

**The Charitable Trust of  
Tsing Shan Monastery  
青山寺慈善信託  
Financial Statement  
For the year ended  
31st March 2016**

嘉德執業會計師事務所有限公司  
**Pondus (CPA) Limited**  
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S REPORT  
TO THE MANAGING TRUSTEES OF  
THE CHARITABLE TRUST OF TSING SHAN MONASTERY**

We have audited the financial statements of **The Charitable Trust of Tsing Shan Monastery** set out on pages 3 to 20, which comprise the statement of financial position as at 31<sup>st</sup> March 2016, and the statement of profit or loss and other comprehensive income, statement of changes in fund and statement of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Managing Trustees' responsibility for the financial statements**

The managing trustees are responsible for the preparation of financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and such internal control as the managing trustees determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the managing trustees, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**INDEPENDENT AUDITOR'S REPORT  
TO THE MANAGING TRUSTEES OF  
THE CHARITABLE TRUST OF TSING SHAN MONASTERY**

**Opinion**

In our opinion, the financial statements give a true and fair view of the state of the trust's affairs as at 31<sup>st</sup> March 2016 and of its deficit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards.

*For and on behalf of  
Pondus (CPA) Limited*

*Pondus (CPA) Ltd*

*WONG Ka Chung, Auditor  
Practising Certificate No. P06479*

*Unit B, 7/F, Man Hing Commercial Bldg.,  
79-83 Queen's Road, C., Hong Kong.*

07 FEB 2017

THE CHARITABLE TRUST OF TSING SHAN MONASTERY

STATEMENT OF FINANCIAL POSITION  
AT 31ST MARCH 2016

		<u>2016</u>	(Restated)
	<u>Note</u>	<u>HK\$</u>	<u>2015</u>
			<u>HK\$</u>
<b>NON-CURRENT ASSETS</b>			
Investment Funds	(5)	90,947,159.71	96,915,920.56
		90,947,159.71	96,915,920.56
<b>CURRENT ASSETS</b>			
Electricity, Water and Sundry Deposit		62,850.00	62,850.00
Prepayment		480.00	-
Cash and Cash Equivalents	(7)	391,272.91	426,889.93
		454,602.91	489,739.93
<b>CURRENT LIABILITIES</b>			
Accruals		41,752.00	42,071.00
		41,752.00	42,071.00
<b>NET CURRENT ASSETS</b>		412,850.91	447,668.93
<b>NET ASSETS</b>		91,360,010.62	97,363,589.49
Representing			
<b>CAPITAL FUND</b>		58,651,562.92	64,655,141.79
<b>PROVISION FOR RENOVATION PROJECT</b>		12,708,447.70	12,708,447.70
<b>TSING SHAN MONASTERY DEVELOPMENT FUND</b>		20,000,000.00	20,000,000.00
		91,360,010.62	97,363,589.49

The accompanying notes form an integral part of these financial statements.

Approved by the Managing Trustees on 07 FEB 2017



\_\_\_\_\_  
Mrs. Dan Yang Wing Man  
Chairman



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Mr. Ng Chi Wing  
Hon. Treasurer

THE CHARITABLE TRUST OF TSING SHAN MONASTERY

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31ST MARCH 2016

	<u>2016</u>	<u>(Restated)</u>
	<u>HK\$</u>	<u>2015</u>
		<u>HK\$</u>
Income	2,127,981.33	3,239,335.83
Operating Expenditure	2,797,937.43	3,003,636.03
Depreciation	172,950.00	172,950.00
(Deficit)/surplus for the year	<u>(842,906.10)</u>	<u>62,749.80</u>
Other comprehensive income		
- (Decrease)/increase in fair value of investment income	<u>(5,160,672.77)</u>	<u>3,044,324.03</u>
Other comprehensive (loss)/income for the year	<u>(5,160,672.77)</u>	<u>3,044,324.03</u>
(Deficit)/surplus and other comprehensive (loss) income for the year	<u><u>(6,003,578.87)</u></u>	<u><u>3,107,073.83</u></u>

