

**SIR DAVID TRENCH  
FUND FOR  
RECREATION  
ANNUAL REPORT  
2011-2012**

## CONTENTS

	Page
Members of Committees 2011-2012	2
Members of Investment Advisory Committee 2011-2012	2
Board of Directors of Hong Kong Sports Institute Limited 2011-2012	3
Members of Elite Training and Athletes Affairs Committee 2011-2012	3
Members of Hong Kong Arts Development Council 2011-2012	4
Trustee's Report	5
Report of the Secretary for Home Affairs	9
Report of the Director of Audit	12
Balance Sheet	14
Income and Expenditure Account	16
Statement of Changes in Equity	17
Statement of Cash Flows	19
Notes to the Financial Statements	20
Schedule 1 Statement of Approved Grants	39
Schedule 2 Summary of Approved Grants and Outstanding Commitments	46
Charts -	
Main Fund	
- Approved Grants by Types of Organisation for the Year Ended 31 March 2012	47
- Approved Grants for the Years 2007-08 to 2011-12	48
Sports Aid for the Disabled Fund	
- Approved Grants for the Years 2007-08 to 2011-12	49
Sports Aid Foundation Fund	
- Approved Grants for the Years 2007-08 to 2011-12	50
Arts Development Fund	
- Approved Grants for the Years 2007-08 to 2011-12	51
Hong Kong Athletes Fund	
- Approved Grants for the Years 2007-08 to 2011-12	52
Arts and Sport Development Fund	
- Approved Grants by Types of Activity for the Year Ended 31 March 2012	53
- Approved Grants for the Years 2007-08 to 2011-12	54
Schedule 3 Statement of Investments	55

**MEMBERS OF COMMITTEES 2011-2012**

**SIR DAVID TRENCH FUND COMMITTEE 2011-2012**

*Chairman :* Mr Wilfred NG Sau-kei, SBS, MH, JP

*Members :* Mr Ivan CHU Siu-lun  
Mr John FAN Kam-ping, BBS, JP  
Mr GENG Chun-ya  
Miss Lisa LAU Man-man, MH, JP  
Mr Douglas LEE Kar-yan  
Ms Susana LO Yin-bing, MH  
Miss Agnes TSANG Kwan-yuk  
Mr Sam WONG Tak-sum  
Representative of Hong Kong Council of Social Service  
Representative of Home Affairs Bureau  
Representative of Home Affairs Department  
Representative of Leisure and Cultural Services Department  
Representative of Social Welfare Department

*Secretary :* Mr Andy LIU  
Home Affairs Bureau

**INVESTMENT ADVISORY COMMITTEE 2011-2012**

*Chairman :* Mr Lawrence CHEUNG Wai-kou, MH, JP (w.e.f. 1.7.2011)  
Mr TSANG-chung, Jacob (up to 30.6.2011)

*Members :* Mr Lawrence CHEUNG Wai-kou, MH, JP (up to 30.6.2011)  
Mr Irons SZE, JP  
Mr TSANG Kwong-wing, Ernest  
Miss LAM Man-ngar, Norris (w.e.f. 1.7.2011)  
Miss TSANG Wai-sze, Selina (w.e.f. 1.7.2011)

*Secretary :* Mr Edward CHENG (w.e.f. 1.2.2012)  
Treasury  
Mr Andrew CHAN (up to 31.1.2012)  
Treasury

**HONG KONG SPORTS INSTITUTE LIMITED  
BOARD OF DIRECTORS 2011-2012**

*Chairman :* Dr Eric LI Ka-cheung, GBS, JP

*Vice-Chairman :* Mr TANG Kwai-nang, BBS, JP  
Mr Carlson TONG Ka-shing, JP

*Directors :* Dr Julian CHANG Wai, MH  
Dr Kenneth CHU Ting-kin  
Mr Adam KOO  
Mr Karl KWOK Chi-leung, MH  
Mr LAM Cheuk-yum  
Dr James LAM, JP  
Dr Hon LAM Tai-fai, BBS, JP  
Ms Vivien LAU Chiang-chu, BBS, JP  
Mr Michael LEE Tze-hau  
Mr Matthias LI Sing-chung  
Ms Winnie NG  
Ms Malina NGAI Man-lin  
Mr Thomas J WU  
Ms Lisa YIP Sau-wah, JP  
Mr Jonathan McKINLEY, JP  
Mr Bobby CHENG Kam-wing, JP

*Alternate Directors :* Mr Benjamin MOK Kwan-yu  
(as alternate director to Mr Jonathan McKINLEY, JP)  
Ms Olivia CHAN Yeuk-oi  
(as alternate director to Mr Bobby CHENG Kam-wing, JP)

*Secretary :* Ms Doris KWOK  
(*Non-Director*)

**HONG KONG SPORTS INSTITUTE LIMITED  
ELITE TRAINING AND ATHLETES AFFAIRS COMMITTEE 2011-2012**

*Chairman :* Mr TANG Kwai-nang, BBS, JP

*Members :* Dr Julian CHANG Wai, MH  
Mr Karl KWOK Chi-leung, MH  
Dr James LAM, JP  
Dr Hon LAM Tai-fai, BBS, JP  
Ms Vivien LAU Chiang-chu, BBS, JP  
Ms Malina NGAI Man-lin  
Mr Thomas J WU  
Mr Benjamin MOK Kwan-yu  
Ms Olivia CHAN Yeuk-oi

**HONG KONG ARTS DEVELOPMENT COUNCIL 2011-2012**

*Chairman :* Mr Wilfred WONG Ying-wai, SBS, JP

*Vice-Chairman :* Ms Lina YAN Hau-yee, MH, JP

*Members :* Mr William AU Weng-hei, BBS, JP  
Dr Eric CHENG Kam-chung, MH, JP  
Ms CHOI Tsz-kwan  
Mr CHOI Yick-wai  
Mr Christopher CHUNG Shu-kun, BBS, MH, JP  
Ms Barbara FEI, BBS  
Mr James Mathew FONG  
Mr HO Ho-chuen  
Mr HUNG Keung  
Mr Leon KO Sai-tseung  
Mr KO Tin-lung  
Mr Perry LAM  
Mr LEE Kam-yin, MH  
Mr Alan LO Yeung-kit  
Professor Eva MAN Kit-wah  
Ms Emily MOK Fung-yee, MH, JP  
Mr NG Kang-fai  
Ms Nikki NG Mien-hua  
Mr TO Kei-fung, MH  
Mr YUEN Siu-fai  
Secretary for Home Affairs or his representative  
Permanent Secretary for Education or his representative  
Director of Leisure and Cultural Services or his representative

*Secretary :* Mr CHOW Yung-ping  
(Chief Executive, Hong Kong Arts Development Council)

## **TRUSTEE'S REPORT**

### **MAIN FUND**

In January 1970, a sum of \$3 million was donated for the promotion of recreational and related activities to commemorate the governorship of Sir David TRENCH and also as a token of appreciation of the work of the Civil Service and of the many public spirited citizens who served on advisory boards and committees. An ordinance to establish a fund for the purposes the donor had in mind was passed by the Legislative Council on 11 February 1970 (Chapter 1128 of the Laws of Hong Kong – Sir David Trench Fund for Recreation Ordinance). Section 6 of the Ordinance sets out special provisions relating to the manner in which the Fund may be applied. This section states that the original capital sum of \$3 million must not be used for the objects specified in section 5 without the prior approval of the Legislative Council. It follows that without this special approval, the Fund would not have been able to begin operation until income began to flow from the capital sum. To overcome this problem, the donor of the original capital sum of \$3 million very generously provided an additional \$0.2 million. In 1979, the then Governor directed that a grant of \$15 million should be made from the Lotteries Fund to the Sir David Trench Fund for Recreation to replenish the Fund's capital so as to ensure that sufficient income was generated to meet calls on the Fund. In April 1991, a sum of \$5 million was donated to the Fund by the Hong Kong Jockey Club (Charities) Ltd. This donation was regarded as an addition to the capital of the Fund and only the income generated from this donation could be used for payment of grants. Total capital injections to the Fund since its establishment now stand at \$23.2 million. For the purposes of this report and the annual accounts, the moneys of this Fund are referred to as the Main Fund so as to distinguish these moneys from those of the other Funds established under the aegis of the Sir David Trench Fund for Recreation as mentioned in paragraphs 2 to 6 below.

### **SPORTS AID FOR THE DISABLED FUND**

2. In August 1985, the Finance Committee of the Legislative Council approved a donation of \$1.5 million to be made to the Sir David Trench Fund for Recreation to set up a fund for the promotion of sport for the disabled. The capital sum of this donation should be kept intact and the investment income accruing thereon should be used specifically for the purpose of promoting sport for the disabled. This Fund was named the Sports Aid for the Disabled Fund. In July 1992, a sum of \$5 million was donated towards the capital of the Fund by the Hong Kong Jockey Club (Charities) Ltd., bringing the total capital to \$6.5 million.

### **SPORTS AID FOUNDATION FUND**

3. On 9 February 1987, approval was given under section 6 of the Ordinance to set up an independent fund called the Sports Aid Foundation Fund, to be administered under the aegis of the Sir David Trench Fund for Recreation, for the purpose of assisting financially needy sportsmen in their pursuit of excellence. Under this approval, the capital of this Fund has been used to generate recurrent income which is being applied specifically for the purpose of this Fund. In May and December 1987, two sums of \$5 million each were donated to the Fund by the Hong Kong Jockey Club (Charities) Ltd., making a total capital of \$10 million for the year 1987-88. During the year 1988-89, two additional sums were received bringing the capital of the Fund to \$15.577 million, one being the transfer to the Fund of the balance of \$0.577 million in the then Governor's Special Fund in October 1988, and the other being a donation of \$5 million from the Hong Kong Jockey Club (Charities) Ltd. received in March 1989. Since 1989-90, two further sums totalling \$25 million were donated by the Hong Kong Jockey Club (Charities) Ltd. to the Fund, one for \$5 million received in July 1990 and the other for \$20 million received in July 1992, which brought the total capital to \$40.577 million.

### **ARTS DEVELOPMENT FUND**

4. On 14 May 1993, the Finance Committee of the Legislative Council approved a grant of \$30 million to the Sir David Trench Fund for Recreation to enhance the development of arts in Hong Kong. For this purpose, approval was given under section 6 of the Ordinance to set up an independent fund, to be known as the Arts Development Fund, under the aegis of the Sir David Trench Fund for Recreation in May 1993. In January 2007, the Finance Committee of the Legislative Council approved a further sum of \$20 million to be injected into the Fund, which brought the total capital to \$50 million. Both the capital of the Fund and any income generated therefrom may be expended specifically for the purpose of the Fund.

## **HONG KONG ATHLETES FUND**

5. In August 1996, the Government announced the setting up of the Hong Kong Athletes Fund to help individual athletes to pursue excellence in their chosen sports and to provide them with the opportunity to develop alternative careers upon their retirement from competitive sport. On 23 January 1997, approval was given under section 5 of the Ordinance to incorporate the Fund into the Sir David Trench Fund for Recreation. For this purpose, the Government injected \$8 million, which together with donations totalling \$5.171 million from the community raised the capital of the Fund to \$13.171 million. Additional donations totalling \$0.077 million were received in 1997-98 and brought the capital of the Fund to \$13.248 million. As directed by the Government, the capital sum of this Fund must be kept intact and only the investment income accruing thereon may be used for the purpose of the Fund. In March 2009, the Government injected a sum of \$5 million into the Fund, which brought the capital to \$18.248 million. The sum of \$5 million injected may be expended specifically for the special scheme for young athletes. In March 2012, a donation of \$4.9 million was injected into the Fund which may be expended specifically for athlete education, bringing the total capital to \$23.148 million. The capital sum of this Fund which must be kept intact remains at \$13.248 million.

## **ARTS AND SPORT DEVELOPMENT FUND**

6. On 31 January 1997, the Finance Committee of the Legislative Council approved a grant of \$300 million for the establishment of the Arts and Sport Development Fund. The purpose of this Fund is to provide funding mainly to the Hong Kong Arts Development Council and the Hong Kong Sports Development Board for the implementation of their respective five-year strategic plans for the development of arts and sport in Hong Kong. This Fund was subsequently set up in accordance with section 5 of the Ordinance on 8 March 1997 under the aegis of the Sir David Trench Fund for Recreation. In January 2007, the Finance Committee of the Legislative Council approved a further sum of \$80 million to be injected into the Fund. In February 2009, the Finance Committee of the Legislative Council approved another sum of \$150 million to be injected into the Fund, which brought the total capital to \$530 million. Both the capital and any income generated therefrom may be expended specifically for the purpose of the Fund. In July 2010, the Finance Committee of the Legislative Council approved a further sum of \$3 billion to be injected into the Fund. The \$3 billion injection, which should be kept intact in the long run, brought the total capital to \$3.53 billion.

## **OBJECTS OF THE SIR DAVID TRENCH FUND FOR RECREATION**

7. Section 5 of the Ordinance requires the Trustee to apply the Fund in such manner as the Chief Executive may direct for the following objects :

- (a) the provision of, or assistance in the provision of facilities for recreational, sporting, cultural and social activities; and
- (b) such objects ancillary or incidental to the objects set out in paragraph (a) as the Chief Executive may consider appropriate.

## **COMMITTEES**

8. In April 1970, the then Governor appointed the Sir David Trench Fund for Recreation Advisory Committee to assist him in determining the purposes for which the Fund should be applied. Subsequently in October 1976, this Advisory Committee was disbanded and the Council for Recreation and Sport took over the responsibilities of recommending how the income of the Fund should be utilized. In January 1983, a further committee, the Sir David Trench Fund Committee, was established which was directly responsible to the Council for Recreation and Sport for administering the Main Fund.

9. Following the establishment of the Sports Aid for the Disabled Fund in August 1985, the Sports Aid for the Disabled Committee was established in January 1986, which was directly responsible to the Council for Recreation and Sport for administering the Sports Aid for the Disabled Fund. Subsequently in November 1987, this committee was disbanded following the establishment of a Sports Aid Committee, which was directly responsible to the Council for Recreation and Sport for administering the two sports aid funds, namely, the Sports Aid for the Disabled Fund and the Sports Aid Foundation Fund.

10. The term of office of the Council for Recreation and Sport, with its committees including the Sir David Trench Fund Committee and the Sports Aid Committee, ended on 31 October 1989.

11. Since November 1989, the then Secretary for Broadcasting, Culture and Sport (the Secretary for Home Affairs with effect from 9 April 1998) has directly approved the allocation of funds by way of grants from the Main Fund. In January 1990, a new committee, the Sir David Trench Fund Committee, was established to advise him on the allocation of these funds. The membership of the Sir David Trench Fund Committee is detailed on page 2.

12. With regard to the Sports Aid for the Disabled Fund and the Sports Aid Foundation Fund, a Provisional Sports Development Board was established in November 1989 and was delegated the authority to approve and disburse funds from these two Funds. On 1 April 1990, the Hong Kong Sports Development Board was formally established and subsequently in April 1990 a Sports Aid Foundation Fund and Sports Aid for the Disabled Fund Committee was established under the Board to advise on the disbursement of grants from these two Funds. The Committee was renamed the Sports Aid Committee with effect from 6 January 1997, and its ambit has been extended since March 1997 to include the provision of advice to the Hong Kong Athletes Fund on the disbursement of grants. On 1 April 1998, the Committee was restructured and renamed the Sports Aid Sub-Committee. On 6 May 2003, the Sports Aid Sub-Committee was further renamed as the Athletes Support Sub-Committee. With the dissolution of the Hong Kong Sports Development Board on 1 October 2004, the Hong Kong Sports Institute Limited was established on the same day. The Elite Training and Athletes Affairs Committee was established under the Institute to approve and disburse grants from the three Funds with effect from 1 October 2004. The current memberships of the Hong Kong Sports Institute Limited and the Elite Training and Athletes Affairs Committee are detailed on page 3.

13. Disbursements from the Arts Development Fund are approved by the then Secretary for Broadcasting, Culture and Sport (and by the Secretary for Home Affairs with effect from 9 April 1998) on the advice of the Hong Kong Arts Development Council. The Hong Kong Arts Development Council was set up on 15 April 1994 initially as a non-statutory body. It became a statutory body on 1 June 1995 and its current membership is detailed on page 4.

14. Under subsection 1 of section 7 of the Ordinance, the Trustee may invest any moneys of the fund in such investments as the Chief Executive may direct, subject, in the case of investments which are not trust investments, to the prior approval of the Investment Advisory Committee. The membership of this Committee is detailed on page 2.

## **FINANCIAL STATEMENTS**

15. The financial statements, which comprise the balance sheet as at 31 March 2012, the income and expenditure account, the statement of changes in equity and the statement of cash flows for the year then ended are at pages 14 to 38.

16. Under the Main Fund, expenditure exceeded income by \$11.605 million. Income from dividends and interest was \$3.169 million and net revaluation losses on investments in securities were \$5.305 million. Expenditure on grants was \$5.841 million. The accumulated surplus was \$122.189 million at 31 March 2012.

17. Under the Sports Aid for the Disabled Fund, income exceeded expenditure by \$0.112 million. Interest income was \$0.130 million and net revaluation losses on investments in securities were \$0.018 million. There was no grant payment during the year. The accumulated surplus was \$1.132 million at 31 March 2012.

