



ANNUAL REPORT
THE POLICE CHILDREN'S EDUCATION TRUST
THE POLICE EDUCATION AND WELFARE TRUST
2018/2019

二零一八／二零一九年度
警察子女教育信託基金及
警察教育及福利信託基金報告

**POLICE CHILDREN'S EDUCATION TRUST
POLICE EDUCATION AND WELFARE TRUST
ANNUAL REPORT 2018/2019**

History

A number of business organisations and members of the public donated a considerable sum of money in 1967 as a gesture of appreciation for the courage, tenacity and loyalty displayed by the Hong Kong Police Force during the civil disturbances. These donations were made at the suggestion of Mr Hans Ammann, a prominent local businessman, and were collected with the assistance of the then Department of Commerce and Industry. The money was used to establish the Police Children's Education Trust, of which the main object was to provide assistance in the education of the children of junior police officers at secondary and post-secondary levels.

2. Concurrently, the Hong Kong Jockey Club generously donated a sum of \$1 million to set up another Fund known as the Police Education and Welfare Trust with the object of providing welfare activities for all ranks of both the regular and auxiliary police forces and assisting in the education of their children.

3. Initially the Director of Commerce and Industry was the Trustee of both Funds assisted by a provisional Management Committee. On 29 November 1967, two Ordinances were enacted which established a legal basis for the administration of the Funds whereby the Commissioner of Police was appointed as the permanent Trustee of both Funds and two Management Committees were formed to assist in managing the Funds.

Police Children's Education Trust

4. Under the terms of the Police Children's Education Trust Ordinance (Cap. 1119), the Trustee is required to apply the funds of this Trust, on the advice of the Management Committee, to: -

- (a) provide assistance in, and facilities for, the higher education of the children of junior police officers; and
- (b) provide opportunities for the furtherance of their studies for any such children, who appear to the Committee to be deserving.

5. During the year ended 31 March 2019, the following members served on the Management Committee: -

The Chairman, appointed by the Chief Executive of the HKSAR –

Mr LEE Tze-hau, Michael, JP
(until 30 June 2018)

Dr LI Sau-hung, GBS, JP
(from 1 July 2018)

Representative of the Commissioner of Police -

Mr LI Kin-fai, Kenneth
Director of Personnel & Training

Representative of the Permanent Secretary for Education -

Ms CHAN Chin-woon, Cynthia
Principal Education Officer

A Police Welfare Officer, appointed by the Commissioner of Police -

Ms LAU Fung-ha, Jenny
Chief Superintendent of Police
Personnel Services & Staff Relations

Representative of junior police officers, appointed by the Chief Executive of the HKSAR -

Mr LIU Ching-tat
Station Sergeant
(until 30 June 2018)

Mr YUEN Cheuk-wah
Sergeant
(from 1 July 2018)

The following members appointed by the Chief Executive of the HKSAR -

Mr LEUNG Jerome Ty

Mrs MA LI Mun-wai, Julie
(until 30 June 2018)

Mr MONG Tak-yeung, David

Ms WU Shuk-yin

Ms YAU Oi-yuen, Irene
(until 30 June 2018)

Ms CHAN Shin-kwan
(from 1 July 2018)

Ms SIU Ho-yin, Clara
(from 1 July 2018)

6. During the year, the function of Secretary to the Committee was performed by: -

Mr TONG Woon-cheong, Arthur
Executive Officer, Support Services 1,
Personnel Services & Staff Relations

7. The Ordinance also made provision for the setting up of an Investment Advisory Board to advise on investment of the assets of the Trust. During the year under review, the Investment Advisory Board was chaired by: -

Ms TSANG Wai-sze, Selina

and its members comprised: -

Ms AU Pui-yee, Teresa

Ms CHOY Chi-ting, Eva
(until 30 June 2018)

Dr HU Zhang-hong
(until 30 June 2018)

Mr TANG Hamilton Ty

Mr CHU Kwok-on, Andy
(from 1 July 2018)

Mr WONG Siu-kei, Ivan
(from 1 July 2018)

8. The Treasurer of the Trust was the HSBC Trustee (Hong Kong) Limited and the Auditor was the Director of Audit.

9. At the time the Trust was established on 1 December 1967, the assets amounted to \$2.73M. By 31 March 2019, the value had risen to \$110.32M. Income for the year ended 31 March 2019 was \$13.49M whilst expenditure amounted to \$8.93M. Comparing to the surplus of \$4.09M in 2017/18, a surplus of \$4.56M was recorded for the year. It was mainly due to the increase in donation income.

10. During the year under review, the number of children of junior police officers awarded with bursaries, scholarships and grants were summarised as follows: -

Bursaries	265
Scholarship for degree (year one) students	42
Scholarship for Outstanding Talents	5
Scholarship for Special Needs Children	2
Grants for children of Police officers under compassionate category	89
Grants for information technology equipment	197
Total :	<u>600</u>

Police Education and Welfare Trust

11. The Police Education and Welfare Trust Ordinance (Cap. 1120) empowers the Management Committee to advise the Trustee on the application of the Fund with the following purposes: -

- (a) to provide assistance towards the general education of the children of all ranks of both regular and auxiliary police officers;
- (b) to provide such children, who appear to the Committee to be deserving, with the opportunities for further studies; and
- (c) for welfare purposes of general benefit to members of both the regular and the auxiliary police forces.

12. During the year, the Chairman of the Management Committee, appointed by the Chief Executive of the HKSAR, was: -

Mr LEE Tze-hau, Michael, JP
(until 30 June 2018)

Dr LI Sau-hung, GBS, JP
(from 1 July 2018)

13. A representative of the Hong Kong Auxiliary Police Force also served on the Management Committee of the Police Education and Welfare Trust, in addition to those members serving in the Police Children's Education Trust Management Committee: -

Dr LEUNG Sai-kwong, Johnny
(until 30 June 2018)

Ms LEE Chi-wai, Amy
(from 1 July 2018)

14. The Investment Advisory Board of this Trust comprised the same members as the Investment Advisory Board of the Police Children's Education Trust.

15. The Secretary, the Treasurer and the Auditor were the same as for the Police Children's Education Trust.

16. For the year under review, the assets amounted to \$57.93M, represent a net increase of \$56.93M when compared with the original value of \$1M on 1 December 1967, the vesting day. Income for the year ended 31 March 2019 was \$6.37M whilst expenditure amounted to \$3.24M. There was a surplus of \$3.13M comparing to a surplus of \$7.96M in 2017/18. It was mainly due to the decrease in donation income.

17. Payments made from the Trust during the year included: -

Bursaries for children of Inspectorate rank Police Officers/Auxiliary Police Officers who were studying courses at tertiary levels	36
Scholarship for children of Inspectorate rank Police Officers or above/Auxiliary Police Officers	15
Medical Scholarship for Year One Medical Student	4
Scholarship for Outstanding Talents	2
Grants for children of Police Officers under compassionate category	8
Grants for Special Needs Children	287
Grants for information technology equipment	20
	<hr/>
Total :	<u>372</u>

Audited Statements of Accounts

18. Audited statements of account for both Trusts prepared by the Treasurer, the HSBC Trustee (Hong Kong) Limited are attached at Appendices I(a) and I(b). The list of investments of the two Trusts as at 31 March 2019 is attached at Appendix II.

Appreciation

19. Service on the Investment Advisory Board places demands upon the time of their members and I wish to thank the Chairman and their members for the amount of care and attention which they have given to the investment of the Trusts. I would also like to thank the Treasurer, the HSBC Trustee (Hong Kong) Limited and the Auditor, the Director of Audit who have provided their professional services to the two Trusts for the period under review.

20. I cannot conclude without expressing my sincere gratitude to the Chairman and Members of the Management Committees of the Trusts for their invaluable assistance, particularly for their efforts in ensuring that the Trusts' funds are allocated in a meaningful and equitable manner.

(TANG Ping-keung)
Commissioner of Police
Trustee
Police Children's Education Trust
Police Education and Welfare Trust

9 December 2019

警察子女教育信託基金 警察教育及福利信託基金 2018/2019 年度周年報告

歷史

1967 年騷動期間，香港警隊忠心耿耿，表現英勇及不屈不撓。當時本地著名商人安曼先生發起捐款，以感謝警隊的努力，公眾人士及不少商業機構紛紛響應，工商署協助收集為數不少的捐款。款項用作成立警察子女教育信託基金，主要目的是協助初級警務人員子女升讀中學及專上學院。

2. 同時，香港賽馬會亦慷慨捐出 100 萬元，設立警察教育及福利信託基金，為警隊各級正規和輔警人員提供福利活動，以及就他們子女的教育事宜給予援助。

3. 最初，工商署署長為兩個信託基金的信託人，並由一個臨時管理委員會協助。於 1967 年 11 月 29 日，政府制定兩條法例，奠定了管理兩個基金的法律基礎，並委任警務處處長為兩個基金的信託人，以及組成兩個管理委員會協助管理基金。

警察子女教育信託基金

4. 根據香港法例第 1119 章警察子女教育信託基金條例的條款，信託人必須依照管理委員會的意見，運用信託基金的款項作以下用途：-

(a)提供援助及設施給初級警務人員子女接受高等教育；以及

(b)向委員會認為值得幫助的警察子女，提供深造機會。

5. 在截至 2019 年 3 月 31 日的年度內，下列人士擔任管理委員會委員：

主席由香港特別行政區行政長官委任：

利子厚先生，JP
(至 2018 年 6 月 30 日)

李秀恒博士，GBS，JP
(由 2018 年 7 月 1 日起)

警務處處長代表：

人事及訓練處處長李建輝先生

教育局常任秘書長代表：

首席教育主任陳展桓女士

警務處處長委任的一名警察福利主任：

總警司（人事服務及職員關係）
劉鳳霞女士

香港特別行政區行政長官委任的初級警務人員代表：

警署警長廖政達先生
(至 2018 年 6 月 30 日)

警長袁卓華先生
(由 2018 年 7 月 1 日起)

下列委員由香港特別行政區行政長官委任：

梁振志先生

馬李敏慧女士
(至 2018 年 6 月 30 日)

蒙德揚先生

鄔淑賢女士

邱藹源女士
(至 2018 年 6 月 30 日)

陳倩君女士
(由 2018 年 7 月 1 日起)

蕭灝妍女士
(由 2018 年 7 月 1 日起)

6. 年內，下列人士擔任委員會秘書一職：

行政主任(支援服務)1(人事服務及職員關係)
湯煥昌先生

7. 本條例亦制訂條文，設立一個投資諮詢委員會，就基金資產的投資事宜提供意見。在本報告年度，投資諮詢委員會主席為：

曾慧詩女士

委員包括：

區佩兒女士

蔡志婷女士
(至 2018 年 6 月 30 日)

胡章宏博士
(至 2018 年 6 月 30 日)

唐維鐘先生

朱國安先生
(由 2018 年 7 月 1 日起)

王紹基先生
(由 2018 年 7 月 1 日起)

8. 信託基金的司庫為滙豐信託(香港)有限公司，核數師為審計署署長。

9. 信託基金於 1967 年 12 月 1 日成立時，資產值為 273 萬元。截至 2019 年 3 月 31 日止，資產淨值上升至 1 億 1,032 萬元。截至 2019 年 3 月 31 日的年度內，收入為 1,349 萬元，而支出共 893 萬元。比較 2017/18 年度有盈餘 409 萬元，本年度錄得盈餘 456 萬元。主要原因是捐款收入增加。

10. 在本報告年度，獲發放助學金、獎學金及補助金的學生人數如下：-

助學金	265 名
大一學位獎學金	42 名
出色才藝獎學金	5 名
特殊需要子女獎學金	2 名
恩恤補助金	89 名
資訊科技器材補助金	197 名
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總人數：	<u>共 600 名</u>

警察教育及福利信託基金

11. 香港法例第 1120 章警察教育及福利信託基金條例授權管理委員會，建議信託人根據以下目的運用基金：

- (a) 就各級正規及輔警人員的子女一般教育事宜，提供援助；
- (b) 向委員會認為值得幫助的警察子女，提供深造機會；以及
- (c) 為正規及輔警人員提供一般福利。

12. 年內，香港特別行政區行政長官委任的管理委員會主席為：

利子厚先生，JP
(至 2018 年 6 月 30 日)

李秀恒博士，GBS，JP
(由 2018 年 7 月 1 日起)

13. 警察教育及福利信託基金管理委員會的成員，除同時擔任警察子女教育信託管理委員會的委員外，還有香港輔助警察隊的一名代表：

梁世光博士
(至 2018 年 6 月 30 日)

李智慧女士
(由 2018 年 7 月 1 日起)

14. 本信託基金的投資諮詢委員會成員與警察子女教育信託基金投資諮詢委員會的相同。

15. 秘書、司庫及核數師亦與警察子女教育信託基金相同。

16. 在本報告年度，信託基金的資產淨值為 5,793 萬元，與 1967 年 12 月 1 日歸屬日期的原本價值 100 萬元相比，增加淨額達 5,693 萬元。截至 2019 年 3 月 31 日的年度內，信託基金的收入為 637 萬元，支出為 324 萬元，比較 2017/18 年度的盈餘 796 萬元，本年度共有盈餘 313 萬元。主要原因是捐款收入減少。

17. 年內，信託基金撥出的款項包括：

督察級子女/輔警子女大專 助學金	36 名
督察級及以上子女/輔警子女 獎學金	15 名
醫科學生(大學一年級)獎學金	4 名
出色才藝獎學金	2 名
恩恤補助金	8 名
特殊需要子女補助金	287 名
資訊科技器材補助金	20 名
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總人數：	<u>共 372 名</u>

經審計的帳目報表

18. 兩個信託基金經審計的帳目報表均由司庫滙豐信託(香港)有限公司擬備，現載於附件 I(甲)及 I(乙)。兩個信託基金截至 2019 年 3 月 31 日止的投資清單載於附件 II。

感謝

19. 投資諮詢委員會委員付出不少寶貴時間參與會務，本人謹多謝主席及各委員致力處理兩個信託基金的投資事宜。本人亦藉此機會多謝司庫滙豐信託(香港)有限公司及核數師審計署署長在此段期間所提供的專業服務。

20. 最後，我必須衷心多謝兩個信託基金管理委員會主席及各委員的寶貴貢獻，特別是他們設法確保信託基金的款項得以善用和公平分配。

警察子女教育信託基金
警察教育及福利信託基金
信託人
警務處處長鄧炳強

2019 年 12 月 9 日

Police Children's Education Trust

Financial statements for the year ended 31 March 2019

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 Police Children's Education Trust set out on pages 4 to 26, which comprise the balance sheet as at 31 March 2019, 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 Police Children's Education Trust as at 31 March 2019, 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 Police Children's Education Trust Ordinance (Cap. 1119).