THE CHARITABLE TRUST OF TSING SHAN MONASTERY

STATEMENT OF CHANGES IN FUND  
FOR THE YEAR ENDED 31ST MARCH 2016

	<u>Capital Fund</u>	<u>Provision for</u>	<u>Development</u>	<u>Total</u>
	<u>HK\$</u>	<u>Renovation Project</u>	<u>Fund</u>	<u>HK\$</u>
	<u>HK\$</u>	<u>HK\$</u>	<u>HK\$</u>	<u>HK\$</u>
Balance at 1st April 2014 as previously reported	63,413,667.96	12,708,447.70	20,000,000.00	96,122,115.66
Changes in accounting policies	(1,865,600.00)	-	-	(1,865,600.00)
Balance at 1st April 2014 as restated	<u>61,548,067.96</u>	<u>12,708,447.70</u>	<u>20,000,000.00</u>	<u>94,256,515.66</u>
Surplus for the year	62,749.80	-	-	62,749.80
Other comprehensive income				
- Increase in fair value of investment income	3,044,324.03	-	-	3,044,324.03
Surplus and other comprehensive income for the year	<u>3,107,073.83</u>	<u>-</u>	<u>-</u>	<u>3,107,073.83</u>
Balance at 31st March 2015	<u>64,655,141.79</u>	<u>12,708,447.70</u>	<u>20,000,000.00</u>	<u>97,363,589.49</u>
Balance at 1st April 2015	<u>64,655,141.79</u>	<u>12,708,447.70</u>	<u>20,000,000.00</u>	<u>97,363,589.49</u>
Deficit for the year	(842,906.10)	-	-	(842,906.10)
Other comprehensive income				
- Decrease in fair value of investment income	(5,160,672.77)	-	-	(5,160,672.77)
Deficit and other comprehensive loss for the year	<u>(6,003,578.87)</u>	<u>-</u>	<u>-</u>	<u>(6,003,578.87)</u>
Balance at 31st March 2016	<u>58,651,562.92</u>	<u>12,708,447.70</u>	<u>20,000,000.00</u>	<u>91,360,010.62</u>

THE CHARITABLE TRUST OF TSING SHAN MONASTERY

STATEMENT OF CASH FLOW  
FOR THE YEAR ENDED 31ST MARCH 2016

	<u>Note</u>	<u>2016</u> <u>HK\$</u>	<u>(Restated)</u> <u>2015</u> <u>HK\$</u>
<b>Cash flows from operating activities</b>			
(Deficit)/surplus for the year		(842,906.10)	62,749.80
Adjustment for:			
Depreciation		172,950.00	172,950.00
Interest income from bank accounts		(507,930.26)	(277,038.44)
Interest income from investments		(2,079,992.57)	(2,529,079.80)
Loss on disposal from investment account		269,728.20	102,514.38
		<u>(2,988,150.73)</u>	<u>(2,467,904.06)</u>
Decrease in other receivable		-	250.00
(Increase)/decrease in prepayment		(480.00)	8,368.00
Increase in income receivable under investment funds		(6,266.20)	(6,128.67)
Decrease in accruals		(319.00)	(95,591.91)
Net cash used in operating activities		<u>(2,995,215.93)</u>	<u>(2,561,006.64)</u>
<b>Cash flows from investing activities</b>			
Interest income from investments		2,079,992.57	2,529,079.80
Interest income from bank accounts		507,930.26	277,038.44
Purchases of investment		(4,985,472.46)	(8,029,369.27)
Proceeds of sales of investment		4,704,000.00	16,754,962.62
Net cash generated from investing activities		<u>2,306,450.37</u>	<u>11,531,711.59</u>
<b>Cash flows from financing activities</b>		-	-
Net cash from/(used in) financing activities		<u>-</u>	<u>-</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>		(688,765.56)	8,970,704.95
<b>Cash and cash equivalents at beginning of year</b>	(7)	<u>33,737,860.10</u>	<u>24,767,155.15</u>
<b>Cash and cash equivalents at end of year</b>	(7)	<u>33,049,094.54</u>	<u>33,737,860.10</u>

THE CHARITABLE TRUST OF TSING SHAN MONASTERY

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST MARCH 2016

1. **General Information**

The Charitable Trust of Tsing Shan Monastery ("the Trust") was approved and established pursuant to the Order dated 23rd May 2002 made by the High Court of Hong Kong Special Administrative Region. The address of its registered office and principal place of operation are G/F, 97 Leung Tin Tsuen, Tuen Mun, New Territories, Hong Kong.

