

GRANTHAM SCHOLARSHIPS FUND

Report of the Grantham Scholarships Fund Committee on the administration of the Fund for the year ended 31 August 2017

The Grantham Scholarships Fund (the Fund) was established in 1955 under the Grantham Scholarships Fund Ordinance (Cap. 1076) to commemorate the governorship of Sir Alexander Grantham G.C.M.G. The objective of the Fund is to promote and encourage local education, and in particular to provide for persons resident in Hong Kong of scholarships and maintenance grants in primary schools, secondary schools, prevocational schools, technical schools and institutions of higher education in Hong Kong.

2. The Fund is managed by the Grantham Scholarships Fund Committee constituted under Section 4 of the Grantham Scholarships Fund Ordinance. The membership list of the Committee for the year under report is at Appendix I. The Trust Funds and Temples Joint Secretariat is responsible for the secretariat and accounting work of the Fund. The Director of Audit is the auditor of the Fund's accounts.

3. During the reporting period, the total income of the Fund was HK\$20.16 million and the total expenditure was HK\$6.6 million. The Fund recorded a surplus of HK\$13.56 million for 2016-17. As at 31 August 2017, the capital of the Fund was HK\$76.18 million and the accumulated surplus was HK\$75.81 million. The audited Financial Statements of the Fund for the year ended 31 August 2017 is at Appendix II.

4. The Fund currently awards the Grantham Maintenance Grants and seven types of scholarships including Grantham Outstanding Student Athletes Award, Grantham Scholars of the Year Award, Grantham Uniformed Youth Groups Outstanding Service Award, Scholarships for Students of Hong Kong Academy for Performing Arts, Open University of Hong Kong and Vocational Training Council, and Todd Memorial Scholarships.

5. In the academic year 2016-17, a total of HK\$5.82 million was granted for maintenance grants and scholarships as follows:-

	<u>No. of Awards</u>	<u>HK\$</u>
(a) Grantham Maintenance Grants	1,486	4,462,800
(b) Grantham Outstanding Student Athletes Award	94	210,000
(c) Grantham Scholars of the Year Award	24	240,000
(d) Grantham Uniformed Youth Groups Outstanding Service Award	26	208,000
(e) Scholarships for Students of Hong Kong Academy for Performing Arts	12	235,200
(f) Scholarships for Students of Open University of Hong Kong	20	200,000
(g) Scholarships for Students of Vocational Training Council	93	186,000
(h) Todd Memorial Scholarships	100	76,000
		<hr/> <hr/>
		5,818,000


Lau Kong-wah
Secretary for Home Affairs
Chairman
Grantham Scholarships Fund Committee
6 December 2017

GRANTHAM SCHOLARSHIPS FUND

**Membership of the Grantham Scholarships Fund Committee
(1.9.2016–31.8.2017)**

Secretary for Home Affairs	Chairman, Ex-officio
Permanent Secretary for Education	Ex-officio
Chairman, Board of Directors, Tung Wah Group of Hospitals - Mrs Katherine MA Dr LEE Yuk-lun, JP	Ex-officio (up to 31.3.2017) (as from 1.4.2017)
Chairman, Board of Directors, Po Leung Kuk - Dr KWOK LAW Kwai-chun, Eleanor, BBS Miss CHAN Sai-kit, Abbie	Ex-officio (up to 31.3.2017) (as from 1.4.2017)
Mrs CHAN WOO Mei-hou, Nancy	
Ms CHEUNG Marn-kay, Katherine	
Dr CHIU Cheung-ki	
Mr CHIU Ling-cheong, Anthony	



Grantham Scholarships Fund

Financial statements for the year ended 31 August 2017

Report of the Director of Audit



Audit Commission
The Government of the Hong Kong Special Administrative Region

Independent Auditor's Report To the Legislative Council

Opinion

I certify that I have audited the financial statements of the Grantham Scholarships Fund set out on pages 4 to 16, which comprise the balance sheet as at 31 August 2017, 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 notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the financial statements give a true and fair view of the financial position of the Grantham Scholarships Fund as at 31 August 2017, and of its financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in accordance with section 10(1) of the Grantham Scholarships Fund Ordinance (Cap. 1076).

Basis for opinion

I conducted my audit in accordance with section 10(2) of the Grantham Scholarships Fund Ordinance and the Audit Commission auditing standards. My responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of my report. I am independent of the Grantham Scholarships Fund in accordance with those standards, and I have fulfilled my other ethical responsibilities in accordance with those standards. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the Secretary for Home Affairs Incorporated for the financial statements

The Secretary for Home Affairs Incorporated is responsible for the preparation of the

financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and section 10(1) of the Grantham Scholarships Fund Ordinance, 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.

