

## GENERAL CHINESE CHARITIES FUND

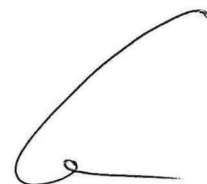
### Report of the Chinese Temples Committee on the administration of the Fund for the year ended 31 March 2019

The General Chinese Charities Fund (“the Fund”) was established by the Chinese Temples Committee (“the Committee”) under Section 8 of the Chinese Temples Ordinance (Cap. 153) (“the Ordinance”). In accordance with section 9(1) of the Ordinance, the Committee may, at its own discretion, apply the Fund for payment of the necessary staff and the other expenses incurred by the Committee in the exercise of its powers under the Ordinance; and for the purposes of any Chinese charity in Hong Kong.

2. The Fund is administered by the Committee. The membership 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\$41.54 million (mainly including investment income and transfer from the Chinese Temples Fund, etc.), and the total expenditure of the Fund was HK\$30 million (mainly including staff costs and operating expenses, etc.). The Fund recorded a surplus of HK\$11.54 million for 2018-19.

4. The audited Financial Statements of the Fund for the year ended 31 March 2019 is at Appendix II.



(LAU Kong-wah)

Secretary for Home Affairs  
Chairman

Chinese Temples Committee

29 November 2019

**GENERAL CHINESE CHARITIES FUND**

**Membership of the Chinese Temples Committee  
(1.4.2018 - 31.3.2019)**

Secretary for Home Affairs	(Chairman)
Mr Vinci WONG Chairman of the Board of Directors of Tung Wah Group of Hospitals	(from 1.4.2018 to 31.3.2019)
Mr KWOK Ngok-chung, Dick	(up to 31.5.2018)
Mr IP Cheung-ching	(up to 31.12.2018)
Mr LO Wai-kon	(up to 31.12.2018)
Mr WONG Luen-cheung, Andrew, MH	(up to 31.7.2018)
Dr LEE Ka-cheung	
Miss CHEN Ning-ning, BBS, JP	
Mr SO Yiu-wing	(from 1.6.2018)
Mr YIP Chun-to, Adrian, BBS, MH, JP	(from 1.8.2018)
Dr LEE Yuk-lun, BBS, JP	(from 1.1.2019)
Mr TSANG Chung-nam	(from 1.1.2019)



## General Chinese Charities 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 General Chinese Charities Fund set out on pages 4 to 23, 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 General Chinese Charities 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 paragraph 9(1) of the General Chinese Charities Fund Directions (Cap. 153 sub. leg. B).

### ***Basis for opinion***

I conducted my audit in accordance with paragraph 9(2) of the General Chinese Charities Fund Directions 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 General Chinese Charities 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 for the financial statements***

The Secretary for Home Affairs is responsible for the preparation of the financial statements that give a true and fair view in accordance with paragraph 9(1) of the General Chinese Charities Fund Directions and HKFRSs issued by the HKICPA, and for such internal control as the Secretary for Home Affairs 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 is responsible for assessing the General Chinese Charities 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 General Chinese Charities 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;
- conclude on the appropriateness of the Secretary for Home Affairs' 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 General Chinese Charities 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 General Chinese Charities 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

29 November 2019

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

**GENERAL CHINESE CHARITIES 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	152,621,257	-
Available-for-sale financial assets	4	-	141,590,942
		152,621,257	141,590,942
<b>CURRENT ASSETS</b>			
Accounts receivable	5	1,554,622	914,689
Prepayments		194,256	66,502
Cash and cash equivalents	6	73,904,355	72,121,027
		75,653,233	73,102,218
<b>CURRENT LIABILITIES</b>			
Provision for staff gratuity	7	(1,167,332)	(1,080,136)
Provision for untaken leave		(234,567)	(172,861)
Accounts payable and accrued charges	8	(3,827,394)	(1,937,983)
		(5,229,293)	(3,190,980)
<b>NET CURRENT ASSETS</b>		70,423,940	69,911,238
<b>NET ASSETS</b>		223,045,197	211,502,180
<b>ACCUMULATED FUND</b>			
Accumulated surplus		223,045,197	164,597,676
Investment revaluation reserve		-	46,904,504
		223,045,197	211,502,180

The accompanying notes 1 to 15 form part of these financial statements.

