	<u>1,000,000</u>
ACCUMULATED FUND			
Accumulated surplus		<u>1,000,000</u>	<u>1,000,000</u>
DONATIONS FOR THE LATE PRINCIPAL FIREMAN LEUNG KWOK KEI'S DAUGHTER EDUCATION EXPENSES	9		
CURRENT ASSETS			
Cash and cash equivalents	9(a)	<u>559,482</u>	<u>624,482</u>
CURRENT LIABILITIES			
Accounts payable		<u>-</u>	<u>65,000</u>
NET CURRENT ASSETS		<u>559,482</u>	<u>559,482</u>
ACCUMULATED FUND			
Accumulated surplus		<u>559,482</u>	<u>559,482</u>

	Note	2021 HK\$	2020 HK\$
DR. CHENG YU-TUNG EDUCATION FUND (Formerly named as "CHOW TAI FOOK FUND")	10		
CURRENT ASSETS			
Cash and cash equivalents	10(a)	<u>180,000</u>	<u>320,000</u>
CURRENT LIABILITIES			
Accounts payable		<u>-</u>	<u>140,000</u>
NET CURRENT ASSETS		<u>180,000</u>	<u>180,000</u>
ACCUMULATED FUND			
Accumulated surplus		<u>180,000</u>	<u>180,000</u>
 DONATIONS FOR THE LATE SENIOR STATION OFFICER CHEUNG THOMAS Y F'S SON EDUCATION EXPENSES	 11		
CURRENT ASSETS			
Cash and cash equivalents	11(a)	<u>1,036,500</u>	<u>1,050,000</u>
ACCUMULATED FUND			
Accumulated surplus		<u>1,036,500</u>	<u>1,050,000</u>
 DONATIONS FOR THE LATE SENIOR FIREMAN HUI CHI KIT'S SON EDUCATION EXPENSES	 12		
CURRENT ASSETS			
Cash and cash equivalents	12(a)	<u>995,460</u>	<u>996,735</u>
ACCUMULATED FUND			
Accumulated surplus		<u>995,460</u>	<u>996,735</u>

	Note	2021 HK\$	2020 HK\$
DONATIONS FOR THE LATE PRINCIPAL FIREMAN YAU SIU MING'S SON EDUCATION EXPENSES	13		
CURRENT ASSETS			
Cash and cash equivalents	13(a)	<u>1,557,667</u>	<u>1,638,331</u>
ACCUMULATED FUND			
Accumulated surplus		<u>1,557,667</u>	<u>1,638,331</u>

The accompanying notes 1 to 17 form part of these financial statements.


 (LEUNG Wai-hung, Joseph)
 Director of Fire Services Incorporated
 31 August 2021

Fire Services Department Welfare Fund
Income and Expenditure Account for the year ended 31 March 2021

	Note	2021 HK\$	2020 HK\$
GENERAL ACCOUNT			
INCOME			
Proceeds from sales of souvenirs		39,709	46,147
Cost of souvenirs sold		<u>(35,386)</u>	<u>(41,082)</u>
Gross gain on sales of souvenirs		4,323	5,065
Fees for firemen's services		281,025	421,530
Bank interest		213,537	482,349
Loan interest	2(f)	2	212
Donations		490,911	625,714
Civil Service Award		<u>-</u>	<u>78,750</u>
		<u>989,798</u>	<u>1,613,620</u>
EXPENDITURE			
Entertainment and social gathering		399,424	424,672
Other staff welfare		400,241	490,347
Payments to deceased officers' families	14	544,509	49,361
Bank services charge		<u>-</u>	<u>130</u>
		<u>1,344,174</u>	<u>964,510</u>
(DEFICIT)/SURPLUS FOR THE YEAR		(354,376)	649,110
Other comprehensive income		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR		<u>(354,376)</u>	<u>649,110</u>

	2021	2020
	HK\$	HK\$
WIDOWS AND DEPENDANTS SCHEME		
INCOME		
Bank interest	5,274	11,853
EXPENDITURE	<u>-</u>	<u>-</u>
SURPLUS FOR THE YEAR	5,274	11,853
Other comprehensive income	<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u><u>5,274</u></u>	<u><u>11,853</u></u>

