

CHINESE TEMPLES COMMITTEE

Report on the administration of the Chinese Temples Fund for the year ended 31 March 2013

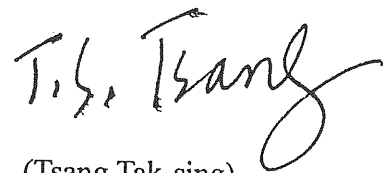
The Chinese Temples Fund (the Fund) was established by the Chinese Temples Committee (the Committee) under Section 8(1) of the Chinese Temples Ordinance (Cap. 153) for the due observance of the customary ceremonies at temples and the maintenance of temple buildings and temple properties. Under Section 8(2) of the Ordinance, the Committee may, at its own discretion, transfer any surplus of the Fund to the General Chinese Charities Fund for the purpose of any Chinese charity in Hong Kong.

2. The Fund is administered by the Committee. A membership list for the year under review is at Appendix I. The Trust Funds and Temples Joint Secretariat is responsible for the secretarial and accounting work of the Fund. The Director of Audit is the auditor of the Fund's account.

3. Surplus from self-administered and delegated temples during the period under report amounted to HK\$31.94 million, representing an increase of HK\$0.35 million as compared with that of HK\$31.59 million in 2011-12.

4. During the period under report, the total expenditure incurred on repair and maintenance of the self-administered and delegated temples amounted to HK\$4.41 million. The renovation for Che Kung Temple at Shatin Phase II commenced in April 2010 and was completed in September 2012. The slope improvement and demolition of the old columbarium at Tsz Wan Shan Kwun Yum Temple commenced in November 2013 and was scheduled for completion in end 2014.

5. The audited Financial Statements of the Fund for the year ended 31 March 2013 is at Appendix II.



(Tsang Tak-sing)
Secretary for Home Affairs
Chairman
Chinese Temples Committee
17 December 2013

**Membership of the Chinese Temples Committee
(1.4.2012-31.3.2013)**

1. Secretary for Home Affairs (Chairman)
Mr TSANG Tak-sing, GBS, JP
2. The Chairman of the Board of Directors (up to 31.3.2013)
of Tung Wah Group of Hospitals
(Mrs CHAN MAN Yee-wai, Viola)
3. Dr CHAN Yuk-kit (up to 31.5.2012)
4. Dr TANG Lap-kwong (up to 19.11.2012)
5. Dr LO Wai-cheung, Anthony (up to 31.12.2012)
6. Dr TONG Wai-ki, BBS, MH (up to 31.12.2012)
7. Mr MA Ching-yuk, SBS, JP
8. Ms TONG Kei-yuk-Judy
9. Mr KWOK Ngok-chung, Dick (from 1.6.2012)
10. Mr YEUNG Chun-tong (from 20.11.2012)
11. Mr IP Cheung-ching (from 1.1.2013)
12. Mr LO Wai-kon (from 1.1.2013)

Chinese Temples 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 Chinese Temples Fund set out on pages 3 to 19, which comprise the balance sheet as at 31 March 2013, and the income and expenditure account, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Secretary for Home Affairs' Responsibility for the Financial Statements

The Secretary for Home Affairs is responsible for the preparation of financial statements that give a true and fair view in accordance with regulation 10(1) of the Chinese Temples Fund Regulations (Cap. 153 sub. leg. A) and Hong Kong Financial Reporting Standards, and for such internal control as the Secretary for Home Affairs 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 regulation 10(2) of the Chinese Temples Fund Regulations and the Audit Commission auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk

assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Secretary for Home Affairs, 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 Chinese Temples 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 regulation 10(1) of the Chinese Temples Fund Regulations.