2. **Statement of Compliance with Hong Kong Financial Reporting Standards**

The company's financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (HKFRSs), which includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (HKASs) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (HKICPA), accounting principles generally accepted in Hong Kong. A summary of significant accounting policies adopted by the Trust is set out in note 3.

In 2016, the Trust has initially applied the new and revised HKFRSs issued by the HKICPA that are first effective for accounting periods beginning on or after 1 April 2015. A summary of the changes in accounting policies resulting from the Trust's application of these HKFRSs is set out in note 10.

3. **Significant Accounting Policies**

(a) **Basis of preparation of the financial statements**

The measurement basis used in the preparation of the financial statement is historical cost convention, except quoted investment stated in note 5, which is stated in fair value, at the financial year end.

(b) **Non-current assets**

All non-current assets are charged to the income and expenditure statement in the year of acquisition.

Income on disposal of fixed assets recognized in the income and expenditure statements represents proceeds received on disposal

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, on a straight-line basis over their estimated useful lives as follows:

Buildings:	2% per annum
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THE CHARITABLE TRUST OF TSING SHAN MONASTERY

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST MARCH 2016

**3 Significant Accounting Policies (Cont'd)**

(c) Foreign currencies

Monetary Assets and Liabilities in foreign currencies at the year end are translated into Hong Kong Dollars at approximately the market rates of exchange ruling at reporting date. Transactions in foreign currencies are translated into Hong Kong Dollars at approximate rates ruling at the dates of transactions. Profit and Losses are dealt with in the statement of comprehensive income.

(d) Revenue recognition

Revenue is recognized when it is probable that future economic benefits will flow to the Trust and these benefits can be measured reliably on the following bases :-

Income from funds held by investment managers is accounted for on the basis of statements received from the investment managers.

Interest income from bank deposits is accrued on a time apportioned basis on the principal outstanding and at the rate applicable.

(e) Investment funds and leasehold land and building

The investment funds and leasehold land and building are held by a custodian trustee, Bank of East Asia (Trustees) Limited.

As at the year end, the investments are Hong Kong dollars deposits and shares investment.

Investments are recognized and derecognized on the trade date when the Trust commits itself to purchase or sell an asset and are initially measured at fair value plus, in the case of investments other than trading securities, transaction costs. At each reporting date, the Trust assesses whether there is any objective evidence that an investment or group of investments is impaired. Investments are further categorized into the following classifications for the measurement after initial recognition.

i) Trading securities

Investments in securities held for trading are classified as trading securities included in current assets and are stated in the statement of financial position at fair value. Any attributable transaction costs and gain or loss on the fair value changes of trading securities are recognized in profit or loss.

THE CHARITABLE TRUST OF TSING SHAN MONASTERY

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST MARCH 2016

3. **Significant Accounting Policies (Cont'd)**

(e) Investment funds and leasehold land and building (cont'd)

ii) Held-to-maturity investments

Investment in debt securities with fixed or determinable payments and fixed maturity that the Trust has the positive intention and ability to hold to maturity are classified as held-to-maturity investments, which are measured at amortized cost using the effective interest method, less impairment losses, if any.

Impairment losses on held-to-maturity investments are recognized in profit or loss when there is objective evidence that an impairment loss has been incurred and are measured as the difference between its carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at its original effective interest rate, i.e. the effective interest rate computed at initial recognition.

iii) Available-for-sale financial assets

Investments other than those held for trading and held to maturity are classified as available-for-sale financial assets and are stated in the statement of financial position at fair value. Gain or loss on the fair value changes of available-for-sale financial assets is recognized directly in equity in the fair value reserves, except for impairment losses and, in the case of monetary items such as debt securities, foreign exchange gains and losses which are recognized directly profit or loss.

When the available-for-sale financial assets are derecognized, the cumulative gain or loss previously recognized directly in equity is recognized in profit or loss. Where the available-for-sale financial assets are interest-bearing, interest calculated using the effective interest method is recognized in profit or loss.

When a decline in the fair value of an available-for-sale financial asset has been recognized directly in equity and there is objective evidence that the asset is impaired, the cumulative loss that had been recognized directly in equity is removed from equity and recognized in profit or loss even though the financial asset has not been derecognized.

