

**SIR DAVID TRENCH
FUND FOR
RECREATION
ANNUAL REPORT
2013-2014**

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MEMBERS OF COMMITTEES 2013-2014

SIR DAVID TRENCH FUND COMMITTEE 2013-2014

Chairman : Ms Lisa LAU Man-man, BBS, MH, JP

Members : Mr Kenny CHOW Kun-wah
Mr Ivan CHU Siu-lun
Mr John FAN Kam-ping, BBS, JP
Mr Michael LAM Huen-sum
Mr Douglas LEE Kar-yan
Ms Susana LO Yin-bing, MH
Ms Marina TSUI Wai-fun
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 2013-2014

Chairman : Mr Lawrence CHEUNG Wai-kou, MH, JP

Members : Miss LAM Man-ngar, Norris
Mr TSANG Kwong-wing, Ernest
Miss TSANG Wai-sze, Selina
Dr YIP Chee-hang, Eric (w.e.f. 15.5.2013)

Secretary : Mr Edward CHENG
The Treasury

**HONG KONG SPORTS INSTITUTE LIMITED
BOARD OF DIRECTORS 2013-2014**

| | |
|---------------------------------------|---|
| <i>Chairman :</i> | Mr Carlson TONG Ka-shing, JP |
| <i>Vice-Chairmen :</i> | Mr TANG Kwai-nang, BBS, JP Mr Matthias LI Sing-chung |
| <i>Directors :</i> | Dr Kenneth CHU Ting-kin Mr Kenneth FOK Kai-kong Ms Denise HO Suk-chun Mr Adam KOO Mr Karl KWOK Chi-leung, MH Mr LAM Cheuk-yum Dr James LAM, JP Dr Hon LAM Tai-fai, SBS, JP Mr Michael LEE Tze-hau, JP Ms Winnie NG Ms Malina NGAI Man-lin, JP Dr Kelvin WONG Tin-yau, JP Mr Thomas J WU Ms Lisa YIP Sau-wah, JP Mr Jonathan McKINLEY, JP Mr Bobby CHENG Kam-wing, JP |
| <i>Alternate Directors :</i> | Miss Petty LAI Chun-yee (as alternate director to Mr Jonathan McKINLEY, JP) Miss Olivia CHAN Yeuk-oi, JP (as alternate director to Mr Bobby CHENG Kam-wing, JP) |
| <i>Secretary : (Non-Director)</i> | Ms Doris KWOK |

**HONG KONG SPORTS INSTITUTE LIMITED
ELITE TRAINING AND ATHLETES AFFAIRS COMMITTEE 2013-2014**

| | |
|-------------------|--|
| <i>Chairman :</i> | Mr TANG Kwai-nang, BBS, JP |
| <i>Members :</i> | Miss Olivia CHAN Yeuk-oi, JP Mr Kenneth FOK Kai-kong Mr Karl KWOK Chi-leung, MH Miss Petty LAI Chun-yee Dr James LAM, JP Dr Hon LAM Tai-fai, SBS, JP Ms Malina NGAI Man-lin, JP Ms Lisa YIP Sau-wah, JP |

HONG KONG ARTS DEVELOPMENT COUNCIL 2013-2014

Chairman : Dr Wilfred WONG Ying-wai, SBS, JP

Vice-Chairman : Ms Lina YAN Hau-ye, MH, JP

Members : Mr William AU Weng-hei, BBS, JP (up to 31.12.2013)
Mr Henry CHAN Chi-chiu, MH (w.e.f. 1.1.2014)
Mr CHAN Kam-shing (w.e.f. 1.1.2014)
Mr CHAN Kin-bun (w.e.f. 1.1.2014)
Ms Caroline CHENG (w.e.f. 1.1.2014)
Dr Eric CHENG Kam-chung, MH, JP (up to 31.12.2013)
Ms CHOI Tsz-kwan (up to 31.12.2013)
Mr CHOI Yick-wai (up to 31.12.2013)
Mr John CHONG Koon-nam (w.e.f. 1.1.2014)
Mr Christopher CHUNG Shu-kun, BBS, MH, JP (up to 31.12.2013)
Ms Ribble CHUNG Siu-mui (w.e.f. 1.1.2014)
Ms Barbara FEI, SBS
Mr James Mathew FONG
Mr HO Ho-chuen (up to 31.12.2013)
Dr HUNG Keung
Mr Leon KO Sai-tseung
Mr KO Tin-lung (up to 31.12.2013)
Mr Perry LAM (up to 31.12.2013)
Ms LAU Wai-ming (w.e.f. 1.1.2014)
Mr LEE Kam-yin, MH (up to 31.12.2013)
Mr LEUNG Sung-yum (w.e.f. 1.1.2014)
Mr LI Tak-hong, MH, JP (w.e.f. 1.1.2014)
Dr LO Wai-luk (w.e.f. 1.1.2014)
Mr Alan LO Yeung-kit
Professor Eva MAN Kit-wah (up to 31.12.2013)
Ms Emily MOK Fung-ye, MH, JP (up to 31.12.2013)
Ms MUI Cheuk-yin (w.e.f. 1.1.2014)
Mr NG Kang-fai (up to 31.12.2013)
Dr NG Mei-kwan (w.e.f. 1.1.2014)
Ms Nikki NG Mien-hua
Ms Ellen PAU (w.e.f. 1.1.2014)
Mr Magnus RENFREW (w.e.f. 1.1.2014)
Ms TANG Yuen-ha, MH (w.e.f. 1.1.2014)
Mr TO Kei-fung, MH (up to 31.12.2013)
Mr Anthony WONG Chau-sang (w.e.f. 1.1.2014)
Mr YUEN Siu-fai (up to 31.12.2013)
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 2014, 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, income exceeded expenditure by \$8.610 million. Income from dividends and interest was \$2.996 million and net revaluation gains on investments in securities were \$9.310 million. Expenditure on grants was \$3.65 million. The accumulated surplus was \$138.587 million at 31 March 2014.

17. Under the Sports Aid for the Disabled Fund, income exceeded expenditure by \$0.084 million. Interest income was \$0.117 million. There was no grant payment during the year and net revaluation losses on investments in securities were \$0.032 million. The accumulated surplus was \$1.335 million at 31 March 2014.

18. Under the Sports Aid Foundation Fund, expenditure exceeded income by \$20.223 million. Income from dividends and interest was \$1.367 million. Expenditure on grants was \$21 million and net revaluation losses on investments in securities were \$0.569 million. The accumulated surplus was \$2.947 million at 31 March 2014.

19. Under the Arts Development Fund, expenditure exceeded income by \$3.094 million. Interest income was \$0.071 million. Expenditure on grants was \$3.16 million. The accumulated deficit was \$42.187 million at 31 March 2014.

20. Under the Hong Kong Athletes Fund, expenditure exceeded income by \$0.088 million. Income from dividends and interest was \$0.718 million and net revaluation gains on investments in securities were

\$0.647 million. Expenditure on grants was \$1.399 million. The accumulated surplus was \$8.265 million at 31 March 2014.

21. Under the Arts and Sport Development Fund, expenditure exceeded income by \$10.486 million. Income from dividends and interest was \$76.318 million and net revaluation gains on investments in securities were \$68.286 million. Expenditure on grants was \$154.729 million. The accumulated deficit was \$397.094 million at 31 March 2014.

GRANTS

22. Details of the expenditure on grants in 2013-2014 are shown in the Statement of Approved Grants in Schedule 1 on pages 39 to 47. A summary of approved grants over the years and outstanding commitments as at 31 March 2014 is provided in Schedule 2 on page 48.

INVESTMENTS

23. Investments as at 31 March 2014 are shown in Schedule 3 on pages 56 to 57.

Martin SIU

Director of Accounting Services

The Trustee of the Sir David Trench Fund for Recreation

26 June 2014

**REPORT OF THE SECRETARY FOR HOME AFFAIRS
ON THE SIR DAVID TRENCH FUND FOR RECREATION 2013-2014**

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 2013-2014, a total of \$1,498,820 from the Fund helped to pay for the six capital works projects listed on page 43.

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 2013-2014, a total of \$2,658,730 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 2012-2013 to 2013-2014 has been "Construction of new sports facilities, improvement of existing sports facilities and purchase of sports equipment for enhancement of training in team sports and / or development of youth sports". In 2013-2014, a total of \$3,348,790 was awarded to six 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 -

- (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. In 2013-14, a total of \$21,000,000 was allocated from the SAFF to support athletes' participation in overseas competition.

SPORTS AID FOR THE DISABLED FUND

11. 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.

12. 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.

13. 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 liaising with relevant organisations on initiatives to improve the promotion of sport for disabled people, using funding from the SADF.

ARTS AND SPORT DEVELOPMENT FUND

14. 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.

15. 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.

16. 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 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.

17. In 2013-2014, a total of \$153,531,966 was allocated from the ASDF, of which \$67,976,600 was allocated to 23 arts projects and \$85,555,366 was allocated to 36 sports development projects.

HONG KONG ATHLETES FUND

18. 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.

19. 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.

20. 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.

21. In 2013-2014, a total of \$1,089,300 was allocated from the HKAF, with individual grants ranging from \$22,500 to \$168,400 awarded to cover the tuition fees and subsistence allowance of eight athletes. Three of the athletes were subsidized by the "Hong Kong 2009 East Asian Games Education Scheme" under HKAF, with a total amount of \$336,400.

ARTS DEVELOPMENT FUND

22. 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.

23. The Finance Committee of the Legislative Council approved an injection of \$20,000,000 into the ADF on 26 January 2007. In 2013-2014, a total of \$3,211,974 was approved for 48 cultural exchange projects.

TSANG Tak-sing
Secretary for Home Affairs
26 June 2014

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 2014, 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 2014, 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

26 June 2014

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

BALANCE SHEET AS AT 31 MARCH 2014

| | | Note | 2014 HK\$'000 | 2013 HK\$'000 |
|---|--|------|------------------|------------------|
| MAIN FUND | ASSETS | | | |
| | Cash at bank | | 841 | 430 |
| | Deposits with banks | 3 | 52,506 | 53,757 |
| | Investments in securities | 4 | 108,533 | 99,223 |
| | Interest and other receivables | | 355 | 100 |
| | Total assets | | 162,235 | 153,510 |
| | LIABILITIES | | | |
| | Payables and other liabilities | 5 | (448) | (333) |
| | Net assets | | 161,787 | 153,177 |
| | Representing : FUND BALANCE | | | |
| | Capital | | 23,200 | 23,200 |
| | Accumulated surplus | | 138,587 | 129,977 |
| | | | 161,787 | 153,177 |
| SPORTS AID FOR THE DISABLED FUND | ASSETS | | | |
| | Cash at bank | | 260 | 902 |
| | Deposits with banks | 3 | 6,720 | 6,000 |
| | Investments in securities | 4 | 800 | 832 |
| | Interest receivable | | 55 | 17 |
| | Total assets | | 7,835 | 7,751 |
| | Representing : FUND BALANCE | | | |
| | Capital | | 6,500 | 6,500 |
| | Accumulated surplus | | 1,335 | 1,251 |
| | | | 7,835 | 7,751 |
| SPORTS AID FOUNDATION FUND | ASSETS | | | |
| | Cash at bank | | 110 | 948 |
| | Deposits with banks | 3 | 16,785 | 36,235 |
| | Investments in securities | 4 | 26,292 | 26,874 |
| | Interest receivable | | 337 | 252 |
| | Total assets | | 43,524 | 64,309 |
| | LIABILITIES | | | |
| | Payables and other liabilities | 5 | — | (562) |
| | Net assets | | 43,524 | 63,747 |
| | Representing : FUND BALANCE | | | |
| | Capital | | 40,577 | 40,577 |
| | Accumulated surplus | | 2,947 | 23,170 |
| | | | 43,524 | 63,747 |

Sir David Trench Fund For Recreation

BALANCE SHEET — Continued

| | | Note | 2014 HK\$'000 | 2013 HK\$'000 |
|--|--------------------------------|------|------------------|------------------|
| ARTS DEVELOPMENT FUND | ASSETS | | | |
| | Cash at bank | | 95 | 969 |
| | Deposits with banks | 3 | 7,733 | 10,178 |
| | Interest receivable | | 14 | 2 |
| | Total assets | | 7,842 | 11,149 |
| | LIABILITIES | | | |
| | Payables and other liabilities | 5 | (29) | (242) |
| | Net assets | | 7,813 | 10,907 |
| | Representing : | | | |
| | FUND BALANCE | | | |
| | Capital | | 50,000 | 50,000 |
| | Accumulated deficit | | (42,187) | (39,093) |
| | | | 7,813 | 10,907 |
| HONG KONG ATHLETES FUND | ASSETS | | | |
| | Cash at bank | | 646 | 1,066 |
| | Deposits with banks | 3 | 14,330 | 14,602 |
| | Investments in securities | 4 | 16,914 | 16,273 |
| | Interest receivable | | 153 | 135 |
| | Total assets | | 32,043 | 32,076 |
| | LIABILITIES | | | |
| | Payables and other liabilities | 5 | (630) | (575) |
| | Net assets | | 31,413 | 31,501 |
| | Representing : | | | |
| | FUND BALANCE | | | |
| | Capital | | 23,148 | 23,148 |
| | Accumulated surplus | | 8,265 | 8,353 |
| | | | 31,413 | 31,501 |
| ARTS AND SPORT DEVELOPMENT FUND | ASSETS | | | |
| | Cash at bank | | 1,173 | 1,693 |
| | Deposits with banks | 3 | 1,739,612 | 1,542,096 |
| | Investments in securities | 4 | 1,374,549 | 1,586,018 |
| | Interest and other receivables | | 17,704 | 13,717 |
| | Total assets | | 3,133,038 | 3,143,524 |
| | LIABILITIES | | | |
| | Payables and other liabilities | 5 | (132) | (132) |
| | Net assets | | 3,132,906 | 3,143,392 |
| | Representing : | | | |
| | FUND BALANCE | | | |
| | Capital | | 3,530,000 | 3,530,000 |
| | Accumulated deficit | | (397,094) | (386,608) |
| | | | 3,132,906 | 3,143,392 |
| TOTAL FUND BALANCE | | | 3,385,278 | 3,410,475 |