In preparing the financial statements, the Secretary for Home Affairs Incorporated is responsible for assessing the Grantham Scholarships Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Audit Commission auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the Audit Commission auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Grantham Scholarships Fund's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Secretary for Home Affairs Incorporated;
- conclude on the appropriateness of the Secretary for Home Affairs Incorporated's use of the going concern basis of accounting and, based on the audit evidence

obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Grantham Scholarships Fund's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Grantham Scholarships Fund to cease to continue as a going concern; and

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



LIANG Kar-lun, Ken
Principal Auditor
for Director of Audit

6 December 2017

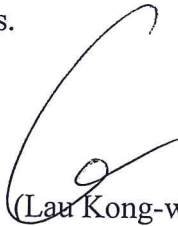
Audit Commission
26th Floor
Immigration Tower
7 Gloucester Road
Wanchai, Hong Kong

GRANTHAM SCHOLARSHIPS FUND

**BALANCE SHEET
AS AT 31 AUGUST 2017**

	Note	2017 HK\$	2016 HK\$
NON-CURRENT ASSETS			
Available-for-sale financial assets	3	172,723,927	168,644,150
CURRENT ASSETS			
Accounts receivable		5,229,560	715,457
Time deposits		14,559,633	50,053,194
Cash and cash equivalents	4	63,187,619	15,025,786
		82,976,812	65,794,437
CURRENT LIABILITIES			
Provision for staff gratuity	5	(62,558)	(108,746)
Provision for untaken leave		(5,363)	(9,032)
Accounts payable		(94,409)	(504,147)
		(162,330)	(621,925)
NET CURRENT ASSETS		82,814,482	65,172,512
		255,538,409	233,816,662
ACCUMULATED FUND			
Capital		76,182,248	76,182,248
Accumulated surplus		75,811,363	62,251,804
Investment revaluation reserve		103,544,798	95,382,610
		255,538,409	233,816,662

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


 (Lau Kong-wah)
 Secretary for Home Affairs Incorporated
 Trustee
 Grantham Scholarships Fund
 6 December 2017

GRANTHAM SCHOLARSHIPS FUND

**INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2017**

	Note	2017 HK\$	2016 HK\$
INCOME			
Dividends		15,588,960	5,864,709
Interest	6	2,166,026	1,809,840
Gains on disposal of available-for-sale financial assets		1,181,588	-
Refund of grants		19,450	38,200
Exchange gains		1,206,707	-
		<hr/> 20,162,731	<hr/> 7,712,749
EXPENDITURE			
Scholarships and maintenance grants		(5,818,000)	(6,108,200)
Staff costs		(749,460)	(864,359)
Other charges		(35,712)	(33,123)
Exchange losses		-	(2,335,845)
		<hr/> (6,603,172)	<hr/> (9,341,527)
SURPLUS/(DEFICIT) FOR THE YEAR		<hr/> 13,559,559 =====	<hr/> (1,628,778) =====

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

GRANTHAM SCHOLARSHIPS FUND

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 AUGUST 2017**

	2017 HK\$	2016 HK\$
SURPLUS/(DEFICIT) FOR THE YEAR	13,559,559	(1,628,778)
OTHER COMPREHENSIVE INCOME		
Items that may be reclassified subsequently to surplus or deficit :		
Available-for-sale financial assets		
Fair value changes on revaluation	8,918,616	20,605,478
Reclassification adjustment for amounts released from investment revaluation reserve upon disposal	(756,428)	-
	8,162,188	20,605,478
	21,721,747	18,976,700
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	21,721,747	18,976,700

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

GRANTHAM SCHOLARSHIPS FUND

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 AUGUST 2017

	Capital HK\$	Accumulated Surplus HK\$	Investment Revaluation Reserve HK\$	Total HK\$
Balance at 1 September 2015	76,182,248	63,880,582	74,777,132	214,839,962
Total comprehensive income for 2015-16	-	(1,628,778)	20,605,478	18,976,700
Balance at 31 August 2016	76,182,248	62,251,804	95,382,610	233,816,662
Total comprehensive income for 2016-17	-	13,559,559	8,162,188	21,721,747
Balance at 31 August 2017	76,182,248	75,811,363	103,544,798	255,538,409