  
 (LAU Kong-wah)  
 Secretary for Home Affairs  
 Chairman  
 Chinese Temples Committee

**GENERAL CHINESE CHARITIES FUND**  
**INCOME AND EXPENDITURE ACCOUNT**  
**FOR THE YEAR ENDED 31 MARCH 2019**

	Note	2019 HK\$	2018 HK\$
<b>INCOME</b>			
Dividend income		6,679,484	5,467,167
Interest income		907,336	325,469
Transfer from Chinese Temples Fund		22,918,947	39,737,544
Transfer from Board of Management of the Chinese Permanent Cemeteries		5,557,656	38,200
Net revaluation gains on financial assets measured at fair value through income and expenditure account		5,478,456	-
Gains on disposal of available-for-sale financial assets		-	3,528,747
		41,541,879	49,097,127
<b>EXPENDITURE</b>			
Transfer to Tung Wah Group of Hospitals		(2,918,947)	(9,737,544)
Grants	9	(6,566,186)	(3,154,024)
Staff costs	10	(16,275,409)	(15,491,222)
Rental and related charges		(2,580,749)	(2,576,370)
Other operating expenses		(1,657,272)	(1,143,947)
Exchange losses		(299)	(447)
		(29,998,862)	(32,103,554)
<b>SURPLUS FOR THE YEAR</b>		11,543,017	16,993,573

The accompanying notes 1 to 15 form part of these financial statements.



**GENERAL CHINESE CHARITIES 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>SURPLUS FOR THE YEAR</b>	11,543,017	16,993,573
<b>OTHER COMPREHENSIVE INCOME</b>		
Items that may be reclassified subsequently to surplus or deficit :		
Available-for-sale financial assets		
Fair value changes on revaluation	-	19,711,424
Reclassification adjustment for amounts released from investment revaluation reserve upon disposal	-	(3,169,420)
	-	16,542,004
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	11,543,017	33,535,577
	=====	=====

The accompanying notes 1 to 15 form part of these financial statements.

**GENERAL CHINESE CHARITIES FUND**

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

	<b>Accumulated Surplus HK\$</b>	<b>Investment Revaluation Reserve HK\$</b>	<b>Total HK\$</b>
Balance at 1 April 2017	147,604,103	30,362,500	177,966,603
Total comprehensive income for 2017-18	16,993,573	16,542,004	33,535,577
Balance at 31 March 2018	164,597,676	46,904,504	211,502,180
Adjustment on initial application of HKFRS 9 (note 2(c)(iii))	46,904,504	(46,904,504)	-
Balance at 1 April 2018, as adjusted	211,502,180	-	211,502,180
Total comprehensive income for 2018-19	11,543,017	-	11,543,017
Balance at 31 March 2019	223,045,197	-	223,045,197

The accompanying notes 1 to 15 form part of these financial statements.

**GENERAL CHINESE CHARITIES FUND  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 MARCH 2019**

	Note	2019 HK\$	2018 HK\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Surplus for the year		11,543,017	16,993,573
Adjustments for :			
Dividend income		(6,679,484)	(5,467,167)
Interest income		(907,336)	(325,469)
Net revaluation gains on financial assets measured at fair value through income and expenditure account		(5,478,456)	-
Gains on disposal of available-for-sale financial assets		-	(3,528,747)
Exchange losses		299	447
Transfer from Chinese Temples Fund		(2,918,947)	(9,737,544)
Transfer to Tung Wah Group of Hospitals		2,918,947	9,737,544
(Increase)/Decrease in accounts receivable		(12,515)	61
Increase in prepayments		(127,754)	(59,818)
Increase/(Decrease) in provision for staff gratuity		87,196	(838,705)
Increase/(Decrease) in provision for untaken leave		61,706	(69,771)
Increase in accounts payable and accrued charges		1,889,411	1,070,130
<b>NET CASH FROM OPERATING ACTIVITIES</b>		<b>376,084</b>	<b>7,774,534</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from disposal of available-for-sale financial assets		-	5,480,327
Acquisition of financial assets measured at fair value through income and expenditure account		(5,551,859)	-
Dividend received		6,124,433	5,540,456
Interest received		834,670	237,411
<b>NET CASH FROM INVESTING ACTIVITIES</b>		<b>1,407,244</b>	<b>11,258,194</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>1,783,328</b>	<b>19,032,728</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>		<b>72,121,027</b>	<b>53,088,299</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>6</b>	<b>73,904,355</b>	<b>72,121,027</b>

The accompanying notes 1 to 15 form part of these financial statements.