Basis for opinion

I conducted my audit in accordance with section 10(2) of the Police Children's Education Trust 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 Police Children's Education Trust 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 Commissioner of Police for the financial statements

The Commissioner of Police 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 Police Children's Education Trust Ordinance, and for such internal control as the Commissioner of Police 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 Commissioner of Police is responsible for assessing the Police Children's Education Trust'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 Police Children's Education Trust's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Commissioner of Police;
- conclude on the appropriateness of the Commissioner of Police'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 Police Children's Education Trust'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 Police Children's Education Trust 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

9 December 2019

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

POLICE CHILDREN'S EDUCATION TRUST

BALANCE SHEET AS AT 31 MARCH 2019

	Note	2019 HK\$	2018 HK\$
NON-CURRENT ASSETS			
Financial assets measured at fair value through income and expenditure account	3	3,049,920	-
Available-for-sale investments	4	-	40,602,459
Certificates of deposits	5	2,805,459	-
Held-to-maturity investments	6	-	3,069,057
		<u>5,855,379</u>	<u>43,671,516</u>
CURRENT ASSETS			
Financial assets measured at fair value through income and expenditure account	3	42,359,789	-
Available-for-sale investments	4	-	6,204,926
Certificates of deposits	5	43,185,010	-
Held-to-maturity investments	6	-	44,512,173
Accounts receivable		459,059	646,690
Cash and cash equivalents	7	24,065,015	15,222,085
		<u>110,068,873</u>	<u>66,585,874</u>
CURRENT LIABILITIES			
Accounts payable		(5,607,525)	(4,501,255)
NET CURRENT ASSETS			
		<u>104,461,348</u>	<u>62,084,619</u>
NET ASSETS			
		<u><u>110,316,727</u></u>	<u><u>105,756,135</u></u>
EQUITY			
Trust fund account	8	110,316,727	97,539,395
Fair value reserve		-	8,216,740
TOTAL EQUITY			
		<u><u>110,316,727</u></u>	<u><u>105,756,135</u></u>

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

(TANG Ping-keung)
Commissioner of Police
9 December 2019

POLICE CHILDREN'S EDUCATION TRUST

**INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2019**

	Note	2019 HK\$	2018 HK\$
INCOME			
Donations		10,973,084	4,598,735
Interest income	9	1,544,221	1,372,748
Dividend income		934,749	821,504
Net realised gains on financial assets measured at fair value through income and expenditure account		41,352	-
Net exchange gain		-	1,893,861
		<hr/>	<hr/>
		13,493,406	8,686,848
		<hr/>	<hr/>
			-
EXPENDITURE			
Bursaries	10	(5,602,630)	(4,496,835)
Treasurer's remuneration		(42,000)	(42,000)
Sundry expenses		(99,195)	(57,129)
Net exchange loss		(2,043,225)	-
Net revaluation losses on financial assets measured at fair value through income and expenditure account		(1,145,764)	-
		<hr/>	<hr/>
		(8,932,814)	(4,595,964)
		<hr/>	<hr/>
SURPLUS FOR THE YEAR		<hr/>	<hr/>
		4,560,592	4,090,884
		<hr/>	<hr/>

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

POLICE CHILDREN'S EDUCATION TRUST

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2019**

	2019 HK\$	2018 HK\$
SURPLUS FOR THE YEAR	4,560,592	4,090,884
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OTHER COMPREHENSIVE INCOME		
Items that may be reclassified subsequently to surplus or deficit:		
Available-for-sale investments		
Net gains on revaluation	-	6,212,462
Reclassification adjustments for amounts released from fair value reserve upon disposal	-	(72,599)
	-----	-----
	-	6,139,863
	-----	-----
	=	=
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	4,560,592	10,230,747
	=====	=====

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

POLICE CHILDREN'S EDUCATION TRUST

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2019**

	Trust fund account HK\$	Fair value reserve HK\$	Total HK\$
Balance as at 1 April 2017	93,448,511	2,076,877	95,525,388
Total comprehensive income for 2017-18	4,090,884	6,139,863	10,230,747
Balance as at 31 March 2018	<u>97,539,395</u>	<u>8,216,740</u>	<u>105,756,135</u>
Adjustment on initial application of HKFRS 9 (note 2(c)(iii))	8,216,740	(8,216,740)	-
Balance as at 1 April 2018, as adjusted	<u>105,756,135</u>	<u>-</u>	<u>105,756,135</u>
Total comprehensive income for 2018-19	4,560,592	-	4,560,592
Balance as at 31 March 2019	<u><u>110,316,727</u></u>	<u><u>-</u></u>	<u><u>110,316,727</u></u>

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

POLICE CHILDREN'S EDUCATION TRUST

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2019**

	Note	2019 HK\$	2018 HK\$
Cash flows from operating activities			
Surplus for the year		4,560,592	4,090,884
Adjustments for:			
Interest income		(1,544,221)	(1,372,748)
Dividend income		(934,749)	(821,504)
Net realised gains on financial assets measured at fair value through income and expenditure account		(41,352)	-
Exchange differences		822,489	(1,918,079)
Net revaluation losses on financial assets measured at fair value through income and expenditure account		1,145,764	-
Increase in accounts payable		1,106,270	5,314
(Increase)/decrease in accounts receivable		(36,782)	6,844
Net cash generated from/(used in) operating activities		<u>5,078,011</u>	<u>(9,289)</u>
Cash flows from investing activities			
Purchase of investments		(87,997,405)	(73,358,498)
Proceeds from disposal/redemption of investments		89,113,450	65,417,662
Interest received		1,765,524	1,341,287
Dividends received		934,749	821,504
Net cash generated from/(used in) investing activities		<u>3,816,318</u>	<u>(5,778,045)</u>
Net increase/(decrease) in cash and cash equivalents		8,894,329	(5,787,334)
Cash and cash equivalents at beginning of year		15,222,085	20,963,916
Effect of exchange rate changes on cash and cash equivalents		(51,399)	45,503
Cash and cash equivalents at end of year	7	<u><u>24,065,015</u></u>	<u><u>15,222,085</u></u>

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

POLICE CHILDREN'S EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS

1 STATUS OF POLICE CHILDREN'S EDUCATION TRUST ("THE TRUST")

The Trust was established in 1967 under the Police Children's Education Trust Ordinance (Cap. 1119) for the purpose of providing assistance in, and facilities for, the higher education of the children of junior police officers of the Hong Kong Police Force.

2 SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

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

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Trust. Note 2(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Trust for the current and prior accounting periods reflected in these financial statements.

(b) Basis of preparation

The financial statements have been prepared on an accrual basis and under the historical cost convention except that financial assets measured at fair value through income and expenditure account are stated at fair value as explained 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.

POLICE CHILDREN'S EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Changes in accounting policies

The HKICPA has issued a number of new HKFRSs and amendments to HKFRSs that are first effective for the current accounting period of the Trust. Of these, the Trust has adopted the requirements of HKFRS 9 "Financial Instruments" from 1 April 2018.

HKFRS 9 replaces Hong Kong Accounting Standard (HKAS) 39 "Financial Instruments: Recognition and Measurement". It sets out the requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items.

The Trust has applied HKFRS 9 retrospectively to items that existed as at 1 April 2018 in accordance with the transition requirements without restating comparative information (i.e. the comparative information continues to be reported under HKAS 39). While initial application of HKFRS 9 has no impact on the carrying amounts of the financial assets, the cumulative fair value gain is reclassified from fair value reserve to trust fund account.

Further details of the nature and effect of the changes to previous accounting policies are set out below:

(i) Classification of financial assets and financial liabilities

HKFRS 9 categorises financial assets into three principal classification categories: measured at amortised cost, at fair value through other comprehensive income and at fair value through profit or loss. These supersede HKAS 39's categories of held-to-maturity investments, loans and receivables, available-for-sale financial assets and financial assets at fair value through profit or loss. The classification of financial assets under HKFRS 9 is based on the business model under which the financial asset is managed and its contractual cash flow characteristics.

The following table shows the classification categories for the Trust's financial assets under HKAS 39 and HKFRS 9.

Financial assets	Classification under HKAS 39	Classification under HKFRS 9
Cash and cash equivalents	Loans and receivables	Financial assets at amortised cost
Accounts receivable	Loans and receivables	Financial assets at amortised cost

POLICE CHILDREN'S EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Changes in accounting policies (continued)

(i) Classification of financial assets and financial liabilities (continued)

Financial assets	Classification under HKAS 39	Classification under HKFRS 9
Certificates of deposits	Held-to-maturity investments	Financial assets at amortised cost
Investments in equity securities and debt securities	Available-for-sale investments	Financial assets measured at fair value through income and expenditure account (Note)

Note: This is equivalent to the term “fair value through profit or loss” under HKFRS 9.

The carrying amounts of the Trust's financial assets as at 1 April 2018 were the same as those as at 31 March 2018.

Investments in equity securities and debt securities amounting to HK\$46,807,385 as at 31 March 2018 were reclassified from available-for-sale investments to financial assets measured at fair value through income and expenditure account because they are held within a business model in which they are managed and their performance is evaluated on a fair value basis. The related cumulative gain of HK\$8,216,740 was transferred from the fair value reserve to trust fund account as at 1 April 2018.

The measurement categories for all financial liabilities remain the same. The carrying amounts for all financial liabilities as at 1 April 2018 have not been impacted by the initial application of HKFRS 9.

(ii) Credit losses and impairment

HKFRS 9 replaces the “incurred loss” model in HKAS 39 with the “expected credit loss” model. The expected credit loss model requires an ongoing measurement of credit risk associated with a financial asset and therefore recognises expected credit losses earlier than under the “incurred loss” accounting model in HKAS 39. The Trust applies the new expected credit loss model to the financial assets measured at amortised cost. The initial application of the new impairment requirements had no impact on the carrying amounts of the financial assets as at 1 April 2018.

POLICE CHILDREN'S EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Changes in accounting policies (continued)

(iii) Impact on fair value reserve and trust fund account on adoption of HKFRS 9

The impact on fair value reserve and trust fund account due to the adoption of HKFRS 9 is as follows:

	HK\$
Fair value reserve	
Balance as at 1 April 2018	8,216,740
Reclassification of financial assets from available-for-sale to fair value through income and expenditure account	(8,216,740)
Balance as at 1 April 2018, as adjusted	-
Trust fund account	
Balance as at 1 April 2018	97,539,395
Reclassification of financial assets from available-for-sale to fair value through income and expenditure account	8,216,740
Balance as at 1 April 2018, as adjusted	105,756,135

(d) Financial assets and financial liabilities

(i) Initial recognition

Financial assets and financial liabilities are recognised on the date the Trust becomes party to the contractual provisions of the financial instruments. They are initially stated at fair value plus or minus transaction costs that are directly attributable to the acquisition of financial assets or issue of financial liabilities, except for those financial instruments measured at fair value through income and expenditure account for which transaction costs are recognised directly in income and expenditure account. An explanation of how the Trust determines the fair value of financial instruments is set out in note 12(b). Purchases and sales of investments are recognised using trade date accounting. The investments are priced at current bid prices.

POLICE CHILDREN'S EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Financial assets and financial liabilities (continued)

(ii) Categorisation and subsequent measurement from 1 April 2018

Financial instruments measured at fair value through income and expenditure account

These comprise debt securities and equity securities. They are held within a business model in which they are managed and their performance is evaluated on a fair value basis. They are subsequently measured at fair value. Changes in fair value are recognised in the income and expenditure account in the period in which they arise.

The Trust's financial assets measured at fair value through income and expenditure account are classified as non-current assets unless the Trust intends to dispose of the investments within 12 months of the reporting date.

Financial assets measured at amortised cost

These comprise certificates of deposits, accounts receivable and cash and cash equivalents. They are held for the collection of contractual cash flows which represent solely payments of principal and interest. They are subsequently measured at amortised cost, net of loss allowance, if any (note 2(d)(v)).

The Trust's certificates of deposits are classified as non-current assets, except for those with maturities less than 12 months from the reporting date, which are classified as current assets.

Financial liabilities measured at amortised cost

These comprise accounts payable. They are subsequently measured at amortised cost.

(iii) Categorisation and subsequent measurement before 1 April 2018

The Trust's financial assets and financial liabilities included available-for-sale investments, held-to-maturity investments, accounts receivable, cash and cash equivalents and accounts payable. They were initially measured at fair value plus or minus transaction costs that were directly attributable to the acquisition of financial assets or issue of financial liabilities. Except for available-for-sale investments, all other financial assets were subsequently measured at amortised cost using the effective interest method, less impairment losses, if any (note 2(d)(vi)). Financial liabilities were subsequently measured at amortised cost using the effective interest method.

POLICE CHILDREN'S EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Financial assets and financial liabilities (continued)

(iii) Categorisation and subsequent measurement before 1 April 2018 (continued)

Available-for-sale investments were subsequently measured at fair value. Unrealised gains or losses arising from changes in fair value were recognised in other comprehensive income and accumulated separately in the fair value reserve. When available-for-sale investments were sold, gains or losses on disposal included the difference between the net sale proceeds and the carrying amount, as well as the accumulated fair value adjustments released from the fair value reserve to the income and expenditure account.

The Trust's available-for-sale investments were classified as non-current assets unless the Trust intended to dispose of the investments within 12 months of the reporting date.

The Trust's held-to-maturity investments were classified as non-current assets, except for those with maturities less than 12 months from the reporting date, which were classified as current assets.

(iv) Derecognition

A financial asset is derecognised when the contractual rights to receive the cash flows from the financial asset expire, or where the financial asset together with substantially all the risks and rewards of ownership have been transferred.

A financial liability is derecognised when the obligation specified in the contract is discharged, is cancelled or expires.

(v) Impairment of financial assets from 1 April 2018

For certificates of deposits, accounts receivable and cash and cash equivalents, the Trust measures the expected credit losses to determine the loss allowance required to be recognised. Financial assets measured at fair value through income and expenditure account are not subject to the expected credit loss assessment.

Expected credit losses are a probability-weighted estimate of credit losses. They are based on the difference between the contractual cash flows due in accordance with the contract and the cash flows that the Trust expects to receive, discounted at the effective interest rate. They are measured on either of the following bases:

POLICE CHILDREN'S EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Financial assets and financial liabilities (continued)

(v) Impairment of financial assets from 1 April 2018 (continued)

- 12-month expected credit losses (for financial instruments for which there has not been a significant increase in credit risk since initial recognition): these are losses that are expected to result from possible default events within the 12 months after the reporting date; or
- lifetime expected credit losses (for financial instruments for which there has been a significant increase in credit risk since initial recognition): these are losses that are expected to result from all possible default events over the expected life of the financial instrument.

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Trust compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this assessment, the Trust considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Trust in full; or (ii) the financial asset is 90 days past due. The Trust considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

(vi) Impairment of financial assets before 1 April 2018

The Trust assessed at each reporting date whether there was objective evidence that a financial asset was impaired.

When available-for-sale investments were impaired, the cumulative loss that had been recognised in the fair value reserve was removed from the fair value reserve and recognised in the income and expenditure account. The amount of the cumulative loss that was recognised in the income and expenditure account was the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that asset previously recognised in the income and expenditure account.

Impairment losses recognised in the income and expenditure account in respect of available-for-sale equity securities were not reversed through the income and expenditure account. Any subsequent increase in the fair value of such assets was recognised in other comprehensive income.

POLICE CHILDREN'S EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Financial assets and financial liabilities (continued)

(vi) Impairment of financial assets before 1 April 2018 (continued)

Impairment losses in respect of available-for-sale debt securities were reversed if the subsequent increase in fair value could be objectively related to an event occurring after the impairment loss was recognised. Reversals of impairment losses in such circumstances were recognised in the income and expenditure account.

(e) Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and deposits with banks with original maturities of three months or less from the date of placement.

(f) Income

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

(ii) Dividend income from listed investments is recognised when the Trust's right to receive payment is established.

(iii) Interest incomes from investments in debt securities, certificates of deposits and deposits with banks are recognised as they accrue using the effective interest method.

(g) Bursaries

Provision for bursaries is made on the basis of bursaries authorised by the Police Children's Education Trust Committee.

(h) Translation of foreign currencies

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 market rates of exchange ruling at the reporting date. Exchange gains and losses are dealt with in the income and expenditure account.

POLICE CHILDREN'S EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3 FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH INCOME AND EXPENDITURE ACCOUNT

	2019	2018
	HK\$	HK\$
Debt securities, at fair value		
- listed in Hong Kong	3,049,920	-
- listed outside Hong Kong	5,933,394	-
Equity securities, at fair value		
- listed in Hong Kong	36,426,395	-
	<u>45,409,709</u>	<u>-</u>
	<u><u>45,409,709</u></u>	<u><u>-</u></u>
Classified as:		
- Non-current assets	3,049,920	-
- Current assets	42,359,789	-
	<u>45,409,709</u>	<u>-</u>
	<u><u>45,409,709</u></u>	<u><u>-</u></u>

4 AVAILABLE-FOR-SALE INVESTMENTS

	2019	2018
	HK\$	HK\$
Debt securities, at fair value		
- listed outside Hong Kong	-	12,674,745
Equity securities, at fair value		
- listed in Hong Kong	-	34,132,640
	<u>-</u>	<u>46,807,385</u>
	<u><u>-</u></u>	<u><u>46,807,385</u></u>
Classified as:		
- Non-current assets	-	40,602,459
- Current assets	-	6,204,926
	<u>-</u>	<u>46,807,385</u>
	<u><u>-</u></u>	<u><u>46,807,385</u></u>

POLICE CHILDREN'S EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5 CERTIFICATES OF DEPOSITS

	2019 HK\$	2018 HK\$
Certificates of deposits, at amortised cost		
- listed outside Hong Kong	2,805,459	-
- unlisted	43,185,010	-
	<u>45,990,469</u>	<u>-</u>
	<u><u>45,990,469</u></u>	<u><u>-</u></u>
Classified as:		
- Non-current assets	2,805,459	-
- Current assets	43,185,010	-
	<u>45,990,469</u>	<u>-</u>
	<u><u>45,990,469</u></u>	<u><u>-</u></u>

6 HELD-TO-MATURITY INVESTMENTS

	2019 HK\$	2018 HK\$
Certificates of deposits, at amortised cost		
- listed outside Hong Kong	-	3,069,057
- unlisted	-	44,512,173
	<u>-</u>	<u>47,581,230</u>
	<u><u>-</u></u>	<u><u>47,581,230</u></u>
Classified as:		
- Non-current assets	-	3,069,057
- Current assets	-	44,512,173
	<u>-</u>	<u>47,581,230</u>
	<u><u>-</u></u>	<u><u>47,581,230</u></u>

POLICE CHILDREN'S EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7 CASH AND CASH EQUIVALENTS

	2019	2018
	HK\$	HK\$
Bank deposits with original maturities up to three months	19,846,331	-
Call deposits	4,162,320	15,163,348
Cash at banks	56,364	58,737
Cash and cash equivalents	<u>24,065,015</u>	<u>15,222,085</u>

Cash and cash equivalents include the following amounts denominated in a currency other than the Trust's functional currency.