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

GRANTHAM SCHOLARSHIPS FUND

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2017**

	Note	2017 HK\$	2016 HK\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Surplus/(Deficit) for the year		13,559,559	(1,628,778)
Adjustments for :			
Dividends		(15,588,960)	(5,864,709)
Interest		(2,166,026)	(1,809,840)
Gains on disposal of available-for-sale financial assets		(1,181,588)	-
Decrease in accounts receivable		2,134	3,824
(Decrease) / Increase in provision for staff gratuity		(46,188)	44,777
(Decrease) / Increase in provision for untaken leave		(3,669)	4,144
(Decrease) / Increase in accounts payable		(409,738)	367,895
Exchange (gains) / losses		(1,207,583)	2,281,161
NET CASH USED IN OPERATING ACTIVITIES		(7,042,059)	(6,601,526)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of available-for-sale financial assets		(4,480,650)	(8,566,211)
Sale proceeds from disposal of available-for-sale financial assets		9,747,800	-
Dividends received		11,229,445	5,800,368
Interest received		2,006,153	2,052,821
Decrease in time deposit with original maturity over three months		35,493,561	20,525,467
NET CASH FROM INVESTING ACTIVITIES		53,996,309	19,812,445
NET INCREASE IN CASH AND CASH EQUIVALENTS		46,954,250	13,210,919
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		15,025,786	2,393,517
Effect of exchange rate changes on cash and cash equivalents		1,207,583	(578,650)
CASH AND CASH EQUIVALENTS AT END OF YEAR	4	63,187,619	15,025,786

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

GRANTHAM SCHOLARSHIPS FUND

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL

The Grantham Scholarships Fund (the Fund) provides scholarships and maintenance grants for students in primary schools, secondary schools, pre-vocational schools, technical schools and institutions of higher education in Hong Kong in accordance with sections 5 and 6 of the Grantham Scholarships Fund Ordinance (Cap. 1076).

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 section 10(1) of the Grantham Scholarships 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.

(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 Grantham Scholarships 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 in respect of available-for-sale debt securities 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. 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) Other financial assets and financial liabilities

Other financial assets and financial liabilities include accounts receivable, time deposits, cash at banks and accounts payable. Other financial assets are carried at amortised cost using the effective interest method, less impairment losses (if any). Financial liabilities are carried at amortised cost using the effective interest method.

(f) Scholarships and maintenance grants

Scholarships and maintenance grants are recognised as expenditure when they are approved by the Grantham Scholarships Fund Committee (the Committee) and due for payment.

(g) Foreign currency translation

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

(h) Revenue recognition

Interest income is recognised as it accrues using the effective interest method. Dividend income is recognised when the Fund's right to receive payment is established.

(i) 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

	2017	2016
	HK\$	HK\$
Equity Securities - at fair value		
Listed in Hong Kong	168,270,277	168,644,150
Debt Securities - at fair value		
Bonds - Unlisted	4,453,650	-
Fair value at end of year	<u>172,723,927</u>	<u>168,644,150</u>
	=====	=====

4. CASH AND CASH EQUIVALENTS

	2017 HK\$	2016 HK\$
Time deposits with original maturity within three months	54,796,454	13,142,395
Cash at banks	8,391,165	1,883,391
	<hr/>	<hr/>
	63,187,619	15,025,786
	=====	=====

5. PROVISION FOR STAFF GRATUITY

	2017 HK\$	2016 HK\$
Balance at beginning of year	108,746	63,969
Provision for the year	49,422	55,879
Payment for the year	(58,452)	(8,258)
Provision written back	(37,158)	(2,844)
	<hr/>	<hr/>
Balance at end of year	62,558	108,746
	=====	=====

6. INTEREST

	2017 HK\$	2016 HK\$
Interest on bank deposits	2,090,993	1,809,840
Interest on debt securities	75,033	-
	<hr/>	<hr/>
	2,166,026	1,809,840
	=====	=====

7. FINANCIAL RISK MANAGEMENT

(a) The Fund's major financial instruments are available-for-sale financial assets, accounts receivable, time deposits and cash at banks. 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 credit risks arising from bank deposits and cash at banks, all time deposits and bank balances are placed with reputable licensed banks in Hong Kong.

To minimise credit risks arising from investments in bonds, the Fund only invests in those classified under the investment grade by Moody's or Standard & Poor's. At the balance sheet date, the credit quality of investments in bonds, analysed by the lower of ratings designated by Moody's or Standard & Poor's, was as follows:

	2017	2016
	HK\$	HK\$
Bonds by credit rating		
A1 to A3 / A+ to A-	4,453,650	-
	=====	=====

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.

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

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% higher/lower (2016: 10%), the balance of the investment revaluation reserve of the Fund would have increased/decreased by about HK\$16,830,000 (2016: HK\$16,860,000). The sensitivity analysis was based on the carrying amount of equity securities held by the Fund as at the balance sheet 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.

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 all stated at amortised cost, changes in market interest rates will not affect their carrying amounts and the Fund's surplus and equity.

For the Fund's investments in bonds, their fair values will fall when market interest rates increase. It is estimated that, as at 31 August 2017, a general increase/decrease of 25 basis points (2016: Nil) in interest rates, with all other variables held constant, would decrease/increase the investment revaluation reserve by about HK\$43,000 (2016: Nil). The sensitivity analysis was determined assuming that the change in interest rates had occurred at the balance sheet date and had been applied to bonds in existence at that date. The 25 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.

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 material cash flow interest rate risk because interest income from financial instruments bearing interest at a floating rate is not significant.

