

Sir Edward Youde Memorial Fund
Report of the Board of Trustees for the Period
1 April 2015 to 31 March 2016

The Sir Edward Youde Memorial Fund was established in 1987 with donations by the Hong Kong community to commemorate the governorship of Sir Edward Youde (1982-1986). It is administered in accordance with Chapter 1140 of the Laws of Hong Kong for the purpose of providing for and encouraging the education or learning of, or research by, the people of Hong Kong.

2. The Fund is vested in a Board of Trustees, the membership of which during the year under review was as follows –

Mr MA Ching-cheng	(Chairman)
Lady Youde	
The Secretary for Home Affairs	(ex officio)
Mr IP Shu-kwan, Stephen, GBS, JP	
Ms WOO Chun-en, Jennifer	

3. Secretarial services to the Board of Trustees are provided by the Trust Funds and Temples Joint Secretariat, which also maintains the books of accounts for the Fund. HSBC Investments Holdings (Bahamas) Limited advises the Board on investments up to May 2014 and Credit Suisse AG Hong Kong Branch advises the Board on investments from January 2015, and the Director of Audit is appointed by the Chief Executive as the auditor of the Fund's accounts.

4. Grants from the Fund are determined by the Sir Edward Youde Memorial Fund Council, the membership of which during the year under review was as follows –

Professor HO Man-wui, Richard, JP	(Chairman)
Lady Youde	
The Secretary for Education	(ex officio)
Professor AU Kit-fong, Terry	
Dr FUNG Yuk-lun, Allen	
Professor IP Yuk-yu, Nancy, MH, JP	
Professor MENG Mei-ling, Helen	

5. Secretarial services to the Council are provided by the Working Family and Student Financial Assistance Agency.

/During...

6. During the year the following categories of the Sir Edward Youde Memorial Awards were granted –

	HKS	HKS
For Fellowships		
<u>Local</u>		
4 totalling	200,000	
<u>Overseas</u>		
8 totalling	<u>2,293,000</u>	2,493,000
For Scholarships		
<u>Local</u>		
10 totalling	400,000	
<u>Overseas</u>		
9 totalling	<u>2,489,000</u>	2,889,000
Medals (including a Medal, a Certificate and a Cash Prize of \$5,000)		
6 totalling		33,300
Prizes for Senior Secondary Students		
408 @ \$1,000		408,000
Sponsorship for the Young Friends of the 2016 Hong Kong Arts Festival		600,000
Awards for Self-improvement for Working Adults		
5 @ \$5,000		25,000
Outstanding Apprentice Awards		
2 @ \$5,000		10,000
		<hr/>
		6,458,300
		<hr/> <hr/>

7. The audited Financial Statements of the Fund is produced at the Appendix.



(MA Ching-cheng)

Chairman

Board of Trustees of the Sir Edward Youde Memorial Fund

26 September 2016



Sir Edward Youde Memorial Fund

Financial Statements for the year ended 31 March 2016

Report of the Director of Audit



Audit Commission
The Government of the Hong Kong Special Administrative Region

Independent Audit Report

To the Legislative Council

I certify that I have audited the financial statements of the Sir Edward Youde Memorial Fund set out on pages 3 to 17, which comprise the balance sheet as at 31 March 2016, and the income and expenditure account, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

The Board of Trustees of the Sir Edward Youde Memorial Fund's Responsibility for the Financial Statements

The Board of Trustees of the Sir Edward Youde Memorial Fund is responsible for the preparation of financial statements that give a true and fair view in accordance with section 14(1) of the Sir Edward Youde Memorial Fund Ordinance (Cap. 1140) and Hong Kong Financial Reporting Standards, and for such internal control as the Board of Trustees of the Sir Edward Youde Memorial Fund determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with section 14(3) of the Sir Edward Youde Memorial Fund Ordinance and the Audit Commission auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the

auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Trustees of the Sir Edward Youde Memorial Fund, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In my opinion, the financial statements give a true and fair view of the financial position of the Sir Edward Youde Memorial Fund as at 31 March 2016, 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 14(1) of the Sir Edward Youde Memorial Fund Ordinance.