	2019	2018
	HK\$	HK\$
United States Dollars: USD30,744 (2018: USD504,607)	241,340	3,960,501
Renminbi: CNY12,955,895 (2018: CNY5,280,623)	15,091,492	6,589,165
Australian Dollars: AUD70,453 (2018: AUD11,828)	391,342	71,276
	<u>15,724,174</u>	<u>10,620,942</u>

8 TRUST FUND ACCOUNT

Of the trust fund balance as at 31 March 2019, (i) HK\$2,479,090 (2018: HK\$2,463,654) is related to donations from the Hong Kong Jockey Club Charities Trust and income generated therefrom, less bursary payments; and (ii) HK\$5,925,233 (2018: Nil) is related to donations from the Ng Teng Fong Charitable Foundation and income generated therefrom, less bursary payments. These two donations are for designated purposes.

POLICE CHILDREN'S EDUCATION TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9 INTEREST INCOME

	2019	2018
	HK\$	HK\$
Interest income from bank deposits	79,330	25,341
Interest income from certificates of deposits	1,178,976	892,243
Interest income from debt securities	285,915	455,164
	<u>1,544,221</u>	<u>1,372,748</u>

10 BURSARIES

The bursaries include tuition fees and book grants for the higher education of the children of junior police officers of the Hong Kong Police Force.

11 FINANCIAL RISK MANAGEMENT

Financial assets of the Trust include equity securities, debt securities, certificates of deposits, accounts receivable, bank deposits and cash and cash equivalents. Financial liabilities of the Trust include accounts payable. The Trust did not enter into any foreign exchange contracts, interest rate swaps or other financial instruments during the year. The major risks associated with the Trust's financial instruments are set out below.

(a) 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.

For bank deposits and cash and cash equivalents, the Trust limits its exposure to credit risk by transacting with reputable licensed banks in Hong Kong.

For investments in debt securities and certificates of deposits, the Trust only invest in those classified under the investment grade by Moody's or Standard & Poor's.

The credit risk on these financial instruments is assessed as not having increased significantly since initial recognition and the Trust determines the loss allowance required to be recognised based on 12-month expected credit losses. The Trust has estimated that 12-month expected credit losses on these financial instruments are immaterial and considers that no loss allowance is required.

POLICE CHILDREN'S EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Credit risk (continued)

The credit quality of bank deposits and cash at bank, certificates of deposits and investments in debt securities, analysed by the ratings designated by Moody's or Standard & Poor's, at the reporting date is shown below:

	2019	2018
	HK\$	HK\$
Bank deposits and cash at bank by credit rating		
Aa1 to Aa3	24,065,015	15,222,085
	=====	=====
Certificates of deposits by credit rating		
P-1 / A-1+ to A-1	45,990,469	47,581,230
	=====	=====
Other debt securities by credit rating		
Aa1 to Aa3 / AA+ to AA-	5,933,394	6,469,819
A1 to A3 / A+ to A-	3,049,920	6,204,926
	=====	=====
	8,983,314	12,674,745
	=====	=====

The maximum exposure to credit risk as at the reporting date in relation to each class of financial assets is the carrying amount of those assets as stated in the balance sheet.

(b) Liquidity risk

The Trust regularly monitors its current and future funding requirements. The Trust maintains sufficient reserves of cash and obtains adequate funding to meet its liquidity requirements in the short and longer term.

As at 31 March 2019, the remaining contractual maturities of all financial liabilities, based on contractual undiscounted cash flows and the earliest date on which the Trust can be required to pay, were four months or less (2018: four months or less).

POLICE CHILDREN'S EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Interest rate risk

(i) Exposure to interest rate risk

Interest rate risk refers to 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 fair value of financial instruments will fluctuate because of changes in market interest rates. Investments in debt securities are made in accordance with a documented risk management or investment strategy, and the Trust monitors the fair value interest rate risk on a continuous basis. Since the Trust's debt securities and time deposits with banks bear interest at fixed rates, their fair values will fall when market interest rates increase. However, as certificates of deposits and time deposits with banks are all stated at amortised cost, their carrying amounts will not be affected by changes in market interest rates.

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 Trust 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.

(ii) Sensitivity analysis

It was estimated that, as at 31 March 2019, a general increase of 50 basis points (2018: 50 basis points) in interest rates, with all other variables held constant, would decrease the surplus by about HK\$45,000 (2018: other comprehensive income and fair value reserve by about HK\$73,000) and a general decrease of 50 basis points (2018: 50 basis points) would increase the surplus by about HK\$46,000 (2018: other comprehensive income and fair value reserve by about HK\$73,000).

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the reporting date and had been applied to the interest-bearing financial assets measured at fair value through income and expenditure account in existence at that date. The increase or decrease of 50 basis points represents the Trust's assessment of a reasonably possible change in interest rates over the period until the next annual reporting date. The analysis is performed on the same basis for 2018.

POLICE CHILDREN'S EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11 FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Equity price risk

Equity price risk is the risk of loss arising from changes in equity prices. The Trust is exposed to equity price risk arising from its investment in equity securities (see note 3). To manage the risk, the Investment Advisory Board regularly reviews the investment portfolio and the investment guidelines for monitoring the investment activities of the Trust.

If the market price of the equity securities had been 10% (2018: 10%) higher/lower, the surplus of the Trust would increase/decrease by HK\$3,643,000 (2018: other comprehensive income and fair value reserve would increase/decrease by HK\$3,413,000) as a result of changes in fair value. The sensitivity analysis was based on the total carrying amount of the equity securities held by the Trust at the reporting date and all other variables were held constant.

(e) Currency risk

(i) Exposure to foreign currency risk

At the reporting date, the Trust maintains net financial assets denominated in United States dollars, Renminbi and Australian dollars, as follows.

	2019 HK\$	2018 HK\$
United States Dollars:		
USD1,341,147		
(2018: USD1,312,614)	10,527,883	10,302,281
Renminbi:		
CNY16,060,406		
(2018: CNY15,490,279)	18,707,738	19,328,782
Australian Dollars:		
AUD1,661,209		
(2018: AUD1,612,267)	9,227,401	9,715,376
	<u>38,463,022</u>	<u>39,346,439</u>

As Hong Kong dollar is pegged to the United States dollar within a narrow range, it is considered that the Trust had no significant exposure to foreign exchange risk relating to this foreign currency. Since no foreign currency rate hedging is made by the Trust for Renminbi and Australian dollar, the carrying amounts of these financial assets represent the maximum exposure of the Trust to foreign currency risk.

POLICE CHILDREN'S EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11 FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Currency risk (continued)

(ii) Sensitivity analysis

It was estimated that, as at the reporting date, should the Renminbi and Australian dollar strengthen/weaken by 5% (2018: 5%) against the Hong Kong dollar, with all other variables held constant, the Trust's surplus for the year would increase/decrease by approximately HK\$1,397,000 (2018: HK\$1,452,000).

12 FAIR VALUE MEASUREMENT

(a) Fair value hierarchy of financial instruments

The following table presents the carrying values of financial instruments measured at fair value at the reporting date on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13 "Fair Value Measurement".

	2019		2018	
	Level 1	Total	Level 1	Total
	HK\$	HK\$	HK\$	HK\$
Assets				
Financial assets measured at fair value through income and expenditure account:				
Equity securities				
- listed	36,426,395	36,426,395	-	-
Debt securities				
- listed	8,983,314	8,983,314	-	-
	<u>45,409,709</u>	<u>45,409,709</u>	<u>-</u>	<u>-</u>

POLICE CHILDREN'S EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12 FAIR VALUE MEASUREMENT (CONTINUED)

(a) Fair value hierarchy of financial instruments (continued)

	2019		2018	
	Level 1	Total	Level 1	Total
	HK\$	HK\$	HK\$	HK\$
Assets				
Available-for-sale investments:				
Equity securities				
- listed	-	-	34,132,640	34,132,640
Debt securities				
- listed	-	-	12,674,745	12,674,745
	<u>-</u>	<u>-</u>	<u>46,807,385</u>	<u>46,807,385</u>
	<u>45,409,709</u>	<u>45,409,709</u>	<u>46,807,385</u>	<u>46,807,385</u>

No financial instruments were classified under Level 2 or Level 3.

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).

(b) Fair values of financial assets and financial liabilities

The fair value of financial instruments classified under Level 1 is based on quoted market prices of these financial instruments at the reporting date.

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

POLICE CHILDREN'S EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13 CAPITAL MANAGEMENT

The capital structure of the Trust consists of the trust fund account. The Trust's objectives when managing capital are:

- (a) to comply with the Police Children's Education Trust Ordinance; and
- (b) to maintain a strong capital base for carrying out the purpose of the Trust as stated in note 1 above.

The Trust monitors capital by reviewing its level to ensure that it is sufficient to fund future bursaries and expenditure, taking into account projected cash flow requirements, future financial obligations and commitments.

14 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 MARCH 2019

Up to the date of issue of the financial statements, the HKICPA has issued a number of amendments, new standards and interpretations which are not yet effective for the year ended 31 March 2019 and which have not been early adopted in the financial statements. The Trust is in the process of making an assessment of the impact expected of these amendments, new standards and interpretations in the period of initial application. So far, it has concluded that the adoption of them is unlikely to have a significant impact on the Trust's financial performance and financial position.

警察子女教育信託基金

截至 2019 年 3 月 31 日止年度的財務報表

審計署署長報告



香港特別行政區政府
審計署

獨立審計師報告 致立法會

意見

茲證明我已審計列載於第4至26頁的警察子女教育信託基金財務報表，該等財務報表包括於二零一九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、全面收益表、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》真實而中肯地反映警察子女教育信託基金於二零一九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《警察子女教育信託基金條例》(第1119章)第10(1)條妥為擬備。

意見的基礎

我已按照《警察子女教育信託基金條例》第10(2)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，我獨立於警察子女教育信託基金，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。

警務處處長就財務報表而須承擔的責任

警務處處長須負責按照香港會計師公會頒布的《香港財務報告準則》及《警察子女教育信託基金條例》第10(1)條擬備真實而中肯的財務報表，及落實其認為必要的內部控制，使財務報表不存有因欺詐或錯誤而導致的重大錯誤陳述。

在擬備財務報表時，警務處處長須負責評估在警察子女教育信託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，此舉並非旨在對警察子女教育信託基金內部控制的有效性

發表意見；

- 評價警務處處長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；
- 判定警務處處長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，而且可能對警察子女教育信託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警察子女教育信託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

二零一九年十二月九日

審計署

香港灣仔

告士打道 7 號

入境事務大樓 26 樓

警察子女教育信託基金

於二零一九年三月三十一日的資產負債表

	附註	2019 港元	2018 港元
非流動資產			
按公平值計入收支帳目 的金融資產	3	3,049,920	-
可供出售投資	4	-	40,602,459
存款證	5	2,805,459	-
持有至到期投資	6	-	3,069,057
		<u>5,855,379</u>	<u>43,671,516</u>
		-----	-----
流動資產			
按公平值計入收支帳目 的金融資產	3	42,359,789	-
可供出售投資	4	-	6,204,926
存款證	5	43,185,010	-
持有至到期投資	6	-	44,512,173
應收帳款		459,059	646,690
現金及等同現金項目	7	24,065,015	15,222,085
		<u>110,068,873</u>	<u>66,585,874</u>
流動負債			
應付帳款		(5,607,525)	(4,501,255)
流動資產淨值		<u>104,461,348</u>	<u>62,084,619</u>
		-----	-----
資產淨值		<u>110,316,727</u>	<u>105,756,135</u>
		=====	=====
權益			
信託基金帳戶	8	110,316,727	97,539,395
公平值儲備		-	8,216,740
權益總額		<u>110,316,727</u>	<u>105,756,135</u>
		=====	=====

隨附附註 1 至 14 為本財務報表的一部分。

警務處處長鄧炳強
二零一九年十二月九日

警察子女教育信託基金

截至二零一九年三月三十一日止年度收支帳目

	附註	2019 港元	2018 港元
收入			
捐款		10,973,084	4,598,735
利息收入	9	1,544,221	1,372,748
股息收入		934,749	821,504
按公平值計入收支帳目的 金融資產的已實現淨收益		41,352	-
匯兌收益淨額		-	1,893,861
		<u>13,493,406</u>	<u>8,686,848</u>
支出			
助學金	10	(5,602,630)	(4,496,835)
司庫酬金		(42,000)	(42,000)
雜項支出		(99,195)	(57,129)
匯兌虧損淨額		(2,043,225)	-
按公平值計入收支帳目的 金融資產的重估淨虧損		(1,145,764)	-
		<u>(8,932,814)</u>	<u>(4,595,964)</u>
年度盈餘		<u>4,560,592</u>	<u>4,090,884</u>

隨附附註 1 至 14 為本財務報表的一部分。

警察子女教育信託基金

截至二零一九年三月三十一日止年度全面收益表

	2019 港元	2018 港元
年度盈餘	4,560,592	4,090,884
	-----	-----
其他全面收益		
將來或會重新分類為盈餘或虧絀的項目：		
可供出售投資		
價值重估淨收益	-	6,212,462
出售時從公平值儲備		
回撥的重新分類調整款額	-	(72,599)
	-	6,139,863
	-----	-----
年度全面收益總額	4,560,592	10,230,747
	=====	=====

隨附附註 1 至 14 為本財務報表的一部分。

警察子女教育信託基金

截至二零一九年三月三十一日止年度權益變動表

	信託基金 帳戶 港元	公平值 儲備 港元	總額 港元
2017年4月1日的結餘	93,448,511	2,076,877	95,525,388
2017-18 年度全面收益總額	4,090,884	6,139,863	10,230,747
2018年3月31日的結餘	<u>97,539,395</u>	<u>8,216,740</u>	<u>105,756,135</u>
首次採用《香港財務報告準則》 第9號而作出的調整 (附註2(c)(iii))	8,216,740	(8,216,740)	-
2018年4月1日的結餘，經調整	<u>105,756,135</u>	<u>-</u>	<u>105,756,135</u>
2018-19 年度全面收益總額	4,560,592	-	4,560,592
2019年3月31日的結餘	<u><u>110,316,727</u></u>	<u><u>-</u></u>	<u><u>110,316,727</u></u>

隨附附註 1 至 14 為本財務報表的一部分。

警察子女教育信託基金

截至二零一九年三月三十一日止年度現金流量表

	附註	2019 港元	2018 港元
營運活動的現金流量			
年度盈餘		4,560,592	4,090,884
調整項目：			
利息收入		(1,544,221)	(1,372,748)
股息收入		(934,749)	(821,504)
按公平值計入收支帳目的 金融資產的已實現淨收益		(41,352)	-
匯兌差額		822,489	(1,918,079)
按公平值計入收支帳目的 金融資產的重估淨虧損		1,145,764	-
應付帳款增加		1,106,270	5,314
應收帳款(增加)/減少		(36,782)	6,844
營運活動產生／(所用)的現金淨額		<u>5,078,011</u>	<u>(9,289)</u>
投資活動的現金流量			
購入投資付款		(87,997,405)	(73,358,498)
出售／贖回投資的收款		89,113,450	65,417,662
已收利息		1,765,524	1,341,287
已收股息		934,749	821,504
投資活動產生／(所用)的現金淨額		<u>3,816,318</u>	<u>(5,778,045)</u>
現金及等同現金項目增加／(減少)淨額		8,894,329	(5,787,334)
年初的現金及等同現金項目		15,222,085	20,963,916
匯率變動對現金及等同現金項目的影響		(51,399)	45,503
年終的現金及等同現金項目	7	<u>24,065,015</u>	<u>15,222,085</u>

隨附附註 1 至 14 為本財務報表的一部分。

警察子女教育信託基金

財務報表附註

1 警察子女教育信託基金(「信託基金」)的一般資料

信託基金在一九六七年根據《警察子女教育信託基金條例》(第 1119 章)成立，目的是就香港警務處初級警務人員子女的高等教育提供協助及設施。

2 主要會計政策

(a) 符合準則聲明

本財務報表是根據《警察子女教育信託基金條例》第 10(1) 條及香港會計師公會頒布的《香港財務報告準則》的所有適用規定擬備。

香港會計師公會頒布了若干新增及經修訂的《香港財務報告準則》，並於信託基金的本會計期首次生效或可供提前採納。信託基金因首度採納其中適用的準則而引致在本財務報表反映的本會計期及前會計期的會計政策的改變，載於附註 2(c)。