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



The Treasury
Hong Kong

Martin SIU

Director of Accounting Services

The Trustee of the Sir David Trench Fund for Recreation

26 June 2014

**INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2014**

| | | Note | 2014 HK\$'000 | 2013 HK\$'000 |
|--|---|------|------------------|------------------|
| MAIN FUND | Income | 7 | 12,314 | 13,481 |
| | Expenditure | 8 | (3,704) | (5,693) |
| | Surplus for the year | | 8,610 | 7,788 |
| | Other comprehensive income | | — | — |
| | Total comprehensive income for the year | | 8,610 | 7,788 |
| SPORTS AID FOR THE DISABLED FUND | Income | 7 | 117 | 119 |
| | Expenditure | 8 | (33) | — |
| | Surplus for the year | | 84 | 119 |
| | Other comprehensive income | | — | — |
| | Total comprehensive income for the year | | 84 | 119 |
| SPORTS AID FOUNDATION FUND | Income | 7 | 1,367 | 2,491 |
| | Expenditure | 8 | (21,590) | (9) |
| | (Deficit)/ Surplus for the year | | (20,223) | 2,482 |
| | Other comprehensive income | | — | — |
| | Total comprehensive income for the year | | (20,223) | 2,482 |
| ARTS DEVELOPMENT FUND | Income | 7 | 70 | 130 |
| | Expenditure | 8 | (3,164) | (2,763) |
| | Deficit for the year | | (3,094) | (2,633) |
| | Other comprehensive income | | — | — |
| | Total comprehensive income for the year | | (3,094) | (2,633) |
| HONG KONG ATHLETES FUND | Income | 7 | 1,365 | 1,580 |
| | Expenditure | 8 | (1,453) | (911) |
| | (Deficit)/ Surplus for the year | | (88) | 669 |
| | Other comprehensive income | | — | — |
| | Total comprehensive income for the year | | (88) | 669 |
| ARTS AND SPORT DEVELOPMENT FUND | Income | 7 | 157,306 | 167,561 |
| | Expenditure | 8 | (167,792) | (108,576) |
| | (Deficit)/ Surplus for the year | | (10,486) | 58,985 |
| | Other comprehensive income | | — | — |
| | Total comprehensive income for the year | | (10,486) | 58,985 |

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

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2014**

| | | Capital HK\$'000 | Accumulated surplus/(deficit) HK\$'000 | Total HK\$'000 |
|---|---|-----------------------------|---|---------------------------|
| MAIN FUND | Balance at 1 April 2012 | 23,200 | 122,189 | 145,389 |
| | Total comprehensive income for the year 2012-13 | | 7,788 | 7,788 |
| | Balance at 31 March 2013 | 23,200 | 129,977 | 153,177 |
| | Total comprehensive income for the year 2013-14 | | 8,610 | 8,610 |
| | Balance at 31 March 2014 | 23,200 | 138,587 | 161,787 |
| SPORTS AID FOR THE DISABLED FUND | Balance at 1 April 2012 | 6,500 | 1,132 | 7,632 |
| | Total comprehensive income for the year 2012-13 | | 119 | 119 |
| | Balance at 31 March 2013 | 6,500 | 1,251 | 7,751 |
| | Total comprehensive income for the year 2013-14 | | 84 | 84 |
| | Balance at 31 March 2014 | 6,500 | 1,335 | 7,835 |
| SPORTS AID FOUNDATION FUND | Balance at 1 April 2012 | 40,577 | 20,688 | 61,265 |
| | Total comprehensive income for the year 2012-13 | | 2,482 | 2,482 |
| | Balance at 31 March 2013 | 40,577 | 23,170 | 63,747 |
| | Total comprehensive income for the year 2013-14 | | (20,223) | (20,223) |
| | Balance at 31 March 2014 | 40,577 | 2,947 | 43,524 |

STATEMENT OF CHANGES IN EQUITY — Continued

| | | Capital HK\$'000 | Accumulated surplus/(deficit) HK\$'000 | Total HK\$'000 |
|--|--|-----------------------------|---|---------------------------|
| ARTS DEVELOPMENT FUND | Balance at 1 April 2012 | 50,000 | (36,460) | 13,540 |
| | Total comprehensive income for the year 2012-13 | | (2,633) | (2,633) |
| | Balance at 31 March 2013 | 50,000 | (39,093) | 10,907 |
| | Total comprehensive income for the year 2013-14 | | (3,094) | (3,094) |
| | Balance at 31 March 2014 | 50,000 | (42,187) | 7,813 |
| HONG KONG ATHLETES FUND | Balance at 1 April 2012 | 23,148 | 7,684 | 30,832 |
| | Total comprehensive income for the year 2012-13 | | 669 | 669 |
| | Balance at 31 March 2013 | 23,148 | 8,353 | 31,501 |
| | Total comprehensive income for the year 2013-14 | | (88) | (88) |
| | Balance at 31 March 2014 | 23,148 | 8,265 | 31,413 |
| ARTS AND SPORT DEVELOPMENT FUND | Balance at 1 April 2012 | 3,530,000 | (445,593) | 3,084,407 |
| | Total comprehensive income for the year 2012-13 | | 58,985 | 58,985 |
| | Balance at 31 March 2013 | 3,530,000 | (386,608) | 3,143,392 |
| | Total comprehensive income for the year 2013-14 | | (10,486) | (10,486) |
| | Balance at 31 March 2014 | 3,530,000 | (397,094) | 3,132,906 |

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

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2014**

| | | Note | 2014 HK\$'000 | 2013 HK\$'000 |
|---|--|-----------|-----------------------|------------------|
| MAIN FUND | Net cash used in operating activities | 9 | (1,641) | (56,319) |
| | Cash and cash equivalents at beginning of year | | 21,809 | 78,128 |
| | Cash and cash equivalents at end of year | 10 | <u>20,168</u> | <u>21,809</u> |
| SPORTS AID FOR THE DISABLED FUND | Net cash (used in)/ from operating activities | 9 | (6,642) | 6,747 |
| | Cash and cash equivalents at beginning of year | | 6,902 | 155 |
| | Cash and cash equivalents at end of year | 10 | <u>260</u> | <u>6,902</u> |
| SPORTS AID FOUNDATION FUND | Net cash (used in)/ from operating activities | 9 | (36,113) | 16,116 |
| | Cash and cash equivalents at beginning of year | | 37,183 | 21,067 |
| | Cash and cash equivalents at end of year | 10 | <u>1,070</u> | <u>37,183</u> |
| ARTS DEVELOPMENT FUND | Net cash (used in)/ from operating activities | 9 | (8,516) | 3,211 |
| | Cash and cash equivalents at beginning of year | | 11,147 | 7,936 |
| | Cash and cash equivalents at end of year | 10 | <u>2,631</u> | <u>11,147</u> |
| HONG KONG ATHLETES FUND | Net cash used in operating activities | 9 | (7,222) | (3,692) |
| | Cash and cash equivalents at beginning of year | | 8,668 | 12,360 |
| | Cash and cash equivalents at end of year | 10 | <u>1,446</u> | <u>8,668</u> |
| ARTS AND SPORT DEVELOPMENT FUND | Net cash (used in)/ from operating activities | 9 | (563,426) | 38,452 |
| | Cash and cash equivalents at beginning of year | | 777,286 | 738,834 |
| | Cash and cash equivalents at end of year | 10 | <u>213,860</u> | <u>777,286</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:

| | 2014 HK\$'000 | 2013 HK\$'000 |
|--|------------------|------------------|
| MAIN FUND | | |
| Hong Kong listed equity securities | 49,560 | 49,782 |
| Overseas equity securities - listed | 10,143 | 8,515 |
| Overseas equity securities - unlisted | 48,830 | 40,926 |
| | <u>108,533</u> | <u>99,223</u> |
| SPORTS AID FOR THE DISABLED FUND | | |
| US dollar-denominated debt securities | <u>800</u> | <u>832</u> |
| SPORTS AID FOUNDATION FUND | | |
| Hong Kong listed equity securities | 13,496 | 13,557 |
| US dollar-denominated debt securities | 12,796 | 13,317 |
| | <u>26,292</u> | <u>26,874</u> |
| HONG KONG ATHLETES FUND | | |
| Hong Kong listed equity securities | 4,816 | 4,837 |
| Overseas equity securities - unlisted | 5,700 | 4,777 |
| US dollar-denominated debt securities | 6,398 | 6,659 |
| | <u>16,914</u> | <u>16,273</u> |
| ARTS AND SPORT DEVELOPMENT FUND | | |
| Hong Kong listed equity securities | 506,722 | 381,633 |
| Overseas equity securities - listed | 224,597 | 153,277 |
| Overseas equity securities - unlisted | 232,509 | 194,873 |
| Hong Kong dollar-denominated debt securities | 128,259 | 129,092 |
| US dollar-denominated debt securities | 233,052 | 634,367 |
| Renminbi-denominated debt securities | 49,410 | 92,776 |
| | <u>1,374,549</u> | <u>1,586,018</u> |

5. PAYABLES AND OTHER LIABILITIES

These include payables for purchase of the securities, 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:

| | 2014 HK\$'000 | 2013 HK\$'000 |
|---|------------------|------------------|
| MAIN FUND | 34,330 | 33,847 |
| SPORTS AID FOR THE DISABLED FUND | — | 965 |
| SPORTS AID FOUNDATION FUND | — | 8,100 |
| ARTS DEVELOPMENT FUND | 1,057 | 1,210 |
| HONG KONG ATHLETES FUND | 2,264 | 2,644 |
| ARTS AND SPORT DEVELOPMENT FUND | 111,991 | 113,242 |
| | 149,642 | 160,008 |

7. INCOME

| | 2014 HK\$'000 | 2013 HK\$'000 |
|--|------------------|------------------|
| MAIN FUND | | |
| Net revaluation gains on investments in securities | 9,310 | 10,345 |
| Dividend income | 1,805 | 1,465 |
| Other interest income | 1,191 | 1,279 |
| Net realised and revaluation gains on other assets | 8 | 392 |
| | 12,314 | 13,481 |
| SPORTS AID FOR THE DISABLED FUND | | |
| Net revaluation gains on investments in securities | — | 5 |
| Interest income from debt securities | 42 | 41 |
| Other interest income | 75 | 73 |
| | 117 | 119 |
| SPORTS AID FOUNDATION FUND | | |
| Net revaluation gains on investments in securities | — | 1,047 |
| Dividend income | 440 | 365 |
| Interest income from debt securities | 672 | 667 |
| Other interest income | 255 | 412 |
| | 1,367 | 2,491 |
| ARTS DEVELOPMENT FUND | | |
| Other interest income | 70 | 130 |

7. INCOME — Continued

| | 2014 HK\$'000 | 2013 HK\$'000 |
|--|------------------|------------------|
| HONG KONG ATHLETES FUND | | |
| Net revaluation gains on investments in securities | 647 | 934 |
| Dividend income | 157 | 142 |
| Interest income from debt securities | 336 | 334 |
| Other interest income | 225 | 170 |
| | <u>1,365</u> | <u>1,580</u> |
| ARTS AND SPORT DEVELOPMENT FUND | | |
| Refund of grants | 12,702 | 3,054 |
| Net gains on disposal of investments in securities | — | 2,420 |
| Net revaluation gains on investments in securities | 68,286 | 86,973 |
| Dividend income | 19,789 | 11,095 |
| Interest income from debt securities | 16,839 | 23,129 |
| Other interest income | 39,690 | 31,749 |
| Net realised and revaluation gains on other assets | — | 9,141 |
| | <u>157,306</u> | <u>167,561</u> |

8. EXPENDITURE

| | 2014 HK\$'000 | 2013 HK\$'000 |
|---|------------------|------------------|
| MAIN FUND | | |
| Grants | 3,650 | 5,592 |
| Bank charges | 1 | 1 |
| Investment management fees | 53 | 44 |
| Investment transaction costs | — | 56 |
| | <u>3,704</u> | <u>5,693</u> |
| SPORTS AID FOR THE DISABLED FUND | | |
| Bank charges | 1 | — |
| Net revaluation losses on investments in securities | 32 | — |
| | <u>33</u> | <u>—</u> |
| SPORTS AID FOUNDATION FUND | | |
| Grants | 21,000 | — |
| Bank charges | 3 | 3 |
| Investment transaction costs | — | 3 |
| Net revaluation losses on investments in securities | 569 | — |
| Net realised and revaluation losses on other assets | 18 | 3 |
| | <u>21,590</u> | <u>9</u> |

