

REPORT BY THE TRUSTEE

of the

CUSTOMS AND EXCISE SERVICE

CHILDREN'S EDUCATION TRUST FUND

FOR THE YEAR

1 APRIL 2020 To 31 MARCH 2021

**Report by the Trustee
of the Customs and Excise Service Children's Education Trust Fund
for the year from 1 April 2020 to 31 March 2021**

INTRODUCTION

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

2. In accordance with section 4 of the Ordinance, the Commissioner of Customs and Excise shall be the Trustee of the Customs and Excise Service Children's Education Trust Fund (the Fund). As required by section 11 of the Ordinance, I take pleasure in presenting to the President and Honourable Members of the Legislative Council a copy of the signed and audited statement of accounts, the Director of Audit's report and my report on administration of the Fund for the year running from 1 April 2020 to 31 March 2021.

3. The Fund was started with a generous donation of \$300,000 granted by the Board of Management of the Chinese Permanent Cemeteries in September 1997. Over the years, individual donors have contributed an additional sum of \$10,900,000 towards operation of the Fund.

OBJECTS OF THE FUND

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

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

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

THE COMMITTEE AND THE INVESTMENT ADVISORY BOARD

5. The Committee was formed in accordance with section 6 of the Ordinance for management of the Fund. The Financial Secretary appointed Mr. Benedict SIN Ngayan as the Chairman, together with, Mr. Howard YEUNG Ping-leung, Ms. Wendy YUEN Miu-ling and Ms. TANG Shuk-yin as members of the Committee for a period of two years with effect from 1 August 2020. A membership list is at **Appendix I**.

6. The Investment Advisory Board (the Board) was formed in accordance with section 10 of the Ordinance to guide the Trustee on placing of money drawn from the Fund in investments other than those authorized under the Trustee Ordinance (Cap.29). The Financial Secretary appointed Mr. Martin LEE Ka-shing as the Chairman, together with Mr. Stephen TAN, Mr Karson CHOI Ka-tsan, Mr. Alexander WONG and Dr. Eric CHENG Kam-chung as members of the Board for a period of two years with effect

from 1 August 2020. A membership list is at **Appendix II**.

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

MEETING

8. With major decisions having made by circulation, the Committee met on 28 October 2020 to review the administration of the Fund.

GRANTS

9. From 1 April 2020 to 31 March 2021, a total sum of \$863,600 was approved and distributed to 131 eligible applicants, including \$292,500 to 117 eligible applicants in the form of higher education grants, \$355,000 to 17 eligible applicants in the form of scholarship, \$96,000 to 11 eligible applicants as special grant for their handicapped children, and \$120,100 to three children of a deceased Senior Customs Officer as caring grants for supporting their education.

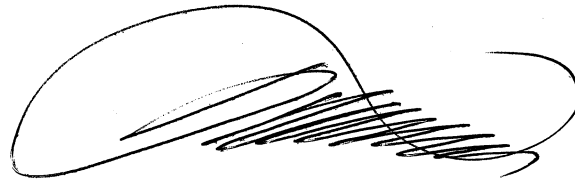
10. Balance of the Fund as at 31 March 2021 amounted to \$5,457,717 with \$10,900,000 in the capital account and an accumulated deficit of \$5,442,283.

AUDITOR

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

VOTE OF THANKS

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



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

7 October 2021

Customs and Excise Service Children's Education Trust Fund Committee

(as at 31 March 2021)

- Chairman : Mr. Benedict SIN Nga-yan
(appointed by the Financial Secretary)
- Members : Commissioner of Customs and Excise
Mr. Hermes TANG Yi-hoi, S.B.S., C.D.S.M., C.M.S.M.

Officer in charge of Service Welfare Division in the Customs and
Excise Department
Ms. Peggy TAM Pui-ying

Representative of the Customs Officers
Ms. TANG Shuk-yin
(appointed by the Financial Secretary)

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

Ms. Wendy YUEN Miu-ling
(appointed by the Financial Secretary)
- Honorary Treasurer : Ms. Fiona WONG Ngar-chor, Senior Treasury Accountant
(Customs and Excise Department)
- Honorary Secretary : Ms. Mandy CHOI Ho-ka, Executive Officer (Staff Relations)
(Customs and Excise Department)

Customs and Excise Service Children's Education Trust Fund

Investment Advisory Board

(as at 31 March 2021)

Chairman : Mr. Martin LEE Ka-shing, G.B.S., J.P.
(appointed by the Financial Secretary)

Members : Mr. Stephen TAN
(appointed by the Financial Secretary)

Mr. Karson CHOI Ka-tsan, B.B.S.
(appointed by the Financial Secretary)

Mr. Alexander WONG
(appointed by the Financial Secretary)

Dr. Eric CHENG Kam-chung, B.B.S., M.H., J.P.
(appointed by the Financial Secretary)



Customs and Excise Service
Children's Education Trust 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 Customs and Excise Service Children's Education Trust Fund set out on pages 4 to 16, 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 Customs and Excise Service Children's Education Trust 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 11(1) to 11(3) of the Customs and Excise Service Children's Education Trust Fund Ordinance (Cap. 551).