(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，惟按公平值計入收支帳目的金融資產則除外，如下文所載之附註 2(d) 所解釋，該等資產是按公平值列帳。

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在其他在有關情況下認為合適的因素而制定。在欠缺其他現成數據的情況下，則採用此等估計及假設作為判斷有關資產及負債的帳面值的基礎，估計結果與實際價值或有不同。

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

(c) 會計政策的改變

香港會計師公會頒布了若干新增及經修訂的《香港財務報告準則》，並於信託基金的本會計期首次生效。其中，信託基金自二零一八年四月一日起已採納《香港財務報告準則》第 9 號「金融工具」的規定。

警察子女教育信託基金

財務報表附註(續)

2 主要會計政策(續)

(c) 會計政策的改變 (續)

《香港財務報告準則》第 9 號取代了《香港會計準則》第39號「金融工具：確認及計量」。該準則規定了金融資產、金融負債及一些買賣非金融項目合約的確認及計量方法。

信託基金按照過渡規定採用《香港財務報告準則》第 9 號追溯修訂二零一八年四月一日已存在的項目，比較資料並無重新列示(即有關的比較資料繼續根據《香港會計準則》第39號報告)。首次採用《香港財務報告準則》第 9 號對金融資產的帳面值並無影響，但累計的公平值收益則從公平值儲備重新分類至信託基金帳戶。

有關過往會計政策改動的性質和影響的進一步詳情載列如下：

(i) 金融資產及金融負債的分類

《香港財務報告準則》第 9 號將金融資產分為三個主要分類：按攤銷成本值計量；按公平值計入其他全面收益及按公平值計入損益帳。上述分類取代了《香港會計準則》第39號的持有至到期投資、貸款及應收帳款、可供出售金融資產及按公平值計入損益帳的金融資產。《香港財務報告準則》第 9 號是按管理金融資產業務模式及合約現金流量特質為金融資產作分類。

下表顯示信託基金的金融資產於《香港會計準則》第39號及《香港財務報告準則》第 9 號下的分類。

金融資產	《香港會計準則》 第39號的分類	《香港財務報告準則》 第 9 號的分類
現金及等同現金項目	貸款及應收帳款	按攤銷成本值 計量的金融資產
應收帳款	貸款及應收帳款	按攤銷成本值 計量的金融資產
存款證	持有至到期投資	按攤銷成本值 計量的金融資產
股票證券及債務 證券投資	可供出售投資	按公平值計入收支帳 目的金融資產 (註)

註：這相當於《香港財務報告準則》第 9 號的「按公平值計入損益帳」。

警察子女教育信託基金

財務報表附註(續)

2 主要會計政策(續)

(c) 會計政策的改變 (續)

(i) 金融資產及金融負債的分類(續)

信託基金的金融資產於二零一八年四月一日的帳面值與二零一八年三月三十一日的帳面值相同。

於二零一八年三月三十一日帳面值為 46,807,385港元的股票證券及債務證券投資由可供出售投資重新分類至按公平值計入收支帳目的金融資產，持有這些金融資產的業務模式是以公平值為基礎，對該等投資進行管理及評估表現。相關累計收益8,216,740港元於二零一八年四月一日由公平值儲備轉入信託基金帳戶。

所有金融負債的計量類別保持不變。所有金融負債於二零一八年四月一日的帳面值不受首次採用《香港財務報告準則》第9號影響。

(ii) 信貸虧損及減值

《香港財務報告準則》第9號的「預期信貸虧損」模型，取代了《香港會計準則》第39號的「已產生虧損」模型。預期信貸虧損模型要求對金融資產的信貸風險進行持續計量，因此較《香港會計準則》第39號的「已產生虧損」會計模型更早確認預期信貸虧損。就按攤銷成本值計量的金融資產，信託基金採用了新的預期信貸虧損模型。首次採用新的減值規定後，金融資產於二零一八年四月一日的帳面值維持不變。

警察子女教育信託基金

財務報表附註(續)

2 主要會計政策(續)

(c) 會計政策的改變 (續)

- (iii) 採用《香港財務報告準則》第 9 號對公平值儲備及信託基金帳戶的影響

因採用《香港財務報告準則》第 9 號對公平值儲備及信託基金帳戶造成的影響如下：

	港元
公平值儲備	
二零一八年四月一日結餘	8,216,740
由可供出售重新分類至按公平值 計入收支帳目的金融資產	(8,216,740)
二零一八年四月一日結餘，經調整	<u>-</u>
信託基金帳戶	
二零一八年四月一日結餘	97,539,395
由可供出售重新分類至按公平值 計入收支帳目的金融資產	8,216,740
二零一八年四月一日結餘，經調整	<u>105,756,135</u>

(d) 金融資產及金融負債

(i) 初始確認

信託基金在成為金融工具的合約其中一方之日確認有關金融資產及金融負債。於初始確認時，金融資產及金融負債按公平值計量，再加上或減去因收購該等金融資產或發行該等金融負債而直接引致的交易成本列帳，惟按公平值計入收支帳目的金融工具則除外，其交易成本會直接在收支帳目中確認入帳。有關信託基金如何釐定金融工具公平值的解釋載列於附註12(b)。投資的買賣於交易日確認入帳，投資按當時買盤價定價。

警察子女教育信託基金

財務報表附註(續)

2 主要會計政策(續)

(d) 金融資產及金融負債(續)

(ii) 由二零一八年四月一日起的分類及其後計量

按公平值計入收支帳目的金融工具

此類別包括債務證券及股票證券。持有這些金融資產的業務模式是以公平值為基礎，對該等投資進行管理及評估表現。它們其後按公平值計量，公平值變動於該會計期內在收支帳目內確認。

除非信託基金有意在報告日後 12 個月內出售投資，否則按公平值計入收支帳目的金融資產歸類為非流動資產。

按攤銷成本值計量的金融資產

此類別包括存款證、應收帳款及現金及等同現金項目。持有該類資產旨在收取合約現金流量，即只包括所支付的本金及利息。它們其後按攤銷成本值(扣除任何虧損撥備，如有)計量(附註 2(d)(v))。

除非信託基金存款證的到期日距離報告日少於 12 個月(該存款證會被歸類為流動資產)，否則存款證會被歸類為非流動資產。

按攤銷成本值計量的金融負債

此類別包括應付帳款，它們其後按攤銷成本值計量。

(iii) 二零一八年四月一日之前的分類及其後計量

信託基金的金融資產及金融負債包括可供出售投資、持有至到期投資、應收帳款、現金及等同現金項目及應付帳款。它們初始按公平值加上或減去因收購該等金融資產或發行該等金融負債而直接引致的交易成本計量。除了可供出售投資，所有其他金融資產採用實際利率法，按攤銷成本值並扣除減值損失(如有 – 附註 2 (d)(vi))計量。金融負債其後採用實際利率法，按攤銷成本值計量。

可供出售投資其後按公平值計量。因公平值變動而產生的未實現盈虧在其他全面收益內確認並分別於公平值儲備累計。出售可供出售投資的損益，包括出售所得淨額與帳面值的差額，以及從公平值儲備撥入收支帳目的累計公平值調整數額。

警察子女教育信託基金

財務報表附註(續)

2 主要會計政策(續)

(d) 金融資產及金融負債(續)

(iii) 二零一八年四月一日之前的分類及其後計量(續)

除非信託基金有意在報告日後 12 個月內出售投資，否則可供出售投資歸類為非流動資產。

除非信託基金的持有至到期投資的到期日距離報告日少於 12 個月(該持有至到期投資會被歸類為流動資產)，否則持有至到期投資會被歸類為非流動資產。

(iv) 註銷確認

當從金融資產收取現金流量的合約權利屆滿時，或該金融資產連同擁有權的絕大部分風險及回報已轉讓時，該金融資產會被註銷確認。

當合約指明的債務被解除、取消或到期時，該金融負債會被註銷確認。

(v) 由二零一八年四月一日起的金融資產減值

對於存款證、應收帳款及現金及等同現金項目，信託基金以預期信貸虧損計算須予確認的虧損撥備。預期信貸虧損評估不適用於按公平值計入收支帳目的金融資產。

預期信貸虧損是以經概率加權估計的信貸虧損，這些虧損為按照合約應付予信託基金的合約現金流量與信託基金按實際利率折現預期會收到的現金流量兩者間的差距。有關虧損以下列其中一個基礎計量：

- 12 個月預期信貸虧損(自初始確認以來，金融工具的信貸風險並無大幅增加)：在報告日後 12 個月內可能發生的違約事件引致的預期虧損；或
- 永久預期信貸虧損(自初始確認以來，金融工具的信貸風險大幅增加)：金融工具的預期有效期內所有可能出現的違約事件引致的預期虧損。

警察子女教育信託基金

財務報表附註(續)

2 主要會計政策(續)

(d) 金融資產及金融負債(續)

(v) 由二零一八年四月一日起的金融資產減值(續)

信託基金藉比較金融工具於報告日及於初始確認日的違約風險，以評估金融工具的信貸風險有否大幅增加。為此，信託基金認為以下為違約事件：(i) 當借款人不太可能向信託基金全數支付其信貸承擔；或 (ii) 金融資產已逾期 90 日。信託基金在合理的投放下考慮合理及有憑證的數量及質量資料，包括過往經驗及具前瞻性的資料。若按合理預期下無法收回合約現金流量，金融資產將被撇銷。

(vi) 二零一八年四月一日之前的金融資產減值

信託基金在每個報告日評估是否有客觀證據證明某項金融資產已減值。

當可供出售投資減值時，已在公平值儲備中確認的累計虧損，會在公平值儲備剔除，並在收支帳目確認入帳。在收支帳目確認的累計虧損數額，是按購入成本(扣除任何本金償還和攤銷額)與當時公平值的差額，減去以往就該資產在收支帳目中確認的任何減值虧損後計算。

可供出售股票證券已在收支帳目中確認的減值虧損不會通過收支帳目轉回。這資產公平值其後的任何增額會直接在其他全面收益中確認。

如果可供出售債務證券公平值其後的增加是客觀上與減值虧損確認後發生的事件有關，減值虧損便應回撥。在此情況下的減值虧損回撥均在收支帳目中確認。

(e) 現金及等同現金項目

現金及等同現金項目包括銀行現金和存放日與到期日原本相距三個月或以下的銀行存款。

(f) 收入

(i) 捐款收入於收到現金及獲准接受捐款後確認。

(ii) 上市投資的股息收入於信託基金接收款項的權利獲得確認時確認入帳。

(iii) 債務證券投資、存款證及銀行存款的利息收入按實際利率法應計確認入帳。

警察子女教育信託基金

財務報表附註(續)

2 主要會計政策(續)

(g) 助學金

助學金撥備按警察子女教育信託基金委員會授權的助學金款額提撥。

(h) 外幣折算

年內的外幣交易按交易日的外幣匯率折算為港幣。以外幣為單位的貨幣資產與負債則按報告日的市場匯率折算為港幣。匯兌盈虧在收支帳目中處理。

3 按公平值計入收支帳目的金融資產

	2019 港元	2018 港元
債務證券(按公平值入帳)		
- 在香港上市	3,049,920	-
- 在香港以外地方上市	5,933,394	-
股票證券(按公平值入帳)		
- 在香港上市	36,426,395	-
	<u>45,409,709</u>	<u>-</u>
	=====	=====
歸類為：		
- 非流動資產	3,049,920	-
- 流動資產	42,359,789	-
	<u>45,409,709</u>	<u>-</u>
	=====	=====

警察子女教育信託基金

財務報表附註(續)

4 可供出售投資

	2019 港元	2018 港元
債務證券(按公平值入帳)		
- 在香港以外地方上市	-	12,674,745
股票證券(按公平值入帳)		
- 在香港上市	-	34,132,640
	<u>-</u>	<u>46,807,385</u>
	=====	=====
歸類為：		
- 非流動資產	-	40,602,459
- 流動資產	-	6,204,926
	<u>-</u>	<u>46,807,385</u>
	=====	=====

5 存款證

	2019 港元	2018 港元
存款證(按攤銷成本值入帳)		
- 在香港以外地方上市	2,805,459	-
- 非上市	43,185,010	-
	<u>45,990,469</u>	<u>-</u>
	=====	=====
歸類為：		
- 非流動資產	2,805,459	-
- 流動資產	43,185,010	-
	<u>45,990,469</u>	<u>-</u>
	=====	=====

警察子女教育信託基金

財務報表附註(續)

6 持有至到期投資

	2019 港元	2018 港元
存款證(按攤銷成本值入帳)		
- 在香港以外地方上市	-	3,069,057
- 非上市	-	44,512,173
	<u>-</u>	<u>47,581,230</u>
	=====	=====
歸類為：		
- 非流動資產	-	3,069,057
- 流動資產	-	44,512,173
	<u>-</u>	<u>47,581,230</u>
	=====	=====
	-	=

7 現金及等同現金項目

	2019 港元	2018 港元
原本不超過三個月到期的銀行存款	19,846,331	-
活期存款	4,162,320	15,163,348
銀行現金	56,364	58,737
現金及等同現金項目	<u>24,065,015</u>	<u>15,222,085</u>
	=====	=====
		=

警察子女教育信託基金

財務報表附註(續)

7 現金及等同現金項目 (續)

現金及等同現金項目包括下列並非以信託基金的功能貨幣為單位的款額。

	2019 港元	2018 港元
美元：		
30,744美元 (2018年：504,607美元)	241,340	3,960,501
人民幣：		
12,955,895圓人民幣 (2018年：5,280,623圓人民幣)	15,091,492	6,589,165
澳元：		
70,453澳元 (2018年：11,828澳元)	391,342	71,276
	<u>15,724,174</u>	<u>10,620,942</u>
	=====	=====

8 信託基金帳戶

於二零一九年三月三十一日，信託基金結餘包括 (i) 2,479,090港元 (2018年：2,463,654港元)來自香港賽馬會慈善信託基金的捐款及從捐款產生的收入，並已扣除助學金;以及(ii) 5,925,233港元 (2018年：無)來自黃廷方慈善基金的捐款及從捐款產生的收入，並已扣除助學金。這兩筆捐款須用作指定用途。

9. 利息收入

	2019 港元	2018 港元
銀行存款利息收入	79,330	25,341
存款證利息收入	1,178,976	892,243
債務證券利息收入	285,915	455,164
	<u>1,544,221</u>	<u>1,372,748</u>
	=====	=====

警察子女教育信託基金

財務報表附註(續)

10 助學金

助學金包括就香港警務處初級警務人員子女的高等教育所提供的學費和書簿津貼。

11 金融風險管理

信託基金的金融資產包括股票證券、債務證券、存款證、應收帳款、銀行存款及現金及等同現金項目。信託基金的金融負債則包括應付帳款。信託基金於本年度並無簽訂任何外匯合同、利率掉期或其他金融工具。信託基金的金融工具所涉及的主要風險載列如下。

(a) 信貸風險

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

在處理銀行存款及現金及等同現金項目時，信託基金透過與香港信譽良好的持牌銀行交易，以限制其所面對的信貸風險。

在處理債務證券投資及存款證時，信託基金只投資於穆迪或標準普爾評級為投資級別的債務證券。

信託基金評估自初始確認以來，該等金融工具的信貸風險並沒有大幅增加。信託基金根據 12 個月預期信貸虧損釐定須予確認的虧損撥備，信託基金估計該等金融工具的 12 個月預期信貸虧損並不重大，並認為無須作出任何虧損撥備。

警察子女教育信託基金

財務報表附註(續)

11 金融風險管理(續)

(a) 信貸風險(續)

銀行存款及銀行現金、存款證及債務證券投資的信貸質素，以穆迪或標準普爾於報告日給予的評級分析如下：

	2019 港元	2018 港元
按信貸評級列示銀行存款及銀行現金 Aa1 至 Aa3	24,065,015	15,222,085
按信貸評級列示存款證 P-1 / A-1+至A-1	45,990,469	47,581,230
按信貸評級列示其他債務證券 Aa1 至 Aa3 / AA+ 至 AA- A1 至 A3 / A+ 至 A-	5,933,394 3,049,920	6,469,819 6,204,926
	8,983,314	12,674,745

於報告日的信貸風險最高值為資產負債表所列各相關金融資產的帳面金額。

(b) 流動資金風險

信託基金會定期監察當期和未來的資金需求，並維持充裕的現金儲備和獲得足夠的資金，以滿足短期和較長期的流動資金需求。

於二零一九年三月三十一日，所有金融負債餘下合約到期日，按合約未折現之現金流量及信託基金須支付有關款項的最早日期計算，為四個月或以下 (2018年: 四個月或以下)。

警察子女教育信託基金

財務報表附註(續)

11 金融風險管理(續)