The amount of the cumulative loss that is removed from equity and recognized in profit or loss is the difference between the acquisition cost (net of any principal repayment and amortization) and current fair value, less any impairment loss on that financial asset previously recognized in profit or loss.

THE CHARITABLE TRUST OF TSING SHAN MONASTERY

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST MARCH 2016

**3. Significant Accounting Policies (Cont'd)**

(e) Investment funds and leasehold land and building (cont'd)

iii) Available-for-sale financial assets (cont'd)

Impairment losses recognized in profit or loss for an investment in an equity instrument classified as available-for-sale are not reversed through profit or loss. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, the impairment loss is reversed, with the amount of the recognized in profit or loss.

iv) Unquoted equity instruments carried at cost

Investments in unquoted equity instruments whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, is measured at cost less impairment losses, if any.

If there is objective evidence that an impairment loss has been incurred on such instrument, the amount of impairment loss is measured as the difference between its carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar instrument. Such impairment losses are not reversed.

v) Fair value

Fair value of an investment on initial recognition is normally the transaction price, unless it is estimated by using a valuation technique when part of the consideration given or received is for something other than the investments.

After initial recognition, the fair value of an investment quoted in an active market is based on the current bid price and, for investments not quoted in an active market, the company establishes the fair value of such investment by using a valuation technique.

Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models.

The legal estate of the properties is vested in the Custodian Trustee. The value of the properties is in accordance with the statement of accounts issued by the Custodian Trustee. No audit procedures were performed in respect of the value of the properties.

THE CHARITABLE TRUST OF TSING SHAN MONASTERY

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST MARCH 2016

3. Significant Accounting Policies (Cont'd)

(e) Investment funds and leasehold land and building (cont'd)

The value of leasehold land and building was recorded and carried forward when the Charitable Trust was established.

(f) Trade and other receivables

Trade and other receivables are initially measured at fair value and, after initial recognition, at amortized cost less impairment losses for bad and doubtful debts, if any.

At each reporting date, the company assesses whether there is any objective evidence that a receivable or group of receivables is impaired. Impairment losses on trade and other receivables are recognized in profit or loss when there is objective evidence that an impairment loss has been incurred and are measured as the difference between the receivable's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at its original effective interest rate, i.e. the effective interest rate computed at initial recognition. The impairment loss is reversed if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after impairment was recognized.

(g) Cash and cash equivalents

Cash comprises cash on hand and at bank and demand deposits with bank. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purpose of cash flow statement, bank overdrafts which are repayable on demand form an integral part of the Trust's cash management are included as a component of cash and cash equivalents.

(h) Taxation

The Trust has been granted exemption from Hong Kong tax under Section 88 of the Hong Kong Inland Revenue Ordinance.

(i) Provision for renovation project

The sum of HK\$12,208,447.70 represents the estimated further cost required to renovate the Monastery, including the improvement of its utilities and essential facilities.

THE CHARITABLE TRUST OF TSING SHAN MONASTERY

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST MARCH 2016

3. **Significant Accounting Policies (Cont'd)**

(j) Tsing Shan Monastery Development Fund

The sum of HK\$20,000,000.00 will be used on various project on the development of Tsing Shan Monastery.

4. **Revenue**

Revenue represents :

- (a) Income from donation
- (b) Interest income from savings deposits
- (c) Interest income from investment account
- (d) Gain/(loss) on disposal from investment account

5. **Investment Funds**

	<u>2016</u>	<u>2015</u>
	<u>HK\$</u>	<u>HK\$</u>
Leasehold Land and Building (Note 5a)	15,083,500.00	15,256,450.00
Quoted Investment (Note 6)	30,414,150.00	35,285,150.00
Bonds	12,662,039.79	12,939,968.30
Income Receivable - Dividend on Investment	129,648.29	123,382.09
Time Deposits	29,351,319.93	24,790,867.44
Cash at Bank	3,306,501.70	8,520,102.73
	<u>90,947,159.71</u>	<u>96,915,920.56</u>

