

## SIR ROBERT BLACK TRUST FUND

### Report of the Trustee on the Administration of the Fund for the year ended 31 March 2019

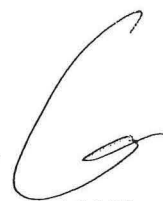
The Sir Robert Black Trust Fund (the Fund) was established in 1961 under the Sir Robert Black Trust Fund Ordinance (Cap. 1101) to commemorate the governorship of Sir Robert Black, G.C.M.G., O.B.E. The objective of the Fund is to provide grants to persons for the furtherance of studies, activities or training so as to develop qualities of personal leadership in the service of all members of the community.

2. The Fund is managed by the Sir Robert Black Trust Fund Committee constituted under Section 5 of the Sir Robert Black Trust Fund Ordinance. The membership list of the Committee for the year under report is at Appendix I. The Trust Funds and Temples Joint Secretariat is responsible for the secretariat and accounting work of the Fund. The Director of Audit is the auditor of the Fund's accounts.

3. During the reporting period, the total income of the Fund was HK\$4.04 million and the total expenditure was HK\$6.94 million. The Fund recorded a deficit of HK\$2.90 million for 2018-19. As at 31 March 2019, the capital of the Fund was HK\$31.42 million and the accumulated surplus was HK\$48.03 million. The audited Financial Statements of the Fund for the year ended 31 March 2019 is at Appendix II.

4. The Fund awards scholarships for postgraduate studies, grants for youth leadership training, grants for students of Diploma Yi Jin and for talented students to pursue training in non-academic fields. In 2018-19, a total of HK\$2.87 million was disbursed for scholarships and grants as follows:-

	<u>No. of Awards</u>	<u>HK\$</u>
(a) Scholarships for Postgraduate Studies	10	410,000
(b) Grants for Youth Leadership Training	16	859,900
(c) Grants for Students of Diploma Yi Jin	66	369,600
(d) Grants for Talented Students in Non-academic Fields	387	1,226,162
		<hr/> <hr/>
		2,865,662



LAU Kong-wah  
Secretary for Home Affairs Incorporated  
Trustee

Sir Robert Black Trust Fund  
25 June 2019

**SIR ROBERT BLACK TRUST FUND**

**Membership of the Sir Robert Black Trust Fund Committee  
(1.4.2018–31.3.2019)**

Secretary for Home Affairs	Chairman, Ex-officio
Permanent Secretary for Education	Vice-Chairman, Ex-officio
Director of Social Welfare	Ex-officio
Ms LEUNG Heung-ying, Sabrina	Member
Mr WONG Chiu-ming, Alan	Member
Mr YIP Kar-wah, Samuel	Member (up to 31.7.2018)
Ms NIE Jing	Member (from 1.8.2018)



## Sir Robert Black Trust Fund

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 Sir Robert Black Trust Fund set out on pages 4 to 19, 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 Sir Robert Black Trust Fund 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 Sir Robert Black Trust Fund Ordinance (Cap. 1101).

### *Basis for opinion*

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

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

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

financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and section 10(1) of the Sir Robert Black Trust Fund Ordinance, and for such internal control as the Secretary for Home Affairs Incorporated determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

*Auditor's responsibilities for the audit of the financial statements*

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

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

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

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

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



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

25 June 2019

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

**SIR ROBERT BLACK TRUST FUND**  
**BALANCE SHEET AS AT 31 MARCH 2019**

	Note	2019 HK\$	2018 HK\$
<b>NON-CURRENT ASSETS</b>			
Financial assets measured at fair value through income and expenditure account	3	57,285,147	-
Available-for-sale financial assets	4	-	60,467,388
		57,285,147	60,467,388
<b>CURRENT ASSETS</b>			
Accounts receivable		232,856	99,208
Cash and cash equivalents	5	24,536,807	24,271,785
		24,769,663	24,370,993
<b>CURRENT LIABILITIES</b>			
Provision for staff gratuity	6	(65,832)	(82,438)
Provision for untaken leave		(9,305)	(5,299)
Accounts payable		(2,529,037)	(2,404,318)
		(2,604,174)	(2,492,055)
<b>NET CURRENT ASSETS</b>		22,165,489	21,878,938
<b>TOTAL NET ASSETS</b>		79,450,636	82,346,326
<b>ACCUMULATED FUND</b>			
Capital		31,418,877	31,418,877
Accumulated surplus		48,031,759	23,682,655
Investment revaluation reserve		-	27,244,794
		79,450,636	82,346,326