FREDERICK WATSON FUND

INCOME		
Bank interest	18,475	41,928
EXPENDITURE	<u>-</u>	<u>-</u>
SURPLUS FOR THE YEAR	18,475	41,928
Other comprehensive income	<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u><u>18,475</u></u>	<u><u>41,928</u></u>

	2021 HK\$	2020 HK\$
CHENG YU-TUNG FUND		
INCOME		
Bank interest	25,706	57,777
EXPENDITURE	<u>-</u>	<u>-</u>
SURPLUS FOR THE YEAR	25,706	57,777
Other comprehensive income	<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u><u>25,706</u></u>	<u><u>57,777</u></u>

SHAW RUN RUN FUND

INCOME

Donations	780,000	200,000
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EXPENDITURE

Scholarship	<u>780,000</u>	<u>200,000</u>
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SURPLUS FOR THE YEAR

Other comprehensive income	<u>-</u>	<u>-</u>
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TOTAL COMPREHENSIVE INCOME FOR THE YEAR

	<u><u>-</u></u>	<u><u>-</u></u>
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	2021 HK\$	2020 HK\$
DONATIONS FOR THE LATE PRINCIPAL FIREMAN LEUNG KWOK KEI'S DAUGHTER EDUCATION EXPENSES		
INCOME	-	-
EXPENDITURE		
Education expenses	<u>-</u>	<u>134,406</u>
DEFICIT FOR THE YEAR	-	(134,406)
Other comprehensive income	<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	<u><u>-</u></u>	<u><u>(134,406)</u></u>

DR. CHENG YU-TUNG EDUCATION FUND
(Formerly named as "CHOW TAI FOOK FUND")

INCOME	-	-
EXPENDITURE		
Scholarship	<u>-</u>	<u>140,000</u>
DEFICIT FOR THE YEAR	-	(140,000)
Other comprehensive income	<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	<u><u>-</u></u>	<u><u>(140,000)</u></u>

	2021	2020
	HK\$	HK\$
DONATIONS FOR THE LATE SENIOR STATION OFFICER CHEUNG THOMAS Y F'S SON EDUCATION EXPENSES		
INCOME	-	-
EXPENDITURE		
Education expenses	<u>13,500</u>	<u>-</u>
DEFICIT FOR THE YEAR	(13,500)	-
Other comprehensive income	<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	<u><u>(13,500)</u></u>	<u><u>-</u></u>

**DONATIONS FOR THE LATE SENIOR
FIREMAN HUI CHI KIT'S SON
EDUCATION EXPENSES**

INCOME	-	-
EXPENDITURE		
Education expenses	<u>1,275</u>	<u>50,015</u>
DEFICIT FOR THE YEAR	(1,275)	(50,015)
Other comprehensive income	<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	<u><u>(1,275)</u></u>	<u><u>(50,015)</u></u>

	2021	2020
	HK\$	HK\$
DONATIONS FOR THE LATE PRINCIPAL FIREMAN YAU SIU MING'S SON EDUCATION EXPENSES		
INCOME	-	-
EXPENDITURE		
Education expenses	<u>80,664</u>	<u>89,325</u>
DEFICIT FOR THE YEAR	(80,664)	(89,325)
Other comprehensive income	<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	<u><u>(80,664)</u></u>	<u><u>(89,325)</u></u>

The accompanying notes 1 to 17 form part of these financial statements.

Fire Services Department Welfare Fund
Statement of Changes in Equity for the year ended 31 March 2021

