

## SIR ROBERT BLACK TRUST FUND

### Report of the Trustee on the Administration of the Fund for the year ended 31 March 2016

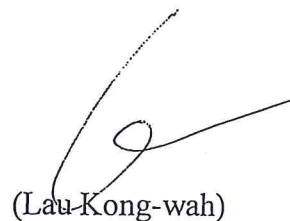
The Sir Robert Black Trust Fund (the Fund) was initiated in 1960 by a group of Hong Kong citizens headed by the late Sir Shiu-kin TANG, C.B.E., J.P. in honour of Sir Robert Black, G.C.M.G., O.B.E., Governor of Hong Kong from 1958 to 1964. The principal object of the Fund is to provide, for persons of exceptional merit, opportunities for further studies or for training whereby they may be assisted to develop character, initiative and powers of personal leadership in order that their social usefulness to the community may be enhanced.

2. The Fund, established under the Sir Robert Black Trust Fund Ordinance (Chapter 1101 of the Laws of Hong Kong), is managed by the Sir Robert Black Trust Fund Committee (the Committee). The membership of the Committee for the year under review is at Appendix I.

3. In 2015-2016, the Fund's income was \$6,052,965 (\$5,905,243 in 2014-2015). The audited Financial Statements for the year 2015-2016 is at Appendix II.

4. During the year, the Committee granted \$707,154 to 17 social welfare and youth organisations for organizing leadership training courses and other projects consistent with the objects of the Fund, and \$410,000 to 7 applicants for the purpose of undertaking professional training or postgraduate studies. All the above grants were made on the recommendation of a Selection Board comprising representatives from the Committee, Working Family and Student Financial Assistance Agency and the Social Welfare Department.

5. In addition, the Committee approved the grant of \$425,600 during the year for students awarded a full certificate under Diploma Yi Jin and \$1,246,439 to 324 students pursuing training in non-academic fields.



(Lau Kong-wah)

Secretary for Home Affairs Incorporated  
Trustee

Sir Robert Black Trust Fund

6 July 2016

**SIR ROBERT BLACK TRUST FUND**

**Membership of the Committee  
(1.4.2015– 31.3.2016)**

**Chairman**

The Secretary for Home Affairs (Ex officio)

**Vice-Chairman**

Permanent Secretary for Education (Ex officio)

**Members**

The Director of Social Welfare (Ex officio)

Ms LAM Kwai-lan, Julia up to 31.7.2015

Ms LEUNG Heung-ying, Sabrina as from 1.8.2015

Mr WONG Chiu-ming, Alan

Dr WONG Kam-po up to 31.7.2015

Mr YIP Kar-wah, Samuel as from 1.8.2015



## Sir Robert Black Trust Fund

Financial Statements for the year ended 31 March 2016

# *Report of the Director of Audit*



**Audit Commission**

The Government of the Hong Kong Special Administrative Region

## **Independent Audit Report**

### **To the Legislative Council**

I certify that I have audited the financial statements of the Sir Robert Black Trust Fund set out on pages 3 to 14, which comprise the balance sheet as at 31 March 2016, and the income and expenditure account, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

The Secretary for Home Affairs Incorporated is responsible for the preparation of financial statements that give a true and fair view in accordance with section 10(1) of the Sir Robert Black Trust Fund Ordinance (Cap. 1101) and Hong Kong Financial Reporting Standards, and for such internal control as the Secretary for Home Affairs Incorporated determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with section 10(2) of the Sir Robert Black Trust Fund Ordinance and the Audit Commission auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of



the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Secretary for Home Affairs Incorporated, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### **Opinion**

In my opinion, the financial statements give a true and fair view of the financial position of the Sir Robert Black Trust Fund as at 31 March 2016, and of its financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with section 10(1) of the Sir Robert Black Trust Fund Ordinance.