18. Under the Sports Aid Foundation Fund, expenditure exceeded income by \$0.341 million. Income from dividends and interest was \$1.654 million and net revaluation losses on investments in securities were \$1.943 million. There was no grant payment during the year. The accumulated surplus was \$20.688 million at 31 March 2012.

19. Under the Arts Development Fund, expenditure exceeded income by \$3.302 million. Interest income was \$0.252 million. Expenditure on grants was \$3.531 million. The accumulated deficit was \$36.460 million at 31 March 2012.

20. Under the Hong Kong Athletes Fund, expenditure exceeded income by \$0.865 million. Income from dividends and interest was \$0.746 million and net revaluation losses on investments in securities were

\$0.854 million. Expenditure on grants was \$0.741 million. The accumulated surplus was \$7.684 million at 31 March 2012.

21. Under the Arts and Sport Development Fund, expenditure exceeded income by \$180.567 million. Income from dividends and interest was \$58.836 million and net revaluation losses on investments in securities were \$29.790 million. Expenditure on grants was \$88.695 million. The accumulated deficit was \$445.593 million at 31 March 2012.

## **GRANTS**

22. Details of the expenditure on grants in 2011-2012 are shown in the Statement of Approved Grants in Schedule 1 on pages 39 to 45. A summary of approved grants over the years and outstanding commitments as at 31 March 2012 is provided in Schedule 2 on page 46. Charts relating to approved grants for the last five years are shown on pages 47 to 54.

## **INVESTMENTS**

23. Investments as at 31 March 2012 are shown in Schedule 3 on pages 55 to 56.

**Mrs Lesley Y C WONG**  
*Director of Accounting Services*  
*The Trustee of the Sir David Trench Fund for Recreation*  
27 June 2012

**REPORT OF THE SECRETARY FOR HOME AFFAIRS  
ON THE SIR DAVID TRENCH FUND FOR RECREATION 2011-2012**

**SIR DAVID TRENCH FUND FOR RECREATION**

The Sir David Trench Fund for Recreation (the Fund) is used, as the Chief Executive may direct, for provision of, or assistance in the provision of facilities for recreational, sporting, cultural and social activities. Grants from the Fund support projects aimed at the development of the individual and his or her identity and involvement in the life of the community of Hong Kong. In keeping with the donor's wishes, emphasis is placed on encouraging the purposeful use of leisure by young people.

2. The tasks of vetting applications for grants and making recommendations on all matters of a financial, procedural or policy related nature in respect of the Fund are undertaken by the Sir David Trench Fund (SDTF) Committee. The membership of the Committee is shown on page 2.

3. Applicants may apply for the grants under the categories of the Capital Works Projects which aim at building new recreational facilities, the Non-Capital Works Projects which cover the purchase of equipment, and the Special Projects which support projects with a specific purpose determined by the SDTF Committee periodically. Eligible projects should -

- (a) involve direct organisation of physical education, sporting and cultural activities which encourage the purposeful use of leisure by young people;
- (b) be of long-term benefit and reach out to the widest possible cross-section of the community;
- (c) only utilise the grant to cover one-off expenditure and not recurrent commitments. The grants are expected to be spent within the specified period, and the project concerned must be self-financing thereafter; and
- (d) be assessed on the basis of the best use of the Fund. The SDTF Committee will consider both the scope and the amount of grant requested in each application and decide whether the project will be supported in full or in part.

4. Priority will be given to new applicants, in particular, those who have no access to regular funding sources.

5. Capital Works Projects should be specifically of the "brick and mortar" type and for the construction of new recreational facilities. In 2011-2012, a total of \$2,123,564 from the Fund helped to pay for the six capital works projects listed on page 41.

6. Non-Capital Works Projects should achieve long-term benefits and encourage the purposeful use of leisure by young people. The Fund should be used for the purchase of durable equipment for use in recreational, sporting and cultural activities. In 2011-2012, a total of \$2,665,836 was awarded to the organisations and agencies listed on pages 40 to 41.

7. Special Projects should provide facilities or equipment in the furtherance of a specific purpose determined by the SDTF Committee. The purpose for the years 2009-2010 to 2011-2012 has been "Construction of New Sports Facilities, Improvement of Existing Sports Facilities and Purchase of Sports Equipment for enhancement of training in elite sport and developing sport at the community level". In 2011-2012, a total of \$6,863,853 was awarded to five projects which were in compliance with the said purpose.

**SPORTS AID FOUNDATION FUND**

8. The Sports Aid Foundation Fund (SAFF) was set up on the advice of the then Council for Recreation and Sport in February 1987 with the aim of assisting financially needy athletes in their pursuit of excellence. The SAFF is intended to provide financial assistance in two areas, namely -

## ***Sir David Trench Fund For Recreation***

- (a) training expenses: equipment, special diets, coaching fees, travelling expenses, etc.; and
- (b) allowances to alleviate financial difficulties arising from loss of earnings as a result of participation in training and competitions.

9. The Elite Training and Athletes Affairs Committee of the Hong Kong Sports Institute Limited is responsible for advising on the disbursement of grants from the SAFF. Membership of the Committee is shown on page 3.

10. The current capital of the SAFF is \$40,577,000, of which \$40,000,000 was donated by the then Royal Hong Kong Jockey Club and the balance was from a Government grant. Only income generated from the capital of the SAFF may be disbursed.

11. In 2007-2008, the Hong Kong Sports Institute Limited implemented a new financial support scheme known as the Elite Training Grant. Since then, no applications for grants from the SAFF have been received. We are considering the possibility of dissolving the SAFF and re-allocating the relevant resources to the Fund.

### **SPORTS AID FOR THE DISABLED FUND**

12. The Sports Aid for the Disabled Fund (SADF) was set up with a Government donation of \$1,500,000 in August 1985 to promote sport for disabled people. The then Royal Hong Kong Jockey Club donated \$5,000,000 to the SADF in July 1992, increasing the capital of the SADF to \$6,500,000.

13. The Elite Training and Athletes Affairs Committee of the Hong Kong Sports Institute Limited is responsible for advising on the disbursement of grants from the SADF. Membership of the Committee is shown on page 3.

14. In 2007-2008, the Hong Kong Sports Institute Limited implemented a new financial support scheme known as the Sports Aid for The Disabled Grant. Since then, no applications for grants from the SADF have been received. We are considering the possibility of dissolving the SADF and re-allocating the relevant resources to the Fund.

### **ARTS AND SPORT DEVELOPMENT FUND**

15. In January 1997, the Finance Committee of the Legislative Council approved the setting up of the Arts and Sport Development Fund (ASDF) as a sub-fund under the Sir David Trench Fund for Recreation to provide funding for the key initiatives of the Hong Kong Arts Development Council and the then Hong Kong Sports Development Board in their respective five-year strategic plans, and other projects that, in the Secretary for Home Affairs's opinion, will make significant contribution to the further development of the arts and sport in the community. A sum of \$300,000,000 was approved as a one-off injection into the ASDF. The amounts allocated for the arts and sport were \$160,000,000 and \$140,000,000 respectively. Any investment income generated is ploughed back into the ASDF. On 26 January 2007, the Finance Committee of the Legislative Council approved an injection of \$80,000,000 into the ASDF, \$40,000,000 for the arts and another \$40,000,000 for sport. On 20 February 2009, the Finance Committee approved an injection of \$150,000,000 into the ASDF, \$60,000,000 for the arts and \$90,000,000 for sport.

16. To promote further the development of the arts and sport, the Finance Committee of the Legislative Council approved on 2 July 2010 an injection of \$3 billion into the ASDF as seed money for generating an annual investment return to provide sustainable additional resources for subsidising the long-term development of sport, culture and the arts.

17. Before the injection of funds to the ASDF in July 2010, the arts portion of ASDF primarily supported the arts projects of the Hong Kong Art Development Council (HKADC). With the new injection, it is estimated that an annual provision of \$60,000,000 would be available for disbursement in the arts category. Of the \$60,000,000, \$30,000,000 is earmarked as an enhanced provision for HKADC to support schemes or projects under its purview, and the other \$30,000,000 will be disbursed under a new funding scheme entitled the Arts Capacity Development Funding Scheme (ACDFS). The ACDFS seeks to enhance the capacity development of

local artistic talents by providing funding support to promising artists and small to medium-sized arts groups, and cultivate a supportive culture for the arts in the community through a matching grant element. As for the sport portion of ASDF, the injection of funds has enabled us to increase support for Hong Kong athletes' preparation for and participation in major sports games, the hosting of major international sports events in Hong Kong, as well as other one-off initiatives to encourage the development and promotion of sport in Hong Kong. With the endorsement of the Sports Commission, we will also provide funding for new projects, including support for hosting more high standard sports events in Hong Kong, and promotion of the development of local football and other team sports.

18. In 2011-2012, a total of \$109,404,576 was allocated from the ASDF, of which \$26,105,000 was allocated to seven arts projects and \$83,299,576 was allocated to 31 sports development projects.

## **HONG KONG ATHLETES FUND**

19. On 9 August 1996, the Government announced the setting up of the Hong Kong Athletes Fund (HKAF) to which it would commit one dollar (up to a maximum of \$8,000,000) for every dollar contributed by the community. The broad aim of the HKAF is to provide grants for educational and other academic training to individual athletes to allow them to pursue excellence in their chosen sport and to provide them with the opportunity to develop alternative careers upon retirement from competitive sport.

20. On 12 November 1996, the Government agreed to donate \$8,000,000 to the HKAF. This sum together with public donations of \$5,248,000 brought the total capital of the HKAF to \$13,248,000 as at 31 March 2002. The capital is kept intact and the investment income accruing thereon is used to meet the objects of the HKAF. A sum of \$5,000,000 was approved in 2008-2009 as a one-off injection into the HKAF to reward young athletes who win medals at major international youth games with educational subsidies from the HKAF.

21. The Elite Training and Athletes Affairs Committee of the Hong Kong Sports Institute Limited is responsible for advising on the disbursement of grants from the HKAF. Membership of the Committee is shown on page 3.

22. In 2011-2012, a total of \$907,160 was allocated from the HKAF, with individual grants ranging from \$80,760 to \$246,300 approved to cover the tuition fees and subsistence allowance of seven athletes. Six of them were subsidized by the "Hong Kong 2009 East Asian Games Education Scheme" under HKAF, with a total amount of \$783,860.

## **ARTS DEVELOPMENT FUND**

23. The Arts Development Fund (ADF) was set up with a government contribution of \$30,000,000 in May 1993. The Secretary for Home Affairs is the authority for disbursing grants from the ADF. The ADF aims to enhance the development of the arts and culture in Hong Kong. Since the end of 2001, it has been deployed to support mainly cultural exchange projects.

24. The Finance Committee of the Legislative Council approved an injection of \$20,000,000 into the ADF on 26 January 2007. In 2011-2012, a total of \$3,168,705 was approved for 46 cultural exchange projects.

**TSANG Tak-sing**  
*Secretary for Home Affairs*  
27 June 2012

## **REPORT OF THE DIRECTOR OF AUDIT**



**Audit Commission**

The Government of the Hong Kong Special Administrative Region

### **Independent Audit Report**

#### **To the Legislative Council**

I certify that I have audited the financial statements of the Sir David Trench Fund for Recreation set out on pages 14 to 38, which comprise the balance sheet as at 31 March 2012, and the income and expenditure account, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### **Director of Accounting Services' Responsibility for the Financial Statements**

The Director of Accounting Services, as the Trustee of the Sir David Trench Fund for Recreation, is responsible for the preparation of financial statements that give a true and fair view in accordance with section 9(1) of the Sir David Trench Fund for Recreation Ordinance (Cap. 1128) and Hong Kong Financial Reporting Standards, and for such internal control as the Director of Accounting Services determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### **Auditor's Responsibility**

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with section 9(2) of the Sir David Trench Fund for Recreation Ordinance and the Audit Commission auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement

of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Director of Accounting Services, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### **Opinion**

In my opinion, the financial statements give a true and fair view of the financial position of the Sir David Trench Fund for Recreation as at 31 March 2012, and of its financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with section 9(1) of the Sir David Trench Fund for Recreation Ordinance.

LAU Sun-wo  
Assistant Director of Audit  
for Director of Audit

27 June 2012

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

**BALANCE SHEET AS AT 31 MARCH 2012**

		Note	2012 HK\$'000	2011 HK\$'000
<b>MAIN FUND</b>	<b>ASSETS</b>			
	Cash at bank		691	298
	Deposits with banks	3	77,437	31,961
	Investments in securities	4	69,226	127,318
	Interest receivable		59	88
	<b>Total assets</b>		<b>147,413</b>	<b>159,665</b>
	<b>LIABILITIES</b>			
	Payables and other liabilities	5	(2,024)	(2,671)
	<b>Net assets</b>		<b>145,389</b>	<b>156,994</b>
	<b>Representing :</b>			
	<b>FUND BALANCE</b>			
Capital		23,200	23,200	
Accumulated surplus		122,189	133,794	
		<b>145,389</b>	<b>156,994</b>	
<b>SPORTS AID FOR THE DISABLED FUND</b>	<b>ASSETS</b>			
	Cash at bank		155	104
	Deposits with banks	3	6,630	6,552
	Investments in securities	4	828	847
	Interest receivable		19	17
	<b>Total assets</b>		<b>7,632</b>	<b>7,520</b>
	<b>Representing :</b>			
	<b>FUND BALANCE</b>			
	Capital		6,500	6,500
	Accumulated surplus		1,132	1,020
			<b>7,632</b>	<b>7,520</b>
<b>SPORTS AID FOUNDATION FUND</b>	<b>ASSETS</b>			
	Cash at bank		104	55
	Deposits with banks	3	36,163	16,436
	Investments in securities	4	24,717	44,801
	Interest receivable		281	314
	<b>Total assets</b>		<b>61,265</b>	<b>61,606</b>
	<b>Representing :</b>			
	<b>FUND BALANCE</b>			
	Capital		40,577	40,577
	Accumulated surplus		20,688	21,029
			<b>61,265</b>	<b>61,606</b>

**Sir David Trench Fund For Recreation**

**BALANCE SHEET - Continued**

		Note	2012 HK\$'000	2011 HK\$'000
<b>ARTS DEVELOPMENT FUND</b>	<b>ASSETS</b>			
	Cash at bank		1,292	126
	Deposits with banks	3	12,708	11,695
	Investments in securities	4	—	5,058
	Interest receivable		18	25
	<b>Total assets</b>		<b>14,018</b>	<b>16,904</b>
	<b>LIABILITIES</b>			
	Payables and other liabilities	5	(478)	(62)
	<b>Net assets</b>		<b>13,540</b>	<b>16,842</b>
	<b>Representing :</b>			
<b>FUND BALANCE</b>				
Capital		50,000	50,000	
Accumulated deficit		(36,460)	(33,158)	
			<b>13,540</b>	<b>16,842</b>
<b>HONG KONG ATHLETES FUND</b>	<b>ASSETS</b>			
	Cash at bank		546	96
	Deposits with banks	3	15,086	7,418
	Investments in securities	4	15,345	19,144
	Interest receivable		150	140
	<b>Total assets</b>		<b>31,127</b>	<b>26,798</b>
	<b>LIABILITIES</b>			
	Payables and other liabilities	5	(295)	(1)
	<b>Net assets</b>		<b>30,832</b>	<b>26,797</b>
	<b>Representing :</b>			
<b>FUND BALANCE</b>				
Capital		23,148	18,248	
Accumulated surplus		7,684	8,549	
			<b>30,832</b>	<b>26,797</b>
<b>ARTS AND SPORT DEVELOPMENT FUND</b>	<b>ASSETS</b>			
	Cash at bank		1,551	40,576
	Deposits with banks	3	1,608,543	1,205,139
	Investments in securities	4	1,457,352	2,015,527
	Interest and other receivables		17,094	3,958
	<b>Total assets</b>		<b>3,084,540</b>	<b>3,265,200</b>
	<b>LIABILITIES</b>			
	Payables and other liabilities	5	(133)	(226)
	<b>Net assets</b>		<b>3,084,407</b>	<b>3,264,974</b>
	<b>Representing :</b>			
<b>FUND BALANCE</b>				
Capital		3,530,000	3,530,000	
Accumulated deficit		(445,593)	(265,026)	
			<b>3,084,407</b>	<b>3,264,974</b>
<b>TOTAL FUND BALANCE</b>			<b>3,343,065</b>	<b>3,534,733</b>

