

**SIR DAVID TRENCH
FUND FOR
RECREATION
ANNUAL REPORT
2016-2017**

CONTENTS

	Page
Members of Committees 2016-2017	2
Members of Investment Advisory Committee 2016-2017	2
Board of Directors of Hong Kong Sports Institute Limited 2016-2017	3
Members of Elite Training and Athletes Affairs Committee 2016-2017	3
Members of Sub-committee on the Arts Development Fund under the Advisory Committee On Arts Development 2016-2017	4
Trustee's Report	5
Report of the Secretary for Home Affairs	9
Report of the Director of Audit	12
Balance Sheet	15
Income and Expenditure Account	17
Statement of Changes in Equity	18
Statement of Cash Flows	20
Notes to the Financial Statements	21
Schedule 1 Statement of Approved Grants	39
Schedule 2 Summary of Approved Grants and Outstanding Commitments	47
Charts* -	
Main Fund	
- Approved Grants by Types of Organisation for the Year Ended 31 March 2017	48
- Approved Grants for the Years 2012-13 to 2016-17	49
Sports Aid Foundation Fund	
- Approved Grants for the Years 2012-13 to 2016-17	50
Arts Development Fund	
- Approved Grants for the Years 2012-13 to 2016-17	51
Hong Kong Athletes Fund	
- Approved Grants for the Years 2012-13 to 2016-17	52
Arts and Sport Development Fund	
- Approved Grants by Types of Activity for the Year Ended 31 March 2017	53
- Approved Grants for the Years 2012-13 to 2016-17	54
Schedule 3 Statement of Investments	55

*Except the Sports Aid for the Disabled Fund which did not have any grant approved in the years 2012-13 to 2016-17.

MEMBERS OF COMMITTEES 2016-2017

SIR DAVID TRENCH FUND COMMITTEE 2016-2017

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

Members : Ms Eliza CHANG Lai-shan (w.e.f. 1.1.2017)
Mr CHENG Ka-ho, MH
Mr Kenny CHOW Kun-wah
Mr Ivan CHU Siu-lun (up to 31.12.2016)
Mr Michael LAM Huen-sum
Mr Douglas LEE Kar-yan (up to 31.12.2016)
Mr Dragon LI Sai-lung (w.e.f. 1.1.2017)
Ms Susana LO Yin-bing, MH (up to 31.12.2016)
Mr Ajmal SAMUEL (w.e.f. 1.1.2017)
Ms Candy SHAM On-yee, MH (w.e.f. 1.1.2017)
Mrs Marina SHEK TSUI Wai-fun
Mr TAM Wai-yip (w.e.f. 1.1.2017)
Mr Gary WONG Chi-him (w.e.f. 1.1.2017)
Mr Kenneth YIU Wing-fai
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 Kelvin CHAN (up to 19.9.2016)
Ms Lynn WONG (w.e.f. 19.9.2016)
Home Affairs Bureau

INVESTMENT ADVISORY COMMITTEE 2016-2017

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

Members : Miss LAM Man-ngar, Norris
Miss TSANG Wai-sze, Selina
Mrs CHAN NGAN Man-ling, Edith, MH
Miss LEE Pui-shan, Rosita

Secretary : Mr Lewis IP (w.e.f. 14.4.2016)
Mr Terence LAU (up to 13.4.2016)
The Treasury

**HONG KONG SPORTS INSTITUTE LIMITED
BOARD OF DIRECTORS 2016-2017**

<i>Chairman :</i>	Mr Carlson TONG Ka-shing, SBS, JP
<i>Vice-Chairmen :</i>	Mr Michael Lee Tze-hau, JP Mr Matthias LI Sing-chung
<i>Directors :</i>	Prof Stephen Cheung Yan-leung, BBS, JP Mr Kenneth FOK Kai-kong, JP Mrs Jenny Fung Ma Kit-han, BBS, JP Ms Denise HO Suk-chun Mr Hui Yung-chung, BBS, JP Mr Adam KOO Mr Karl KWOK Chi-leung, MH Mr LAM Cheuk-yum Dr LAM Tai-fai, SBS, JP (w.e.f. 1.5.2016) Hon Ma Fung-kwok, SBS, JP Ms Malina NGAI Man-lin, JP Ms Genevieve Pong Chung-yi Mr Newman Tsang Yiu-man Ms Anna Wong Wai-kwan Dr Kelvin WONG Tin-yau, JP Mr Yeung Tak-keung, JP Mr Raymond Fan Wai-ming, JP
<i>Alternate Directors :</i>	Miss Petty LAI Chun-yee (as alternate director to Mr Yeung Tak-keung, JP) Mr Richard Wong Tat-ming (as alternate director to Mr Raymond Fan Wai-ming, JP)
<i>Secretary : (Non-Director)</i>	Ms Doris KWOK

**HONG KONG SPORTS INSTITUTE LIMITED
ELITE TRAINING AND ATHLETES AFFAIRS COMMITTEE 2016-2017**

<i>Chairman :</i>	Mr Michael Lee Tze-hau, JP
<i>Members :</i>	Mr Kenneth FOK Kai-kong, JP Mrs Jenny Fung Ma Kit-han, BBS, JP Mr Karl KWOK Chi-leung, MH Miss Petty LAI Chun-yee Ms Malina NGAI Man-lin, JP Ms Genevieve Pong Chung-yi Mr Newman Tsang Yiu-man Mr Richard Wong Tat-ming

**SUB-COMMITTEE ON THE ARTS DEVELOPMENT FUND UNDER THE
ADVISORY COMMITTEE ON ARTS DEVELOPMENT 2016-2017**

Chairman : Mr Maurice LEE Wai-man, BBS, JP

Members : Mr Vincent CHOW Wing-shing, BBS, JP (up to 31.10.2016)
Mr Ronald KWOK Wing-chung (w.e.f. 1.11.2016)
Mr Frank LEE King-ting (up to 31.10.2016)
Miss Stella LEE Wai-fun (up to 31.10.2016)
Ms Cecilia LEUNG Oi-ting (up to 31.10.2016)
Ms Candice LEUNG Wai-yee (w.e.f. 1.11.2016)
Ms Jane Curzon LO, JP (w.e.f. 1.11.2016)
Ms Nancy LOO, MH (up to 31.10.2016)
Professor LUI Yu-hon (w.e.f. 1.11.2016)
Dr Royce YUEN Man-chun, JP (w.e.f. 1.11.2016)
Representative of Home Affairs Bureau
Representative of Leisure and Cultural Services Department
Representative of Hong Kong Arts Development Council

Secretary : Ms Christine LOK
(Home Affairs Bureau)

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 was 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 to support the long-term development of sport, culture and arts. 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 utilised. 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 Board of Directors of the Hong Kong Sports Institute Limited and its Elite Training and Athletes Affairs Committee are detailed on page 3.

13. Disbursements from the Arts Development Fund are approved by the Secretary for Home Affairs on the advice of the Sub-committee on the Arts Development Fund under the Advisory Committee on Arts Development. 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 2017, 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 15 to 38.

16. Under the Main Fund, there was a surplus of \$7.764 million for the year. Income from dividends and interest was \$3.391 million. Net realised and revaluation gains on investments in securities were \$13.789 million. Expenditure on grants was \$9.322 million. The accumulated surplus was \$124.989 million at 31 March 2017.

17. Under the Sports Aid for the Disabled Fund, there was a surplus of \$0.224 million for the year. Interest income was \$0.223 million. There was no grant payment during the year. The accumulated surplus was \$1.721 million at 31 March 2017.

18. Under the Sports Aid Foundation Fund, there was a surplus of \$1.322 million for the year. Income from dividends and interest was \$1.321 million. Net realised and revaluation gains on investments in securities were \$0.002 million. There was no grant payment during the year. The accumulated surplus was \$3.473 million at 31 March 2017.

19. Under the Arts Development Fund, there was a deficit of \$1.522 million for the year. Interest income was \$0.004 million. Expenditure on grants was \$1.528 million. The accumulated deficit was \$48.994 million at 31 March 2017.

20. Under the Hong Kong Athletes Fund, there was a deficit of \$2.917 million for the year. Income from dividends and interest was \$0.664 million. Net realised and revaluation gains on investments in securities were \$0.969 million. Expenditure on grants was \$4.544 million. The accumulated surplus was \$0.875 million at 31 March 2017.

21. Under the Arts and Sport Development Fund, there was a surplus of \$162.662 million for the year. Income from dividends and interest was \$67.633 million. Net realised and revaluation gains on investments in securities were \$227.170 million. Expenditure on grants was \$139.417 million. The accumulated deficit was \$482.383 million at 31 March 2017.

GRANTS

22. Details of the expenditure on grants in 2016-2017 are shown in the Statement of Approved Grants in Schedule 1 on pages 39 to 46. A summary of approved grants over the years and outstanding commitments as at 31 March 2017 is provided in Schedule 2 on page 47.

INVESTMENTS

23. Investments as at 31 March 2017 are shown in Schedule 3 on page 55.

Martin SIU

Director of Accounting Services

The Trustee of the Sir David Trench Fund for Recreation

28 June 2017

**REPORT OF THE SECRETARY FOR HOME AFFAIRS
ON THE SIR DAVID TRENCH FUND FOR RECREATION 2016-2017**

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 Project which aim at building new recreational facilities, the Non-Capital Works Project which cover the purchase of equipment, and the Special Project 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. 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 2016-2017, a total of \$2,749,649 was awarded to the organisations and agencies listed on pages 40 to 41.

6. Capital Works Projects should be specifically of the "brick and mortar" type and for the construction of new recreational facilities. In 2016-2017, a total of \$690,000 from the Fund helped to pay for the one capital works project listed on page 42.

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 2014-2015 to 2016-2017 has been "Construction of new sports facilities, improvement of existing sports facilities and purchase of sports equipment for enhancement of training of elite squads and developing sports at the community level". In 2016-2017, a total of \$9,840,200 was awarded to nine 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.

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 (HKADC) 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 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 arts groups and art practitioners, 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 2016-2017, a total of \$146,673,031 was allocated from the ASDF, of which \$59,605,700 was allocated to 96 arts projects and \$87,067,331 was allocated to 37 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 January 2015, the Hong Kong Sports Institute launched the Elite Athlete Performance Recognition scheme to recognise athletes' dedication to sport and their achievements in representing Hong Kong in major games and competitions, under which eligible athletes will receive a one-off grant upon retirement from full-time sports training and competition, so that they can start a "second career".

22. In 2016-2017, a total of \$5,551,653 was allocated from the HKAF. Among which, \$2,579,493 with individual grants ranging from \$42,000 to \$189,275 awarded to cover the tuition fees and subsistence allowance of 20 athletes. Seven of the athletes were subsidised by the "Hong Kong 2009 East Asian Games Education Scheme" under the HKAF, with a total amount of \$923,030. For the Elite Athlete Performance Recognition scheme introduced in 2015, a total of \$2,972,160 was allocated from the HKAF, with individual grants from \$247,680 to \$371,520 awarded to ten retired athletes in recognition of their dedication to sport and their achievements in representing Hong Kong in major games and competitions.

ARTS DEVELOPMENT FUND

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

24. The Finance Committee of the Legislative Council approved an injection of \$20,000,000 into the ADF on 26 January 2007. In 2016-2017, a total of \$694,300 was approved for 12 cultural exchange projects. In view of the financial position of the ADF, starting from 2016-17, the Home Affairs Bureau has begun to support approved projects of the ADF by committing resources from the ASDF (Arts Portion) so as to sustain worthwhile outbound arts and cultural activities, and \$3,588,500 were committed from ASDF (Arts Portion) to support projects approved under the ADF.

LAU Kong-wah
Secretary for Home Affairs
28 June 2017

REPORT OF THE DIRECTOR OF AUDIT



Audit Commission

The Government of the Hong Kong Special Administrative Region

Independent Auditor's Report To the Legislative Council

Opinion

I certify that I have audited the financial statements of the Sir David Trench Fund for Recreation set out on pages 15 to 38, which comprise the balance sheet as at 31 March 2017, and the income and expenditure account, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the financial statements give a true and fair view of the financial position of the Sir David Trench Fund for Recreation as at 31 March 2017, 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 (Cap. 1128).

