

Report on the Administration of the
Fire Services Department Welfare Fund (FSDWF)
for the year ended 31 March 2018

Income and Expenditure

The income of the Fund for the year under report amounted to \$3,442,218, a decrease of \$1,101,084 compared with the previous year's total of \$4,543,302. The income was derived from the following sources:-

Fees for Firemen's Services: Fire-fighting Training Courses provided to non-Fire Services members	\$654,245
Interests on loans and fixed deposits	\$269,922
Profit on sales of souvenirs financed by FSDWF	\$8,649
Donations received from the general public and departmental collections	\$624,356
Civil Service Award	\$48,333
Other Income	\$867
Donations for the late Principal Fireman YAU Siu-ming's son education expenses	\$1,835,846
	<u>\$3,442,218</u>

2. Expenditure decreased from last year's figure of \$2,941,776 to \$1,967,939 and was incurred mainly on the following items:-

Subsidies to welfare functions and activities organized by FSD staff members	\$1,219,984
Payments to deceased officers' families	\$242,640
Shaw Run Run Fund Scholarships awarded to the successful applicants	\$260,000
Education expenses for the late Principal Fireman LEUNG Kwok-kei's daughter	\$58,500
Dr. Cheng Yu-tung Education Fund (Formerly named as "Chow Tai Fook Fund") Scholarships awarded to the successful applicants	\$120,000
Education expenses for the late Senior Fireman HUI Chi-kit's son	\$3,250
Education expenses for the late Principal Fireman YAU Siu-ming's son	\$63,565
	<u>\$1,967,939</u>

Loans

3. No member applied for and received General Loans for the year.

Assets and Liabilities

4. The excess of income over expenditure for the year has increased the accumulated fund from \$34,768,391 in the previous year to the present level of \$36,242,670 (each of the two figures excludes \$2,000,000 of Capital of Frederick Watson Fund and CHENG Yu-tung Fund).

General

5. The income under the General Account has decreased by \$609,842 in the year mainly due to a decrease in donations received from general public as compared with last year. The expenditure has decreased by \$366,752 mainly due to a decrease in payments to deceased officers' families. As income exceeds expenditure, there is a surplus of \$89,872 for the General Account.

6. The balance of the donations for the late Principal Fireman YAU Siu-ming's son education expenses amounted to \$1,772,281.

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Fire Services Department Welfare 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 Fire Services Department Welfare Fund set out on pages 4 to 33, 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 Fire Services Department Welfare 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 10(1)(b) of the Fire Services Department (Welfare Fund) Regulation (Cap. 95 sub. leg. E).

Basis for opinion

I conducted my audit in accordance with section 11(3) of the Fire Services Department (Welfare Fund) Regulation 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 Fire Services Department Welfare 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 Director of Fire Services Incorporated for the financial statements

The Director of Fire Services 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)(b) of the Fire Services Department (Welfare Fund) Regulation, and for such

internal control as the Director of Fire Services 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 Director of Fire Services Incorporated is responsible for assessing the Fire Services Department Welfare 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 Fire Services Department Welfare Fund's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Director of Fire Services Incorporated;
- conclude on the appropriateness of the Fire Services Department Welfare Fund'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 Fire Services Department Welfare 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 Fire Services Department Welfare 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

10 September 2018

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

Fire Services Department Welfare Fund
Balance Sheet as at 31 March 2018

	Note	2018 HK\$	2017 HK\$
GENERAL ACCOUNT			
NON-CURRENT ASSETS			
General loans	3(a)	----- -	----- 1,250
CURRENT ASSETS			
Stock of souvenirs		258,138	328,469
General loans	3(a)	51,250	65,000
Amount due from Widows and Dependants Scheme		-	128,000
Accrued bank interest		48,921	45,449
Accrued loan interest		3	19
Bank deposits		7,365,588	7,288,885
Cash and cash equivalents	3(b)	----- 18,715,038	----- 18,659,925
		26,438,938	26,515,747
CURRENT LIABILITIES			
Accounts payable		----- 24,200	----- 192,131
NET CURRENT ASSETS			
		----- 26,414,738	----- 26,323,616
		===== 26,414,738	===== 26,324,866
ACCUMULATED FUND			
Accumulated surplus		----- 26,414,738	----- 26,324,866