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

**Sir David Trench Fund For Recreation**

**INCOME AND EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED 31 MARCH 2012**

		Note	2012 HK\$'000	2011 HK\$'000
<b>MAIN FUND</b>	Income	7	3,337	13,521
	Expenditure	8	<u>(14,942)</u>	<u>(7,599)</u>
	(Deficit)/ Surplus for the year		(11,605)	5,922
	Other comprehensive income		—	—
	Total comprehensive income for the year		<u>(11,605)</u>	<u>5,922</u>
<b>SPORTS AID FOR THE DISABLED FUND</b>	Income	7	130	96
	Expenditure	8	<u>(18)</u>	<u>(1)</u>
	Surplus for the year		112	95
	Other comprehensive income		—	—
	Total comprehensive income for the year		<u>112</u>	<u>95</u>
<b>SPORTS AID FOUNDATION FUND</b>	Income	7	1,692	2,951
	Expenditure	8	<u>(2,033)</u>	<u>(14)</u>
	(Deficit)/ Surplus for the year		(341)	2,937
	Other comprehensive income		—	—
	Total comprehensive income for the year		<u>(341)</u>	<u>2,937</u>
<b>ARTS DEVELOPMENT FUND</b>	Income	7	263	245
	Expenditure	8	<u>(3,565)</u>	<u>(1,924)</u>
	Deficit for the year		(3,302)	(1,679)
	Other comprehensive income		—	—
	Total comprehensive income for the year		<u>(3,302)</u>	<u>(1,679)</u>
<b>HONG KONG ATHLETES FUND</b>	Income	7	752	1,674
	Expenditure	8	<u>(1,617)</u>	<u>(479)</u>
	(Deficit)/ Surplus for the year		(865)	1,195
	Other comprehensive income		—	—
	Total comprehensive income for the year		<u>(865)</u>	<u>1,195</u>
<b>ARTS AND SPORT DEVELOPMENT FUND</b>	Income	7	85,016	154,128
	Expenditure	8	<u>(265,583)</u>	<u>(50,422)</u>
	(Deficit)/ Surplus for the year		(180,567)	103,706
	Other comprehensive income		—	—
	Total comprehensive income for the year		<u>(180,567)</u>	<u>103,706</u>

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

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2012**

		Capital HK\$'000	Accumulated surplus/(deficit) HK\$'000	Total HK\$'000
<b>MAIN FUND</b>	Balance at 1 April 2010	23,200	127,872	151,072
	Total comprehensive income for the year 2010-11		5,922	5,922
	Balance at 31 March 2011	<u>23,200</u>	<u>133,794</u>	<u>156,994</u>
	Total comprehensive income for the year 2011-12		(11,605)	(11,605)
	Balance at 31 March 2012	<u><u>23,200</u></u>	<u><u>122,189</u></u>	<u><u>145,389</u></u>
<b>SPORTS AID FOR THE DISABLED FUND</b>	Balance at 1 April 2010	6,500	925	7,425
	Total comprehensive income for the year 2010-11		95	95
	Balance at 31 March 2011	<u>6,500</u>	<u>1,020</u>	<u>7,520</u>
	Total comprehensive income for the year 2011-12		112	112
	Balance at 31 March 2012	<u><u>6,500</u></u>	<u><u>1,132</u></u>	<u><u>7,632</u></u>
<b>SPORTS AID FOUNDATION FUND</b>	Balance at 1 April 2010	40,577	18,092	58,669
	Total comprehensive income for the year 2010-11		2,937	2,937
	Balance at 31 March 2011	<u>40,577</u>	<u>21,029</u>	<u>61,606</u>
	Total comprehensive income for the year 2011-12		(341)	(341)
	Balance at 31 March 2012	<u><u>40,577</u></u>	<u><u>20,688</u></u>	<u><u>61,265</u></u>

**STATEMENT OF CHANGES IN EQUITY - Continued**

		<b>Capital HK\$'000</b>	<b>Accumulated surplus/(deficit) HK\$'000</b>	<b>Total HK\$'000</b>
<b>ARTS DEVELOPMENT FUND</b>	Balance at 1 April 2010	50,000	(31,479)	18,521
	Total comprehensive income for the year 2010-11		(1,679)	(1,679)
	Balance at 31 March 2011	<u>50,000</u>	<u>(33,158)</u>	<u>16,842</u>
	Total comprehensive income for the year 2011-12		(3,302)	(3,302)
	Balance at 31 March 2012	<u><u>50,000</u></u>	<u><u>(36,460)</u></u>	<u><u>13,540</u></u>
<b>HONG KONG ATHLETES FUND</b>	Balance at 1 April 2010	18,248	7,354	25,602
	Total comprehensive income for the year 2010-11		1,195	1,195
	Balance at 31 March 2011	<u>18,248</u>	<u>8,549</u>	<u>26,797</u>
	Injection of donation in 2011-12	4,900		4,900
	Total comprehensive income for the year 2011-12		(865)	(865)
	Balance at 31 March 2012	<u><u>23,148</u></u>	<u><u>7,684</u></u>	<u><u>30,832</u></u>
<b>ARTS AND SPORT DEVELOPMENT FUND</b>	Balance at 1 April 2010	530,000	(368,732)	161,268
	Government injection in 2010-11	3,000,000		3,000,000
	Total comprehensive income for the year 2010-11		103,706	103,706
	Balance at 31 March 2011	<u>3,530,000</u>	<u>(265,026)</u>	<u>3,264,974</u>
	Total comprehensive income for the year 2011-12		(180,567)	(180,567)
	Balance at 31 March 2012	<u><u>3,530,000</u></u>	<u><u>(445,593)</u></u>	<u><u>3,084,407</u></u>

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

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 MARCH 2012**

		Note	2012 HK\$'000	2011 HK\$'000
<b>MAIN FUND</b>	Net cash from operating activities	<b>9</b>	<b>45,869</b>	14,748
	Cash and cash equivalents at beginning of year		<b>32,259</b>	17,511
	Cash and cash equivalents at end of year	<b>10</b>	<u><b>78,128</b></u>	<u>32,259</u>
<b>SPORTS AID FOR THE DISABLED FUND</b>	Net cash (used in) / from operating activities	<b>9</b>	<b>(6,501)</b>	81
	Cash and cash equivalents at beginning of year		<b>6,656</b>	6,575
	Cash and cash equivalents at end of year	<b>10</b>	<u><b>155</b></u>	<u>6,656</u>
<b>SPORTS AID FOUNDATION FUND</b>	Net cash from operating activities	<b>9</b>	<b>4,576</b>	3,311
	Cash and cash equivalents at beginning of year		<b>16,491</b>	13,180
	Cash and cash equivalents at end of year	<b>10</b>	<u><b>21,067</b></u>	<u>16,491</u>
<b>ARTS DEVELOPMENT FUND</b>	Net cash (used in) / from operating activities	<b>9</b>	<b>(3,885)</b>	9,857
	Cash and cash equivalents at beginning of year		<b>11,821</b>	1,964
	Cash and cash equivalents at end of year	<b>10</b>	<u><b>7,936</b></u>	<u>11,821</u>
<b>HONG KONG ATHLETES FUND</b>	Net cash (used in) / from operating activities	<b>9</b>	<b>(54)</b>	144
	Cash from financing activities – Injection of donation		<b>4,900</b>	—
	Cash and cash equivalents at beginning of year		<b>7,514</b>	7,370
	Cash and cash equivalents at end of year	<b>10</b>	<u><b>12,360</b></u>	<u>7,514</u>
<b>ARTS AND SPORT DEVELOPMENT FUND</b>	Net cash used in operating activities	<b>9</b>	<b>(456,881)</b>	(1,822,832)
	Cash from financing activities – Government injection		—	3,000,000
	Cash and cash equivalents at beginning of year		<b>1,195,715</b>	18,547
	Cash and cash equivalents at end of year	<b>10</b>	<u><b>738,834</b></u>	<u>1,195,715</u>

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

## **NOTES TO THE FINANCIAL STATEMENTS**

### **1. LEGISLATION**

The Sir David Trench Fund for Recreation (the Fund) was established under the Sir David Trench Fund for Recreation Ordinance (Cap. 1128) which was passed by the Legislative Council on 11 February 1970. The principal activities of the Fund are the provision of, or assistance in the provision of facilities for recreational, sporting, cultural and social activities, and the investment of moneys of the Fund in approved investments. The Fund consists of the following six funds:

- (a) Main Fund;
- (b) Sports Aid for the Disabled Fund;
- (c) Sports Aid Foundation Fund;
- (d) Arts Development Fund;
- (e) Hong Kong Athletes Fund; and
- (f) Arts and Sport Development Fund.

The financial statements of the Fund are prepared in accordance with section 9 of the Ordinance.

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

- (a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (HKFRSs), which is a collective term that includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (HKASs) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants, and accounting principles generally accepted in Hong Kong. A summary of the significant accounting policies adopted by the Fund is set out below.

- (b) Basis of preparation of the financial statements

The measurement basis used in the preparation of the financial statements is historical cost except that the investments in securities are stated at their fair values as explained in the accounting policies set out 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.

There are no critical accounting judgements involved in the application of the Fund's accounting policies. There are neither key assumptions concerning the future nor other key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in the next year.

(c) Investments in securities

In accordance with HKAS 39, all investments in securities (investments) are classified as "financial assets at fair value" based on the fact that the investments are managed and their performance is evaluated on a fair value basis in accordance with a documented risk management and investment strategy.

Investments primarily consist of equity and debt securities and are initially recognised at fair value, which normally will be equal to the transaction prices, excluding transaction costs which are expensed as incurred. They are subsequently re-measured at fair value. Purchases and sales of investments are recognised using trade date accounting.

When investments are sold, the Fund uses the weighted average method to determine realised gains and losses to be recognised in the income and expenditure account.

Changes in the fair value of investments are recognised as revaluation gains or losses in the income and expenditure account.

(d) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and which the Fund has no intention of trading, other than those that the Fund, upon initial recognition, designates as at fair value. This category includes cash at bank and deposits with banks.

Loans and receivables are carried at amortised cost using the effective interest method.

(e) Income recognition

Interest income from debt securities is recognised on a time-proportion basis using the effective interest method. Dividend income is recognised when the share price goes ex-dividend. Other income is recognised on an accrual basis.

The effective interest method is a method of calculating the amortised cost of an investment and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the investment or, when appropriate, a shorter period to the net carrying amount of the investment.

(f) Translation of foreign currencies

Foreign currency transactions during the year are translated into Hong Kong dollars using the spot exchange rates at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated into Hong Kong dollars using the closing exchange rate at the balance sheet date. Exchange gains or losses arising are included in the income and expenditure account.

(g) 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 a maturity of three months or less from the date of placement.

### **3. DEPOSITS WITH BANKS**

These are deposits placed with licensed banks in Hong Kong for investment under section 7(1) of the Sir David Trench Fund for Recreation Ordinance.

#### 4. INVESTMENTS IN SECURITIES

These are investments made under section 7(1) of the Sir David Trench Fund for Recreation Ordinance:

	2012 HK\$'000	2011 HK\$'000
<b>MAIN FUND</b>		
Hong Kong listed equity securities	32,754	55,041
Overseas equity securities	36,472	48,933
US dollar-denominated debt securities	—	23,344
	<u>69,226</u>	<u>127,318</u>
 <b>SPORTS AID FOR THE DISABLED FUND</b>		
US dollar-denominated debt securities	<u>828</u>	<u>847</u>
 <b>SPORTS AID FOUNDATION FUND</b>		
Hong Kong listed equity securities	11,464	13,122
US dollar-denominated debt securities	13,253	31,679
	<u>24,717</u>	<u>44,801</u>
 <b>ARTS DEVELOPMENT FUND</b>		
US dollar-denominated debt securities	<u>—</u>	<u>5,058</u>
 <b>HONG KONG ATHLETES FUND</b>		
Hong Kong listed equity securities	4,461	5,106
Overseas equity securities	4,258	4,229
US dollar-denominated debt securities	6,626	9,809
	<u>15,345</u>	<u>19,144</u>
 <b>ARTS AND SPORT DEVELOPMENT FUND</b>		
Hong Kong listed equity securities	181,033	637,082
Overseas equity securities	173,668	765,308
Hong Kong dollar-denominated debt securities	228,860	79,264
US dollar-denominated debt securities	706,894	533,873
Renminbi-denominated debt securities	166,897	—
	<u>1,457,352</u>	<u>2,015,527</u>

#### 5. PAYABLES AND OTHER LIABILITIES

These include accrued investment management and custodian fees and grants of which disbursement was being processed at the balance sheet date.

## 6. COMMITMENTS

These represent the unspent portion of the approved grants under the Fund and investment commitments:

	2012 HK\$'000	2011 HK\$'000
<b>MAIN FUND</b>	<b>33,391</b>	28,220
<b>SPORTS AID FOR THE DISABLED FUND</b>	<b>965</b>	965
<b>SPORTS AID FOUNDATION FUND</b>	<b>8,100</b>	8,100
<b>ARTS DEVELOPMENT FUND</b>	<b>1,164</b>	1,965
<b>HONG KONG ATHLETES FUND</b>	<b>1,680</b>	1,513
<b>ARTS AND SPORT DEVELOPMENT FUND</b>	<b>55,336</b>	87,144
	<u><b>100,636</b></u>	<u><b>127,907</b></u>

## 7. INCOME

	2012 HK\$'000	2011 HK\$'000
<b>MAIN FUND</b>		
Net gains on disposal of investments in securities	—	287
Net revaluation gains on investments in securities	—	9,794
Dividend income	2,022	2,401
Interest income from debt securities	242	825
Other interest income	905	200
Net realised and revaluation gains on other assets	168	14
	<u><b>3,337</b></u>	<u><b>13,521</b></u>
<b>SPORTS AID FOR THE DISABLED FUND</b>		
Net revaluation gains on investments in securities	—	14
Interest income from debt securities	42	42
Other interest income	88	40
	<u><b>130</b></u>	<u><b>96</b></u>
<b>SPORTS AID FOUNDATION FUND</b>		
Net gains on disposal of investments in securities	38	238
Net revaluation gains on investments in securities	—	1,091
Dividend income	348	360
Interest income from debt securities	861	1,164
Other interest income	445	97
Net realised and revaluation gains on other assets	—	1
	<u><b>1,692</b></u>	<u><b>2,951</b></u>
<b>ARTS DEVELOPMENT FUND</b>		
Net gains on disposal of investments in securities	11	—
Interest income from debt securities	52	137
Other interest income	200	98
Net realised and revaluation gains on other assets	—	10
	<u><b>263</b></u>	<u><b>245</b></u>

**7. INCOME - Continued**

	2012 HK\$'000	2011 HK\$'000
<b>HONG KONG ATHLETES FUND</b>		
Refund of grants	—	20
Net gains on disposal of investments in securities	6	—
Net revaluation gains on investments in securities	—	964
Dividend income	231	214
Interest income from debt securities	368	419
Other interest income	147	56
Net realised and revaluation gains on other assets	—	1
	<u>752</u>	<u>1,674</u>
<b>ARTS AND SPORT DEVELOPMENT FUND</b>		
Refund of grants	11,582	7,555
Net revaluation gains on investments in securities	—	117,108
Dividend income	18,112	13,240
Interest income from debt securities	20,721	2,193
Other interest income	20,003	10,951
Net realised and revaluation gains on other assets	14,598	3,081
	<u>85,016</u>	<u>154,128</u>

**8. EXPENDITURE**

	2012 HK\$'000	2011 HK\$'000
<b>MAIN FUND</b>		
Grants	5,841	7,522
Bank charges	5	9
Investment management fees	47	51
Investment transaction costs	40	17
Net losses on disposal of investments in securities	3,704	—
Net revaluation losses on investments in securities	5,305	—
	<u>14,942</u>	<u>7,599</u>
<b>SPORTS AID FOR THE DISABLED FUND</b>		
Bank charges	—	1
Net revaluation losses on investments in securities	18	—
	<u>18</u>	<u>1</u>
<b>SPORTS AID FOUNDATION FUND</b>		
Bank charges	6	8
Investment transaction costs	—	6
Net revaluation losses on investments in securities	1,943	—
Net realised and revaluation losses on other assets	84	—
	<u>2,033</u>	<u>14</u>

**8. EXPENDITURE - Continued**

	2012 HK\$'000	2011 HK\$'000
<b>ARTS DEVELOPMENT FUND</b>		
Grants	3,531	1,813
Bank charges	1	2
Net revaluation losses on investments in securities	—	109
Net realised and revaluation losses on other assets	33	—
	<u>3,565</u>	<u>1,924</u>
<b>HONG KONG ATHLETES FUND</b>		
Grants	741	471
Bank charges	2	3
Investment management fees	5	5
Net revaluation losses on investments in securities	854	—
Net realised and revaluation losses on other assets	15	—
	<u>1,617</u>	<u>479</u>
<b>ARTS AND SPORT DEVELOPMENT FUND</b>		
Grants	88,695	48,523
Bank charges	247	10
Investment management fees	452	525
Investment transaction costs	938	1,364
Net losses on disposal of investments in securities	145,461	—
Net revaluation losses on investments in securities	29,790	—
	<u>265,583</u>	<u>50,422</u>

**9. RECONCILIATION OF SURPLUS/(DEFICIT) TO NET CASH FROM/(USED IN) OPERATING ACTIVITIES**

	2012 HK\$'000	2011 HK\$'000
<b>MAIN FUND</b>		
(Deficit)/Surplus for the year	(11,605)	5,922
Interest income from debt securities	(242)	(825)
Other interest income	(905)	(200)
Dividend income	(2,022)	(2,401)
Net losses/(gains) on disposal of investments in securities	3,704	(287)
Net revaluation losses/(gains) on investments in securities	5,305	(9,794)
Decrease in deposits with banks with original maturity beyond 3 months	—	7,000
Purchase of securities	(931)	(1,033)
Proceeds from disposal of securities	50,015	12,495
(Decrease)/Increase in payables and other liabilities	(647)	458
Interest received	1,175	1,012
Dividend received	2,022	2,401
<b>Net cash from operating activities</b>	<u>45,869</u>	<u>14,748</u>