Basis for opinion

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. My responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of my report. I am independent of the Sir David Trench Fund for Recreation in accordance with those standards, and I have fulfilled my other ethical responsibilities in accordance with those standards. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other information

The Director of Accounting Services and the Secretary for Home Affairs are responsible for the other information. The other information comprises all the information included in the Sir David Trench Fund for Recreation Annual Report 2016-2017, other than the financial statements and my auditor's report thereon.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Director of Accounting Services' responsibilities 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 the financial statements that give a true and fair view in accordance with section 9(1) of the Sir David Trench Fund for Recreation Ordinance 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.

In preparing the financial statements, the Director of Accounting Services is responsible for assessing in conjunction with the Secretary for Home Affairs the Sir David Trench Fund for Recreation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor's responsibilities for the audit of the financial statements

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

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

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Sir David Trench Fund for Recreation's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Director of Accounting Services;
- conclude on the appropriateness of the Director of Accounting Services' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Sir David Trench Fund for Recreation's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Sir David Trench Fund for Recreation to cease to continue as a going concern; and
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Kenneth Ho
Assistant Director of Audit
for Director of Audit

28 June 2017

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

BALANCE SHEET AS AT 31 MARCH 2017

		Note	2017 HK\$'000	2016 HK\$'000
MAIN FUND	ASSETS			
	Cash at bank		500	556
	Deposits with banks	3	24,320	21,291
	Investments in securities	4	99,225	96,593
	Placement with the Exchange Fund	6	23,821	23,200
	Interest and other receivables		427	114
	Total assets		148,293	141,754
	LIABILITIES			
	Payables and other liabilities	7	(104)	(1,329)
	Net assets		148,189	140,425
	Representing : FUND BALANCE			
	Capital		23,200	23,200
	Accumulated surplus		124,989	117,225
			148,189	140,425
SPORTS AID FOR THE DISABLED FUND	ASSETS			
	Cash at bank		39	49
	Deposits with banks	3	1,461	1,434
	Placement with the Exchange Fund	6	6,674	6,500
	Interest receivable		47	14
	Total assets		8,221	7,997
	Representing : FUND BALANCE			
	Capital		6,500	6,500
	Accumulated surplus		1,721	1,497
			8,221	7,997
SPORTS AID FOUNDATION FUND	ASSETS			
	Cash at bank		74	72
	Deposits with banks	3	2,020	1,000
	Investments in securities	4	—	998
	Placement with the Exchange Fund	6	41,664	40,577
	Interest receivable		292	81
	Total assets		44,050	42,728
	Representing : FUND BALANCE			
	Capital		40,577	40,577
	Accumulated surplus		3,473	2,151
			44,050	42,728

Sir David Trench Fund For Recreation

BALANCE SHEET — Continued

		Note	2017 HK\$'000	2016 HK\$'000
ARTS DEVELOPMENT FUND	ASSETS			
	Cash at bank		106	231
	Deposits with banks	3	900	2,296
	Interest receivable		—	1
	Total assets		1,006	2,528
	Representing :			
	FUND BALANCE			
	Capital		50,000	50,000
HONG KONG ATHLETES FUND	Accumulated deficit		(48,994)	(47,472)
			1,006	2,528
	ASSETS			
	Cash at bank		333	320
	Deposits with banks	3	2,575	5,050
	Investments in securities	4	7,396	8,293
	Placement with the Exchange Fund	6	13,603	13,248
	Interest and other receivables		117	30
ARTS AND SPORT DEVELOPMENT FUND	Total assets		24,024	26,941
	LIABILITIES			
	Payables and other liabilities	7	(1)	(1)
	Net assets		24,023	26,940
	Representing :			
	FUND BALANCE			
	Capital		23,148	23,148
	Accumulated surplus		875	3,792
ARTS AND SPORT DEVELOPMENT FUND			24,023	26,940
	ASSETS			
	Cash at bank		4,215	2,709
	Deposits with banks	3	573,744	1,017,728
	Investments in securities	4	1,806,235	1,513,635
	Trading financial instruments	5	345	—
	Placement with the Exchange Fund	6	659,373	350,000
	Interest and other receivables		11,654	6,742
ARTS AND SPORT DEVELOPMENT FUND	Total assets		3,055,566	2,890,814
	LIABILITIES			
	Trading financial instruments	5	(299)	—
	Payables and other liabilities	7	(7,650)	(5,859)
	Total liabilities		(7,949)	(5,859)
	Net assets		3,047,617	2,884,955
	Representing :			
	FUND BALANCE			
ARTS AND SPORT DEVELOPMENT FUND	Capital		3,530,000	3,530,000
	Accumulated deficit		(482,383)	(645,045)
			3,047,617	2,884,955
TOTAL FUND BALANCE			3,273,106	3,105,573

The accompanying notes 1 to 17 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

28 June 2017

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2017

		Note	2017 HK\$'000	2016 HK\$'000
MAIN FUND	Income	9	17,207	(9,370)
	Expenditure	10	(9,443)	(17,083)
	Surplus/ (Deficit) for the year		7,764	(26,453)
	Other comprehensive income		—	—
	Total comprehensive income/ (loss) for the year		<u>7,764</u>	<u>(26,453)</u>
SPORTS AID FOR THE DISABLED FUND	Income	9	225	59
	Expenditure	10	(1)	(3)
	Surplus for the year		224	56
	Other comprehensive income		—	—
	Total comprehensive income for the year		<u>224</u>	<u>56</u>
SPORTS AID FOUNDATION FUND	Income	9	1,323	(1,343)
	Expenditure	10	(1)	(3)
	Surplus/ (Deficit) for the year		1,322	(1,346)
	Other comprehensive income		—	—
	Total comprehensive income/ (loss) for the year		<u>1,322</u>	<u>(1,346)</u>
ARTS DEVELOPMENT FUND	Income	9	6	34
	Expenditure	10	(1,528)	(2,875)
	Deficit for the year		(1,522)	(2,841)
	Other comprehensive income		—	—
	Total comprehensive loss for the year		<u>(1,522)</u>	<u>(2,841)</u>
HONG KONG ATHLETES FUND	Income	9	1,635	(813)
	Expenditure	10	(4,552)	(3,822)
	Deficit for the year		(2,917)	(4,635)
	Other comprehensive income		—	—
	Total comprehensive loss for the year		<u>(2,917)</u>	<u>(4,635)</u>
ARTS AND SPORT DEVELOPMENT FUND	Income	9	304,000	(145,199)
	Expenditure	10	(141,338)	(161,645)
	Surplus/ (Deficit) for the year		162,662	(306,844)
	Other comprehensive income		—	—
	Total comprehensive income/ (loss) for the year		<u>162,662</u>	<u>(306,844)</u>

The accompanying notes 1 to 17 form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2017**

		Capital HK\$'000	Accumulated surplus/(deficit) HK\$'000	Total HK\$'000
MAIN FUND	Balance at 1 April 2015	23,200	143,678	166,878
	Total comprehensive loss for the year 2015-16		(26,453)	(26,453)
	Balance at 31 March 2016	23,200	117,225	140,425
	Total comprehensive income for the year 2016-17		7,764	7,764
	Balance at 31 March 2017	23,200	124,989	148,189
SPORTS AID FOR THE DISABLED FUND	Balance at 1 April 2015	6,500	1,441	7,941
	Total comprehensive income for the year 2015-16		56	56
	Balance at 31 March 2016	6,500	1,497	7,997
	Total comprehensive income for the year 2016-17		224	224
	Balance at 31 March 2017	6,500	1,721	8,221
SPORTS AID FOUNDATION FUND	Balance at 1 April 2015	40,577	3,497	44,074
	Total comprehensive loss for the year 2015-16		(1,346)	(1,346)
	Balance at 31 March 2016	40,577	2,151	42,728
	Total comprehensive income for the year 2016-17		1,322	1,322
	Balance at 31 March 2017	40,577	3,473	44,050

STATEMENT OF CHANGES IN EQUITY — Continued

		Capital HK\$'000	Accumulated surplus/(deficit) HK\$'000	Total HK\$'000
ARTS DEVELOPMENT FUND	Balance at 1 April 2015	50,000	(44,631)	5,369
	Total comprehensive loss for the year 2015-16		(2,841)	(2,841)
	Balance at 31 March 2016	50,000	(47,472)	2,528
	Total comprehensive loss for the year 2016-17		(1,522)	(1,522)
	Balance at 31 March 2017	50,000	(48,994)	1,006
HONG KONG ATHLETES FUND	Balance at 1 April 2015	23,148	8,427	31,575
	Total comprehensive loss for the year 2015-16		(4,635)	(4,635)
	Balance at 31 March 2016	23,148	3,792	26,940
	Total comprehensive loss for the year 2016-17		(2,917)	(2,917)
	Balance at 31 March 2017	23,148	875	24,023
ARTS AND SPORT DEVELOPMENT FUND	Balance at 1 April 2015	3,530,000	(338,201)	3,191,799
	Total comprehensive loss for the year 2015-16		(306,844)	(306,844)
	Balance at 31 March 2016	3,530,000	(645,045)	2,884,955
	Total comprehensive income for the year 2016-17		162,662	162,662
	Balance at 31 March 2017	3,530,000	(482,383)	3,047,617

The accompanying notes 1 to 17 form part of these financial statements.

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2017**

		Note	2017 HK\$'000	2016 HK\$'000
MAIN FUND	Net cash used in operating activities	11	(6,056)	(6,886)
	Cash and cash equivalents at beginning of year		14,556	21,442
	Cash and cash equivalents at end of year	12	<u>8,500</u>	<u>14,556</u>
SPORTS AID FOR THE DISABLED FUND	Net cash used in operating activities	11	(10)	(14)
	Cash and cash equivalents at beginning of year		49	63
	Cash and cash equivalents at end of year	12	<u>39</u>	<u>49</u>
SPORTS AID FOUNDATION FUND	Net cash from/ (used in) operating activities	11	2	(28,753)
	Cash and cash equivalents at beginning of year		72	28,825
	Cash and cash equivalents at end of year	12	<u>74</u>	<u>72</u>
ARTS DEVELOPMENT FUND	Net cash (used in)/ from operating activities	11	(1,521)	113
	Cash and cash equivalents at beginning of year		2,527	2,414
	Cash and cash equivalents at end of year	12	<u>1,006</u>	<u>2,527</u>
HONG KONG ATHLETES FUND	Net cash from/ (used in) operating activities	11	13	(18,459)
	Cash and cash equivalents at beginning of year		320	18,779
	Cash and cash equivalents at end of year	12	<u>333</u>	<u>320</u>
ARTS AND SPORT DEVELOPMENT FUND	Net cash used in operating activities	11	(247,694)	(736,144)
	Cash and cash equivalents at beginning of year		385,449	1,121,593
	Cash and cash equivalents at end of year	12	<u>137,755</u>	<u>385,449</u>

The accompanying notes 1 to 17 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 HKFRSs, 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 equity securities and trading financial instruments are stated at fair value 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, Financial Instruments: Recognition and Measurement, investments in equity securities are designated 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 in equity securities 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 carried 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.

Held-to-maturity securities are non-derivative financial assets with fixed or determinable payments and fixed maturity which the Fund has the positive intention and ability to hold to maturity, other than (a) those that the Fund, upon initial recognition, designates as at fair value; and (b) those that meet the definition of loans and receivables.

Held-to-maturity securities are initially recognised at fair value plus transaction costs. They are subsequently carried at amortised cost using the effective interest method less impairment losses, if any (Note 2(j)).

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.

(d) Trading financial instruments

These comprise forward currency contracts used by the Fund to manage its risks associated with foreign currency fluctuations. Such derivative financial instruments do not qualify for hedge accounting and are categorised as "trading" under HKAS 39.

Trading financial instruments are carried at fair value, and presented as assets when the fair value is positive and as liabilities when the fair value is negative. Changes in the fair value are included in surplus or deficit in the period in which they arise.

(e) 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, deposits with banks, placement with the Exchange Fund, interest and other receivables.