Frederick T C WONG
Principal Auditor
for Director of Audit

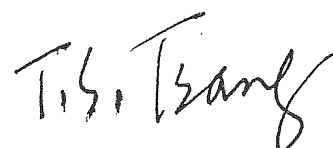
17 December 2013

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

**CHINESE TEMPLES FUND
BALANCE SHEET AS AT 31 MARCH 2013**

	Note	2013 HK\$	2012 HK\$
NON-CURRENT ASSETS			
Available-for-sale financial assets	3	499,102,730	431,593,297
CURRENT ASSETS			
Available-for-sale financial assets	3	-	19,026,220
Utilities deposits		205,600	204,600
Stock of worshipping items		10,925	19,505
Accounts receivable	4	810,670	1,008,638
Prepayments		4,863	-
Cash and cash equivalents	5	245,565,603	199,788,888
		<u>246,597,661</u>	<u>220,047,851</u>
CURRENT LIABILITIES			
Contractors' retention money		(1,528,536)	(1,585,473)
Deposits from temple-keepers		(3,795,509)	(3,044,156)
Advance receipts		(6,803,153)	(6,088,296)
Accounts payable	6	(4,718,571)	(2,242,311)
Provision for legal expenses		(1,676,700)	(2,000,000)
		<u>(18,522,469)</u>	<u>(14,960,236)</u>
NET CURRENT ASSETS		<u>228,075,192</u>	<u>205,087,615</u>
		<u>727,177,922</u>	<u>636,680,912</u>
ACCUMULATED FUND		441,454,538	397,219,920
RESERVE FOR THE MAINTENANCE OF TO CHI FAT SHE AT VICTORIA ROAD		1,321,867	1,224,817
RESERVE FOR THE MAINTENANCE OF TEMPLES		214,802,927	216,165,416
INVESTMENT REVALUATION RESERVE		69,598,590	22,070,759
		<u>727,177,922</u>	<u>636,680,912</u>

The accompanying notes 1 to 16 form part of these financial statements.



(Tsang Tak-sing)
Secretary for Home Affairs
Chairman
Chinese Temples Committee
17 December 2013

CHINESE TEMPLES FUND

**INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2013**

	Note	2013 HK\$	2012 HK\$
INCOME			
Surplus for the year from self-administered and delegated temples	7	31,433,311	31,166,256
Surplus from temples administered by Tung Wah Group of Hospitals	8	4,357,800	5,115,053
Gains on sale of worshipping items	9	506,412	428,293
Donations		3,310,010	14,500
Dividends		14,881,389	13,375,681
Interest	10	2,448,980	1,856,904
Exchange gains		211,836	247,488
		57,149,738	52,204,175
EXPENDITURE			
Repairs and maintenance of self-administered and delegated temples		(4,414,582)	(4,702,223)
Grants for religious ceremonies and repairs to temples		(753,609)	(3,146,501)
Deficit from 'Temple Fair of Che Kung Temple, Shatin'	11	(1,923,950)	-
Transfer to General Chinese Charities Fund		(4,357,800)	(5,115,053)
Release of contract fulfillment rewards		(2,318,590)	(2,184,750)
Legal expenses		-	(2,050,000)
Bad debts written-off		(175,337)	-
Miscellaneous		(236,691)	(370,186)
		(14,180,559)	(17,568,713)
SURPLUS FOR THE YEAR		42,969,179	34,635,462

The accompanying notes 1 to 16 form part of these financial statements.

CHINESE TEMPLES FUND

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2013**

	2013 HK\$	2012 HK\$
SURPLUS FOR THE YEAR	42,969,179	34,635,462
OTHER COMPREHENSIVE INCOME		
Available-for-sale financial assets		
Changes in fair value	47,514,931	(89,275,960)
Net losses/(gains) on maturity of debt securities	12,900	(69,113)
	47,527,831	(89,345,073)
TOTAL COMPREHENSIVE INCOME/(EXPENSE) FOR THE YEAR	90,497,010	(54,709,611)

The accompanying notes 1 to 16 form part of these financial statements.

CHINESE TEMPLES FUND

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2013**

	Accumulated Fund HK\$	Reserve for the maintenance of To Chi Fat She at Victoria Road HK\$	Reserve for the maintenance of Temples HK\$	Investment Revaluation Reserve HK\$	Total HK\$
Balance at 1 April 2011	360,734,989	1,223,514	218,016,188	111,415,832	691,390,523
Transfer to Reserve for the maintenance of To Chi Fat She at Victoria Road	(85,303)	85,303	-	-	-
Transfer from Reserve for the maintenance of To Chi Fat She at Victoria Road	84,000	(84,000)	-	-	-
Transfer from Reserve for the maintenance of Temples	1,850,772	-	(1,850,772)	-	-
Total comprehensive expense for 2011-12	34,635,462	-	-	(89,345,073)	(54,709,611)
Balance at 1 April 2012	397,219,920	1,224,817	216,165,416	22,070,759	636,680,912
Transfer to Reserve for the maintenance of To Chi Fat She at Victoria Road	(97,050)	97,050	-	-	-
Transfer from Reserve for the maintenance of Temples	1,362,489	-	(1,362,489)	-	-
Total comprehensive income for 2012-13	42,969,179	-	-	47,527,831	90,497,010
Balance at 31 March 2013	441,454,538	1,321,867	214,802,927	69,598,590	727,177,922

The accompanying notes 1 to 16 form part of these financial statements.

