

REPORT BY THE TRUSTEE

of the

CUSTOMS AND EXCISE SERVICE

CHILDREN'S EDUCATION TRUST FUND

FOR THE YEAR

1 APRIL 2012 To 31 MARCH 2013

**Report by the Trustee
of the Customs and Excise Service Children's Education Trust Fund
for the year from 1 April 2012 to 31 March 2013**

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 to present 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 2012 to 31 March 2013.

3. The Fund was started with a generous donation of \$300,000 from the Board of Management of the Chinese Permanent Cemeteries in September 1997. Over the years, individual personages have donated further amounts totaling \$5,950,000 towards 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. Steve LAU Hon-wah as the Chairman, together with Mr. Martin LEE Ka-shing, Mr. Benedict SIN Nga-yan and Ms. LAM Cheuk-wing as members of the Committee for a period of two years with effect from 1 August 2012. A membership list is at **Appendix I**.

6. The Investment Advisory Board (the Board) was formed in accordance with section 10 of the Ordinance for making recommendations to 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. Richard TANG Yat-sun as the Chairman, together with Dr. Francis CHOI Chee-ming, Mr. WONG Cho-bau, Mr. Howard YEUNG Ping-leung and Ms. LAU Yiu-hung as members of the Board for a period of two years with effect from 1 August 2012. 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 18 June 2013 to review the administration of the Fund.

GRANTS

9. From 1 April 2012 to 31 March 2013, a total sum of \$449,256.50 was approved and distributed to 118 eligible applicants, including \$232,000 to 116 eligible applicants in the form of book grant, \$200,000 to 12 eligible applicants in the form of scholarship and \$17,256.50 as special grant to two eligible applicants for their handicapped children. Details are as follows :-

	<u>Name of Child</u>	<u>Curriculum / Education Institution</u>	<u>Book Grant</u> <u>(\$)</u>	<u>Scholarship</u> <u>(\$)</u>	<u>Special Grant</u> <u>(\$)</u>
1.	LEUNG Yuen-ting	Bachelor of Medicine and Bachelor of Surgery / The University of Hong Kong	2,000	12,500	
2.	MAK Ho-ching	Bachelor of Arts / The University of Hong Kong	2,000	12,500	
3.	WONG Man-hei	Bachelor of Social Sciences / The University of Hong Kong	2,000	25,000	
4.	KWOK Hong-ting	Bachelor of Engineering / The University of Hong Kong	2,000		
5.	CHAN Shun-ping	Bachelor of Science / The University of Hong Kong	2,000		

	<u>Name of Child</u>	<u>Curriculum / Education Institution</u>	<u>Book Grant</u> <u>(\$)</u>	<u>Scholarship</u> <u>(\$)</u>	<u>Special Grant</u> <u>(\$)</u>
6.	CHO Yu-hin, Jeffrey	Bachelor of Business Administration (Hons) / The University of Hong Kong	2,000		
7.	LEE Nam-kit	Bachelor of Science / The University of Hong Kong	2,000		
8.	PONG Hiu-ying, Cynthia	Bachelor of Arts / The University of Hong Kong	2,000		
9.	LI Chun-wing, Eric	Bachelor of Social Sciences / The University of Hong Kong	2,000		
10.	WONG Man-hin, Matthew	Bachelor of Engineering / The University of Hong Kong	2,000		
11.	WAN Tze-kit	Bachelor of Medicine and Bachelor of Surgery / The University of Hong Kong	2,000		
12.	CHAN Hiu-ying, Daisy	Bachelor of Science / The University of Hong Kong	2,000		
13.	LIM Ching-fung	Bachelor of Social Sciences / The University of Hong Kong	2,000		
14.	YAU Sin-ki	Bachelor of Arts / The University of Hong Kong	2,000		
15.	KOON Yuk-ting	Bachelor of Engineering / The University of Hong Kong	2,000		
16.	WONG Yik-ching	Higher Diploma / The University of Hong Kong SPACE Community College	2,000		
17.	YU Ka-wing	Associate of Business Administration / The University of Hong Kong SPACE Community College	2,000		
18.	WONG Cheuk-bond	Associate of Applied Science / The University of Hong Kong SPACE Community College	2,000		
19.	LAM Gloria	Bachelor of Arts / The University of Hong Kong SPACE Community College	2,000		
20.	LAI Wai-ho	Bachelor of Science (Honours) / The University of Hong Kong SPACE Community College	2,000		
21.	CHUI Yee-man	Higher Diploma / HKU SPACE Po Leung Kuk Community College	2,000		
22.	LIU Wing-sum	Higher Diploma / HKU SPACE Po Leung Kuk Community College	2,000		
23.	KWOK Ho-pan	Higher Diploma / HKU SPACE Po Leung Kuk Community College	2,000		
24.	CHAU Cho-kiu	Bachelor of Science / The Hong Kong Polytechnic	2,000	12,500	