8. EXPENDITURE — Continued

| | 2014 HK\$'000 | 2013 HK\$'000 |
|---|------------------|------------------|
| ARTS DEVELOPMENT FUND | | |
| Grants | 3,160 | 2,755 |
| Net realised and revaluation losses on other assets | 4 | 8 |
| | <u>3,164</u> | <u>2,763</u> |
| HONG KONG ATHLETES FUND | | |
| Grants | 1,399 | 903 |
| Bank charges | 2 | 2 |
| Investment management fees | 6 | 5 |
| Net realised and revaluation losses on other assets | 46 | 1 |
| | <u>1,453</u> | <u>911</u> |
| ARTS AND SPORT DEVELOPMENT FUND | | |
| Grants | 154,729 | 107,279 |
| Bank charges | 180 | 239 |
| Investment management fees | 255 | 209 |
| Investment transaction costs | 421 | 849 |
| Net losses on disposal of investments in securities | 2,256 | — |
| Net realised and revaluation losses on other assets | 9,934 | — |
| Other operating expense | 17 | — |
| | <u>167,792</u> | <u>108,576</u> |

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

| | 2014 HK\$'000 | 2013 HK\$'000 |
|--|------------------|------------------|
| MAIN FUND | | |
| Surplus for the year | 8,610 | 7,788 |
| Other interest income | (1,191) | (1,279) |
| Dividend income | (1,805) | (1,465) |
| Net revaluation gains on investments in securities | (9,310) | (10,345) |
| Increase in deposits with banks with original maturity beyond 3 months | (801) | (32,378) |
| Purchase of securities | — | (19,652) |
| Increase/ (Decrease) in payables and other liabilities | 115 | (1,692) |
| Interest received | 951 | 1,277 |
| Dividend received | 1,790 | 1,427 |
| Net cash used in operating activities | <u>(1,641)</u> | <u>(56,319)</u> |

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

| | 2014 HK\$'000 | 2013 HK\$'000 |
|--|------------------|------------------|
| SPORTS AID FOR THE DISABLED FUND | | |
| Surplus for the year | 84 | 119 |
| Interest income from debt securities | (42) | (41) |
| Other interest income | (75) | (73) |
| Net revaluation losses/ (gains) on investments in securities | 32 | (5) |
| (Increase)/ Decrease in deposits with banks with original maturity beyond 3 months | (6,720) | 6,630 |
| Interest received | 79 | 117 |
| Net cash (used in)/ from operating activities | (6,642) | 6,747 |
| SPORTS AID FOUNDATION FUND | | |
| (Deficit)/ Surplus for the year | (20,223) | 2,482 |
| Interest income from debt securities | (672) | (667) |
| Other interest income | (255) | (412) |
| Dividend income | (440) | (365) |
| Net revaluation losses/ (gains) on investments in securities | 569 | (1,047) |
| (Increase)/ Decrease in deposits with banks with original maturity beyond 3 months | (15,825) | 15,200 |
| Purchase of securities | — | (1,121) |
| (Decrease)/ Increase in payables and other liabilities | (561) | 561 |
| Interest received | 854 | 1,120 |
| Dividend received | 440 | 365 |
| Net cash (used in)/ from operating activities | (36,113) | 16,116 |
| ARTS DEVELOPMENT FUND | | |
| Deficit for the year | (3,094) | (2,633) |
| Other interest income | (70) | (130) |
| (Increase)/ Decrease in deposits with banks with original maturity beyond 3 months | (5,197) | 6,064 |
| Decrease in payables and other liabilities | (213) | (236) |
| Interest received | 58 | 146 |
| Net cash (used in)/ from operating activities | (8,516) | 3,211 |

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

| | 2014 HK\$'000 | 2013 HK\$'000 |
|--|------------------|------------------|
| HONG KONG ATHLETES FUND | | |
| (Deficit)/ Surplus for the year | (88) | 669 |
| Interest income from debt securities | (336) | (334) |
| Other interest income | (225) | (170) |
| Dividend income | (157) | (142) |
| Net revaluation gains on investments in securities | (647) | (934) |
| Increase in deposits with banks with original maturity beyond 3 months | (6,530) | (3,728) |
| Increase in payables and other liabilities | 55 | 280 |
| Interest received | 549 | 525 |
| Dividend received | 157 | 142 |
| Net cash used in operating activities | (7,222) | (3,692) |
| ARTS AND SPORT DEVELOPMENT FUND | | |
| (Deficit)/ Surplus for the year | (10,486) | 58,985 |
| Interest income from debt securities | (16,839) | (23,129) |
| Other interest income | (39,690) | (31,749) |
| Dividend income | (19,789) | (11,095) |
| Net losses/ (gains) on disposal of investments in securities | 2,256 | (2,420) |
| Net revaluation gains on investments in securities | (68,286) | (86,973) |
| (Increase)/ Decrease in deposits with banks with original maturity beyond 3 months | (760,421) | 104,758 |
| Purchase of securities | (164,013) | (296,705) |
| Proceeds from disposal of securities | 431,722 | 246,846 |
| Decrease in payables and other liabilities | — | (1) |
| (Increase)/ Decrease in other receivables | (1,122) | 1,729 |
| Interest received | 63,827 | 67,760 |
| Dividend received | 19,415 | 10,446 |
| Net cash (used in)/ from operating activities | (563,426) | 38,452 |

10. ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS

| | 2014 HK\$'000 | 2013 HK\$'000 |
|---|------------------|------------------|
| MAIN FUND | | |
| Cash at bank | 841 | 430 |
| Deposits with banks | 19,327 | 21,379 |
| | <u>20,168</u> | <u>21,809</u> |
| SPORTS AID FOR THE DISABLED FUND | | |
| Cash at bank | 260 | 902 |
| Deposits with banks | — | 6,000 |
| | <u>260</u> | <u>6,902</u> |
| SPORTS AID FOUNDATION FUND | | |
| Cash at bank | 110 | 948 |
| Deposits with banks | 960 | 36,235 |
| | <u>1,070</u> | <u>37,183</u> |
| ARTS DEVELOPMENT FUND | | |
| Cash at bank | 95 | 969 |
| Deposits with banks | 2,536 | 10,178 |
| | <u>2,631</u> | <u>11,147</u> |
| HONG KONG ATHLETES FUND | | |
| Cash at bank | 646 | 1,066 |
| Deposits with banks | 800 | 7,602 |
| | <u>1,446</u> | <u>8,668</u> |
| ARTS AND SPORT DEVELOPMENT FUND | | |
| Cash at bank | 1,173 | 1,693 |
| Deposits with banks | 212,687 | 775,593 |
| | <u>213,860</u> | <u>777,286</u> |

Reconciliation with the balance sheet:

| | 2014 HK\$'000 | 2013 HK\$'000 |
|--|------------------|------------------|
| MAIN FUND | | |
| Amounts in the balance sheet: | | |
| Cash at bank | 841 | 430 |
| Deposits with banks | 52,506 | 53,757 |
| | <u>53,347</u> | <u>54,187</u> |
| Less: Amounts with original maturity beyond 3 months | (33,179) | (32,378) |
| Cash and cash equivalents in the statement of cash flows | <u>20,168</u> | <u>21,809</u> |
| SPORTS AID FOR THE DISABLED FUND | | |
| Amounts in the balance sheet: | | |
| Cash at bank | 260 | 902 |
| Deposits with banks | 6,720 | 6,000 |
| | <u>6,980</u> | <u>6,902</u> |
| Less: Amounts with original maturity beyond 3 months | (6,720) | — |
| Cash and cash equivalents in the statement of cash flows | <u>260</u> | <u>6,902</u> |

10. ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS

— *Continued*

| | 2014 HK\$'000 | 2013 HK\$'000 |
|--|------------------|------------------|
| SPORTS AID FOUNDATION FUND | | |
| Amounts in the balance sheet: | | |
| Cash at bank | 110 | 948 |
| Deposits with banks | 16,785 | 36,235 |
| | 16,895 | 37,183 |
| Less: Amounts with original maturity beyond 3 months | (15,825) | — |
| Cash and cash equivalents in the statement of cash flows | 1,070 | 37,183 |
| ARTS DEVELOPMENT FUND | | |
| Amounts in the balance sheet: | | |
| Cash at bank | 95 | 969 |
| Deposits with banks | 7,733 | 10,178 |
| | 7,828 | 11,147 |
| Less: Amounts with original maturity beyond 3 months | (5,197) | — |
| Cash and cash equivalents in the statement of cash flows | 2,631 | 11,147 |
| HONG KONG ATHLETES FUND | | |
| Amounts in the balance sheet: | | |
| Cash at bank | 646 | 1,066 |
| Deposits with banks | 14,330 | 14,602 |
| | 14,976 | 15,668 |
| Less: Amounts with original maturity beyond 3 months | (13,530) | (7,000) |
| Cash and cash equivalents in the statement of cash flows | 1,446 | 8,668 |
| ARTS AND SPORT DEVELOPMENT FUND | | |
| Amounts in the balance sheet: | | |
| Cash at bank | 1,173 | 1,693 |
| Deposits with banks | 1,739,612 | 1,542,096 |
| | 1,740,785 | 1,543,789 |
| Less: Amounts with original maturity beyond 3 months | (1,526,925) | (766,503) |
| Cash and cash equivalents in the statement of cash flows | 213,860 | 777,286 |

11. CAPITAL RISK MANAGEMENT

Injects 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 2014, 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:-

| | 2014 Effect on Income for Changes of 5% in Prices HK\$'000 | 2013 Effect on Income for Changes of 5% in Prices HK\$'000 |
|--|---|---|
| MAIN FUND | ± 5,427 | ± 4,961 |
| SPORTS AID FOUNDATION FUND | ± 675 | ± 678 |
| HONG KONG ATHLETES FUND | ± 526 | ± 481 |
| ARTS AND SPORT DEVELOPMENT FUND | ± 48,191 | ± 36,489 |

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

| | | Repricing Period | | | |
|----------------------------------|--|-------------------------------|---|--|-------------------|
| | | Up to 3 months HK\$'000 | Over 3 months to 1 year HK\$'000 | Over 1 year to 5 years HK\$'000 | Total HK\$'000 |
| MAIN FUND | | | | | |
| 2014 | | | | | |
| Deposits with banks | | 47,207 | 5,299 | — | 52,506 |
| 2013 | | | | | |
| Deposits with banks | | 53,757 | — | — | 53,757 |
| SPORTS AID FOR THE DISABLED FUND | | | | | |
| 2014 | | | | | |
| Deposits with banks | | 6,720 | — | — | 6,720 |
| Debt securities | | — | 800 | — | 800 |
| | | 6,720 | 800 | — | 7,520 |
| 2013 | | | | | |
| Deposits with banks | | 6,000 | — | — | 6,000 |
| Debt securities | | — | — | 832 | 832 |
| | | 6,000 | — | 832 | 6,832 |
| SPORTS AID FOUNDATION FUND | | | | | |
| 2014 | | | | | |
| Deposits with banks | | 16,785 | — | — | 16,785 |
| Debt securities | | — | 12,796 | — | 12,796 |
| | | 16,785 | 12,796 | — | 29,581 |
| 2013 | | | | | |
| Deposits with banks | | 36,235 | — | — | 36,235 |
| Debt securities | | — | — | 13,317 | 13,317 |
| | | 36,235 | — | 13,317 | 49,552 |

Sir David Trench Fund For Recreation

| | Repricing Period | | | |
|--|-------------------------------|---|--|-------------------|
| | Up to 3 months HK\$'000 | Over 3 months to 1 year HK\$'000 | Over 1 year to 5 years HK\$'000 | Total HK\$'000 |
| ARTS DEVELOPMENT FUND | | | | |
| 2014 | | | | |
| Deposits with banks | 7,733 | — | — | 7,733 |
| 2013 | | | | |
| Deposits with banks | 10,178 | — | — | 10,178 |
| HONG KONG ATHLETES FUND | | | | |
| 2014 | | | | |
| Deposits with banks | 11,060 | 3,270 | — | 14,330 |
| Debt securities | — | 6,398 | — | 6,398 |
| | 11,060 | 9,668 | — | 20,728 |
| 2013 | | | | |
| Deposits with banks | 14,602 | — | — | 14,602 |
| Debt securities | — | — | 6,659 | 6,659 |
| | 14,602 | — | 6,659 | 21,261 |
| ARTS AND SPORT DEVELOPMENT FUND | | | | |
| 2014 | | | | |
| Deposits with banks | 882,932 | 856,680 | — | 1,739,612 |
| Debt securities | 218,170 | 192,550 | — | 410,720 |
| | 1,101,102 | 1,049,230 | — | 2,150,332 |
| 2013 | | | | |
| Deposits with banks | 1,190,113 | 351,983 | — | 1,542,096 |
| Debt securities | — | 439,392 | 416,843 | 856,235 |
| | 1,190,113 | 791,375 | 416,843 | 2,398,331 |

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

| | 2014 Effect on Income for Changes in Interest Rates of 100 b.p. HK\$'000 | <i>2013</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> |
|---|---|---|
| MAIN FUND | — | — |
| SPORTS AID FOR THE DISABLED FUND | ±5 | ±13 |
| SPORTS AID FOUNDATION FUND | ±79 | ±206 |
| ARTS DEVELOPMENT FUND | — | — |
| HONG KONG ATHLETES FUND | ±39 | ±103 |
| ARTS AND SPORT DEVELOPMENT FUND | ±969 | ±8,674 |