5a. **Leasehold Land and Building**

	<u>HK\$</u>
At cost,	
Balance b/f & c/f	17,295,000.00
Less: Accumulated depreciation	
Depreciation b/f (restated)	2,038,550.00
Depreciation for the year	172,950.00
Depreciation c/f	2,211,500.00
NBV at 31.03.2016	15,083,500.00
NBV at 31.03.2015	15,256,450.00

THE CHARITABLE TRUST OF TSING SHAN MONASTERY

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST MARCH 2016

6. **Quoted Investment**

	<u>2016</u>	<u>2015</u>
	<u>HK\$</u>	<u>HK\$</u>
Balance b/f, at market value	35,285,150.00	32,033,400.00
Purchases during the year	-	3,052,942.07
Disposal during the year	-	(2,943,525.00)
	35,285,150.00	32,142,817.07
(Decrease)/increase in fair value	(4,871,000.00)	3,142,332.93
Balance c/f, at market value	30,414,150.00	35,285,150.00

7. **Cash and Cash Equivalents**

Cash at bank under investment funds	32,657,821.63	33,310,970.17
Bank and cash balance	391,272.91	426,889.93
Cash and cash equivalents in the statement of financial position	33,049,094.54	33,737,860.10

8. **Emoluments and other matters relating to Managing Trustees**

All Managing Trustees acted in an honorary capacity and received no remuneration during the year.

9. **Surplus for the year**

Surplus for the year is arrived at after charging/(crediting):

Staff costs		
- Contributions to defined contribution plan	46,386.38	44,803.30
- Salaries, wages and other benefits	954,185.30	1,066,215.56
	1,000,571.68	1,111,018.86
Auditors' remuneration	17,000.00	17,000.00
Depreciation	172,950.00	172,950.00
Net foreign exchange loss/(gain)	840,642.80	(57,434.07)

THE CHARITABLE TRUST OF TSING SHAN MONASTERY

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST MARCH 2016

10. **Changes in accounting policies**

In 2016, the Trust has initially applied the new and revised HKFRSs issued by the HKICPA that are first effective for accounting periods beginning on or after 1 April 2015, including:

Annual Improvements to HKFRSs 2010-2012 Cycle  
Annual Improvements to HKFRSs 2011-2013 Cycle

The application of the new and revised HKFRSs has no material effects on the Trust's financial performance and positions.

11. **Hong Kong Financial Reporting Standards issued but not yet effective for the year**

HKFRSs that have been issued but are not yet effective for the year include the following HKFRSs which may be relevant to the Trust's operations and financial statements:

	<u>Effective for annual periods beginning on or after</u>
Annual Improvements to HKFRSs 2012-2014 Cycle	1st January 2016
Amendments to HKAS 1, Disclosure Initiative	1st January 2016
Amendments to HKAS 16 and HKAS 38, Clarification of acceptable methods of depreciation and amortisation	1st January 2016
HKFRS 9, Financial instruments	1st January 2018
HKFRS 15, Revenue from contracts with customers	1st January 2018

The Trust has not early adopted these HKFRSs. Initial assessment has indicated that the adoption of these HKFRSs would not have a significant impact on the Trust's financial statements in the year of initial application. The Trust will be continuing with the assessment of the impact of these HKFRSs and other significant changes may be identified as a result.

THE CHARITABLE TRUST OF TSING SHAN MONASTERY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST MARCH 2016

12. **Financial Instruments (Cont'd)**

The Trust has classified its financial assets in the following categories:

<u>2016</u>	<u>Available-for-sale securities</u> <u>HK\$</u>	<u>Loans and receivables</u> <u>HK\$</u>
Quoted investment	30,414,150.00	-
Income receivable	-	129,648.29
HKD savings - investment fund	-	2,946,693.85
USD savings - investment fund	-	358,487.82
CNY savings - investment fund	-	1,320.03
CNY Time deposits - investment fund	-	29,351,319.93
USD Bonds	7,772,336.40	-
CNY Bonds	4,889,703.39	-
Utility & sundry deposit	-	62,850.00
HKD current account	-	360,556.91
Cash in hand	-	30,716.00
Prepayment	-	480.00
	<u>43,076,189.79</u>	<u>33,242,072.83</u>
<u>2015</u>		
Quoted investment	35,285,150.00	-
Income receivable	-	123,382.09
HKD savings - investment fund	-	6,403,357.98
USD savings - investment fund	-	1,905,942.51
CNY savings - investment fund	-	210,802.24
CNY Time deposits - investment fund	-	9,386,514.73
HKD Time deposits - investment fund	-	15,404,352.71
USD Bonds	7,966,240.10	-
CNY Bonds	4,973,728.20	-
Utility & sundry deposit	-	62,850.00
HKD current account	-	373,645.43
Cash in hand	-	53,244.50
	<u>48,225,118.30</u>	<u>33,924,092.19</u>