Loans and receivables are carried at amortised cost using the effective interest method less impairment losses, if any (Note 2(j)).

(f) Income recognition

Interest income 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.

(g) 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 rates at the balance sheet date. Exchange gains or losses arising are included in the income and expenditure account.

(h) Cash and cash equivalents

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

(i) Offsetting

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the assets and settle the liabilities simultaneously.

(j) Impairment of financial assets

The carrying amounts of loans and receivables and held-to-maturity securities are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. If any such evidence exists, an impairment loss is recognised in surplus or deficit as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. If in a subsequent period the amount of such impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through surplus or deficit. A reversal of impairment losses is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years.

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:

_____	_____
=====	=====
_____	_____

4. INVESTMENTS IN SECURITIES — Continued

	2017 HK\$'000	2016 HK\$'000
HONG KONG ATHLETES FUND		
Hong Kong listed equity securities	4,648	4,001
Overseas equity securities - listed	2,748	—
Overseas equity securities - unlisted	—	4,292
	<u>7,396</u>	<u>8,293</u>
 ARTS AND SPORT DEVELOPMENT FUND		
Hong Kong listed equity securities	817,427	690,504
Overseas equity securities - listed	908,132	740,336
Overseas equity securities - unlisted	—	52,996
US dollar-denominated held-to-maturity debt securities	80,676	29,799
	<u>1,806,235</u>	<u>1,513,635</u>

5. TRADING FINANCIAL INSTRUMENTS

	2017		2016	
ARTS AND SPORT DEVELOPMENT FUND	Assets	Liabilities	Assets	Liabilities
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Forward currency contracts at fair value	<u>345</u>	<u>299</u>	<u>—</u>	<u>—</u>

All these forward currency contracts would mature within one year and had a total notional amount of HK\$76.7 million as at 31 March 2017 (2016: nil). The notional amounts of these contracts indicate the volume of outstanding transactions and do not represent the amounts at risk.

6. PLACEMENT WITH THE EXCHANGE FUND

These represent the principal sums placed with the Exchange Fund and interest paid but not yet withdrawn at the end of the reporting period:

	Principal sum 2017 HK\$'000	Interest paid but not yet withdrawn HK\$'000	Total HK\$'000
MAIN FUND	23,200	621	23,821
SPORTS AID FOR THE DISABLED FUND	6,500	174	6,674
SPORTS AID FOUNDATION FUND	40,577	1,087	41,664
HONG KONG ATHLETES FUND	13,248	355	13,603
ARTS AND SPORT DEVELOPMENT FUND	650,000	9,373	659,373

Sir David Trench Fund For Recreation

2016	<i>Principal sum HK\$'000</i>	<i>Interest paid but not yet withdrawn HK\$'000</i>	<i>Total HK\$'000</i>
MAIN FUND	23,200	—	23,200
SPORTS AID FOR THE DISABLED FUND	6,500	—	6,500
SPORTS AID FOUNDATION FUND	40,577	—	40,577
HONG KONG ATHLETES FUND	13,248	—	13,248
ARTS AND SPORT DEVELOPMENT FUND	350,000	—	350,000

The term of the placement is six years from the date of placement, during which the amount of principal sums cannot be withdrawn.

Interest on the placement is payable at a fixed rate determined every January. The rate is the average annual investment return of the Exchange Fund's Investment Portfolio for the past six years or the average annual yield of three-year government bond for the previous year subject to a minimum of zero percent, whichever is the higher. The interest rate has been fixed at 2.8% for the calendar year 2017 and at 3.3% for the calendar year 2016.

7. PAYABLES AND OTHER LIABILITIES

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

8. COMMITMENTS

These represent the unspent portion of the approved grants under the Fund:

	2017 HK\$'000	<i>2016 HK\$'000</i>
MAIN FUND	25,857	26,932
ARTS DEVELOPMENT FUND	880	1,796
HONG KONG ATHLETES FUND	5,679	4,787
ARTS AND SPORT DEVELOPMENT FUND	139,306	139,973
	<u>171,722</u>	<u>173,488</u>

9. INCOME

	2017 HK\$'000	2016 HK\$'000
MAIN FUND		
Net realised and revaluation gains/ (losses) on:		
- equity securities	13,789	(11,085)
- other assets	27	(1,066)
Dividend income	2,434	2,027
Interest income from placement with the Exchange Fund	740	46
Other interest income	217	708
	<u>17,207</u>	<u>(9,370)</u>
SPORTS AID FOR THE DISABLED FUND		
Net realised and revaluation gains on:		
- other assets	2	—
Interest income from placement with the Exchange Fund	207	13
Other interest income	16	46
	<u>225</u>	<u>59</u>
SPORTS AID FOUNDATION FUND		
Net realised and revaluation gains/ (losses) on:		
- equity securities	2	(2,064)
- other assets	—	1
Dividend income	7	488
Interest income from placement with the Exchange Fund	1,294	80
Other interest income	20	152
	<u>1,323</u>	<u>(1,343)</u>
ARTS DEVELOPMENT FUND		
Net realised and revaluation gains on:		
- other assets	2	11
Other interest income	4	23
	<u>6</u>	<u>34</u>
HONG KONG ATHLETES FUND		
Net realised and revaluation gains/ (losses) on:		
- equity securities	969	(1,079)
- other assets	2	(82)
Dividend income	189	174
Interest income from placement with the Exchange Fund	422	26
Other interest income	53	148
	<u>1,635</u>	<u>(813)</u>
ARTS AND SPORT DEVELOPMENT FUND		
Refund of grants	10,787	10,683
Net realised and revaluation gains/ (losses) on:		
- equity securities	227,113	(181,069)
- held-to-maturity debt securities	57	78
- trading financial instruments	(2,224)	—
- other assets	634	(42,839)
Dividend income	44,377	39,441
Interest income from debt securities	1,247	893
Interest income from placement with the Exchange Fund	11,505	694
Other interest income	10,504	26,920
	<u>304,000</u>	<u>(145,199)</u>

10. EXPENDITURE

	2017 HK\$'000	2016 HK\$'000
MAIN FUND		
Grants	9,322	17,025
Investment management fees	10	56
Investment transaction costs	104	—
Bank charges	7	2
	<u>9,443</u>	<u>17,083</u>
SPORTS AID FOR THE DISABLED FUND		
Bank charges	<u>1</u>	<u>3</u>
SPORTS AID FOUNDATION FUND		
Bank charges	<u>1</u>	<u>3</u>
ARTS DEVELOPMENT FUND		
Grants	<u>1,528</u>	<u>2,875</u>
HONG KONG ATHLETES FUND		
Grants	4,544	3,815
Investment management fees	1	6
Investment transaction costs	6	—
Bank charges	1	1
	<u>4,552</u>	<u>3,822</u>
ARTS AND SPORT DEVELOPMENT FUND		
Grants	139,417	158,501
Custodian fees	628	1,377
Investment management fees	995	946
Investment transaction costs	248	784
Bank charges	50	37
	<u>141,338</u>	<u>161,645</u>

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

	2017 HK\$'000	2016 HK\$'000
MAIN FUND		
Surplus/ (Deficit) for the year	7,764	(26,453)
Interest income	(957)	(754)
Dividend income	(2,434)	(2,027)
(Increase)/ Decrease in investments in securities	(2,632)	22,485
Increase in placement with the Exchange Fund	(621)	(23,200)
(Increase)/ Decrease in deposits with banks with original maturity beyond 3 months	(9,029)	21,332
Decrease in payables and other liabilities	(1,225)	(1,437)
Interest received	810	1,150
Dividend received	2,268	2,018
Net cash used in operating activities	<u>(6,056)</u>	<u>(6,886)</u>
 SPORTS AID FOR THE DISABLED FUND		
Surplus for the year	224	56
Interest income	(223)	(59)
Increase in placement with the Exchange Fund	(174)	(6,500)
(Increase)/ Decrease in deposits with banks with original maturity beyond 3 months	(27)	6,404
Interest received	190	85
Net cash used in operating activities	<u>(10)</u>	<u>(14)</u>
 SPORTS AID FOUNDATION FUND		
Surplus/ (Deficit) for the year	1,322	(1,346)
Interest income	(1,314)	(232)
Dividend income	(7)	(488)
Decrease in investments in securities	998	14,245
Increase in placement with the Exchange Fund	(1,087)	(40,577)
Increase in deposits with banks with original maturity beyond 3 months	(1,020)	(1,000)
Interest received	1,102	157
Dividend received	8	488
Net cash from/ (used in) operating activities	<u>2</u>	<u>(28,753)</u>

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

	2017 HK\$'000	2016 HK\$'000
ARTS DEVELOPMENT FUND		
Deficit for the year	(1,522)	(2,841)
Interest income	(4)	(23)
Decrease in deposits with banks with original maturity beyond 3 months	—	2,946
Interest received	5	31
Net cash (used in)/ from operating activities	(1,521)	113
HONG KONG ATHLETES FUND		
Deficit for the year	(2,917)	(4,635)
Interest income	(475)	(174)
Dividend income	(189)	(174)
Decrease in investments in securities	897	3,205
Increase in placement with the Exchange Fund	(355)	(13,248)
Decrease/ (Increase) in deposits with banks with original maturity beyond 3 months	2,475	(3,776)
Decrease in payables and other liabilities	—	(3)
Interest received	403	172
Dividend received	174	174
Net cash from/ (used in) operating activities	13	(18,459)
ARTS AND SPORT DEVELOPMENT FUND		
Surplus/ (Deficit) for the year	162,662	(306,844)
Interest income	(23,256)	(28,507)
Dividend income	(44,377)	(39,441)
Increase in investments in securities	(292,600)	(347,415)
Change in trading financial instruments	(46)	—
Increase in placement with the Exchange Fund	(309,373)	(350,000)
Decrease in deposits with banks with original maturity beyond 3 months	194,784	249,426
Increase in payables and other liabilities	1,791	5,177
(Increase)/ Decrease in other receivables	(37)	1,551
Interest received	18,929	41,952
Dividend received	43,829	37,957
Net cash used in operating activities	(247,694)	(736,144)

12. ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS

	2017 HK\$'000	2016 HK\$'000
MAIN FUND		
Cash at bank	500	556
Deposits with banks with original maturity within 3 months	8,000	14,000
	<u>8,500</u>	<u>14,556</u>
SPORTS AID FOR THE DISABLED FUND		
Cash at bank	39	49
Deposits with banks with original maturity within 3 months	—	—
	<u>39</u>	<u>49</u>
SPORTS AID FOUNDATION FUND		
Cash at bank	74	72
Deposits with banks with original maturity within 3 months	—	—
	<u>74</u>	<u>72</u>
ARTS DEVELOPMENT FUND		
Cash at bank	106	231
Deposits with banks with original maturity within 3 months	900	2,296
	<u>1,006</u>	<u>2,527</u>
HONG KONG ATHLETES FUND		
Cash at bank	333	320
Deposits with banks with original maturity within 3 months	—	—
	<u>333</u>	<u>320</u>
ARTS AND SPORT DEVELOPMENT FUND		
Cash at bank	4,215	2,709
Deposits with banks with original maturity within 3 months	133,540	382,740
	<u>137,755</u>	<u>385,449</u>
Reconciliation with the balance sheet:		
	2017 HK\$'000	2016 HK\$'000
MAIN FUND		
Amounts in the balance sheet:		
Cash at bank	500	556
Deposits with banks	24,320	21,291
	<u>24,820</u>	<u>21,847</u>
Less: Amounts with original maturity beyond 3 months	(16,320)	(7,291)
Cash and cash equivalents in the statement of cash flows	<u>8,500</u>	<u>14,556</u>
SPORTS AID FOR THE DISABLED FUND		
Amounts in the balance sheet:		
Cash at bank	39	49
Deposits with banks	1,461	1,434
	<u>1,500</u>	<u>1,483</u>
Less: Amounts with original maturity beyond 3 months	(1,461)	(1,434)
Cash and cash equivalents in the statement of cash flows	<u>39</u>	<u>49</u>

12. ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS

— *Continued*

	2017 HK\$'000	2016 HK\$'000
SPORTS AID FOUNDATION FUND		
Amounts in the balance sheet:		
Cash at bank	74	72
Deposits with banks	2,020	1,000
	<u>2,094</u>	<u>1,072</u>
Less: Amounts with original maturity beyond 3 months	(2,020)	(1,000)
Cash and cash equivalents in the statement of cash flows	<u>74</u>	<u>72</u>
 ARTS DEVELOPMENT FUND		
Amounts in the balance sheet:		
Cash at bank	106	231
Deposits with banks	900	2,296
	<u>1,006</u>	<u>2,527</u>
Less: Amounts with original maturity beyond 3 months	—	—
Cash and cash equivalents in the statement of cash flows	<u>1,006</u>	<u>2,527</u>
 HONG KONG ATHLETES FUND		
Amounts in the balance sheet:		
Cash at bank	333	320
Deposits with banks	2,575	5,050
	<u>2,908</u>	<u>5,370</u>
Less: Amounts with original maturity beyond 3 months	(2,575)	(5,050)
Cash and cash equivalents in the statement of cash flows	<u>333</u>	<u>320</u>
 ARTS AND SPORT DEVELOPMENT FUND		
Amounts in the balance sheet:		
Cash at bank	4,215	2,709
Deposits with banks	573,744	1,017,728
	<u>577,959</u>	<u>1,020,437</u>
Less: Amounts with original maturity beyond 3 months	(440,204)	(634,988)
Cash and cash equivalents in the statement of cash flows	<u>137,755</u>	<u>385,449</u>

13. 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.

