

## BREWIN TRUST FUND

### Report of the Brewin Trust Fund Committee on the administration of the Fund for the year ended 30 June 2018

The Brewin Trust Fund (the Fund) was established under the Brewin Trust Fund Ordinance (Chapter 1077). The purpose of the Fund is to provide financial assistance for the maintenance and benefit of -

- (a) widows, widowers and orphans who, being residents in Hong Kong, appear to the Committee to require such maintenance and benefit; and
- (b) workmen, which expression shall include females, who having been employed in Hong Kong and become wholly or in part incapacitated for work by reason of age, sickness, disablement or otherwise, appear to the Committee to require such maintenance and benefit.

2. The Fund is managed by the Brewin Trust Fund Committee constituted under Section 5 of the Brewin Trust Fund Ordinance. The membership list of the Committee for the year under report is at Appendix I. The secretariat and accounting work of the Fund is undertaken by the Trust Funds and Temples Joint Secretariat. The Director of Audit is the auditor of the Fund's accounts. UBS AG has been appointed as the investment manager of the Fund since April 2015 and is responsible for the day-to-day investment management.

3. During the reporting period, the total income of the Fund was HK\$13.29 million and the total expenditure was HK\$8.01 million. The Fund recorded a surplus of HK\$5.28 million for 2017-18. As at 30 June 2018, the capital of the Fund was HK\$60 million and the accumulated surplus was HK\$222.85 million. The audited Financial Statements of the Fund for the year ended 30 June 2018 is at Appendix II.

4. In 2017-18, grants in a total of HK\$6.19 million were disbursed as follows -

	<u>HK\$</u>
(a) Grants through the Director of Social Welfare to individuals and families in need of immediate financial assistance.	2,482,451
(b) Grants through the Commissioner for Labour to -	
(i) Needy family members of deceased employees in fatal employees' compensation cases.	2,496,000
(ii) Employees, or family members of deceased employees, who are incapacitated or die due to work-related diseases (other than pneumoconiosis, mesothelioma and occupational deafness) but are not eligible for compensation under the Employees' Compensation Ordinance.	-
	/ (iii)...

- |        |  |         |
|--------|--|---------|
| (iii)  | Family members of deceased mesothelioma sufferers (with date of death falling after the Pneumoconiosis and Mesothelioma (Compensation) Ordinance takes effect) or deceased pneumoconiotics who are not eligible for any compensation under the Pneumoconiosis (Compensation) Ordinance, the Pneumoconiosis and Mesothelioma (Compensation) Ordinance or any benefits under the Pneumoconiosis Ex Gratia Scheme and grant from the Brewin Trust Fund has not been made before on account of mesothelioma or pneumoconiosis. | 585,900 |
| (iv)   | Employees who have been dismissed or forced to resign due to old age, sickness or redundancy before they qualify for long service payment or severance payment and are not entitled to remedies under Part VIA of the Employment Ordinance.  | -       |
| (v)    | Elderly employees or employees certified as permanently unfit to continue with their work who are unable to receive long service payment or terminal payment or severance payment under the Employment Ordinance by default of their employers.  | -       |
| (vi)   | Family members of persons who died in work accidents and are alleged to be self-employed.  | -       |
| (vii)  | Mesothelioma sufferers for meeting the medical expenses for the use of self-financed drugs in the Hospital Authority Drug Formulary for the treatment of mesothelioma.   | 120,949 |
| (viii) | Employees of non-fatal employees' compensation cases who are in need of financial assistance due to non-payment of periodical payment by employers and, as a result, have applied for legal aid or filed claim at court in order to pursue the employees' compensation claims.   | 507,000 |

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Total : 6,192,300



(LAU Kong-wah)  
Secretary for Home Affairs  
Chairman  
Brewin Trust Fund Committee  
4 December 2018

**BREWIN TRUST FUND**

**Membership of the Brewin Trust Fund Committee  
(1.7.2017 – 30.6.2018)**

Secretary for Home Affairs	(Chairman and ex-officio)
Director of Social Welfare	
Commissioner for Labour	
Chairman, Board of Directors, Po Leung Kuk -	
Miss CHAN Sai-kit, Abbie	(up to 31.3.2018)
Dr CHOI LEE Wai-lai, Margaret	(as from 1.4.2018)
Mr CHEN Chung-nin, Rock, SBS, JP	(as from 1.4.2018)
Mr CHEUNG Cheuk-yiu, Charles	(up to 31.3.2018)
Ms KAN Wai-mun, Carmen	
Mr KUNG Lin-cheng, Leo, BBS, JP	(as from 1.4.2018)
Ms KWAN Sau-ha	(up to 31.3.2018)
Mr KWOK Wing-chung, Ronald	(up to 31.3.2018)
Ms POON Wing-yin, Peggy	
Miss SO Hoi-yan, Crystal	(as from 1.4.2018)



## Brewin Trust Fund

Financial statements for the year ended 30 June 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 Brewin Trust Fund set out on pages 4 to 17, which comprise the balance sheet as at 30 June 2018, 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 Brewin Trust Fund as at 30 June 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) of the Brewin Trust Fund Ordinance (Cap. 1077).