**CHINESE TEMPLES FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2013**

	Note	2013 HK\$	2012 HK\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Surplus for the year		42,969,179	34,635,462
Dividend income		(14,881,389)	(13,375,681)
Interest income		(2,448,980)	(1,856,904)
Surplus from temples administered by Tung Wah Group of Hospitals		(4,357,800)	(5,115,053)
Transfer to General Chinese Charities Fund		4,357,800	5,115,053
Unrealised exchange gains on time deposits		(349,700)	(248,124)
(Increase)/Decrease in utilities deposits		(1,000)	1,000
Decrease/(Increase) in stock of worshipping items		8,580	(7,054)
Decrease/(Increase) in accounts receivable		185,096	(31,597)
Increase in prepayments		(4,863)	-
Decrease in contractors' retention money		(56,937)	(309,518)
Increase/(Decrease) in deposits from temple-keepers		751,353	(282,892)
Increase in advance receipts		714,857	235,465
Increase in accounts payable		2,476,260	1,141,027
(Decrease)/Increase in provision for legal expenses		(323,300)	2,000,000
NET CASH FROM OPERATING ACTIVITIES		29,039,156	21,901,184
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of available-for-sale financial assets		(19,994,502)	-
Proceeds from redemption of debt securities		19,000,000	28,000,000
Bank interest received		2,214,208	1,192,254
Debt securities interest received		318,325	780,369
Dividends received		14,849,828	13,778,551
NET CASH FROM INVESTING ACTIVITIES		16,387,859	43,751,174
NET INCREASE IN CASH AND CASH EQUIVALENTS		45,427,015	65,652,358
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		199,788,888	133,888,406
EFFECTS OF EXCHANGE RATES CHANGES ON CASH AND CASH EQUIVALENTS		349,700	248,124
CASH AND CASH EQUIVALENTS AT END OF YEAR	5	245,565,603	199,788,888

The accompanying notes 1 to 16 form part of these financial statements.

CHINESE TEMPLES FUND

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL

The Chinese Temples Fund (the Fund) was established for the due observance of the customary ceremonies at temples and the maintenance of temple buildings and temple properties in accordance with section 8(1) of the Chinese Temples Ordinance (Cap. 153). Any surplus of income may be transferred to the General Chinese Charities Fund for the purposes of any Chinese charity in Hong Kong at the discretion of the Chinese Temples Committee (the Committee) in accordance with section 8(2) of the Chinese Temples Ordinance.

The address of the Fund's principal place of business is 34th Floor, Wu Chung House, 213 Queen's Road East, Wan Chai, Hong Kong.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

The financial statements have been prepared in accordance with regulation 10(1) of the Chinese Temples Fund Regulations (Cap. 153 sub. leg. A) and all applicable Hong Kong Financial Reporting Standards (HKFRSs) issued by the Hong Kong Institute of Certified Public Accountants.

(b) Basis of preparation

The financial statements have been prepared on an accrual basis and under the historical cost convention except that available-for-sale financial assets are stated at fair value as explained in the accounting policy set out in note 2(d) below.

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

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

There are no critical accounting judgements involved in the application of the Fund's accounting policies. There are neither key assumptions concerning the future nor other key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in the next year.

(c) Adoption of new/revised HKFRSs

The Fund has adopted all new/revised HKFRSs which are effective and relevant to the Fund for the current accounting period.

The Fund has not early adopted any amendments, new standards and interpretations which are not yet effective for the current accounting period. The Fund is in the process of making an assessment of what the impact of these amendments, new standards and interpretations is expected to be in the period of initial adoption. So far, it has concluded that the adoption of them is unlikely to have a significant impact on the Fund's result of operations and financial position.