(iii) Foreign currency risk

(a) Exposure to currency risk

The Fund maintained net financial instruments denominated in United States dollars and Renminbi totaling USD7,168 (2016: USD7,168) and CNY46,429,524 (2016: CNY44,714,053) 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 at 31 August 2017, should the Renminbi strengthen/weaken by 5% (2016: 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 HK\$2,754,000 (2016: deficit would decrease/increase by HK\$2,596,000).

(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 of financial instruments

(I) Fair value hierarchy

The following table presents the carrying values 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.

	2017			2016		
	Level 1 HK\$	Level 2 HK\$	Total HK\$	Level 1 HK\$	Level 2 HK\$	Total HK\$
Available-for-sale financial assets						
Equity						
Securities – listed	168,270,277	-	168,270,277	168,644,150	-	168,644,150
Debts securities						
Bonds - unlisted	-	4,453,650	4,453,650	-	-	-
	<u>168,270,277</u>	<u>4,453,650</u>	<u>172,723,927</u>	<u>168,644,150</u>	<u>-</u>	<u>168,644,150</u>
	=====	=====	=====	=====	=====	=====

No financial instruments 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: fair value measured using only unadjusted quoted prices in active markets for identical financial instruments at the measurement date;

Level 2: 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; and

Level 3: fair value measured using significant unobservable inputs.

The fair value of unlisted bonds classified under Level 2 was determined using quotation from the custodian bank.

(II) Fair values of financial assets and financial liabilities

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

8. 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 Grantham Scholarships 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 its projected cash flow requirements, future financial obligations and commitments.

葛量洪獎學基金
葛量洪獎學基金委員會管理報告
截至二零一七年八月三十一日年報

葛量洪獎學基金（基金）於一九五五年按照《葛量洪獎學基金條例》（第 1076 章）成立，以紀念葛量洪總督任內之貢獻。基金旨在促進及鼓勵本地教育，尤其為居於香港的人士，並在香港的小學、中學、職業先修學校、工業學校及高等教育院校，提供獎學金及生活資助。

二. 基金由按照《葛量洪獎學基金條例》第 4 條成立的葛量洪獎學基金委員會管理，應屆委員名單見附錄一。基金之秘書處服務及帳務工作由信託基金及廟宇聯合秘書處負責，而審計署署長為基金帳目的核數師。

三. 在報告期內，基金的總收入為 2,016 萬港元，而總支出為 660 萬港元。基金於二零一六至二零一七年度的盈餘為 1,356 萬港元。截至二零一七年八月三十一日，基金的資本為 7,618 萬港元，而累積盈餘為 7,581 萬港元。截至二零一七年八月三十一日經審核的年度財務報表載於附錄二。

四. 目前，基金提供葛量洪生活資助及七項獎學金包括：「葛量洪學界傑出運動員獎」、「葛量洪傑出學生獎」、「葛量洪青少年制服團隊傑出服務獎」、「香港演藝學院獎學金」、「香港公開大學獎學金」、「職業訓練局獎學金」及「杜德紀念獎學金」。

五. 於二零一六至二零一七學年內，委員會發放的生活資助及獎學金總額為 582 萬港元，詳情如下 -

	<u>受惠人數</u>	<u>港元</u>
(a) 葛量洪生活津貼	1,486	4,462,800
(b) 葛量洪學界傑出運動員獎	94	210,000
(c) 葛量洪傑出學生獎	24	240,000
(d) 葛量洪青少年制服團隊傑出服務獎	26	208,000
(e) 香港演藝學院獎學金	12	235,200
(f) 香港公開大學獎學金	20	200,000
(g) 職業訓練局獎學金	93	186,000
(h) 杜德紀念獎學金	100	76,000
		<hr/> <u>5,818,000</u> <hr/>

劉江華
民政事務局局長
葛量洪獎學基金委員會主席
二零一七年十二月六日

葛量洪獎學基金

**葛量洪獎學基金委員會成員名單
(1.9.2016 – 31.8.2017)**

民政事務局局長	主席，當然成員
教育局常任秘書長	當然成員
東華三院主席	當然成員
馬陳家歡女士	(任期至 31.3.2017)
李銻麟博士	(任期由 1.4.2017 起)
保良局主席	當然成員
郭羅桂珍女士	(任期至 31.3.2017)
陳細潔女士	(任期由 1.4.2017 起)
陳胡美好女士	
章曼琪女士	
招祥麒先生	
趙令昌先生	

葛量洪獎學基金

截至 2017 年 8 月 31 日止年度的財務報表

審計署署長報告



香港特別行政區政府
審計署

獨立審計師報告 致立法會

意見

茲證明我已審計列載於第4至15頁的葛量洪獎學基金財務報表，該等財務報表包括於2017年8月31日的資產負債表與截至該日止年度的收支帳目、權益變動表和現金流量表，以及財務報表的附註，包括主要會計政策概要。