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

  
 (LAU Kong-wah)  
 Secretary for Home Affairs Incorporated  
 Trustee  
 Sir Robert Black Trust Fund  
 25 June 2019

**SIR ROBERT BLACK TRUST FUND****INCOME AND EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED 31 MARCH 2019**

	Note	2019 HK\$	2018 HK\$
<b>INCOME</b>			
Dividends		3,034,923	3,127,641
Interest	7	346,187	188,197
Refund of grants		168,292	37,652
Other income		494,638	892,944
		<hr/> 4,044,040	<hr/> 4,246,434
<b>EXPENDITURE</b>			
Scholarship awards		(410,000)	(390,000)
Training grants		(2,086,062)	(1,950,582)
Grants for students of Yi Jin Diploma		(369,600)	(369,600)
Net revaluation losses on financial assets measured at fair value through income and expenditure account		(3,182,242)	-
Loss on disposal of available-for-sale financial assets		-	(2,883,843)
Staff costs	6	(848,357)	(859,625)
Exchange losses		(26)	(36)
Other operating expenses		(43,443)	(65,261)
		<hr/> (6,939,730)	<hr/> (6,518,947)
<b>DEFICIT FOR THE YEAR</b>		<hr/> <hr/> <b>(2,895,690)</b>	<hr/> <hr/> <b>(2,272,513)</b>

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



**SIR ROBERT BLACK TRUST FUND**

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

	<b>2019</b>	<b>2018</b>
	<b>HK\$</b>	<b>HK\$</b>
<b>DEFICIT FOR THE YEAR</b>	(2,895,690)	(2,272,513)
<b>OTHER COMPREHENSIVE INCOME</b>		
Items that may be reclassified subsequently to surplus or deficit :		
Available-for-sale financial assets		
Net gains on revaluation	-	9,012,066
Reclassification adjustment for amounts released from investment revaluation reserve upon disposal	-	3,031,423
	-	12,043,489
<b>TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR</b>	(2,895,690)	9,770,976

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

**SIR ROBERT BLACK TRUST FUND**

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

	<b>Capital HK\$</b>	<b>Accumulated Surplus HK\$</b>	<b>Investment Revaluation Reserve HK\$</b>	<b>Total HK\$</b>
Balance at 1 April 2017	31,418,877	25,955,168	15,201,305	72,575,350
Total comprehensive income for 2017-18	-	(2,272,513)	12,043,489	9,770,976
Balance at 31 March 2018	31,418,877	23,682,655	27,244,794	82,346,326
Adjustment on initial application of HKFRS 9 (note 2(c) (iii))	-	27,244,794	(27,244,794)	-
Balance at 1 April 2018, as adjusted	31,418,877	50,927,449	-	82,346,326
Total comprehensive loss for 2018-19	-	(2,895,690)	-	(2,895,690)
Balance at 31 March 2019	31,418,877	48,031,759	-	79,450,636

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

**SIR ROBERT BLACK TRUST FUND**

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

	Note	2019 HK\$	2018 HK\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Deficit for the year		(2,895,690)	(2,272,513)
Adjustments for:			
Dividend income		(3,034,923)	(3,127,641)
Interest income		(346,187)	(188,197)
Net revaluation losses on financial assets measured at fair value through income and expenditure account		3,182,242	-
Loss on disposal of available-for-sale financial assets		-	2,883,843
Exchange losses		26	36
Decrease/(Increase) in accounts receivable		2,073	(2,362)
Decrease in provision for staff gratuity		(16,606)	(22,021)
Increase/(Decrease) in provision for untaken leave		4,006	(6,144)
Increase/(Decrease) in accounts payable		124,719	(1,130,739)
<b>NET CASH USED IN OPERATING ACTIVITIES</b>		<b>(2,980,340)</b>	<b>(3,865,738)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisition of available-for-sale financial assets		-	(3,903,633)
Proceeds from disposal of available-for-sale financial assets		-	3,926,820
Dividends received		2,948,909	3,126,915
Interest received		296,453	178,115
<b>NET CASH FROM INVESTING ACTIVITIES</b>		<b>3,245,362</b>	<b>3,328,217</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>265,022</b>	<b>(537,521)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>		<b>24,271,785</b>	<b>24,809,306</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>5</b>	<b>24,536,807</b>	<b>24,271,785</b>

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

# SIR ROBERT BLACK TRUST FUND

## NOTES TO THE FINANCIAL STATEMENTS

### 1. GENERAL

The Sir Robert Black Trust Fund (the Fund) provides grants to persons for the furtherance of studies, activities or training so as to develop qualities of personal leadership in the service of all members of the community under section 4 of the Sir Robert Black Trust Fund Ordinance (Cap. 1101).