14. FINANCIAL RISK MANAGEMENT

(a) Investment management and control

The Director of Accounting Services, as the Trustee of the Fund, may invest any moneys of the Fund according to the recommendations or parameters set 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 2017, the equity securities were 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 10% with all other variables held constant, the impact on the income for the year would have been as follows:-

	2017 Effect on Income for Changes of 10% in Prices HK\$'000	2016 Effect on Income for Changes of 10% in Prices HK\$'000
MAIN FUND	± 9,923	± 9,659
SPORTS AID FOUNDATION FUND	—	± 100
HONG KONG ATHLETES FUND	± 740	± 829
ARTS AND SPORT DEVELOPMENT FUND	± 172,556	± 148,384

(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 deposits with banks bear interest at fixed rates and 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.

(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 dollar, US dollar, Renminbi and currencies of countries whose foreign currency long-term debt has a high credit rating. 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 based on the net assets at the balance sheet date:

	Currency	2017 HK\$'000	2016 HK\$'000
MAIN FUND	HK dollar	80,570	82,863
	US dollar	67,611	57,554
	Renminbi	8	8
		<u>148,189</u>	<u>140,425</u>
SPORTS AID FOR THE DISABLED FUND	HK dollar	7,177	6,966
	US dollar	1,044	1,031
		<u>8,221</u>	<u>7,997</u>
SPORTS AID FOUNDATION FUND	HK dollar	44,018	42,696
	US dollar	32	32
		<u>44,050</u>	<u>42,728</u>
ARTS DEVELOPMENT FUND	HK dollar	999	1,009
	US dollar	7	1,519
		<u>1,006</u>	<u>2,528</u>
HONG KONG ATHLETES FUND	HK dollar	19,267	22,560
	US dollar	4,751	4,374
	Renminbi	5	6
		<u>24,023</u>	<u>26,940</u>
ARTS AND SPORT DEVELOPMENT FUND	HK dollar	1,788,437	1,847,306
	US dollar	1,144,816	870,668
	Euro	31,302	47,916
	Japanese yen	21,530	38,313
	Renminbi	29	31
	Pound sterling	17,091	33,387
	Others	44,412	47,334
		<u>3,047,617</u>	<u>2,884,955</u>

Due to the linked exchange rate of the US dollar relative to the Hong Kong dollar, the Fund does not have significant exposure to currency risk for its US dollar-denominated assets.

The Main Fund, the Hong Kong Athletes Fund and the Arts and Sport Development Fund had investments denominated in currencies other than Hong Kong and US dollars at the balance sheet date. As the balances for the Main Fund and the Hong Kong Athletes Fund were minimal, they do not have significant exposure to currency risk. It was estimated that, as at 31 March 2017, a 5% increase/decrease in the exchange rate of other currencies against the Hong Kong dollar, with all other variables held constant, would increase/decrease the exchange gains/losses as included in revaluation gains/losses for the year by HK\$5.7 million for the Arts and Sport Development Fund (2016: HK\$8.3 million).

(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, bank balances and placement with the Exchange Fund. The credit risk associated with placement with the Exchange Fund is considered to be low. 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, and monitors credit risk on a continuous basis. Hence, the Fund does not have significant exposure to credit risk.

The maximum exposure to credit risk of the financial assets of the Fund is equal to their carrying amounts at the balance sheet date.

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

	2017 HK\$'000	2016 HK\$'000
MAIN FUND		
Cash at bank and deposits with banks, by credit rating		
Aa1 to Aa3	496	554
A1 to A3	24,324	21,293
	<u>24,820</u>	<u>21,847</u>
SPORTS AID FOR THE DISABLED FUND		
Cash at bank and deposits with banks, by credit rating		
Aa1 to Aa3	39	49
A1 to A3	1,461	1,434
	<u>1,500</u>	<u>1,483</u>
SPORTS AID FOUNDATION FUND		
Cash at bank and deposits with banks, by credit rating		
Aa1 to Aa3	74	72
A1 to A3	2,020	1,000
	<u>2,094</u>	<u>1,072</u>

Sir David Trench Fund For Recreation

	2017 HK\$'000	2016 HK\$'000
ARTS DEVELOPMENT FUND		
Cash at bank and deposits with banks, by credit rating		
Aa1 to Aa3	106	231
A1 to A3	900	2,296
	<u>1,006</u>	<u>2,527</u>
HONG KONG ATHLETES FUND		
Cash at bank and deposits with banks, by credit rating		
Aa1 to Aa3	333	320
A1 to A3	2,575	5,050
	<u>2,908</u>	<u>5,370</u>
ARTS AND SPORT DEVELOPMENT FUND		
Cash at bank and deposits with banks, by credit rating		
Aa1 to Aa3	6,402	345,790
A1 to A3	533,399	674,647
Baa1	38,158	—
	<u>577,959</u>	<u>1,020,437</u>
Debt securities, by credit rating		
A1 to A3	80,676	29,799
	<u>658,635</u>	<u>1,050,236</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 exposure to liquidity risk.

(e) Other financial risk

The Fund is exposed to financial risk arising from change in the interest rate on the placement with the Exchange Fund which is determined every January (Note 6). If the interest rate had increased/decreased by 50 basis points with all other variables held constant, the impact on the income for the year would have been as follows:

	2017 HK\$'000	2016 HK\$'000
MAIN FUND	± 119	± 7
SPORTS AID FOR THE DISABLED FUND	± 33	± 2
SPORTS AID FOUNDATION FUND	± 208	± 12
HONG KONG ATHLETES FUND	± 68	± 4
ARTS AND SPORT DEVELOPMENT FUND	± 1,859	± 105

15. 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:

	Level 1 HK\$'000	Level 2 HK\$'000	Total HK\$'000
Recurring fair value measurements			
MAIN FUND			
2017			
Assets			
Financial assets at fair value			
Equity securities	99,225	–	99,225
2016			
Assets			
Financial assets at fair value			
Equity securities	57,623	38,970	96,593
SPORTS AID FOUNDATION FUND			
2017			
Assets			
Financial assets at fair value			
Equity securities	–	–	–
2016			
Assets			
Financial assets at fair value			
Equity securities	998	–	998

	Level 1 HK\$'000	Level 2 HK\$'000	Total HK\$'000
HONG KONG ATHLETES FUND			
2017			
Assets			
Financial assets at fair value			
Equity securities	7,396	–	7,396
2016			
Assets			
Financial assets at fair value			
Equity securities	4,001	4,292	8,293
ARTS AND SPORT DEVELOPMENT FUND			
2017			
Assets			
Financial assets at fair value			
Equity securities	1,725,559	–	1,725,559
Trading financial instruments	–	345	345
	1,725,559	345	1,725,904
Liabilities			
Financial liabilities at fair value			
Trading financial instruments	–	299	299
2016			
Assets			
Financial assets at fair value			
Equity securities	1,430,840	52,996	1,483,836

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).

All other financial instruments are stated in the balance sheet at amounts equal to or not materially different from their fair value.

16. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year's presentation.

17. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 MARCH 2017

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 2017 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

1 January 2018

SCHEDULE 1

STATEMENT OF APPROVED GRANTS

(This statement does not include projects completed before 1 April 2016)

Description	Approved Commitment \$	Expenditure Less Refund during 2016/2017 \$	Total Expenditure up to 31.3.2017 \$	Unspent Balance (N=Not required) \$
MAIN FUND				
I. NON-CAPITAL WORKS PROJECTS				
(a) Projects approved in 2013-2014				
1 Annual Lump Sum Allocation for Non-Capital Works Projects for Home Affairs Department -to purchase sports and recreational equipment	545,935	-	526,417	- 19,518 N
2 Mutual Aid Committee, Owners Corporations and Other Residents' Organisations -to purchase sports and recreational equipment	414,665	-	380,274	- 34,391 N
Total, Non-Capital Works Projects approved in 2013-2014	960,600	-	906,691	53,909
(b) Projects approved in 2014-2015				
1 Annual Lump Sum Allocation for Non-Capital Works Projects for Home Affairs Department -to purchase sports and recreational equipment	689,549	-	611,527	- 78,022 N
2 Annual Lump Sum Allocation for Non-Capital Works Projects for Leisure and Cultural Services Department -to purchase sports and recreational equipment	1,099,633	-	1,042,989	- 56,644 N
3 Mutual Aid Committee, Owners Corporations and Other Residents' Organisations -to purchase sports and recreational equipment	410,490	-	366,246	- 44,244 N
Total, Non-Capital Works Projects approved in 2014-2015	2,199,672	-	2,020,762	178,910
(c) Projects approved in 2015-2016				
1 Hong Chi Association -to purchase sports and recreational equipment	17,870	17,000	17,000	- 870 N
2 Hong Kong - Macao Conference of Seventh-day Adventists Social Service Department -to purchase sports and recreational equipment	16,396	16,396	16,396	-
3 Hong Kong Playground Association -to purchase sports and recreational equipment	16,909	16,909	16,909	-
4 Hong Kong Sheng Kung Hui Welfare Council Limited -to purchase sports and recreational equipment	86,061	44,539	74,498	- 11,563 N
5 Annual Lump Sum Allocation for Non-Capital Works Projects for Home Affairs Department -to purchase sports and recreational equipment	677,721	205,844	580,569	- 97,152 N
6 Annual Lump Sum Allocation for Non-Capital Works Projects for Leisure and Cultural Services Department -to purchase sports and recreational equipment	1,149,460	201,014	1,080,374	- 69,086 N
7 Mutual Aid Committee, Owners Corporations and Other Residents' Organisations -to purchase sports and recreational equipment	461,661	47,863	422,106	- 39,555 N
8 Operation Dawn Limited -to purchase sports and recreational equipment	9,368	9,276	9,276	- 92 N
9 Po Leung Kuk -to purchase sports and recreational equipment	15,760	15,760	15,760	-
10 The Hong Kong Federation of Youth Groups -to purchase sports and recreational equipment	25,613	24,653	24,653	- 960 N