我認為，該等財務報表已按照香港會計師公會頒布的《香港財務報告準則》真實而中肯地反映葛量洪獎學基金於2017年8月31日的財務狀況及截至該日止年度的財務表現和現金流量，並已按照《葛量洪獎學基金條例》(第1076章)第10(1)條妥為備。

意見的基礎

我已按照《葛量洪獎學基金條例》第10(2)條及審計署的審準則進行審計。我根據該等準則而須承擔的責任，詳載於本報告「*審計師就財務報表審計而須承擔的責任*」部分。根據該等準則，我獨立於基金，並已按該等準則履行其他道德責任。我相信，我所獲得的審計憑證是充足和適當地為我的審計意見提供基礎。

民政事務局局長法團就財務報表而須承擔的責任

民政事務局局長法團須負責按照香港會計師公會頒布的《香港財務報告準則》及《葛量洪獎學基金條例》第10(1)條擬備真實而中肯的財務報表，及落實其認為必要的內部控制，使財務報表不存有因欺詐或錯誤而導致的重大錯誤陳述。

在擬備財務報表時，民政事務局局長法團須負責評估葛量洪獎學基金持續經營的能力，以及在適用情況下披露與持續經營有關的事項，並以持續經營作為會計基礎。

審計師就財務報表審計而須承擔的責任

我的目標是就整體財務報表是否不存有任何因欺詐或錯誤而導致的重大錯誤陳述取得合理保證，並發出包括我意見的審計師報告。合理保證是高水平的保證，但不能確保按審計署審計準則進行的審計定能發現所存有的任何重大錯誤陳述。錯誤陳述可以由欺詐或錯誤引起，如果合理預期它們個別或滙總起來可能影響財務報表使用者所作出的經濟決定，則會被視作重大錯誤陳述。

在根據審計署審計準則進行審計的過程中，我會運用專業判斷並秉持專業懷疑態度。我亦會：

- 一 識別和評估因欺詐或錯誤而導致財務報表存有重大錯誤陳述的風險；設計及執行審計程序以應對這些風險；以及取得充足和適當的審計憑證，作為我意見的基礎。由於欺詐可能涉及串謀、偽造、蓄意遺漏、虛假陳述，或凌駕內部控制的情況，因此未能發現因欺詐而導致重大錯誤陳述的風險，較未能發現因錯誤而導致者為高；
- 一 了解與審計相關的內部控制，以設計適當的審計程序。然而，此舉並非旨在對葛量洪獎學基金內部控制的有效性發表意見；
- 一 評價民政事務局局長法團所採用的會計政策是否恰當，以及其作出的會計估計和相關資料披露是否合理；
- 一 判定民政事務局局長法團以持續經營作為會計基礎的做法是否恰當，並根據所得的審計憑證，判定是否存在與事件或情況有關，而且可能對葛量洪獎學基金持續經營的能力構成重大疑慮的重大不確定性。如果我認為存在重大不確定性，則有必要在審計師報告中請使用者留意財務報表中的相關資料披露。假若所披露的相關資料不足，我便須發出非無保留意見的審計師報告。我的結論是基於截至審計師報告日止所取得的審計憑證。然而，未來事件或情況可能導致葛量洪獎學基金不能繼續持續經營；及
- 一 評價財務報表的整體列報方式、結構和內容，包括披露資料，以及財務報表是否中肯反映交易和事項。

審計署署長
首席審計師
梁家倫代行
2017年12月6日

審計署
香港灣仔
告士打道7號
入境事務大樓26樓

葛量洪獎學基金

資產負債表
二零一七年八月三十一日

	附註	2017 港元	2016 港元
非流動資產			
可供出售金融資產	3	172,723,927	168,644,150
流動資產			
應收帳項		5,229,560	715,457
定期存款		14,559,633	50,053,194
現金及等同現金項目	4	63,187,619	15,025,786
		82,976,812	65,794,437
流動負債			
職員約滿酬金撥備	5	(62,558)	(108,746)
未放取假期撥備		(5,363)	(9,032)
應付帳項		(94,409)	(504,147)
		(162,330)	(621,925)
流動資產淨額			
		82,814,482	65,172,512
		255,538,409	233,816,662
累積基金			
資本		76,182,248	76,182,248
累積盈餘		75,811,363	62,251,804
投資價值重估儲備		103,544,798	95,382,610
		255,538,409	233,816,662