TEO Wing-on  
Principal Auditor  
for Director of Audit

6 July 2016

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

**SIR ROBERT BLACK TRUST FUND**

**BALANCE SHEET AS AT 31 MARCH 2016**

	Note	2016 HK\$	2015 HK\$
<b>NON-CURRENT ASSETS</b>			
Available-for-sale financial assets	3	47,302,134	53,784,826
<b>CURRENT ASSETS</b>			
Accounts receivable		139,095	186,806
Time deposits	4	4,642,583	17,684,085
Cash and cash equivalents	5	19,546,124	5,418,428
		24,327,802	23,289,319
<b>CURRENT LIABILITIES</b>			
Provision for staff gratuity	6	(107,497)	(86,803)
Provision for untaken leave		(9,922)	(6,447)
Accounts payable		(2,813,520)	(3,373,718)
		(2,930,939)	(3,466,968)
<b>NET CURRENT ASSETS</b>		21,396,863	19,822,351
<b>TOTAL NET ASSETS</b>		68,698,997	73,607,177
<b>ACCUMULATED FUND</b>			
Capital		31,418,877	31,418,877
Accumulated surplus		26,107,610	24,533,098
Investment revaluation reserve		11,172,510	17,655,202
		68,698,997	73,607,177

The accompanying notes 1 to 10 form part of these financial statements.



(Lau Kong-wah)

Secretary for Home Affairs Incorporated  
Trustee

Sir Robert Black Trust Fund  
6 July 2016

**SIR ROBERT BLACK TRUST FUND**  
**INCOME AND EXPENDITURE ACCOUNT**  
**FOR THE YEAR ENDED 31 MARCH 2016**

	Note	2016 HK\$	2015 HK\$
<b>INCOME</b>			
Dividends		4,369,751	1,800,063
Interest	7	571,659	584,273
Refund of grants		35,000	9,215
Gain on disposal of available-for-sale financial assets		-	2,780,803
Exchange gains		-	2,307
Other income		1,076,555	728,582
		6,052,965	5,905,243
<b>EXPENDITURE</b>			
Scholarship awards		(410,000)	(580,000)
Training grants		(1,953,593)	(2,055,095)
Grants for students of Yi Jin Diploma		(425,600)	(392,000)
Staff costs		(893,750)	(694,960)
Exchange losses		(775,617)	-
Other operating expenses		(19,893)	(43,475)
		(4,478,453)	(3,765,530)
<b>SURPLUS FOR THE YEAR</b>		1,574,512	2,139,713

The accompanying notes 1 to 10 form part of these financial statements.

**SIR ROBERT BLACK TRUST FUND**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 MARCH 2016**

	<b>2016 HK\$</b>	<b>2015 HK\$</b>
<b>SURPLUS FOR THE YEAR</b>	1,574,512	2,139,713
<b>OTHER COMPREHENSIVE INCOME</b>		
Items that may be reclassified subsequently to surplus or deficit :		
Available-for-sale financial assets		
Net (losses)/gains on revaluation	(6,482,692)	6,903,208
Reclassification adjustments released from investment revaluation reserve upon disposal	-	(2,879,719)
	(6,482,692)	4,023,489
<b>TOTAL COMPREHENSIVE (LOSS) / INCOME FOR THE YEAR</b>	<b>(4,908,180)</b>	<b>6,163,202</b>

The accompanying notes 1 to 10 form part of these financial statements.



**SIR ROBERT BLACK TRUST FUND**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2016**

	<b>Capital HK\$</b>	<b>Accumulated Surplus HK\$</b>	<b>Investment Revaluation Reserve HK\$</b>	<b>Total HK\$</b>
Balance at 1 April 2014	31,418,877	22,393,385	13,631,713	67,443,975
Total comprehensive income for 2014-15	-	2,139,713	4,023,489	6,163,202
Balance at 31 March 2015	<u>31,418,877</u>	<u>24,533,098</u>	<u>17,655,202</u>	<u>73,607,177</u>
Total comprehensive loss for 2015-16	-	1,574,512	(6,482,692)	(4,908,180)
Balance at 31 March 2016	<u>31,418,877</u> =====	<u>26,107,610</u> =====	<u>11,172,510</u> =====	<u>68,698,997</u> =====

The accompanying notes 1 to 10 form part of these financial statements.