	<u>Name of Child</u>	<u>Curriculum / Education Institution</u>	<u>Book Grant</u> (<u>\$</u>)	<u>Scholarship</u> (<u>\$</u>)	<u>Special Grant</u> (<u>\$</u>)
		University			
25.	AU Ka-chai	Bachelor of Science / The Hong Kong Polytechnic University	2,000	12,500	
26.	AU Ka-chun	Bachelor of Science / The Hong Kong Polytechnic University	2,000	25,000	
27.	LEUNG Lok-yin	Bachelor of Business Administration / The Hong Kong Polytechnic University	2,000		
28.	YU Kit-man	Bachelor of Business Administration / The Hong Kong Polytechnic University	2,000		
29.	YIM Tze-ching	Bachelor of Engineering / The Hong Kong Polytechnic University	2,000		
30.	FUNG Wing-man, Erica	Bachelor of Science / The Hong Kong Polytechnic University	2,000		
31.	WONG Pui-ka, April	Bachelor of Science / The Hong Kong Polytechnic University	2,000		
32.	CHEUNG Ka-ying	Bachelor of Arts (Hon) / The Hong Kong Polytechnic University	2,000		
33.	WONG Tsz-hin, Theo	Bachelor of Science / The Hong Kong Polytechnic University	2,000		
34.	YIP Tsz-hin	Bachelor of Engineering / The Hong Kong Polytechnic University	2,000		
35.	LEUNG Kin-long	Bachelor of Engineering and Bachelor of Business Administration / The Hong Kong Polytechnic University	2,000		
36.	YU Lok-man	Bachelor of Science / The Hong Kong Polytechnic University	2,000		
37.	KUM Tsui-yin, Cherrine	Bachelor of Business Administration / The Hong Kong Polytechnic University	2,000		
38.	LAM Leung-man	Bachelor of Science / The Hong Kong Polytechnic University	2,000		
39.	TAI Hang-woon	Bachelor of Arts / The Hong Kong Polytechnic University	2,000		
40.	LAI Ho-yan	Bachelor of Business Administration / The Hong Kong Polytechnic University	2,000		
41.	HO Ka-ming	Bachelor of Science / The Hong Kong Polytechnic University	2,000		