	GENERAL ACCOUNT	WIDOWS AND DEPENDANTS SCHEME	FREDERICK WATSON FUND		CHENG YU-TUNG FUND		SHAW RUN RUN FUND	DONATIONS FOR THE LATE PRINCIPAL FIREMAN LEUNG KWOK KEI'S DAUGHTER EDUCATION EXPENSES	DR. CHENG YU-TUNG EDUCATION FUND (Formerly named as "CHOW TAI FOOK FUND")	DONATIONS FOR THE LATE SENIOR STATION OFFICER CHEUNG THOMAS Y F'S SON EDUCATION EXPENSES	DONATIONS FOR THE LATE SENIOR FIREMAN HUI CHI KIT'S SON EDUCATION EXPENSES	DONATIONS FOR THE LATE PRINCIPAL FIREMAN YAU SIU MING'S SON EDUCATION EXPENSES	TOTAL (note 3)		
	ACCUMULATED SURPLUS HK\$	ACCUMULATED SURPLUS HK\$	CAPITAL HK\$	ACCUMULATED SURPLUS HK\$	TOTAL HK\$	CAPITAL HK\$	ACCUMULATED SURPLUS HK\$	TOTAL HK\$	ACCUMULATED SURPLUS HK\$	ACCUMULATED SURPLUS HK\$	ACCUMULATED SURPLUS HK\$	ACCUMULATED SURPLUS HK\$	ACCUMULATED SURPLUS HK\$		
Balance at 1.4.2019	26,414,631	583,768	1,000,000	1,699,933	2,699,933	1,000,000	1,844,294	2,844,294	1,000,000	693,888	320,000	1,050,000	1,046,750	1,727,656	38,380,920
Total comprehensive income/(loss) for 2019-2020	649,110	11,853	-	41,928	41,928	-	57,777	57,777	-	(134,406)	(140,000)	-	(50,015)	(89,325)	346,922
Balance at 31.3.2020	27,063,741	595,621	1,000,000	1,741,861	2,741,861	1,000,000	1,902,071	2,902,071	1,000,000	559,482	180,000	1,050,000	996,735	1,638,331	38,727,842
Balance at 1.4.2020	27,063,741	595,621	1,000,000	1,741,861	2,741,861	1,000,000	1,902,071	2,902,071	1,000,000	559,482	180,000	1,050,000	996,735	1,638,331	38,727,842
Total comprehensive income/(loss) for 2020-2021	(354,376)	5,274	-	18,475	18,475	-	25,706	25,706	-	-	-	(13,500)	(1,275)	(80,664)	(400,360)
Balance at 31.3.2021	26,709,365	600,895	1,000,000	1,760,336	2,760,336	1,000,000	1,927,777	2,927,777	1,000,000	559,482	180,000	1,036,500	995,460	1,557,667	38,327,482

The accompanying notes 1 to 17 form part of these financial statements.

Fire Services Department Welfare Fund
Statement of Cash Flows for the year ended 31 March 2021

	Note	2021 HK\$	2020 HK\$
GENERAL ACCOUNT			
Cash flows from operating activities			
(Deficit)/Surplus for the year		(354,376)	649,110
Bank interest		(213,537)	(482,349)
Loan interest		(2)	(212)
Increase in stock of souvenirs		(12,088)	(37,034)
Decrease in general loans		3,750	30,000
Decrease/(Increase) in accounts receivable		34	(68)
Increase/(Decrease) in accounts payable		17,230	(45,689)
		<u>(558,989)</u>	<u>113,758</u>
Net cash (used in)/from operating activities			
Cash flows from investing activities			
Bank interest received		296,322	469,308
Loan interest received		6	241
Net decrease/(increase) in time deposits with maturities over three months		7,632,587	(152,154)
		<u>7,928,915</u>	<u>317,395</u>
Net cash from investing activities			
Net increase in cash and cash equivalents			
		7,369,926	431,153
Cash and cash equivalents at beginning of year		<u>18,956,754</u>	<u>18,525,601</u>
Cash and cash equivalents at end of year	4(b)	<u><u>26,326,680</u></u>	<u><u>18,956,754</u></u>

	Note	2021 HK\$	2020 HK\$
WIDOWS AND DEPENDANTS SCHEME			
Cash flows from operating activities			
Surplus for the year		5,274	11,853
Bank interest		<u>(5,274)</u>	<u>(11,853)</u>
Net cash used in operating activities		<u>-</u>	<u>-</u>
Cash flows from investing activities			
Bank interest received		6,809	11,803
Net decrease/(increase) in time deposits with maturities over three months		<u>592,074</u>	<u>(11,803)</u>
Net cash from investing activities		<u>598,883</u>	<u>-</u>
Net increase in cash and cash equivalents		598,883	-
Cash and cash equivalents at beginning of year		<u>1,503</u>	<u>1,503</u>
Cash and cash equivalents at end of year	5(a)	<u><u>600,386</u></u>	<u><u>1,503</u></u>

