

尤德爵士紀念基金信託委員會報告書

二零一七年四月一日至二零一八年三月三十一日

尤德爵士紀念基金於一九八七年由香港各界捐款而設立，其目的在於表揚尤德爵士於一九八二年至一九八六年就任總督的貢獻。根據香港法例第 1140 章，該基金用作促進香港居民的教育、學習或研究工作。

二. 基金是由一個信託委員會管理，而本年度委員會成員為一

馬清正先生	(主席)
尤德爵士夫人	
民政事務局局长	(當然成員)
陳寧寧女士，BBS，JP	
李家祥博士，GBS，OBE，JP	

三. 委員會的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處理。由二零一五年一月起，瑞士信貸銀行股份有限公司香港分行獲委任為基金的投資經理，負責日常投資管理，而審計署署長則由行政長官委任為基金的核數師。

四. 所有由基金撥出的資助，均由尤德爵士紀念基金理事會作決定。本年度理事會的成員為一

何文匯教授，JP	(主席)
尤德爵士夫人	
教育局局長	(當然成員)
區潔芳教授	
趙汝恒教授	
馮玉麟博士	
蒙美玲教授	

五. 理事會的秘書處服務工作，由在職家庭及學生資助事務處負責處理。

六. 本年度各項資助撥款為一

	港元	港元
研究生獎學金		
<u>在本港就讀</u>		
共五個	250,000	
<u>在海外就讀</u>		
共零個	-	250,000
獎學金		
<u>在本港就讀</u>		
共十三個	520,000	
<u>在海外就讀</u>		
共四個	973,000	1,493,000
獎章		
共六個		34,500
高中學生獎		
共八百零一個，每個八百元		640,800
贊助二零一八年香港藝術節青少年之友		600,000
在職人士自我增值獎		
共五個，每個五千元		25,000
優秀學徒獎		
共兩個，每個五千元		10,000
		3,053,300
		=====

七. 附件為本年度業經審核的財務報表。

(馬清正)
尤德爵士紀念基金信託委員會主席
二零一八年九月二十日

尤德爵士紀念基金

截至二零一八年三月三十一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18頁的尤德爵士紀念基金財務報表，該等財務報表包括於二零一八年三月三十一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》真實而中肯地反映尤德爵士紀念基金於二零一八年三月三十一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《尤德爵士紀念基金條例》(第1140章)第14(1)，14(1A)及14(1B)條妥為擬備。

意見的基礎

我已按照《尤德爵士紀念基金條例》第14(3)條及審計署的審計準則進行審計。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，我獨立於尤德爵士紀念基金，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。

尤德爵士紀念基金信託委員會就財務報表而須承擔的責任

尤德爵士紀念基金信託委員會（“委員會”）須負責按照香港會計師公會頒布的《香港財務報告準則》及《尤德爵士紀念基金條例》第14(1)，14(1A)及14(1B)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，委員會須負責評估尤德爵士紀念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：

- 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；
- 了解與審計相關的內部控制，以設計適當的審計程序。然而，此舉並非旨在對尤德爵士紀念基金內部控制的有效性發表意見；
- 評價委員會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；
- 判定委員會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，而且可能對尤德爵士紀念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尤德爵士紀念基金不能繼續持續經營；及
- 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
二零一八年九月二十日

審計署
香港灣仔
告士打道 7 號
入境事務大樓 26 樓

尤德爵士紀念基金

二零一八年三月三十一日資產負債表

	附註	2018 港元	2017 港元
流動資產			
按公平值經損益帳 列帳之金融資產	3	98,617,739	85,281,220
交易用途的金融工具	4	-	16,909
應收帳項	5	369,659	223,490
現金及等同現金項目	6	9,642,902	13,476,836
		<u>108,630,300</u>	<u>98,998,455</u>
流動負債			
交易用途的金融工具	4	-	(3,357)
職員約滿酬金撥備	7	(57,112)	(54,291)
未放取假期撥備		(3,438)	(7,436)
應付帳項	8	(50,646)	(34,821)
		<u>(111,196)</u>	<u>(99,905)</u>
流動資產淨額		<u>108,519,104</u>	<u>98,898,550</u>
		=====	=====
累積基金			
資本		91,412,480	91,193,680
累積盈餘		17,106,624	7,704,870
		<u>108,519,104</u>	<u>98,898,550</u>
		=====	=====