	<u>Name of Child</u>	<u>Curriculum / Education Institution</u>	<u>Book Grant</u> (<u>\$</u>)	<u>Scholarship</u> (<u>\$</u>)	<u>Special Grant</u> (<u>\$</u>)
42.	YU Ka-yan	Bachelor of Arts / The Hong Kong Polytechnic University School of Professional Education and Executive Development	2,000		
43.	TANG Ho-ming	Associate in Business / The Hong Kong Polytechnic University Community College	2,000		
44.	HO Yin-ting	Associate in Engineering / The Hong Kong Polytechnic University Community College	2,000		
45.	TSE Howell	Associate in Business / The Hong Kong Polytechnic University Community College	2,000		
46.	FAN Hiu-fung	Associate in Applied Social Sciences / The Hong Kong Polytechnic University Community College	2,000		
47.	WONG Suet-wing	Bachelor of Medicine and Bachelor of Surgery / The Chinese University of Hong Kong	2,000	25,000	
48.	YIM Yat-long	Bachelor of Business Administration / The Chinese University of Hong Kong	2,000	12,500	
49.	LI, Christopher Tsz-chung	Bachelor of Social Science / The Chinese University of Hong Kong	2,000	12,500	
50.	KWAN Hoi-lam	Bachelor of Medicine and Bachelor of Surgery / The Chinese University of Hong Kong	2,000	12,500	
51.	CHUNG Man-wai	Bachelor of Arts / The Chinese University of Hong Kong	2,000	12,500	
52.	LAU Chun-lok	Bachelor of Science / The Chinese University of Hong Kong	2,000		
53.	POON Pan-hin	Bachelor of Science / The Chinese University of Hong Kong	2,000		
54.	HUI Wing-san	Bachelor of Education / The Chinese University of Hong Kong	2,000		
55.	SIU Yik-ching	Bachelor of Arts / The Chinese University of Hong Kong	2,000		
56.	HONG Kiu	Bachelor of Business Administration / The Chinese University of Hong Kong	2,000		
57.	CHEUNG Tsz-lam	Bachelor of Medicine and Bachelor of Surgery / The Chinese University of Hong Kong	2,000		
58.	TSE Sha-pik, Sabrina	Bachelor of Social Science / The Chinese University of Hong Kong	2,000		
59.	KUM Lok-yin	Bachelor of Nursing / The Chinese University of Hong Kong	2,000		

	<u>Name of Child</u>	<u>Curriculum / Education Institution</u>	<u>Book Grant</u> <u>(\$)</u>	<u>Scholarship</u> <u>(\$)</u>	<u>Special Grant</u> <u>(\$)</u>
60.	TSUI Siu-ting, Desmond	Bachelor of Nursing / The Chinese University of Hong Kong	2,000		
61.	TAM Chun-hin	Bachelor of Nursing / The Chinese University of Hong Kong	2,000		
62.	HO Ka-man	Bachelor of Engineering / The Chinese University of Hong Kong	2,000		
63.	YIP Ka-lun	Bachelor of Engineering / City University of Hong Kong	2,000		
64.	NG Yin-ho	Bachelor of Engineering / City University of Hong Kong	2,000		
65.	WONG Tsz-fung	Bachelor of Social Sciences / City University of Hong Kong	2,000		
66.	HO Yin-cheung	Bachelor of Engineering / City University of Hong Kong	2,000		
67.	TSANG Ka-yan	Bachelor of Arts / City University of Hong Kong	2,000		
68.	CHAN Tsz-hin	Bachelor of Social Science / City University of Hong Kong	2,000		
69.	CHEUNG Joey	Bachelor of Social Sciences / City University of Hong Kong	2,000		
70.	TAM Ka-ming	Bachelor of Engineering / City University of Hong Kong	2,000		
71.	HUNG Nok-hang	Bachelor of Social Sciences / City University of Hong Kong	2,000		
72.	FAN Hiu-ching	Associate of Social Science / Community College of City University of Hong Kong	2,000		
73.	CHAN Wing-ka	Associate of Social Science / Community College of City University of Hong Kong	2,000		
74.	CHEUNG Wing-kei	Associate of Social Science / Community College of City University of Hong Kong	2,000		
75.	TSE Shu-ting	Associate of Arts / Community College of City University of Hong Kong	2,000		
76.	KWONG Wai-man	Bachelor of Social Sciences / Hong Kong Baptist University	2,000	25,000	
77.	HO Chun-ye, Jadis	Associate of Science / Hong Kong Baptist University College of International Education	2,000		
78.	SIU Long-ying	Bachelor of Social Sciences / Hong Kong Baptist University	2,000		