**9. RECONCILIATION OF SURPLUS/(DEFICIT) TO NET CASH FROM/(USED IN) OPERATING ACTIVITIES - Continued**

	2012 HK\$'000	2011 HK\$'000
<b>SPORTS AID FOR THE DISABLED FUND</b>		
Surplus for the year	112	95
Interest income from debt securities	(42)	(42)
Other interest income	(88)	(40)
Net revaluation losses/(gains) on investments in securities	18	(14)
Increase in deposits with banks with original maturity beyond 3 months	(6,630)	—
Interest received	129	82
<b>Net cash (used in)/from operating activities</b>	<u>(6,501)</u>	<u>81</u>
 <b>SPORTS AID FOUNDATION FUND</b>		
(Deficit)/Surplus for the year	(341)	2,937
Interest income from debt securities	(861)	(1,164)
Other interest income	(445)	(97)
Dividend income	(348)	(360)
Net gains on disposal of investments in securities	(38)	(238)
Net revaluation losses/(gains) on investments in securities	1,943	(1,091)
Increase in deposits with banks with original maturity beyond 3 months	(15,200)	—
Proceeds from disposal of securities	18,169	1,696
Interest received	1,349	1,268
Dividend received	348	360
<b>Net cash from operating activities</b>	<u>4,576</u>	<u>3,311</u>
 <b>ARTS DEVELOPMENT FUND</b>		
Deficit for the year	(3,302)	(1,679)
Interest income from debt securities	(52)	(137)
Other interest income	(200)	(98)
Net gains on disposal of investments in securities	(11)	—
Net revaluation losses on investments in securities	—	109
(Increase)/Decrease in deposits with banks with original maturity beyond 3 months	(6,064)	11,661
Proceeds from disposal of securities	5,069	—
Increase/(Decrease) in payables and other liabilities	416	(250)
Interest received	259	251
<b>Net cash (used in)/from operating activities</b>	<u>(3,885)</u>	<u>9,857</u>

**9. RECONCILIATION OF SURPLUS/(DEFICIT) TO NET CASH FROM/(USED IN) OPERATING ACTIVITIES - Continued**

	2012 HK\$'000	2011 HK\$'000
<b>HONG KONG ATHLETES FUND</b>		
(Deficit)/Surplus for the year	(865)	1,195
Interest income from debt securities	(368)	(419)
Other interest income	(147)	(56)
Dividend income	(231)	(214)
Net gains on disposal of investments in securities	(6)	—
Net revaluation losses/(gains) on investments in securities	854	(964)
Increase in deposits with banks with original maturity beyond 3 months	(3,272)	—
Purchase of securities	(95)	(89)
Proceeds from disposal of securities	3,041	—
Increase in payables and other liabilities	294	—
Interest received	510	477
Dividend received	231	214
<b>Net cash (used in)/from operating activities</b>	<b>(54)</b>	<b>144</b>
<b>ARTS AND SPORT DEVELOPMENT FUND</b>		
(Deficit)/Surplus for the year	(180,567)	103,706
Interest income from debt securities	(20,721)	(2,193)
Other interest income	(20,003)	(10,951)
Dividend income	(18,112)	(13,240)
Net losses on disposal of investments in securities	145,461	—
Net revaluation losses/(gains) on investments in securities	29,790	(117,108)
(Increase)/Decrease in deposits with banks with original maturity beyond 3 months	(821,260)	54,700
Purchase of securities	(549,581)	(1,860,592)
Proceeds from disposal of securities	922,752	—
Decrease in payables and other liabilities	(93)	(1,954)
Increase in other receivables	(2,807)	—
Interest received	40,148	11,560
Dividend received	18,112	13,240
<b>Net cash used in operating activities</b>	<b>(456,881)</b>	<b>(1,822,832)</b>

**10. ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS**

	2012 HK\$'000	2011 HK\$'000
<b>MAIN FUND</b>		
Cash at bank	691	298
Deposits with banks	77,437	31,961
	78,128	32,259
 <b>SPORTS AID FOR THE DISABLED FUND</b>		
Cash at bank	155	104
Deposits with banks	—	6,552
	155	6,656
 <b>SPORTS AID FOUNDATION FUND</b>		
Cash at bank	104	55
Deposits with banks	20,963	16,436
	21,067	16,491
 <b>ARTS DEVELOPMENT FUND</b>		
Cash at bank	1,292	126
Deposits with banks	6,644	11,695
	7,936	11,821
 <b>HONG KONG ATHLETES FUND</b>		
Cash at bank	546	96
Deposits with banks	11,814	7,418
	12,360	7,514
 <b>ARTS AND SPORT DEVELOPMENT FUND</b>		
Cash at bank	1,551	40,576
Deposits with banks	737,283	1,155,139
	738,834	1,195,715
 Reconciliation with the balance sheet:		
	2012 HK\$'000	2011 HK\$'000
<b>SPORTS AID FOR THE DISABLED FUND</b>		
Amounts in the balance sheet:		
Cash at bank	155	104
Deposits with banks	6,630	6,552
	6,785	6,656
Less: Amounts with original maturity beyond 3 months	(6,630)	—
Cash and cash equivalents in the statement of cash flows	155	6,656
 <b>SPORTS AID FOUNDATION FUND</b>		
Amounts in the balance sheet:		
Cash at bank	104	55
Deposits with banks	36,163	16,436
	36,267	16,491
Less: Amounts with original maturity beyond 3 months	(15,200)	—
Cash and cash equivalents in the statement of cash flows	21,067	16,491

## 10. ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS

- *Continued*

	2012 HK\$'000	2011 HK\$'000
<b>ARTS DEVELOPMENT FUND</b>		
Amounts in the balance sheet:		
Cash at bank	1,292	126
Deposits with banks	<u>12,708</u>	<u>11,695</u>
	<b>14,000</b>	<b>11,821</b>
Less: Amounts with original maturity beyond 3 months	<u>(6,064)</u>	<u>—</u>
Cash and cash equivalents in the statement of cash flows	<u><b>7,936</b></u>	<u><b>11,821</b></u>
<b>HONG KONG ATHLETES FUND</b>		
Amounts in the balance sheet:		
Cash at bank	546	96
Deposits with banks	<u>15,086</u>	<u>7,418</u>
	<b>15,632</b>	<b>7,514</b>
Less: Amounts with original maturity beyond 3 months	<u>(3,272)</u>	<u>—</u>
Cash and cash equivalents in the statement of cash flows	<u><b>12,360</b></u>	<u><b>7,514</b></u>
<b>ARTS AND SPORT DEVELOPMENT FUND</b>		
Amounts in the balance sheet:		
Cash at bank	1,551	40,576
Deposits with banks	<u>1,608,543</u>	<u>1,205,139</u>
	<b>1,610,094</b>	<b>1,245,715</b>
Less: Amounts with original maturity beyond 3 months	<u>(871,260)</u>	<u>(50,000)</u>
Cash and cash equivalents in the statement of cash flows	<u><b>738,834</b></u>	<u><b>1,195,715</b></u>

## 11. CAPITAL RISK MANAGEMENT

Injections from the Government and certain donations received were designated as capital of the Fund.

The capital of the Arts Development Fund, the capital injection of HK\$5 million into the Hong Kong Athletes Fund in March 2009 for the special scheme for young athletes, the total capital of HK\$530 million injected into the Arts and Sport Development Fund up to 31 March 2010 and the injection of HK\$4.9 million donation into the Hong Kong Athletes Fund in March 2012 may be expended specifically for the purposes of these funds. The entire capital of the Main Fund, the Sports Aid for the Disabled Fund, the Sports Aid Foundation Fund and the total capital of HK\$13.248 million injected into the Hong Kong Athletes Fund up to 28 February 2009 are required to be kept intact and only the investment income accruing thereon may be used for the purposes of these funds. The capital of HK\$3 billion injected into the Arts and Sport Development Fund in July 2010 is required to be kept intact in the long run.

The capital of the Fund is managed prudently to generate income for the purposes of the Fund, and to maintain the capital requirements if necessary. The financial risks in the Fund's investment portfolios are monitored on a continuous basis to ensure that such risks are covered before funding is considered for the purposes of the Fund.

## 12. FINANCIAL RISK MANAGEMENT

### (a) Investment management and control

The Director of Accounting Services, as the Trustee of the Fund, has the authority to invest any moneys of the Fund according to the recommendations or parameters set out by the Investment Advisory Committee.

The Investment Advisory Committee is established under section 7(2) of the Sir David Trench Fund for Recreation Ordinance, whose members are appointed by the Chief Executive. The authority of appointment has been delegated by the Chief Executive to the Secretary for Home Affairs.

The investment objective is to generate revenue and/or to achieve long-term capital appreciation by investing in a diversified portfolio in order to sponsor recreational, sporting, cultural and social activities. The investment management and control of the Fund are set out in a documented risk management and investment strategy and reviewed on a regular basis by the Investment Advisory Committee.

(b) Market risk

The Fund is exposed to market risk for its investment in financial instruments. Market risk comprises equity price risk, interest rate risk and currency risk.

(i) Equity price risk

The Fund's investments in equity securities are subject to the equity price risk inherent in all equity securities i.e. the value of holdings may fall as well as rise. At 31 March 2012, the equity securities are included in investments in securities as shown in note 4. The risk is primarily addressed through diversification of investment portfolio in accordance with a documented risk management and investment strategy, and the Fund monitors the equity price risk on a continuous basis.

If the market bid prices of the equity securities had increased / decreased by 5% with all other variables held constant, the impact on the income for the year would have been as follows:-

	<b>2012</b>	<i>2011</i>
	<b>Effect on Income for Changes of 5% in Prices HK\$'000</b>	<i>Effect on Income for Changes of 5% in Prices HK\$'000</i>
<b>MAIN FUND</b>	<b>± 3,461</b>	<i>± 5,199</i>
<b>SPORTS AID FOUNDATION FUND</b>	<b>± 573</b>	<i>± 656</i>
<b>HONG KONG ATHLETES FUND</b>	<b>± 436</b>	<i>± 467</i>
<b>ARTS AND SPORT DEVELOPMENT FUND</b>	<b>± 17,735</b>	<i>± 70,120</i>

(ii) 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. Since the Fund's debt securities and its deposits with banks bear interest at fixed rates, their fair values will fall when market interest rates increase. Investments in debt securities are made in accordance with a documented risk management and investment strategy, and the Fund monitors the fair value interest rate risk on a continuous basis. As regards deposits with banks, since they are all stated at amortised cost, their carrying amounts and the Fund's income and accumulated funds 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 Fund has no exposure to cash flow interest rate risk because there is no holding of debt securities bearing interest at rates determined by reference to market interest rates.

The table below sets out the Fund's exposure to interest rate risk, based on the major interest bearing assets stated at carrying amounts at the balance sheet date and categorised by the earlier

## Sir David Trench Fund For Recreation

of contractual repricing dates or maturity dates for each group of assets.

	Repricing Period			Total HK\$'000
	Up to 3 months HK\$'000	Over 3 months to 1 year HK\$'000	Over 1 year to 5 years HK\$'000	
<b>MAIN FUND</b>				
<b>2012</b>				
Deposits with banks	<b>77,437</b>	-	-	<b>77,437</b>
<b>2011</b>				
Deposits with banks	31,961	-	-	31,961
Debt securities	-	23,344	-	23,344
	31,961	23,344	-	55,305
<b>SPORTS AID FOR THE DISABLED FUND</b>				
<b>2012</b>				
Deposits with banks	<b>6,630</b>	-	-	<b>6,630</b>
Debt securities	-	-	<b>828</b>	<b>828</b>
	<b>6,630</b>	-	<b>828</b>	<b>7,458</b>
<b>2011</b>				
Deposits with banks	6,552	-	-	6,552
Debt securities	-	-	847	847
	6,552	-	847	7,399
<b>SPORTS AID FOUNDATION FUND</b>				
<b>2012</b>				
Deposits with banks	<b>36,163</b>	-	-	<b>36,163</b>
Debt securities	-	-	<b>13,253</b>	<b>13,253</b>
	<b>36,163</b>	-	<b>13,253</b>	<b>49,416</b>
<b>2011</b>				
Deposits with banks	16,436	-	-	16,436
Debt securities	-	18,130	13,549	31,679
	16,436	18,130	13,549	48,115

## Sir David Trench Fund For Recreation

	Repricing Period			Total HK\$'000
	Up to 3 months HK\$'000	Over 3 months to 1 year HK\$'000	Over 1 year to 5 years HK\$'000	
<b>ARTS DEVELOPMENT FUND</b>				
<b>2012</b>				
Deposits with banks	12,708	-	-	12,708
<b>2011</b>				
Deposits with banks	11,695	-	-	11,695
Debt securities	-	5,058	-	5,058
	11,695	5,058	-	16,753
<b>HONG KONG ATHLETES FUND</b>				
<b>2012</b>				
Deposits with banks	14,174	912	-	15,086
Debt securities	-	-	6,626	6,626
	14,174	912	6,626	21,712
<b>2011</b>				
Deposits with banks	7,418	-	-	7,418
Debt securities	-	3,035	6,774	9,809
	7,418	3,035	6,774	17,227
<b>ARTS AND SPORT DEVELOPMENT FUND</b>				
<b>2012</b>				
Deposits with banks	1,222,773	354,062	31,708	1,608,543
Debt securities	-	76,084	1,026,567	1,102,651
	1,222,773	430,146	1,058,275	2,711,194
<b>2011</b>				
Deposits with banks	1,205,139	-	-	1,205,139
Debt securities	-	38,907	574,230	613,137
	1,205,139	38,907	574,230	1,818,276

The table below sets out the Fund's exposure to the fair value interest rate risk. If the interest rates had been 100 basis points (b.p.) lower / higher with all other variables held constant, the impact on the income for the year would have been as follows:

## Sir David Trench Fund For Recreation

	<b>2012</b> <b>Effect on Income</b> <b>for Changes in</b> <b>Interest Rates of</b> <b>100 b.p.</b> <b>HK\$'000</b>	<i>2011</i> <i>Effect on Income</i> <i>for Changes in</i> <i>Interest Rates of</i> <i>100 b.p.</i> <i>HK\$'000</i>
<b>MAIN FUND</b>	-	±89
<b>SPORTS AID FOR THE DISABLED FUND</b>	±20	±27
<b>SPORTS AID FOUNDATION FUND</b>	±319	±509
<b>ARTS DEVELOPMENT FUND</b>	-	±19
<b>HONG KONG ATHLETES FUND</b>	±160	±231
<b>ARTS AND SPORT DEVELOPMENT FUND</b>	±20,439	±16,137

(iii) Currency risk

Currency risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to the changes in foreign exchange rates. The Fund's investments denominated in currencies other than Hong Kong dollar are exposed to currency risk. The Fund only makes investments denominated in Hong Kong dollars, US dollars and Renminbi. The exposure to currencies other than Hong Kong dollar is handled in accordance with a documented risk management and investment strategy, and the Fund monitors the currency risk on a continuous basis.

The following table summarises the net exposure to individual currencies at the balance sheet date:

	<b>Currency</b>	<b>2012</b> <b>HK\$'000</b>	<i>2011</i> <i>HK\$'000</i>
<b>MAIN FUND</b>	HK dollar	38,368	75,361
	US dollar	75,940	81,633
	Renminbi	31,081	-
		<u>145,389</u>	<u>156,994</u>
<b>SPORTS AID FOR THE DISABLED FUND</b>	HK dollar	6,671	6,584
	US dollar	961	936
		<u>7,632</u>	<u>7,520</u>
<b>SPORTS AID FOUNDATION FUND</b>	HK dollar	26,728	27,834
	US dollar	34,537	33,772
		<u>61,265</u>	<u>61,606</u>
<b>ARTS DEVELOPMENT FUND</b>	HK dollar	2,324	5,803
	US dollar	11,216	11,039
		<u>13,540</u>	<u>16,842</u>
<b>HONG KONG ATHLETES FUND</b>	HK dollar	15,666	11,918
	US dollar	15,166	14,879
		<u>30,832</u>	<u>26,797</u>
<b>ARTS AND SPORT DEVELOPMENT FUND</b>	HK dollar	1,082,884	1,649,122
	US dollar	1,153,667	1,303,396
	Renminbi	847,856	312,456
		<u>3,084,407</u>	<u>3,264,974</u>

As the exchange rate of Hong Kong dollars is pegged to the US dollars, foreign currency risk between Hong Kong dollars and US dollars is limited. Therefore, the Fund does not have significant exposures to currency risk for its US dollar-denominated assets.

The Main Fund had bank deposits and cash at bank denominated in Renminbi at the balance sheet date. For the Arts and Sport Development Fund, it had bank deposits, cash at bank and debt securities denominated in Renminbi at the balance sheet date. It was estimated that, as at 31 March 2012, a 500 b.p. increase/decrease in the exchange rate of the Renminbi against the Hong Kong dollar, with all other variables held constant, would increase/decrease the exchange gains as included in revaluation gains for the year by HK\$1.6 million and HK\$42.4 million for the Main Fund and the Arts and Sport Development Fund respectively. (2011: Nil and HK\$15.6 million for the Main Fund and the Arts and Sport Development Fund respectively).