隨附附註 1 至 14 為本財務報表的一部分。

(馬 清 正)
尤德爵士紀念基金信託委員會主席

二零一八年九月二十日

尤德爵士紀念基金
截至二零一八年三月三十一日止年度收支帳目

	附註	2018 港元	2017 港元
收入			
股息		1,207,716	1,235,879
利息	9	682,726	489,309
出售按公平值經損益帳 列帳之金融資產的收益		3,454,376	1,653,370
按公平值經損益帳列帳之 金融資產的未實現收益		7,396,848	4,895,403
交易用途的金融工具收益		-	224,597
資助金退款		678,849	523,071
兌換收益		388,459	-
		<hr/> 13,808,974	<hr/> 9,021,629
支出			
研究生獎學金、獎學金、 獎金及紀念章/獎項		(3,053,300)	(3,983,900)
交易用途的金融工具虧損		(253,992)	-
兌換虧損		-	(107,504)
職員薪酬		(560,935)	(507,221)
投資管理費		(452,046)	(403,013)
其他營運費用		(86,947)	(108,966)
		<hr/> (4,407,220)	<hr/> (5,110,604)
年度盈餘		<hr/> 9,401,754	<hr/> 3,911,025
其他全面收益		-	-
年度全面收益總額		<hr/> 9,401,754	<hr/> 3,911,025
		=====	=====

隨附附註 1 至 14 為本財務報表的一部分。

尤德爵士紀念基金

截至二零一八年三月三十一日止年度權益變動表

	資本 港元	累積盈餘 港元	總額 港元
2016 年 4 月 1 日結餘	91,141,680	3,793,845	94,935,525
2016-17 年度所收捐款	52,000	-	52,000
2016-17 年度全面收益總額	-	3,911,025	3,911,025
2017 年 3 月 31 日結餘	91,193,680	7,704,870	98,898,550
2017-18 年度所收捐款	218,800	-	218,800
2017-18 年度全面收益總額	-	9,401,754	9,401,754
2018 年 3 月 31 日結餘	91,412,480	17,106,624	108,519,104

隨附附註 1 至 14 為本財務報表的一部分。

尤德爵士紀念基金

截至二零一八年三月三十一日止年度現金流量表

	附註	2018 港元	2017 港元
營運活動現金流量			
年度盈餘		9,401,754	3,911,025
股息		(1,207,716)	(1,235,879)
利息收入		(682,726)	(489,309)
未實現匯兌收益		(177,646)	(38,739)
出售投資兌換收益		-	(2,054)
出售按公平值經損益帳列帳 之金融資產的收益		(3,454,376)	(1,653,370)
按公平值經損益帳列帳之 金融資產的未實現收益		(7,396,848)	(4,895,403)
購買按公平值經損益帳列帳 之金融資產		(60,981,506)	(145,138,630)
出售按公平值經損益帳列帳 之金融資產所得款項		58,560,936	150,357,375
交易用途的金融工具公平值的變動		13,552	(305,891)
應收帳項減少		17,745	34,250
職員約滿酬金撥備增加/(減少)		2,821	(17,966)
未放取假期撥備(減少)/增加		(3,998)	1,054
應付帳項增加/(減少)		15,825	(410,773)
營運活動(所用)/所得現金淨額		(5,892,183)	115,690
投資活動現金流量			
已收股息		1,121,020	1,289,453
已收利息		717,261	585,073
投資活動所得現金淨額		1,838,281	1,874,526
財務活動現金流量			
已收捐款		218,800	52,000
財務活動所得現金淨額		218,800	52,000
現金及等同現金項目(減少)/增加淨額		(3,835,102)	2,042,216
年初現金及等同現金項目的結餘		13,476,836	11,427,194
匯率變動對現金及等同現金項目的影響		1,168	7,426
年終現金及等同現金項目的結餘	6	9,642,902	13,476,836

隨附附註 1 至 14 為本財務報表的一部分。

尤德爵士紀念基金

財務報表附註

1. 概況

尤德爵士紀念基金(基金)於一九八七年設立，根據《尤德爵士紀念基金條例》(第 1140 章)第 6 條的規定，基金的一般目的，在於資助及鼓勵香港人接受教育、學習或研究，特別是設立助學金，或提供計息或免息貸款：

- (a) 以供在香港或香港以外地方繼續接受教育、學習或研究之用；及
- (b) 予香港教育機構，以促進教育、學習或研究之用。

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《尤德爵士紀念基金條例》第 14(1)，14(1A)及 14(1B)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，惟按公平值經損益帳列帳之金融資產及交易用途的金融工具則除外，如下文所載之會計政策附註 2(d) 所解釋，該等資產按公平值列帳。

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other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《香港財務報告準則》

基金已採納與基金有關並於本財政年度生效之新訂/經修訂的《香港財務報告準則》。基金並沒有提早採納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納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) 金融資產及金融負債

基金的金融資產及金融負債包括按公平值經損益帳列帳之金融資產、交易用途的金融工具、應收帳項、現金及等同現金項目及應付帳項。

持作買賣之金融資產歸類為「按公平值經損益帳列帳之金融資產」。倘若購入金融資產目的是作近期出售，該資產便列為持作買賣之金融資產。此類金融資產以公平值列帳。公平值之變動在其產生年度的收支帳目內入帳。出售時，出售所得款項淨額與帳面值之間的差額均在收支帳目內確認。

交易用途的金融工具包括基金用以管理與匯率變動相關連之風險的遠期外幣合約。根據《香港會計準則》第 39 號「金融工具：確認及計量」，此類不符合採用對沖會計法的衍生金融工具被歸入「交易用途」的分類。交易用途的金融工具按公平值列帳；當公平值為正數時呈報為資產，而公平值為負數時則呈報為負債。公平值的變動在產生期間在收支帳目內入帳。