(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:

| | Currency | 2014 HK\$'000 | <i>2013</i> <i>HK\$'000</i> |
|---|-----------------|--------------------------------|--------------------------------|
| MAIN FUND | HK dollar | 52,487 | 54,726 |
| | US dollar | 75,812 | 66,000 |
| | Renminbi | 33,488 | 32,451 |
| | | <u>161,787</u> | <u>153,177</u> |
| SPORTS AID FOR THE DISABLED FUND | HK dollar | 6,818 | 6,744 |
| | US dollar | 1,017 | 1,007 |
| | | <u>7,835</u> | <u>7,751</u> |
| SPORTS AID FOUNDATION FUND | HK dollar | 14,225 | 28,233 |
| | US dollar | 29,299 | 35,514 |
| | | <u>43,524</u> | <u>63,747</u> |
| ARTS DEVELOPMENT FUND | HK dollar | 2,573 | 5,710 |
| | US dollar | 5,240 | 5,196 |
| | | <u>7,813</u> | <u>10,906</u> |
| HONG KONG ATHLETES FUND | HK dollar | 14,253 | 15,399 |
| | US dollar | 13,777 | 16,103 |
| | Renminbi | 3,383 | — |
| | | <u>31,413</u> | <u>31,502</u> |
| ARTS AND SPORT DEVELOPMENT FUND | HK dollar | 750,299 | 943,822 |
| | US dollar | 828,964 | 1,251,545 |
| | Renminbi | 1,553,643 | 948,025 |
| | | <u>3,132,906</u> | <u>3,143,392</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 and the Hong Kong Athletes 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 2014, a 5% 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\$1.7 million, HK\$0.2 million and HK\$77.7 million for the Main Fund, the Hong Kong Athletes Fund and the Arts and Sport Development Fund respectively. (2013: HK\$1.6 million, Nil and HK\$47.4 million for the Main Fund, the Hong Kong Athletes 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:

| | 2014 | 2013 |
|---|-----------------|-----------------|
| | HK\$'000 | HK\$'000 |
| MAIN FUND | | |
| Cash at bank | 841 | 430 |
| Deposits with banks | 52,506 | 53,757 |
| Interest receivable | 302 | 100 |
| | 53,649 | 54,287 |
| SPORTS AID FOR THE DISABLED FUND | | |
| Cash at bank | 260 | 902 |
| Deposits with banks | 6,720 | 6,000 |
| Debt securities | 800 | 832 |
| Interest receivable | 55 | 17 |
| | 7,835 | 7,751 |
| SPORTS AID FOUNDATION FUND | | |
| Cash at bank | 110 | 948 |
| Deposits with banks | 16,785 | 36,235 |
| Debt securities | 12,796 | 13,317 |
| Interest receivable | 337 | 252 |
| | 30,028 | 50,752 |
| ARTS DEVELOPMENT FUND | | |
| Cash at bank | 95 | 969 |
| Deposits with banks | 7,733 | 10,178 |
| Interest receivable | 14 | 2 |
| | 7,842 | 11,149 |

| | 2014 HK\$'000 | 2013 HK\$'000 |
|--|------------------|------------------|
| HONG KONG ATHLETES FUND | | |
| Cash at bank | 646 | 1,066 |
| Deposits with banks | 14,330 | 14,602 |
| Debt securities | 6,398 | 6,659 |
| Interest receivable | 153 | 135 |
| | <u>21,527</u> | <u>22,462</u> |
| ARTS AND SPORT DEVELOPMENT FUND | | |
| Cash at bank | 1,173 | 1,693 |
| Deposits with banks | 1,739,612 | 1,542,096 |
| Debt securities | 410,720 | 856,234 |
| Interest receivable | 14,482 | 13,717 |
| | <u>2,165,987</u> | <u>2,413,740</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:

| | 2014 HK\$'000 | 2013 HK\$'000 |
|--|------------------|------------------|
| MAIN FUND | | |
| Cash at bank and deposits with banks, by credit rating | | |
| Aa1 to Aa3 | 31,524 | 27,667 |
| A1 to A3 | 21,823 | 26,520 |
| | <u>53,347</u> | <u>54,187</u> |
| SPORTS AID FOR THE DISABLED FUND | | |
| Cash at bank and deposits with banks, by credit rating | | |
| Aa1 to Aa3 | 260 | 3,902 |
| A1 to A3 | 6,720 | 3,000 |
| | <u>6,980</u> | <u>6,902</u> |
| Debt securities, by credit rating | | |
| A1 to A3 | 800 | 832 |
| | <u>7,780</u> | <u>7,734</u> |
| SPORTS AID FOUNDATION FUND | | |
| Cash at bank and deposits with banks, by credit rating | | |
| Aa1 to Aa3 | 110 | 948 |
| A1 to A3 | 16,785 | 36,235 |
| | <u>16,895</u> | <u>37,183</u> |
| Debt securities, by credit rating | | |
| A1 to A3 | 12,796 | 13,317 |
| | <u>29,691</u> | <u>50,500</u> |

| | 2014 HK\$'000 | 2013 HK\$'000 |
|--|------------------|------------------|
| ARTS DEVELOPMENT FUND | | |
| Cash at bank and deposits with banks, by credit rating | | |
| Aa1 to Aa3 | 2,631 | 4,969 |
| A1 to A3 | 5,197 | 6,178 |
| | <u>7,828</u> | <u>11,147</u> |
| HONG KONG ATHLETES FUND | | |
| Cash at bank and deposits with banks, by credit rating | | |
| Aa1 to Aa3 | 1,446 | 8,066 |
| A1 to A3 | 13,530 | 7,602 |
| | <u>14,976</u> | <u>15,668</u> |
| Debt securities, by credit rating | | |
| A1 to A3 | 6,398 | 6,659 |
| | <u>21,374</u> | <u>22,327</u> |
| ARTS AND SPORT DEVELOPMENT FUND | | |
| Cash at bank and deposits with banks, by credit rating | | |
| Aa1 to Aa3 | 738,416 | 1,049,137 |
| A1 to A3 | 1,002,369 | 494,652 |
| | <u>1,740,785</u> | <u>1,543,789</u> |
| Debt securities, by credit rating | | |
| Aa1 to Aa3 | 104,889 | 220,875 |
| A1 to A3 | 305,831 | 635,360 |
| | <u>410,720</u> | <u>856,235</u> |
| | <u>2,151,505</u> | <u>2,400,024</u> |

(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 MEASUREMENT OF FINANCIAL INSTRUMENTS

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

In the absence of quoted market prices, the fair value of the financial instruments classified under Level 2 is estimated using present value or other valuation techniques, using inputs based on market conditions existing at the balance sheet date. Specific valuation techniques and key inputs used to value these financial instruments include quoted market price or broker quotes for similar instruments.

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 |
|---|---------------------|---------------------|-------------------|
| Recurring fair value measurements | | | |
| MAIN FUND | | | |
| 2014 | | | |
| Assets | | | |
| Financial assets designated at fair value | | | |
| Equity securities | 59,703 | 48,830 | 108,533 |
| 2013 | | | |
| Assets | | | |
| Financial assets designated at fair value | | | |
| Equity securities | 58,297 | 40,926 | 99,223 |
| SPORTS AID FOR THE DISABLED FUND | | | |
| 2014 | | | |
| Assets | | | |
| Financial assets designated at fair value | | | |
| Debt securities | 800 | – | 800 |
| 2013 | | | |
| Assets | | | |
| Financial assets designated at fair value | | | |
| Debt securities | 832 | – | 832 |
| SPORTS AID FOUNDATION FUND | | | |
| 2014 | | | |
| Assets | | | |
| Financial assets designated at fair value | | | |
| Debt securities | 12,796 | – | 12,796 |
| Equity securities | 13,496 | – | 13,496 |
| | 26,292 | – | 26,292 |
| 2013 | | | |
| Assets | | | |
| Financial assets designated at fair value | | | |
| Debt securities | 13,317 | – | 13,317 |
| Equity securities | 13,557 | – | 13,557 |
| | 26,874 | – | 26,874 |
| HONG KONG ATHLETES FUND | | | |
| 2014 | | | |
| Assets | | | |
| Financial assets designated at fair value | | | |
| Debt securities | 6,398 | – | 6,398 |
| Equity securities | 4,816 | 5,700 | 10,516 |
| | 11,214 | 5,700 | 16,914 |
| 2013 | | | |
| Assets | | | |
| Financial assets designated at fair value | | | |
| Debt securities | 6,659 | – | 6,659 |
| Equity securities | 4,837 | 4,777 | 9,614 |
| | 11,496 | 4,777 | 16,273 |

| | Level 1 HK\$'000 | Level 2 HK\$'000 | Total HK\$'000 |
|---|---------------------|---------------------|-------------------|
| ARTS AND SPORT DEVELOPMENT FUND | | | |
| 2014 | | | |
| Assets | | | |
| Financial assets designated at fair value | | | |
| Debt securities | 155,464 | 255,257 | 410,721 |
| Equity securities | 731,319 | 232,509 | 963,828 |
| | 886,783 | 487,766 | 1,374,549 |
| 2013 | | | |
| Assets | | | |
| Financial assets designated at fair value | | | |
| Debt securities | 397,163 | 459,072 | 856,235 |
| Equity securities | 534,910 | 194,873 | 729,783 |
| | 932,073 | 653,945 | 1,586,018 |

No financial assets or liabilities were classified under Level 3. During the year, there were no transfers of financial instruments between Level 1 and Level 2 of the fair value hierarchy.

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 2014

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 2014 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:

| | Effective for accounting periods beginning on or after |
|---|---|
| HKFRS 9, Financial Instruments | Unspecified |
| Amendments to HKAS 32, Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities | 1 January 2014 |

SCHEDULE 1

STATEMENT OF APPROVED GRANTS

(This statement does not include projects completed before 1 April 2013)

| Description | Approved Commitment \$ | Expenditure Less Refund during 2013/2014 \$ | Total Expenditure up to 31.3.2014 \$ | Unspent Balance (N=Not required) \$ |
|---|------------------------------|--|---|--|
| MAIN FUND | | | | |
| I. NON-CAPITAL WORKS PROJECTS | | | | |
| (a) Projects approved in 2011-2012 | | | | |
| 1 Chinese Young Men's Christian Association of Hong Kong -to purchase sports and recreational equipment | 61,629 | 12,302 | 59,107 | 2,522 N |
| 2 Mutual Aid Committee, Owners Corporations and Other Residents' Organizations -to purchase sports and recreational equipment | 433,642 | - | 354,083 | 3,872 75,687 N |
| 3 The Church of United Brethren in Christ Social Service Division -to purchase sports and recreational equipment | 24,152 | 19,889 | 19,889 | 4,263 N |
| 4 Tung Wah Group of Hospitals -to purchase sports and recreational equipment | 39,858 | 4,465 | 39,265 | 593 N |
| Total, Non-Capital Works Projects approved in 2011-2012 | <u>559,281</u> | <u>36,656</u> | <u>472,344</u> | <u>86,937</u> |
| (b) Projects approved in 2012-2013 | | | | |
| 1 Barnabas Charitable Service Association Ltd -to purchase sports and recreational equipment | 19,467 | 19,466 | 19,466 | 1 N |
| 2 Caritas - Hong Kong -to purchase sports and recreational equipment | 29,507 | 26,662 | 26,662 | 2,845 N |
| 3 Chinese Young Men's Christian Association of Hong Kong -to purchase sports and recreational equipment | 16,304 | 13,240 | 13,240 | 3,064 N |
| 4 Evangelical Lutheran Church Social Service - Hong Kong -to purchase sports and recreational equipment | 37,620 | 36,770 | 36,770 | 850 N |
| 5 Hong Chi Association -to purchase sports and recreational equipment | 131,608 | 129,709 | 129,709 | 1,899 N |
| 6 Hong Kong Association of the Deaf -to purchase sports and recreational equipment | 5,846 | 5,470 | 5,470 | 376 N |
| 7 Hong Kong Sheng Kung Hui Welfare Council -to purchase sports and recreational equipment | 67,542 | 63,470 | 63,470 | 4,072 N |
| 8 Annual Lump Sum Allocation for Non-Capital Works Projects for Home Affairs Department -to purchase sports and recreational equipment | 400,812 | 124,110 | 342,400 | 57,370 1,042 N |
| 9 Annual Lump Sum Allocation for Non-Capital Works Projects for Leisure and Cultural Services Department -to purchase sports and recreational equipment | 998,559 | 783,246 | 894,367 | 104,192 N |
| 10 Mutual Aid Committee, Owners Corporations and Other Residents' Organizations -to purchase sports and recreational equipment | 449,263 | 21,209 | 416,457 | 32,806 N |
| 11 New Life Psychiatric Rehabilitation Association -to purchase sports and recreational equipment | 7,350 | 6,084 | 6,084 | 1,266 N |
| 12 Operation Dawn Ltd. -to purchase sports and recreational equipment | 21,612 | 21,318 | 21,318 | 294 N |