(c) Credit risk

Credit risk is the risk that an issuer or counterparty will be unable or unwilling to pay amounts in full when due. The Fund's financial assets which are potentially subject to credit risk consist principally of debt securities and bank balances. The credit risk associated with interest receivable is minimal. The Fund selects issuer or counterparty with good credit standing, strong financial strength and sizable capital. The Fund also limits the individual exposure, in accordance with a documented risk management and investment strategy. Hence, the Fund does not have significant exposures to credit risk and monitoring is done on a continuous basis.

The table below sets out the Fund's maximum exposure to the credit risk at the balance sheet date without taking account of collateral held or other credit enhancements, if any:

	<b>2012</b>	<i>2011</i>
	<b>HK\$'000</b>	<i>HK\$'000</i>
<b>MAIN FUND</b>		
Cash at bank	<b>691</b>	<i>298</i>
Deposits with banks	<b>77,437</b>	<i>31,961</i>
Debt securities	<b>-</b>	<i>23,344</i>
Interest receivable	<b>59</b>	<i>88</i>
	<b><u>78,187</u></b>	<i><u>55,691</u></i>
<b>SPORTS AID FOR THE DISABLED FUND</b>		
Cash at bank	<b>154</b>	<i>104</i>
Deposits with banks	<b>6,630</b>	<i>6,552</i>
Debt securities	<b>828</b>	<i>847</i>
Interest receivable	<b>19</b>	<i>17</i>
	<b><u>7,631</u></b>	<i><u>7,520</u></i>
<b>SPORTS AID FOUNDATION FUND</b>		
Cash at bank	<b>104</b>	<i>55</i>
Deposits with banks	<b>36,163</b>	<i>16,436</i>
Debt securities	<b>13,252</b>	<i>31,679</i>
Interest receivable	<b>282</b>	<i>314</i>
	<b><u>49,801</u></b>	<i><u>48,484</u></i>
<b>ARTS DEVELOPMENT FUND</b>		
Cash at bank	<b>1,292</b>	<i>126</i>
Deposits with banks	<b>12,708</b>	<i>11,695</i>
Debt securities	<b>-</b>	<i>5,058</i>
Interest receivable	<b>18</b>	<i>25</i>
	<b><u>14,018</u></b>	<i><u>16,904</u></i>

## Sir David Trench Fund For Recreation

	2012 HK\$'000	2011 HK\$'000
<b>HONG KONG ATHLETES FUND</b>		
Cash at bank	546	96
Deposits with banks	15,087	7,418
Debt securities	6,626	9,809
Interest receivable	151	140
	<u>22,410</u>	<u>17,463</u>
<b>ARTS AND SPORT DEVELOPMENT FUND</b>		
Cash at bank	1,551	40,576
Deposits with banks	1,608,543	1,205,139
Debt securities	1,102,650	613,137
Interest receivable	14,287	3,958
	<u>2,727,031</u>	<u>1,862,810</u>

To minimise credit risks, only credit ratings provided by recognised credit rating agencies are considered. The credit quality of major financial assets, analysed by the ratings designated by Moody's or their equivalents, at the balance sheet date is shown below:

	2012 HK\$'000	2011 HK\$'000
<b>MAIN FUND</b>		
Cash at bank and deposits with banks, by credit rating		
Aa1 to Aa3	43,486	9,414
A1 to A3	34,642	22,845
	<u>78,128</u>	<u>32,259</u>
Debt securities, by credit rating		
Aa1 to Aa3	—	23,344
	<u>78,128</u>	<u>55,603</u>
<b>SPORTS AID FOR THE DISABLED FUND</b>		
Cash at bank and deposits with banks, by credit rating		
Aa1 to Aa3	3,084	104
A1 to A3	3,700	6,552
	<u>6,784</u>	<u>6,656</u>
Debt securities, by credit rating		
A1 to A3	828	847
	<u>7,612</u>	<u>7,503</u>
<b>SPORTS AID FOUNDATION FUND</b>		
Cash at bank and deposits with banks, by credit rating		
Aa1 to Aa3	34,093	55
A1 to A3	2,174	16,436
	<u>36,267</u>	<u>16,491</u>
Debt securities, by credit rating		
Aa1 to Aa3	—	18,130
A1 to A3	13,252	13,549
	<u>13,252</u>	<u>31,679</u>
	<u>49,519</u>	<u>48,170</u>

## Sir David Trench Fund For Recreation

	2012 HK\$'000	2011 HK\$'000
<b>ARTS DEVELOPMENT FUND</b>		
Cash at bank and deposits with banks, by credit rating		
Aa1 to Aa3	6,416	126
A1 to A3	7,584	11,695
	<b>14,000</b>	<b>11,821</b>
Debt securities, by credit rating		
Aa1 to Aa3	—	5,058
	<b>14,000</b>	<b>16,879</b>
<b>HONG KONG ATHLETES FUND</b>		
Cash at bank and deposits with banks, by credit rating		
Aa1 to Aa3	4,672	96
A1 to A3	10,960	7,418
	<b>15,632</b>	<b>7,514</b>
Debt securities, by credit rating		
Aa1 to Aa3	—	3,035
A1 to A3	6,626	6,774
	<b>6,626</b>	<b>9,809</b>
	<b>22,258</b>	<b>17,323</b>
<b>ARTS AND SPORT DEVELOPMENT FUND</b>		
Cash at bank and deposits with banks, by credit rating		
Aa1 to Aa3	917,926	659,203
A1 to A3	692,168	586,512
	<b>1,610,094</b>	<b>1,245,715</b>
Debt securities, by credit rating		
Aa1 to Aa3	339,747	241,526
A1 to A3	762,903	371,611
	<b>1,102,650</b>	<b>613,137</b>
	<b>2,712,744</b>	<b>1,858,852</b>

(d) Liquidity risk

Liquidity risk is the risk that the Fund may not have sufficient funds available to meet its obligations as they fall due. The Fund monitors the liquidity requirements on a continuous basis and maintains a level of short term deposits and cash to pay grants as necessary. Hence, the Fund does not have significant exposures to liquidity risk.

### 13. FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The fair value of financial instruments traded in active markets is based on quoted markets prices at the balance sheet date. In the absence of such quoted market prices, fair values are estimated using present value or other valuation techniques, using inputs based on market conditions existing at the balance sheet date. The fair values of unlisted investment funds are estimated by investment managers. These fair values approximate the net asset values of the investments. Depending on the redemption and liquidity features of the investments, the fair values may not necessarily represent the amounts that can be ultimately realised by the Fund.

The following table shows the carrying value of financial instruments measured at fair value at the balance sheet date according to the fair value hierarchy:

## Sir David Trench Fund For Recreation

	Level 1 HK\$'000	Level 2 HK\$'000	Total HK\$'000
<b>MAIN FUND</b>			
<b>As at 31 March 2012</b>			
<b>Financial assets designated at fair value</b>	<b>32,754</b>	<b>36,472</b>	<b>69,226</b>
As at 31 March 2011			
Financial assets designated at fair value	55,041	72,277	127,318
<b>SPORTS AID FOR THE DISABLED FUND</b>			
<b>As at 31 March 2012</b>			
<b>Financial assets designated at fair value</b>	<b>828</b>	–	<b>828</b>
As at 31 March 2011			
Financial assets designated at fair value	847	–	847
<b>SPORTS AID FOUNDATION FUND</b>			
<b>As at 31 March 2012</b>			
<b>Financial assets designated at fair value</b>	<b>24,716</b>	–	<b>24,716</b>
As at 31 March 2011			
Financial assets designated at fair value	26,671	18,130	44,801
<b>ARTS DEVELOPMENT FUND</b>			
<b>As at 31 March 2012</b>			
<b>Financial assets designated at fair value</b>	–	–	–
As at 31 March 2011			
Financial assets designated at fair value	–	5,058	5,058
<b>HONG KONG ATHLETES FUND</b>			
<b>As at 31 March 2012</b>			
<b>Financial assets designated at fair value</b>	<b>11,087</b>	<b>4,257</b>	<b>15,344</b>
As at 31 March 2011			
Financial assets designated at fair value	11,881	7,263	19,144

	Level 1 HK\$'000	Level 2 HK\$'000	Total HK\$'000
<b>ARTS AND SPORT DEVELOPMENT FUND</b>			
<b>As at 31 March 2012</b>			
<b>Financial assets designated at fair value</b>	<b>615,105</b>	<b>842,247</b>	<b>1,457,352</b>
<b>As at 31 March 2011</b>			
Financial assets designated at fair value	891,778	1,123,749	2,015,527

No financial assets were classified under Level 3.

The three levels of the fair value hierarchy are:

Level 1 – fair values of financial instruments are quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – fair values of financial instruments are determined involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and

Level 3 – fair values of financial instruments are determined with inputs that are not based on observable market data (unobservable inputs).

#### **14. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 MARCH 2012**

Up to the date of issue of the financial statements, the Hong Kong Institute of Certified Public Accountants has issued a number of amendments, new standards and interpretations which are not yet effective for the year ended 31 March 2012 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.

The following developments may result in new or amended disclosures in future financial statements:

	<b>Effective for accounting periods beginning on or after</b>
Amendments to HKAS 1, Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income	1 July 2012
Amendments to HKAS 32, Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to HKFRS 7, Financial Instruments: Disclosures – Disclosures – Offsetting Financial Assets and Financial Liabilities	1 January 2013
HKFRS 9 – Financial Instruments	1 January 2015
HKFRS 13 – Fair Value Measurement	1 January 2013

## SCHEDULE 1

### STATEMENT OF APPROVED GRANTS

(This statement does not include projects completed before 1 April 2011)

Description	Approved Commitment \$	Expenditure Less Refund during 2011/2012 \$	Total Expenditure up to 31.3.2012 \$	Unspent Balance (N=Not required) \$
<b>MAIN FUND</b>				
<b>I. NON-CAPITAL WORKS PROJECTS</b>				
<b>(a) Projects approved in 2008-2009</b>				
1 Higher Valued Sports Equipment for Sports Development -to promote sports development	8,951,594	<b>848,830</b>	7,961,528	990,066 N
2 Annual Lump Sum Allocation for Non-Capital Works Projects for Home Affairs Department -to purchase sports and recreational equipment	399,014	-	368,622	6,738 23,654 N
<b>Total, Non-Capital Works Projects approved in 2008-2009</b>	<u>9,350,608</u>	<u><b>848,830</b></u>	<u>8,330,150</u>	<u>1,020,458</u>
<b>(b) Projects approved in 2010-2011</b>				
1 Caritas - Hong Kong -to purchase sports and recreational equipment	37,772	<b>28,566</b>	36,014	1,758 N
2 Chinese Young Men's Christian Association of Hong Kong -to purchase sports and recreational equipment	2,531	<b>2,511</b>	2,511	20 N
3 Haven of Hope Christian Service -to purchase sports and recreational equipment	6,967	<b>6,629</b>	6,629	338 N
4 Hong Chi Association -to purchase sports and recreational equipment	30,233	<b>26,311</b>	26,311	3,922 N
5 Hong Kong Adventure Corps Ltd -to purchase sports and recreational equipment	37,670	<b>29,489</b>	29,489	8,181 N
6 Hong Kong Children & Youth Services -to purchase sports and recreational equipment	32,745	<b>32,745</b>	32,745	-
7 Hong Kong Lutheran Social Service, Lutheran Church - Hong Kong Synod -to purchase sports and recreational equipment	17,044	<b>15,655</b>	15,655	1,389 N
8 Hong Kong Playground Association -to purchase sports and recreational equipment	27,645	<b>20,811</b>	26,820	825 N
9 Annual Lump Sum Allocation for Non-Capital Works Projects for Home Affairs Department -to purchase sports and recreational equipment	583,046	<b>112,777</b>	575,807	7,239 N
10 Annual Lump Sum Allocation for Non-Capital Works Projects for Leisure and Cultural Services Department -to purchase sports and recreational equipment	899,950	<b>321,239</b>	892,408	7,542 N
11 Scout Association of Hong Kong, The Friends of Scouting -to purchase sports and recreational equipment	11,007	<b>11,007</b>	11,007	-
12 The Boys' Brigade, Hong Kong Limited -to purchase sports and recreational equipment	47,670	<b>45,750</b>	45,750	1,920 N
13 The Free Methodist Church of Hong Kong -to purchase sports and recreational equipment	5,488	<b>5,488</b>	5,488	-
14 The Hong Kong Federation of Youth Groups -to purchase sports and recreational equipment	35,125	<b>31,861</b>	35,125	-
15 Yan Oi Tong Limited -to purchase sports and recreational equipment	34,648	<b>34,528</b>	34,528	120 N
<b>Total, Non-Capital Works Projects approved in 2010-2011</b>	<u>1,809,541</u>	<u><b>725,367</b></u>	<u>1,776,287</u>	<u>33,254</u>

## STATEMENT OF APPROVED GRANTS - Continued

## SCHEDULE 1

<i>Description</i>	<i>Approved Commitment</i> \$	<b>Expenditure Less Refund during 2011/2012</b> \$	<i>Total Expenditure up to 31.3.2012</i> \$	<i>Unspent Balance (N=Not required)</i> \$
<b>(c) Projects approved in 2011-2012</b>				
1 Caritas - Hong Kong -to purchase sports and recreational equipment	9,730	-	-	9,730
2 Chinese Young Men's Christian Association of Hong Kong -to purchase sports and recreational equipment	61,629	-	-	61,629
3 Haven of Hope Christian Service -to purchase sports and recreational equipment	6,824	-	-	6,824
4 Hong Chi Association -to purchase sports and recreational equipment	31,030	-	-	31,030
5 Hong Kong Adventure Corps -to purchase sports and recreational equipment	19,565	-	-	19,565
6 Hong Kong Buddhist Association -to purchase sports and recreational equipment	9,283	-	-	9,283
7 Hong Kong Christian Service -to purchase sports and recreational equipment	37,661	-	-	37,661
8 Hong Kong Macao Conference of Seventh-Day Adventists -to purchase sports and recreational equipment	9,350	-	-	9,350
9 Hong Kong Playground Association -to purchase sports and recreational equipment	60,387	-	-	60,387
10 Annual Lump Sum Allocation for Non-Capital Works Projects for Home Affairs Department -to purchase sports and recreational equipment	699,449	-	-	699,449
11 Annual Lump Sum Allocation for Non-Capital Works Projects for Leisure and Cultural Services Department -to purchase sports and recreational equipment	944,698	-	-	944,698
12 Methodist Epworth Village Community Centre, Social Welfare -to purchase sports and recreational equipment	30,989	-	-	30,989
13 Mutual Aid Committee, Owners Corporations and Other Residents' Organizations -to purchase sports and recreational equipment	433,642	<b>135,711</b>	135,711	297,931
14 New Life Psychiatric Rehabilitation Association -to purchase sports and recreational equipment	6,655	-	-	6,655
15 Operation Dawn Ltd -to purchase sports and recreational equipment	31,370	-	-	31,370
16 Stewards Limited -to purchase sports and recreational equipment	2,740	-	-	2,740
17 The Association of Evangelical Free Churches of Hong Kong -to purchase sports and recreational equipment	12,682	-	-	12,682
18 The Chinese Rhenish Church Hong Kong Synod -to purchase sports and recreational equipment	5,284	-	-	5,284
19 The Church of United Brethren in Christ Social Service Division -to purchase sports and recreational equipment	24,152	-	-	24,152
20 The Free Methodist Church of Hong Kong -to purchase sports and recreational equipment	8,745	-	-	8,745
21 The Hong Kong Federation of Youth Groups -to purchase sports and recreational equipment	112,303	-	-	112,303
22 The Mental Health Association of Hong Kong -to purchase sports and recreational equipment	48,870	-	-	48,870
23 The Society of Rehabilitation and Crime Prevention Hong Kong -to purchase sports and recreational equipment	12,456	-	-	12,456

## STATEMENT OF APPROVED GRANTS - Continued

## SCHEDULE 1

<i>Description</i>	<i>Approved Commitment</i> \$	<b>Expenditure Less Refund during 2011/2012</b> \$	<i>Total Expenditure up to 31.3.2012</i> \$	<i>Unspent Balance (N=Not required)</i> \$
24 Tung Wah Group of Hospitals -to purchase sports and recreational equipment	39,858	-	-	39,858
25 Yan Chai Hospital Social Services Department -to purchase sports and recreational equipment	6,484	-	-	6,484
<b>Total, Non-Capital Works Projects approved in 2011-2012</b>	<u>2,665,836</u>	<u>135,711</u>	<u>135,711</u>	<u>2,530,125</u>
<b>Total, Non-Capital Works Projects</b>	<u>13,825,985</u>	<u>1,709,908</u>	<u>10,242,148</u>	<u>3,583,837</u>

## II. CAPITAL WORKS PROJECTS

## (a) Projects approved in 2009-2010

1 Baptist Convention of Hong Kong - Hong Kong Baptist Assembly - construction of a challenge tower and rope course	424,000	339,200	339,200	84,800 N
<b>Total, Capital Works Projects approved in 2009-2010</b>	<u>424,000</u>	<u>339,200</u>	<u>339,200</u>	<u>84,800</u>