其他金融資產採用實際利率法計量，按攤銷成本值扣除減值損失(如有)列帳。其他金融負債採用實際利率法計量，按攤銷成本值列帳。

(e) 外幣折算

港元是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則按結算日的匯率折算為港元。匯兌收益及虧損均在收支帳目內入帳。

(f) 收入確認

利息收入是採用實際利率法按應計金額確認入帳。股息收入於基金收取該股息之權利確立後入帳。

(g) 獎項及資助金

研究生獎學金、獎學金、獎金、紀念章、獎項及其他資助金在獲得尤德爵士紀念基金理事會(理事會)批准並到期付款時，確認為支出。資助金退款在理事會接納並收到現金後會在收支帳戶入帳。

(h) 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。

(i) 捐款

捐款在收到現金並獲批接納後在基金的資本入帳。

3. 按公平值經損益帳列帳之金融資產

	2018 港元	2017 港元
股票證券/股票基金 – 公平值		
在香港上市	16,669,960	7,840,265
在香港以外上市	30,390,129	29,227,993
非上市	18,879,161	19,424,728
	65,939,250	56,492,986
債務證券 – 公平值		
債券 – 非上市	20,065,842	15,767,991
債券基金 – 公平值		
在香港以外上市	2,167,011	1,967,965
非上市	10,445,636	11,052,278
	12,612,647	13,020,243
	<u>98,617,739</u>	<u>85,281,220</u>
	=====	=====

4. 交易用途的金融工具

	2018		2017	
	資產 港元	負債 港元	資產 港元	負債 港元
以公平值列帳的遠期 外幣合約	-	-	16,909	3,357
	=====	=====	=====	=====

於 2018 年 3 月 31 日，基金並沒有未行使遠期外幣合約。

5. 應收帳項

	2018 港元	2017 港元
股息	105,060	18,364
利息	263,560	204,306
其他	1,039	820
年終結餘	<u>369,659</u>	<u>223,490</u>
	=====	=====

6. 現金及等同現金項目

	2018 港元	2017 港元
存放於一位投資經理的通知存款	9,414,216	12,457,561
銀行存款	228,686	1,019,275
	<u>9,642,902</u>	<u>13,476,836</u>
	=====	=====

7. 職員約滿酬金撥備

	2018 港元	2017 港元
年初結餘	54,291	72,257
年度撥備	38,570	24,347
年度付款	(35,742)	(7,392)
撥備回撥	(7)	(34,921)
年終結餘	57,112	54,291
	=====	=====

8. 應付帳項

	2018 港元	2017 港元
投資管理費	38,354	34,688
尤德爵士夫人的住宿費用	12,100	-
其他	192	133
年終結餘	50,646	34,821
	=====	=====

9. 利息

	2018 港元	2017 港元
儲蓄存款利息	25	24
予一位投資經理管理的投資所得利息		
通知存款利息	39,017	18,897
債券利息	643,684	470,388
	682,701	489,285
	682,726	489,309
	=====	=====

10. 財務風險管理

- (a) 基金之主要金融工具，包括按公平值經損益帳列帳之金融資產及現金及等同現金項目。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。

為了減少銀行存款的信貸風險，所有銀行存款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：

	2018 港元	2017 港元
按信貸評級列示債券		
A1 至 A3 / A+ 至 A-	3,468,643	1,891,364
Baa1 至 Baa3 / BBB+ 至 BBB-	16,597,199	13,876,627
	<u>20,065,842</u>	<u>15,767,991</u>
	=====	=====

至於其他應收帳項，基金認為已為預期不可收回之款額作有需要的撥備。

於結算日，信貸風險最高值為資產負債表所列各相關財務資產的帳面金額。

(II) 市場風險

基金的投資及銀行存款承受因市況變動引致的市場風險，例如利率、股票價格及匯率的變動。為管理此等風險，基金已聘用專業投資經理，並持有一個分散的投資組合。信託委員會則負責監察基金投資組合的管理，以確保採納及執行適當的投資策略。

(i) 價格風險

假如有關的股票證券/股票基金及債券基金的市價較結算日高/低 10% (2017：10%)，本基金的年度盈餘便增加/減少約 7,855,000 港元 (2017：6,951,000 港元)而累積盈餘便增加/減少約 7,855,000 港元 (2017：6,951,000 港元)。這項敏感性分析是根據基金於結算日持有的股票證券/股票基金及債券基金的帳面金額，而其他各項可變因素保持不變所得的結果。

(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。

當市場利率上升，基金的債券投資的公平值便會下跌。於二零一八年三月三十一日，假設其他可變因素維持不變，而利率減少/增加 25 個基點 (2017 年：25 個基點)，基金年度盈餘便增加/減少約 150,000 港元 (2017 年：175,000 港元)而累積盈餘則增加/減少約 150,000 港元 (2017 年：175,000 港元)。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。