	Note	2018 HK\$	2017 HK\$
WIDOWS AND DEPENDANTS SCHEME	4		
CURRENT ASSETS			
Accrued bank interest		1,137	1,379
Bank deposits		571,363	692,718
Cash and cash equivalents	4(a)	<u>1,503</u>	<u>1,503</u>
		<u>574,003</u>	<u>695,600</u>
CURRENT LIABILITIES			
Amount due to General Account		<u>-</u>	<u>128,000</u>
NET CURRENT ASSETS		<u>574,003</u>	<u>567,600</u>
ACCUMULATED FUND			
Accumulated surplus		<u>574,003</u>	<u>567,600</u>
FREDERICK WATSON FUND	5		
CURRENT ASSETS			
Accrued bank interest		3,903	4,425
Cash and cash equivalents	5(a)	<u>2,662,616</u>	<u>2,643,682</u>
		<u>2,666,519</u>	<u>2,648,107</u>
ACCUMULATED FUND			
Capital		1,000,000	1,000,000
Accumulated surplus		<u>1,666,519</u>	<u>1,648,107</u>
		<u>2,666,519</u>	<u>2,648,107</u>

	Note	2018 HK\$	2017 HK\$
CHENG YU-TUNG FUND	6		
CURRENT ASSETS			
Accrued bank interest		5,540	5,482
Bank deposits		2,785,078	2,756,075
Cash and cash equivalents	6(a)	<u>6,073</u>	<u>6,073</u>
		<u>2,796,691</u>	<u>2,767,630</u>
ACCUMULATED FUND			
Capital		1,000,000	1,000,000
Accumulated surplus		<u>1,796,691</u>	<u>1,767,630</u>
		<u>2,796,691</u>	<u>2,767,630</u>
SHAW RUN RUN FUND	7		
CURRENT ASSETS			
Cash and cash equivalents	7(a)	<u>548,510</u>	<u>808,510</u>
ACCUMULATED FUND			
Accumulated surplus		<u>548,510</u>	<u>808,510</u>

	Note	2018 HK\$	2017 HK\$
DONATIONS FOR THE LATE PRINCIPAL FIREMAN LEUNG KWOK KEI'S DAUGHTER EDUCATION EXPENSES	8		
CURRENT ASSETS			
Cash and cash equivalents	8(a)	753,178	836,878
CURRENT LIABILITIES			
Accounts payable		<u>-</u>	<u>25,200</u>
NET CURRENT ASSETS		<u>753,178</u>	<u>811,678</u>
ACCUMULATED FUND			
Accumulated surplus		<u>753,178</u>	<u>811,678</u>
 DONATIONS FOR THE LATE PRINCIPAL FIREMAN LEUNG KWOK KEI'S FAMILY LIVING EXPENSES	 9		
CURRENT ASSETS			
Cash and cash equivalents	9(a)	<u>-</u>	<u>-</u>
ACCUMULATED FUND			
Accumulated surplus		<u>-</u>	<u>-</u>

	Note	2018 HK\$	2017 HK\$
DR. CHENG YU TUNG EDUCATION FUND (Formerly named as "CHOW TAI FOOK FUND")	10		
CURRENT ASSETS			
Cash and cash equivalents	10(a)	<u>620,000</u>	<u>740,000</u>
ACCUMULATED FUND			
Accumulated surplus		<u>620,000</u>	<u>740,000</u>
DONATIONS FOR THE LATE SENIOR STATION OFFICER CHEUNG THOMAS Y F'S SON EDUCATION EXPENSES	11		
CURRENT ASSETS			
Cash and cash equivalents	11(a)	<u>1,050,000</u>	<u>1,050,000</u>
ACCUMULATED FUND			
Accumulated surplus		<u>1,050,000</u>	<u>1,050,000</u>
DONATIONS FOR THE LATE SENIOR FIREMAN HUI CHI KIT'S SON EDUCATION EXPENSES	12		
CURRENT ASSETS			
Cash and cash equivalents	12(a)	<u>1,046,750</u>	<u>1,050,000</u>
ACCUMULATED FUND			
Accumulated surplus		<u>1,046,750</u>	<u>1,050,000</u>

	Note	2018 HK\$	2017 HK\$
DONATIONS FOR THE LATE PRINCIPAL FIREMAN YAU SIU MING'S SON EDUCATION EXPENSES	13		
CURRENT ASSETS			
Cash and cash equivalents	13(a)	<u>1,772,281</u>	<u>-</u>
ACCUMULATED FUND			
Accumulated surplus		<u>1,772,281</u>	<u>-</u>

The accompanying notes 1 to 17 form part of these financial statements.