(d) Available-for-sale financial assets

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

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

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

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

The Fund assesses at each balance sheet date whether there is objective evidence that a financial asset is impaired. The cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the income and expenditure account – is removed from the investment revaluation reserve and recognised in the income and expenditure account. Such impairment losses are reversed if the subsequent increase in fair value can be objectively related to an event occurring after the impairment loss was recognised. Reversals of impairment losses for debt securities are recognised in the income and expenditure account. Reversals of impairment losses for equity securities are recognised directly in other comprehensive income.

(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

Interest income is recognised on an accrual basis using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset or, when appropriate, a shorter period to the net carrying amount of the financial asset.

Dividend income is recognised when the Fund's right to receive payment is established.

Donation income is recognised once the amount is received.

(g) Valuation of stock

The cost of stock sold is calculated on a first-in-first-out basis. The value of stock at year end 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 estimated selling expenses.

(h) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value, having been within three months of maturity when acquired.

(i) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when there is a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

3. AVAILABLE-FOR-SALE FINANCIAL ASSETS	2013 HK\$	2012 HK\$
Equity Securities		
Listed in Hong Kong	499,102,730	431,593,297
Debt Securities		
Unlisted	-	19,026,220
	<hr/>	<hr/>
Fair value at end of year	499,102,730	450,619,517
	=====	=====
Classified as :		
Non-current assets	499,102,730	431,593,297
Current assets	-	19,026,220
	<hr/>	<hr/>
	499,102,730	450,619,517
	=====	=====
 4. ACCOUNTS RECEIVABLE		
	2013 HK\$	2012 HK\$
Interest on bank deposits	206,512	215,964
Interest on debt securities	-	34,981
Dividends	455,465	423,904
Revenue from self-administered and delegated temples	12,666	231,288
Miscellaneous	136,027	102,501
	<hr/>	<hr/>
	810,670	1,008,638
	=====	=====
 5. CASH AND CASH EQUIVALENTS		
	2013 HK\$	2012 HK\$
Time deposits	219,707,433	183,789,830
Cash with the Director of Account Services	22,027,963	3,392,734
Cash at Banks	3,830,207	12,606,324
	<hr/>	<hr/>
	245,565,603	199,788,888
	=====	=====

6. ACCOUNTS PAYABLE		
	2013	2012
	HK\$	HK\$
Repairs and maintenance to temples	297,904	89,184
Deposits from temple-keepers	36,950	39,278
Expenditure on self-administered and delegated temples	2,881,241	2,003,667
Miscellaneous	1,502,476	110,182
	<hr/>	<hr/>
	4,718,571	2,242,311
	=====	=====
7. SURPLUS FOR THE YEAR FROM SELF-ADMINISTERED AND DELEGATED TEMPLES		
	2013	2012
	HK\$	HK\$
Income for the year	33,562,419	33,055,144
Less: Expenditure for the year	(2,129,108)	(1,888,888)
	<hr/>	<hr/>
	31,433,311	31,166,256
	=====	=====
8. SURPLUS FROM TEMPLES ADMINISTERED BY TUNG WAH GROUP OF HOSPITALS		
	2013	2012
	HK\$	HK\$
Income for the year	10,641,872	8,641,859
Less: Expenditure for the year	(6,284,072)	(3,526,806)
	<hr/>	<hr/>
	4,357,800	5,115,053
	=====	=====
9. GAINS ON SALE OF WORSHIPPING ITEMS		
	2013	2012
	HK\$	HK\$
Sale of worshipping items	775,395	709,285
Less: Cost of worshipping items	(268,983)	(280,992)
	<hr/>	<hr/>
	506,412	428,293
	=====	=====

10. INTEREST

	2013	2012
	HK\$	HK\$
Interest on bank deposits	2,204,755	1,315,071
Interest on debt securities	244,225	541,833
	<u>2,448,980</u>	<u>1,856,904</u>
	=====	=====

11. DEFICIT FROM “TEMPLE FAIR OF CHE KUNG, SHATIN”

	2013	2012
	HK\$	HK\$
Income for the year	158,831	-
Less: Expenditure for the year	(2,082,781)	-
	<u>(1,923,950)</u>	<u>-</u>
	=====	=====

12. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

- (a) The Fund’s major financial instruments include available-for-sale financial assets, accounts receivable and bank deposits. The major risks associated with these financial instruments are set out below.