## (b) Projects approved in 2010-2011

1 Chinese YMCA of Hong Kong - Lions YMCA Junk Bay Youth Camp - construction of an outdoor artificial climbing wall	328,000	-	-	328,000
2 Hong Chi Association - Hong Chi Morningjoy School, Yuen Long - construction of climbing wall	35,920	-	-	35,920
3 Hong Kong Little League Limited - construction of the HKLL Lion Rock baseball training and sports ground	500,000	-	-	500,000
4 Po Leung Kuk - Steven Lo Kit Sing Pak Tam Chung Holiday Camp - construction of a challenging course complex	500,000	-	-	500,000
5 Scout Association of Hong Kong - Tung Tsz Scout Centre - conversion of an outdoor playground into basket and mini-football courts	326,224	233,686	233,686	92,538
6 The Hong Kong Award for Young People - Duke of Edinburgh Training Camp - construction of an abseiling tower and installation of safety matting for low beam	309,856	-	-	309,856
<b>Total, Capital Works Projects approved in 2010-2011</b>	<u>2,000,000</u>	<u>233,686</u>	<u>233,686</u>	<u>1,766,314</u>

## (c) Projects approved in 2011-2012

1 Chinese YMCA of Hong Kong - Kowloon Centre - conversion of an activity room into a dance room	169,120	-	-	169,120
2 Christian & Missionary Alliance Church Union of Hong Kong - Suen Douh Camp - construction of a multi-purpose ball court	319,040	-	-	319,040
3 Hong Kong Dragon Boat Association - Hong Kong Dragon Boat Training Centre - construction of new pontoon facilities	332,000	-	-	332,000
4 Hong Kong Playground Association - Southorn Indoor Stadium - installation of LED scoreboards	500,000	-	-	500,000
5 Hong Kong Young Women's Christian Association - Sydney Leong Holiday Lodge - construction of a jogging track and installation of fitness equipment	303,404	-	-	303,404
6 Shaheen Sports Club - construction of the Shaheen Hockey Academy	500,000	-	-	500,000
<b>Total, Capital Works Projects approved in 2011-2012</b>	<u>2,123,564</u>	<u>-</u>	<u>-</u>	<u>2,123,564</u>
<b>Total, Capital Works Projects</b>	<u>4,547,564</u>	<u>572,886</u>	<u>572,886</u>	<u>3,974,678</u>

## STATEMENT OF APPROVED GRANTS - Continued

## SCHEDULE 1

<i>Description</i>	<i>Approved Commitment</i> \$	<b>Expenditure Less Refund during 2011/2012</b> \$	<i>Total Expenditure up to 31.3.2012</i> \$	<i>Unspent Balance (N=Not required)</i> \$
<b>III. SPECIAL PROJECTS</b>				
(a) Projects approved in 2009-2010	19,559,555	<b>2,068,350</b>	8,123,462	10,563,210 872,883 N
(b) Projects approved in 2010-2011	11,027,632	<b>1,489,858</b>	1,489,858	9,537,201 573 N
(c) Projects approved in 2011-2012	6,863,853	-	-	6,863,853
<b>Total, Special Projects</b>	<u>37,451,040</u>	<u><b>3,558,208</b></u>	<u>9,613,320</u>	<u>27,837,720</u>
<b>Total, MAIN FUND</b>	<u>55,824,589</u>	<u><b>5,841,002</b></u>	<u>20,428,354</u>	<u>35,396,235</u>
				<b>Outstanding commitment</b> 33,391,005
				<b>Balance not required (N)</b> 2,005,230
				<b>Total unspent balance</b> 35,396,235
<b>SPORTS AID FOR THE DISABLED FUND</b>				
(a) <b>Projects approved in 2006-2007</b>				
1 Sports Aid for the Disabled Fund Grants -training and competition expenses for athletes	1,165,000	-	200,000	965,000
<b>Total, Projects approved in 2006-2007</b>	<u>1,165,000</u>	<u>-</u>	<u>200,000</u>	<u>965,000</u>
<b>Total, SPORTS AID FOR THE DISABLED FUND</b>	<u>1,165,000</u>	<u>-</u>	<u>200,000</u>	<u>965,000</u>
				<b>Outstanding commitment</b> 965,000
				<b>Balance not required (N)</b> -
				<b>Total unspent balance</b> 965,000
<b>SPORTS AID FOUNDATION FUND</b>				
(a) <b>Projects approved in 2006-2007</b>				
1 Sports Aid Foundation Fund Grants -training and competition expenses for athletes	9,300,000	-	1,200,000	8,100,000
<b>Total, Projects approved in 2006-2007</b>	<u>9,300,000</u>	<u>-</u>	<u>1,200,000</u>	<u>8,100,000</u>
<b>Total, SPORTS AID FOUNDATION FUND</b>	<u>9,300,000</u>	<u>-</u>	<u>1,200,000</u>	<u>8,100,000</u>
				<b>Outstanding commitment</b> 8,100,000
				<b>Balance not required (N)</b> -
				<b>Total unspent balance</b> 8,100,000
<b>ARTS DEVELOPMENT FUND</b>				
(a) <b>Projects approved in 2007-2008</b>				
1 Arts Development Fund Grants -subsidy for cultural exchange projects	6,301,405	<b>63,284</b>	5,243,440	1,057,965 N
<b>Total, Projects approved in 2007-2008</b>	<u>6,301,405</u>	<u><b>63,284</b></u>	<u>5,243,440</u>	<u>1,057,965</u>

## STATEMENT OF APPROVED GRANTS - Continued

## SCHEDULE 1

<i>Description</i>	<i>Approved Commitment</i> \$	<b>Expenditure Less Refund during 2011/2012</b> \$	<i>Total Expenditure up to 31.3.2012</i> \$	<i>Unspent Balance (N=Not required)</i> \$
<b>(b) Projects approved in 2008-2009</b>				
1 Arts Development Fund Grants -subsidy for cultural exchange projects	2,685,665	121,920	2,277,707	407,958 N
<b>Total, Projects approved in 2008-2009</b>	<u>2,685,665</u>	<u>121,920</u>	<u>2,277,707</u>	<u>407,958</u>
<b>(c) Projects approved in 2010-2011</b>				
1 Arts Development Fund Grants -subsidy for cultural exchange projects	3,401,268	1,443,049	2,889,330	259,731 252,207 N
<b>Total, Projects approved in 2010-2011</b>	<u>3,401,268</u>	<u>1,443,049</u>	<u>2,889,330</u>	<u>511,938</u>
<b>(d) Projects approved in 2011-2012</b>				
1 Arts Development Fund Grants -subsidy for cultural exchange projects	3,168,705	1,903,467	1,903,467	904,009 361,229 N
<b>Total, Projects approved in 2011-2012</b>	<u>3,168,705</u>	<u>1,903,467</u>	<u>1,903,467</u>	<u>1,265,238</u>
<b>Total, ARTS DEVELOPMENT FUND</b>	<u>15,557,043</u>	<u>3,531,720</u>	<u>12,313,944</u>	<u>3,243,099</u>
				Outstanding commitment 1,163,740
				Balance not required (N) 2,079,359
				<b>Total unspent balance 3,243,099</b>
<b>HONG KONG ATHLETES FUND</b>				
<b>(a) Projects approved in 2007-2008</b>				
1 Hong Kong Athletes Fund Grants -tuition fees for athletes	437,900	22,047	309,571	88,329 40,000 N
<b>Total, Projects approved in 2007-2008</b>	<u>437,900</u>	<u>22,047</u>	<u>309,571</u>	<u>128,329</u>
<b>(b) Projects approved in 2008-2009</b>				
1 Hong Kong Athletes Fund Grants -tuition fees for athletes	1,162,000	222,110	1,070,840	91,160
<b>Total, Projects approved in 2008-2009</b>	<u>1,162,000</u>	<u>222,110</u>	<u>1,070,840</u>	<u>91,160</u>
<b>(c) Projects approved in 2009-2010</b>				
1 Hong Kong Athletes Fund Grants -tuition fees for athletes	1,289,390	98,253	830,858	205,932 252,600 N
<b>Total, Projects approved in 2009-2010</b>	<u>1,289,390</u>	<u>98,253</u>	<u>830,858</u>	<u>458,532</u>
<b>(d) Projects approved in 2010-2011</b>				
1 Hong Kong Athletes Fund Grants -tuition fees for athletes	962,500	334,145	511,365	451,135
<b>Total, Projects approved in 2010-2011</b>	<u>962,500</u>	<u>334,145</u>	<u>511,365</u>	<u>451,135</u>
<b>(e) Projects approved in 2011-2012</b>				
1 Hong Kong Athletes Fund Grants -tuition fees for athletes	123,300	14,600	14,600	108,700
2 Hong Kong Athletes Fund Grants -Hong Kong 2009 East Asian Games Education Scheme	783,860	49,510	49,510	734,350
<b>Total, Projects approved in 2011-2012</b>	<u>907,160</u>	<u>64,110</u>	<u>64,110</u>	<u>843,050</u>
<b>Total, HONG KONG ATHLETES FUND</b>	<u>4,758,950</u>	<u>740,665</u>	<u>2,786,744</u>	<u>1,972,206</u>
				Outstanding commitment 1,679,606
				Balance not required (N) 292,600
				<b>Total unspent balance 1,972,206</b>

## STATEMENT OF APPROVED GRANTS - Continued

## SCHEDULE 1

<i>Description</i>	<i>Approved Commitment</i> \$	<b>Expenditure Less Refund during 2011/2012</b> \$	<i>Total Expenditure up to 31.3.2012</i> \$	<i>Unspent Balance (N=Not required)</i> \$
<b>ARTS AND SPORT DEVELOPMENT FUND</b>				
<b>(a) Projects approved in 2002-2003</b>				
1 Hong Kong Arts Development Council -to provide financial support for Hong Kong Arts Development Council to implement its three year strategic plan and for other projects which are not included in the plan but will make a significant contribution to the further development of arts in the community.	6,760,000	425,237	5,816,774	943,226
<b>Total, Projects approved in 2002-2003</b>	<u>6,760,000</u>	<u>425,237</u>	<u>5,816,774</u>	<u>943,226</u>
<b>(b) Projects approved in 2003-2004</b>				
1 Hong Kong Arts Development Council -to provide financial support for Hong Kong Arts Development Council to implement its three year strategic plan and for other projects which are not included in the plan but will make a significant contribution to the further development of arts in the community.	14,536,000	558,495	12,686,626	1,849,374
<b>Total, Projects approved in 2003-2004</b>	<u>14,536,000</u>	<u>558,495</u>	<u>12,686,626</u>	<u>1,849,374</u>
<b>(c) Projects approved in 2005-2006</b>				
1 Hong Kong Arts Development Council -to provide financial support for Hong Kong Arts Development Council to implement its three year strategic plan and for other projects which are not included in the plan but will make a significant contribution to the further development of arts in the community.	16,205,050	89,678	13,788,402	2,416,648
<b>Total, Projects approved in 2005-2006</b>	<u>16,205,050</u>	<u>89,678</u>	<u>13,788,402</u>	<u>2,416,648</u>
<b>(d) Projects approved in 2006-2007</b>				
1 Hong Kong Arts Development Council -to provide financial support for Hong Kong Arts Development Council to implement projects initiated by Hong Kong Arts Development Council and other projects which will make significant contribution to the further development of the arts in the community.	13,121,263	-	12,619,942	501,321
2 Various Sports Organisations -to support sport projects which will make a significant contribution to the further development of sport in the community	34,009,165	-	25,367,936	8,641,229 N
<b>Total, Projects approved in 2006-2007</b>	<u>47,130,428</u>	<u>-</u>	<u>37,987,878</u>	<u>9,142,550</u>
<b>(e) Projects approved in 2007-2008</b>				
1 Hong Kong Arts Development Council -to provide financial support for Hong Kong Arts Development Council to implement projects initiated by Hong Kong Arts Development Council and other projects which will make significant contribution to the further development of the arts in the community.	19,552,500	2,134,235	17,783,703	1,768,797
<b>Total, Projects approved in 2007-2008</b>	<u>19,552,500</u>	<u>2,134,235</u>	<u>17,783,703</u>	<u>1,768,797</u>
<b>(f) Projects approved in 2008-2009</b>				
1 Hong Kong Arts Development Council -to provide financial support for Hong Kong Arts Development Council to implement projects initiated by Hong Kong Arts Development Council and other projects which will make significant contribution to the further development of the arts in the community.	20,785,000	555,017	15,180,367	5,604,633
2 Various Sports Organisations -to support sport projects which will make a significant contribution to the further development of sport in the community	34,094,292	-	31,971,318	2,122,974 N
<b>Total, Projects approved in 2008-2009</b>	<u>54,879,292</u>	<u>555,017</u>	<u>47,151,685</u>	<u>7,727,607</u>

## STATEMENT OF APPROVED GRANTS - Continued

## SCHEDULE 1

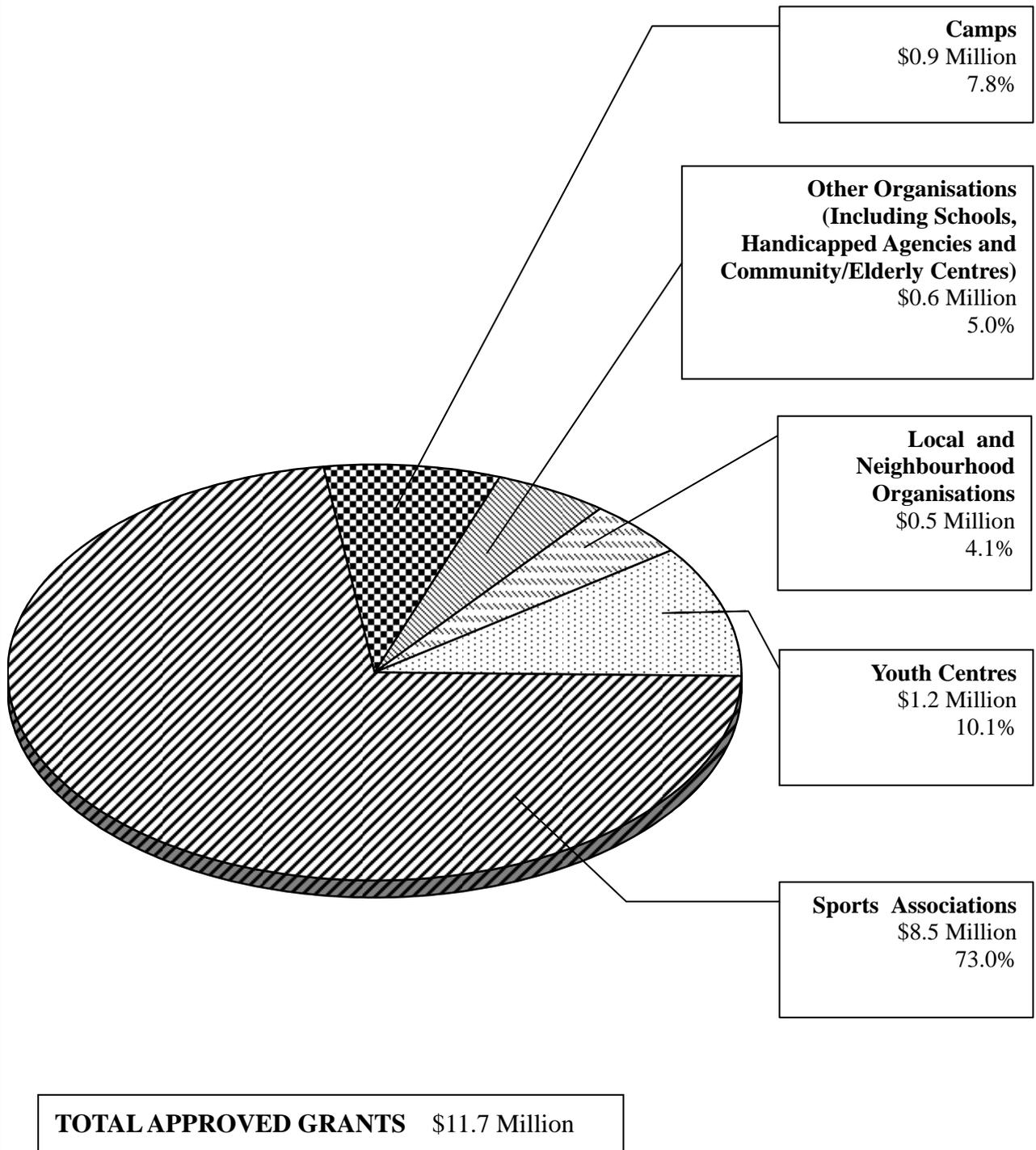
<i>Description</i>	<i>Approved Commitment</i> \$	<b>Expenditure Less Refund during 2011/2012</b> \$	<i>Total Expenditure up to 31.3.2012</i> \$	<i>Unspent Balance (N=Not required)</i> \$
<b>(g) Projects approved in 2009-2010</b>				
1 Hong Kong Arts Development Council -to provide financial support for Hong Kong Arts Development Council to implement projects initiated by Hong Kong Arts Development Council and other projects which will make significant contribution to the further development of the arts in the community.	27,149,700	3,477,847	20,474,047	6,675,653
2 Various Sports Organisations -to support sport projects which will make a significant contribution to the further development of sport in the community	46,976,030	-	45,601,235	1,374,795 N
<b>Total, Projects approved in 2009-2010</b>	<u>74,125,730</u>	<u>3,477,847</u>	<u>66,075,282</u>	<u>8,050,448</u>
<b>(h) Projects approved in 2010-2011</b>				
1 Hong Kong Arts Development Council -to provide financial support for Hong Kong Arts Development Council to implement projects initiated by Hong Kong Arts Development Council and other projects which will make significant contribution to the further development of the arts in the community.	18,098,000	750,000	12,865,500	5,232,500
2 Various Sports Organisations -to support sport projects which will make a significant contribution to the further development of sport in the community	27,926,026	1,643,842	27,547,719	378,307 N
<b>Total, Projects approved in 2010-2011</b>	<u>46,024,026</u>	<u>2,393,842</u>	<u>40,413,219</u>	<u>5,610,807</u>
<b>(i) Projects approved in 2011-2012</b>				
1 Hong Kong Arts Development Council -to provide financial support for Hong Kong Arts Development Council to implement projects initiated by Hong Kong Arts Development Council and other projects which will make significant contribution to the further development of the arts in the community.	26,105,000	16,842,500	16,842,500	9,262,500
2 Various Sports Organisations -to support sport projects which will make a significant contribution to the further development of sport in the community	83,299,576	62,218,212	62,218,212	21,081,364
<b>Total, Projects approved in 2011-2012</b>	<u>109,404,576</u>	<u>79,060,712</u>	<u>79,060,712</u>	<u>30,343,864</u>
<b>Total, ARTS AND SPORT DEVELOPMENT FUND</b>	<u>388,617,602</u>	<u>88,695,063</u>	<u>320,764,281</u>	<u>67,853,321</u>
				Outstanding commitment 55,336,016
				Balance not required (N) 12,517,305
				<b>Total unspent balance</b> 67,853,321
<b>GRAND TOTAL</b>	<u>475,223,184</u>	<u>98,808,450</u>	<u>357,693,323</u>	<u>117,529,861</u>
				Outstanding commitment 100,635,367
				Balance not required (N) 16,894,494
				<b>Total unspent balance</b> 117,529,861