(c) 利率風險

(i) 承受的利率風險

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。債務證券投資根據已記錄的風險管理或投資策略制定，信託基金持續地監察公平值利率風險。由於本信託基金所有債務證券及銀行定期存款均按固定利率計息，當市場利率上升，這些證券及存款的公平值便會下跌。不過，由於存款證及銀行定期存款均按攤銷成本值列示，其帳面值不受市場利率變動影響。

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。本信託基金無須承受重大的現金流量利率風險，因為浮息金融工具的利息收入並不重大。

(ii) 敏感度分析

於二零一九年三月三十一日，在所有其他可變因素維持不變的情況下，估計利率一般上調50個基點 (2018 年：50個基點)，將使信託基金的盈餘減少約45,000港元 (2018 年：其他全面收益及公平值儲備約 73,000 港元)，而利率一般下調50個基點 (2018 年：50個基點)，將使信託基金的盈餘增加約46,000港元 (2018 年：其他全面收益及公平值儲備約 73,000 港元)。

釐定以上的敏感度分析時，已假設利率變動已於報告日出現，並已應用於當日存在的按公平值計入收支帳目的附息金融資產。上調或下調50個基點乃信託基金對利率在直至下年度報告日期間的合理可能變動所作的評估。二零一八年的分析按相同基準進行。

警察子女教育信託基金

財務報表附註(續)

11 金融風險管理(續)

(d) 股價風險

股價風險是股票價格變動而引致虧損的風險。信託基金須承受股票證券投資的股價風險(見附註 3)。為了管理有關風險，投資諮詢委員會定期檢討有關投資組合及用以監察信託基金投資活動的投資指引。

如股票證券的市場價格上升／下降 10% (2018年：10%)，信託基金的盈餘會因公平值的改變而增加／減少約 3,643,000 港元 (2018年：其他全面收益及公平值儲備增加／減少約 3,413,000 港元)。敏感度分析是根據信託基金於報告日所持有的股票證券的帳面總額而所有其他可變因素維持不變的情況下進行。

(e) 貨幣風險

(i) 承受的貨幣風險

於報告日，信託基金持有以美元、人民幣及澳元為單位的金融資產淨值如下。

	2019 港元	2018 港元
美元：		
1,341,147美元		
(2018年：1,312,614 美元)	10,527,883	10,302,281
人民幣：		
16,060,406圓人民幣		
(2018年：15,490,279圓人民幣)	18,707,738	19,328,782
澳元：		
1,661,209澳元		
(2018年：1,612,267澳元)	9,227,401	9,715,376
	<u>38,463,022</u>	<u>39,346,439</u>
	=====	=====

由於港幣與美元於窄幅掛鈎，因此信託基金毋須承受與美元有關的重大外幣匯率風險。由於信託基金無為人民幣和澳元作外幣匯率對沖，信託基金的人民幣和澳元金融資產的帳面金額代表信託基金所承受的最大外幣匯率風險。

警察子女教育信託基金

財務報表附註(續)

11 金融風險管理(續)

(e) 貨幣風險(續)

(ii) 敏感度分析

於報告日，在所有其他可變因素維持不變的情況下，估計人民幣和澳元兌港幣上升／下跌 5% (2018年：5%)，將使信託基金的年度盈餘增加／減少接近1,397,000港元 (2018年：1,452,000 港元)。

12 公平值計量

(a) 金融工具的公平值等級

下表載列於報告日金融工具按公平值定期計量的帳面值，並按《香港財務報告準則》第 13 號「公平值計量」所界定的三個公平值等級分類。

	2019		2018	
	第一級 港元	總額 港元	第一級 港元	總額 港元
資產				
按公平值計入 收支帳目的 金融資產：				
股票證券 - 上市	36,426,395	36,426,395	-	-
債務證券 - 上市	8,983,314	8,983,314	-	-
	<u>45,409,709</u>	<u>45,409,709</u>	<u>-</u>	<u>-</u>
可供出售投資：				
股票證券 - 上市	-	-	34,132,640	34,132,640
債務證券 - 上市	-	-	12,674,745	12,674,745
	<u>-</u>	<u>-</u>	<u>46,807,385</u>	<u>46,807,385</u>
	<u>45,409,709</u>	<u>45,409,709</u>	<u>46,807,385</u>	<u>46,807,385</u>

警察子女教育信託基金

財務報表附註(續)

12 公平值計量(續)

(a) 金融工具的公平值等級(續)

沒有金融工具歸類為第二級或第三級。

公平值等級的三個級別為：

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。

(b) 金融資產及金融負債的公平值

列入第一級的金融工具的公平值是以它們於報告日的市場報價作為基礎。

其餘所有金融資產和金融負債均以與其公平值相等或相差不大的金額在資產負債表內列帳。

13 資本管理

信託基金的資本結構包括信託基金帳戶。在管理資本方面，信託基金的宗旨是：

(a) 遵行《警察子女教育信託基金條例》的規定；及

(b) 維持充裕的資本基礎，以執行上文附註 1 所述的信託基金目的。

信託基金會因應預計的現金流量需求、未來的財務責任與承擔，透過檢討資本水平來確保其資本足以支付日後的助學金及支出。

警察子女教育信託基金

財務報表附註(續)

14 已頒布但截至二零一九年三月三十一日止年度尚未生效的修訂、新準則和詮釋可能造成的影響

直至本財務報表發出當日，香港會計師公會已頒布多項截至二零一九年三月三十一日止年度尚未生效，及沒有提前在本財務報表中被採納的修訂、新準則及詮釋。信託基金正就採納該等修訂、新準則及詮釋在首次採用期間預期會產生的影響進行評估。直至目前為止，信託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信託基金的財務表現及財務狀況構成重大影響。

Police Education and Welfare Trust

Financial statements for the year ended 31 March 2019

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 Police Education and Welfare Trust set out on pages 4 to 24, which comprise the balance sheet as at 31 March 2019, 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 Police Education and Welfare Trust as at 31 March 2019, 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 Police Education and Welfare Trust Ordinance (Cap. 1120).

Basis for opinion

I conducted my audit in accordance with section 10(2) of the Police Education and Welfare Trust 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 Police Education and Welfare Trust 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 Commissioner of Police for the financial statements

The Commissioner of Police 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 Police Education and Welfare Trust Ordinance, and for such internal control as the Commissioner of Police 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 Commissioner of Police is responsible for assessing the Police Education and Welfare Trust'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 Police Education and Welfare Trust's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Commissioner of Police;
- conclude on the appropriateness of the Commissioner of Police'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 Police Education and Welfare Trust'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 Police Education and Welfare Trust 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

9 December 2019

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

POLICE EDUCATION AND WELFARE TRUST

BALANCE SHEET AS AT 31 MARCH 2019

	Note	2019 HK\$	2018 HK\$
NON-CURRENT ASSETS			
Financial assets measured at fair value through income and expenditure account	3	6,099,840	-
Available-for-sale investments	4	-	19,543,684
		<u>6,099,840</u>	<u>19,543,684</u>
CURRENT ASSETS			
Financial assets measured at fair value through income and expenditure account	3	20,942,623	-
Available-for-sale investments	4	-	3,724,348
Certificates of deposits	5	20,204,349	-
Held-to-maturity investments	6	-	24,209,207
Accounts receivable		233,107	281,999
Bank deposits		3,061,918	-
Cash and cash equivalents	7	9,294,082	8,896,516
		<u>53,736,079</u>	<u>37,112,070</u>
CURRENT LIABILITIES			
Accounts payable		(1,902,064)	(1,848,424)
NET CURRENT ASSETS			
		<u>51,834,015</u>	<u>35,263,646</u>
NET ASSETS			
		<u><u>57,933,855</u></u>	<u><u>54,807,330</u></u>
EQUITY			
Trust fund account	8	57,933,855	50,991,420
Fair value reserve		-	3,815,910
TOTAL EQUITY			
		<u><u>57,933,855</u></u>	<u><u>54,807,330</u></u>

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

(TANG Ping-keung)
Commissioner of Police
9 December 2019

POLICE EDUCATION AND WELFARE TRUST

**INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2019**

	Note	2019 HK\$	2018 HK\$
INCOME			
Donations		5,179,534	8,329,695
Interest income	9	725,796	578,422
Dividend income		438,491	375,574
Net realised gains on financial assets measured at fair value through income and expenditure account		23,262	-
Net exchange gains		-	614,171
		<u>6,367,083</u>	<u>9,897,862</u>
		-----	-----
EXPENDITURE			
Bursaries	10	(1,898,975)	(1,845,435)
Net revaluation losses on financial assets measured at fair value through income and expenditure account		(409,539)	-
Treasurer's remuneration		(42,000)	(42,000)
Sundry expenses		(85,169)	(49,827)
Net exchange losses		(804,875)	-
		<u>(3,240,558)</u>	<u>(1,937,262)</u>
		-----	-----
SURPLUS FOR THE YEAR		<u><u>3,126,525</u></u>	<u><u>7,960,600</u></u>

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

POLICE EDUCATION AND WELFARE TRUST

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2019**

	2019 HK\$	2018 HK\$
SURPLUS FOR THE YEAR	3,126,525	7,960,600
	-----	-----
OTHER COMPREHENSIVE INCOME		
Items that may be reclassified subsequently to surplus or deficit:		
Available-for-sale investments		
Net gains on revaluation	-	2,727,929
Reclassification adjustments for amounts released from fair value reserve upon disposal	-	(26,936)
	-----	-----
	-	2,700,993
	=====	=====
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	3,126,525	10,661,593
	=====	=====

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

POLICE EDUCATION AND WELFARE TRUST

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2019**

	Trust fund account HK\$	Fair value reserve HK\$	Total HK\$
Balance as at 1 April 2017	43,030,820	1,114,917	44,145,737
Total comprehensive income for 2017-18	7,960,600	2,700,993	10,661,593
Balance as at 31 March 2018	<u>50,991,420</u>	<u>3,815,910</u>	<u>54,807,330</u>
Adjustment on initial application of HKFRS 9 (note 2(c)(iii))	3,815,910	(3,815,910)	-
Balance as at 1 April 2018, as adjusted	<u>54,807,330</u>	<u>-</u>	<u>54,807,330</u>
Total comprehensive income for 2018-19	3,126,525	-	3,126,525
Balance as at 31 March 2019	<u><u>57,933,855</u></u>	<u><u>-</u></u>	<u><u>57,933,855</u></u>

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

POLICE EDUCATION AND WELFARE TRUST

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2019**

	Note	2019 HK\$	2018 HK\$
Cash flows from operating activities			
Surplus for the year		3,126,525	7,960,600
Adjustments for:			
Interest income		(725,796)	(578,422)
Dividend income		(438,491)	(375,574)
Net realised gains on financial assets measured at fair value through income and expenditure account		(23,262)	-
Net revaluation losses on financial assets measured at fair value through income and expenditure account		409,539	-
Exchange differences		901,591	(678,748)
Increase in accounts payable		53,640	286,533
Increase in accounts receivable		(8,725)	(6,405)
Net cash from operating activities		<u>3,295,021</u>	<u>6,607,984</u>
Cash flows from investing activities			
Purchase of investments		(43,701,695)	(34,920,381)
Proceeds from disposal/redemption of investments		42,610,989	27,516,250
Net (increase)/decrease in bank deposits with original maturities over three months		(3,061,918)	1,000,000
Interest received		842,764	601,637
Dividends received		438,491	375,574
Net cash used in investing activities		<u>(2,871,369)</u>	<u>(5,426,920)</u>
Net increase in cash and cash equivalents		423,652	1,181,064
Cash and cash equivalents at beginning of year		8,896,516	7,680,753
Effect of exchange rate changes on cash and cash equivalents		(26,086)	34,699
Cash and cash equivalents at end of year	7	<u><u>9,294,082</u></u>	<u><u>8,896,516</u></u>

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

POLICE EDUCATION AND WELFARE TRUST

NOTES TO THE FINANCIAL STATEMENTS

1 STATUS OF POLICE EDUCATION AND WELFARE TRUST (“THE TRUST”)

The Trust was established in 1967 under the Police Education and Welfare Trust Ordinance (Cap. 1120) for the purpose of providing assistance in, and facilities for, the general education of the children of police officers of all ranks, including auxiliary police, of the Hong Kong Police Force.

2 SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

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

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Trust. Note 2(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Trust for the current and prior accounting periods reflected in these financial statements.

(b) Basis of preparation

The financial statements have been prepared on an accrual basis and under the historical cost convention except that investments in equity securities and debt securities 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) Changes in accounting policies

The HKICPA has issued a number of new HKFRSs and amendments to HKFRSs that are first effective for the current accounting period of the Trust. Of these, the Trust has adopted the requirements of HKFRS 9 “Financial Instruments” from 1 April 2018.

POLICE EDUCATION AND WELFARE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Changes in accounting policies (continued)

HKFRS 9 replaces Hong Kong Accounting Standard (HKAS) 39 “Financial Instruments: Recognition and Measurement”. It sets out the requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items.

The Trust has applied HKFRS 9 retrospectively to items that existed as at 1 April 2018 in accordance with the transition requirements without restating comparative information (i.e. the comparative information continues to be reported under HKAS 39). While initial application of HKFRS 9 has no impact on the carrying amounts of the financial assets, the cumulative fair value gain is reclassified from fair value reserve to trust fund account.

Further details of the nature and effect of the changes to previous accounting policies are set out below:

(i) Classification of financial assets and financial liabilities

HKFRS 9 categorises financial assets into three principal classification categories: measured at amortised cost, at fair value through other comprehensive income and at fair value through profit or loss. These supersede HKAS 39’s categories of held-to-maturity investments, loans and receivables, available-for-sale financial assets and financial assets at fair value through profit or loss. The classification of financial assets under HKFRS 9 is based on the business model under which the financial asset is managed and its contractual cash flow characteristics.

The following table shows the classification categories for the Trust’s financial assets under HKAS 39 and HKFRS 9.

Financial assets	Classification under HKAS 39	Classification under HKFRS 9
Cash and cash equivalents	Loans and receivables	Financial assets at amortised cost
Accounts receivable	Loans and receivables	Financial assets at amortised cost
Certificates of deposits	Held-to-maturity investments	Financial assets at amortised cost
Investments in equity securities and debt securities	Available-for-sale investments	Financial assets measured at fair value through income and expenditure account (Note)

Note: This is equivalent to the term “fair value through profit or loss” under HKFRS 9.

POLICE EDUCATION AND WELFARE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Changes in accounting policies (continued)

(i) Classification of financial assets and financial liabilities (continued)

The carrying amounts of the Trust's financial assets as at 1 April 2018 were the same as those as at 31 March 2018.

Investments in equity securities and debt securities amounting to HK\$23,268,032 as at 31 March 2018 were reclassified from available-for-sale investments to financial assets measured at fair value through income and expenditure account because they are held within a business model in which they are managed and their performance is evaluated on a fair value basis. The related cumulative gain of HK\$3,815,910 was transferred from the fair value reserve to trust fund account as at 1 April 2018.

The measurement categories for all financial liabilities remain the same. The carrying amounts for all financial liabilities as at 1 April 2018 have not been impacted by the initial application of HKFRS 9.

(ii) Credit losses and impairment

HKFRS 9 replaces the "incurred loss" model in HKAS 39 with the "expected credit loss" model. The expected credit loss model requires an ongoing measurement of credit risk associated with a financial asset and therefore recognises expected credit losses earlier than under the "incurred loss" accounting model in HKAS 39. The Trust applies the new expected credit loss model to the financial assets measured at amortised cost. The initial application of the new impairment requirements had no impact on the carrying amounts of the financial assets as at 1 April 2018.

(iii) Impact on fair value reserve and trust fund account on adoption of HKFRS 9

The impact on fair value reserve and trust fund account due to the adoption of HKFRS 9 is as follows:

	HK\$
Fair value reserve	
Balance as at 1 April 2018	3,815,910
Reclassification of financial assets from available-for-sale to fair value through income and expenditure account	(3,815,910)
Balance as at 1 April 2018, as adjusted	-
Trust fund account	
Balance as at 1 April 2018	50,991,420
Reclassification of financial assets from available-for-sale to fair value through income and expenditure account	3,815,910
Balance as at 1 April 2018, as adjusted	54,807,330

POLICE EDUCATION AND WELFARE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Financial assets and financial liabilities

(i) Initial recognition

Financial assets and financial liabilities are recognised on the date the Trust becomes party to the contractual provisions of the financial instruments. They are initially stated at fair value plus or minus transaction costs that are directly attributable to the acquisition of financial assets or issue of financial liabilities, except for those financial instruments measured at fair value through income and expenditure account for which transaction costs are recognised directly in income and expenditure account. An explanation of how the Trust determines the fair value of financial instruments is set out in note 12(b). Purchases and sales of investments are recognised using trade date accounting. The investments are priced at current bid prices.