	Note	2021 HK\$	2020 HK\$
FREDERICK WATSON FUND			
Cash flows from operating activities			
Surplus for the year		18,475	41,928
Bank interest		<u>(18,475)</u>	<u>(41,928)</u>
Net cash used in operating activities		<u>-</u>	<u>-</u>
Cash flows from investing activities			
Bank interest received		<u>26,622</u>	<u>40,694</u>
Net cash from investing activities		<u>26,622</u>	<u>40,694</u>
Net increase in cash and cash equivalents		26,622	40,694
Cash and cash equivalents at beginning of year		<u>2,733,057</u>	<u>2,692,363</u>
Cash and cash equivalents at end of year	6(a)	<u><u>2,759,679</u></u>	<u><u>2,733,057</u></u>

	Note	2021 HK\$	2020 HK\$
CHENG YU-TUNG FUND			
Cash flows from operating activities			
Surplus for the year		25,706	57,777
Bank interest		<u>(25,706)</u>	<u>(57,777)</u>
Net cash used in operating activities		<u>-</u>	<u>-</u>
Cash flows from investing activities			
Bank interest received		33,190	57,532
Net decrease/(increase) in time deposits with maturities over three months		<u>2,886,035</u>	<u>(57,532)</u>
Net cash from investing activities		<u>2,919,225</u>	<u>-</u>
Net increase in cash and cash equivalents		2,919,225	-
Cash and cash equivalents at beginning of year		<u>6,073</u>	<u>6,073</u>
Cash and cash equivalents at end of year	7(a)	<u><u>2,925,298</u></u>	<u><u>6,073</u></u>

	Note	2021 HK\$	2020 HK\$
SHAW RUN RUN FUND			
Cash flows from operating activities			
Surplus for the year		<u>-</u>	<u>-</u>
Net cash from operating activities		<u>-</u>	<u>-</u>
Net increase in cash and cash equivalents		-	-
Cash and cash equivalents at beginning of year		<u>1,000,000</u>	<u>1,000,000</u>
Cash and cash equivalents at end of year	8(a)	<u><u>1,000,000</u></u>	<u><u>1,000,000</u></u>

**DONATIONS FOR THE LATE PRINCIPAL
FIREMAN LEUNG KWOK KEI'S
DAUGHTER EDUCATION EXPENSES**

Cash flows from operating activities			
Deficit for the year		-	(134,406)
(Decrease)/Increase in accounts payable		<u>(65,000)</u>	<u>65,000</u>
Net cash used in operating activities		<u>(65,000)</u>	<u>(69,406)</u>
Net decrease in cash and cash equivalents		(65,000)	(69,406)
Cash and cash equivalents at beginning of year		<u>624,482</u>	<u>693,888</u>
Cash and cash equivalents at end of year	9(a)	<u><u>559,482</u></u>	<u><u>624,482</u></u>

	Note	2021 HK\$	2020 HK\$
DR. CHENG YU-TUNG EDUCATION FUND			
(Formerly named as "CHOW TAI FOOK FUND")			
Cash flows from operating activities			
Deficit for the year		-	(140,000)
Decrease in accounts payable		<u>(140,000)</u>	<u>(160,000)</u>
Net cash used in operating activities		<u>(140,000)</u>	<u>(300,000)</u>
Net decrease in cash and cash equivalents		(140,000)	(300,000)
Cash and cash equivalents at beginning of year		<u>320,000</u>	<u>620,000</u>
Cash and cash equivalents at end of year	10(a)	<u><u>180,000</u></u>	<u><u>320,000</u></u>

**DONATIONS FOR THE LATE SENIOR
STATION OFFICER CHEUNG THOMAS Y F'S
SON EDUCATION EXPENSES**

Cash flows from operating activities			
Deficit for the year		<u>(13,500)</u>	<u>-</u>
Net cash used in operating activities		<u>(13,500)</u>	<u>-</u>
Net decrease in cash and cash equivalents		(13,500)	-
Cash and cash equivalents at beginning of year		<u>1,050,000</u>	<u>1,050,000</u>
Cash and cash equivalents at end of year	11(a)	<u><u>1,036,500</u></u>	<u><u>1,050,000</u></u>