## GENERAL CHINESE CHARITIES FUND

### NOTES TO THE FINANCIAL STATEMENTS

#### 1. GENERAL

The General Chinese Charities Fund (the Fund) was established under section 8 of the Chinese Temples Ordinance (Cap. 153) and may in the discretion of the Chinese Temples Committee (the Committee) be applied:

- (a) to the pay of the necessary staff and the other expenses incurred by the Committee in the exercise of its powers; and
- (b) for the purposes of any Chinese charity in Hong Kong,

in accordance with section 9(1) of the Chinese Temples Ordinance.

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 paragraph 9(1) of the General Chinese Charities Fund Directions (Cap. 153 sub. leg. B) 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 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 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 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 investment revaluation reserve to accumulated surplus.

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	Financial assets at amortised cost
Accounts receivable	Loans and receivables	Financial assets at amortised cost
Investments in equity securities	Available-for-sale financial assets	Financial assets 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.

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

Investments in equity securities amounting to HK\$141,590,942 as at 31 March 2018 previously classified as available-for-sale financial assets carried at fair value were reclassified to financial assets measured at fair value through income and expenditure account (Note 3) 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\$46,904,504 was transferred from the investment revaluation reserve to accumulated surplus as at 1 April 2018. The carrying amounts of investments in equity securities as at 1 April 2018 were the same as those as at 31 March 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 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 Fund 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.

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 as at 1 April 2018	46,904,504
Reclassification of financial assets from available-for-sale to fair value through income and expenditure account	(46,904,504)
Balance as at 1 April 2018, as adjusted	-
	=====
<b>Accumulated surplus</b>	
Balance as at 1 April 2018	164,597,676
Reclassification of financial assets from available-for-sale to fair value through income and expenditure account	46,904,504
Balance as at 1 April 2018, as adjusted	211,502,180
	=====

**(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 11(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 investments in 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.

*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. 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.

(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 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 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 assessment, 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 on an accrual basis using the effective interest method. Dividend income is recognised when the Fund's right to receive payment is established.

**(g) Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand, demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value, having been within three months of maturity when acquired.

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

	<b>2019</b> <b>HK\$</b>	<b>2018</b> <b>HK\$</b>
Equity securities listed in Hong Kong, at fair value	152,621,257	-

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

	<b>2019</b> <b>HK\$</b>	<b>2018</b> <b>HK\$</b>
Equity securities listed in Hong Kong, at fair value	-	141,590,942

**5. ACCOUNTS RECEIVABLE**

	<b>2019</b> <b>HK\$</b>	<b>2018</b> <b>HK\$</b>
Interest receivable	175,205	102,539
Dividend receivable	1,363,307	808,555
Others	16,110	3,595
	<hr/> 1,554,622 <hr/> <hr/>	<hr/> 914,689 <hr/> <hr/>

**6. CASH AND CASH EQUIVALENTS**

	<b>2019</b> <b>HK\$</b>	<b>2018</b> <b>HK\$</b>
Time deposits with original maturity within three months	57,182,959	55,145,511
Cash with government departments	8,628,370	6,911,562
Cash at banks	8,093,026	10,063,954
	<hr/> 73,904,355 <hr/> <hr/>	<hr/> 72,121,027 <hr/> <hr/>

**7. PROVISION FOR STAFF GRATUITY**

	<b>2019</b> <b>HK\$</b>	<b>2018</b> <b>HK\$</b>
Balance at beginning of year	1,080,136	1,918,841
Provision for the year	942,906	1,042,818
Payments during the year	(855,710)	(1,881,523)
Balance at end of year	<hr/> 1,167,332 <hr/> <hr/>	<hr/> 1,080,136 <hr/> <hr/>

## 8. ACCOUNTS PAYABLE AND ACCRUED CHARGES

	<b>2019</b> <b>HK\$</b>	<b>2018</b> <b>HK\$</b>
Staff costs	104,637	79,271
Accrued rental and related charges	24,425	24,425
Grants	2,819,850	1,458,813
Other operating expenses	878,482	375,474
	<hr/> 3,827,394 <hr/> <hr/>	<hr/> 1,937,983 <hr/> <hr/>

## 9. GRANTS

	<b>2019</b> <b>HK\$</b>	<b>2018</b> <b>HK\$</b>
Home Affairs Department's emergency relief grants	3,762,000	1,223,000
Charity programmes (including write back of provision)	2,490,186	1,787,024
Scholarships for temple management courses	314,000	144,000
	<hr/> 6,566,186 <hr/> <hr/>	<hr/> 3,154,024 <hr/> <hr/>

## 10. STAFF COSTS

Staff costs for the year include an amount of HK\$3,442,009 (2018: HK\$3,269,192) charged by the Government for civil servants seconded to the Trust Funds and Temples Joint Secretariat, the executive arm of the Committee.