### *Basis for opinion*

I conducted my audit in accordance with section 10(2) of the Brewin Trust 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 Brewin Trust 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 Brewin Trust 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 Brewin Trust 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 Brewin Trust 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 Brewin Trust 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 Brewin Trust 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

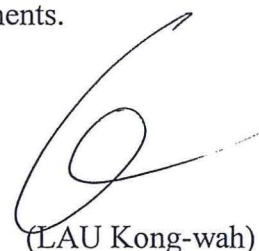
4 December 2018

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

**BREWIN TRUST FUND****BALANCE SHEET AS AT 30 JUNE 2018**

	Note	2018 HK\$	2017 HK\$
<b>CURRENT ASSETS</b>			
Financial assets designated at fair value	3	244,636,565	241,957,083
Accounts receivable	4	2,291,768	1,527,789
Time deposits		14,331,585	21,513,784
Cash and cash equivalents	5	21,667,835	13,003,531
		<hr/>	<hr/>
		282,927,753	278,002,187
<b>CURRENT LIABILITIES</b>			
Provision for staff gratuity	6	(23,443)	(60,159)
Provision for untaken leave		(2,850)	(6,972)
Accounts payable	7	(48,720)	(359,728)
		<hr/>	<hr/>
		(75,013)	(426,859)
<b>NET CURRENT ASSETS</b>			
		<hr/>	<hr/>
		282,852,740	277,575,328
		<hr/>	<hr/>
		282,852,740	277,575,328
		<hr/>	<hr/>
<b>ACCUMULATED FUND</b>			
Capital reserve		60,000,000	60,000,000
Accumulated surplus		222,852,740	217,575,328
		<hr/>	<hr/>
		282,852,740	277,575,328
		<hr/>	<hr/>

The accompanying notes 1 to 11 form part of these financial statements.



(LAU Kong-wah)  
Secretary for Home Affairs Incorporated  
Trustee  
Brewin Trust Fund  
4 December 2018



**BREWIN TRUST FUND****INCOME AND EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED 30 JUNE 2018**

	Note	2018 HK\$	2017 HK\$
<b>INCOME</b>			
Dividends		2,149,959	1,838,684
Interest	8	5,159,318	4,298,507
Gains on disposal of financial assets designated at fair value		2,605,657	4,114,384
Unrealised gains on financial assets designated at fair value		2,580,294	10,834,665
Exchange gain		793,303	889,306
		<hr/>	<hr/>
		13,288,531	21,975,546
<b>EXPENDITURE</b>			
Grants		(6,192,300)	(4,383,201)
Staff costs		(487,999)	(440,360)
Investment management fees		(1,327,711)	(1,213,734)
Other operating expenses		(3,109)	(5,214)
		<hr/>	<hr/>
		(8,011,119)	(6,042,509)
<b>SURPLUS FOR THE YEAR</b>			
		<hr/>	<hr/>
		5,277,412	15,933,037
		=====	=====

The accompanying notes 1 to 11 form part of these financial statements.

**BREWIN TRUST FUND**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2018**

	<b>2018 HK\$</b>	<b>2017 HK\$</b>
<b>SURPLUS FOR THE YEAR</b>	5,277,412	15,933,037
<b>OTHER COMPREHENSIVE INCOME</b>	-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<u>5,277,412</u>	<u>15,933,037</u>

The accompanying notes 1 to 11 form part of these financial statements.

**BREWIN TRUST FUND**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2018**

	<b>Capital Reserve HK\$</b>	<b>Accumulated Surplus HK\$</b>	<b>Total HK\$</b>
Balance at 1 July 2016	60,000,000	201,642,291	261,642,291
Total comprehensive income for 2016-17	-	15,933,037	15,933,037
	<hr/>	<hr/>	<hr/>
Balance at 30 June 2017	60,000,000	217,575,328	277,575,328
Total comprehensive income for 2017-18	-	5,277,412	5,277,412
	<hr/>	<hr/>	<hr/>
Balance at 30 June 2018	60,000,000	222,852,740	282,852,740
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The accompanying notes 1 to 11 form part of these financial statements.