## SCHEDULE 2

### SUMMARY OF APPROVED GRANTS AND OUTSTANDING COMMITMENTS AS AT 31 MARCH 2012

<b>Fund</b>	<b>Grants approved</b>		<b>Outstanding commitments</b>
	<b>From 1.4.2011 to 31.3.2012</b>	<b>Cumulative to date</b>	
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>MAIN FUND</b>	<b>11,653</b>	234,259	<b>33,391</b>
<b>SPORTS AID FOR THE DISABLED FUND</b>	-	15,202	<b>965</b>
<b>SPORTS AID FOUNDATION FUND</b>	-	111,524	<b>8,100</b>
<b>ARTS DEVELOPMENT FUND</b>	<b>3,169</b>	52,403	<b>1,164</b>
<b>HONG KONG ATHLETES FUND</b>	<b>907</b>	12,252	<b>1,680</b>
<b>ARTS AND SPORT DEVELOPMENT FUND</b>	<b>109,405</b>	759,474	<b>55,336</b>
	<b>125,134</b>	1,185,114	<b>100,636</b>

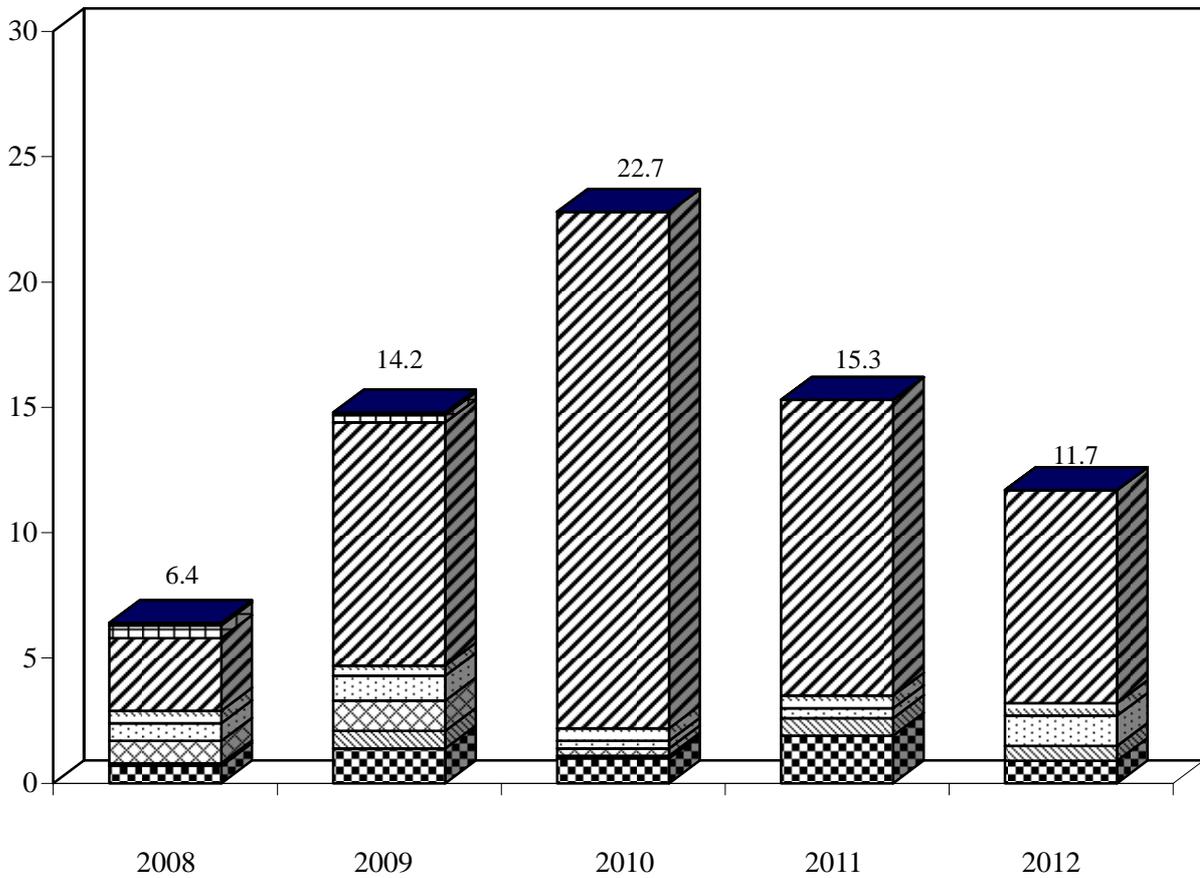
**MAIN FUND  
APPROVED GRANTS BY TYPES OF ORGANISATION  
FOR THE YEAR ENDED 31 MARCH 2012**



**MAIN FUND  
APPROVED GRANTS FOR THE YEARS 2007-08 TO 2011-12**

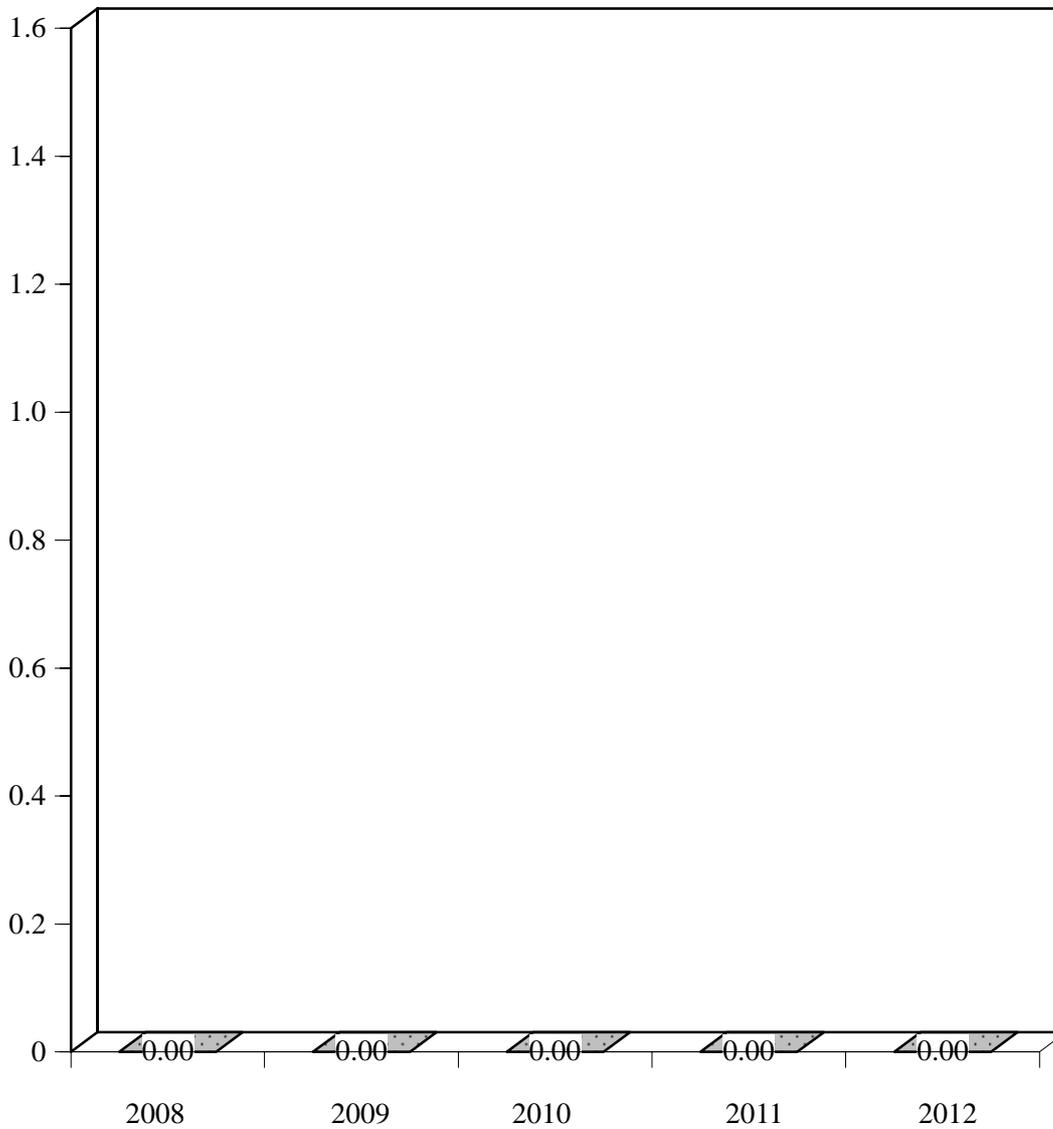


\$Million



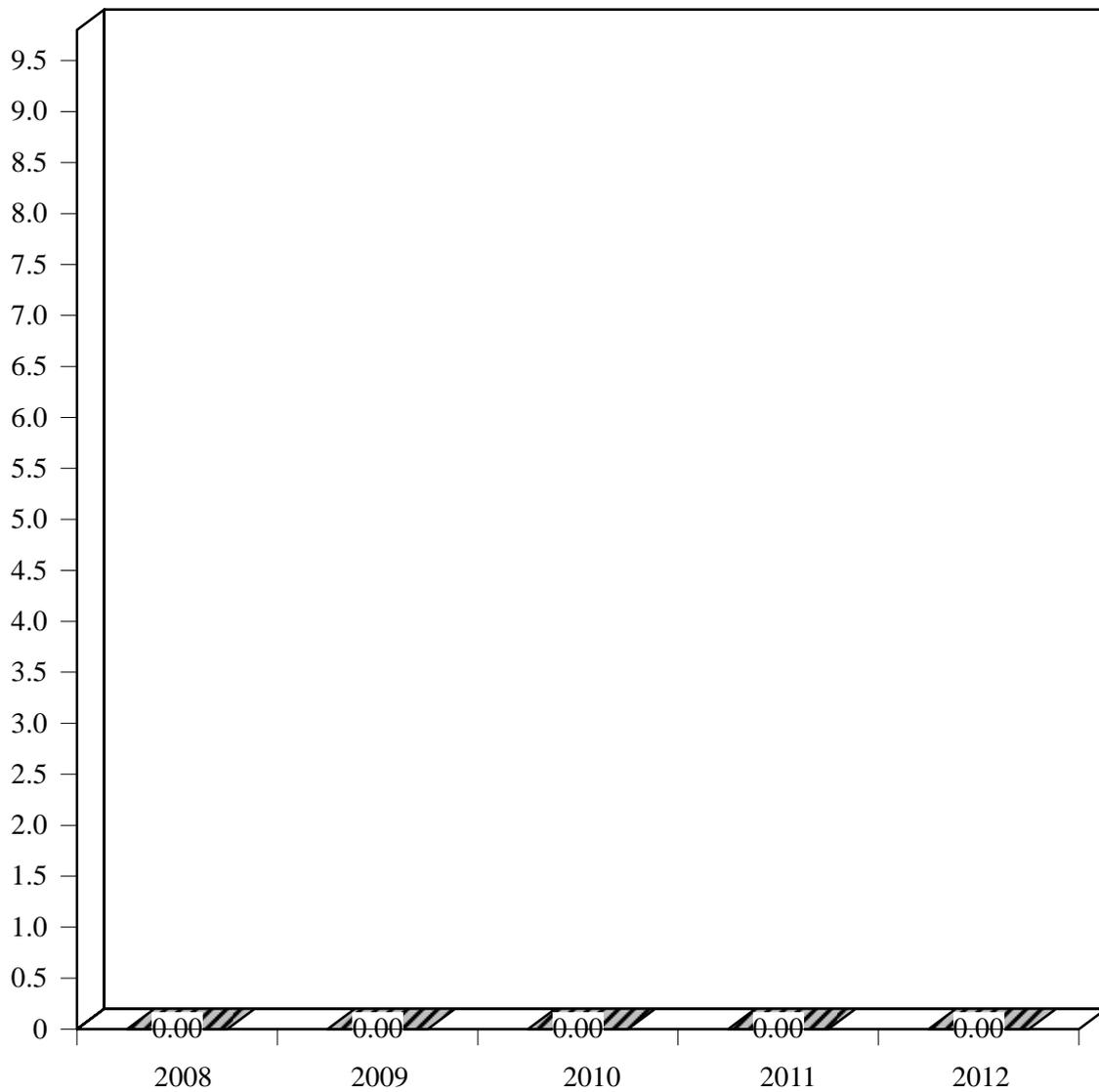
**SPORTS AID FOR THE DISABLED FUND  
APPROVED GRANTS FOR THE YEARS 2007-08 TO 2011-12**

\$Million



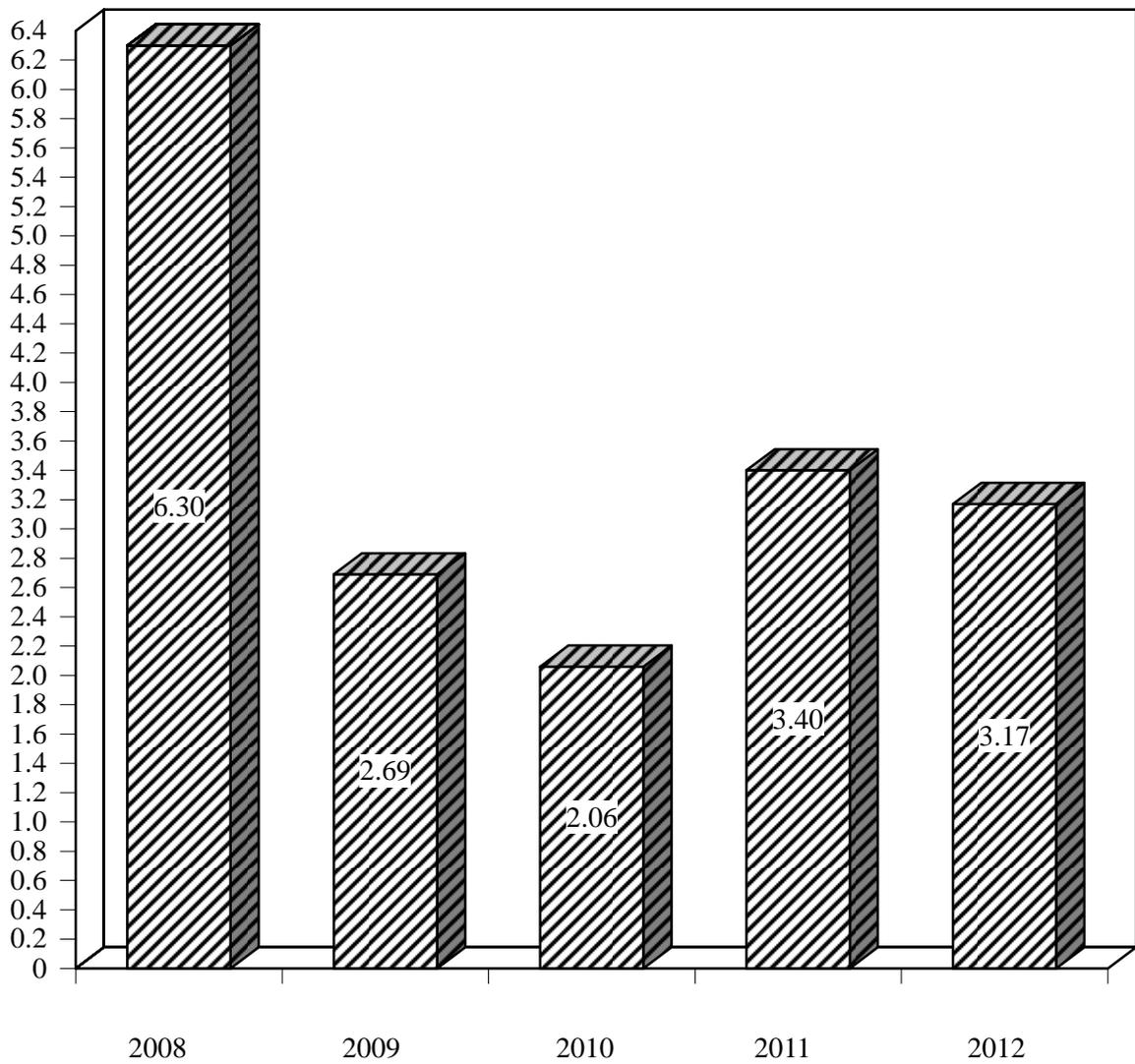
**SPORTS AID FOUNDATION FUND  
APPROVED GRANTS FOR THE YEARS 2007-08 TO 2011-12**