(ii) Categorisation and subsequent measurement from 1 April 2018

Financial instruments measured at fair value through income and expenditure account

These comprise debt securities and equity securities. They are held within a business model in which they are managed and their performance is evaluated on a fair value basis. They are subsequently measured at fair value. Changes in fair value are recognised in the income and expenditure account in the period in which they arise.

The Trust's financial assets measured at fair value through income and expenditure account are classified as non-current assets unless the Trust intends to dispose of the investments within 12 months of the reporting date.

Financial assets measured at amortised cost

These comprise certificates of deposits, accounts receivable, bank deposits and cash and cash equivalents. They are held for the collection of contractual cash flows which represent solely payments of principal and interest. They are subsequently measured at amortised cost, net of loss allowance, if any (note 2(d)(v)).

The Trust's certificates of deposits are classified as non-current assets, except for those with maturities less than 12 months from the reporting date, which are classified as current assets.

Financial liabilities measured at amortised cost

These comprise accounts payable. They are subsequently measured at amortised cost.

POLICE EDUCATION AND WELFARE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Financial assets and financial liabilities (continued)

(iii) Categorisation and subsequent measurement before 1 April 2018

The Trust's financial assets and financial liabilities included available-for-sale investments, held-to-maturity investments, accounts receivable, cash and cash equivalents and accounts payable. They were initially measured at fair value plus or minus transaction costs that were directly attributable to the acquisition of financial assets or issue of financial liabilities. Except for available-for-sale investments, all other financial assets were subsequently measured at amortised cost using the effective interest method, less impairment losses, if any (note 2(d)(vi)). Financial liabilities were subsequently measured at amortised cost using the effective interest method.

Available-for-sale investments were subsequently measured at fair value. Unrealised gains or losses arising from changes in fair value were recognised in other comprehensive income and accumulated separately in the fair value reserve. When available-for-sale investments were sold, gains or losses on disposal included the difference between the net sale proceeds and the carrying amount, as well as the accumulated fair value adjustments released from the fair value reserve to the income and expenditure account.

The Trust's available-for-sale investments were classified as non-current assets unless the Trust intended to dispose of the investments within 12 months of the reporting date.

The Trust's held-to-maturity investments were classified as non-current assets, except for those with maturities less than 12 months from the reporting date, which were classified as current assets.

(iv) Derecognition

A financial asset is derecognised when the contractual rights to receive the cash flows from the financial asset expire, or where the financial asset together with substantially all the risks and rewards of ownership have been transferred.

A financial liability is derecognised when the obligation specified in the contract is discharged, is cancelled or expires.

(v) Impairment of financial assets from 1 April 2018

For certificates of deposits, accounts receivable, bank deposits and cash and cash equivalents, the Trust measures the expected credit losses to determine the loss allowance required to be recognised. Financial assets measured at fair value through income and expenditure account are not subject to the expected credit loss assessment.

POLICE EDUCATION AND WELFARE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Financial assets and financial liabilities (continued)

(v) Impairment of financial assets from 1 April 2018 (continued)

Expected credit losses are a probability-weighted estimate of credit losses. They are based on the difference between the contractual cash flows due in accordance with the contract and the cash flows that the Trust expects to receive, discounted at the effective interest rate. They are measured on either of the following bases:

- 12-month expected credit losses (for financial instruments for which there has not been a significant increase in credit risk since initial recognition): these are losses that are expected to result from possible default events within the 12 months after the reporting date; or
- lifetime expected credit losses (for financial instruments for which there has been a significant increase in credit risk since initial recognition): these are losses that are expected to result from all possible default events over the expected life of the financial instrument.

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Trust compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this assessment, the Trust considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Trust in full; or (ii) the financial asset is 90 days past due. The Trust considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

(vi) Impairment of financial assets before 1 April 2018

The Trust assessed at each reporting date whether there was objective evidence that a financial asset was impaired.

When available-for-sale investments were impaired, the cumulative loss that had been recognised in the fair value reserve was removed from the fair value reserve and recognised in the income and expenditure account. The amount of the cumulative loss that was recognised in the income and expenditure account was the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that asset previously recognised in the income and expenditure account.

Impairment losses recognised in the income and expenditure account in respect of available-for-sale equity securities were not reversed through the income and expenditure account. Any subsequent increase in the fair value of such assets was recognised in other comprehensive income.

POLICE EDUCATION AND WELFARE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Financial assets and financial liabilities (continued)

(vi) Impairment of financial assets before 1 April 2018 (continued)

Impairment losses in respect of available-for-sale debt securities were reversed if the subsequent increase in fair value could be objectively related to an event occurring after the impairment loss was recognised. Reversals of impairment losses in such circumstances were recognised in the income and expenditure account.

(e) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and bank deposits with original maturities of three months or less from the date of placement.

(f) Income

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

(ii) Dividend income from listed investments is recognised when the Trust's right to receive payment is established.

(iii) Interest incomes from bank deposits and investments in debt securities and certificates of deposits are recognised as they accrue using the effective interest method.

(g) Bursaries

Provision for bursaries is made on the basis of bursaries authorised by the Police Education and Welfare Trust Committee.

(h) Translation of foreign currencies

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 market rates of exchange ruling at the reporting date. Exchange gains and losses are dealt with in the income and expenditure account.

POLICE EDUCATION AND WELFARE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**3 FINANCIAL ASSETS MEASURED AT FAIR VALUE
THROUGH INCOME AND EXPENDITURE ACCOUNT**

	2019	2018
	HK\$	HK\$
Debt securities, at fair value		
- listed in Hong Kong	6,099,840	-
- listed outside Hong Kong	4,124,543	-
	<hr/> 10,224,383	<hr/> -
Equity securities, at fair value		
- listed in Hong Kong	16,818,080	-
	<hr/> 27,042,463	<hr/> -
	<hr/> <hr/>	<hr/> <hr/>
Classified as:		
- Non-current assets	6,099,840	-
- Current assets	20,942,623	-
	<hr/> 27,042,463	<hr/> -
	<hr/> <hr/>	<hr/> <hr/>

4 AVAILABLE-FOR-SALE INVESTMENTS

	2019	2018
	HK\$	HK\$
Debt securities, at fair value		
- listed outside Hong Kong	-	8,228,192
Equity securities, at fair value		
- listed in Hong Kong	-	15,039,840
	<hr/> -	<hr/> 23,268,032
	<hr/> <hr/>	<hr/> <hr/>
Classified as:		
- Non-current assets	-	19,543,684
- Current assets	-	3,724,348
	<hr/> -	<hr/> 23,268,032
	<hr/> <hr/>	<hr/> <hr/>

POLICE EDUCATION AND WELFARE TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5 CERTIFICATES OF DEPOSITS

	2019 HK\$	2018 HK\$
Certificates of deposits, at amortised cost - unlisted	20,204,349	-
	<u> </u>	<u> </u>

6 HELD-TO-MATURITY INVESTMENTS

	2019 HK\$	2018 HK\$
Certificates of deposits, at amortised cost	-	24,209,207
	<u> </u>	<u> </u>

7 CASH AND CASH EQUIVALENTS

	2019 HK\$	2018 HK\$
Bank deposits with original maturities up to three months	6,396,720	1,000,000
Call deposits	2,842,457	7,838,316
Cash at banks	54,905	58,200
Cash and cash equivalents	<u>9,294,082</u>	<u>8,896,516</u>

POLICE EDUCATION AND WELFARE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7 CASH AND CASH EQUIVALENTS (CONTINUED)

Cash and cash equivalents include the following amounts denominated in a currency other than the Trust's functional currency.

	2019 HK\$	2018 HK\$
Australian Dollars:		
AUD44,417 (2018: AUD14,242)	246,721	85,822
United States Dollars:		
USD13,192 (2018: USD33,057)	103,555	259,451
Renminbi:		
CNY5,491,520 (2018: CNY2,285,334)	6,396,720	2,851,641
	<u>6,746,996</u>	<u>3,196,914</u>

8 TRUST FUND ACCOUNT

Of the trust fund balance at 31 March 2019, HK\$2,469,242 (2018: HK\$2,438,724) is related to donations from the Hong Kong Jockey Club Charities Trust and income generated therefrom, less bursary payments; and HK\$990,017 (2018: HK\$1,017,225) is related to donations from the Providence Foundation Limited and income generated therefrom, less bursary payments. These two donations are for designated purposes.

9 INTEREST INCOME

	2019 HK\$	2018 HK\$
Interest income from bank deposits	51,222	18,563
Interest income from certificates of deposits	461,259	323,430
Interest income from debt securities	213,315	236,429
	<u>725,796</u>	<u>578,422</u>

POLICE EDUCATION AND WELFARE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 BURSARIES

The bursaries are for book grants and other subsidies for the general education of the children of police officers of all ranks, including auxiliary police, of the Hong Kong Police Force.

11 FINANCIAL RISK MANAGEMENT

The Trust's major financial assets include equity securities, debt securities, certificates of deposits, accounts receivable, bank deposits and cash and cash equivalents. Financial liabilities of the Trust include accounts payable. The Trust did not enter into any foreign exchange contracts, interest rate swaps or other financial instruments during the year. The major risks associated with the Trust's financial instruments are set out below.

(a) 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.

For bank deposits and cash and cash equivalents, the Trust limits its exposure to credit risk by transacting with reputable licensed banks in Hong Kong.

For investments in debt securities and certificates of deposits, the Trust only invest in those classified under the investment grade by Moody's or Standard & Poor's.

The credit risk on these financial instruments is assessed as not having increased significantly since initial recognition and the Trust determines the loss allowance required to be recognised based on 12-month expected credit losses. The Trust has estimated that 12-month expected credit losses on these financial instruments are immaterial and considers that no loss allowance is required.

The credit quality of bank deposits and cash at bank, investments in debt securities and certificates of deposits, analysed by the ratings designated by Moody's or Standard & Poor's, at the reporting date is shown below:

	2019 HK\$	2018 HK\$
Bank deposits and cash at bank, by credit rating		
Aa1 to Aa3	12,356,000	8,896,516

POLICE EDUCATION AND WELFARE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Credit risk (continued)

	2019	2018
	HK\$	HK\$
Certificates of deposits, by credit rating		
P-1 / A-1+ to A-1	20,204,349	24,209,207
	<u> </u>	<u> </u>
Other debt securities, by credit rating		
Aaa to Aa3 / AAA to AA-	4,124,543	4,503,844
A1 to A3 / A+ to A-	6,099,840	3,724,348
	<u> </u>	<u> </u>
	<u>10,224,383</u>	<u>8,228,192</u>
	<u> </u>	<u> </u>

The maximum exposure to credit risk as at the reporting date in relation to each class of financial assets is the carrying amount of those assets as stated in the balance sheet.

(b) Equity price risk

Equity price risk is the risk of loss arising from changes in equity prices. The Trust is exposed to equity price risk arising from its investments in equity securities (see note 3). To manage the risk, the Investment Advisory Board regularly reviews the investment portfolio and the investment guidelines for monitoring the investment activities of the Trust.

If the market price of the respective equity securities had been 10% (2018: 10%) higher/lower, the surplus of the Trust would have increased/decreased by about HK\$1,682,000 (2018: other comprehensive income and the balance of the Trust's fair value reserve would have increased/decreased by about HK\$1,504,000) as a result of changes in fair value. The sensitivity analysis was based on the total carrying amount of equity securities held by the Trust at the reporting date, assuming that all other variables were held constant.

(c) Liquidity risk

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

As at 31 March 2019, the remaining contractual maturities of all financial liabilities, based on contractual undiscounted cash flows and the earliest date on which the Trust can be required to pay, were four months or less (2018: three months or less).

POLICE EDUCATION AND WELFARE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11 FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Interest rate risk

(i) Exposure to interest rate risk

Interest rate risk refers to 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 financial instruments will fluctuate because of changes in market interest rates. Investments in debt securities are made in accordance with a documented risk management or investment strategy, and the Trust monitors the fair value interest rate risk on a continuous basis. Since the Trust's debt securities and time deposits with banks bear interest at fixed rates, their fair values will fall when market interest rates increase. However, as certificates of deposits and time deposits with banks are all stated at amortised cost, their carrying amounts will not be affected by changes in market interest rates.

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 Trust 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.

(ii) Sensitivity analysis

It was estimated that, as at 31 March 2019, a general increase of 50 basis points (2018: 50 basis points) in interest rates, with all other variables held constant, would decrease the surplus of the Trust by about HK\$45,000 (2018: other comprehensive income and the fair value reserve by about HK\$48,000) and a general decrease of 50 basis points (2018: 50 basis points) would increase the surplus of the Trust by about HK\$45,000 (2018: other comprehensive income and the fair value reserve by about HK\$49,000).

The sensitivity analysis above was determined assuming that the change in interest rates had occurred at the reporting date and had been applied to the interest-bearing financial assets measured at fair value through income and expenditure account in existence at that date. The increase or decrease of 50 basis points represents the Trust's assessment of a reasonably possible change in interest rates over the period until the next reporting date. The analysis was performed on the same basis for 2018.

POLICE EDUCATION AND WELFARE TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11 FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Currency risk

(i) Exposure to currency risk

At the reporting date, the Trust maintains net financial assets denominated in United States dollars, Renminbi and Australian dollars, as follows:

	2019	2018
	HK\$	HK\$
United States Dollars:		
USD616,298		
(2018: USD639,174)	4,837,880	5,016,670
Renminbi:		
CNY5,494,723		
(2018: CNY5,314,701)	6,400,451	6,631,688
Australian Dollars:		
AUD795,909		
(2018: AUD770,605)	4,420,977	4,643,597
	<u>15,659,308</u>	<u>16,291,955</u>
	=====	=====

As Hong Kong dollar is pegged to the United States dollar within a narrow range, it is considered that the Trust had no significant exposure to foreign exchange risk relating to this currency. Since no foreign currency rate hedging is made by the Trust, the carrying amounts of the financial instruments in Renminbi and the Australian dollar represent the maximum exposure of the Trust to foreign currency risk in respect of Renminbi and the Australian dollar.

(ii) Sensitivity analysis

It was estimated that, as at 31 March 2019, should Renminbi and the Australian dollar strengthen/weaken by 5% (2018: 5%) against the Hong Kong dollar, with all other variables being held constant, the surplus of the Trust would increase/decrease by HK\$541,000 (2018: HK\$564,000).

POLICE EDUCATION AND WELFARE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12 FAIR VALUE MEASUREMENT

(a) Fair value hierarchy of financial instruments

The following table presents the carrying values of financial instruments measured at fair value at the reporting date on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13 “Fair Value Measurement”.

	2019		2018	
	Level 1 HK\$	Total HK\$	Level 1 HK\$	Total HK\$
Assets				
Financial assets measured at fair value through income and expenditure account:				
Equity securities - listed	16,818,080	16,818,080	-	-
Debt securities - listed	10,224,383	10,224,383	-	-
	<u>27,042,463</u>	<u>27,042,463</u>	<u>-</u>	<u>-</u>
Available-for-sale investments:				
Equity securities - listed	-	-	15,039,840	15,039,840
Debt securities - listed	<u>-</u>	<u>-</u>	<u>8,228,192</u>	<u>8,228,192</u>
	<u>-</u>	<u>-</u>	<u>23,268,032</u>	<u>23,268,032</u>
	<u>27,042,463</u>	<u>27,042,463</u>	<u>23,268,032</u>	<u>23,268,032</u>

No financial instruments were classified under Level 2 or Level 3.

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).

POLICE EDUCATION AND WELFARE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12 FAIR VALUE MEASUREMENT (CONTINUED)

(b) Valuation techniques and key inputs

The fair value of financial instruments classified under Level 1 is based on quoted market prices of these financial instruments at the reporting date.

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

13 CAPITAL MANAGEMENT

The capital structure of the Trust consists of the trust fund account. The Trust's objectives when managing capital are:

- (a) to comply with the Police Education and Welfare Trust Ordinance; and
- (b) to maintain a strong capital base for carrying out the purpose of the Trust as stated in note 1 above.

The Trust monitors capital by reviewing its level to ensure that it is sufficient to fund future bursaries and expenditure, taking into account projected cash flow requirements, future financial obligations and commitments.

14 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 MARCH 2019

Up to the date of issue of the financial statements, the HKICPA has issued a number of amendments, new standards and interpretations which are not yet effective for the year ended 31 March 2019 and which have not been early adopted in the financial statements. The Trust is in the process of making an assessment of the impact expected of these amendments, new standards and interpretations in the period of initial application. So far, it has concluded that the adoption of them is unlikely to have a significant impact on the Trust's financial performance and financial position.