STATEMENT OF APPROVED GRANTS - Continued

SCHEDULE 1

| <i>Description</i> | <i>Approved Commitment \$</i> | <i>Expenditure Less Refund during 2013/2014 \$</i> | <i>Total Expenditure up to 31.3.2014 \$</i> | <i>Unspent Balance (N=Not required) \$</i> |
|---|---------------------------------------|--|---|--|
| 13 Richmond Fellowship of Hong Kong -to purchase sports and recreational equipment | 4,298 | 4,076 | 4,076 | 222 N |
| 14 The Boys' and Girls' Clubs Association of Hong Kong -to purchase sports and recreational equipment | 6,231 | 6,231 | 6,231 | - |
| 15 The Boys' Brigade, Hong Kong Limited -to purchase sports and recreational equipment | 72,190 | 72,190 | 72,190 | - |
| 16 The Hong Kong Federation of Youth Groups -to purchase sports and recreational equipment | 41,042 | 41,042 | 41,042 | - |
| 17 The Mental Health Association of Hong Kong -to purchase sports and recreational equipment | 54,367 | 53,670 | 53,670 | 697 N |
| 18 The Salvation Army -to purchase sports and recreational equipment | 10,388 | 10,388 | 10,388 | - |
| 19 The Society for the Aid and Rehabilitation of Drug Abusers -to purchase sports and recreational equipment | 48,070 | 48,070 | 48,070 | - |
| 20 Yan Oi Tong Limited -to purchase sports and recreational equipment | 4,037 | 4,037 | 4,037 | - |
| 21 Youth Outreach -to purchase sports and recreational equipment | 2,060 | 2,060 | 2,060 | - |
| Total, Non-Capital Works Projects approved in 2012-2013 | 2,428,173 | 1,492,518 | 2,217,177 | 210,996 |
| (c) Projects approved in 2013-2014 | | | | |
| 1 Caritas - Hong Kong -to purchase sports and recreational equipment | 17,780 | - | - | 17,780 |
| 2 Chinese Young Men's Christian Association of Hong Kong -to purchase sports and recreational equipment | 91,892 | - | - | 91,892 |
| 3 Christian Family Service Centre -to purchase sports and recreational equipment | 14,343 | - | - | 14,343 |
| 4 Fu Hong Society -to purchase sports and recreational equipment | 5,034 | - | - | 5,034 |
| 5 Fung Ying Seen Koon -to purchase sports and recreational equipment | 7,586 | - | - | 7,586 |
| 6 Haven of Hope Christian Service -to purchase sports and recreational equipment | 23,700 | - | - | 23,700 |
| 7 Helping Hand -to purchase sports and recreational equipment | 8,800 | - | - | 8,800 |
| 8 Heung Hoi Ching Kok Lin Association -to purchase sports and recreational equipment | 6,000 | - | - | 6,000 |
| 9 Hong Kong Air Cadet Corps -to purchase sports and recreational equipment | 43,950 | - | - | 43,950 |
| 10 Hong Kong Association of the Deaf -to purchase sports and recreational equipment | 2,800 | - | - | 2,800 |
| 11 Hong Kong Christian Service -to purchase sports and recreational equipment | 29,988 | - | - | 29,988 |
| 12 Hong Kong-Macao Conference of Seventh Day Adventists -to purchase sports and recreational equipment | 28,973 | - | - | 28,973 |
| 13 Hong Kong Sea Cadet Corps -to purchase sports and recreational equipment | 17,982 | - | - | 17,982 |
| 14 Hong Kong Sheng Kung Hui Welfare Council -to purchase sports and recreational equipment | 69,266 | - | - | 69,266 |
| 15 Hong Kong West Point Baptist Church -to purchase sports and recreational equipment | 3,050 | - | - | 3,050 |
| 16 Annual Lump Sum Allocation for Non-Capital Works Projects for Home Affairs Department -to purchase sports and recreational equipment | 545,935 | 216,162 | 216,162 | 329,773 |

STATEMENT OF APPROVED GRANTS - Continued

SCHEDULE 1

| <i>Description</i> | <i>Approved Commitment \$</i> | <i>Expenditure Less Refund during 2013/2014 \$</i> | <i>Total Expenditure up to 31.3.2014 \$</i> | <i>Unspent Balance (N=Not required) \$</i> |
|--|---------------------------------------|--|---|--|
| 17 Annual Lump Sum Allocation for Non-Capital Works Projects for Leisure and Cultural Services Department -to purchase sports and recreational equipment | 1,049,114 | 52,763 | 52,763 | 994,916 1,435 N |
| 18 Mutual Aid Committee, Owners Corporations and Other Residents' Organizations -to purchase sports and recreational equipment | 414,665 | 373,798 | 373,798 | 7,555 33,312 N |
| 19 New Life Psychiatric Rehabilitation Association -to purchase sports and recreational equipment | 11,379 | - | - | 11,379 |
| 20 Pentecostal Church of Hong Kong -to purchase sports and recreational equipment | 12,010 | - | - | 12,010 |
| 21 SAHK -to purchase sports and recreational equipment | 17,638 | - | - | 17,638 |
| 22 Stewards Limited -to purchase sports and recreational equipment | 25,142 | - | - | 25,142 |
| 23 The Boys' Brigade, Hong Kong Limited -to purchase sports and recreational equipment | 53,864 | - | - | 53,864 |
| 24 The Hong Kong Buddhist Association -to purchase sports and recreational equipment | 21,740 | - | - | 21,740 |
| 25 The Church of United Brethren in Christ Social Service Division -to purchase sports and recreational equipment | 8,922 | - | - | 8,922 |
| 26 The Hong Kong Federation of Youth Groups -to purchase sports and recreational equipment | 77,463 | - | - | 77,463 |
| 27 The Mental Health Association of Hong Kong -to purchase sports and recreational equipment | 13,884 | - | - | 13,884 |
| 28 The Salvation Army -to purchase sports and recreational equipment | 12,584 | - | - | 12,584 |
| 29 The Yuen Yuen Institute -to purchase sports and recreational equipment | 2,192 | - | - | 2,192 |
| 30 Tung Wah Group of Hospitals -to purchase sports and recreational equipment | 7,586 | - | - | 7,586 - |
| 31 Yan Oi Tong Limited -to purchase sports and recreational equipment | 13,468 | - | - | 13,468 |
| Total, Non-Capital Works Projects approved in 2013-2014 | <u>2,658,730</u> | <u>642,723</u> | <u>642,723</u> | <u>2,016,007</u> |
| Total, Non-Capital Works Projects | <u>5,646,184</u> | <u>2,171,897</u> | <u>3,332,244</u> | <u>2,313,940</u> |

STATEMENT OF APPROVED GRANTS - Continued

SCHEDULE 1

| Description | Approved Commitment \$ | Expenditure Less Refund during 2013/2014 \$ | Total Expenditure up to 31.3.2014 \$ | Unspent Balance (N=Not required) \$ |
|---|------------------------------|--|---|--|
| II. CAPITAL WORKS PROJECTS | | | | |
| (a) Projects approved in 2010-2011 | | | | |
| 1 Hong Chi Association - Hong Chi Morningjoy School, Yuen Long - construction of climbing wall | 35,920 | - | - | 35,920 N |
| 2 Po Leung Kuk - Steven Lo Kit Sing Pak Tam Chung Holiday Camp - construction of a challenging course complex | 500,000 | 25,000 | 500,000 | - |
| 3 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 N |
| Total, Capital Works Projects approved in 2010-2011 | 845,776 | 25,000 | 500,000 | 345,776 |
| (b) 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 N |
| 3 Hong Kong China Dragon Boat Association - Hong Kong China 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 | 150,000 | 150,000 | 350,000 |
| Total, Capital Works Projects approved in 2011-2012 | 2,123,564 | 150,000 | 150,000 | 1,973,564 |
| (c) Projects approved in 2012-2013 | | | | |
| 1 Chinese YMCA of Hong Kong - New Territories Centre - construction of an adventure training high wall with belay bar | 90,400 | - | - | 90,400 N |
| 2 Haven of Hope Christian Service - Haven of Hope Tseung Kwan O and Sai Kung District Support Centre - conversion of a room into a multi-purpose fitness room | 77,225 | 77,225 | 77,225 | - |
| 3 Hong Kong Sport Education Association - construction of a new sports centre | 550,000 | - | - | 550,000 |
| Total, Capital Works Projects approved in 2012-2013 | 717,625 | 77,225 | 77,225 | 640,400 |

STATEMENT OF APPROVED GRANTS - Continued

SCHEDULE 1

| Description | Approved Commitment \$ | Expenditure Less Refund during 2013/2014 \$ | Total Expenditure up to 31.3.2014 \$ | Unspent Balance (N=Not required) \$ |
|--|------------------------------|--|---|--|
| (d) Projects approved in 2013-2014 | | | | |
| 1 Chinese YMCA of Hong Kong - New Territories Centre - Installation of abseiling anchors points and procurement of climbing equipment | 47,760 | - | - | 47,760 |
| 2 Chinese YMCA of Hong Kong - Y's Men YMCA Wong Yi Chau Youth Camp - Construction of adventure challenge courses | 590,000 | - | - | 590,000 |
| 3 The Federation of New Territories Youth Foundation Limited - Construction of the Federation of New Territories Youth Foundation Limited Integrated Youth Service Centre | 540,580 | - | - | 540,580 |
| 4 Jockey Club Cheung Chau Don Bosco Youth Centre - Replacement of safety mats of sports and recreational facilities | 196,000 | - | - | 196,000 |
| 5 Tseung Kwan O Sion Church Ltd & Shalom Centre - Conversion of an activity room into a dancing room | 54,560 | - | - | 54,560 |
| 6 Tuen Mun District Women's Association Limited - Zonta Club of Hong Kong Integrated Service Centre - Conversion of a classroom into a dancing room | 69,920 | - | - | 69,920 |
| Total, Capital Works Projects approved in 2013-2014 | 1,498,820 | - | - | 1,498,820 |
| Total, Capital Works Projects | 5,185,785 | 252,225 | 727,225 | 4,458,560 |
| III. SPECIAL PROJECTS | | | | |
| (a) Projects approved in 2009-2010 | 19,559,555 | 143,670 | 8,560,962 | 9,741,600 1,256,993 N |
| (b) Projects approved in 2010-2011 | 11,027,632 | 488,000 | 2,403,918 | 6,534,426 2,089,288 N |
| (c) Projects approved in 2011-2012 | 6,863,853 | 593,827 | 1,384,297 | 5,451,788 27,768 N |
| (d) Projects approved in 2012-2013 | 3,508,017 | - | - | 3,508,017 |
| (e) Projects approved in 2013-2014 | 3,348,790 | - | - | 3,348,790 |
| Total, Special Projects | 44,307,847 | 1,225,497 | 12,349,177 | 31,958,670 |
| Total, MAIN FUND | 55,139,816 | 3,649,619 | 16,408,646 | 38,731,170 |
| | | Outstanding commitment | | 34,330,467 |
| | | Balance not required (N) | | 4,400,703 |
| | | Total unspent balance | | 38,731,170 |

STATEMENT OF APPROVED GRANTS - Continued

SCHEDULE 1

| <i>Description</i> | <i>Approved Commitment \$</i> | <i>Expenditure Less Refund during 2013/2014 \$</i> | <i>Total Expenditure up to 31.3.2014 \$</i> | <i>Unspent Balance (N=Not required) \$</i> |
|---|---------------------------------------|--|---|--|
| SPORTS AID FOR THE DISABLED FUND | | | | |
| <i>(a) Projects approved in 2006-2007</i> | | | | |
| Sports Aid for the Disabled Fund Grants | 1,165,000 | - | 200,000 | 965,000 N |
| -training and competition expenses for athletes | | | | |
| Total, Projects approved in 2006-2007 | 1,165,000 | - | 200,000 | 965,000 |
| Total, SPORTS AID FOR THE DISABLED FUND | 1,165,000 | - | 200,000 | 965,000 |
| | | | Outstanding commitment | - |
| | | | Balance not required (N) | 965,000 |
| | | | Total unspent balance | 965,000 |
| SPORTS AID FOUNDATION FUND | | | | |
| <i>(a) Projects approved in 2006-2007</i> | | | | |
| Sports Aid Foundation Fund Grants | 9,300,000 | - | 1,200,000 | 8,100,000 N |
| -training and competition expenses for athletes | | | | |
| Total, Projects approved in 2006-2007 | 9,300,000 | - | 1,200,000 | 8,100,000 |
| <i>(b) Projects approved in 2013-2014</i> | | | | |
| Sports Aid Foundation Fund Grants | 21,000,000 | 21,000,000 | 21,000,000 | - |
| -training and competition expenses for athletes | | | | |
| Total, Projects approved in 2013-2014 | 21,000,000 | 21,000,000 | 21,000,000 | - |
| Total, SPORTS AID FOUNDATION FUND | 30,300,000 | 21,000,000 | 22,200,000 | 8,100,000 |
| | | | Outstanding commitment | - |
| | | | Balance not required (N) | 8,100,000 |
| | | | Total unspent balance | 8,100,000 |
| ARTS DEVELOPMENT FUND | | | | |
| <i>(a) Projects approved in 2011-2012</i> | | | | |
| Arts Development Fund Grants | 3,168,705 | 74,768 | 2,643,603 | 525,102 N |
| -subsidy for cultural exchange projects | | | | |
| Total, Projects approved in 2011-2012 | 3,168,705 | 74,768 | 2,643,603 | 525,102 |
| <i>(b) Projects approved in 2012-2013</i> | | | | |
| Arts Development Fund Grants | 3,137,946 | 918,494 | 2,844,676 | 59,980 |
| -subsidy for cultural exchange projects | | | | 233,290 N |
| Total, Projects approved in 2012-2013 | 3,137,946 | 918,494 | 2,844,676 | 293,270 |
| <i>(c) Projects approved in 2013-2014</i> | | | | |
| Arts Development Fund Grants | 3,211,974 | 2,166,627 | 2,166,627 | 996,960 |
| -subsidy for cultural exchange projects | | | | 48,387 N |
| Total, Projects approved in 2013-2014 | 3,211,974 | 2,166,627 | 2,166,627 | 1,045,347 |
| Total, ARTS DEVELOPMENT FUND | 9,518,625 | 3,159,889 | 7,654,906 | 1,863,719 |
| | | | Outstanding commitment | 1,056,940 |
| | | | Balance not required (N) | 806,779 |
| | | | Total unspent balance | 1,863,719 |