## 11. FINANCIAL RISK MANAGEMENT

(a) The Fund's major financial instruments are financial assets measured at fair value through income and expenditure account, accounts receivable and bank deposits. The major risks associated with these financial instruments are set out below.

### (i) Credit risk

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

To minimise the credit risks arising from bank deposits, all time deposits and bank balances are placed with reputable licensed banks in Hong Kong. For the cash balances placed with government departments, the credit risk is considered to be minimal.

At the reporting date, the credit quality of time deposits and bank balances, analysed by the lower of ratings designated by Moody's or Standard & Poor's, is as follows:

	<b>2019</b>	<b>2018</b>
	<b>HK\$</b>	<b>HK\$</b>
Time deposits and bank balances, by credit rating		
Aa1 to Aa3 / AA+ to AA-	8,093,026	10,063,954
A1 to A3 / A+ to A-	40,765,052	39,821,647
Baa1 / BBB+	16,417,907	15,323,864
	<u>65,275,985</u>	<u>65,209,465</u>
	=====	=====

For accounts receivable, the Fund believes that there is no material credit risk inherent in the Fund's outstanding balance because the counterparties have no history of default in the past.

The credit risk on time deposits, bank balances, cash balances with government departments and accounts receivable 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 Fund has estimated that 12-month expected credit losses on these financial instruments are immaterial and considers that no loss allowance is required.

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.

**(ii) Market risk**

**(1) 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, at the reporting date, if the market prices of the respective equity securities had been 14% (2018: 14%) higher/lower, surplus of the Fund would have increased/decreased by about HK\$21,000,000 (2018: other comprehensive income and the investment revaluation reserve would have increased/decreased by about HK\$20,000,000). 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.

(2) 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 surplus and equity.

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

**(iii) Liquidity risk**

In the management of liquidity risk, the Fund maintains a level of cash and cash equivalents that is considered adequate to finance its operations and mitigate the effect 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 Fund can be required to pay, were one year or less (2018: one year or less).

**(b) 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".

	<b>2019</b>		<b>2018</b>	
	<b>Level 1</b>	<b>Total</b>	<b>Level 1</b>	<b>Total</b>
	<b>HK\$</b>	<b>HK\$</b>	<b>HK\$</b>	<b>HK\$</b>
<b>Assets</b>				
Financial assets measured at fair value through income and expenditure account (2018: Available-for-sale financial assets)				
- Listed equity securities	152,621,257	152,621,257	141,590,942	141,590,942
	=====	=====	=====	=====

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).

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

## **12. CAPITAL MANAGEMENT**

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

- (a) to comply with section 9(1) of the Chinese Temples Ordinance; and
- (b) to maintain a strong capital base for the purposes of any Chinese charity in Hong Kong.

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



### 13. COMMITMENTS

#### (a) Financial commitments

At 31 March 2019, the Fund had financial commitments approved by the Committee, so far as not provided for in the financial statements, as follows:

	<b>2019</b> <b>HK\$</b>	<b>2018</b> <b>HK\$</b>
Grants for charity programmes	5,119,271	5,370,136
Contracted purchases	-	733,471
	<hr/> 5,119,271	<hr/> 6,103,607
	<hr/> <hr/>	<hr/> <hr/>

#### (b) Lease commitments

As at 31 March 2019, the total future minimum lease payments under non-cancellable operating leases of premises were payable as follows:

	<b>2019</b> <b>HK\$</b>	<b>2018</b> <b>HK\$</b>
Not later than one year	1,433,925	2,458,156
In the second to fifth year inclusive	-	1,433,925
	<hr/> 1,433,925	<hr/> 3,892,081
	<hr/> <hr/>	<hr/> <hr/>

### 14. FAIR VALUES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

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

**15. 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, except for HKFRS 16 Leases which is effective for accounting periods beginning on or after 1 January 2019. HKFRS 16 will primarily affect the Fund's accounting as a lessee of the lease for premises which is currently classified as an operating lease. The adoption of HKFRS 16 is expected to lead to an increase in both assets and liabilities and affect the timing of expense recognition in the income and expenditure account over the period of the lease. The Fund has yet to assess the impact of the standard on its financial statements.