警察教育及福利信託基金

截至 2019 年 3 月 31 日止年度的財務報表

審計署署長報告



香港特別行政區政府
審計署

獨立審計師報告 致立法會

意見

茲證明我已審計列載於第4至24頁的警察教育及福利信託基金財務報表，該等財務報表包括於二零一九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、全面收益表、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》真實而中肯地反映警察教育及福利信託基金於二零一九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《警察教育及福利信託基金條例》(第1120章)第10(1)條妥為擬備。

意見的基礎

我已按照《警察教育及福利信託基金條例》第10(2)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，我獨立於警察教育及福利信託基金，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。

警務處處長就財務報表而須承擔的責任

警務處處長須負責按照香港會計師公會頒布的《香港財務報告準則》及《警察教育及福利信託基金條例》第10(1)條擬備真實而中肯的財務報表，及落實其認為必要的內部控制，使財務報表不存有因欺詐或錯誤而導致的重大錯誤陳述。

在擬備財務報表時，警務處處長須負責評估警察教育及福利信託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，此舉並非旨在對警察教育及福利信託基金內部控制的有效

性發表意見；

- 評價警務處處長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；
- 判定警務處處長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，而且可能對警察教育及福利信託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警察教育及福利信託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

二零一九年十二月九日

審計署

香港灣仔

告士打道 7 號

入境事務大樓 26 樓

警察教育及福利信託基金

於二零一九年三月三十一日的資產負債表

	附註	2019 港元	2018 港元
非流動資產			
按公平值計入收支帳目 的金融資產	3	6,099,840	-
可供出售投資	4	-	19,543,684
		<u>6,099,840</u>	<u>19,543,684</u>
流動資產			
按公平值計入收支帳目 的金融資產	3	20,942,623	-
可供出售投資	4	-	3,724,348
存款證	5	20,204,349	-
持有至到期投資	6	-	24,209,207
應收帳款		233,107	281,999
銀行存款		3,061,918	-
現金及等同現金項目	7	9,294,082	8,896,516
		<u>53,736,079</u>	<u>37,112,070</u>
流動負債			
應付帳款		(1,902,064)	(1,848,424)
流動資產淨值		<u>51,834,015</u>	<u>35,263,646</u>
資產淨值		<u>57,933,855</u>	<u>54,807,330</u>
權益			
信託基金帳戶	8	57,933,855	50,991,420
公平值儲備		-	3,815,910
權益總額		<u>57,933,855</u>	<u>54,807,330</u>

隨附附註1至14為本財務報表的一部分。

警務處處長鄧炳強
二零一九年十二月九日

警察教育及福利信託基金

截至二零一九年三月三十一日止年度收支帳目

	附註	2019 港元	2018 港元
收入			
捐款		5,179,534	8,329,695
利息收入	9	725,796	578,422
股息收入		438,491	375,574
按公平值計入收支帳目的 金融資產的已實現淨收益		23,262	-
匯兌收益淨額		-	614,171
		<u>6,367,083</u>	<u>9,897,862</u>
支出			
助學金	10	(1,898,975)	(1,845,435)
按公平值計入收支帳目的 金融資產的重估淨虧損		(409,539)	-
司庫酬金		(42,000)	(42,000)
雜項支出		(85,169)	(49,827)
匯兌虧損淨額		(804,875)	-
		<u>(3,240,558)</u>	<u>(1,937,262)</u>
年度盈餘		<u>3,126,525</u>	<u>7,960,600</u>

隨附附註1至14為本財務報表的一部分。

警察教育及福利信託基金

截至二零一九年三月三十一日止年度全面收益表

	2019 港元	2018 港元
年度盈餘	3,126,525	7,960,600
	-----	-----
其他全面收益		
將來或會重新分類為盈餘或虧絀的 項目：		
可供出售投資		
價值重估淨收益	-	2,727,929
出售時從公平值儲備		
回撥的重新分類調整款額	-	(26,936)
	-	2,700,993
	-----	-----
年度全面收益總額	3,126,525	10,661,593
	=====	=====

隨附附註1至14為本財務報表的一部分。

警察教育及福利信託基金

截至二零一九年三月三十一日止年度權益變動表

	信託基金 帳戶 港元	公平值 儲備 港元	總額 港元
2017年4月1日的結餘	43,030,820	1,114,917	44,145,737
2017-18年度全面收益總額	7,960,600	2,700,993	10,661,593
2018年3月31日的結餘	<u>50,991,420</u>	<u>3,815,910</u>	<u>54,807,330</u>
首次採用《香港財務報告準則》 第9號而作出的調整 (附註2(c)(iii))	3,815,910	(3,815,910)	-
2018年4月1日的結餘，經調整	<u>54,807,330</u>	<u>-</u>	<u>54,807,330</u>
2018-19年度全面收益總額	3,126,525	-	3,126,525
2019年3月31日的結餘	<u><u>57,933,855</u></u>	<u><u>-</u></u>	<u><u>57,933,855</u></u>

隨附附註1至14為本財務報表的一部分。

警察教育及福利信託基金

截至二零一九年三月三十一日止年度現金流量表

	附註	2019 港元	2018 港元
營運活動的現金流量			
年度盈餘		3,126,525	7,960,600
調整項目：			
利息收入		(725,796)	(578,422)
股息收入		(438,491)	(375,574)
按公平值計入收支帳目的 金融資產的已實現淨收益		(23,262)	-
按公平值計入收支帳目的 金融資產的重估淨虧損		409,539	-
匯兌差額		901,591	(678,748)
應付帳款增加		53,640	286,533
應收帳款增加		(8,725)	(6,405)
營運活動所得的現金淨額		<u>3,295,021</u>	<u>6,607,984</u>
投資活動的現金流量			
購入投資付款		(43,701,695)	(34,920,381)
出售／贖回投資的收款		42,610,989	27,516,250
原本超過三個月到期的銀行存款的 (增加)/減少淨額		(3,061,918)	1,000,000
已收利息		842,764	601,637
已收股息		438,491	375,574
投資活動所用的現金淨額		<u>(2,871,369)</u>	<u>(5,426,920)</u>
現金及等同現金項目增加淨額		423,652	1,181,064
年初的現金及等同現金項目		8,896,516	7,680,753
匯率變動對現金及等同現金項目的影響		(26,086)	34,699
年終的現金及等同現金項目	7	<u><u>9,294,082</u></u>	<u><u>8,896,516</u></u>

隨附附註1至14為本財務報表的一部分。

警察教育及福利信託基金

財務報表附註

1 警察教育及福利信託基金(「信託基金」)的一般資料

信託基金在一九六七年根據《警察教育及福利信託基金條例》(第1120章)成立，目的是就香港警務處各級警務人員(包括香港輔助警察隊)子女的一般教育提供協助及設施。

2 主要會計政策

(a) 符合準則聲明

本財務報表是根據《警察教育及福利信託基金條例》第 10(1) 條及香港會計師公會頒布的《香港財務報告準則》的所有適用規定擬備。

香港會計師公會頒布了若干新增及經修訂的《香港財務報告準則》，並於信託基金的本會計期首次生效或可供提前採納。信託基金因首度採納其中適用的準則而引致在本財務報表反映的本會計期及前會計期的會計政策的改變，載於附註 2(c)。

(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，惟股票證券及債務證券投資則除外，如下文所載之會計政策附註 2(d) 所解釋，該等資產是按公平值列帳。

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其他在有關情況下認為合適的因素而制定。在欠缺其他現成數據的情況下，則採用此等估計及假設作為判斷有關資產及負債的帳面值的基礎，估計結果與實際價值或有不同。

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

(c) 會計政策的改變

香港會計師公會頒布了若干新增及經修訂的《香港財務報告準則》，並於信託基金的本會計期首次生效。其中，信託基金自二零一八年四月一日起已採納《香港財務報告準則》第 9號「金融工具」的規定。

警察教育及福利信託基金

財務報表附註(續)

2 主要會計政策(續)

(c) 會計政策的改變 (續)

《香港財務報告準則》第 9 號取代了《香港會計準則》第39號「金融工具：確認及計量」。該準則規定了金融資產、金融負債及一些買賣非金融項目合約的確認及計量方法。

信託基金按照過渡規定採用《香港財務報告準則》第 9 號追溯修訂二零一八年四月一日已存在的項目，比較資料並無重新列示(即有關的比較資料繼續根據《香港會計準則》第39號報告)。首次採用《香港財務報告準則》第 9 號對金融資產的帳面值並無影響，但累計的公平值收益則從公平值儲備重新分類至信託基金帳戶。

有關過往會計政策改動的性質和影響的進一步詳情載列如下：

(i) 金融資產及金融負債的分類

《香港財務報告準則》第 9 號將金融資產分為三個主要分類：按攤銷成本值計量；按公平值計入其他全面收益及按公平值計入損益帳。上述分類取代了《香港會計準則》第39號的持有至到期投資、貸款及應收帳款、可供出售金融資產及按公平值計入損益帳的金融資產。《香港財務報告準則》第 9 號是按管理金融資產的業務模式及合約現金流量特質為金融資產作分類。

下表顯示信託基金的金融資產於《香港會計準則》第39號及《香港財務報告準則》第 9 號下的分類。

金融資產	《香港會計準則》 第39號的分類	《香港財務報告準則》 第 9 號的分類
現金及等同現金項目	貸款及應收帳款	按攤銷成本值計量的 金融資產
應收帳款	貸款及應收帳款	按攤銷成本值計量的 金融資產
存款證	持有至到期投資	按攤銷成本值計量的 金融資產
股票證券及債務 證券投資	可供出售投資	按公平值計入收支帳目 的金融資產 (註)

註：這相當於《香港財務報告準則》第 9 號的「按公平值計入損益帳」。

警察教育及福利信託基金

財務報表附註(續)

2 主要會計政策(續)

(c) 會計政策的改變 (續)

(i) 金融資產及金融負債的分類(續)

信託基金的金融資產於二零一八年四月一日的帳面值與二零一八年三月三十一日的帳面值相同。

於二零一八年三月三十一日帳面值為 23,268,032 港元的股票證券及債務證券投資由可供出售投資重新分類至按公平值計入收支帳目的金融資產，因持有這些金融資產的業務模式是以公平值為基礎，對該等投資進行管理及評估表現。相關累計收益3,815,910港元於二零一八年四月一日由公平值儲備轉入信託基金帳戶。

所有金融負債的計量類別保持不變。所有金融負債於二零一八年四月一日的帳面值不受首次採用《香港財務報告準則》第 9 號影響。

(ii) 信貸虧損及減值

《香港財務報告準則》第 9 號的「預期信貸虧損」模型，取代了《香港會計準則》第39號的「已產生虧損」模型。預期信貸虧損模型要求對金融資產相關的信貸風險進行持續計量，因此較《香港會計準則》第39號的「已產生虧損」會計模型更早確認預期信貸虧損。就按攤銷成本值計量的金融資產，信託基金採用了新的預期信貸虧損模型。首次採用新的減值規定後，金融資產於二零一八年四月一日的帳面值維持不變。

(iii) 採用《香港財務報告準則》第 9 號對公平值儲備及信託基金帳戶的影響

因採用《香港財務報告準則》第 9 號對公平值儲備及信託基金帳戶造成的影響如下：

	港元
公平值儲備	
二零一八年四月一日結餘	3,815,910
由可供出售重新分類至按公平值計入收支帳目的金融資產	(3,815,910)
二零一八年四月一日結餘，經調整	-

警察教育及福利信託基金

財務報表附註(續)

2 主要會計政策(續)

(c) 會計政策的改變 (續)

- (iii) 採用《香港財務報告準則》第 9 號對公平值儲備及信託基金帳戶的影響(續)

	港元
信託基金帳戶	
二零一八年四月一日結餘	50,991,420
由可供出售重新分類至按公平值 計入收支帳目的金融資產	3,815,910
二零一八年四月一日結餘，經調整	<u>54,807,330</u>

(d) 金融資產及金融負債

(i) 初始確認

信託基金在成為金融工具的合約其中一方之日確認有關金融資產及金融負債。於初始確認時，金融資產及金融負債按公平值計量，再加上或減去因收購該等金融資產或發行該等金融負債而直接引致的交易成本列帳，惟按公平值計入收支帳目的金融工具則除外，其交易成本會直接在收支帳目中確認入帳。有關信託基金如何釐定金融工具公平值的解釋載列於附註12(b)。投資的買賣於交易日確認入帳，投資按當時買盤價定價。

(ii) 由二零一八年四月一日起的分類及其後計量

按公平值計入收支帳目的金融工具

此類別包括債務證券及股票證券。持有這些金融資產的業務模式是以公平值為基礎，對該等投資進行管理及評估表現。它們其後按公平值計量，公平值的變動於該會計期內在收支帳目內確認。

除非信託基金有意在報告日後 12 個月內出售投資，否則按公平值計入收支帳目的金融資產歸類為非流動資產。

警察教育及福利信託基金

財務報表附註(續)

2 主要會計政策(續)

(d) 金融資產及金融負債 (續)

(ii) 由二零一八年四月一日起的分類及其後計量(續)

按攤銷成本值計量的金融資產

此類別包括存款證、應收帳款、銀行存款及現金及等同現金項目。持有該類資產旨在收取合約現金流量，即只包括所支付的本金及利息。它們其後按攤銷成本值(扣除任何虧損撥備，如有)計量(附註 2(d)(v))。

除非信託基金的存款證的到期日距離報告日少於 12 個月(該存款證會被歸類為流動資產)，否則存款證會被歸類為非流動資產。

按攤銷成本值計量的金融負債

此類別包括應付帳款，它們其後按攤銷成本值計量。

(iii) 二零一八年四月一日之前的分類及其後計量

信託基金的金融資產及金融負債包括可供出售投資、持有至到期投資、應收帳款、現金及等同現金項目及應付帳款。它們初始按公平值加上或減去因收購該等金融資產或發行該等金融負債而直接引致的交易成本計量。除了可供出售投資，所有其他金融資產採用實際利率法，按攤銷成本值並扣除減值損失(如有 – 附註 2 (d)(vi))計量。金融負債其後採用實際利率法，按攤銷成本值計量。

可供出售投資其後按公平值計量。因公平值變動而產生的未實現盈虧在其他全面收益內確認並分別於公平值儲備累計。出售可供出售投資的損益，包括出售所得淨額與帳面值的差額，以及從公平值儲備撥入收支帳目的累計公平值調整數額。

除非信託基金有意在報告日後 12 個月內出售這些投資，否則可供出售投資歸類為非流動資產。

除非信託基金的持有至到期投資的到期日距離報告日少於 12 個月(該持有至到期投資會被歸類為流動資產)，否則持有至到期投資會被歸類為非流動資產。

警察教育及福利信託基金

財務報表附註(續)

2 主要會計政策(續)

(d) 金融資產及金融負債(續)

(iv) 註銷確認

當從金融資產收取現金流量的合約權利屆滿時，或該金融資產連同擁有權的絕大部分風險及回報已轉讓時，該金融資產會被註銷確認。

當合約指明的債務被解除、取消或到期時，該金融負債會被註銷確認。

(v) 由二零一八年四月一日起的金融資產減值

對於存款證、應收帳款、銀行存款及現金及等同現金項目，信託基金以預期信貸虧損計算須予確認的虧損撥備。預期信貸虧損評估不適用於按公平值計入收支帳目的金融資產。

預期信貸虧損是以經概率加權估計的信貸虧損。這些虧損為按照合約應付予信託基金的合約現金流量與信託基金按實際利率折現預期會收到的現金流量兩者間的差距。有關虧損以下列其中一個基礎計量：

- 12 個月預期信貸虧損(自初始確認以來，信貸風險並無大幅增加)：在報告日後 12 個月內可能發生的違約事件引致的預期虧損；或
- 永久預期信貸虧損(適用於自初始確認以來，金融工具的信貸風險已大幅增加)：金融工具的預期有效期內所有可能出現的違約事件引致的預期虧損。

信託基金藉比較金融工具於報告日及於初始確認日的違約風險，以評估金融工具的信貸風險有否大幅增加。為此，基金認為以下為違約事件：(i) 當借款人不太可能向信託基金全數支付其信貸承擔；或 (ii) 金融資產已逾期 90 日。信託基金在合理的投放下考慮合理及有憑證的數量及質量資料，包括過往經驗及具前瞻性的資料。若按合理預期下無法收回合約現金流量，金融資產將被撇銷。

警察教育及福利信託基金

財務報表附註(續)

2 主要會計政策(續)

(d) 金融資產及金融負債(續)

(vi) 二零一八年四月一日之前的金融資產減值

信託基金在每個報告日評估是否有客觀證據證明某項金融資產已減值。

當可供出售投資出現減值時，已在公平值儲備中確認的累計虧損，會從公平值儲備剔除，並在收支帳目確認入帳。在收支帳目確認的累計虧損數額，是按購入成本(扣除任何本金償還和攤銷額)與當時公平值的差額，減去以往就該資產在收支帳目中確認的任何減值虧損後計算。