Basis for opinion

I conducted my audit in accordance with section 11(4) of the Customs and Excise Service Children's Education Trust Fund Ordinance and the Audit Commission auditing standards. 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 Customs and Excise Service Children's Education Trust 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 Commissioner of Customs and Excise for the financial statements

The Commissioner of Customs and Excise 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 11(1) to 11(3) of the Customs and Excise Service Children's Education Trust Fund Ordinance, and for such internal control as the Commissioner of Customs and Excise determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Commissioner of Customs and Excise is responsible for assessing the Customs and Excise Service Children's Education Trust 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 Customs and Excise Service Children's Education Trust Fund's internal control;

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Commissioner of Customs and Excise;
- conclude on the appropriateness of the Commissioner of Customs and Excise'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 Customs and Excise Service Children's Education Trust 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 Customs and Excise Service Children's Education Trust 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

29 June 2021

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

**Customs and Excise Service Children's Education Trust Fund
Balance Sheet as at 31 March 2021**

	Note	2021 HK\$	2020 HK\$
Current assets			
Accounts receivable		17,604	7,390
Time deposits with original maturities over three months		2,016,222	2,666,744
Cash and cash equivalents	3	4,287,491	1,469,418
		<u>6,321,317</u>	<u>4,143,552</u>
Current liabilities			
Accounts payable		(863,600)	-
Net current assets		<u>5,457,717</u>	<u>4,143,552</u>
Accumulated fund			
Capital		10,900,000	8,950,000
Accumulated deficit		(5,442,283)	(4,806,448)
		<u>5,457,717</u>	<u>4,143,552</u>

The accompanying notes 1 to 8 form part of these financial statements.



(Ms Louise HO)

Acting Commissioner of Customs and Excise
The Trustee of the
Customs and Excise Service Children's
Education Trust Fund

29 June 2021



(SIN Nga-yan, Benedict)

Chairman
Customs and Excise Service Children's
Education Trust Fund Committee

29 June 2021

Customs and Excise Service Children's Education Trust Fund
Income and Expenditure Account
For the year ended 31 March 2021

	2021	2020
	HK\$	HK\$
Income		
Bank interest	69,470	81,955
Other income	5,000	-
Net exchange gains / (losses)	<u>153,295</u>	<u>(142,352)</u>
	<u>227,765</u>	<u>(60,397)</u>
 Expenditure		
Special education grants/ Higher education grants/ Scholarships	<u>(863,600)</u>	<u>(720,500)</u>
	<u>(863,600)</u>	<u>(720,500)</u>
 Deficit for the year	 (635,835)	 (780,897)
Other comprehensive income	<u>-</u>	<u>-</u>
Total comprehensive loss for the year	<u><u>(635,835)</u></u>	<u><u>(780,897)</u></u>

The accompanying notes 1 to 8 form part of these financial statements.

Customs and Excise Service Children's Education Trust Fund
Statement of Changes in Equity
For the year ended 31 March 2021

	Capital HK\$	Accumulated deficit HK\$	Total HK\$
Balance at 1 April 2019	8,350,000	(4,025,551)	4,324,449
Donations received during 2019-20	600,000	-	600,000
Total comprehensive loss for 2019-20	-	(780,897)	(780,897)
Balance at 31 March 2020	8,950,000	(4,806,448)	4,143,552
Donations received during 2020-21	1,950,000	-	1,950,000
Total comprehensive loss for 2020-21	-	(635,835)	(635,835)
Balance at 31 March 2021	10,900,000	(5,442,283)	5,457,717

The accompanying notes 1 to 8 form part of these financial statements.