	Note	2021 HK\$	2020 HK\$
DONATIONS FOR THE LATE SENIOR FIREMAN HUI CHI KIT'S SON EDUCATION EXPENSES			
Cash flows from operating activities			
Deficit for the year		<u>(1,275)</u>	<u>(50,015)</u>
Net cash used in operating activities		<u>(1,275)</u>	<u>(50,015)</u>
Net decrease in cash and cash equivalents		(1,275)	(50,015)
Cash and cash equivalents at beginning of year		<u>996,735</u>	<u>1,046,750</u>
Cash and cash equivalents at end of year	12(a)	<u><u>995,460</u></u>	<u><u>996,735</u></u>

**DONATIONS FOR THE LATE PRINCIPAL
FIREMAN YAU SIU MING'S SON
EDUCATION EXPENSES**

Cash flows from operating activities			
Deficit for the year		<u>(80,664)</u>	<u>(89,325)</u>
Net cash used in operating activities		<u>(80,664)</u>	<u>(89,325)</u>
Net decrease in cash and cash equivalents		(80,664)	(89,325)
Cash and cash equivalents at beginning of year		<u>1,638,331</u>	<u>1,727,656</u>
Cash and cash equivalents at end of year	13(a)	<u><u>1,557,667</u></u>	<u><u>1,638,331</u></u>

The accompanying notes 1 to 17 form part of these financial statements.

Fire Services Department Welfare Fund

Notes to the Financial Statements

1. General

The Fire Services Department Welfare Fund (the Fund) was established for the purposes of providing and maintaining amenities for the use and enjoyment of, and making loans, grants, allowances and gifts to beneficiaries including Fire Services employees, former Fire Services employees, dependants of deceased Fire Services employees and dependants of deceased former Fire Services employees in accordance with section 19D of the Fire Services Ordinance (Cap. 95).

The address of the Fund's principal place of business is 11th Floor, Fire Services Headquarters Building, No. 1 Hong Chong Road, Tsim Sha Tsui East, Kowloon.

2. Significant accounting policies

(a) Statement of compliance

The financial statements have been prepared in accordance with section 10(1)(b) of the Fire Services Department (Welfare Fund) Regulation (Cap. 95 sub. leg. E) and all applicable Hong Kong Financial Reporting Standards (HKFRSs), which is a collective term that includes all applicable individual HKFRSs, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (HKICPA). A summary of the significant accounting policies adopted by the Fund is set out below.

(b) Basis of preparation of the financial statements

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

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

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

There are no critical accounting judgements involved in the application of the Fund's accounting policies. There are neither key assumptions concerning the future nor other key sources of estimation uncertainty at the reporting date that have

a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in the next year.

(c) Impact of new/revised HKFRSs

The HKICPA has issued certain new or revised HKFRSs which are first effective for the current accounting period. There have been no changes to the accounting policies applied in these financial statements for the years presented as a result of these developments.

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 results of operations and financial position.

(d) Financial assets and financial liabilities

(i) Initial recognition and measurement

Financial assets and financial liabilities are recognised on the date the Fund becomes a party to the contractual provisions of the financial instrument. They are initially stated at fair value plus or minus transaction costs that are directly attributable to the acquisition of financial assets or issue of financial liabilities.

(ii) Classification and subsequent measurement

Financial assets measured at amortised cost

These comprise loans receivable, accrued interest, accounts receivable, bank deposits and cash and cash equivalents. They are held for the collection of contractual cash flows which represent solely payments of principal and interest. They are subsequently measured at amortised cost using the effective interest method. The measurement of loss allowances for these financial assets is based on the expected credit loss model as described in note 2(d)(iv).

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating and recognising the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or financial liability to the gross carrying amount of the financial asset or to the amortised cost of the financial liability. When calculating the effective interest rate, the Fund estimates cash flows by considering all contractual terms of the financial instrument but does not consider the expected credit losses. The calculation includes all fees received or paid between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Financial liabilities measured at amortised cost

These comprise accounts payable. They are subsequently measured at amortised cost using the effective interest method.

(iii) Derecognition

A financial asset is derecognised when the contractual rights to receive the cash flows from the financial asset expire, or where the financial asset together with substantially all the risks and rewards of ownership have been transferred.