(I) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

The Fund’s maximum exposure to credit risk as at the balance sheet date in relation to each class of financial assets is the carrying amount of those assets as stated in the balance sheet. The Fund limits its exposure to credit risk by transacting with well-established investment counterparties and banks with high credit ratings. For the cash balance with the Director of Accounting Services, credit risk is considered to be minimal. For other receivables, the Fund considers that adequate provision has been made, where necessary, for amounts which are expected to be irrecoverable at the balance sheet date.

(II) Market risk

The Fund is exposed to market risk due to changes in market variables such as equity prices, interest rates and exchange rates.

(i) Equity price risk

The Fund maintains a diversified portfolio of investments. The Committee monitors the performance of the portfolio and regularly reviews the investment strategy of the Fund to manage the equity price risk. It is estimated that if the market prices of the respective equity securities had been 10% (2012: 10%) higher/lower, the investment revaluation reserve of the Fund at the balance sheet date would have increased/decreased by about HK\$49,910,000 (2012: HK\$43,159,000). The sensitivity analysis was based on the carrying amount of equity securities held by the Fund on that date and on the assumption that all other variables were held constant.

(ii) Interest rate risk

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

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. Investments in debt securities are made in accordance with a documented risk management and investment strategy, and the Fund monitors the fair value interest rate risk on a continuous basis. Since the Fund's debt securities and its deposits with banks bear interest at fixed rates, their fair values will fall when market interest rates increase. As deposits with banks are stated at amortised cost, changes in market interest rates will not affect their carrying amounts and the Fund's surplus 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's exposure to cash flow interest rate risk is small as it has no major floating-rate investments other than bank balances in savings accounts.

It is estimated that as at 31 March 2013, a general increase/decrease of 50 basis points (2012: 50 basis points) in interest rates, with all other variables held constant, would have the following effects:

	2013	2012
	HK\$	HK\$
Increase by 50 basis points:		
Increase/(Decrease)		
Surplus of the Fund	8,000	38,000
Investment revaluation reserve of the Fund	-	(83,000)
Decrease by 50 basis points:		
Increase/(Decrease)		
Surplus of the Fund	-	-
Investment revaluation reserve of the Fund	-	84,000

The sensitivity analysis was determined assuming that the change in interest rates had occurred at the balance sheet date and had been applied to savings accounts at banks and debt securities in existence at that date. The 50 basis points increase/decrease represents the Fund's assessment of a reasonably possible change in interest rates over the period until the next balance sheet date.

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	219,707,433	-	219,707,433
Debt securities	-	-	-
	<u>219,707,433</u>	<u>-</u>	<u>219,707,433</u>
	=====	=====	=====
2012			
Deposits with banks	183,789,830	-	183,789,830
Debt securities	-	19,026,220	19,026,220
	<u>183,789,830</u>	<u>19,026,220</u>	<u>202,816,050</u>
	=====	=====	=====

(iii) Foreign currency risk

(a) Exposure to currency risk

The Fund maintained net financial instruments denominated in United States dollars and Renminbi at a total of USD18,321 (2012: USD14,249) and CNY15,988,510 (2012: CNY15,703,353) respectively at the balance sheet date. As Hong Kong dollar is pegged to the United States 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 currency risk in respect of Renminbi.

(b) Sensitivity analysis

It is estimated that as at 31 March 2013, should the Renminbi strengthen/weaken by 5% (2012: 5%) against the Hong Kong dollar, with all other variables being held constant, the surplus of the Fund would increase/decrease by HK\$998,000 (2012: HK\$968,000).

The sensitivity analysis above has been determined assuming that the change in foreign exchange rate had occurred at the year end and for financial instruments in existence at that date. The 5% (2012: 5%) strengthening/weakening in Renminbi represents the assessment by the Fund of a reasonably possible change in foreign exchange rate over the period until the end of next year.

(III) Liquidity risk

In the management of liquidity risk, the Fund maintains a level of cash and cash equivalents that is considered adequate to finance its operations and mitigate the effects of fluctuations in cash flows.