Customs and Excise Service Children's Education Trust Fund
Statement of Cash Flows
For the year ended 31 March 2021

	Note	2021 HK\$	2020 HK\$
Cash flows from operating activities			
Deficit for the year		(635,835)	(780,897)
Adjustments for:			
Bank interest		(69,470)	(81,955)
Net exchange (gains) / losses		(153,295)	142,352
Increase in accounts receivable		(40)	(20)
Increase in accounts payable		863,600	-
Net cash from / (used in) operating activities		4,960	(720,520)
Cash flows from investing activities			
Bank interest received		59,602	83,765
Decrease in time deposits with original maturities over three months		801,138	1,493,830
Net cash from investing activities		860,740	1,577,595
Cash flows from financing activities			
Donations received		1,950,000	600,000
Net cash from financing activities		1,950,000	600,000
Net increase in cash and cash equivalents		2,815,700	1,457,075
Cash and cash equivalents at beginning of year		1,469,418	12,343
Effect of exchange rate changes on cash and cash equivalents		2,373	-
Cash and cash equivalents at end of year	3	4,287,491	1,469,418

The accompanying notes 1 to 8 form part of these financial statements.

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

1. General

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

2. Significant accounting policies

(a) Statement of compliance

The financial statements of the Fund have been prepared in accordance with section 11(1) to 11(3) of the Customs and Excise Service Children's Education Trust Fund Ordinance 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.

Certain comparative figures for 2020 have been reclassified to conform to the current year's presentation of the Fund's financial statements.

(c) Impact of new and 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 accounts receivable, time 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 accounts receivable, time 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) Grants and scholarships

Grants and scholarships are recognised in the income and expenditure account when they have been approved by the Customs and Excise Service Children's Education Trust Fund Committee.

(f) Donations

Donation is credited to the accumulated fund – capital account once the amount is received and approval for acceptance is obtained.

(g) 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 reporting date. Exchange gains and losses are dealt with in the income and expenditure account.

(h) Revenue recognition

Bank interest is recognised as it accrues using the effective interest method.

(i) Cash and cash equivalents

Cash and cash equivalents include cash at banks, deposits with banks 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.

3. Cash and cash equivalents

	2021	2020
	HK\$	HK\$
Time deposits with original maturities within three months	-	861,925
Cash at banks	4,287,491	607,493
	<u>4,287,491</u>	<u>1,469,418</u>

4. Donation for the children of a deceased Senior Customs Officer

A separate account is kept for recording a donation of HK\$150,000 received by the Fund in January 2021 and the payments made for supporting the education of the children of a deceased Senior Customs Officer. The movements of the account during the period are as follows:

	HK\$
Donation received in January 2021	150,000
Payments made for the period	<u>(10,100)</u>
Balance at 31 March 2021	<u>139,900</u>

5. Financial risk management

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

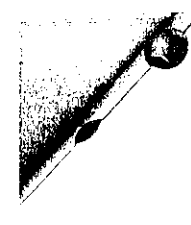
(a) Credit risk

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 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.

To minimise the credit risk arising from time deposits and cash and cash equivalents, all time deposits and bank balances are placed with reputable licensed banks in Hong Kong. Hence, the credit risk associated with time deposits and cash and cash equivalents is considered to be low.

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

	2021	2020
	HK\$	HK\$
Time deposits and cash and cash equivalents, by credit rating		
Aa1 to Aa3	2,088,732	1,469,418
A1 to A3	<u>4,214,981</u>	<u>2,666,744</u>
	<u>6,303,713</u>	<u>4,136,162</u>



While the financial assets measured at amortised cost are subject to the impairment requirements, the Fund has estimated that their expected credit losses on these financial assets 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. However, as they are stated at amortised cost, changes in market interest rates will not affect their carrying amounts and the Fund's deficit and equity.

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

(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 effects of fluctuations in cash flows. Hence, the Fund does not have significant exposure to liquidity risk.

As at 31 March 2021, 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 one month or less (2020: nil).

(d) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in currency exchange rates. The Fund's financial instruments denominated in foreign currencies are exposed to currency risk.

(i) Exposure to currency risk

The Fund maintained financial instruments denominated in US dollar and Renminbi of US\$112,267 (2020: US\$110,563) and CNY1,706,843 (2020: CNY 1,663,560) respectively at the reporting date. As Hong Kong dollar is pegged to the US dollar within a narrow range, it is considered that the Fund had no significant exposure to foreign exchange risk relating to this currency. Since no foreign currency rate hedging is made by the Fund, the carrying amounts of the financial instruments in Renminbi represent the maximum exposure of the Fund to foreign exchange risk in respect of Renminbi.

(ii) Sensitivity analysis

It was estimated that, as at 31 March 2021, should the Renminbi strengthen/weaken by 5% (2020: 5%) against the Hong Kong dollar, with all other variables held constant, the deficit of the Fund for the year and the accumulated deficit would decrease/ increase by HK\$101,000 (2020: HK\$91,000).

6. Capital management

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

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

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

7. Cost of administering the Fund

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

8. 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.