(LI Kin-yat)
Director of Fire Services Incorporated
10 September 2018

Fire Services Department Welfare Fund
Income and Expenditure Account for the year ended 31 March 2018

	Note	2018 HK\$	2017 HK\$
GENERAL ACCOUNT			
INCOME			
Fees for firemen's services		654,245	635,505
Profit on sales of souvenirs		8,649	5,737
Bank interest		215,926	177,033
Loan interest	2(g)	120	161
Donations		624,356	1,343,902
Civil Service Award		48,333	-
Other income		867	-
		<u>1,552,496</u>	<u>2,162,338</u>
EXPENDITURE			
Entertainment and social gathering		541,782	534,171
Other staff welfare		678,202	755,707
Payments to deceased officers' families	14	242,640	539,498
		<u>1,462,624</u>	<u>1,829,376</u>
SURPLUS FOR THE YEAR		89,872	332,962
Other comprehensive income		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u><u>89,872</u></u>	<u><u>332,962</u></u>

	2018 HK\$	2017 HK\$
WIDOWS AND DEPENDANTS SCHEME		
INCOME		
Bank interest	6,403	8,717
EXPENDITURE		
Grant	<u>-</u>	<u>412,000</u>
SURPLUS/(DEFICIT) FOR THE YEAR	6,403	(403,283)
Other comprehensive income	<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR	<u>6,403</u>	<u>(403,283)</u>

FREDERICK WATSON FUND

INCOME

Bank interest	18,412	16,056
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EXPENDITURE

<u>-</u>	<u>-</u>
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SURPLUS FOR THE YEAR

18,412	16,056
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Other comprehensive income

<u>-</u>	<u>-</u>
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TOTAL COMPREHENSIVE INCOME FOR THE YEAR

<u>18,412</u>	<u>16,056</u>
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	2018 HK\$	2017 HK\$
CHENG YU-TUNG FUND		
INCOME		
Bank interest	29,061	26,191
EXPENDITURE	<u>-</u>	<u>-</u>
SURPLUS FOR THE YEAR	29,061	26,191
Other comprehensive income	<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>29,061</u>	<u>26,191</u>

SHAW RUN RUN FUND

INCOME

Donations	-	230,000
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EXPENDITURE

Scholarship	<u>260,000</u>	<u>190,000</u>
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(DEFICIT)/SURPLUS FOR THE YEAR	(260,000)	40,000
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Other comprehensive income	<u>-</u>	<u>-</u>
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TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR	<u>(260,000)</u>	<u>40,000</u>
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	2018 HK\$	2017 HK\$
DONATIONS FOR THE LATE PRINCIPAL FIREMAN LEUNG KWOK KEI'S DAUGHTER EDUCATION EXPENSES		
INCOME	-	-
EXPENDITURE		
Education expenses	<u>58,500</u>	<u>50,400</u>
DEFICIT FOR THE YEAR	(58,500)	(50,400)
Other comprehensive income	<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	<u>(58,500)</u>	<u>(50,400)</u>

**DONATIONS FOR THE LATE PRINCIPAL
FIREMAN LEUNG KWOK KEI'S FAMILY
LIVING EXPENSES**

INCOME	-	-
EXPENDITURE		
Living expenses	<u>-</u>	<u>300,000</u>
DEFICIT FOR THE YEAR	-	(300,000)
Other comprehensive income	<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	<u>-</u>	<u>(300,000)</u>

	2018 HK\$	2017 HK\$
DR. CHENG YU TUNG EDUCATION FUND (Formerly named as "CHOW TAI FOOK FUND")		
INCOME	-	-
EXPENDITURE		
Scholarship	<u>120,000</u>	<u>160,000</u>
DEFICIT FOR THE YEAR	(120,000)	(160,000)
Other comprehensive income	<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	<u><u>(120,000)</u></u>	<u><u>(160,000)</u></u>

**DONATIONS FOR THE LATE SENIOR
STATION OFFICER CHEUNG THOMAS Y F'S SON
EDUCATION EXPENSES**

INCOME		
Donations	-	1,050,000
EXPENDITURE	<u>-</u>	<u>-</u>
SURPLUS FOR THE YEAR	-	1,050,000
Other comprehensive income	<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u><u>-</u></u>	<u><u>1,050,000</u></u>

	2018 HK\$	2017 HK\$
DONATIONS FOR THE LATE SENIOR FIREMAN HUI CHI KIT'S SON EDUCATION EXPENSES		
INCOME		
Donations	-	1,050,000
EXPENDITURE		
Education expenses	<u>3,250</u>	<u>-</u>
(DEFICIT)/SURPLUS FOR THE YEAR	(3,250)	1,050,000
Other comprehensive income	<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR	<u><u>(3,250)</u></u>	<u><u>1,050,000</u></u>

**DONATIONS FOR THE LATE PRINCIPAL
FIREMAN YAU SIU MING'S SON
EDUCATION EXPENSES**

INCOME		
Donations	1,835,846	-
EXPENDITURE		
Education expenses	<u>63,565</u>	<u>-</u>
SURPLUS FOR THE YEAR	1,772,281	-
Other comprehensive income	<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u><u>1,772,281</u></u>	<u><u>-</u></u>

The accompanying notes 1 to 17 form part of these financial statements.