**BREWIN TRUST FUND**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30 JUNE 2018**

	Note	2018 HK\$	2017 HK\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Surplus for the year		5,277,412	15,933,037
Adjustments for :			
Dividends		(2,149,959)	(1,838,684)
Interest		(5,159,318)	(4,298,507)
Gains on disposal of financial assets designated at fair value		(2,605,657)	(4,114,384)
Exchange gains		(808,486)	(972,267)
Unrealised gains on financial assets designated at fair value		(2,580,294)	(10,834,665)
Acquisition of financial assets designated at fair value		(128,308,894)	(96,664,250)
Sale proceeds from disposal of financial assets designated at fair value		131,275,552	84,506,075
(Increase) /Decrease in accounts receivable		(956,028)	3,878,363
Decrease in provision for staff gratuity		(36,716)	(14,080)
(Decrease)/Increase in provision for untaken leave		(4,122)	1,835
Decrease in accounts payable		(311,008)	(1,487,904)
		<u>(6,367,518)</u>	<u>(15,905,431)</u>
<b>NET CASH USED IN OPERATING ACTIVITIES</b>			
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Dividends received		2,173,862	1,893,398
Interest received		5,748,174	4,741,792
Decrease/(Increase) in time deposits with original maturity over three months		7,182,199	(240,130)
		<u>15,104,235</u>	<u>6,395,060</u>
<b>NET CASH FROM INVESTING ACTIVITIES</b>			
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>			
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>			
Effect of exchange rate changes on cash and cash equivalents		(72,413)	22,877
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	5	<u>21,667,835</u>	<u>13,003,531</u>

The accompanying notes 1 to 11 form part of these financial statements.

## **BREWIN TRUST FUND**

### **NOTES TO THE FINANCIAL STATEMENTS**

#### **1. GENERAL**

The Brewin Trust Fund (the Fund) provides assistance for the maintenance and benefit of widows, widowers and orphans who, being resident in Hong Kong, appear to the Brewin Trust Fund Committee (the Committee) to require such maintenance and benefit; and the maintenance and benefit of workmen, which expression shall include females, who having been employed in Hong Kong and become wholly or in part incapacitated for work by reason of age, sickness, disablement or otherwise, appear to the Committee to require such maintenance and benefit in accordance with section 4 of the Brewin Trust Fund Ordinance (Cap. 1077).

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

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

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

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

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

The financial statements have been prepared on an accrual basis and under the historical cost convention except that financial assets designated at fair value 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) Financial assets designated at fair value**

Financial assets classified as held for trading are included in the category "financial assets designated at fair value". 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 based on their quoted market prices at the balance sheet date. 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.

**(e) Other financial assets and financial liabilities**

Other financial assets and financial liabilities comprise accounts receivable, time deposits, cash and cash equivalents 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) Grants**

Grants are recognised as expenditure when they are approved by 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. FINANCIAL ASSETS DESIGNATED AT FAIR VALUE**

	<b>2018 HK\$</b>	<b>2017 HK\$</b>
Equity securities - at fair value		
Listed in Hong Kong	20,156,519	17,828,730
Listed outside Hong Kong	59,834,481	65,536,366
	79,991,000	83,365,096
Debt securities - at fair value		
Unlisted	164,645,565	158,591,987
Fair value at end of year	244,636,565	241,957,083

**4. ACCOUNTS RECEIVABLE**

	<b>2018 HK\$</b>	<b>2017 HK\$</b>
Dividends	243,395	267,298
Interest	1,530,824	1,240,253
Amount due from Director of Social Welfare Incorporated	517,549	20,048
Others	-	190
Balance at end of year	2,291,768	1,527,789

**5. CASH AND CASH EQUIVALENTS**

	<b>2018 HK\$</b>	<b>2017 HK\$</b>
Deposits and balances with investment manager	18,977,532	10,468,501
Cash at banks	2,690,303	2,535,030
	21,667,835	13,003,531

## 6. PROVISION FOR STAFF GRATUITY

	<b>2018</b> <b>HK\$</b>	<b>2017</b> <b>HK\$</b>
Balance at beginning of year	60,159	74,239
Provision for the year	36,550	28,192
Payment during the year	(70,570)	(6,514)
Provision written back	(2,696)	(35,758)
	<hr/>	<hr/>
Balance at end of year	23,443	60,159
	=====	=====

## 7. ACCOUNTS PAYABLE

	<b>2018</b> <b>HK\$</b>	<b>2017</b> <b>HK\$</b>
Staff costs payable to the General Chinese Charities Fund	48,720	46,478
Investment management fee	-	313,250
	<hr/>	<hr/>
Balance at end of year	48,720	359,728
	=====	=====

The Fund's staff cost represent its share of costs of staff employed by the Trust Funds and Temples Joint Secretariat, which are firstly paid by the General Chinese Charities Fund and then reimbursed by the Fund.