THE CHARITABLE TRUST OF TSING SHAN MONASTERY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST MARCH 2016

12. **Financial Instruments (Cont'd)**

The Trust has classified its financial liabilities in the following categories:

	Financial Liabilities at amortized cost HK\$
<u>2016</u>	
Accruals	41,752.00
<u>2015</u>	
Accruals	42,071.00

13. **Financial Risk Management**

The Trust is exposed to credit risk, liquidity risk and market risk arising in the normal course of its business and financial instruments. The Trust's risk management objectives, policies and processes mainly focus on minimizing the potential adverse effects of these risks on its financial performance and position by closely monitoring the individual exposure.

(a) Credit risk

<u>Summary quantitative data</u>	<u>2016</u> HK\$	<u>2015</u> HK\$
Income receivable	129,648.29	123,382.09
HKD savings - investment fund	2,946,693.85	6,403,357.98
USD savings - investment fund	358,487.82	1,905,942.51
CNY savings - investment fund	1,320.03	210,802.24
CNY Time deposits - investment fund	29,351,319.93	9,386,514.73
HKD Time deposits - investment fund	-	15,404,352.71
Utility & sundry deposit	62,850.00	62,850.00
HKD current account	360,556.91	373,645.43
Cash in hand	30,716.00	53,244.50
Prepayment	480.00	-
	33,242,072.83	33,924,092.19

THE CHARITABLE TRUST OF TSING SHAN MONASTERY

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST MARCH 2016

13. Financial Risk Management (Cont'd)

An analysis of the age of income receivable are past due as the reporting date but not impaired :

	<u>2016</u>	<u>2015</u>
	<u>HK\$</u>	<u>HK\$</u>
Past due up to:		
- 30 days	129,648.29	123,382.09
- 31 to 60 days	-	-
- 61 to 90 days	-	-
- 91 to 120 days	-	-
- Over 120 days	-	-
	<u>129,648.29</u>	<u>123,382.09</u>

(b) Liquidity risk

The Trust is exposed to liquidity risk on financial liabilities. It manages its funds conservatively by maintaining a comfortable level of cash and cash equivalents in order to meet continuous operational need.

Summary quantitative data

	<u>Less than</u> <u>3 months</u>	<u>4-6</u> <u>months</u>	<u>7-12</u> <u>months</u>	<u>More than</u> <u>1 year</u>	<u>Carrying amount</u>
	<u>HK\$</u>	<u>HK\$</u>	<u>HK\$</u>	<u>HK\$</u>	<u>HK\$</u>
<u>2016</u>					
Accruals	41,752.00	-	-	-	41,752.00
	<u>41,752.00</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>41,752.00</u>
<u>2015</u>					
Accruals	42,071.00	-	-	-	42,071.00
	<u>42,071.00</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>42,071.00</u>

(c) Market risk

i. Interest rate risk

The Trust's exposure interest rate risk mainly arises from the deposits with bank. It also has exposure on cash flow interest rate risk which is mainly arising from its deposits with banks. The Trust only holds the deposits with bank and no material exposure is expected.

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NOTES TO THE FINANCIAL STATEMENTS  
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13. Financial Risk Management (Cont'd)

(c) Market risk

i. Interest rate risk

Summary quantitative data

	<u>2016</u>	<u>2015</u>
	<u>HK\$</u>	<u>HK\$</u>
HKD savings - investment fund	2,946,693.85	6,403,357.98
USD savings - investment fund	358,487.82	1,905,942.51
CNY savings - investment fund	1,320.03	210,802.24
CNY Time deposits - investment fund	29,351,319.93	9,386,514.73
HKD Time deposits - investment fund	-	15,404,352.71
	<u>32,657,821.63</u>	<u>33,310,970.17</u>

Sensitivity analysis

At 31st March 2016, if interest rates at that date had been 0.5% lower with all other variables held constant, the Trust's profit for the year and retained earnings would have been HK\$163,289.11 (2015: HK\$166,554.85) lower, and other components of would have been HK\$163,289.11 (2015: HK\$166,554.85) lower.