STATEMENT OF APPROVED GRANTS - Continued

SCHEDULE 1

<i>Description</i>	<i>Approved Commitment \$</i>	<i>Expenditure Less Refund during 2016/2017 \$</i>	<i>Total Expenditure up to 31.3.2017 \$</i>	<i>Unspent Balance (N=Not required) \$</i>
11 The Mental Health Association of Hong Kong -to purchase sports and recreational equipment	1,900	1,900	1,900	-
12 Yan Oi Tong -to purchase sports and recreational equipment	16,720	16,720	16,720	-
Total, Non-Capital Works Projects approved in 2015-2016	2,495,439	617,874	2,276,161	219,278
(d) Projects approved in 2016-2017				
1 Caritas - Hong Kong -to purchase sports and recreational equipment	18,131	18,131	18,131	-
2 Chinese YMCA of Hong Kong -to purchase sports and recreational equipment	116,503	85,599	85,599	19,737 11,167 N
3 Evangelical Lutheran Church Social Service- Hong Kong -to purchase sports and recreational equipment	36,133	36,031	36,031	- 102 N
4 Heung Hoi Ching Kok Lin Association -to purchase sports and recreational equipment	6,000	6,000	6,000	-
5 Hong Chi Association -to purchase sports and recreational equipment	2,524	2,213	2,213	- 311 N
6 Hong Kong Adventure Corps Limited -to purchase sports and recreational equipment	3,660	3,660	3,660	-
7 Hong Kong Christian Service -to purchase sports and recreational equipment	28,640	28,416	28,416	- 224 N
8 Hong Kong Free Methodist Church -to purchase sports and recreational equipment	8,173	8,173	8,173	-
9 Hong Kong Lutheran Social Services -to purchase sports and recreational equipment	14,224	-	-	14,224
10 Hong Kong Playground Association -to purchase sports and recreational equipment	36,670	24,226	24,226	12,444
11 Hong Kong Rehabilitation Power -to purchase sports and recreational equipment	83,250	83,250	83,250	-
12 Hong Kong Sea Cadet Corps -to purchase sports and recreational equipment	61,147	59,800	59,800	- 1,347 N
13 Annual Lump Sum Allocation for Non-Capital Works Projects for Home Affairs Department -to purchase sports and recreational equipment	756,239	712,677	712,677	27,330 16,232 N
14 Annual Lump Sum Allocation for Non-Capital Works Projects for Leisure and Cultural Services Department -to purchase sports and recreational equipment	867,735	373,596	373,596	429,885 64,254 N
15 Mutual Aid Committee, Owners Corporations and Other Residents' Organisations -to purchase sports and recreational equipment	460,416	410,720	410,720	4,050 45,646 N
16 New Life Psychiatric Rehabilitation Association -to purchase sports and recreational equipment	27,265	27,265	27,265	-
17 Operation Dawn Limited -to purchase sports and recreational equipment	9,466	9,376	9,376	- 90 N
18 Pentecostal Church of Hong Kong -to purchase sports and recreational equipment	4,263	-	-	4,263
19 The Boys' and Girls' Clubs Association of Hong Kong -to purchase sports and recreational equipment	122,806	104,807	104,807	10,400 7,599 N
20 The Boys' Brigade, Hong Kong -to purchase sports and recreational equipment	11,000	11,000	11,000	-

STATEMENT OF APPROVED GRANTS - Continued

SCHEDULE 1

<i>Description</i>	<i>Approved Commitment \$</i>	<i>Expenditure Less Refund during 2016/2017 \$</i>	<i>Total Expenditure up to 31.3.2017 \$</i>	<i>Unspent Balance (N=Not required) \$</i>
21 The Hong Kong Federation of Youth Groups -to purchase sports and recreational equipment	35,996	35,576	35,576	- 420 N
22 The Society for the Aid and Rehabilitation of Drug Abusers -to purchase sports and recreational equipment	6,120	6,120	6,120	-
23 Tung Wah Group of Hospitals -to purchase sports and recreational equipment	30,600	-	-	30,600
24 Wu Oi Christian Centre -to purchase sports and recreational equipment	2,688	2,688	2,688	-
Total, Non-Capital Works Projects approved in 2016-2017	2,749,649	2,049,324	2,049,324	700,325
Total, Non-Capital Works Projects	8,405,360	2,667,198	7,252,938	1,152,422
II. CAPITAL WORKS PROJECTS				
(a) Projects approved in 2011-2012				
1 Hong Kong Playground Association - Southorn Indoor Stadium - installation of LED scoreboards	500,000	19,460	389,200	- 110,800 N
Total, Capital Works Projects approved in 2011-2012	500,000	19,460	389,200	110,800
(b) Projects approved in 2012-2013				
1 Hong Kong Sport Education Association - construction of a new sports centre	550,000	-	-	- 550,000 N
Total, Capital Works Projects approved in 2012-2013	550,000	-	-	550,000
(c) Projects approved in 2013-2014				
1 Chinese YMCA of Hong Kong - Y's Men YMCA Wong Yi Chau Youth Camp - construction of adventure challenge courses	590,000	-	-	590,000
Total, Capital Works Projects approved in 2013-2014	590,000	-	-	590,000
(d) Projects approved in 2015-2016				
1 Action Sports Foundation Limited - construction of Action Sports Foundation Sports Centre	660,000	-	-	660,000
2 Chinese YMCA of Hong Kong - Kowloon Centre - construction of indoor climbing wall	518,400	-	-	518,400
3 Shaheen Sports Club - improvement work for hockey development and promotion of the Shaheen Hockey Academy	242,400	204,000	204,000	- 38,400 N
4 The Hong Kong Federation of Youth Groups - HKFYG Jockey Club Sai Kung Outdoor Training Camp - construction of climbing wall	660,000	-	-	660,000
5 The Warehouse Teenage Club - construction of an adventure-based training complex project (7-meter sport climbing wall)	280,000	264,000	264,000	- 16,000 N
6 Windshield Charitable Foundation - Windshield Charitable Foundation Social Services - conversion of an activity room into a dancing room	69,780	69,779	69,779	- 1 N
Total, Capital Works Projects approved in 2015-2016	2,430,580	537,779	537,779	1,892,801

STATEMENT OF APPROVED GRANTS - Continued

SCHEDULE 1

<i>Description</i>	<i>Approved Commitment \$</i>	<i>Expenditure Less Refund during 2016/2017 \$</i>	<i>Total Expenditure up to 31.3.2017 \$</i>	<i>Unspent Balance (N=Not required) \$</i>
(e) Projects approved in 2016-2017				
1 Chinese YMCA of Hong Kong - Lions - YMCA Junk Bay Youth Camp - conversion of archery ground into a multi-purpose court	690,000	-	-	690,000
Total, Capital Works Projects approved in 2016-2017	<u>690,000</u>	<u>-</u>	<u>-</u>	<u>690,000</u>
Total, Capital Works Projects	<u>4,760,580</u>	<u>557,239</u>	<u>926,979</u>	<u>3,833,601</u>
III. SPECIAL PROJECTS				
(a) Projects approved in 2010-2011	11,027,632	48,430	5,782,415	36,579 5,208,638 N
(b) Projects approved in 2011-2012	6,863,853	-	2,145,820	3,000,000 1,718,033 N
(c) Projects approved in 2012-2013	3,508,017	-	2,498,498	918,459 91,060 N
(d) Projects approved in 2013-2014	3,348,790	580,000	2,968,786	- 380,004 N
(e) Projects approved in 2014-2015	9,989,597	3,585,050	5,355,982	4,025,573 608,042 N
(f) Projects approved in 2015-2016	9,844,590	1,884,164	1,884,164	6,708,700 1,251,726 N
(g) Projects approved in 2016-2017	9,840,200	-	-	7,496,650 2,343,550 N
Total, Special Projects	<u>54,422,679</u>	<u>6,097,644</u>	<u>20,635,665</u>	<u>33,787,014</u>
Total, MAIN FUND	<u>67,588,619</u>	<u>9,322,081</u>	<u>28,815,582</u>	<u>38,773,037</u>
			Outstanding commitment	25,857,294
			Balance not required (N)	12,915,743
			Total unspent balance	<u>38,773,037</u>
ARTS DEVELOPMENT FUND				
(a) Projects approved in 2012-2013				
Arts Development Fund Grants -subsidy for cultural exchange projects	3,137,946	-	2,872,162	23,180 242,604 N
Total, Projects approved in 2012-2013	<u>3,137,946</u>	<u>-</u>	<u>2,872,162</u>	<u>265,784</u>
(b) Projects approved in 2013-2014				
Arts Development Fund Grants -subsidy for cultural exchange projects	3,105,374	33,749	2,947,159	59,400 98,815 N
Total, Projects approved in 2013-2014	<u>3,105,374</u>	<u>33,749</u>	<u>2,947,159</u>	<u>158,215</u>
(c) Projects approved in 2014-2015				
Arts Development Fund Grants -subsidy for cultural exchange projects	3,159,900	31,100	2,816,776	34,700 308,424 N
Total, Projects approved in 2014-2015	<u>3,159,900</u>	<u>31,100</u>	<u>2,816,776</u>	<u>343,124</u>
(d) Projects approved in 2015-2016				
Arts Development Fund Grants -subsidy for cultural exchange projects	3,644,000	1,076,926	2,904,689	485,500 253,811 N
Total, Projects approved in 2015-2016	<u>3,644,000</u>	<u>1,076,926</u>	<u>2,904,689</u>	<u>739,311</u>

STATEMENT OF APPROVED GRANTS - Continued

SCHEDULE 1

<i>Description</i>	<i>Approved Commitment \$</i>	<i>Expenditure Less Refund during 2016/2017 \$</i>	<i>Total Expenditure up to 31.3.2017 \$</i>	<i>Unspent Balance (N=Not required) \$</i>
(e) Projects approved in 2016-2017				
Arts Development Fund Grants	694,300	385,861	385,861	277,300
-subsidy for cultural exchange projects				31,139 N
Total, Projects approved in 2016-2017	<u>694,300</u>	<u>385,861</u>	<u>385,861</u>	<u>308,439</u>
Total, ARTS DEVELOPMENT FUND	<u>13,741,520</u>	<u>1,527,636</u>	<u>11,926,647</u>	<u>1,814,873</u>
			Outstanding commitment	880,080
			Balance not required (N)	934,793
			Total unspent balance	<u>1,814,873</u>
HONG KONG ATHLETES FUND				
(a) Projects approved in 2007-2008				
Hong Kong Athletes Fund Grants	437,900	-	319,968	-
-tuition fees for athletes				117,932 N
Total, Projects approved in 2007-2008	<u>437,900</u>	<u>-</u>	<u>319,968</u>	<u>117,932</u>
(b) Projects approved in 2008-2009				
Hong Kong Athletes Fund Grants	1,162,000	-	1,154,980	-
-tuition fees for athletes				7,020 N
Total, Projects approved in 2008-2009	<u>1,162,000</u>	<u>-</u>	<u>1,154,980</u>	<u>7,020</u>
(c) Projects approved in 2009-2010				
Hong Kong Athletes Fund Grants	1,289,390	-	935,908	-
-tuition fees for athletes				353,482 N
Total, Projects approved in 2009-2010	<u>1,289,390</u>	<u>-</u>	<u>935,908</u>	<u>353,482</u>
(d) Projects approved in 2010-2011				
Hong Kong Athletes Fund Grants	962,500	-	908,795	53,705
-tuition fees for athletes				
Total, Projects approved in 2010-2011	<u>962,500</u>	<u>-</u>	<u>908,795</u>	<u>53,705</u>
(e) Projects approved in 2011-2012				
Hong Kong Athletes Fund Grants	783,860	-	730,020	53,840
-Hong Kong 2009 East Asian Games Education Scheme				
Total, Projects approved in 2011-2012	<u>783,860</u>	<u>-</u>	<u>730,020</u>	<u>53,840</u>
(f) Projects approved in 2012-2013				
1 Hong Kong Athletes Fund Grants	1,363,150	21,050	1,257,700	105,450
-tuition fees for athletes				
2 Hong Kong Athletes Fund Grants	504,250	-	399,250	105,000
-Hong Kong 2009 East Asian Games Education Scheme				
Total, Projects approved in 2012-2013	<u>1,867,400</u>	<u>21,050</u>	<u>1,656,950</u>	<u>210,450</u>
(g) Projects approved in 2013-2014				
1 Hong Kong Athletes Fund Grants	752,900	42,100	605,650	147,250
-tuition fees for athletes				
2 Hong Kong Athletes Fund Grants	336,400	42,100	302,800	33,600
-Hong Kong 2009 East Asian Games Education Scheme				
Total, Projects approved in 2013-2014	<u>1,089,300</u>	<u>84,200</u>	<u>908,450</u>	<u>180,850</u>
(h) Projects approved in 2014-2015				
1 Hong Kong Athletes Fund Grants	1,335,353	259,908	885,253	450,100
-tuition fees for athletes				
2 Hong Kong Athletes Fund Grants	1,191,320	269,623	780,223	411,097
-Hong Kong 2009 East Asian Games Education Scheme				
Total, Projects approved in 2014-2015	<u>2,526,673</u>	<u>529,531</u>	<u>1,665,476</u>	<u>861,197</u>