隨附附註 1 至 8 為本財務報表的一部分。

劉江華
民政事務局局長法團
葛量洪獎學基金受託人
二零一七年十二月六日

葛量洪獎學基金

截至二零一七年八月三十一日止年度收支帳目

	附註	2017 港元	2016 港元
收入			
股息		15,588,960	5,864,709
利息	6	2,166,026	1,809,840
出售可供出售金融資產收益		1,181,588	-
資助金退款		19,450	38,200
兌換收益		1,206,707	-
		<u>20,162,731</u>	<u>7,712,749</u>
支出			
獎學金及生活資助		(5,818,000)	(6,108,200)
職員薪酬		(749,460)	(864,359)
其他費用		(35,712)	(33,123)
兌換虧損		-	(2,335,845)
		<u>(6,603,172)</u>	<u>(9,341,527)</u>
年度盈餘/(虧絀)		<u>13,559,559</u>	<u>(1,628,778)</u>

隨附附註 1 至 8 為本財務報表的一部分。

葛量洪獎學基金

截至二零一七年八月三十一日止年度全面收益表

	2017 港元	2016 港元
年度盈餘/(虧絀)	13,559,559	(1,628,778)
其他全面收益		
將來或會重新分類為盈餘或虧絀的項目：		
可供出售金融資產		
價值重估後的公平值變動	8,918,616	20,605,478
出售時從投資價值重估儲備 回撥的重新分類調整款額	(756,428)	-
	8,162,188	20,605,478
	<hr/>	<hr/>
年度全面收益總額	21,721,747	18,976,700
	<hr/> <hr/>	<hr/> <hr/>

隨附附註 1 至 8 為本財務報表的一部分。

葛量洪獎學基金

截至二零一七年八月三十一日止年度權益變動表

	資本 港元	累積盈餘 港元	投資價值 重估儲備 港元	總額 港元
2015年9月1日結餘	76,182,248	63,880,582	74,777,132	214,839,962
2015-16年全面收益總額	-	(1,628,778)	20,605,478	18,976,700
2016年8月31日結餘	76,182,248	62,251,804	95,382,610	233,816,662
2016-17年全面收益總額	-	13,559,559	8,162,188	21,721,747
2017年8月31日結餘	76,182,248	75,811,363	103,544,798	255,538,409

隨附附註 1 至 8 為本財務報表的一部分。

葛量洪獎學基金

截至二零一七年八月三十一日止年度現金流量表

	附註	2017 港元	2016 港元
營運活動現金流量			
年度盈餘/(虧絀)		13,559,559	(1,628,778)
調整項目：			
股息		(15,588,960)	(5,864,709)
利息		(2,166,026)	(1,809,840)
出售可供出售金融資產收益		(1,181,588)	-
應收帳項減少		2,134	3,824
職員約滿酬金撥備(減少)/增加		(46,188)	44,777
未放取假期撥備(減少)/增加		(3,669)	4,144
應付帳項(減少)/增加		(409,738)	367,895
兌換(收益)/虧損		(1,207,583)	2,281,161
營運活動所用現金淨額		<u>(7,042,059)</u>	<u>(6,601,526)</u>
投資活動現金流量			
購買可供出售金融資產		(4,480,650)	(8,566,211)
出售可供出售金融資產所收款項		9,747,800	-
已收股息		11,229,445	5,800,368
已收利息		2,006,153	2,052,821
原多於三個月到期的定期存款減少		35,493,561	20,525,467
投資活動所得現金淨額		<u>53,996,309</u>	<u>19,812,445</u>
現金及等同現金項目增加淨額		46,954,250	13,210,919
年初現金及等同現金項目的結餘		15,025,786	2,393,517
匯率變動對現金及等同現金項目的影響		1,207,583	(578,650)
年終現金及等同現金項目的結餘	4	<u>63,187,619</u>	<u>15,025,786</u>

隨附附註 1 至 8 為本財務報表的一部分。

葛量洪獎學基金

財務報表附註

1. 概況

葛量洪獎學基金(基金)，是根據《葛量洪獎學基金條例》(第 1076 章)第 5 和第 6 條的規定，提供獎學金及生活資助予香港的小學、中學、職業先修學校、工業學校及高等教育院校的學生。

基金主要業務地址為香港灣仔皇后大道東 213 號胡忠大廈 34 樓。

2. 主要會計政策

(a) 符合準則聲明

財務報表是根據《葛量洪獎學基金條例》第 10(1)條及香港會計師公會頒佈之《香港財務報告準則》的所有適用規定擬備。

(b) 擬備基準

財務報表是按應計記帳方式及歷史成本法擬備，惟可供出售金融資產則除外，如下文所載之會計政策附註 2(d)所解釋，可供出售金融資產按公平值計量。

擬備符合《香港財務報告準則》的財務報表需要管理層作出判斷、估計及假設，而有關判斷、估計及假設會影響會計政策的採納及資產、負債、收入及支出的呈報總額。此等估計及相關的假設是根據以往經驗及其他在有關情況下認為合適的因素而制定。在欠缺其他現成數據的情況下，則採用此等估計及假設作為判斷有關資產及負債的帳面值的基礎，估計結果與實際價值或有不同。