At 31st March 2016, if interest rates at that date had been 0.5% higher with all other variables held constant, the Trust's profit for the year and retained earnings would have been HK\$163,289.11 (2015: HK\$166,554.85) higher, and other components of equity would have been HK\$163,289.11 (2015: HK\$166,554.85) higher.

The analysis is prepared on the same basis for 2015.

ii. Currency risk

The Trust purchases and sells in various foreign currencies, mainly US dollars, that exposes it to currency risk arising from the bank balance.

The Trust closely and continuously monitors the exposure on currency risk. Since HK dollars is pegged to US dollars, there is no significant exposure expected on US dollars transactions and balances.

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NOTES TO THE FINANCIAL STATEMENTS  
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13. **Financial Risk Management (Cont'd)**

(c) Market risk (Cont'd)

ii. Currency risk (Cont'd)

Summary quantitative data

	<u>USD</u>	<u>CNY</u>
	<u>HK\$</u>	<u>HK\$</u>
<u>2016</u>		
USD savings - investment fund	358,487.82	-
CNY savings - investment fund	-	1,320.03
CNY Time deposits - investment fund	-	29,351,319.93
USD Bonds	7,772,336.40	-
CNY Bonds	-	4,889,703.39
	<u>8,130,824.22</u>	<u>34,242,343.35</u>
	<u>USD</u>	<u>CNY</u>
	<u>HK\$</u>	<u>HK\$</u>
<u>2015</u>		
USD savings - investment fund	1,905,942.51	-
CNY savings - investment fund	-	210,802.24
CNY Time deposits - investment fund	-	9,386,514.73
USD Bonds	7,966,240.10	-
CNY Bonds	-	4,973,728.20
	<u>9,872,182.61</u>	<u>14,571,045.17</u>

At 31st March 2016, if the HK dollar weakened 10% against the Renminbi with all other variables held constant, the Trust's profit for the year and retained earnings would have been HK\$3,424,234.34 (2015: HK\$1,457,104.52) higher. Conversely, if the HK dollar had strengthened 10% against the Renminbi with all other variables held constant, the Trust's profit for the year and retained earnings would have been HK\$3,424,234.34 (2015: HK\$1,457,104.52) lower.

The sensitivity analysis has been prepared with the assumption that the change in foreign exchange rates had occurred at the reporting date and had been applied to the exposure to currency risk for the relevant financial instruments in existence at that date. The changes in foreign exchange rates represent management's assessment of a reasonably possible change in foreign exchange rates at that date over the period until the next annual reporting date.

The analysis is prepared on the same basis for 2015.

THE CHARITABLE TRUST OF TSING SHAN MONASTERY

NOTES TO THE FINANCIAL STATEMENTS  
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13. Financial Risk Management (Cont'd)

(c) Market risk (Cont'd)

iii. Market price risk

The investments in equity securities classified as quoted investment expose the Trust to price risk. As the Trust's policy is only to invest on such investments by its surplus funds, the exposure may not have significant impact on the Trust's financial position.

<u>Summary quantitative data</u>	<u>2016</u> <u>HK\$</u>	<u>2015</u> <u>HK\$</u>
Quoted investment	<u>30,414,150.00</u>	<u>35,285,150.00</u>

Sensitivity analysis

A 10% increase in stock prices at 31st March 2016 with all other variables held constant would have increased equity by HK\$3,041,415.00 (2015: HK\$3,528,515.00). Conversely, if a 10% decrease in stock prices at 31st March 2016 with all other variables held constant would have decrease profit for the year by HK\$3,041,415.00 (2015: HK\$3,528,515.00).

The sensitivity analysis has been prepared with the assumption that the change in equity price had occurred at the reporting date and had been applied to the exposure to equity price risk for the relevant financial instruments in existence at that date. The changes in equity price represent management's assessment of a reasonably possible change in equity price at that date over the period until the next annual reporting date.

The analysis is prepared on the same basis for 2015.