STATEMENT OF APPROVED GRANTS - Continued

SCHEDULE 1

Description	Approved	Expenditure	Total	Unspent
	Commitment	Less Refund	Expenditure	Balance
	\$	during 2016/2017	up to 31.3.2017	(N=Not required)
		\$	\$	\$
(i) Projects approved in 2015-2016				
1 Hong Kong Athletes Fund Grants	1,694,770	447,972	595,423	1,099,347
-tuition fees for athletes				
2 Hong Kong Athletes Fund Grants	1,242,310	302,280	415,830	826,480
-Hong Kong 2009 East Asian Games Education Scheme				
Total, Projects approved in 2015-2016	2,937,080	750,252	1,011,253	1,925,827
(j) Projects approved in 2016-2017				
1 Hong Kong Athletes Fund Grants	1,656,463	105,250	105,250	1,551,213
-tuition fees for athletes				
2 Hong Kong Athletes Fund Grants	923,030	81,550	81,550	841,480
-Hong Kong 2009 East Asian Games Education Scheme				
3 Hong Kong Athletes Fund Grants	2,972,160	2,972,160	2,972,160	-
-Elite Athletes Performance Recognition Scheme				
Total, Projects approved in 2016-2017	5,551,653	3,158,960	3,158,960	2,392,693
Total, HONG KONG ATHLETES FUND	18,607,756	4,543,993	12,450,760	6,156,996
			Outstanding commitment	5,678,562
			Balance not required (N)	478,434
			Total unspent balance	6,156,996
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 2007-2008				
Hong Kong Arts Development Council	19,552,500	500,000	18,283,703	825,000
-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.				443,797 N
Total, Projects approved in 2007-2008	19,552,500	500,000	18,283,703	1,268,797
(c) Projects approved in 2008-2009				
Hong Kong Arts Development Council	20,785,000	181,800	18,626,447	1,225,000
-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.				933,553 N
Total, Projects approved in 2008-2009	20,785,000	181,800	18,626,447	2,158,553
(d) Projects approved in 2009-2010				
Hong Kong Arts Development Council	27,149,700	-	24,740,952	224,683
-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.				2,184,065 N
Total, Projects approved in 2009-2010	27,149,700	-	24,740,952	2,408,748

STATEMENT OF APPROVED GRANTS - Continued

SCHEDULE 1

<i>Description</i>	<i>Approved Commitment \$</i>	<i>Expenditure Less Refund during 2016/2017 \$</i>	<i>Total Expenditure up to 31.3.2017 \$</i>	<i>Unspent Balance (N=Not required) \$</i>
(e) Projects approved in 2010-2011				
Hong Kong Arts Development Council	18,098,000	-	16,858,904	963,428
-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.				275,668 N
Total, Projects approved in 2010-2011	18,098,000	-	16,858,904	1,239,096
(f) Projects approved in 2011-2012				
1 Hong Kong Arts Development Council	26,105,000	-	23,902,076	2,041,352
-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.				161,572 N
Total, Projects approved in 2011-2012	26,105,000	-	23,902,076	2,202,924
(g) Projects approved in 2012-2013				
1 Hong Kong Arts Development Council	34,000,000	905,669	29,402,415	2,995,634
-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.				1,601,951 N
2 Arts Capacity Development Funding Scheme	29,440,000	277,606	26,904,309	1,778,750
-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				756,941 N
Total, Projects approved in 2012-2013	63,440,000	1,183,275	56,306,724	7,133,276
(h) Projects approved in 2013-2014				
1 Hong Kong Arts Development Council	34,116,600	544,151	28,424,879	4,678,920
-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.				1,012,801 N
2 Arts Capacity Development Funding Scheme	33,860,000	2,490,759	28,300,865	5,438,929
-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				120,206 N
Total, Projects approved in 2013-2014	67,976,600	3,034,910	56,725,744	11,250,856
(i) Projects approved in 2014-2015				
1 Hong Kong Arts Development Council	28,389,500	1,946,212	23,409,262	4,466,450
-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.				513,788 N
2 Various Sports Organisations	98,055,312	367,147	85,060,759	12,994,553
-to support sport projects which will make a significant contribution to the further development of sport in the community				
3 Arts Capacity Development Funding Scheme	38,251,000	6,988,487	27,280,387	10,877,000
-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				93,613 N
Total, Projects approved in 2014-2015	164,695,812	9,301,846	135,750,408	28,945,404

STATEMENT OF APPROVED GRANTS - Continued

SCHEDULE 1

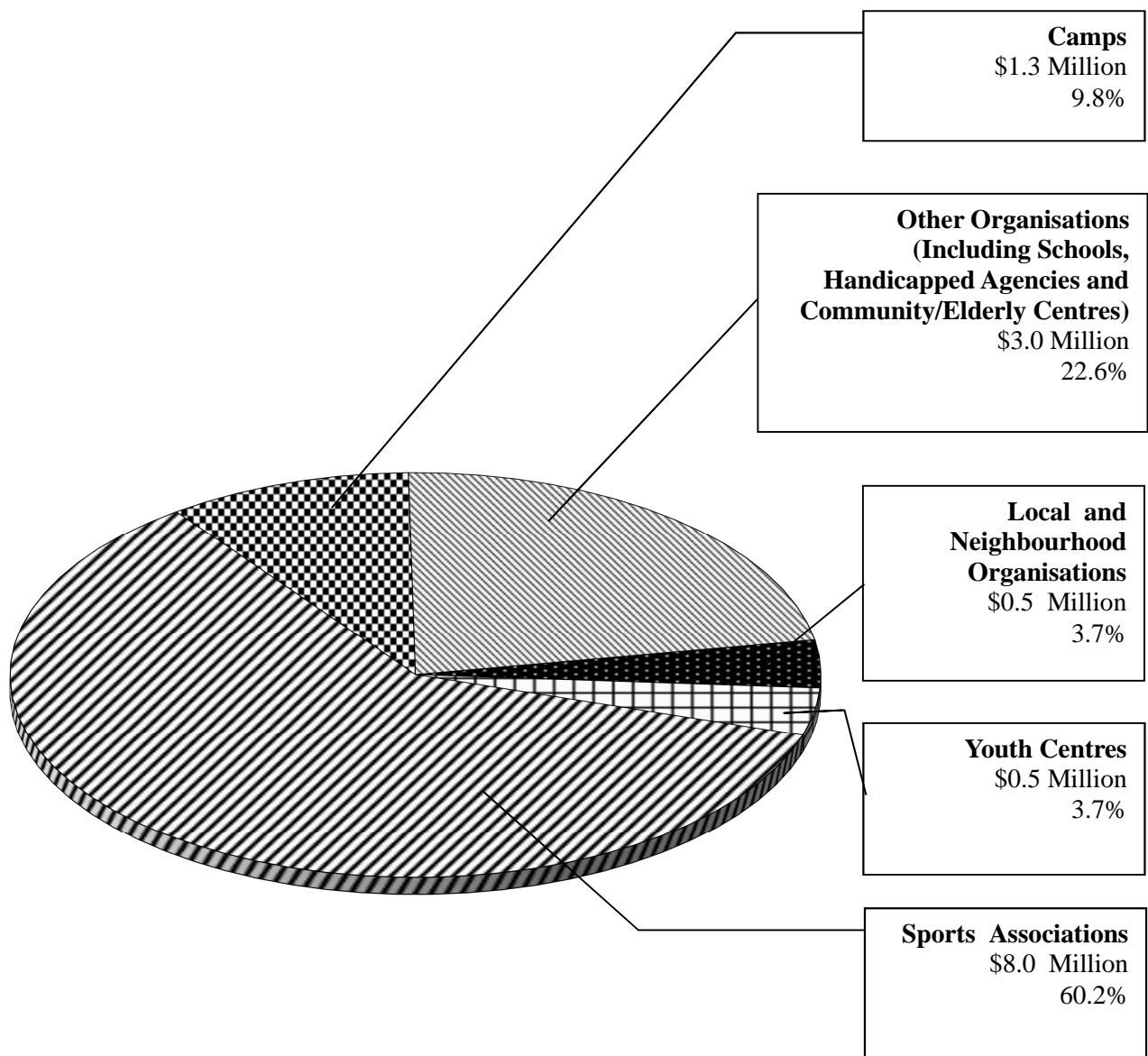
<i>Description</i>	<i>Approved Commitment \$</i>	<i>Expenditure Less Refund during 2016/2017 \$</i>	<i>Total Expenditure up to 31.3.2017 \$</i>	<i>Unspent Balance (N=Not required) \$</i>
(j) Projects approved in 2015-2016				
1 Hong Kong Arts Development Council -to provide financial support for Hong 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.	31,124,000	990,000	23,949,000	7,175,000
2 Various Sports Organisations -to support sport projects which will make a significant contribution to the further development of sport in the community	130,906,743	12,547,862	105,631,875	25,274,868
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	29,640,000	8,942,750	16,020,750	13,619,250
Total, Projects approved in 2015-2016	<u>191,670,743</u>	<u>22,480,612</u>	<u>145,601,625</u>	<u>46,069,118</u>
(k) Projects approved in 2016-2017				
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.	26,317,200	18,579,700	18,579,700	7,737,500
2 Various Sports Organisations -to support sport projects which will make a significant contribution to the further development of sport in the community	87,067,331	79,366,397	79,366,397	7,700,934
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	29,700,000	4,185,000	4,185,000	25,515,000
4 Arts Development Fund Grants -subsidy for cultural exchange projects	3,588,500	603,076	603,076	2,830,900 154,524 N
Total, Projects approved in 2016-2017	<u>146,673,031</u>	<u>102,734,173</u>	<u>102,734,173</u>	<u>43,938,858</u>
Total, ARTS AND SPORT DEVELOPMENT FUND	<u>752,906,386</u>	<u>139,416,616</u>	<u>605,347,530</u>	<u>147,558,856</u>
		Outstanding commitment		139,306,377
		Balance not required (N)		8,252,479
		Total unspent balance		<u>147,558,856</u>
GRAND TOTAL	<u>852,844,281</u>	<u>154,810,326</u>	<u>658,540,519</u>	<u>194,303,762</u>
		Outstanding commitment		171,722,313
		Balance not required (N)		22,581,449
		Total unspent balance		<u>194,303,762</u>