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

### 2. SIGNIFICANT ACCOUNTING POLICIES

#### (a) Statement of compliance

The financial statements have been prepared in accordance with section 10(1) of the Sir Robert Black Trust Fund 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 Fund. 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 Fund 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 are stated at fair value as explained in the accounting policies 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 Fund. Of these, the Fund 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 Fund has applied HKFRS 9 retrospectively to items that existed 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). The carrying amounts of the items at 1 April 2018 have not been impacted by the initial application of HKFRS 9.

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 Fund’s financial assets under HKAS 39 and HKFRS 9.

<b>Financial assets</b>	<b>Classification under HKAS 39</b>	<b>Classification under HKFRS 9</b>
Cash and cash equivalents	Loans and receivables	Amortised cost
Accounts receivable	Loans and receivables	Amortised cost
Investments in equity securities	Available-for-sale financial assets	Fair value through income and expenditure account (Note)

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

Financial assets previously classified as loans and receivables carried at amortised cost were reclassified to financial assets measured at amortised cost. The carrying amounts at 31 March 2018 were the same as those at 1 April 2018.

Investments in equity securities amounting to HK\$60,467,388 at 31 March 2018 were reclassified from available-for-sale financial assets 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\$27,244,794 was transferred from the investment revaluation reserve to accumulated surplus at 1 April 2018.

For an explanation of how the Fund classifies and measures financial assets and recognises related gains and losses under HKFRS 9, see respective accounting policy notes in note 2(d)(ii).

The measurement categories for all financial liabilities remain the same. The carrying amounts for all financial liabilities 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 Fund applies the new expected credit loss model to the financial assets measured at amortised cost (including cash and cash equivalents and accounts receivable). The initial application of the new impairment requirements had no impact on the carrying amounts of the financial assets at 1 April 2018.

For further details on the Fund’s new accounting policy for impairment, see note 2(d)(v).

(iii) Impact on investment revaluation reserve and accumulated surplus on adoption of HKFRS 9

The impact on investment revaluation reserve and accumulated surplus due to the adoption of HKFRS 9 is as follows:

	<b>HK\$</b>
<b>Investment revaluation reserve</b>	
Balance at 1 April 2018	27,244,794
Reclassification of financial assets from available-for-sale to fair value through income and expenditure account	(27,244,794)
Balance at 1 April 2018, as adjusted	-
=====	
<b>Accumulated surplus</b>	
Balance at 1 April 2018	23,682,655
Reclassification of financial assets from available-for-sale to fair value through income and expenditure account	27,244,794
Balance at 1 April 2018, as adjusted	50,927,449
=====	

**(d) Financial assets and financial liabilities**

**(i) Initial recognition**

Financial assets and financial liabilities are recognised on the date the Fund 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 the income and expenditure account. For an explanation of how the Fund determines fair value of financial instruments, see note 9(b). Purchases and sales of investments are recognised using trade date accounting.

**(ii) Categorisation and subsequent measurement from 1 April 2018**

*Financial instruments measured at fair value through income and expenditure account*

These comprise equity securities. They are subsequently measured at fair value. Changes in fair value are recognised in the income and expenditure account.

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

*Financial assets measured at amortised cost*

These comprise cash and cash equivalents and accounts receivable. 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)).

*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 Fund's financial assets and financial liabilities included available-for-sale financial assets, 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 financial assets, 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 financial assets 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 investment revaluation reserve. When available-for-sale financial assets 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 investment revaluation reserve to the income and expenditure account.

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

(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 cash and cash equivalents and accounts receivable, the Fund 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 Fund 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; and
- 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 Fund 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 reassessment, the Fund considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Fund in full; or (ii) the financial asset is 90 days past due. The Fund 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 Fund assessed at each reporting date whether there was objective evidence that a financial asset was impaired.

For available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the income and expenditure account – was removed from the investment revaluation reserve and recognised in the income and expenditure account. Impairment losses for 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.

For other financial assets, the impairment loss was recognised in the income and expenditure account.

**(e) Foreign currency translation**

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

**(f) Revenue recognition**

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

**(g) Awards and grants**

Scholarship awards, training grants and other grants are recognised as expenditure when they are approved by the Committee.

**(h) Cash and cash equivalents**

For the purpose of the statement of cash flows, cash and cash equivalents include cash at bank and deposits with banks with original maturities of three months or less from the date of placement.