**SIR ROBERT BLACK TRUST FUND****STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 MARCH 2016**

	Note	2016 HK\$	2015 HK\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Surplus for the year		1,574,512	2,139,713
Dividend income		(4,369,751)	(1,800,063)
Interest income		(571,659)	(584,273)
Gain on disposal of available-for-sale financial assets		-	(2,780,803)
Exchange losses/(gains)		775,617	(2,307)
Decrease/(Increase) in accounts receivable		2,507	(2,438)
Decrease in prepayment		-	180
Increase/(Decrease) in provision for staff gratuity		20,694	(24,931)
Increase/(Decrease) in provision for untaken leave		3,475	(1,750)
Decrease in accounts payable		(560,198)	(940,764)
		<hr/>	<hr/>
<b>NET CASH USED IN OPERATING ACTIVITIES</b>		<b>(3,124,803)</b>	<b>(3,997,436)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisition of available-for-sale financial assets		-	(1,942,072)
Proceeds from disposal of available-for-sale financial assets		-	8,622,733
Net decrease/ (increase) in time deposits with original maturity over three months		12,850,095	(5,138,988)
Dividends received		4,366,368	1,872,751
Interest received		619,472	578,120
		<hr/>	<hr/>
<b>NET CASH FROM INVESTING ACTIVITIES</b>		<b>17,835,935</b>	<b>3,992,544</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>14,711,132</b>	<b>(4,892)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>		<b>5,418,428</b>	<b>5,423,320</b>
<b>EFFECTS OF EXCHANGE RATES CHANGES ON CASH AND CASH EQUIVALENTS</b>		<b>(583,436)</b>	<b>-</b>
		<hr/>	<hr/>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	5	<b>19,546,124</b>	<b>5,418,428</b>

The accompanying notes 1 to 10 form part of these financial statements.

# **SIR ROBERT BLACK TRUST FUND**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **1. GENERAL**

The Sir Robert Black Trust Fund (the Fund) provides grants to persons for the furtherance of studies, activities or training so as to develop qualities of personal leadership in the service of all members of the community under section 4 of the Sir Robert Black Trust Fund Ordinance (Cap. 1101).

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

### **2. SIGNIFICANT ACCOUNTING POLICIES**

#### **(a) Statement of compliance**

The financial statements have been prepared in accordance with section 10(1) of the Sir Robert Black Trust Fund Ordinance and all applicable Hong Kong Financial Reporting Standards (HKFRSs) issued by the Hong Kong Institute of Certified Public Accountants.

#### **(b) Basis of preparation**

The financial statements have been prepared on an accrual basis and under the historical cost convention except that available-for-sale financial assets 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 Sir Robert Black Trust Fund Committee (the Committee) intends to dispose of the investments within 12 months of the balance sheet date.

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

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

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

The Fund assesses at each balance sheet date whether there is objective evidence that a financial asset is impaired. The cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the income and expenditure account – is removed from the investment revaluation reserve and recognised in the income and expenditure account. Impairment losses for equity securities are not reversed through the income and expenditure account. Any subsequent increase in the fair value of such assets is recognised in other comprehensive income.

**(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 as it accrues using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset or, when appropriate, a shorter period to the net carrying amount of the financial asset.