STATEMENT OF APPROVED GRANTS - Continued

SCHEDULE 1

| <i>Description</i> | <i>Approved Commitment \$</i> | <i>Expenditure Less Refund during 2013/2014 \$</i> | <i>Total Expenditure up to 31.3.2014 \$</i> | <i>Unspent Balance (N=Not required) \$</i> |
|---|---------------------------------------|--|---|--|
| HONG KONG ATHLETES FUND | | | | |
| (a) Projects approved in 2007-2008 | | | | |
| Hong Kong Athletes Fund Grants | 437,900 | 4,772 | 319,968 | 77,932 |
| -tuition fees for athletes | | | | 40,000 N |
| Total, Projects approved in 2007-2008 | 437,900 | 4,772 | 319,968 | 117,932 |
| (b) Projects approved in 2008-2009 | | | | |
| Hong Kong Athletes Fund Grants | 1,162,000 | 6,280 | 1,154,980 | 7,020 |
| -tuition fees for athletes | | | | |
| Total, Projects approved in 2008-2009 | 1,162,000 | 6,280 | 1,154,980 | 7,020 |
| (c) Projects approved in 2009-2010 | | | | |
| Hong Kong Athletes Fund Grants | 1,289,390 | 16,800 | 868,708 | 98,082 |
| -tuition fees for athletes | | | | 322,600 N |
| Total, Projects approved in 2009-2010 | 1,289,390 | 16,800 | 868,708 | 420,682 |
| (d) Projects approved in 2010-2011 | | | | |
| Hong Kong Athletes Fund Grants | 962,500 | 122,505 | 825,895 | 136,605 |
| -tuition fees for athletes | | | | |
| Total, Projects approved in 2010-2011 | 962,500 | 122,505 | 825,895 | 136,605 |
| (e) Projects approved in 2011-2012 | | | | |
| 1 Hong Kong Athletes Fund Grants | 123,300 | 45,670 | 107,040 | 16,260 |
| -tuition fees for athletes | | | | |
| 2 Hong Kong Athletes Fund Grants | 783,860 | 223,250 | 569,295 | 214,565 |
| -Hong Kong 2009 East Asian Games Education Scheme | | | | |
| Total, Projects approved in 2011-2012 | 907,160 | 268,920 | 676,335 | 230,825 |
| (f) Projects approved in 2012-2013 | | | | |
| 1 Hong Kong Athletes Fund Grants | 1,363,150 | 466,300 | 652,050 | 711,100 |
| -tuition fees for athletes | | | | |
| 2 Hong Kong Athletes Fund Grants | 504,250 | 193,300 | 271,000 | 233,250 |
| -Hong Kong 2009 East Asian Games Education Scheme | | | | |
| Total, Projects approved in 2012-2013 | 1,867,400 | 659,600 | 923,050 | 944,350 |
| (g) Projects approved in 2013-2014 | | | | |
| 1 Hong Kong Athletes Fund Grants | 752,900 | 244,500 | 244,500 | 508,400 |
| -tuition fees for athletes | | | | |
| 2 Hong Kong Athletes Fund Grants | 336,400 | 75,700 | 75,700 | 260,700 |
| -Hong Kong 2009 East Asian Games Education Scheme | | | | |
| Total, Projects approved in 2013-2014 | 1,089,300 | 320,200 | 320,200 | 769,100 |
| Total, HONG KONG ATHLETES FUND | 7,715,650 | 1,399,077 | 5,089,136 | 2,626,514 |
| | | Outstanding commitment | | 2,263,914 |
| | | Balance not required (N) | | 362,600 |
| | | Total unspent balance | | 2,626,514 |

STATEMENT OF APPROVED GRANTS - Continued

SCHEDULE 1

| <i>Description</i> | <i>Approved Commitment \$</i> | <i>Expenditure Less Refund during 2013/2014 \$</i> | <i>Total Expenditure up to 31.3.2014 \$</i> | <i>Unspent Balance (N=Not required) \$</i> |
|---|---------------------------------------|--|---|--|
| ARTS AND SPORT DEVELOPMENT FUND | | | | |
| (a) Projects approved in 2002-2003 | | | | |
| Hong Kong Arts Development Council | 6,760,000 | - | 5,816,774 | 943,226 |
| -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. | | | | |
| Total, Projects approved in 2002-2003 | 6,760,000 | - | 5,816,774 | 943,226 |
| (b) Projects approved in 2005-2006 | | | | |
| Hong Kong Arts Development Council | 16,205,050 | 1,308,000 | 15,096,402 | 1,108,648 |
| -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. | | | | |
| Total, Projects approved in 2005-2006 | 16,205,050 | 1,308,000 | 15,096,402 | 1,108,648 |
| (c) Projects approved in 2007-2008 | | | | |
| Hong Kong Arts Development Council | 19,552,500 | - | 17,783,703 | 1,768,797 |
| -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. | | | | |
| Total, Projects approved in 2007-2008 | 19,552,500 | - | 17,783,703 | 1,768,797 |
| (d) Projects approved in 2008-2009 | | | | |
| Hong Kong Arts Development Council | 20,785,000 | 1,907,350 | 18,116,210 | 2,668,790 |
| -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. | | | | |
| Total, Projects approved in 2008-2009 | 20,785,000 | 1,907,350 | 18,116,210 | 2,668,790 |
| (e) Projects approved in 2009-2010 | | | | |
| Hong Kong Arts Development Council | 27,149,700 | 2,119,649 | 23,991,913 | 3,157,787 |
| -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. | | | | |
| Total, Projects approved in 2009-2010 | 27,149,700 | 2,119,649 | 23,991,913 | 3,157,787 |
| (f) Projects approved in 2010-2011 | | | | |
| Hong Kong Arts Development Council | 18,098,000 | 2,161,437 | 16,486,719 | 1,611,281 |
| -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. | | | | |
| Total, Projects approved in 2010-2011 | 18,098,000 | 2,161,437 | 16,486,719 | 1,611,281 |

STATEMENT OF APPROVED GRANTS - Continued

SCHEDULE 1

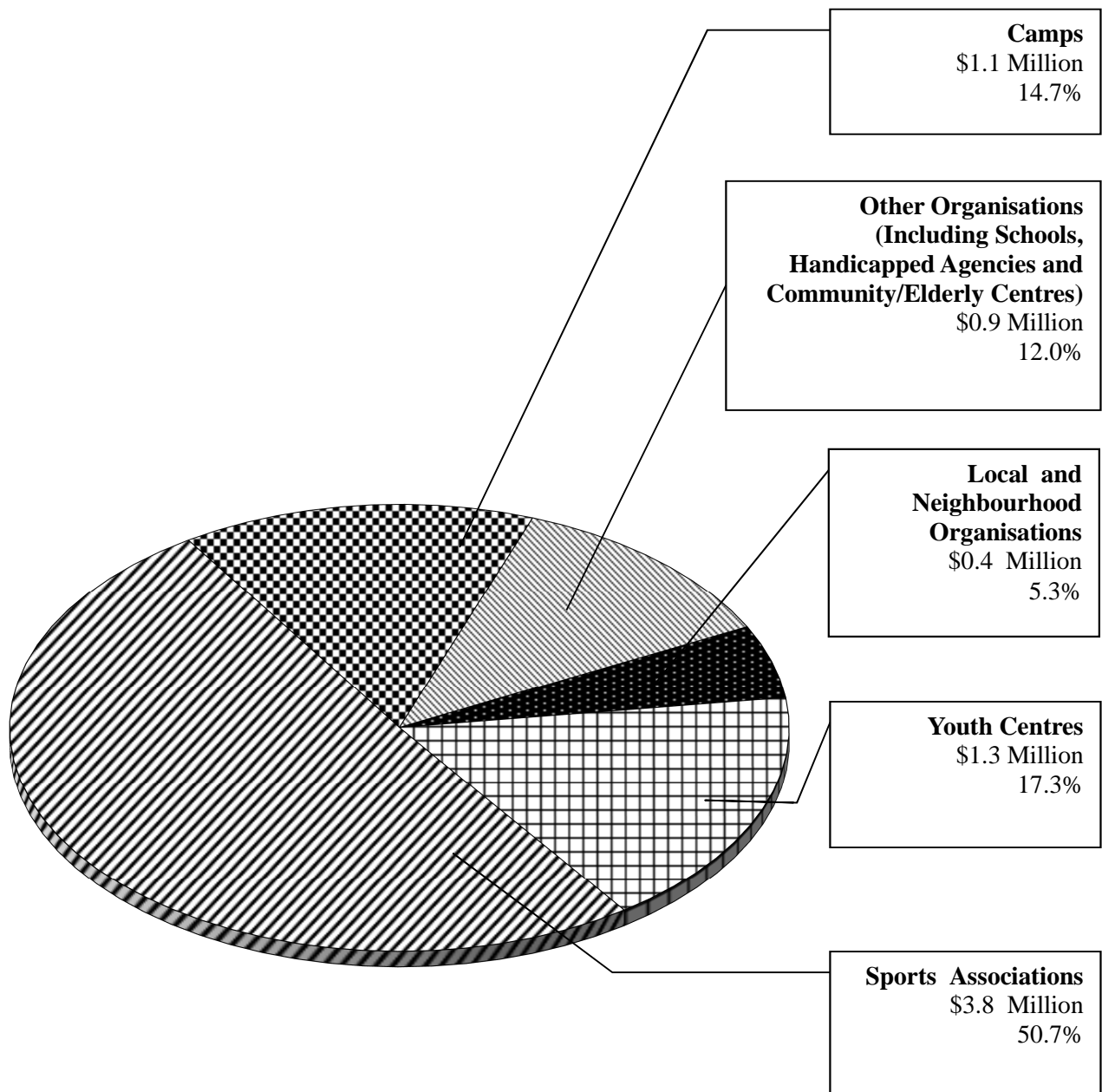
| <i>Description</i> | <i>Approved Commitment \$</i> | <i>Expenditure Less Refund during 2013/2014 \$</i> | <i>Total Expenditure up to 31.3.2014 \$</i> | <i>Unspent Balance (N=Not required) \$</i> |
|---|---------------------------------------|--|---|--|
| (g) Projects approved in 2011-2012 | | | | |
| 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 | 4,562,734 | 21,763,284 | 4,341,716 |
| 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 | 1,453,333 | 80,838,753 | 2,460,823 |
| Total, Projects approved in 2011-2012 | 109,404,576 | 6,016,067 | 102,602,037 | 6,802,539 |
| (h) Projects approved in 2012-2013 | | | | |
| 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. | 34,000,000 | 3,704,759 | 24,624,659 | 9,375,341 |
| 2 Various Sports Organisations -to support sport projects which will make a significant contribution to the further development of sport in the community | 104,095,039 | 27,804,685 | 85,547,794 | 18,547,245 |
| 3 Arts Capacity Development Funding Scheme -to support larger scale and cross-year arts and cultural initiatives/ projects for enhancing capacity development for promising arts groups and arts practitioners as well as encouraging the community and private sector to sponsor the arts | 29,440,000 | 12,883,444 | 20,087,338 | 9,298,416 54,246 N |
| Total, Projects approved in 2012-2013 | 167,535,039 | 44,392,888 | 130,259,791 | 37,275,248 |
| (i) Projects approved in 2013-2014 | | | | |
| 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. | 34,116,600 | 22,881,600 | 22,881,600 | 11,235,000 |
| 2 Various Sports Organisations -to support sport projects which will make a significant contribution to the further development of sport in the community | 85,555,366 | 66,104,903 | 66,104,903 | 19,450,463 |
| 3 Arts Capacity Development Funding Scheme -to support larger scale and cross-year arts and cultural initiatives/ projects for enhancing capacity development for promising arts groups and arts practitioners as well as encouraging the community and private sector to sponsor the arts | 33,860,000 | 7,837,000 | 7,837,000 | 26,023,000 |
| Total, Projects approved in 2013-2014 | 153,531,966 | 96,823,503 | 96,823,503 | 56,708,463 |
| Total, ARTS AND SPORT DEVELOPMENT FUND | 539,021,831 | 154,728,894 | 426,977,052 | 112,044,779 |
| | | Outstanding commitment | | 111,990,533 |
| | | Balance not required (N) | | 54,246 |
| | | Total unspent balance | | 112,044,779 |
| GRAND TOTAL | 642,860,922 | 183,937,479 | 478,529,740 | 164,331,182 |
| | | Outstanding commitment | | 149,641,854 |
| | | Balance not required (N) | | 14,689,328 |
| | | Total unspent balance | | 164,331,182 |

SCHEDULE 2

SUMMARY OF APPROVED GRANTS AND OUTSTANDING COMMITMENTS AS AT 31 MARCH 2014

| Fund | Grants approved | | Outstanding commitments |
|---|-------------------------------|-----------------------|----------------------------|
| | From 1.4.2013 to 31.3.2014 | Cumulative to date | |
| | \$'000 | \$'000 | \$'000 |
| MAIN FUND | 7,506 | 248,419 | 34,330 |
| SPORTS AID FOR THE DISABLED FUND | - | 15,202 | - |
| SPORTS AID FOUNDATION FUND | 21,000 | 132,524 | - |
| ARTS DEVELOPMENT FUND | 3,212 | 58,753 | 1,057 |
| HONG KONG ATHLETES FUND | 1,089 | 15,208 | 2,264 |
| ARTS AND SPORT DEVELOPMENT FUND | <u>153,532</u> | <u>1,080,541</u> | <u>111,991</u> |
| | <u>186,339</u> | <u>1,550,647</u> | <u>149,642</u> |