SCHEDULE 2

SUMMARY OF APPROVED GRANTS AND OUTSTANDING COMMITMENTS AS AT 31 MARCH 2017

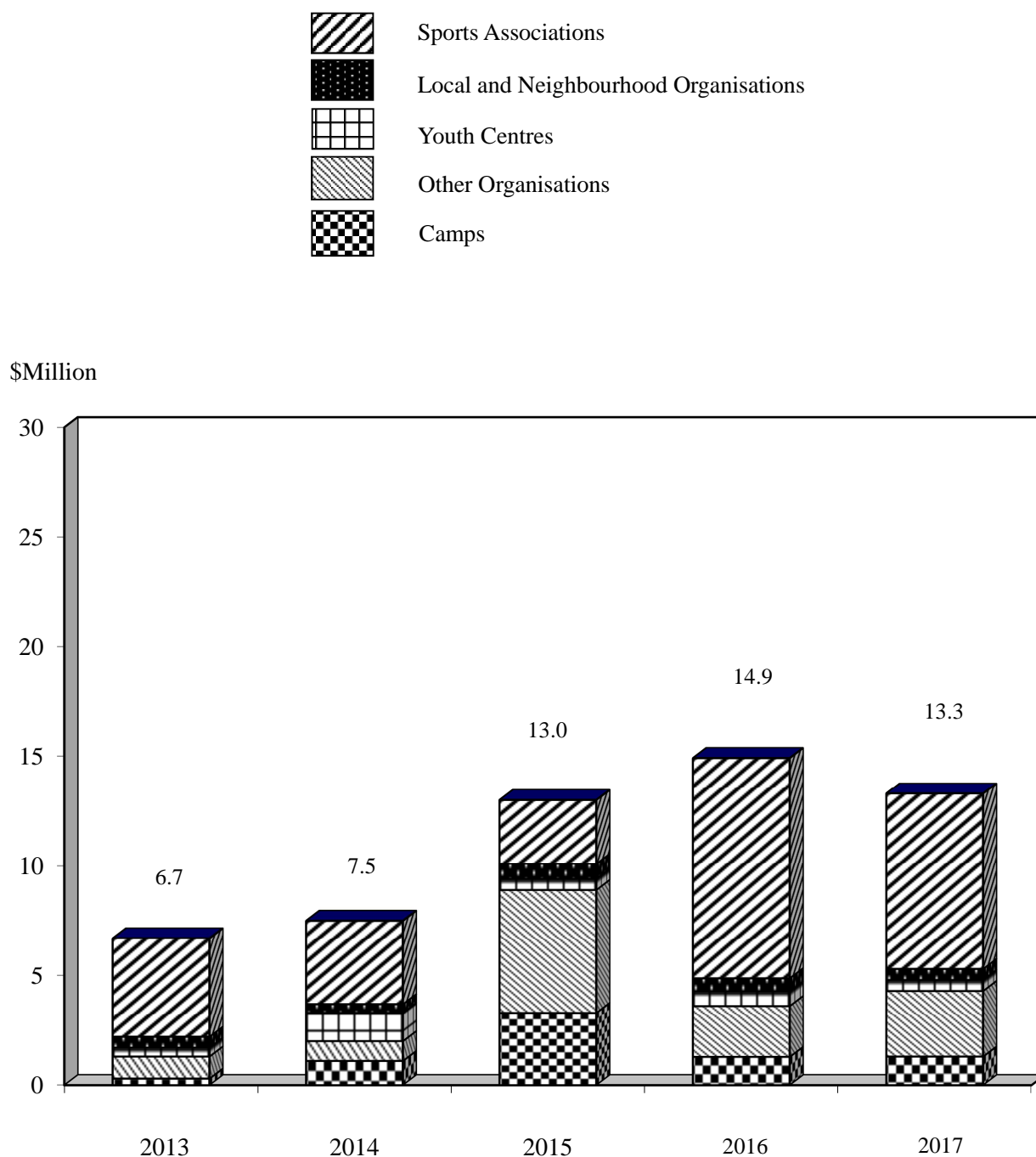
Fund	Grants approved		Outstanding commitments
	From 1.4.2016 to 31.3.2017	Cumulative to date	
	\$'000	\$'000	\$'000
MAIN FUND	13,280	289,635	25,857
SPORTS AID FOR THE DISABLED FUND	-	15,202	-
SPORTS AID FOUNDATION FUND	-	134,524	-
ARTS DEVELOPMENT FUND	694	66,256	880
HONG KONG ATHLETES FUND	5,552	28,391	5,679
ARTS AND SPORT DEVELOPMENT FUND	146,673	1,583,581	139,306
	166,199	2,117,589	171,722