\$Million



**ARTS DEVELOPMENT FUND  
APPROVED GRANTS FOR THE YEARS 2007-08 TO 2011-12**

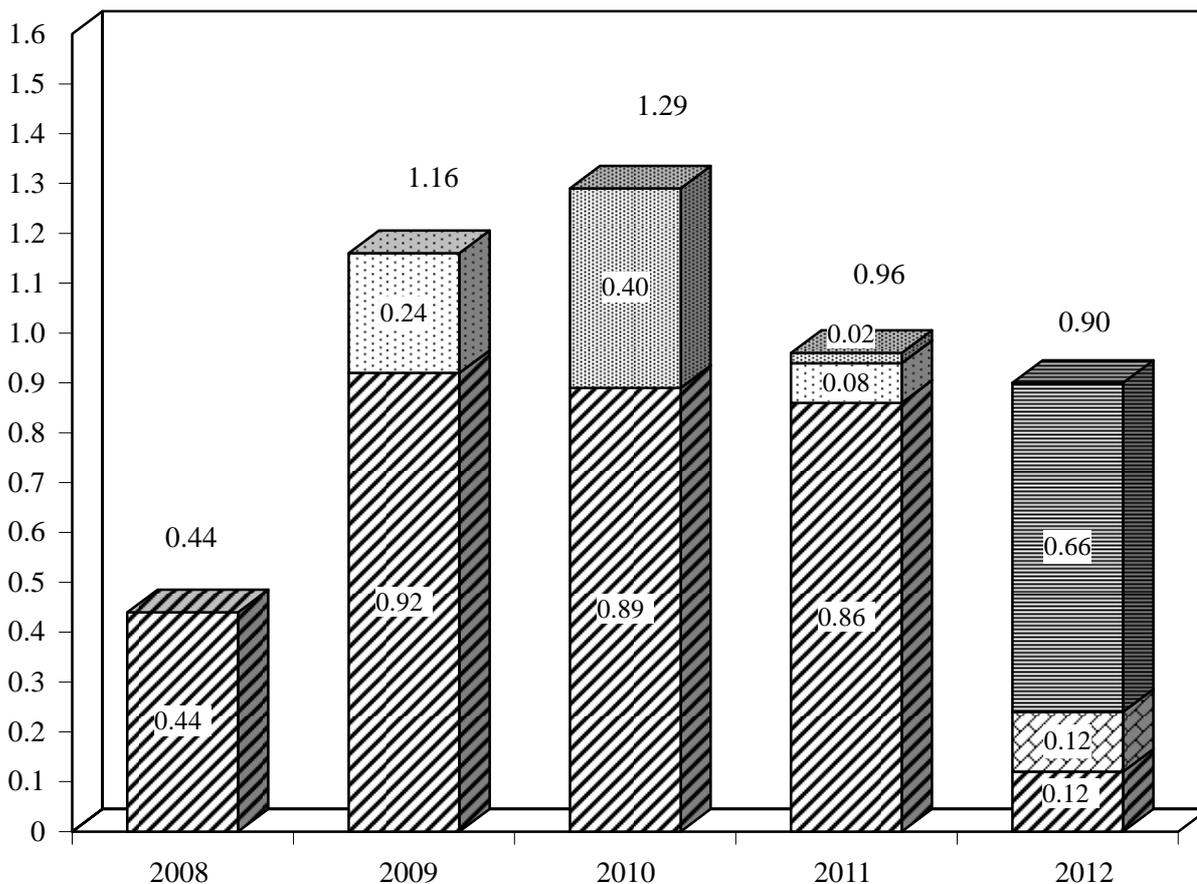
\$Million



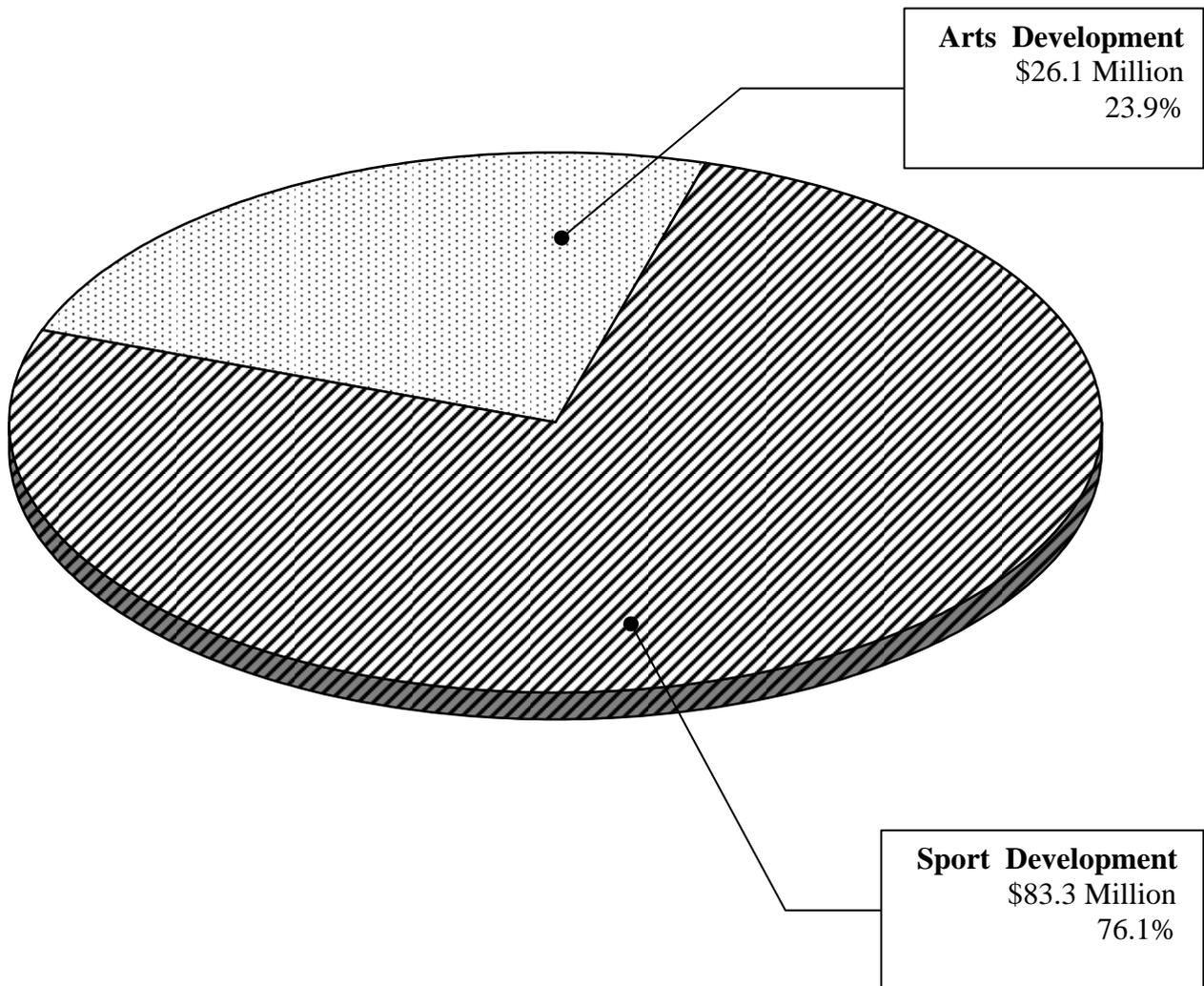
**HONG KONG ATHLETES FUND  
APPROVED GRANTS FOR THE YEARS 2007-08 TO 2011-12**

-  EAG - Subsistence Allowance for Retired Athletes
-  EAG - Tuition Fees Athletes
-  Subsistence Allowance for Retired Athletes
-  Tuition Fees for Athletes
-  Youth Athletes Scholarship Award

\$Million



**ARTS AND SPORT DEVELOPMENT FUND  
APPROVED GRANTS BY TYPES OF ACTIVITY  
FOR THE YEAR ENDED 31 MARCH 2012**

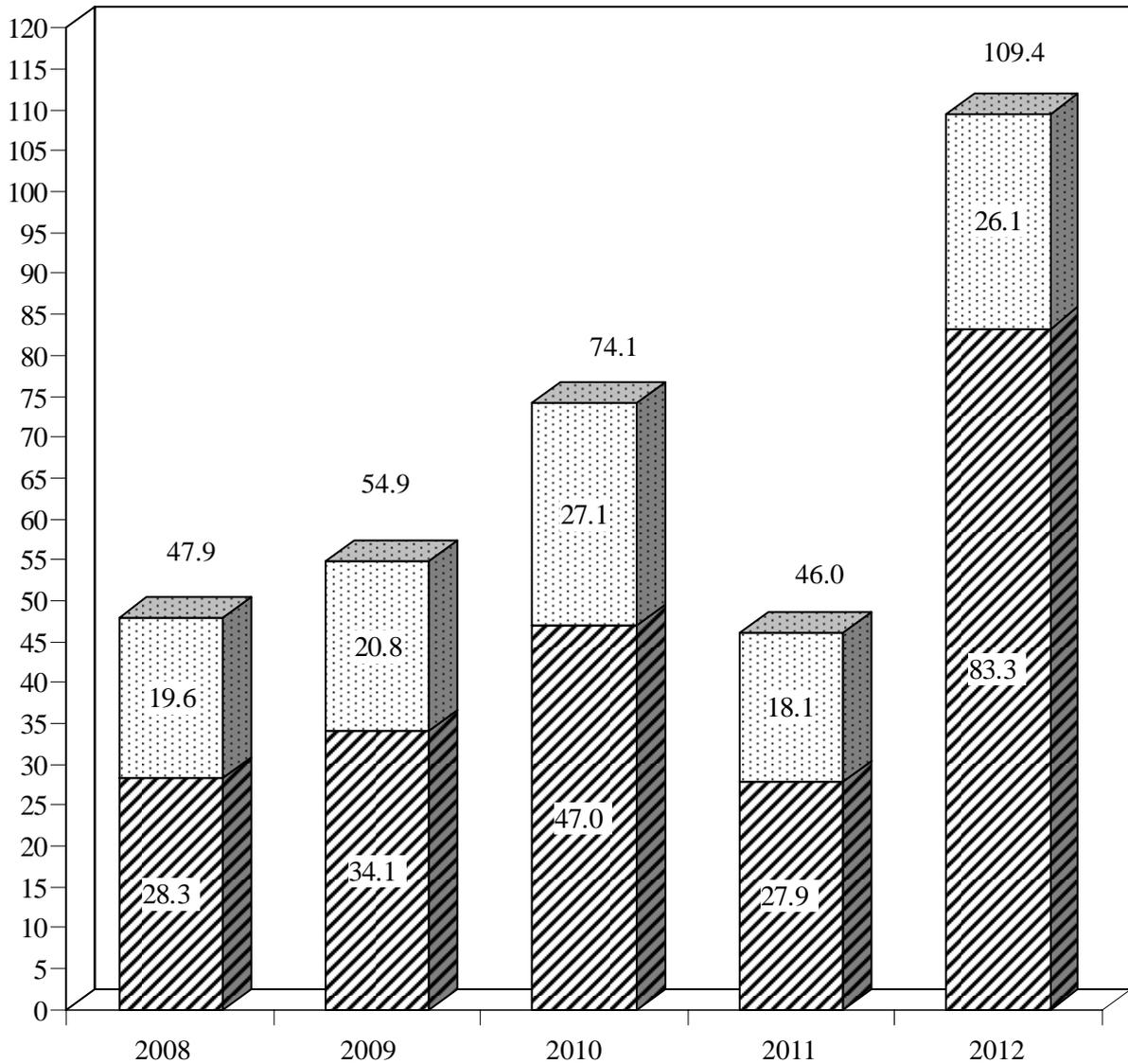


**TOTAL APPROVED GRANTS**    \$109.4 Million

**ARTS AND SPORT DEVELOPMENT FUND  
APPROVED GRANTS FOR THE YEARS 2007-08 TO 2011-12**



\$Million



### SCHEDULE 3

#### STATEMENT OF INVESTMENTS AS AT 31 MARCH 2012

Securities	Coupon Rate	Maturity Date	Market Value \$
<b>MAIN FUND</b>			
<b>(a) Hong Kong Listed Equity Securities:</b>			
Tracker Fund of Hong Kong			32,753,875
<b>(b) Overseas Equity Securities:</b>			
MSCI World Index Non-Lending Qualified Purchasers Common Trust Fund			36,472,493
<b>Total, MAIN FUND</b>			<u>69,226,368</u>
<b>SPORTS AID FOR THE DISABLED FUND</b>			
<b>(a) US Dollar-denominated Debt Securities:</b>			
Standard Chartered PLC	5.50%	18.11.2014	828,276
<b>Total, SPORTS AID FOR THE DISABLED FUND</b>			<u>828,276</u>
<b>SPORTS AID FOUNDATION FUND</b>			
<b>(a) Hong Kong Listed Equity Securities:</b>			
Tracker Fund of Hong Kong			11,464,375
<b>(b) US Dollar-denominated Debt Securities:</b>			
Standard Chartered PLC	5.50%	18.11.2014	13,252,422
<b>Total, SPORTS AID FOUNDATION FUND</b>			<u>24,716,797</u>
<b>HONG KONG ATHLETES FUND</b>			
<b>(a) Hong Kong Listed Equity Securities:</b>			
Tracker Fund of Hong Kong			4,461,250
<b>(b) Overseas Equity Securities:</b>			
MSCI World Index Non-Lending Qualified Purchasers Common Trust Fund			4,257,284
<b>(c) US Dollar-denominated Debt Securities:</b>			
Standard Chartered PLC	5.50%	18.11.2014	6,626,211
<b>Total, HONG KONG ATHLETES FUND</b>			<u>15,344,745</u>

Securities	Coupon Rate	Maturity Date	Market Value \$
<b>ARTS AND SPORT DEVELOPMENT FUND</b>			
<b>(a) Hong Kong Listed Equity Securities:</b>			
Tracker Fund of Hong Kong			181,033,375
<b>(b) Overseas Equity Securities:</b>			
MSCI World Index Non-Lending Qualified Purchasers Common Trust Fund			173,668,070
<b>(c) HK Dollar-denominated Debt Securities:</b>			
BNP Paribas	2.08%	18.2.2014	39,687,600
China Construction Bank (Asia) Corporation Ltd	2.05%	28.4.2014	49,877,500
DBS Bank (Hong Kong) Ltd	1.95%	11.7.2014	60,131,400
Sun Hung Kai Properties (Capital Market) Ltd	3.10%	24.7.2014	13,365,170
Sun Hung Kai Properties (Capital Market) Ltd	3.37%	20.8.2014	25,873,250
Wing Hang Bank Ltd	1.90%	1.4.2014	39,924,800
			228,859,720
<b>(d) US Dollar-denominated Debt Securities:</b>			
Bank of China Ltd., HK Branch	2.10%	3.3.2014	76,863,353
Bank of East Asia Ltd	2.30%	3.3.2014	76,863,353
Bank of Tokyo-Mitsubishi UFJ Ltd	2.25%	24.2.2014	47,245,340
BNP Paribas	2.40%	18.2.2014	38,346,273
China Construction Bank Corporation, HK Branch	2.00%	30.6.2014	77,256,986
Export-Import Bank of China	5.25%	29.7.2014	61,931,459
Export-Import Bank of Korea	8.125%	21.1.2014	25,675,854
Hong Kong Land Finance Cayman Island Co Ltd	5.50%	28.4.2014	53,655,278
Hong Kong Mortgage Corporation Ltd	3.50%	4.8.2014	47,758,130
Hutchison Whampoa International (03/33) Ltd	6.25%	24.1.2014	82,240,438
Korea Development Bank	8.00%	23.1.2014	42,683,617
National Australia Bank Ltd	1.70%	10.12.2013	29,926,874
Wing Lung Bank Ltd	2.22%	10.3.2014	46,446,893
			706,893,848
<b>(e) Renminbi-denominated Debt Securities:</b>			
China Construction Bank Corporation, HK Branch	1.80%	10.9.2014	23,928,930
CNPC Golden Autumn Ltd	2.55%	26.10.2013	42,954,896
DBS Bank (Hong Kong) Ltd	2.99%	16.1.2013	14,719,992
Industrial and Commercial Bank of China (Asia) Ltd	2.30%	14.12.2012	61,364,138
Industrial and Commercial Bank of China (Asia) Ltd	1.80%	10.9.2014	23,928,930
			166,896,886
<b>Total, ARTS AND SPORT DEVELOPMENT FUND</b>			<b>1,457,351,899</b>