**MAIN FUND
APPROVED GRANTS BY TYPES OF ORGANISATION
FOR THE YEAR ENDED 31 MARCH 2014**

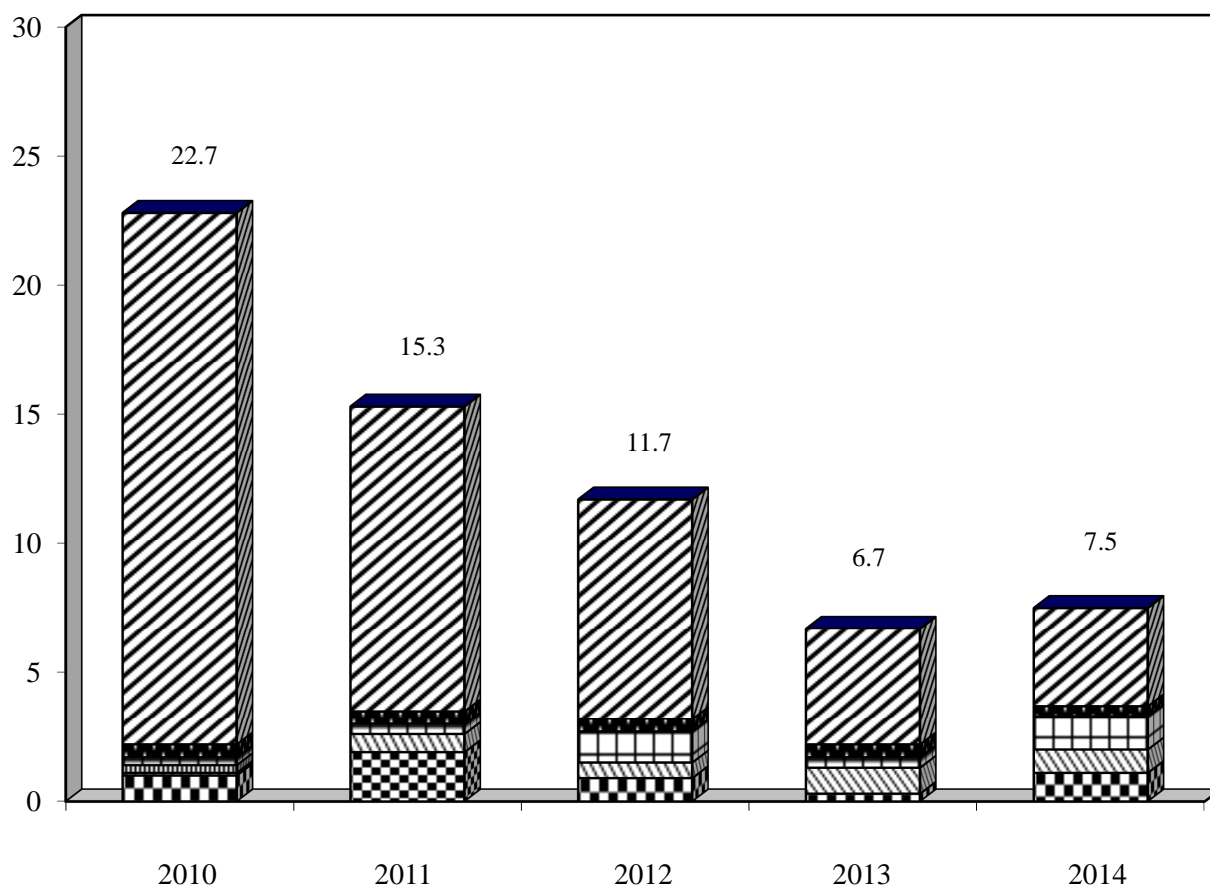


TOTAL APPROVED GRANTS \$7.5 Million

**MAIN FUND
APPROVED GRANTS FOR THE YEARS 2009-10 TO 2013-14**

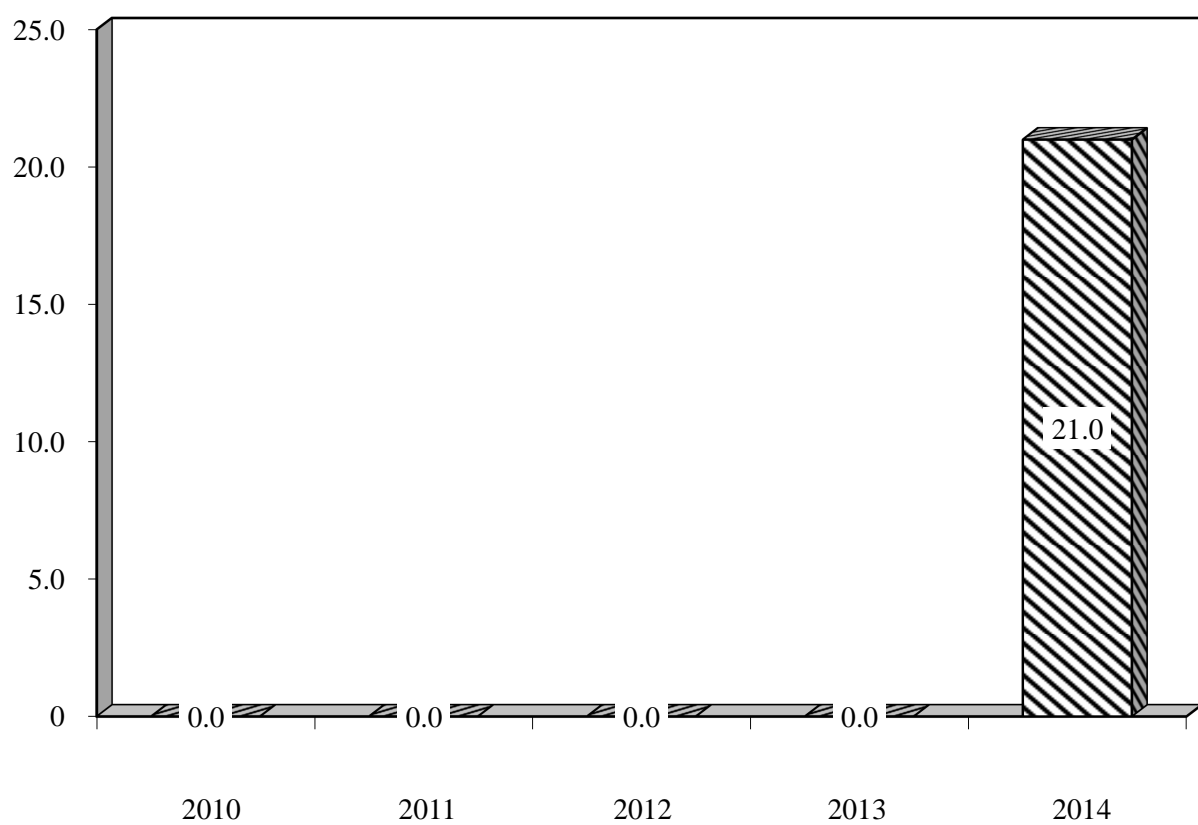


\$Million

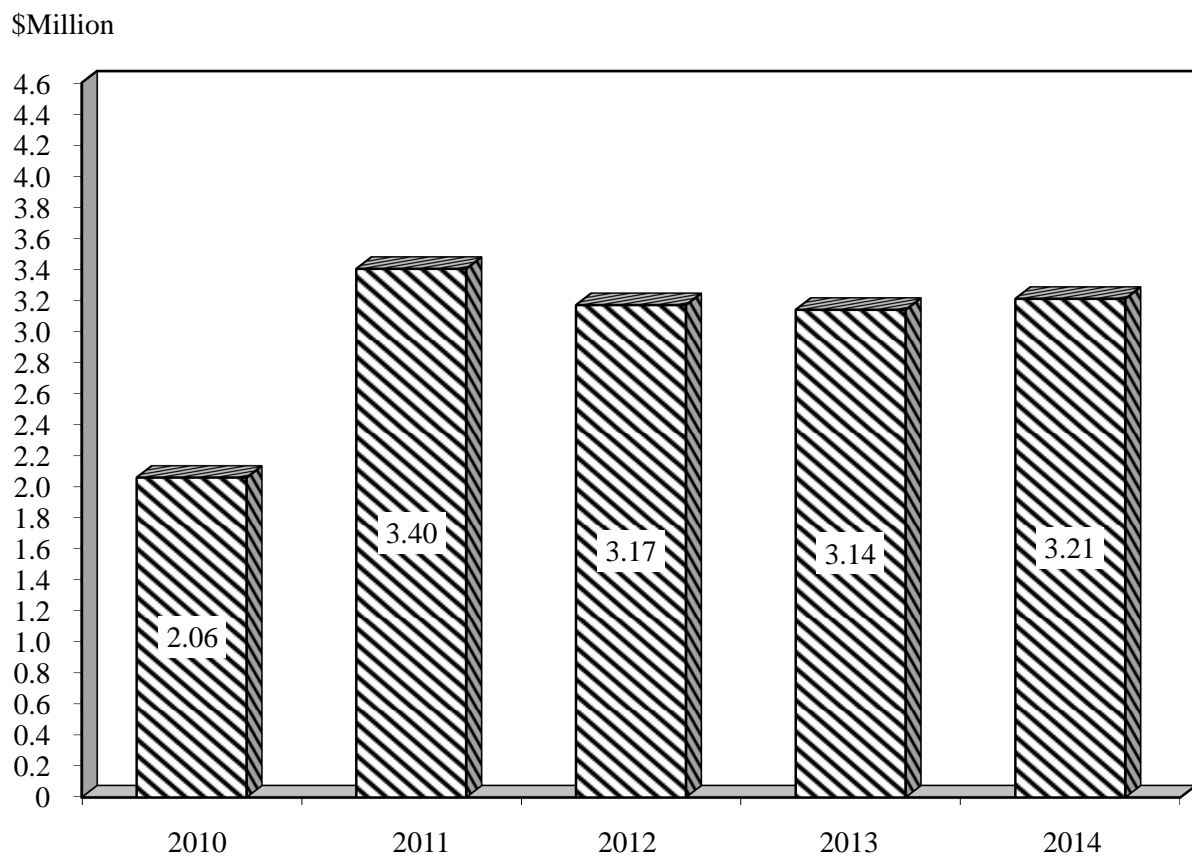


**SPORTS AID FOUNDATION FUND
APPROVED GRANTS FOR THE YEARS 2009-10 TO 2013-14**

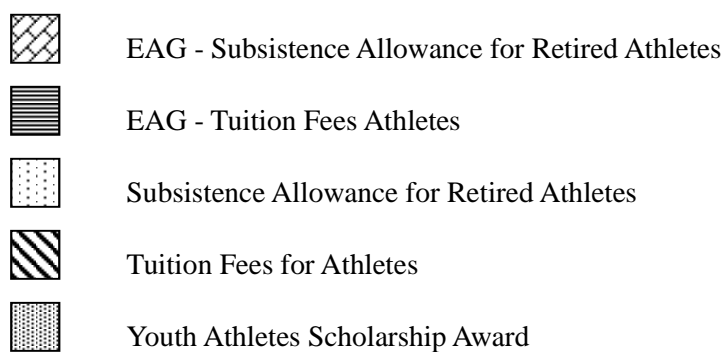
\$Million



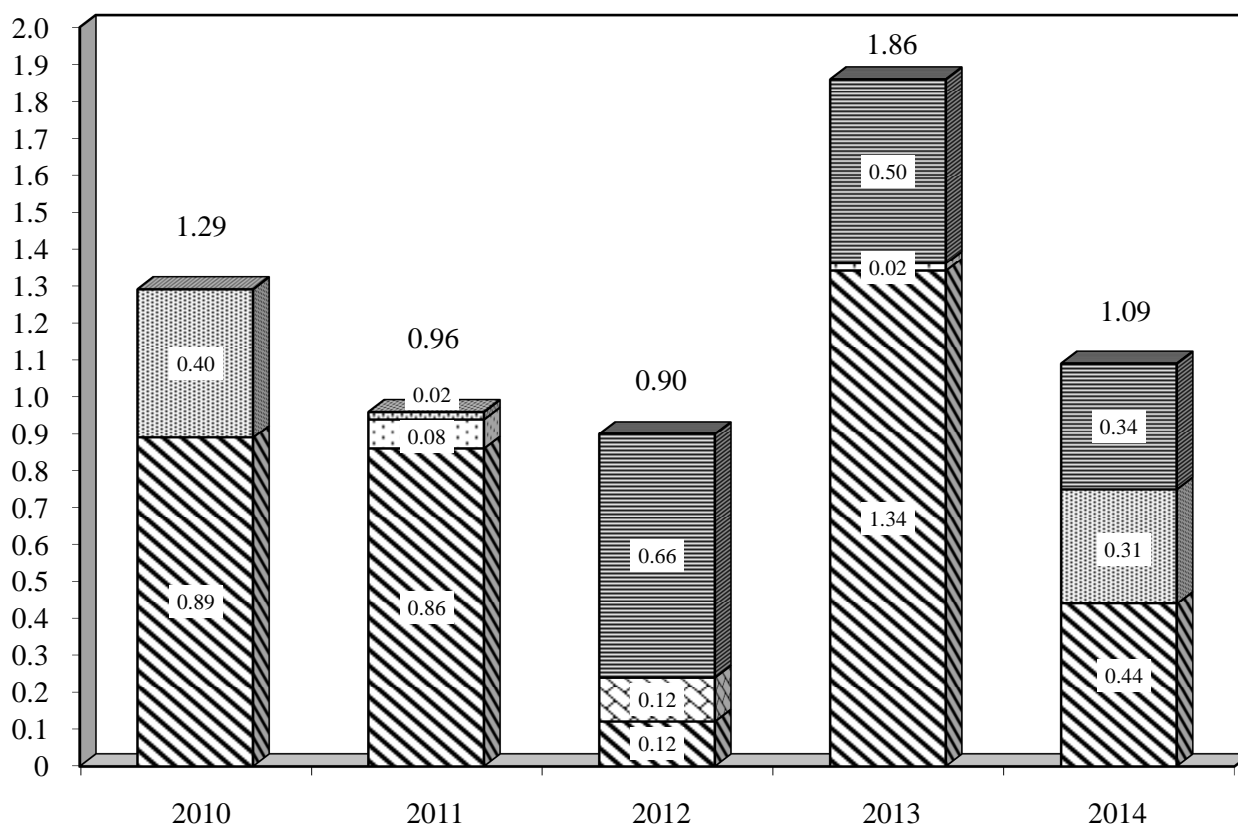
**ARTS DEVELOPMENT FUND
APPROVED GRANTS FOR THE YEARS 2009-10 TO 2013-14**



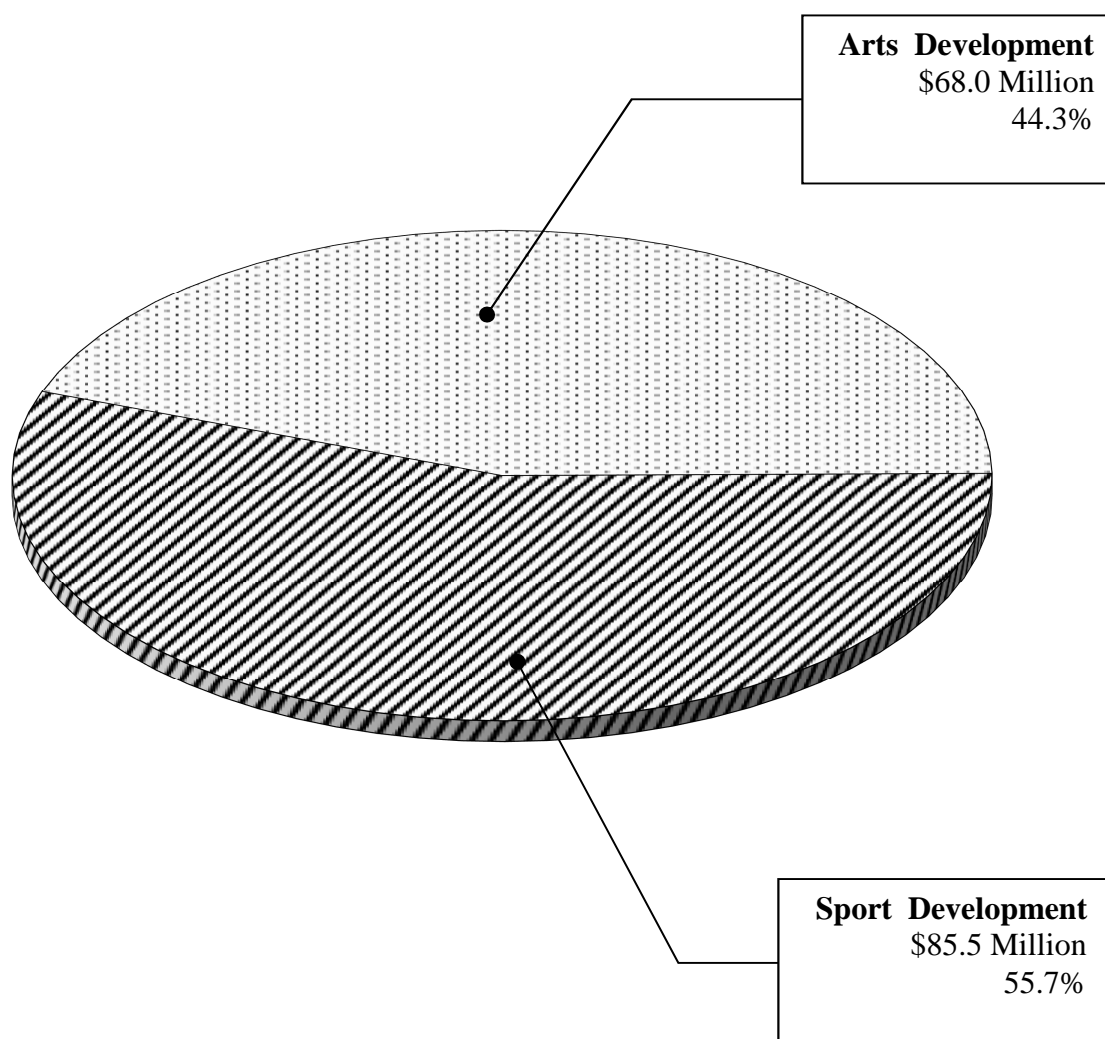
HONG KONG ATHLETES FUND APPROVED GRANTS FOR THE YEARS 2009-10 TO 2013-14



\$Million

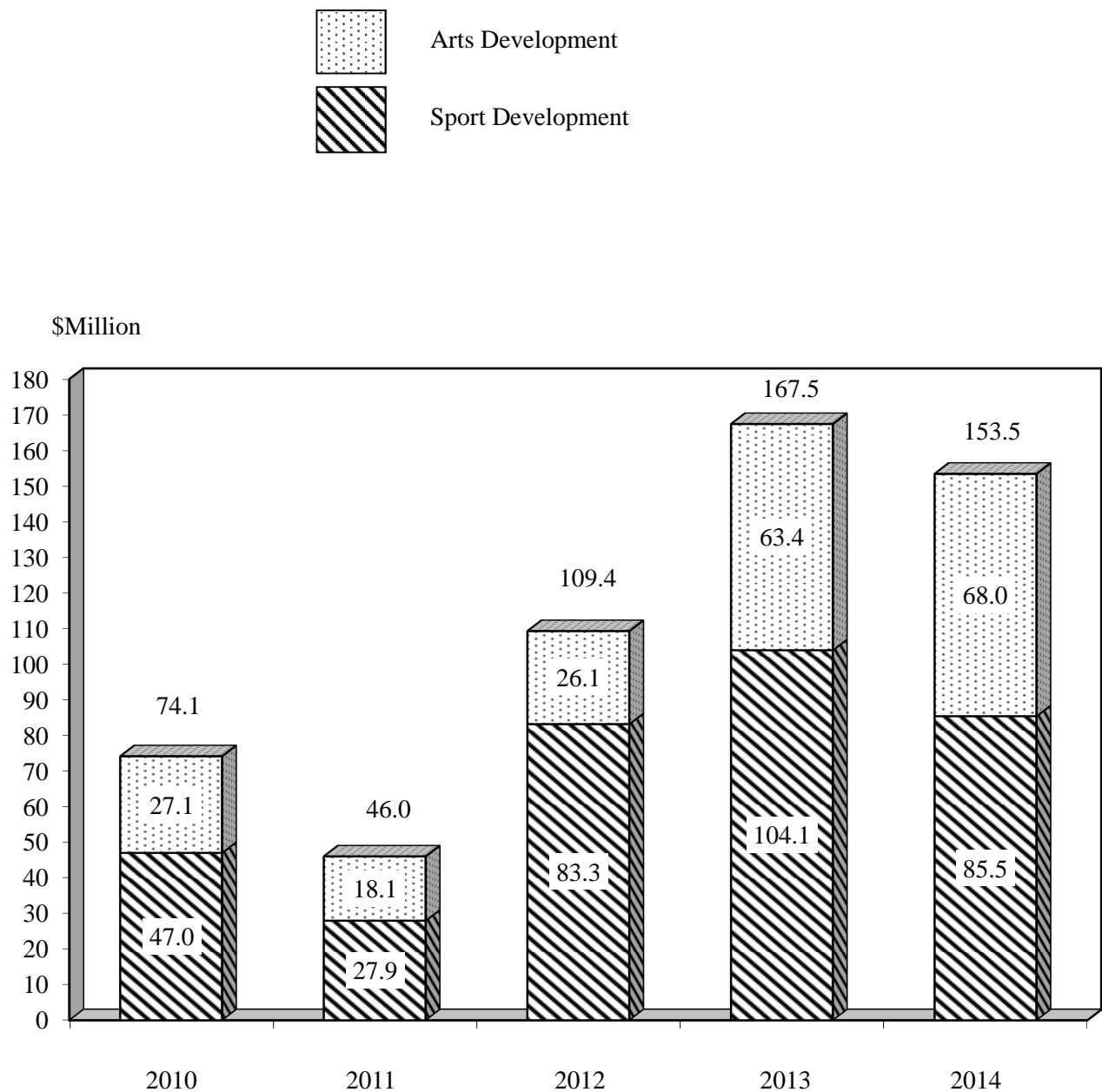


**ARTS AND SPORT DEVELOPMENT FUND
APPROVED GRANTS BY TYPES OF ACTIVITY
FOR THE YEAR ENDED 31 MARCH 2014**



TOTAL APPROVED GRANTS \$153.5 Million

**ARTS AND SPORT DEVELOPMENT FUND
APPROVED GRANTS FOR THE YEARS 2009-10 TO 2013-14**



SCHEDULE 3

STATEMENT OF INVESTMENTS AS AT 31 MARCH 2014

| Securities | Coupon Rate | Maturity Date | Market Value \$ |
|---|-------------|---------------|--------------------|
| MAIN FUND | | | |
| (a) Hong Kong Listed Equity Securities: | | | |
| Tracker Fund of Hong Kong | | | 49,560,000 |
| (b) Overseas Equity Securities: | | | |
| Listed - SDPR S&P 500 Exchange Traded Fund | | | 10,143,117 |
| Unlisted - MSCI World Index Non-Lending Qualified Purchasers Common Trust Fund | | | 48,829,739 |
| Total, MAIN FUND | | | <u>108,532,856</u> |
| SPORTS AID FOR THE DISABLED FUND | | | |
| (a) US Dollar-denominated Debt Securities: | | | |
| Standard Chartered PLC | 5.50% | 18.11.2014 | 799,783 |
| Total, SPORTS AID FOR THE DISABLED FUND | | | <u>799,783</u> |
| SPORTS AID FOUNDATION FUND | | | |
| (a) Hong Kong Listed Equity Securities: | | | |
| Tracker Fund of Hong Kong | | | 13,496,000 |
| (b) US Dollar-denominated Debt Securities: | | | |
| Standard Chartered PLC | 5.50% | 18.11.2014 | 12,796,524 |