至於銀行存款，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。

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，因為基金並沒有重大的浮息金融工具。

(iii) 外匯風險

(a) 貨幣風險

基金以外幣計價的投資會面對貨幣風險。基金根據風險管理及投資策略文件的規定處理貨幣風險，並持續地監控有關風險。

由於港元是與美元在一個窄幅的區域掛鈎，基金面對這貨幣的外匯風險不大。以下列載已確認資產及負債於結算日計算遠期外幣合約的影響後，各種貨幣的風險淨值：

	2018 港元	2017 港元
港元	23,419,872	15,170,991
美元	68,183,580	71,203,400
歐羅	6,468,945	3,758,484
新加坡元	1,614,933	1,353,224
日圓	3,836,386	2,122,406
泰銖	1,089,760	1,262,800
瑞士法郎	2,464,627	2,932,657
其他	1,441,001	1,094,588
	<hr/>	<hr/>
	108,519,104	98,898,550
	=====	=====

(b) 敏感性分析

若於結算日，非美元外幣相對港元增強/減弱 10% (2017 年：10%)，而其他因素不變，估計年度基金的盈餘會增加/減少 1,692,000 港元 (2017 年：1,252,000 港元)而累積盈餘便增加/減少約 1,692,000 港元 (2017 年：1,252,000 港元)。

以上敏感性分析乃假設匯率已於結算日出現變動並應用於當日已存在的金融工具。外幣增強/減弱 10% (2017 年: 10%) 是基金對直至下個年終期間外幣匯率的合理可能變動的評估。

(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之影響。

(b) 金融工具之公平值級別

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「公平值計量」所訂定的三個公平值等級分類。

	2018		
	第一級 港元	第二級 港元	總額 港元
資產			
按公平值經損益帳列帳之金融資產			
股票證券/股票基金			
在香港上市	16,669,960	-	16,669,960
在香港以外上市	30,390,129	-	30,390,129
非上市	-	18,879,161	18,879,161
	47,060,089	18,879,161	65,939,250
債務證券按公平值列帳			
債券 - 非上市	-	20,065,842	20,065,842
債券基金 - 按公平值列帳			
在香港以外上市	2,167,011	-	2,167,011
非上市	-	10,445,636	10,445,636
	2,167,011	10,445,636	12,612,647
	49,227,100	49,390,639	98,617,739

	2017		
	第一級 港元	第二級 港元	總額 港元
資產			
按公平值經損益帳列帳之金融資產			
股票證券/股票基金			
在香港上市	7,840,265	-	7,840,265
在香港以外上市	29,227,993	-	29,227,993
非上市	-	19,424,728	19,424,728
	37,068,258	19,424,728	56,492,986
債務證券按公平值列帳			
債券 - 非上市	-	15,767,991	15,767,991
債券基金 - 按公平值列帳			
在香港以外上市	1,967,965	-	1,967,965
非上市	-	11,052,278	11,052,278
	1,967,965	11,052,278	13,020,243
	39,036,223	46,244,997	85,281,220
交易用途的金融工具	-	16,909	16,909
	39,036,223	46,261,906	85,298,129
負債			
交易用途的金融工具	-	3,357	3,357

沒有金融工具界定為第三級。年內，在第一級與第二級之間，並無金融工具的重大調撥。

這三個公平值等級是：

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報價(未經調整)；

第二級：公平值使用對資產或負債可直接或間接地觀察到的參數(第一級所涵蓋的市場報價除外)而釐定；及

第三級：公平值使用並非基於可觀察市場數據的參數(不可觀察參數)而釐定。

第二級非上市股票基金，非上市債務證券，非上市債券基金及交易用途的金融工具的公平值是採用投資經理報價釐定。

11. 資本管理

基金之資本結構包括資本及累積盈餘。基金管理資本的目標為：

- 符合《尤德爵士紀念基金條例》的規定；及
- 保持穩健的資本根基以達成如上文附註 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的承擔之餘，亦有足夠資金提供資助及應付開支。

12. 承擔款項

在二零一八年三月三十一日，基金予海外研究生獎學金和獎學金的財務承擔為 280,000 港元 (2017 年：1,400,000 港元)，惟該款項須視乎得獎學生能否修畢課程和是否再次申領獎學金而發放。

13. 金融資產和負債的公平值

所有金融資產和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。

14. 資產抵押

於二零一八年三月三十一日，帳面值為 10,800 萬港元(2017 年：9,780 萬港元)的金融資產被抵押為給予基金的一個信貸額度的抵押品。基金在二零一八年三月三十一日沒有從該信貸額度支取任何款額。

Sir Edward Youde Memorial Fund
Report of the Board of Trustees for the Period
1 April 2017 to 31 March 2018

The Sir Edward Youde Memorial Fund was established in 1987 with donations by the Hong Kong community to commemorate the governorship of Sir Edward Youde (1982-1986). It is administered in accordance with Chapter 1140 of the Laws of Hong Kong for the purpose of providing for and encouraging the education or learning of, or research by, the people of Hong Kong.