A financial liability is derecognised when the obligation specified in the contract is discharged, is cancelled or expires.

(iv) Impairment of financial assets

For loans receivable, accrued interest, accounts receivable, bank deposits and cash and cash equivalents, the Fund measures the expected credit losses to determine the loss allowance required to be recognised.

Expected credit losses are a probability-weighted estimate of credit losses. They are based on the difference between the contractual cash flows due in accordance with the contract and the cash flows that the Fund expects to receive, discounted at the effective interest rate. They are measured on either of the following bases:

- 12-month expected credit losses (for financial instruments for which there has not been a significant increase in credit risk since initial recognition): these are losses that are expected to result from possible default events within the 12 months after the reporting date; or
- lifetime expected credit losses (for financial instruments for which there has been a significant increase in credit risk since initial recognition): these are losses that are expected to result from all possible default events over the expected life of the financial instrument.

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Fund compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this assessment, the Fund considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Fund in full; or (ii) the financial asset is 90 days past due. The Fund considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

For a financial asset with lifetime expected credit losses recognised in the previous reporting period, if its credit quality improves and reverses the previously assessed significant increase in credit risk, then the loss allowance reverts from lifetime expected credit losses to 12-month expected credit losses.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

(e) Valuation of souvenir stock

The cost of souvenir stock is calculated on a first-in-first-out basis. Souvenir stock is stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated selling expenses.

(f) Loan interest

(i) At the discretion of the Director of Fire Services Incorporated, loans on General Account were subject to the payment of interest at the rate of 1.106% per annum from 1 April 2020 to 31 March 2021 (2020: 1.257% per annum from 1 April 2019 to 30 September 2019 and 1.231% per annum from 1 October 2019 to 31 March 2020), calculated monthly on the balance outstanding at the end of each month until the loan was repaid in full. The interest was payable within one month after the date on which the previous instalment became payable.

(ii) Loans on Bulk Purchase Scheme are interest-free.

(g) Revenue recognition

(i) The Fund recognises fees for firemen's services and revenue from sales of souvenirs when it satisfies a performance obligation by transferring promised goods or services to a customer, at the amount of consideration to which the Fund expects to be entitled in exchange for the goods or services.

(ii) Donation income is recognised once cash is received and approval for acceptance is obtained.

(iii) Interest income from bank deposits is recognised as it accrues using the effective interest method.

(iv) Interest income from loans is recognised in accordance with the terms set out in the individual loan agreements.

(h) Cash and cash equivalents

Cash and cash equivalents include cash and bank balances, and other short-term highly liquid investments that are readily convertible to known amounts of cash and subject to an insignificant risk of changes in value, having been within three months of maturity when placed or acquired.

(i) Deferred revenue

If a customer pays consideration, or the Fund has an unconditional right to consideration, before the Fund transfers a service to the customer, the Fund recognises its contract liability as deferred revenue. The Fund derecognises the deferred revenue and recognises revenue when the Fund transfers the service and,

therefore, satisfies its performance obligation.

3. Administration of the Fund

The Fund is administered in a General Account together with 9 schemes/funds/donations for education expenses (with donations made to and interest income earned by each, and assets and equities of each earmarked for specified purposes — notes 5 to 13). The total assets, liabilities, income and expenditure of the Fund are as follows:

	2021 HK\$	2020 HK\$
Assets	<u>38,347,894</u>	<u>38,936,024</u>
Liabilities	<u>20,412</u>	<u>208,182</u>
Income	<u>1,819,253</u>	<u>1,925,178</u>
Expenditure	<u>2,219,613</u>	<u>1,578,256</u>

4. General Account

	2021 HK\$	2020 HK\$
(a) General loans		
Balance at beginning of year	53,750	83,750
Add: Loans made during the year	<u>-</u>	<u>-</u>
	53,750	83,750
Less: Loans repaid during the year	<u>3,750</u>	<u>30,000</u>
Balance at end of year	<u>50,000</u>	<u>53,750</u>
Loans repayable:		
- after 1 year (non-current assets)	-	-
- within 1 year (current assets)	<u>50,000</u>	<u>53,750</u>
	<u>50,000</u>	<u>53,750</u>
(b) Cash and cash equivalents		
Time deposits with original maturities within three months	25,722,227	17,793,319
Cash with the Director of Accounting Services	<u>604,453</u>	<u>1,163,435</u>
	<u>26,326,680</u>	<u>18,956,754</u>

5. Widows and Dependants Scheme

The Scheme was created in October 1979 to make regular grants in the form of supplementary pension to the widows and dependants of Fire Services employees killed/disabled as a result of active duty at emergency incidents.