	<u>Name of Child</u>	<u>Curriculum / Education Institution</u>	<u>Book Grant</u> <u>(\$)</u>	<u>Scholarship</u> <u>(\$)</u>	<u>Special Grant</u> <u>(\$)</u>
79.	WONG Ngai-man	Bachelor of Social Sciences / Hong Kong Baptist University College of International Education	2,000		
80.	CHAN Yan-tung	Bachelor of Social Sciences / Hong Kong Baptist University	2,000		
81.	HON Shing-yin	Bachelor of Arts / Hong Kong Baptist University	2,000		
82.	NG Yuen-nam	Associate of Arts / Hong Kong Baptist University College of International Education	2,000		
83.	TANG Long-him	Associate of Science / Hong Kong Baptist University College of International Education	2,000		
84.	POON Ying-sin	Bachelor of Business Administration / Hong Kong University of Science & Technology	2,000		
85.	YU Chun-hang	Bachelor of Engineering / Hong Kong University of Science & Technology	2,000		
86.	CHAU Lai-bun	Bachelor of Engineering / Hong Kong University of Science & Technology	2,000		
87.	LEUNG Yue-kiu	Bachelor of Science / Hong Kong University of Science & Technology	2,000		
88.	CHU Kin-leung	Bachelor of Science / Hong Kong University of Science & Technology	2,000		
89.	IP, Gary Chu-wah	Bachelor of Business Administration / Hong Kong University of Science & Technology	2,000		
90.	WAN Yu-ching, Janice	Bachelor of Arts / Lingnan University	2,000		
91.	CHEUNG Lok-yee	Bachelor of Arts / Lingnan University	2,000		
92.	LEUNG Lok-ki	Advanced Diploma / Lingnan Institute of Further Education	2,000		
93.	CHAN Hiu-ting	Associate of Arts / Community College of Lingnan University	2,000		
94.	CHEUNG Cheuk-kwan	Bachelor of Arts / Hong Kong Shue Yan University	2,000		
95.	LAU Sui-yiu	Bachelor of Business Administration / Hong Kong Shue Yan University	2,000		
96.	HO Chun-miu, Joyce	Bachelor of Business Administration / Hong Kong Shue Yan University	2,000		
97.	TAM Wing-kei	Bachelor of Arts / The Hong Kong Institute of Education	2,000		
98.	HO Pak-wing	Bachelor of Music / The Hong Kong Institute of Education	2,000		

	<u>Name of Child</u>	<u>Curriculum / Education Institution</u>	<u>Book Grant</u> <u>(\$)</u>	<u>Scholarship</u> <u>(\$)</u>	<u>Special Grant</u> <u>(\$)</u>
99.	WONG Hon-yin	Bachelor of Arts / The Hong Kong Institute of Education	2,000		
100.	LAW Ho-pong, Steven	Bachelor of Education / The Hong Kong Institute of Education	2,000		
101.	LOK Shing-leung	Higher Diploma / Hong Kong Institute of Vocational Education	2,000		
102.	TAM Pui-ying	Associate of Arts / The Hong Kong Institute of Education	2,000		
103.	CHAN Hiu-lam	Bachelor of Arts / The Open University of Hong Kong	2,000		
104.	FAN Ka-ho	Advanced Diploma / The Open University of Hong Kong	2,000		
105.	KWOK Kwan-yi	Bachelor of Business Administration / Hang Seng Management College	2,000		
106.	LEUNG Ka-wing, Karen	Bachelor of Arts / Hang Seng Management College	2,000		
107.	LIU Pok-man	Bachelor of Business Administration / Hang Seng Management College	2,000		
108.	LAW Chun-kit	Bachelor of Business Administration / Chu Hai College of Higher Education	2,000		
109.	LAW Wing-yan, Yanei	Bachelor of Arts / Chu Hai College of Higher Education	2,000		
110.	WONG Man-ching	Bachelor of Arts / Chu Hai College of Higher Education	2,000		
111.	LAM Ho-wang, Owen	Bachelor of Architecture / Chu Hai College of Higher Education	2,000		
112.	HO Kin-long	Bachelor of Commerce / Chu Hai College of Higher Education	2,000		
113.	IP Kin-kwok	Bachelor of Arts / Chu Hai College of Higher Education	2,000		
114.	LUI Sin-man	Bachelor of Health Science / Tung Wah College	2,000		
115.	CHUI Yuen-man	Higher Diploma / Hong Kong Institute of Vocational Education	2,000		
116.	LAM Junny	Higher Diploma / Hong Kong Design Institute	2,000		
117.	TSANG Tsz-sin	Mary Rose Shool			8,219.50
118.	LAM Wun-chit	Heep Hong Society Catherine Lo Centre			9,037.00

10. Balance of the Fund as at 31 March 2013 amounted to \$4,785,415 with \$6,250,000 in the capital account and an accumulated deficit of \$1,464,585.

