

**Report by the Controller, Government Flying Service
on the Administration of the
Government Flying Service Welfare Fund
for the year ended 31 March 2016**

Introduction

The Government Flying Service Welfare Fund (the Fund) was established under section 15 of the Government Flying Service Ordinance (Chapter 322).

2. In accordance with section 16 of the Ordinance, the Fund shall be controlled by the Controller, Government Flying Service. As required by section 12(3) of the Government Flying Service (Welfare Fund) Regulation made under section 17 of the Government Flying Service Ordinance, I take pleasure in presenting to Honourable Members of the Legislative Council a copy of the signed and audited statement of accounts, the Auditor's report and my report on the administration of the Fund for the year ended 31 March 2016.

3. The Fund was established with the purpose of procuring benefits that are not chargeable to the general revenue and making loans and grants to eligible persons as stipulated in section 16 of the Government Flying Service Ordinance. The Fund consists of :-

- (a) any donation or voluntary contribution made to the fund;
- (b) such sums as may be voted by the Legislative Council;
- (c) gifts of money required under paragraph 8(4)(b)(ii) of the Acceptance of Advantages (Chief Executive's Permission) Notice 2010 to be disposed of by being paid into the Fund; and
- (d) such sums as may accrue as dividends or as interest from the investment of the Fund.

Objects of the Fund

4. The Fund, under the control of the Controller, Government Flying Service, is applied for the following purposes :-

- (a) to procure benefits that are not chargeable to the general revenue for the following eligible persons :-
 - (i) members;
 - (ii) former members who have retired;
 - (iii) persons currently employed other than as members in the Government Flying Service (whether as public servants or otherwise);
 - (iv) where a member, former member or a person currently employed at the time of his death other than as a member in the Government Flying Service (whether as a public servant or otherwise) has died, any person who was wholly or partially dependent on him at the time of his death;
 - (v) dependants of members, of former members who have retired and of persons currently employed other than as members in the Government Flying Service (whether as public servants or otherwise);
- (b) to make loans to eligible persons; and
- (c) to make grants to eligible persons who are in need of financial assistance.

Operating Results

5. The Fund amounted to a total of \$729,603 as at 31 March 2016. During the year under review, a total income of \$18,233 was received. An amount of \$5,000 came from donations, an amount of \$3,333 was the cash award for winning Partnership Award (Meritorious Award) in the Civil Service Outstanding Service Award Scheme 2015, and an amount of \$9,900 was voted by the Legislative Council.

6. The Fund has been utilized for the benefit of staff with particular attention given to the promotion of recreational activities such as participation in inter-departmental sports competition. The recreational activities have helped enhance staff relations and project the department's image as a young and energetic member of the disciplined services.

Auditor

7. In accordance with section 12(2) of the Government Flying Service (Welfare Fund) Regulation, the Director of Audit was appointed as the Auditor of the Fund.
8. The Auditor's Report and the signed and audited financial statements for the Fund are at Appendices I and II.

Director of Accounting Services

9. In accordance with section 3 of the Government Flying Service (Welfare Fund) Regulation, the maintenance of the Fund is vested with the Director of Accounting Services. All moneys due to the Fund are immediately paid in full to the Director of Accounting Services, who will credit such sum or sums to a deposit account named "Deposits - Government Flying Service Welfare Fund" and render to this Department after the closing of each month's accounts a return showing all transactions of the Fund in the accounts during the previous month. All payments with regard to the Fund are made by the Director of Accounting Services on the request of the Department.

Acknowledgement

10. I take this opportunity to extend my thanks to the Director of Accounting Services, the Director of Audit and all other officers concerned for their assistance in making the Fund function in the best interest of the staff of the Government Flying Service. The Fund will continue to be utilized in the most beneficial way for the greatest number of staff possible.

(Captain Michael Chan)
Controller,
Government Flying Service

Date : 24 April 2017

Government Flying Service Welfare 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 Government Flying Service Welfare Fund set out on pages 3 to 9, which comprise the balance sheet as at 31 March 2016, 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.