**MAIN FUND
APPROVED GRANTS BY TYPES OF ORGANISATION
FOR THE YEAR ENDED 31 MARCH 2017**



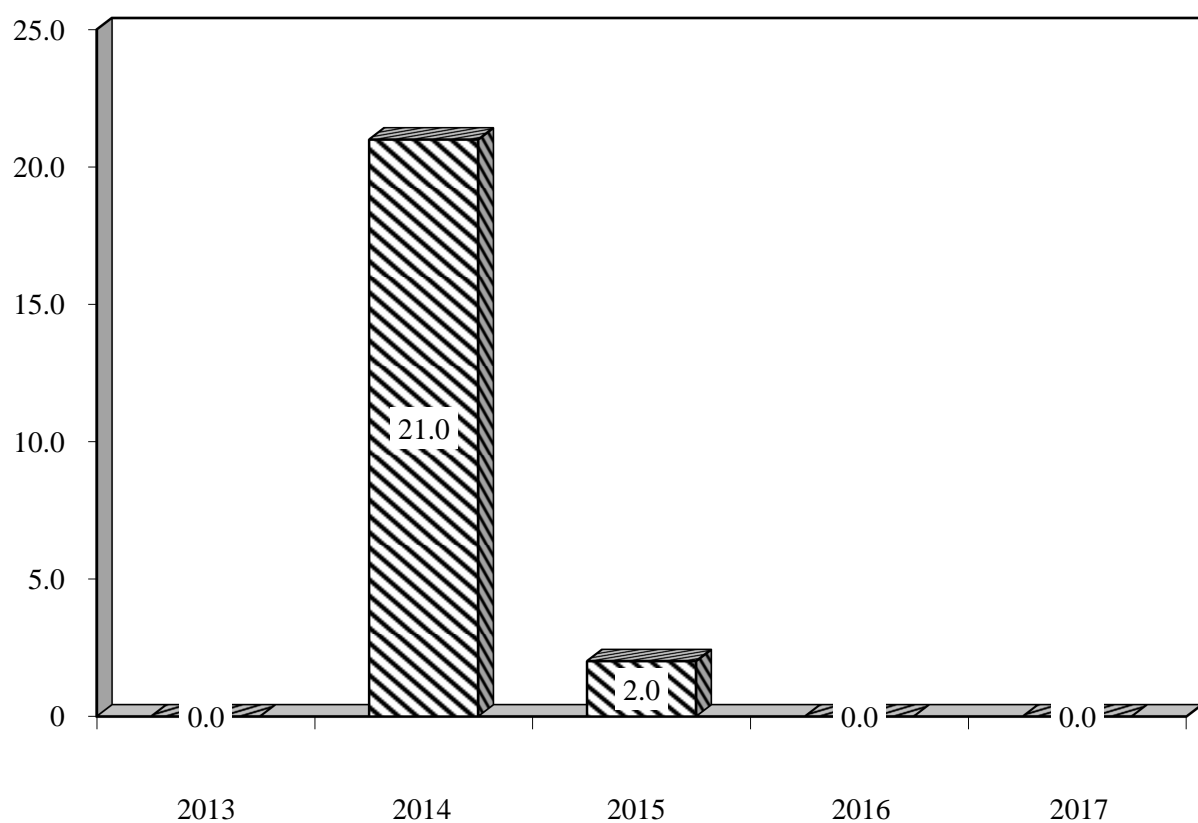
TOTAL APPROVED GRANTS \$13.3 Million

**MAIN FUND
APPROVED GRANTS FOR THE YEARS 2012-13 TO 2016-17**

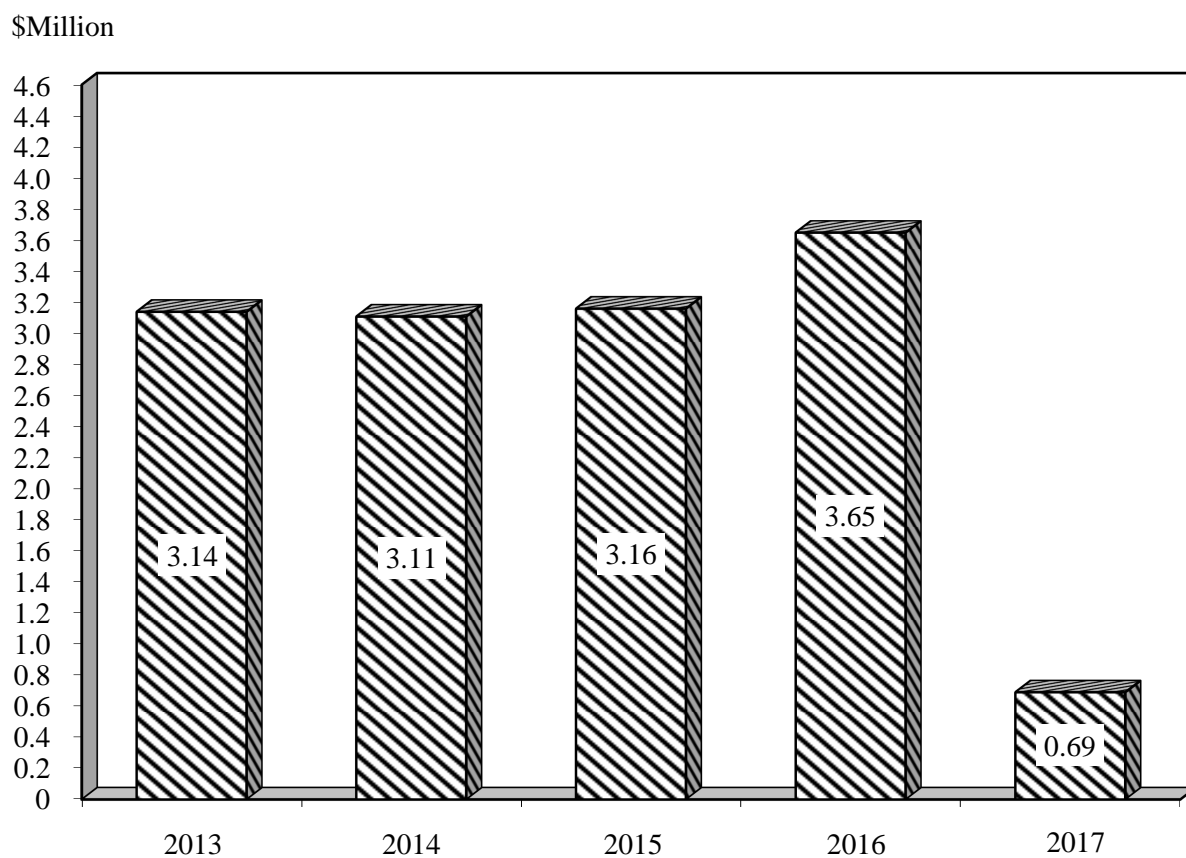


**SPORTS AID FOUNDATION FUND
APPROVED GRANTS FOR THE YEARS 2012-13 TO 2016-17**

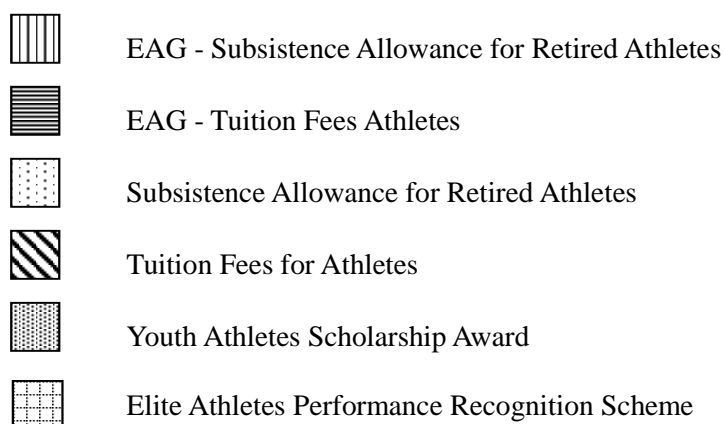
\$Million



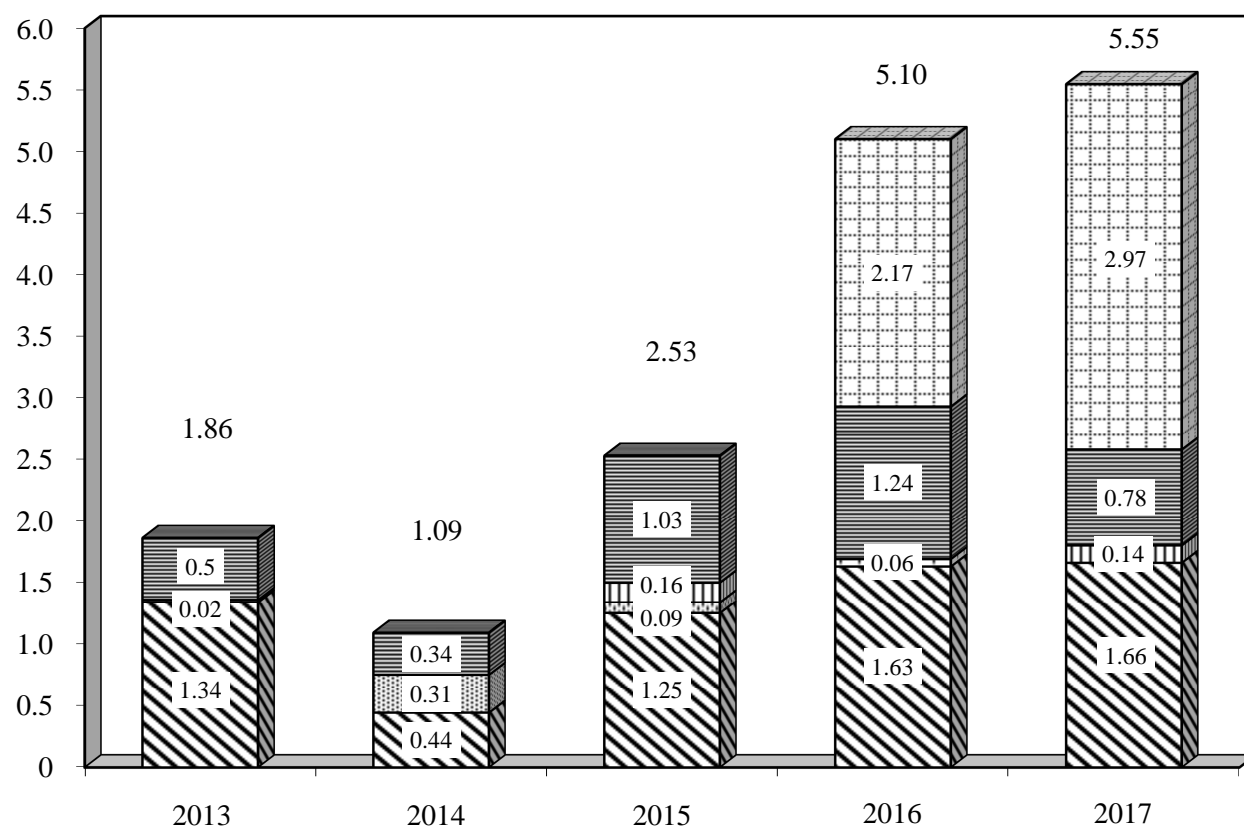
**ARTS DEVELOPMENT FUND
APPROVED GRANTS FOR THE YEARS 2012-13 TO 2016-17**



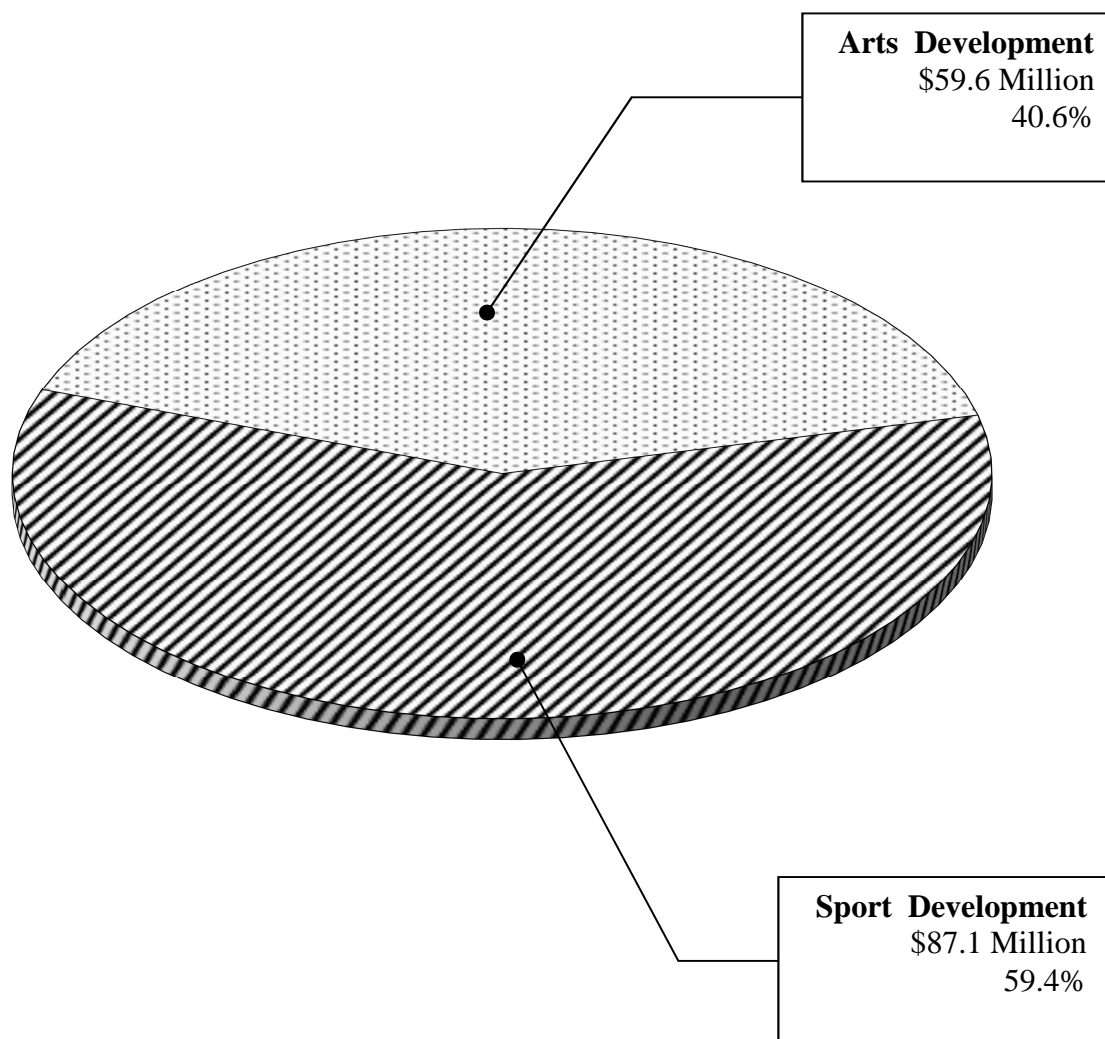
HONG KONG ATHLETES FUND APPROVED GRANTS FOR THE YEARS 2012-13 TO 2016-17



\$Million

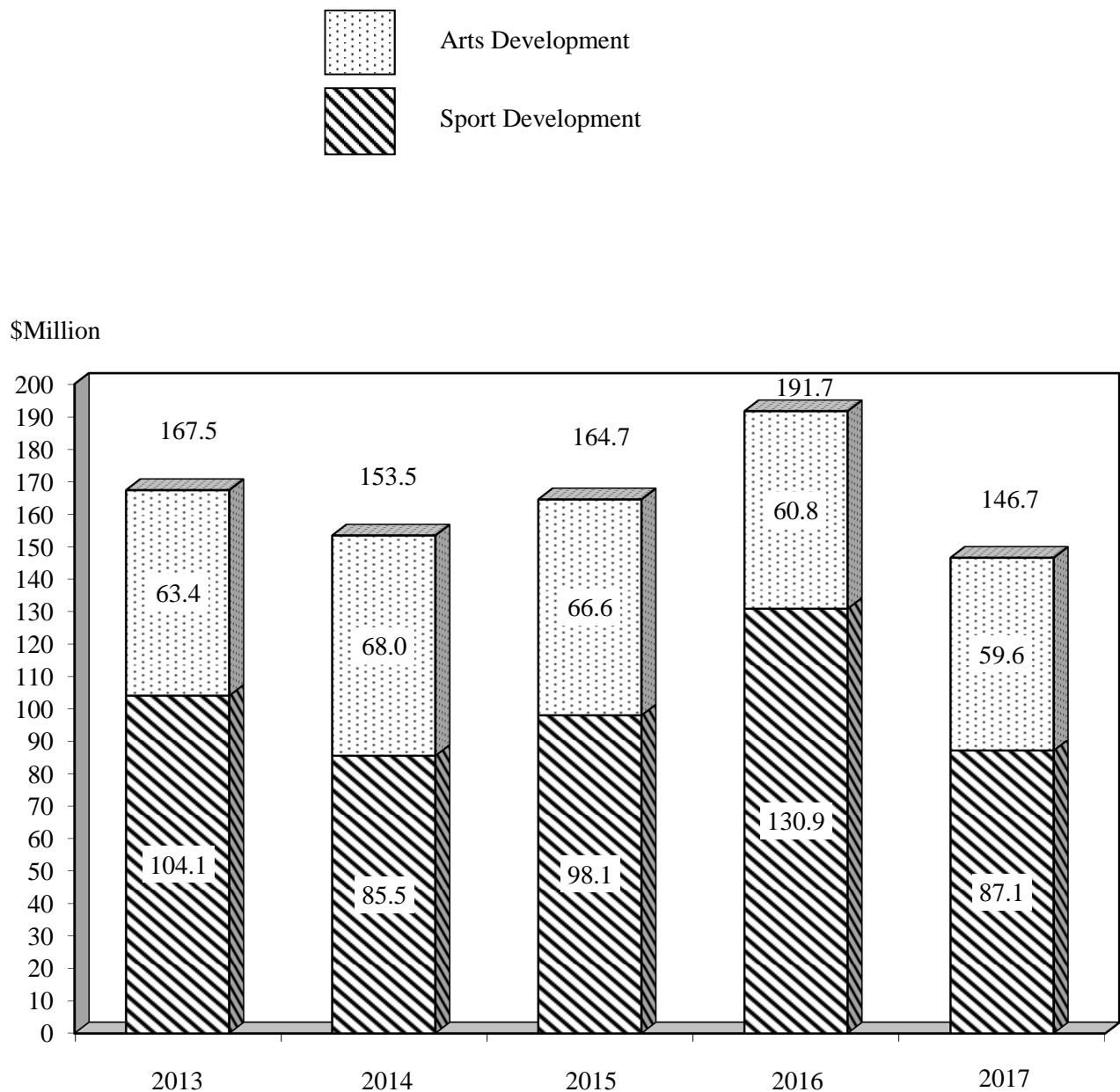


**ARTS AND SPORT DEVELOPMENT FUND
APPROVED GRANTS BY TYPES OF ACTIVITY
FOR THE YEAR ENDED 31 MARCH 2017**



TOTAL APPROVED GRANTS \$146.7 Million

**ARTS AND SPORT DEVELOPMENT FUND
APPROVED GRANTS FOR THE YEARS 2012-13 TO 2016-17**



SCHEDULE 3

STATEMENT OF INVESTMENTS AS AT 31 MARCH 2017

Securities	Coupon Rate	Maturity Date	HK\$'000
MAIN FUND			
(a) Hong Kong Listed Equity Securities:			
Tracker Fund of Hong Kong			48,300
(b) Overseas Equity Securities:			
Listed - SPDR S&P 500 Exchange Traded Fund			50,925
Total, MAIN FUND			<u>99,225</u>
HONG KONG ATHLETES FUND			
(a) Hong Kong Listed Equity Securities:			
Tracker Fund of Hong Kong			4,648
(b) Overseas Equity Securities:			
Listed - SPDR S&P 500 Exchange Traded Fund			2,748
Total, HONG KONG ATHLETES FUND			<u>7,396</u>
ARTS AND SPORT DEVELOPMENT FUND			
(a) Hong Kong Listed Equity Securities:			
Tracker Fund of Hong Kong			449,411
Listed - investment portfolio under the management of external investment manager			368,016
(b) Overseas Equity Securities:			
Listed - SPDR S&P 500 Exchange Traded Fund			420,404
Listed - investment portfolio under the management of external investment manager			487,728
(c) US Dollar-denominated Debt Securities:			
China Construction Bank (Asia) Corporation Ltd	3.25%	2.7.2019	29,688
Bank of China Limited, London Branch	1.875%	9.11.2019	50,988
Total, ARTS AND SPORT DEVELOPMENT FUND			<u>1,806,235</u>