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 guiding 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.

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

30 August 2013

Customs and Excise Service Children's Education Trust Fund Committee

(as at 31 March 2013)

Chairman : Mr. Steve LAU Hon-wah, S.B.S., J.P.
(appointed by the Financial Secretary)

Members : Commissioner of Customs and Excise

Mr. Clement CHEUNG Wan-ching, J.P.

Officer in charge of Service Welfare Division in the Customs and
Excise Department

Mr. TANG Wai-kuen

Representative of the customs officers

Ms. LAM Cheuk-wing
(appointed by the Financial Secretary)

Mr. Martin LEE Ka-shing
(appointed by the Financial Secretary)

Mr. Benedict SIN Nga-yan
(appointed by the Financial Secretary)

Honorary : Mr. MAK Keung-hoi, Senior Treasury Accountant
Treasurer (Customs and Excise Department)

Honorary : Miss Kimberly YU, Executive Officer (Staff Relations)
Secretary (Customs and Excise Department)

Customs and Excise Service Children's Education Trust Fund

Investment Advisory Board

(as at 31 March 2013)

Chairman : Mr. Richard TANG Yat-sun, B.B.S., J.P.
(appointed by the Financial Secretary)

Members : Dr. Francis CHOI Chee-ming, G.B.S., J.P.
(appointed by the Financial Secretary)

Mr. WONG Cho-bau, J.P.
(appointed by the Financial Secretary)

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

Ms. LAU Yiu-hung
(appointed by the Financial Secretary)



Customs and Excise Service
Children's Education Trust Fund

Financial Statements for the year ended 31 March 2013

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 Customs and Excise Service Children's Education Trust Fund set out on pages 3 to 10, which comprise the balance sheet as at 31 March 2013, and the income and expenditure account, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Commissioner of Customs and Excise's Responsibility for the Financial Statements

The Commissioner of Customs and Excise is responsible for the preparation of financial statements that give a true and fair view in accordance with section 11(1) to (3) of the Customs and Excise Service Children's Education Trust Fund Ordinance (Cap. 551) and Hong Kong Financial Reporting Standards, 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.

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 11(4) of the Customs and Excise Service Children's Education 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 Commissioner of Customs and Excise, 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 Customs and Excise Service Children's Education Trust Fund as at 31 March 2013, 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 11(1) to (3) of the Customs and Excise Service Children's Education Trust Fund Ordinance.



Frederick T C WONG
Principal Auditor
for Director of Audit

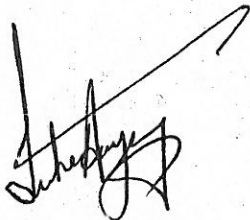
27 June 2013

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 2013**

	2013 HK\$	2012 HK\$
Current assets		
Accounts receivable	23,755	23,299
Bank deposits	4,753,917	4,871,249
Cash at bank	7,743	305,571
	<hr/>	<hr/>
	4,785,415	5,200,119
	<hr/>	<hr/>
Accumulated fund		
Capital	6,250,000	6,250,000
Accumulated deficit	(1,464,585)	(1,049,881)
	<hr/>	<hr/>
	4,785,415	5,200,119
	<hr/>	<hr/>

The accompanying notes 1 to 6 form part of these financial statements.



(Luke AU YEUNG Ho-lok)

Acting Commissioner of Customs and Excise

Trustee

Customs and Excise Service Children's
Education Trust Fund

27 June 2013



(LAU Hon-wah, Steve)

Chairman

Customs and Excise Service Children's
Education Trust Fund Committee

27 June 2013

Customs and Excise Service Children's Education Trust Fund
Income and Expenditure Account
For the year ended 31 March 2013

	2013	2012
	HK\$	HK\$
Income		
Bank interest	34,123	33,803
Other income	1,428	-
	35,551	33,803
 Expenditure		
Special education grant/Book grant/ Scholarship to Service members	(449,257)	(231,379)
Exchange losses	(998)	(5,750)
	(450,255)	(237,129)
 Deficit for the year	(414,704)	(203,326)
Other comprehensive income	-	-
Total comprehensive expense for the year	(414,704)	(203,326)