Fire Services Department Welfare Fund
Statement of Changes in Equity for the year ended 31 March 2018

	GENERAL ACCOUNT	WIDOWS AND DEPENDANTS SCHEME	FREDERICK WATSON FUND			CHENG YU-TUNG FUND			SHAW RUN RUN FUND	DONATIONS FOR THE LATE PRINCIPAL FIREMAN LEUNG KWOK KET'S DAUGHTER EDUCATION EXPENSES	DONATIONS FOR THE LATE PRINCIPAL FIREMAN LEUNG KWOK KET'S FAMILY LIVING EXPENSES	DR. CHENG YU TUNG EDUCATION FUND (Formerly named as "CHOW TAI FOOK FUND")	DONATIONS FOR THE LATE SENIOR STATION OFFICER CHEUNG THOMAS Y F'S SON EDUCATION EXPENSES	DONATIONS FOR THE LATE SENIOR FIREMAN HUI CHI KIT'S SON EDUCATION EXPENSES	DONATIONS FOR THE LATE PRINCIPAL FIREMAN YAU SIU MING'S SON EDUCATION EXPENSES	TOTAL
	ACCUMULATED SURPLUS HK\$	ACCUMULATED SURPLUS HK\$	CAPITAL HK\$	ACCUMULATED SURPLUS HK\$	TOTAL HK\$	CAPITAL HK\$	ACCUMULATED SURPLUS HK\$	TOTAL HK\$	ACCUMULATED SURPLUS HK\$	ACCUMULATED SURPLUS HK\$	ACCUMULATED SURPLUS HK\$	ACCUMULATED SURPLUS HK\$	ACCUMULATED SURPLUS HK\$	ACCUMULATED SURPLUS HK\$	ACCUMULATED SURPLUS HK\$	HK\$
Balance at 1.4.2016	25,991,904	970,883	1,000,000	1,632,051	2,632,051	1,000,000	1,741,439	2,741,439	768,510	862,078	300,000	900,000	-	-	-	35,166,865
Total comprehensive income/(loss) for 2016-2017	332,962	(403,283)	-	16,056	16,056	-	26,191	26,191	40,000	(50,400)	(300,000)	(160,000)	1,050,000	1,050,000	-	1,601,526
Balance at 31.3.2017	26,324,866	567,600	1,000,000	1,648,107	2,648,107	1,000,000	1,767,630	2,767,630	808,510	811,678	-	740,000	1,050,000	1,050,000	-	36,768,391
Balance at 1.4.2017	26,324,866	567,600	1,000,000	1,648,107	2,648,107	1,000,000	1,767,630	2,767,630	808,510	811,678	-	740,000	1,050,000	1,050,000	-	36,768,391
Total comprehensive income/(loss) for 2017-2018	89,872	6,403	-	18,412	18,412	-	29,061	29,061	(260,000)	(58,500)	-	(120,000)	-	(3,250)	1,772,281	1,474,279
Balance at 31.3.2018	26,414,738	574,003	1,000,000	1,666,519	2,666,519	1,000,000	1,796,691	2,796,691	548,510	753,178	-	620,000	1,050,000	1,046,750	1,772,281	38,242,670

The accompanying notes 1 to 17 form part of these financial statements.

Fire Services Department Welfare Fund
Statement of Cash Flows for the year ended 31 March 2018