可供出售股票證券已在收支帳目中確認的減值虧損不會通過收支帳目轉回。這資產公平值其後的任何增額會在其他全面收益中確認。

如果可供出售債務證券公平值其後的增加是客觀上與減值虧損確認後發生的事件有關，減值虧損便應回撥。在此情況下的減值虧損回撥會於收支帳目中確認。

(e) 現金及等同現金項目

現金及等同現金項目包括銀行現金和存放日與到期日原本相距三個月或以下的銀行存款。

(f) 收入

(i) 捐款收入於收到現金及獲准接受捐款後確認。

(ii) 上市投資的股息收入於信託基金接收款項的權利獲得確認時確認入帳。

(iii) 銀行存款、債務證券投資及存款證的利息收入按實際利率法應計確認入帳。

(g) 助學金

助學金撥備按警察教育及福利信託基金委員會授權的助學金款額提撥。

警察教育及福利信託基金

財務報表附註(續)

2 主要會計政策(續)

(h) 外幣折算

年內的外幣交易按交易日的外幣匯率折算為港幣。以外幣為單位的貨幣資產與負債則按報告日的市場匯率折算為港幣。匯兌盈虧在收支帳目中處理。

3 按公平值計入收支帳目的金融資產

	2019 港元	2018 港元
債務證券(按公平值入帳)		
- 在香港上市	6,099,840	-
- 在香港以外地方上市	4,124,543	-
	<u>10,224,383</u>	<u>-</u>
股票證券(按公平值入帳)		
- 在香港上市	16,818,080	-
	<u>27,042,463</u>	<u>-</u>
歸類為：		
- 非流動資產	6,099,840	-
- 流動資產	20,942,623	-
	<u>27,042,463</u>	<u>-</u>

4 可供出售投資

	2019 港元	2018 港元
債務證券(按公平值入帳)		
- 在香港以外地方上市	-	8,228,192
股票證券(按公平值入帳)		
- 在香港上市	-	15,039,840
	<u>-</u>	<u>23,268,032</u>
歸類為：		
- 非流動資產	-	19,543,684
- 流動資產	-	3,724,348
	<u>-</u>	<u>23,268,032</u>

警察教育及福利信託基金

財務報表附註(續)

5 存款證

	2019 港元	2018 港元
存款證(按攤銷成本值入帳)		
- 非上市	20,204,349	-
	=====	=====

6 持有至到期投資

	2019 港元	2018 港元
存款證(按攤銷成本值入帳)	-	24,209,207
	=====	=====

7 現金及等同現金項目

	2019 港元	2018 港元
原本不超過三個月到期的銀行存款	6,396,720	1,000,000
活期存款	2,842,457	7,838,316
銀行現金	54,905	58,200
現金及等同現金項目	9,294,082	8,896,516
	=====	=====

警察教育及福利信託基金

財務報表附註(續)

7 現金及等同現金項目(續)

現金及等同現金項目包括下列並非以信託基金的功能貨幣為單位的款額。

	2019 港元	2018 港元
澳元：		
44,417澳元 (2018年：14,242澳元)	246,721	85,822
美元：		
13,192美元 (2018年：33,057美元)	103,555	259,451
人民幣：		
5,491,520圓人民幣 (2018年：2,285,334圓人民幣)	6,396,720	2,851,641
	<u>6,746,996</u>	<u>3,196,914</u>
	=====	=====

8 信託基金帳戶

於二零一九年三月三十一日，信託基金結餘包括2,469,242港元 (2018年：2,438,724港元) 來自香港賽馬會慈善信託基金的捐款及從捐款產生的收入，並已扣除助學金；以及990,017港元 (2018年：1,017,225港元) 來自悟宿基金會有限公司的捐款及從捐款產生的收入，並已扣除助學金。這兩筆捐款須用作指定用途。

9 利息收入

	2019 港元	2018 港元
銀行存款利息收入	51,222	18,563
存款證利息收入	461,259	323,430
債務證券利息收入	213,315	236,429
	<u>725,796</u>	<u>578,422</u>
	=====	=====

警察教育及福利信託基金

財務報表附註(續)

10 助學金

助學金是指就香港警務處各級警務人員(包括輔助警察隊)子女的一般教育所提供的書簿津貼和其他津貼。

11 金融風險管理

信託基金的主要金融資產包括股票證券、債務證券、存款證、應收帳款、銀行存款及現金及等同現金項目，信託基金的金融負債則包括應付帳款。信託基金於本年度並無簽訂任何外匯合同、利率掉期或其他金融工具。信託基金的金融工具所涉及的主要風險載列如下。

(a) 信貸風險

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

在處理銀行存款及現金及等同現金項目時，信託基金透過與香港信譽良好的持牌銀行交易，以限制其所面對的信貸風險。

在處理債務證券投資及存款證時，信託基金只投資於穆迪或標準普爾評級為投資級別的債務證券。

信託基金評估自初始確認以來，該等金融工具的信貸風險並沒有大幅增加。信託基金根據 12 個月預期信貸虧損釐定須予確認的虧損撥備，信託基金估計該等金融工具的 12 個月預期信貸虧損並不重大，並認為無須作出任何虧損撥備。

銀行存款及銀行現金、債務證券投資及存款證的信貸質素，以穆迪或標準普爾於報告日給予的評級分析如下：

	2019 港元	2018 港元
按信貸評級列示銀行存款及銀行現金		
Aa1 至 Aa3	12,356,000	8,896,516
	=====	=====

警察教育及福利信託基金

財務報表附註(續)

11 金融風險管理(續)

(a) 信貸風險(續)

	2019 港元	2018 港元
按信貸評級列示存款證		
P-1 / A-1+至A-1	20,204,349	24,209,207
	=====	=====
按信貸評級列示其他債務證券		
Aaa 至 Aa3 / AAA 至 AA-	4,124,543	4,503,844
A1 至 A3 / A+ 至 A-	6,099,840	3,724,348
	10,224,383	8,228,192
	=====	=====

於報告日的信貸風險最高值為資產負債表所列各相關金融資產的帳面金額。

(b) 股價風險

股價風險是股票價格變動而引致虧損的風險。信託基金須承受股票證券投資的股價風險(見附註 3)。為了管理有關風險，投資諮詢委員會定期檢討有關投資組合及用以監察信託基金投資活動的投資指引。

如股票證券的市場價格上升／下降 10% (2018年：10%)，信託基金的盈餘會因公平值改變而增加／減少約 1,682,000 港元 (2018年：信託基金的其他全面收益及公平值儲備會增加／減少約 1,504,000 港元)。敏感度分析是根據信託基金於報告日所持有的股票證券的帳面總額而所有其他可變因素維持不變的情況下進行。

(c) 流動資金風險

為管理流動資金風險，信託基金維持足夠現金及等同現金項目以作營運資金及減低現金流量變化對信託基金之影響。

於二零一九年三月三十一日，所有金融負債餘下合約到期日，按合約未折現之現金流量及信託基金須支付有關款項的最早日期計算，為四個月或以下 (2018年：三個月或以下)。

警察教育及福利信託基金

財務報表附註(續)

11 金融風險管理(續)

(d) 利率風險

(i) 承受的利率風險

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類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價值會因市場利率變動而波動的風險。債務證券投資根據已記錄的風險管理或投資策略制定，信託基金持續地監察公平值利率風險。由於本信託基金所有債務證券及銀行定期存款均按固定利率計息，當市場利率上升，這些證券及存款的公平值便會下跌。不過，由於存款證及銀行定期存款均按攤銷成本值列示，其帳面值不受市場利率變動影響。

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。本信託基金無須承受重大的現金流量利率風險，因為浮息金融工具的利息收入並不重大。

(ii) 敏感度分析

於二零一九年三月三十一日，在所有其他可變因素維持不變的情況下，估計利率一般上調50個基點 (2018 年：50個基點)，將使信託基金的盈餘減少約45,000港元 (2018 年：其他全面收益及公平值儲備約 48,000 港元)，而利率一般下調50個基點 (2018年：50個基點)，將使信託基金的盈餘增加約45,000港元 (2018 年：其他全面收益及公平值儲備約 49,000 港元)。

釐定以上的敏感度分析時，已假設利率變動已於報告日出現，並已應用於當日已存在的按公平值計入收支帳目的附息金融資產。上調或下調50個基點乃信託基金對利率在直至下年度報告日期間的合理可能變動所作的評估。二零一八年的分析按相同基準進行。

警察教育及福利信託基金

財務報表附註(續)

11 金融風險管理(續)

(e) 貨幣風險

(i) 承受的貨幣風險

於報告日，信託基金持有以美元、人民幣及澳元為單位的金融資產淨值如下：

	2019 港元	2018 港元
美元：		
616,298美元 (2018年：639,174美元)	4,837,880	5,016,670
人民幣：		
5,494,723圓人民幣 (2018年：5,314,701圓人民幣)	6,400,451	6,631,688
澳元：		
795,909澳元 (2018年：770,605澳元)	4,420,977	4,643,597
	<u>15,659,308</u>	<u>16,291,955</u>

由於港幣與美元於窄幅掛鈎，因此信託基金毋須承受與美元有關的重大的外幣風險。由於信託基金並無進行外幣匯率對沖，信託基金的人民幣及澳元金融資產的帳面值代表信託基金所承受的最大外幣匯率風險。

(ii) 敏感度分析

於二零一九年三月三十一日，在所有其他可變因素維持不變的情況下，估計人民幣及澳元相對港幣上升／下跌 5% (2018年：5%)，將使信託基金盈餘增加／減少 541,000 港元 (2018年：564,000港元)。

警察教育及福利信託基金

財務報表附註(續)

12 公平值計量

(a) 金融工具的公平值等級

下表載列於報告日金融工具按公平值定期計量的帳面值，並按《香港財務報告準則》第 13 號「公平值計量」所界定的三個公平值等級分類。

	2019		2018	
	第一級 港元	總額 港元	第一級 港元	總額 港元
資產				
按公平值 計入收支 帳目的 金融資產：				
股票證券				
- 上市	16,818,080	16,818,080	-	-
債務證券				
- 上市	10,224,383	10,224,383	-	-
	<u>27,042,463</u>	<u>27,042,463</u>	<u>-</u>	<u>-</u>
可供出售 投資：				
股票證券				
- 上市	-	-	15,039,840	15,039,840
債務證券				
- 上市	-	-	8,228,192	8,228,192
	<u>-</u>	<u>-</u>	<u>23,268,032</u>	<u>23,268,032</u>
	<u>27,042,463</u>	<u>27,042,463</u>	<u>23,268,032</u>	<u>23,268,032</u>

沒有金融工具歸類為第二級或第三級。

公平值等級的三個級別為：

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。

警察教育及福利信託基金

財務報表附註(續)

12 公平值計量(續)

(b) 估值方法及主要參數

列入第一級的金融工具的公平值是以它們於報告日的市場報價作為基礎。

其餘所有金融資產和金融負債均以與其公平值相等或相差不大的金額在資產負債表內列帳。

13 資本管理

信託基金的資本結構包括信託基金帳戶。在管理資本方面，信託基金的宗旨是：

- (a) 遵行《警察教育及福利信託基金條例》的規定；及
- (b) 維持充裕的資本基礎，以執行上文附註 1 所述的信託基金目的。

信託基金會因應預計的現金流量需求、未來的財務責任與承擔，透過檢討資本水平來確保其資本足以支付日後的助學金及支出。

14 已頒布但截至二零一九年三月三十一日止年度尚未生效的修訂、新準則和詮釋可能造成的影響

直至本財務報表發出當日，香港會計師公會已頒布多項截至二零一九年三月三十一日止年度尚未生效，及沒有提前在本財務報表中被採納的修訂、新準則及詮釋。信託基金正就採納該等修訂、新準則及詮釋在首次採用期間預期會產生的影響進行評估。直至目前為止，信託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信託基金的財務表現及財務狀況構成重大影響。

警察子女教育信託基金之主要投資清單
二零一九年三月三十一日
Major Investment of the Police Children's Education Trust
as at 31 March 2019

I. 定期存款證 Certificate of Deposit

公司名稱 <i>Name of Company</i>	股數 <i>No. of Shares</i>	市價 <i>Market Price</i> (CNY)	市值 <i>Market Value</i> (HKD)
Bank of China Ltd of Macau 4.4% CD 10Jul19	3,000,000	100.37100%	3,507,472.42
Aust and NZ Bkg Grp Ltd 3.25% CD 3Jun20	500,000	(AUD) 101.39200%	2,815,975.12
Agricultural Bank of China Ltd Macau 2.69% CD 23Apr19	800,000	(USD) 100.00000%	6,279,927.78
Ind & Comm BK of CN(Macau) Ltd 2.85% CD 18Apr19	500,000	100.00000%	3,924,954.86
Bank of East Asia Limited 0% CD 8May19	9,000,000	(HKD) 99.83400%	8,985,060.00
China Const BK Corp of Hong Kong 1.85% CD 29Jul19	1,500,000	99.93100%	1,498,965.00
China Const BK Corp of Macau 2.45% CD 16Aug19	6,000,000	100.11400%	6,006,840.00
Ind & Comm BK of CN(Macau) Ltd 1.6% CD 13Sep19	6,000,000	100.00000%	6,000,000.00
定期存款證總值 Sub-Total :			39,019,195.18

II. 債券 Bond

公司名稱 <i>Name of Company</i>	股數 <i>No. of Shares</i>	市價 <i>Market Price</i> (HKD)	市值 <i>Market Value</i> (HKD)
BOC Hong Kong 3.3% EMTN 20Nov20	3,000,000	101.66400%	3,049,920.00
National Aus BK Ltd 4.75% Global MTN 25Nov19	550,000	(AUD) 101.62800%	3,104,782.54
Westpac Bkg Corp 3.25% MTN 22Jan20	500,000	101.84700%	2,828,611.90
債券總值 Sub-Total :			8,983,314.44

III. 單位基金 Unit Funds

公司名稱 <i>Name of Company</i>	股數 <i>No. of Shares</i>	市價 <i>Market Price</i> (HKD)	市值 <i>Market Value</i> (HKD)
China Asset Management HK Limited	129,600	45.90000	5,948,640.00
Hang Seng Investment Management Ltd H share	104,200	115.00000	11,983,000.00
Tracker Fund of Hong Kong	630,500	29.40000	18,536,700.00
單位基金總值 Sub-Total:			36,468,340.00

主要投資項目總市值 Total Market Value of Major Investments : HKD \$84,470,849.62

Disclaimer

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警察教育及福利信託基金之主要投資清單
二零一九年三月三十一日
Major Investment of the Police Education & Welfare Trust
as at 31 March 2019

I. 定期存款證 Certificate of Deposit

公司名稱 <i>Name of Company</i>	股數 <i>No. of Shares</i>	市價 <i>Market Price</i>	市值 <i>Market Value</i>
		(USD)	
Agricultural Bank of China Ltd Macau 2.69% CD 23Apr19	600,000	100.00000%	4,709,945.84
		(HKD)	(HKD)
China Const BK Corp of Macau 2.45% CD 16Aug19	3,000,000	100.11400%	3,003,420.00
Bank of East Asia Limited 0% CD 8May19	3,500,000	99.83400%	3,494,190.00
China Const BK Corp of Hong Kong 1.85% CD 29Jul19	2,000,000	99.93100%	1,998,620.00
Ind & Comm BK of CN(Macau) Ltd 1.6% CD 13Sep19	5,000,000	100.00000%	5,000,000.00
定期存款證總值 Sub-Total :			18,206,175.84

II. 債券 Bond

公司名稱 <i>Name of Company</i>	股數 <i>No. of Shares</i>	市價 <i>Market Price</i>	市值 <i>Market Value</i>
		(CNY)	(HKD)
BOC Hong Kong 3.3% EMTN 20Nov20	6,000,000	101.66400%	6,099,840.00
		(AUD)	(HKD)
National Aus BK Ltd 4.75% Global MTN 25Nov19	430,000	101.62800%	2,427,375.44
Westpac Bkg Corp 3.25% MTN 22Jan20	300,000	101.84700%	1,697,167.14
債券總值 Sub -Total :			10,224,382.58

III. 單位基金 Unit Funds

公司名稱 <i>Name of Company</i>	股數 <i>No. of Shares</i>	市價 <i>Market Price</i>	市值 <i>Market Value</i>
		(HKD)	(HKD)
China Asset Management HK Limited	45,800	45.90000	2,102,220.00
Hang Seng Investment Management Ltd H share	49,400	115.00000	5,681,000.00
Tracker Fund of Hong Kong	308,000	29.40000	9,055,200.00
單位基金總值 Sub-Total:			16,838,420.00

主要投資項目總市值 Total Market Value of Major Investments : HKD \$45,268,978.42

Disclaimer

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