2. The Fund is vested in a Board of Trustees, the membership of which during the year under review was as follows –

Mr MA Ching-cheng	(Chairman)
Lady Youde	
The Secretary for Home Affairs	(ex officio)
Miss CHEN Ning-ning, BBS, JP	
Dr LI Ka-cheung, Eric, GBS, OBE, JP	

3. Secretariat services to the Board of Trustees are provided by the Trust Funds and Temples Joint Secretariat, which also maintains the books of accounts for the Fund. Credit Suisse AG Hong Kong Branch has been appointed as the investment manager of the Fund since January 2015 and is responsible for the day-to-day investment management. The Director of Audit is appointed by the Chief Executive as the auditor of the Fund's accounts.

4. Grants from the Fund are determined by the Sir Edward Youde Memorial Fund Council, the membership of which during the year under review was as follows –

Professor HO Man-wui, Richard, JP	(Chairman)
Lady Youde	
The Secretary for Education	(ex officio)
Professor AU Kit-fong, Terry	
Professor CHAO Yu-hang, Christopher	
Dr FUNG Yuk-lun, Allen	
Professor MENG Mei-ling, Helen	

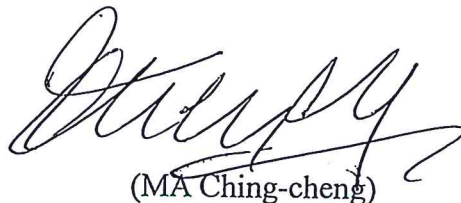
5. Secretariat services to the Council are provided by the Working Family and Student Financial Assistance Agency.

/During...

6. During the year the following categories of the Sir Edward Youde Memorial Awards were granted –

	HK\$	HK\$
For Fellowships		
<u>Local</u>		
5 totalling	250,000	
<u>Overseas</u>		
0 totalling	-	250,000
For Scholarships		
<u>Local</u>		
13 totalling	520,000	
<u>Overseas</u>		
4 totalling	973,000	1,493,000
Medals		
6 totalling		34,500
Prizes for Senior Secondary Students		
801 @ \$800		640,800
Sponsorship for the Young Friends of the 2018 Hong Kong Arts Festival		600,000
Awards for Self-improvement for Working Adults		
5 @ \$5,000		25,000
Outstanding Apprentice Awards		
2 @ \$5,000		10,000
		<hr/>
		3,053,300
		<hr/>

7. The audited Financial Statements of the Fund is at the Appendix.



(MA Ching-cheng)

Chairman

Board of Trustees of the Sir Edward Youde Memorial Fund
20 September 2018



Sir Edward Youde Memorial Fund

Financial statements for the year ended 31 March 2018

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 Sir Edward Youde Memorial Fund set out on pages 4 to 18, which comprise the balance sheet as at 31 March 2018, and the income and expenditure account, 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 Sir Edward Youde Memorial Fund as at 31 March 2018, 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 14(1), 14(1A) and 14(1B) of the Sir Edward Youde Memorial Fund Ordinance (Cap. 1140).

Basis for opinion

I conducted my audit in accordance with section 14(3) of the Sir Edward Youde Memorial 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 Sir Edward Youde Memorial 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 Board of Trustees of the Sir Edward Youde Memorial Fund for the financial statements

The Board of Trustees of the Sir Edward Youde Memorial Fund ("the Board") 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 14(1), 14(1A) and 14(1B) of the Sir Edward Youde Memorial Fund Ordinance, and for such internal control as the Board 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 Board is responsible for assessing the Sir Edward Youde Memorial 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 Sir Edward Youde Memorial Fund's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board;
- conclude on the appropriateness of the Board'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 Sir Edward Youde Memorial 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 Sir Edward Youde Memorial 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

20 September 2018

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

SIR EDWARD YOUDE MEMORIAL FUND

BALANCE SHEET AS AT 31 MARCH 2018

	Note	2018 HK\$	2017 HK\$
CURRENT ASSETS			
Financial assets at fair value through profit or loss	3	98,617,739	85,281,220
Trading financial instruments	4	-	16,909
Accounts receivable	5	369,659	223,490
Cash and cash equivalents	6	9,642,902	13,476,836
		<u>108,630,300</u>	<u>98,998,455</u>
CURRENT LIABILITIES			
Trading financial instruments	4	-	(3,357)
Provision for staff gratuity	7	(57,112)	(54,291)
Provision for untaken leave		(3,438)	(7,436)
Accounts payable	8	(50,646)	(34,821)
		<u>(111,196)</u>	<u>(99,905)</u>
NET CURRENT ASSETS		<u>108,519,104</u>	<u>98,898,550</u>
ACCUMULATED FUND			
Capital		91,412,480	91,193,680
Accumulated surplus		17,106,624	7,704,870
		<u>108,519,104</u>	<u>98,898,550</u>

The accompanying notes 1 to 14 form part of these financial statements.