	Note	2018 HK\$	2017 HK\$
GENERAL ACCOUNT			
Cash flows from operating activities			
Surplus for the year		89,872	332,962
Bank interest		(215,926)	(177,033)
Loan interest		(120)	(161)
Decrease/(Increase) in stock of souvenirs		70,331	(96,824)
Decrease in general loans		15,000	15,000
Decrease/(Increase) in amount due from Widows and Dependants Scheme		128,000	(128,000)
Decrease in other receivable		-	95
(Decrease)/Increase in accounts payable		<u>(167,931)</u>	<u>186,680</u>
Net cash from operating activities		<u>(80,774)</u>	<u>132,719</u>
Cash flows from investing activities			
Bank interest received		212,454	161,103
Loan interest received		136	144
Net increase in bank deposits with maturity over three months		<u>(76,703)</u>	<u>(65,375)</u>
Net cash from investing activities		<u>135,887</u>	<u>95,872</u>
Net increase in cash and cash equivalents		55,113	228,591
Cash and cash equivalents at beginning of year		<u>18,659,925</u>	<u>18,431,334</u>
Cash and cash equivalents at end of year	3(b)	<u><u>18,715,038</u></u>	<u><u>18,659,925</u></u>

	Note	2018 HK\$	2017 HK\$
WIDOWS AND DEPENDANTS SCHEME			
Cash flows from operating activities			
Surplus/(Deficit) for the year		6,403	(403,283)
Bank interest		(6,403)	(8,717)
(Decrease)/Increase in amount due to General Account		<u>(128,000)</u>	<u>128,000</u>
Net cash used in operating activities		<u>(128,000)</u>	<u>(284,000)</u>
Cash flows from investing activities			
Bank interest received		6,645	8,760
Net decrease in bank deposits with maturity over three months		<u>121,355</u>	<u>275,240</u>
Net cash from investing activities		<u>128,000</u>	<u>284,000</u>
Net increase in cash and cash equivalents		-	-
Cash and cash equivalents at beginning of year		<u>1,503</u>	<u>1,503</u>
Cash and cash equivalents at end of year	4(a)	<u><u>1,503</u></u>	<u><u>1,503</u></u>

	Note	2018 HK\$	2017 HK\$
FREDERICK WATSON FUND			
Cash flows from operating activities			
Surplus for the year		18,412	16,056
Bank interest		<u>(18,412)</u>	<u>(16,056)</u>
Net cash used in operating activities		<u>-</u>	<u>-</u>
Cash flows from investing activities			
Bank interest received		<u>18,934</u>	<u>14,734</u>
Net cash from investing activities		<u>18,934</u>	<u>14,734</u>
Net increase in cash and cash equivalents		18,934	14,734
Cash and cash equivalents at beginning of year		<u>2,643,682</u>	<u>2,628,948</u>
Cash and cash equivalents at end of year	5(a)	<u><u>2,662,616</u></u>	<u><u>2,643,682</u></u>

	Note	2018 HK\$	2017 HK\$
CHENG YU-TUNG FUND			
Cash flows from operating activities			
Surplus for the year		29,061	26,191
Bank interest		<u>(29,061)</u>	<u>(26,191)</u>
Net cash used in operating activities		<u>-</u>	<u>-</u>
Cash flows from investing activities			
Bank interest received		29,003	24,720
Net increase in bank deposits with maturity over three months		<u>(29,003)</u>	<u>(24,720)</u>
Net cash from investing activities		<u>-</u>	<u>-</u>
Net increase in cash and cash equivalents		-	-
Cash and cash equivalents at beginning of year		<u>6,073</u>	<u>6,073</u>
Cash and cash equivalents at end of year	6(a)	<u><u>6,073</u></u>	<u><u>6,073</u></u>

	Note	2018 HK\$	2017 HK\$
SHAW RUN RUN FUND			
Cash flows from operating activities			
(Deficit)/Surplus for the year		<u>(260,000)</u>	<u>40,000</u>
Net cash (used in)/ from operating activities		<u>(260,000)</u>	<u>40,000</u>
Net (decrease)/increase in cash and cash equivalents		(260,000)	40,000
Cash and cash equivalents at beginning of year		<u>808,510</u>	<u>768,510</u>
Cash and cash equivalents at end of year	7(a)	<u><u>548,510</u></u>	<u><u>808,510</u></u>

**DONATIONS FOR THE LATE PRINCIPAL
FIREMAN LEUNG KWOK KEI'S
DAUGHTER EDUCATION EXPENSES**

Cash flows from operating activities			
Deficit for the year		(58,500)	(50,400)
(Decrease)/Increase in accounts payable		<u>(25,200)</u>	<u>25,200</u>
Net cash used in operating activities		<u>(83,700)</u>	<u>(25,200)</u>
Net decrease in cash and cash equivalents		(83,700)	(25,200)
Cash and cash equivalents at beginning of year		<u>836,878</u>	<u>862,078</u>
Cash and cash equivalents at end of year	8(a)	<u><u>753,178</u></u>	<u><u>836,878</u></u>