## 8. INTEREST

	<b>2018</b> <b>HK\$</b>	<b>2017</b> <b>HK\$</b>
Interest on bank deposits	168,653	234,391
Interest on debt securities	4,990,665	4,064,116
	<hr/>	<hr/>
	5,159,318	4,298,507
	=====	=====



## 9. FINANCIAL RISK MANAGEMENT

- (a) The Fund's major financial instruments include financial assets designated at fair value, bank deposits and accounts receivable. The major risks associated with these financial instruments are set out below.

### (I) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

To minimise the credit risks arising from bank deposits, all time deposits are placed with reputable licensed banks in Hong Kong. To minimise credit risks arising from financial assets designated at fair value, only those classified under the investment grade by Moody's, Standard & Poor's or Fitch are considered. At the balance sheet date, the credit quality of investments in debt securities analysed by the lower of ratings designated by Moody's, Standard & Poor's or Fitch was as follows:

	<b>2018</b> <b>HK\$</b>	<b>2017</b> <b>HK\$</b>
Debt securities by credit rating		
Aaa/AAA	6,897,584	3,876,987
Aa1 to Aa3/AA+ to AA-	30,362,934	30,337,633
A1 to A3/A+ to A-	123,541,439	120,511,569
Baal	3,843,608	3,865,798
	<hr/> <u>164,645,565</u> =====	<hr/> <u>158,591,987</u> =====

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. The Fund has appointed a professional investment manager to manage market risk and maintains a diversified portfolio of investments. The Committee monitors management of the portfolio to ensure that the appropriate investment strategy is adopted and implemented.

(i) Equity price risk

If the market prices of the respective equity securities had been 15% (2017: 15%) higher/lower, the surplus of the Fund for the year would have increased/decreased by about HK\$11,999,000 (2017: HK\$12,505,000). The sensitivity analysis was based on the carrying amount of equity securities held by the Fund as 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 debt securities, their fair values will fall when market interest rates increase. It is estimated that, as at 30 June 2018, a general increase/decrease of 25 basis points (2017: 25 basis points) in interest rates, with all other variables held constant, would decrease/increase the surplus of the Fund for the year by about HK\$1,991,000 (2017: HK\$1,869,000) and would decrease/increase the accumulated surplus by about HK\$1,991,000 (2017: HK\$1,869,000).

As regards the bank deposits, since 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.

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's overseas investments 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 is shown below:

	<b>2018</b> <b>HK\$</b>	<b>2017</b> <b>HK\$</b>
Hong Kong dollar	42,678,548	47,224,536
US dollar	217,624,651	201,892,502
Euro	7,955,370	7,459,037
New Taiwan dollar	-	7,773,850
Pound Sterling	4,620,609	4,015,049
Singapore dollar	2,602,371	2,109,733
Japanese Yen	3,035,893	2,632,632
Others	4,335,298	4,467,989
	<hr/> <hr/> 282,852,740	<hr/> <hr/> 277,575,328

(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\$2,255,000 (2017: HK\$2,846,000) and the accumulated surplus would increase/decrease by HK\$2,255,000 (2017: HK\$2,846,000).

**(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 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.

	<b>2018</b>		
	<b>Level 1 HK\$</b>	<b>Level 2 HK\$</b>	<b>Total HK\$</b>
<b>Financial assets designated at fair value</b>			
Equity securities:			
Listed in Hong Kong	20,156,519	-	20,156,519
Listed outside Hong Kong	59,834,481	-	59,834,481
	79,991,000	-	79,991,000
Debt securities - Unlisted	-	164,645,565	164,645,565
	79,991,000	164,645,565	244,636,565

	<b>2017</b>		
	<b>Level 1 HK\$</b>	<b>Level 2 HK\$</b>	<b>Total HK\$</b>
<b>Financial assets designated at fair value</b>			
Equity securities:			
Listed in Hong Kong	17,828,730	-	17,828,730
Listed outside Hong Kong	65,536,366	-	65,536,366
	83,365,096	-	83,365,096
Debt securities - Unlisted	-	158,591,987	158,591,987
	83,365,096	158,591,987	241,957,083

No financial instruments were classified under Level 3. During the year, there were no transfers between financial 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 debt securities classified under Level 2 was determined using quotation from the investment manager.

## **(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.

### **10. CAPITAL MANAGEMENT**

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

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

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

### **11. COMMITMENTS**

As at 30 June 2018, the Fund had financial commitments for grants of HK\$14,053,100 (2017: HK\$7,457,700) approved by the Committee for allocation in 2018/19.