	2021 HK\$	2020 HK\$
(a) Cash and cash equivalents		
Time deposits with original maturities within three months	598,883	-
Cash with the Director of Accounting Services	<u>1,503</u>	<u>1,503</u>
	<u><u>600,386</u></u>	<u><u>1,503</u></u>

6. Frederick Watson Fund

The Frederick Watson Fund was created in August 1983 in recognition of the services of the former Director, Mr. F. M. Watson. The interest yielded from the fund is used for the welfare of Fire Services employees, former Fire Services employees who have retired on pension, or dependants of a deceased Fire Services employee or former Fire Services employee as the Director of Fire Services Incorporated sees fit.

	2021 HK\$	2020 HK\$
(a) Cash and cash equivalents		
Time deposits with original maturities within three months	2,737,114	2,710,492
Cash with the Director of Accounting Services	<u>22,565</u>	<u>22,565</u>
	<u><u>2,759,679</u></u>	<u><u>2,733,057</u></u>

7. Cheng Yu-tung Fund

The Cheng Yu-tung Fund was created in December 1985. The interest yielded from the fund is used as the Director of Fire Services Incorporated sees fit in accordance with section 19D of the Fire Services Ordinance.

	2021 HK\$	2020 HK\$
(a) Cash and cash equivalents		
Time deposits with original maturities within three months	2,919,225	-
Cash with the Director of Accounting Services	<u>6,073</u>	<u>6,073</u>
	<u><u>2,925,298</u></u>	<u><u>6,073</u></u>

8. **Shaw Run Run Fund**

In appreciation of the dedication and commitment of the uniformed, civilian and contract members of the Fire Services Department in their provision of firefighting, rescue and ambulance services to Hong Kong, Mr. Shaw Run Run donated an amount of HK\$1,000,000 to the Welfare Fund on 10 October 2008 as a scholarship fund for the dependants of the members of the Fire Services Department who have achieved outstanding academic results. Similarly, personal excellence through school records and involvement in extra-curricular activities or community services would also be taken into account. In addition, an amount of HK\$460,000, HK\$230,000, HK\$641,490, HK\$200,000 and HK\$780,000 was donated on 17 June 2015, 20 May 2016, 4 December 2018, 19 December 2019 and 8 December 2020 to the Welfare Fund respectively.

	2021	2020
	HK\$	HK\$
(a) Cash and cash equivalents		
Cash with the Director of Accounting Services	<u>1,000,000</u>	<u>1,000,000</u>

9. **Donations for the late Principal Fireman LEUNG Kwok-kei's daughter education expenses**

The late Principal Fireman LEUNG Kwok-kei sacrificed his life on 4 December 2014 after attending a gas explosion in Shek Kip Mei. Donations totalling HK\$920,500 for education expenses of the surviving daughter were received.

	2021	2020
	HK\$	HK\$
(a) Cash and cash equivalents		
Cash with the Director of Accounting Services	<u>559,482</u>	<u>624,482</u>

10. **Dr. Cheng Yu-tung Education Fund (Formerly named as "Chow Tai Fook Fund")**

Chow Tai Fook Charity Foundation Limited donated an amount of HK\$1,000,000 to the Welfare Fund on 10 February 2015 for establishing a fund to support members of the Fire Services Department in pursuit of higher education.

	2021	2020
	HK\$	HK\$
(a) Cash and cash equivalents		
Cash with the Director of Accounting Services	<u>180,000</u>	<u>320,000</u>

11. **Donations for the late Senior Station Officer Cheung Thomas Y F's son education expenses**

The late Senior Station Officer Thomas Cheung sacrificed his life on 21 June 2016 during the operation of fighting a fire in an industrial centre in Ngau Tau Kok. Donations totalling HK\$1,050,000 for education expenses of the surviving son were received.