(b) Fair value hierarchy of financial instruments

The following table presents the carrying value of financial instruments measured at fair value at the balance sheet date according to the fair value hierarchy defined in HKFRS 7, Financial Instruments: Disclosures, with the fair value of each financial instrument categorised in its entirety based on the lowest level of input that is significant to that fair value measurement.

	2013			2012		
	Level 1 HK\$	Level 2 HK\$	Total HK\$	Level 1 HK\$	Level 2 HK\$	Total HK\$
Available-for-sale financial assets						
Equity securities:						
- Listed	499,102,730	-	499,102,730	431,593,297	-	431,593,297
Debt securities:						
- Unlisted	-	-	-	-	19,026,220	19,026,220
	499,102,730	-	499,102,730	431,593,297	19,026,220	450,619,517
	499,102,730	-	499,102,730	431,593,297	19,026,220	450,619,517

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

The three levels of the fair value hierarchy are:

Level 1 (highest level): fair values measured using quoted prices (unadjusted) in active markets for identical financial instruments.

Level 2: fair values measured using quoted prices in active markets for similar financial instruments, or using valuation techniques in which all significant inputs are directly or indirectly based on observable market data.

Level 3 (lowest level): fair values measured using valuation techniques in which any significant input is not based on observable market data.

13. CAPITAL MANAGEMENT

The capital structure of the Fund consists of accumulated fund, reserve for the maintenance of To Chi Fat She at Victoria Road, reserve for the maintenance of temples and investment revaluation reserve. The Fund's objectives when managing capital are:

- (a) to comply with the Chinese Temples Ordinance; and
- (b) to maintain a strong 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 sufficient to fund future grants and expenditure, taking into account projected cash flow requirements, future financial obligations and commitments.

14. COMMITMENTS

As at 31 March 2013, the financial commitments of the Fund were as follows:

- (a) HK\$22,299,593 (2012: HK\$20,533,992) for approved or contracted out repairs to temples;
- (b) HK\$2,420,670 (2012: HK\$2,366,130) for rewards to temple-keepers upon the satisfactory completion of their temple management contracts;
- (c) HK\$3,600,000 (2012: HK\$3,955,039) for grants for temple reconstruction for re-provisioning of temples previously situated at Anderson Road, Kowloon;
- (d) HK\$640,688 (2012: HK\$640,688) for grants for “The Hong Kong Southern District – Land and Water Temple Fair and Blessing Ceremony 2010”;
- (e) HK\$112,625 (2012: HK\$112,625) for grants for “The Hong Kong Taoist Festival 2011”;
- (f) HK\$44,000 (2012: HK\$44,000) for grants for the consultancy fee for the renovation project of Tin Hau Temple, Shek O;
- (g) HK\$59,075 (2012: HK\$59,075) for grants for “The completion of restoration works and blessing ceremony to the Tsing Sham Monastery”;
- (h) HK\$49,900 (2012: HK\$49,900) for grants for the consultancy fee for the renovation project of Hung Shing Temple, Tai O;
- (i) HK\$158,510 (2012: HK\$:158,510) for grants for the maintenance of Tin Hau Temple, Shek O;
- (j) HK\$185,500 (2012: HK\$:185,500) for grants for “The Hong Kong Taoist Festival 2012”;
- (k) HK\$10,200 (2012: Nil) for grants for “Parade of Jai Kung Festival and Jai Kung Cultural Exhibition”;
- (l) HK\$20,000 (2012: Nil) for grants for celebration of Tin Hau Festival and Yu Lan Festival 2012;
- (m) HK\$175,000 (2012: Nil) for grants for Hong Kong Taoism to celebrate the 15th Anniversary of the Hong Kong Special Administrative Region;
- (n) HK\$152,362 (2012: Nil) for grants for “Setup of Taoist Day and Hong Kong Taoist Festival 2013”; and
- (o) HK\$1,299,000 (2012: Nil) for grants for the renovation project of Hung Shing Temple, Tai O.

15. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

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

16. CONTINGENT LIABILITIES

As at 31 March 2013, the Fund had an outstanding litigation case amounting to HK\$3.4 million (2012: HK\$3.4 million). The legal proceedings of this case have not yet been completed. Since the outcome of this case is uncertain, no provision has been made.