(MA Chung-cheng)
Chairman

Board of Trustees of the Sir Edward Youde Memorial Fund
20 September 2018

SIR EDWARD YOUDE MEMORIAL FUND**INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2018**

	Note	2018 HK\$	2017 HK\$
INCOME			
Dividends		1,207,716	1,235,879
Interest	9	682,726	489,309
Gains on disposal of financial assets at fair value through profit or loss		3,454,376	1,653,370
Unrealised gains on financial assets at fair value through profit or loss		7,396,848	4,895,403
Gains on trading financial instruments		-	224,597
Refund of grants		678,849	523,071
Exchange gains		388,459	-
		<hr/> 13,808,974	<hr/> 9,021,629
EXPENDITURE			
Fellowships, scholarships, prizes and memorial medals/awards		(3,053,300)	(3,983,900)
Losses on trading financial instruments		(253,992)	-
Exchange losses		-	(107,504)
Staff costs		(560,935)	(507,221)
Investment management fees		(452,046)	(403,013)
Other operating expenses		(86,947)	(108,966)
		<hr/> (4,407,220)	<hr/> (5,110,604)
SURPLUS FOR THE YEAR		<hr/> 9,401,754	<hr/> 3,911,025
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<hr/> 9,401,754 =====	<hr/> 3,911,025 =====

The accompanying notes 1 to 14 form part of these financial statements.

SIR EDWARD YOUDE MEMORIAL FUND

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2018**

	Capital HK\$	Accumulated surplus HK\$	Total HK\$
Balance at 1 April 2016	91,141,680	3,793,845	94,935,525
Donation received during 2016-17	52,000	-	52,000
Total comprehensive income for 2016-17	-	3,911,025	3,911,025
	<hr/>	<hr/>	<hr/>
Balance at 31 March 2017	91,193,680	7,704,870	98,898,550
Donation received during 2017-18	218,800	-	218,800
Total comprehensive income for 2017-18	-	9,401,754	9,401,754
	<hr/>	<hr/>	<hr/>
Balance at 31 March 2018	91,412,480	17,106,624	108,519,104
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The accompanying notes 1 to 14 form part of these financial statements.

SIR EDWARD YOUDE MEMORIAL FUND

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2018**

	Note	2018 HK\$	2017 HK\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Surplus for the year		9,401,754	3,911,025
Dividends		(1,207,716)	(1,235,879)
Interest income		(682,726)	(489,309)
Unrealised exchange gains		(177,646)	(38,739)
Exchange gains on disposal of investments		-	(2,054)
Gains on disposal of financial assets at fair value through profit or loss		(3,454,376)	(1,653,370)
Unrealised gains on financial assets at fair value through profit or loss		(7,396,848)	(4,895,403)
Acquisition of financial assets at fair value through profit or loss		(60,981,506)	(145,138,630)
Proceeds from disposal of financial assets at fair value through profit or loss		58,560,936	150,357,375
Change in fair value of trading financial instruments		13,552	(305,891)
Decrease in accounts receivable		17,745	34,250
Increase/ (Decrease) in provision for staff gratuity		2,821	(17,966)
(Decrease)/Increase in provision for untaken leave		(3,998)	1,054
Increase/ (Decrease) in accounts payable		15,825	(410,773)
NET CASH (USED IN)/FROM OPERATING ACTIVITIES		(5,892,183)	115,690
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividends received		1,121,020	1,289,453
Interest received		717,261	585,073
NET CASH FROM INVESTING ACTIVITIES		1,838,281	1,874,526
CASH FLOWS FROM FINANCING ACTIVITIES			
Donation received		218,800	52,000
NET CASH FROM FINANCING ACTIVITIES		218,800	52,000
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(3,835,102)	2,042,216
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		13,476,836	11,427,194
Effects of exchange rate changes on cash and cash equivalents		1,168	7,426
CASH AND CASH EQUIVALENTS AT END OF YEAR	6	9,642,902	13,476,836
		=====	=====

The accompanying notes 1 to 14 form part of these financial statements.

SIR EDWARD YAUDE MEMORIAL FUND

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL

The Sir Edward Youde Memorial Fund (the Fund) was established in 1987 for the general purpose of providing for and encouraging the education or learning of, or research by, the people of Hong Kong and, in particular, for making grants, or loans with or without interest:

- (a) for the furtherance of education, learning or research inside or outside Hong Kong; and
- (b) to educational institutions within Hong Kong for the furtherance of education, learning or research,

in accordance with section 6 of the Sir Edward Youde Memorial Fund Ordinance (Cap. 1140).

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 14(1), 14(1A) and 14(1B) of the Sir Edward Youde Memorial 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 financial assets at fair value through profit or loss and trading financial instruments 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 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) Financial assets and financial liabilities

The Fund's financial assets and financial liabilities include financial assets at fair value through profit or loss, trading financial instruments, accounts receivable, cash and cash equivalents and accounts payable.

Financial assets classified as held for trading are included in the category "financial assets at fair value through profit or loss". Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term. Financial assets under this category are carried at fair value. Changes in the fair value are included in the income and expenditure account in the period in which they arise. Upon disposal, the difference between the net sale proceeds and the carrying value is also recognised in the income and expenditure account.