此等估計及相關假設會被不斷檢討修訂。如修訂只影響本會計期，會在作出修訂的期內確認，但如影響本期及未來的會計期，有關修訂便會在該期及未來期間內確認。

(c) 採納新訂/經修訂《香港財務報告準則》

基金已採納所有適用於本基金並於本會計期生效的新訂/經修訂的《香港財務報告準則》。

基金並沒有提早採用於本財政年度未生效之修訂、新準則及詮釋。基金正就該等修訂、新準則及詮釋在首次採用期間預期會產生的影響進行評估。直至目前為止，基金得出的結論為採納該等修訂、新準則及詮釋不大可能會對基金的運作及財務狀況構成重大影響。

(d) 可供出售金融資產

除非葛量洪獎學基金委員會(委員會)有意在結算日後 12 個月內出售投資，否則可供出售金融資產歸類為非流動資產。

投資的購入及出售在交易日確認，交易日指基金承諾該資產交易之日。可供出售金融資產初始按公平值加交易成本確認。在每個結算日，因重新計量公平值而產生的未實現盈虧已在其他全面收入內確認並另自累計於投資價值重估儲備內。

出售可供出售財務資產損益包括出售所得淨額與帳面值的差額，以及從投資價值重估儲備撥入收支帳目的累計公平值調整數額。

有報價投資的公平值按照當時的買盤價計算。

基金在每個結算日評估是否有客觀證據證明某項金融資產經已減值。累計虧損 - 按購入成本與當時公平值的差額，減金融資產之前已在收支帳目確認的減值虧損計算 - 自投資價值重估儲備中剔除並在收支帳日記帳。倘該等已確認的減值虧損在日後公平值有所增加，而這增加與減值虧損確認後所發生的事項有客觀上的聯繫，則撥回減值虧損。債務證券的減值虧損回撥在收支帳目確認入帳。股票的減值虧損回撥不經收支帳目，該等資產隨後的公平值增加，會在其他全面收益內確認入帳。

(e) 其他金融資產及金融負債

其他金融資產及金融負債包括應收帳項、定期存款、銀行存款及應付帳項。其他金融資產採用實際利率法計量，於扣除減值損失(如有)按攤銷成本值列帳。金融負債採用實際利率法計量，按攤銷成本值列帳。

(f) 獎學金及生活資助

獎學金及生活資助在獲得葛量洪獎學基金委員會(委員會) 批准並到期付款時，確認為支出。

(g) 外幣折算

港元為基金的主要經濟營運環境的貨幣。年內的外幣交易按交易日的匯率折算為港元。而以外幣為計值單位的貨幣資產和負債金額則按結算日的匯率折算為港元。所有兌換收益及虧損均在收支帳目內入帳。

(h) 收入確認

利息收入採用實際利率法確認並以應計記帳方式入帳。股息收入於基金收取該股息之權利確立後入帳。

(i) 現金及等同現金項目

現金及等同現金項目包括現金、活期存款及其他短期高度流動的投資。短期高度流動投資是指可隨時轉換為已知金額的現金，而所涉及的價值改變風險不大，並於購入時於三個月內到期的投資。

3. 可供出售金融資產

	2017 港元	2016 港元
股票證券 – 公平值 在香港上市	168,270,277	168,644,150
債務證券 – 公平值 債券 – 非上市	4,453,650	-
年終公平值	<u>172,723,927</u>	<u>168,644,150</u>

4. 現金及等同現金項目

	2017 港元	2016 港元
原於三個月內到期的定期存款	54,796,454	13,142,395
銀行存款	8,391,165	1,883,391
年終公平值	<u>63,187,619</u>	<u>15,025,786</u>

5. 職員約滿酬金撥備

	2017 港元	2016 港元
年初結餘	108,746	63,969
年度撥備	49,422	55,879
年度付款	(58,452)	(8,258)
年度回撥	(37,158)	(2,844)
年終結餘	<u>62,558</u>	<u>108,746</u>

6. 利息

	2017 港元	2016 港元
銀行存款利息	2,090,993	1,809,840
債務證券利息	75,033	-
	<u>2,166,026</u>	<u>1,809,840</u>