| Total, SPORTS AID FOUNDATION FUND | | | <u>26,292,524</u> |
| HONG KONG ATHLETES FUND | | | |
| (a) Hong Kong Listed Equity Securities: | | | |
| Tracker Fund of Hong Kong | | | 4,816,000 |
| (b) Overseas Equity Securities: | | | |
| Unlisted - MSCI World Index Non-Lending Qualified Purchasers Common Trust Fund | | | 5,699,694 |
| (c) US Dollar-denominated Debt Securities: | | | |
| Standard Chartered PLC | 5.50% | 18.11.2014 | 6,398,262 |
| Total, HONG KONG ATHLETES FUND | | | <u>16,913,956</u> |

| Securities | Coupon Rate | Maturity Date | Market Value \$ |
|---|-------------|---------------|----------------------|
| ARTS AND SPORT DEVELOPMENT FUND | | | |
| (a) Hong Kong Listed Equity Securities: | | | |
| Tracker Fund of Hong Kong | | | 506,721,600 |
| (b) Overseas Equity Securities: | | | |
| Listed - SDPR S&P 500 Exchange Traded Fund | | | 224,597,597 |
| Unlisted - MSCI World Index Non-Lending Qualified Purchasers Common Trust Fund | | | 232,508,554 |
| (c) HK Dollar-denominated Debt Securities: | | | |
| China Construction Bank (Asia) Corporation Ltd | 2.05% | 28.4.2014 | 50,006,000 |
| Sun Hung Kai Properties (Capital Market) Ltd | 3.10% | 24.7.2014 | 13,069,160 |
| Sun Hung Kai Properties (Capital Market) Ltd | 3.37% | 20.8.2014 | 25,183,000 |
| Wing Hang Bank Ltd | 1.90% | 1.4.2014 | 40,000,400 |
| | | | 128,258,560 |
| (d) US Dollar-denominated Debt Securities: | | | |
| China Construction Bank Corporation, HK Branch | 2.00% | 30.6.2014 | 77,588,331 |
| Export-Import Bank of China | 5.25% | 29.7.2014 | 58,667,919 |
| Hong Kong Land Finance Cayman Island Co Ltd | 5.50% | 28.4.2014 | 50,575,611 |
| Hong Kong Mortgage Corporation Ltd | 3.50% | 4.8.2014 | 46,220,638 |
| | | | 233,052,499 |
| (e) Renminbi-denominated Debt Securities: | | | |
| China Construction Bank Corporation, HK Branch | 1.80% | 10.9.2014 | 24,704,940 |
| Industrial and Commercial Bank of China (Asia) Ltd | 1.80% | 10.9.2014 | 24,704,940 |
| | | | 49,409,880 |
| Total, ARTS AND SPORT DEVELOPMENT FUND | | | 1,374,548,690 |