The accompanying notes 1 to 6 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 2013

	Capital HK\$	Accumulated deficit HK\$	Total HK\$
Balance at 1 April 2011	5,950,000	(846,555)	5,103,445
Donations received during 2011-12	300,000	-	300,000
Total comprehensive expense for 2011-12	-	(203,326)	(203,326)
Balance at 31 March 2012	<u>6,250,000</u>	<u>(1,049,881)</u>	<u>5,200,119</u>
Donations received during 2012-13	-	-	-
Total comprehensive expense for 2012-13	-	(414,704)	(414,704)
Balance at 31 March 2013	<u><u>6,250,000</u></u>	<u><u>(1,464,585)</u></u>	<u><u>4,785,415</u></u>

The accompanying notes 1 to 6 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 2013

	2013	2012
	HK\$	HK\$
Cash flows from operating activities		
Deficit for the year	(414,704)	(203,326)
Bank interest	(34,123)	(33,803)
Exchange losses	998	5,750
Net cash used in operating activities	<u>(447,829)</u>	<u>(231,379)</u>
Cash flows from investing activities		
Bank interest received	33,561	32,723
Net decrease/(increase) in bank deposits with original maturity over three months	116,440	(102,723)
Net cash from/(used in) investing activities	<u>150,001</u>	<u>(70,000)</u>
Cash flows from financing activities		
Donations received	-	300,000
Net cash from financing activities	<u>-</u>	<u>300,000</u>
Net decrease in cash and cash equivalents	(297,828)	(1,379)
Cash and cash equivalents at beginning of year	<u>305,571</u>	<u>306,950</u>
Cash and cash equivalents at end of year	<u><u>7,743</u></u>	<u><u>305,571</u></u>
Analysis of the balance of cash and cash equivalents		
Cash at bank	<u><u>7,743</u></u>	<u><u>305,571</u></u>

The accompanying notes 1 to 6 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 (3) of the Customs and Excise Service Children's Education 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.

(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 new 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) Donations

Donations are credited to the accumulated fund – capital account on actual receipt. There is no donation for the current year.

(e) Foreign currency translation

Hong Kong dollar is the currency of the primary economic environment in which the Fund operates. Foreign currency transactions during the year are translated into Hong Kong dollars at the exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated into Hong Kong dollars at the exchange rates ruling at the balance sheet date. Exchange gains and losses are dealt with in the income and expenditure account.

(f) Revenue recognition

Bank interest is accrued on a time-proportion basis by reference to the principal outstanding and the rate applicable.

(g) Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash on hand 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. Financial risk management objectives and policies

The Fund's major financial instruments include bank deposits and cash at bank. The main risks associated with these financial instruments are set out below.

(a) Credit risk

The Fund's maximum exposure to credit risk at the balance sheet date in relation to the financial instruments is the carrying amount of these assets as stated in the balance sheet. The Fund limits its exposure to credit risk by transacting with reputable licensed banks in Hong Kong.

(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 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 value 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 floating rates.

The Fund's exposure to interest rate risk, based on the major interest-bearing assets stated at carrying amounts at the balance sheet date and categorised by the earlier of contractual repricing dates or maturity dates, is shown below :

	Repricing Period		
	Up to 3 months HK\$	Over 3 months to 1 year HK\$	Total HK\$
2013			
Deposits with banks	51,347	4,702,570	4,753,917
2012			
Deposits with banks	50,980	4,820,269	4,871,249

(c) 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 effect of fluctuations in cash flows.

(d) Foreign currency risk

The Fund holds some bank deposits denominated in US dollar which, at 31 March 2013, totalled US\$320,304 (2012: US\$316,525). As the Hong Kong dollar is pegged to the US dollar, the Fund has no significant exposure to foreign currency risk.

4. Capital management

The capital structure of the Fund consists of the 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.

5. 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.

6. Fair values of financial assets

The fair values of the Fund's financial assets approximate their carrying amounts at the balance sheet date.