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

	<b>2019 HK\$</b>	<b>2018 HK\$</b>
Equity securities listed in Hong Kong, at fair value	57,285,147	-

**4. AVAILABLE-FOR-SALE FINANCIAL ASSETS**

	<b>2019 HK\$</b>	<b>2018 HK\$</b>
Equity securities listed in Hong Kong, at fair value	-	60,467,388

**5. CASH AND CASH EQUIVALENTS**

	<b>2019 HK\$</b>	<b>2018 HK\$</b>
Time deposits with original maturities within three months	20,061,914	21,917,565
Cash at banks	4,474,893	2,354,220
	<u>24,536,807</u>	<u>24,271,785</u>

## 6. PROVISION FOR STAFF GRATUITY

	<b>2019</b> <b>HK\$</b>	<b>2018</b> <b>HK\$</b>
Balance at beginning of year	82,438	104,459
Provision for the year	51,039	58,045
Payment for the year	(55,067)	(80,059)
Provision written back	(12,578)	(7)
	<hr/>	<hr/>
Balance at end of year	65,832	82,438
	=====	=====

The Fund's staff costs represent its share of costs of staff employed by the Trust Funds and Temples Joint Secretariat, which provides executive support to the Fund.

## 7. INTEREST

	<b>2019</b> <b>HK\$</b>	<b>2018</b> <b>HK\$</b>
Interest on bank deposits	346,187	188,197
	=====	=====

## 8. FINANCIAL RISK MANAGEMENT

The Fund's major financial instruments are financial assets measured at fair value through income and expenditure account and bank deposits. The major risks associated with these 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. 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.

To minimise the credit risks arising from bank deposits, all time deposits and bank balances are placed with reputable licensed banks in Hong Kong. Hence, the credit risk associated with time deposits and bank balances is considered to be low. As such, the credit risk on these financial instruments is assessed as not having increased significantly since initial recognition and the Fund determines the loss allowance required to be recognised based on 12-month expected credit losses.

The credit quality of bank balances, analysed by the ratings designated by Moody's or their equivalents, at the reporting date is shown below:

	<b>2019</b> <b>HK\$</b>	<b>2018</b> <b>HK\$</b>
Time deposits and bank balances, by credit rating		
Aa1 to Aa3	7,681,597	6,036,566
A1 to A3	<u>16,855,210</u>	<u>18,235,219</u>
	<u>24,536,807</u>	<u>24,271,785</u>

The Fund has estimated that 12-month expected credit losses on these financial instruments are immaterial and considers that no loss allowance is required.

**(b) Market risk**

(i) Equity price risk

To manage the risk due to fluctuation in equity prices, the Committee regularly reviews the investment portfolio and the investment guidelines for monitoring the investment activities of the Fund. It is estimated that, as at the reporting date, if the market prices of the respective equity securities had been 10% higher/lower, the deficit of the Fund would have decreased/increased by about HK\$5,700,000 (2018: other comprehensive income and the balance of the Fund's investment revaluation reserve would have increased/decreased by HK\$6,000,000). The sensitivity analysis was based on the carrying amounts of equity securities held by the Fund at the reporting date and on the assumption that all other variables were held constant.

(ii) Interest rate risk

Interest rate risk is the risk of loss arising from changes in market interest rates. This can be further classified into fair value interest rate risk and cash flow interest rate risk.

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. Since the Fund's bank deposits bear interest at fixed rates, their fair values will fall when market interest rates increase. However, as they are stated at amortised cost, changes in market interest rates will not affect their carrying amounts and the Fund's deficit and equity.

Cash flow interest rate risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Fund's exposure to cash flow interest rate risk is small because interest income from financial instruments bearing interest at a floating rate is not significant.

(c) **Currency risk**

As at the reporting date, the Fund maintained financial assets denominated in United States dollars totalling USD 9,058 (2018: USD 9,058). As Hong Kong dollar is pegged to United States dollar within a narrow range, it is considered that the Fund had no significant exposure to foreign exchange risk relating to this currency.

(d) **Liquidity risk**

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

**9. FAIR VALUE MEASUREMENT**

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

The following table presents the carrying value 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\$
<b>Assets</b>				
Equity securities measured at fair value through income and expenditure account, listed in Hong Kong	57,285,147	57,285,147	-	-
Available-for-sale equity securities, listed in Hong Kong	-	-	60,467,388	60,467,388

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) **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.

## **10. CAPITAL MANAGEMENT**

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

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

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

## **11. 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 Fund 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 Fund's financial performance and financial position.