	2021	2020
	HK\$	HK\$
(a) Cash and cash equivalents		
Cash with the Director of Accounting Services	<u>1,036,500</u>	<u>1,050,000</u>

12. **Donations for the late Senior Fireman HUI Chi-kit's son education expenses**

The late Senior Fireman HUI Chi-kit sacrificed his life on 23 June 2016 during the operation of fighting a fire in an industrial centre in Ngau Tau Kok. Donations totalling HK\$1,050,000 for education expenses of the surviving son were received.

	2021	2020
	HK\$	HK\$
(a) Cash and cash equivalents		
Cash with the Director of Accounting Services	<u>995,460</u>	<u>996,735</u>

13. **Donations for the late Principal Fireman YAU Siu-ming's son education expenses**

The late Principal Fireman YAU Siu-ming sacrificed his life on 22 March 2017 during the mountain rescue operation at Tiu Shau Ngam. Donations totalling HK\$1,835,846 for education expenses of the surviving son were received.

	2021	2020
	HK\$	HK\$
(a) Cash and cash equivalents		
Cash with the Director of Accounting Services	<u>1,557,667</u>	<u>1,638,331</u>

14. **Payments to deceased officers' families**

Donations totalling HK\$127,413 received from departmental collections via the Welfare Fund were paid to the families of two late members (HK\$19,959 for the late Senior Fireman CHENG Chi-lung and HK\$107,454 for the late Ambulanceman HUI Chi-hing).

Financial assistance grants totalling HK\$417,096 were paid to the families of two late members (HK\$220,116 for the late Senior Fireman CHENG Chi-lung and HK\$196,980 for the late Ambulanceman HUI Chi-hing).

15. **Financial risk management**

The Fund's major financial instruments include loans receivable, bank deposits and cash and cash equivalents. The major risks associated with these financial instruments are set out below.

(a) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Fund's maximum exposure to credit risk as at the reporting date in relation to each class of financial assets is the carrying amount of those assets as stated in the balance sheet.

The Fund limits its exposure to credit risk by transacting with reputable licensed banks in Hong Kong and places its surplus funds in short-term bank deposits. The credit risk in respect of cash with the Director of Accounting Services is considered minimal. For loans receivable, they were made to the Fire Services employees and the dependants of deceased Fire Services employees. The Fund considers the risk of default occurring on the loans is minimal.

The credit quality of time deposits and bank balances, analysed by the ratings designated by Moody's, at the reporting date is shown below:

	2021	2020
	HK\$	HK\$
Time deposits and bank balances, by credit rating		
- General Account		
Aa1 – Aa3	6,920,772	-
A1 – A3	18,801,455	25,425,906
	<u>25,722,227</u>	<u>25,425,906</u>
- Widows and Dependants Scheme		
A1 – A3	598,883	592,074
	<u>598,883</u>	<u>592,074</u>
- Frederick Watson Fund		
Aa1 – Aa3	2,737,114	-
A1 – A3	-	2,710,492
	<u>2,737,114</u>	<u>2,710,492</u>
- Cheng Yu-tung Fund		
A1 – A3	2,919,225	2,886,035
	<u>2,919,225</u>	<u>2,886,035</u>

While the financial assets measured at amortised cost are subject to the impairment requirements, the Fund has estimated that their expected credit losses are immaterial and considers that no loss allowance is required.

(b) Interest rate risk

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

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

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

(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

In the management of liquidity risk, the Fund maintains a level of cash and cash equivalents that is considered adequate to finance its operations and mitigate the effect of fluctuations in cash flows. Hence, the Fund does not have significant exposure to liquidity risk.

As at the reporting date, the remaining contractual maturities of all financial liabilities, based on contractual undiscounted cash flows and the earliest date on which the Fund can be required to pay, were three months or less (2020: three months or less).

16. **Capital management**

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

- (a) to comply with the Fire Services Ordinance and the Fire Services Department (Welfare Fund) Regulation; and
- (b) to maintain a capital base for carrying out the purposes of the Fund as stated in note 1 above.

The Fund manages capital to ensure that its level is adequate to fund future issue of loans and expenditure, taking into account its projected cash flow requirements, future financial obligations and commitments.

17. **Fair values of financial assets and financial liabilities**

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