	Note	2018 HK\$	2017 HK\$
DONATIONS FOR THE LATE PRINCIPAL FIREMAN LEUNG KWOK KEI'S FAMILY LIVING EXPENSES			
Cash flows from operating activities			
Deficit for the year		<u>-</u>	<u>(300,000)</u>
Net cash used in operating activities		<u>-</u>	<u>(300,000)</u>
Net decrease in cash and cash equivalents		-	(300,000)
Cash and cash equivalents at beginning of year		<u>-</u>	<u>300,000</u>
Cash and cash equivalents at end of year	9(a)	<u><u>-</u></u>	<u><u>-</u></u>

**DR. CHENG YU TUNG EDUCATION FUND
(Formerly named as "CHOW TAI FOOK FUND")**

Cash flows from operating activities			
Deficit for the year		<u>(120,000)</u>	<u>(160,000)</u>
Net cash used in operating activities		<u>(120,000)</u>	<u>(160,000)</u>
Net decrease in cash and cash equivalents		(120,000)	(160,000)
Cash and cash equivalents at beginning of year		<u>740,000</u>	<u>900,000</u>
Cash and cash equivalents at end of year	10(a)	<u><u>620,000</u></u>	<u><u>740,000</u></u>

	Note	2018 HK\$	2017 HK\$
DONATIONS FOR THE LATE SENIOR STATION OFFICER CHEUNG THOMAS Y F'S SON EDUCATION EXPENSES			
Cash flows from operating activities			
Surplus for the year		<u>-</u>	<u>1,050,000</u>
Net cash from operating activities		<u>-</u>	<u>1,050,000</u>
Net increase in cash and cash equivalents		-	1,050,000
Cash and cash equivalents at beginning of year		<u>1,050,000</u>	<u>-</u>
Cash and cash equivalents at end of year	11(a)	<u><u>1,050,000</u></u>	<u><u>1,050,000</u></u>

**DONATIONS FOR THE LATE SENIOR
FIREMAN HUI CHI KIT'S SON
EDUCATION EXPENSES**

Cash flows from operating activities			
(Deficit)/Surplus for the year		<u>(3,250)</u>	<u>1,050,000</u>
Net cash (used in)/ from operating activities		<u>(3,250)</u>	<u>1,050,000</u>
Net (decrease)/increase in cash and cash equivalents		(3,250)	1,050,000
Cash and cash equivalents at beginning of year		<u>1,050,000</u>	<u>-</u>
Cash and cash equivalents at end of year	12(a)	<u><u>1,046,750</u></u>	<u><u>1,050,000</u></u>

	Note	2018 HK\$	2017 HK\$
DONATIONS FOR THE LATE PRINCIPAL FIREMAN YAU SIU MING'S SON EDUCATION EXPENSES			
Cash flows from operating activities			
Surplus for the year		<u>1,772,281</u>	<u>-</u>
Net cash from operating activities		<u>1,772,281</u>	<u>-</u>
Net increase in cash and cash equivalents		1,772,281	-
Cash and cash equivalents at beginning of year		<u>-</u>	<u>-</u>
Cash and cash equivalents at end of year	13(a)	<u><u>1,772,281</u></u>	<u><u>-</u></u>

The accompanying notes 1 to 17 form part of these financial statements.

Fire Services Department Welfare Fund

Notes to the Financial Statements

1. General

The Fire Services Department Welfare Fund (the Fund) was established for the purposes of providing and maintaining amenities for the use and enjoyment of, and making loans, grants, allowances and gifts to beneficiaries including Fire Services employees, former Fire Services employees, dependants of deceased Fire Services employees and dependants of deceased former Fire Services employees in accordance with section 19D of the Fire Services Ordinance (Cap. 95).

The address of the Fund's principal place of business is 11th Floor, Fire Services Headquarters Building, No. 1 Hong Chong Road, Tsim Sha Tsui East, Kowloon.

2. Significant accounting policies

(a) Statement of compliance

The financial statements have been prepared in accordance with section 10(1)(b) of the Fire Services Department (Welfare Fund) Regulation (Cap. 95 sub. leg. E) 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) Financial assets

The Fund's financial assets include loan and other receivables, accrued interest and cash and cash equivalents. They are initially measured at fair value plus transaction costs that are directly attributable to the acquisition of the assets. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method, less allowance for impairment loss, if any (note 2(e)).

A financial asset is derecognised when the rights to receive cash flows from the asset have expired or the Fund has transferred substantially all the risks and rewards of ownership of the asset.