7. 財務風險管理

- (a) 基金之主要金融工具為可供出售金融資產、應收帳項、定期存款及銀行存款。與此等金融工具有關之主要風險載於下文。

(I) 信貸風險

信貸風險是指金融工具的一方持有者會因未能履行責任而引致另一方蒙受財務損失的風險。

為了減少銀行存款及銀行現金的信貸風險，所有定期存款及銀行結餘存放在香港信譽良好的持牌銀行。

為了減少投資債券的信貸風險，基金只會投資在那些由穆迪或標準普爾評級為投資級別的債券。債券投資在結算日的信貸質素，以穆迪或標準普爾的評級較低者為準，分析如下：

	2017 港元	2016 港元
按信貸評級列示債券		
A1 至 A3 / A+ 至 A-	4,453,650	-

至於其他應收帳項，如有需要，基金認為於結算日已為預期不可收回之款額作出足夠的撥備。

於結算日，信貸風險最高值為資產負債表所列各相關類別金融資產的帳面金額。

(II) 市場風險

基金承受市場風險，這些風險是由於市況的變動，例如股票價格、利率及匯率的波動。

(i) 股票價格風險

基金持有一個分散投資組合。為管理股票價格風險，委員會監察基金投資組合的表現及定期檢討基金的投資策略。估計假如有關的股票市價上升/下降 10% (2016 年：10%)，則基金的投資價值重估儲備結餘便增加/減少約 16,830,000 港元 (2016 年：16,860,000 港元)。這項敏感性分析以基金於結算日持有的股票的帳面金額為根據，並假設其他變數保持不變。

(ii) 利率風險

利率風險指因市場利率變動而引致虧損的風險。利率風險可進一步分為公平值利率風險及現金流量利率風險。

公平值利率風險指金融工具的公平值會因市場利率變動而波動的風險。

由於基金銀行存款均按固定利率計息，當市場利率上升，這些存款的公平值便會下跌。然而，由於這些存款均按攤銷成本值列示，市場利率變動不會影響其帳面值及基金的盈餘和權益。

當市場利率上升，基金的債券投資的公平值便會下跌。於二零一七年八月三十一日，假設其他可變因素維持不變，而利率增加/減少 25 個基點 (2016 年：無)，投資價值重估儲備便減少/增加約 43,000 港元 (2016 年：無)。這項敏感性分析假設利率已於結算日出現變動並應用於當日已存在的債券。增加/減少 25 個基點是基金對直至下個年度結算日止期間利率的合理可能變動的評估。

現金流量利率風險指金融工具的未來現金流量會因市場利率變動而波動的風險。基金無須面對重大的現金流量利率風險，因為浮息金融工具的利息收入並不重大。

(iii) 外匯風險

(a) 貨幣風險

基金於結算日持有以美元及人民幣計價的淨金融工具，總額分別為 7,168 美元 (2016 年：7,168 美元) 及 46,429,524 圓人民幣 (2016 年：44,714,053 圓人民幣)。由於港元與美元於窄幅掛鈎，外匯風險並不顯著。由於基金並沒有進行外幣匯率對沖，人民幣金融工具的帳面值已為基金所持人民幣的最大外匯風險值。

(b) 敏感性分析

估計於二零一七年八月三十一日，若人民幣相對港元增強/減弱 5% (2016 年：5%)，而其他因素不變，年度基金盈餘會增加/減少 2,754,000 港元 (2016 年：虧絀會減少/增加 2,596,000 港元)。

(III) 流動資金風險

為管理流動資金風險，基金維持足夠現金及等同現金項目作營運資金及減低現金流量波動對基金之影響。

(b) 金融工具之公平值

(I) 公平值等級

下表呈列於結算日以公平值定期計量的金融工具的帳面值，並按《香港財務報告準則》第 13 號「公平值之計量」所訂定的三級公平值等級分類。

	2017			2016		
	第一級 港元	第二級 港元	總額 港元	第一級 港元	第二級 港元	總額 港元
可供出售金融資產						
股票 證券 – 上市	168,270,277	-	168,270,277	168,644,150	-	168,644,150
債務證券 債券 – 非上市	-	4,453,650	4,453,650	-	-	-
	<u>168,270,277</u>	<u>4,453,650</u>	<u>172,723,927</u>	<u>168,644,150</u>	<u>-</u>	<u>168,644,150</u>

沒有金融工具界定為第三級。年內，在第一級與第二級之間，並無金融工具的調撥。

這三級公平值等級是：

第一級：公平值只使用在計量日相同的金融工具於活躍市場的未經調整報價計算；

第二級：公平值使用未能達到第一級的可觀察輸入值且並不使用重大不可觀察的輸入數據計算。不可觀察輸入值為並無市場數據的輸入值；及

第三級：公平值使用重大不可觀察的輸入值計算。

第二級非上市債券的公平值是採用托管銀行報價釐定。

(II) 金融資產和金融負債的公平值

所有金融資產和金融負債均以公平值或與其相差不大的金額列於資產負債表上。

8. 資本管理

基金之資本結構包括資本、累積盈餘及投資價值重估儲備。基金管理資本的目的為：

- 符合《葛量洪獎學基金條例》的規定；及
- 保持穩健的資本根基以達成上文附註 1 所列基金的目的。

基金監察其資本並定期檢討資本的水平，以確保在顧及預算現金流量的需要及將來財務承擔之餘，亦有足夠資金提供資助及支出。