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

**(g) Cash and cash equivalents**

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

**3. AVAILABLE-FOR-SALE FINANCIAL ASSETS**

	<b>2016</b> <b>HK\$</b>	<b>2015</b> <b>HK\$</b>
Equity securities listed in Hong Kong, at fair value	47,302,134 =====	53,784,826 =====

**4. TIME DEPOSITS**

	<b>2016</b> <b>HK\$</b>	<b>2015</b> <b>HK\$</b>
Time deposits with original maturity over three months	4,642,583 =====	17,684,085 =====

**5. CASH AND CASH EQUIVALENTS**

	<b>2016</b> <b>HK\$</b>	<b>2015</b> <b>HK\$</b>
Time deposits with original maturity within three months	16,924,168	4,038,920
Cash at banks	2,621,956	1,379,508
	<u>19,546,124</u> =====	<u>5,418,428</u> =====



## 6. PROVISION FOR STAFF GRATUITY

	<b>2016</b> <b>HK\$</b>	<b>2015</b> <b>HK\$</b>
Balance at beginning of year	86,803	111,734
Provision for the year	56,424	57,712
Payment for the year	(35,730)	(82,643)
	<hr/>	<hr/>
Balance at end of year	107,497	86,803
	=====	=====

## 7. INTEREST

	<b>2016</b> <b>HK\$</b>	<b>2015</b> <b>HK\$</b>
Interest on bank deposits	571,659	511,183
Interest on debt securities	-	73,090
	<hr/>	<hr/>
	571,659	584,273
	=====	=====

## 8. FINANCIAL RISK MANAGEMENT

- (a) The Fund's major financial instruments are available-for-sale financial assets 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.

To minimise the credit risks arising from bank deposits, all time deposits are placed with reputable licensed banks in Hong Kong.

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

The maximum exposure to credit risk as at the balance sheet date in relation to each class of financial assets is the carrying amount of those assets as stated in the balance sheet.

**(ii) Market risk**

**(1) Equity price risk**

To manage the risk due to fluctuation in equity prices, the Committee regularly reviews the investment portfolio and the investment guidelines for monitoring the investment activities of the Fund. It is estimated that, as at the balance sheet date, if the market prices of the respective equity securities had been 10% higher/lower, other comprehensive income and the balance of the Fund's investment revaluation reserve would have increased/decreased by about HK\$4,700,000 (2015: HK\$5,400,000). The sensitivity analysis was based on the carrying amounts of equity securities held by the Fund at the balance sheet date and on the assumption that all other variables were held constant.

**(2) 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 deposits with banks 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 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.

**(iii) Foreign currency risk**

**(1) Exposure to currency risk**

As at the balance sheet date, the Fund maintained financial assets denominated in United States dollars and Renminbi at a total of USD 9,058 (2015: USD 8,627) and CNY 3,923,897 (2015: CNY 14,246,592) respectively. As Hong Kong dollar is pegged to 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 for Renminbi, the carrying amounts of the financial instruments in Renminbi represent the maximum exposure of the Fund to foreign currency risk.

**(2) Sensitivity analysis**

It is estimated that, as at the balance sheet date, should the Renminbi strengthen/weaken by 5% (2015: 5%) against the Hong Kong dollar, with all other variables being held constant, the surplus of the Fund for the year would increase/decrease by approximately HK\$235,000 (2015: HK\$890,000).

The sensitivity analysis above has been determined assuming that the change in foreign exchange rate had occurred at the balance sheet date and for financial instruments in existence at that date. The 5% (2015: 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.

**(iv) 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.

**(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 on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13 Fair Value Measurement.

	2016		2015	
	Level 1 HK\$	Total HK\$	Level 1 HK\$	Total HK\$
<b>Assets</b>				
Available-for-sale equity securities				
- Listed	47,302,134	47,302,134	53,784,826	53,784,826
	=====	=====	=====	=====

The fair values are determined using quoted bid prices in an active market. During the year, there were no transfers between instruments in Level 1 and Level 2.

The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation techniques as follows:

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

Level 2 valuations: fair value measured using observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.

Level 3 valuations: fair value measured using significant unobservable inputs.

## **9. CAPITAL MANAGEMENT**

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

- to comply with the Sir Robert Black Trust Fund Ordinance; and
- to maintain a strong capital base for carrying out the purpose of the Fund as stated in note 1 above.

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

## **10. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES**

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