(e) Impairment of financial assets

The carrying amounts of financial assets are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. If there is objective evidence that an impairment loss has occurred, an impairment loss is recognised in the income and expenditure account as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. If in a subsequent period, the amount of such impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through the income and expenditure account. A reversal of impairment losses is limited to the asset's carrying amount that would have been determined had no impairment losses been recognised in prior years.

(f) Valuation of souvenir stock

The cost of souvenir stock is calculated on a first-in-first-out basis. Souvenir stock is stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated selling expenses.

(g) Loan interest

- (i) At the discretion of the Director of Fire Services Incorporated, loans on General Account were subject to the payment of interest at the rate of 1.282% per annum from 1 April 2017 to 30 September 2017 and 1.132% per annum from 1 October 2017 to 31 March 2018 (2017: 1.282% per annum from 1 April 2016 to 31 March 2017), calculated monthly on the balance outstanding at the end of each month until the loan was repaid in full. The interest was payable within one month after the date on which the previous instalment became payable.
- (ii) Loans on Bulk Purchase Scheme are interest-free.

(h) Revenue recognition

- (i) Donation income is recognised once cash is received and approval for acceptance is obtained.
- (ii) Fees for firemen's services are recognised when services are provided.
- (iii) Revenue from sales of souvenirs is recognised on an accrual basis.
- (iv) Interest income from bank deposits is recognised as it accrues using the effective interest method.
- (v) Interest income from loans is recognised in accordance with the terms set out in the individual loan agreements.

(i) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and 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.	General Account	2018 HK\$	2017 HK\$
	(a) General loans		
	Balance at beginning of year	66,250	81,250
	Add: Loans made during the year	-	25,000
		<u>66,250</u>	<u>106,250</u>
	Less: Loans repaid during the year	15,000	40,000
	Balance at end of year	<u>51,250</u>	<u>66,250</u>
	Loans repayable:		
	- after 1 year (non-current assets)	-	1,250
	- within 1 year (current assets)	51,250	65,000
		<u>51,250</u>	<u>66,250</u>
	(b) Cash and cash equivalents		
	Bank deposits with original maturity within three months	17,227,506	17,091,756
	Cash with the Director of Accounting Services	1,487,532	1,429,248
	Cash and Cheques in hand	-	138,921
		<u>18,715,038</u>	<u>18,659,925</u>

4. **Widows and Dependants Scheme**

The Scheme was created in October 1979 to make regular grants in the form of supplementary pension to the widows and dependants of Fire Services employees killed/disabled as a result of active duty at emergency incidents.

	2018 HK\$	2017 HK\$
(a) Cash and cash equivalents		
Cash with the Director of Accounting Services	<u>1,503</u>	<u>1,503</u>

5. **Frederick Watson Fund**

The Frederick Watson Fund was created in August 1983 in recognition of the services of the former Director, Mr. F. M. Watson. The interest yielded from the fund is used for the welfare of Fire Services employees, former Fire Services employees who have retired on pension, or dependants of deceased Fire Services employees or former Fire Services employees as the Director of Fire Services Incorporated sees fit.

	2018 HK\$	2017 HK\$
(a) Cash and cash equivalents		
Bank deposits with original maturity within three months	2,640,051	2,621,117
Cash with the Director of Accounting Services	22,565	22,565
	<u>2,662,616</u>	<u>2,643,682</u>

6. **Cheng Yu-tung Fund**

The Cheng Yu-tung Fund was created in December 1985. The interest yielded from the fund is used as the Director of Fire Services Incorporated sees fit in accordance with section 19D of the Fire Services Ordinance.

	2018 HK\$	2017 HK\$
(a) Cash and cash equivalents		
Cash with the Director of Accounting Services	<u>6,073</u>	<u>6,073</u>

7. **Shaw Run Run Fund**

In appreciation of the dedication and commitment of the uniformed, civilian and contract members of the Fire Services Department in their provision of firefighting, rescue and ambulance services to Hong Kong, Mr. Shaw Run Run donated an amount of HK\$1,000,000 to the Welfare Fund on 10 October 2008 as a scholarship fund for the dependants of the members of the Fire Services Department who have achieved outstanding academic results. Similarly, personal excellence through school records and involvement in extra-curricular activities or community services would also be taken into account. In addition, an amount of HK\$460,000 and HK\$230,000 was donated on 17 June 2015 and 20 May 2016 to the Welfare Fund respectively.