Controller of the Government Flying Service's Responsibility for the Financial Statements

The Controller of the Government Flying Service is responsible for the preparation of financial statements that give a true and fair view in accordance with section 12(1)(b) of the Government Flying Service (Welfare Fund) Regulation (Cap. 322 sub. leg. C) and Hong Kong Financial Reporting Standards, and for such internal control as the Controller of the Government Flying Service 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 12(2) of the Government Flying Service (Welfare Fund) Regulation 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 Controller of the Government Flying Service, 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 Government Flying Service Welfare 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 12(1)(b) of the Government Flying Service (Welfare Fund) Regulation.

TEO Wing-on
Principal Auditor
for Director of Audit

24 January 2017

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

**Government Flying Service Welfare Fund
Balance Sheet as at 31 March 2016**

	Note	2016	2015
		HK\$	HK\$
Current Assets			
Cash and cash equivalents	3	<u>729,603</u>	<u>771,455</u>
 <i>Accumulated Fund</i>		 <u><u>729,603</u></u>	 <u><u>771,455</u></u>

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

(Captain Michael Chan)
Controller
Government Flying Service
Date : January
2017

Government Flying Service Welfare Fund
Income and Expenditure Account for the year ended 31 March 2016

	2016	2015
	HK\$	HK\$
Income		
Government grant	9,900	9,900
Donation	5,000	240
Civil Service Outstanding Service Award Scheme 2015 – Partnership Award (Meritorious Award)	3,333	-
	<u>18,233</u>	<u>10,140</u>
<i>Expenditure</i>		
Sports and recreational activities	(57,635)	(14,146)
Store and equipment	(1,500)	(638)
Other staff welfare	(950)	(500)
	<u>(60,085)</u>	<u>(15,284)</u>
Deficit for the year	(41,852)	(5,144)
Other comprehensive income	<u>-</u>	<u>-</u>
Total comprehensive loss for the year	<u><u>(41,852)</u></u>	<u><u>(5,144)</u></u>

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

Government Flying Service Welfare Fund
Statement of Changes in Equity
for the year ended 31 March 2016

	2016	2015
Accumulated Fund		HK\$
	HK\$	
Balance at beginning of year	771,455	776,599
Total comprehensive loss for the year	(41,852)	(5,144)
Balance at end of year	<u>729,603</u>	<u>771,455</u>

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

Government Flying Service Welfare Fund
Statement of Cash Flows for the year ended 31 March 2016

	2016	2015
	HK\$	HK\$
Cash flows from operating activities		
Deficit for the year	(41,852)	(5,144)
Net cash used in operating activities	<u>(41,852)</u>	<u>(5,144)</u>
Net decrease in cash and cash equivalents	(41,852)	(5,144)
Cash and cash equivalents at beginning of year	<u>771,455</u>	<u>776,599</u>
Cash and cash equivalents at end of year	<u><u>729,603</u></u>	<u><u>771,455</u></u>

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

Notes to the Financial Statements

1. General

The Government Flying Service Welfare Fund (the Fund) was established for the purpose of procuring benefits that are not chargeable to the general revenue and making loans and grants to eligible persons as stipulated in section 16 of the Government Flying Service Ordinance (Cap. 322). The Fund's principal place of business is 18 South Perimeter Road, Hong Kong International Airport, Lantau, Hong Kong.

2. Significant accounting policies

(a) Statement of compliance

The financial statements have been prepared in accordance with section 12(1)(b) of the Government Flying Service (Welfare Fund) Regulation (Cap. 322 sub. leg. C) 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.

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 results of operations and financial position.

(d) Revenue recognition

Government grant is recognised in the income and expenditure account over the period necessary to match them with the costs it is intended to compensate.

Donation income is recognised once cash is received and the approval for acceptance is obtained.

(e) 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. Cash and cash equivalents

	2016	2015
	HK\$	HK\$
Cash with the Director of Accounting Services	<u>729,603</u>	<u>771,455</u>

4. Financial risk management

The Fund's financial instrument is a cash balance with the Director of Accounting Services and the credit risk involved is considered minimal.

5. Capital management

The capital of the Fund consists solely of its accumulated fund. The Fund's objectives when managing capital are :

- to comply with the Government Flying Service Ordinance; and
- to maintain a 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 expenditure, taking into account projected cash flow requirements, future financial obligations and commitments.

6. Fair values of financial assets

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