Trading financial instruments comprise forward currency contracts used by the Fund to manage its risks associated with foreign currency fluctuations. Such derivative financial instruments do not qualify for hedge accounting and are categorised as "trading" under Hong Kong Accounting Standard 39 Financial Instruments: Recognition and Measurement. Trading financial instruments are carried at fair value, and presented as assets when the fair value is positive and as liabilities when the fair value is negative. Changes in fair value are included in the income and expenditure account in the period in which they arise.

Other financial assets are carried at amortised cost using the effective interest method, less impairment losses (if any). Other financial liabilities are carried at amortised cost using the effective interest method.

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

(g) Awards and grants

Fellowships, scholarships, prizes, memorial medals, awards and other grants are recognised as expenditure when they are approved by the Sir Edward Youde Memorial Fund Council (the Council) and due for payment. Refund of grants are credited to the income and expenditure account when they are accepted and received by the Council.

(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) Donation

Donation is credited to the Fund's Capital once cash is received and the approval for acceptance is obtained.

**3. FINANCIAL ASSETS AT FAIR VALUE
THROUGH PROFIT OR LOSS**

	2018 HK\$	2017 HK\$
Equity Securities/Equity Funds – at fair value		
Listed in Hong Kong	16,669,960	7,840,265
Listed outside Hong Kong	30,390,129	29,227,993
Unlisted	18,879,161	19,424,728
	65,939,250	56,492,986
Debt Securities – at fair value		
Bonds – Unlisted	20,065,842	15,767,991
Bond funds – at fair value		
Listed outside Hong Kong	2,167,011	1,967,965
Unlisted	10,445,636	11,052,278
	12,612,647	13,020,243
	<hr/> 98,617,739 <hr/>	<hr/> 85,281,220 <hr/>
	=====	=====

4. TRADING FINANCIAL INSTRUMENTS

	2018		2017	
	Assets	Liabilities	Assets	Liabilities
	HK\$	HK\$	HK\$	HK\$
Forward currency contracts - at fair value	-	-	16,909	3,357
	=====	=====	=====	=====

There were no outstanding forward currency contracts as at 31 March 2018.

5. ACCOUNTS RECEIVABLE

	2018	2017
	HK\$	HK\$
Dividend	105,060	18,364
Interest	263,560	204,306
Others	1,039	820
Balance at end of year	<u>369,659</u>	<u>223,490</u>
	=====	=====

6. CASH AND CASH EQUIVALENTS

	2018	2017
	HK\$	HK\$
Call deposits placed with an investment manager	9,414,216	12,457,561
Cash at banks	228,686	1,019,275
	<u>9,642,902</u>	<u>13,476,836</u>
	=====	=====

7. PROVISION FOR STAFF GRATUITY

	2018 HK\$	2017 HK\$
Balance at beginning of year	54,291	72,257
Provision for the year	38,570	24,347
Payments for the year	(35,742)	(7,392)
Provision written back	(7)	(34,921)
Balance at end of year	<u>57,112</u>	<u>54,291</u>
	=====	=====

8. ACCOUNTS PAYABLE

	2018 HK\$	2017 HK\$
Investment management fees	38,354	34,688
Accommodation expenses for Lady Youde	12,100	-
Others	192	133
Balance at end of year	<u>50,646</u>	<u>34,821</u>
	=====	=====

9. INTEREST

	2018 HK\$	2017 HK\$
Interest on savings accounts	25	24
Interest on investments managed by an investment manager		
Interest on call deposit	39,017	18,897
Interest on bonds	643,684	470,388
	682,701	489,285
	<u>682,726</u>	<u>489,309</u>
	=====	=====

10. FINANCIAL RISK MANAGEMENT

- (a) The Fund's major financial instruments include financial assets at fair value through profit or loss and cash and cash equivalents. The 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, all bank deposits 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:

	2018 HK\$	2017 HK\$
Bonds by credit rating		
A1 to A3 / A+ to A-	3,468,643	1,891,364
Baa1 to Baa3 / BBB+ to BBB-	16,597,199	13,876,627
	<u>20,065,842</u>	<u>15,767,991</u>
	=====	=====

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

The Fund's investments and bank deposits are exposed to market risk due to changes in market variables such as interest rates, equity prices and exchange rates. The Fund has appointed a professional investment manager to manage market risk and maintains a diversified portfolio of investments. The Board of Trustees monitors management of the portfolio to ensure that the appropriate investment strategy is adopted and implemented.

(i) Price risk

If the market prices of the respective equity securities/equity funds and bond funds had been 10% (2017: 10%) higher/lower, the surplus of the Fund for the year would have increased/decreased by about HK\$7,855,000 (2017: HK\$6,951,000) and the accumulated surplus would have increased/decreased by about HK\$7,855,000 (2017: HK\$6,951,000). The sensitivity analysis was based on the carrying amount of equity securities/equity funds and bond funds held by the Fund at the balance sheet date and all other variables being 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.