	2018 HK\$	2017 HK\$
(a) Cash and cash equivalents		
Cash with the Director of Accounting Services	<u>548,510</u>	<u>808,510</u>

8. **Donations for the late Principal Fireman LEUNG Kwok-kei's daughter education expenses**

The late Principal Fireman LEUNG Kwok-kei sacrificed his life on 4 December 2014 after attending a gas explosion in Shek Kip Mei. Donations totalling HK\$920,500 for education expenses of the surviving daughter were received after his death.

	2018 HK\$	2017 HK\$
(a) Cash and cash equivalents		
Cash with the Director of Accounting Services	<u>753,178</u>	<u>836,878</u>

9. **Donations for the late Principal Fireman LEUNG Kwok-kei's family living expenses**

Donations of HK\$450,000 were also received for the living expenses of the surviving family of the late Principal Fireman LEUNG Kwok-kei.

	2018 HK\$	2017 HK\$
(a) Cash and cash equivalents		
Cash with the Director of Accounting Services	<u>-</u>	<u>-</u>

10. **Dr. Cheng Yu-tung Education Fund
(Formerly named as "Chow Tai Fook Fund")**

Chow Tai Fook Charity Foundation Limited donated an amount of HK\$1,000,000 to the Welfare Fund on 10 February 2015 for establishing a fund to support members of the Fire Services Department in pursuit of higher education.

	2018 HK\$	2017 HK\$
(a) Cash and cash equivalents		
Cash with the Director of Accounting Services	<u>620,000</u>	<u>740,000</u>

11. Donations for the late Senior Station Officer Cheung Thomas Y F's son education expenses

The late Senior Station Officer Thomas Cheung sacrificed his life on 21 June 2016 during the operation of fighting a fire in an industrial centre in Ngau Tau Kok. Donations totalling HK\$1,050,000 for education expenses of the surviving son were received.

	2018	2017
	HK\$	HK\$
(a) Cash and cash equivalents		
Cash with the Director of Accounting Services	<u>1,050,000</u>	<u>1,050,000</u>

12. Donations for the late Senior Fireman HUI Chi-kit's son education expenses

The late Senior Fireman HUI Chi-kit sacrificed his life on 23 June 2016 during the operation of fighting a fire in an industrial centre in Ngau Tau Kok. Donations totalling HK\$1,050,000 for education expenses of the surviving son were received.

	2018	2017
	HK\$	HK\$
(a) Cash and cash equivalents		
Cash with the Director of Accounting Services	<u>1,046,750</u>	<u>1,050,000</u>

13. Donations for the late Principal Fireman YAU Siu-ming's son education expenses

The late Principal Fireman YAU Siu-ming sacrificed his life on 22 March 2017 during the mountain rescue operation at Tiu Shau Ngam. Donations totalling HK\$1,835,846 for education expenses of the surviving son were received.

	2018	2017
	HK\$	HK\$
(a) Cash and cash equivalents		
Cash with the Director of Accounting Services	<u>1,772,281</u>	<u>-</u>

14. Payments to deceased officers' families

Donations totalling HK\$242,640 received from departmental collections via the Welfare Fund were paid to the families of three late members (HK\$174,927 for the late Principal Fireman YAU Siu-ming, HK\$52,013 for the late Fireman YUEN Chi-hong and HK\$15,700 for the late Principal Fireman LAM Leung-fat).

15. **Capital management**

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

- (a) to comply with the Fire Services Department (Welfare Fund) Regulation; and
- (b) to maintain a capital base for carrying out the purposes of the Fund as stated in note 1 above.

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

16. **Financial risk management**

The Fund's major financial instruments include bank deposits and cash with the Director of Accounting Services. The risks associated with these financial instruments are set out below.

(a) Credit risk

The Fund's maximum exposure to credit risk as at the balance sheet date in relation to each class of financial assets is the carrying amount of those assets as stated in the balance sheet. The Fund limits its exposure to credit risk by transacting with reputable licensed banks in Hong Kong and places its surplus funds in short-term bank deposits. The credit risk in respect of cash with the Director of Accounting Services is considered minimal. For loans receivable, the Fund considers that adequate provision has been made against all amounts owing to the Fund which are known or expected to be irrecoverable.

(b) 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 bank deposits bear interest at fixed rates, their fair value will fall when market interest rates increase. As they are stated at amortised cost, changes in market interest rates will not affect their carrying amounts and the Fund's surplus and equity.

Cash flow interest rate risk is the risk that future cash flow of a financial instrument will fluctuate because of changes in market interest rates. The Fund is not exposed to cash flow interest rate risk as it has no financial instruments bearing interest at floating rates.

(c) Liquidity risk

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

17. **Fair values of financial assets and liabilities**

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