For the Fund's investments in bonds, their fair values will fall when market interest rates increase. It is estimated that, as at 31 March 2018, a general decrease/increase of 25 basis points (2017: 25 basis points) in interest rates, with all other variables held constant, would increase/decrease the surplus of the Fund for the year by about HK\$150,000 (2017: HK\$175,000) and would increase/decrease the accumulated surplus by about HK\$150,000 (2017: HK\$175,000). The sensitivity analysis was determined assuming that the change in interest rates had occurred at the balance sheet date and had been applied to 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.

As regards the bank deposits, since 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 is not exposed to material cash flow interest rate risk because it has no major financial instruments bearing interest at a floating rate.

(iii) Foreign currency risk

(a) Exposure to currency risk

The Fund's investments denominated in foreign currencies are exposed to currency risk. The Fund's exposure to currency risk is handled in accordance with a documented risk management and investment strategy, and the Fund monitors the risk on a continuous basis.

As Hong Kong dollar is pegged to the US dollar within a narrow range, it is considered that the Fund had no significant exposure to foreign exchange risk relating to this currency. The net exposure to each currency at the balance sheet date arising from recognised assets and liabilities after taking into account the effect of forward currency contracts is shown below:

	2018 HK\$	2017 HK\$
Hong Kong dollar	23,419,872	15,170,991
US dollar	68,183,580	71,203,400
Euro	6,468,945	3,758,484
Singapore dollar	1,614,933	1,353,224
Japanese Yen	3,836,386	2,122,406
Thai Baht	1,089,760	1,262,800
Swiss Francs	2,464,627	2,932,657
Others	1,441,001	1,094,588
	<hr/>	<hr/>
	108,519,104	98,898,550
	=====	=====

(b) Sensitivity analysis

It was estimated that, as at the balance sheet date, should foreign currencies other than US dollar strengthen/weaken by 10% (2017: 10%) 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\$1,692,000 (2017: HK\$1,252,000) and the accumulated surplus would increase/decrease by HK\$1,692,000 (2017: HK\$1,252,000).

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 10% (2017: 10%) strengthening/weakening in foreign currencies 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 deemed 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.

	2018		
	Level 1 HK\$	Level 2 HK\$	Total HK\$
Assets			
Financial assets at fair value through profit or loss			
Equity securities/equity funds			
Listed in Hong Kong	16,669,960	-	16,669,960
Listed outside Hong Kong	30,390,129	-	30,390,129
Unlisted	-	18,879,161	18,879,161
	47,060,089	18,879,161	65,939,250
Debt securities at fair value			
Bonds – Unlisted	-	20,065,842	20,065,842
Bond funds – at fair value			
Listed outside Hong Kong	2,167,011	-	2,167,011
Unlisted	-	10,445,636	10,445,636
	2,167,011	10,445,636	12,612,647
	49,227,100	49,390,639	98,617,739
	=====	=====	=====

Assets	2017		
	Level 1 HK\$	Level 2 HK\$	Total HK\$
Financial assets at fair value through profit or loss			
Equity securities/equity funds			
Listed in Hong Kong	7,840,265	-	7,840,265
Listed outside Hong Kong	29,227,993	-	29,227,993
Unlisted	-	19,424,728	19,424,728
	37,068,258	19,424,728	56,492,986
Debt securities at fair value			
Bonds – Unlisted	-	15,767,991	15,767,991
Bond funds – at fair value			
Listed outside Hong Kong	1,967,965	-	1,967,965
Unlisted	-	11,052,278	11,052,278
	1,967,965	11,052,278	13,020,243
	39,036,223	46,244,997	85,281,220
Trading financial instruments	-	16,909	16,909
	39,036,223	46,261,906	85,298,129
Liabilities			
Trading financial instruments	-	3,357	3,357

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

The three levels of the fair value hierarchy are:

- Level 1: fair values are quoted prices (unadjusted) in active markets for identical financial instruments at the measurement date;
- Level 2: fair values are determined with inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: fair values are determined with inputs that are not based on observable market data (unobservable inputs).

The fair value of unlisted equity funds, unlisted debt securities, unlisted bond funds and trading financial instruments in Level 2 was determined using quotation from the investment manager.

11. CAPITAL MANAGEMENT

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

- to comply with the Sir Edward Youde Memorial 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 monitors capital by reviewing its level to ensure that it is sufficient to fund future grants and expenditure, taking into account projected cash flow requirements, future financial obligations and commitments.

12. COMMITMENTS

As at 31 March 2018, the financial commitments for approved overseas fellowships and scholarships subject to the successful completion of studies and reapplication for the awards pending payment were HK\$280,000 (2017: HK\$1,400,000).

13. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

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

14. PLEDGE OF ASSETS

As at 31 March 2018, financial assets with carrying value of HK\$108 million (2017: HK\$97.8 million) were pledged as security for a credit facility granted to the Fund. The Fund has not made any drawdown from the credit facility as at 31 March 2018.