TEO Wing-on
Principal Auditor
for Director of Audit

26 September 2016

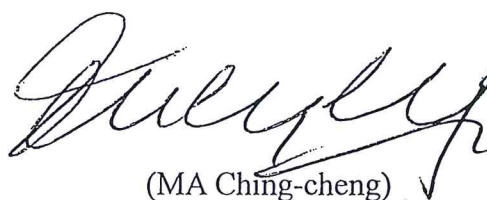
Audit Commission
26th Floor
Immigration Tower
7 Gloucester Road
Wanchai, Hong Kong

SIR EDWARD YOUDE MEMORIAL FUND

BALANCE SHEET AS AT 31 MARCH 2016

	Note	2016 HK\$	2015 HK\$
CURRENT ASSETS			
Financial assets at fair value through profit or loss	3	84,054,851	89,113,107
Trading financial instruments	4	-	475,556
Accounts receivable	5	270,052	209,376
Cash and cash equivalents	6	11,427,194	17,202,728
		95,752,097	107,000,767
CURRENT LIABILITIES			
Trading financial instruments	4	(292,339)	-
Provision for staff gratuity	7	(72,257)	(64,184)
Provision for untaken leave		(6,382)	(3,919)
Accounts payable	8	(445,594)	(47,615)
		(816,572)	(115,718)
NET CURRENT ASSETS		94,935,525	106,885,049
ACCUMULATED FUND			
Capital		91,141,680	90,111,680
Accumulated surplus		3,793,845	16,773,369
		94,935,525	106,885,049

The accompanying notes 1 to 13 form part of these financial statements.



(MA Ching-cheng) ✓
Chairman

Board of Trustees of the Sir Edward Youde Memorial Fund

26 September 2016

SIR EDWARD YOUDE MEMORIAL FUND

**INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2016**

	Note	2016 HK\$	2015 HK\$
INCOME			
Dividends		1,409,391	169,327
Interest	9	427,979	620,220
Gains on disposal of financial assets at fair value through profit or loss		-	1,191,686
Unrealised gains on financial assets at fair value through profit or loss		-	2,641,700
Gains on trading financial instruments		-	475,556
Refund of grants		617,771	549,442
Exchange gains		466,265	-
		<hr/>	<hr/>
		2,921,406	5,647,931
		<hr/>	<hr/>
EXPENDITURE			
Fellowships, scholarships, prizes and memorial medals/awards		(6,458,300)	(6,631,880)
Losses on disposal of financial assets at fair value through profit or loss		(3,335,168)	-
Unrealised losses on financial assets at fair value through profit or loss		(4,545,299)	-
Losses on trading financial instruments		(410,387)	-
Exchange losses		-	(1,167,450)
Staff costs		(602,107)	(470,596)
Investment management fees		(413,107)	(135,337)
Other operating expenses		(136,562)	(139,807)
		<hr/>	<hr/>
		(15,900,930)	(8,545,070)
		<hr/>	<hr/>
DEFICIT FOR THE YEAR		(12,979,524)	(2,897,139)
Other comprehensive income		-	-
		<hr/>	<hr/>
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(12,979,524)	(2,897,139)
		<hr/> <hr/>	<hr/> <hr/>

The accompanying notes 1 to 13 form part of these financial statements.

SIR EDWARD YOUDE MEMORIAL FUND

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2016**

	Capital HK\$	Accumulated surplus HK\$	Total HK\$
Balance at 1 April 2014	90,040,680	19,670,508	109,711,188
Donation received during 2014-15	71,000	-	71,000
Total comprehensive loss for 2014-15	-	(2,897,139)	(2,897,139)
	<hr/>	<hr/>	<hr/>
Balance at 31 March 2015	90,111,680	16,773,369	106,885,049
Donation received during 2015-16	1,030,000	-	1,030,000
Total comprehensive loss for 2015-16	-	(12,979,524)	(12,979,524)
	<hr/>	<hr/>	<hr/>
Balance at 31 March 2016	91,141,680	3,793,845	94,935,525
	=====	=====	=====

The accompanying notes 1 to 13 form part of these financial statements.

SIR EDWARD YOUDE MEMORIAL FUND

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2016**

	Note	2016 HK\$	2015 HK\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Deficit for the year		(12,979,524)	(2,897,139)
Dividends		(1,409,391)	(169,327)
Interest income		(427,979)	(620,220)
Unrealised exchange (gains)/losses		(510,872)	731,105
Exchange losses on disposal of investments		44,557	20,604
Losses/(Gains) on disposal of financial assets at fair value through profit or loss		3,335,168	(1,191,686)
Unrealised losses/(gains) on financial assets at fair value through profit or loss		4,545,299	(2,641,700)
Acquisition of financial assets at fair value through profit or loss		(56,672,400)	(88,259,123)
Proceeds from disposal of financial assets at fair value through profit or loss		54,082,546	77,145,457
Change in fair value of trading financial instruments		767,895	(475,556)
Increase in accounts receivable		(4,270)	(46,453)
Decrease in prepayment		-	180
Increase /(Decrease) in provision for staff gratuity		8,073	(12,167)
Increase /(Decrease) in provision for untaken leave		2,463	(1,635)
Increase /(Decrease) in accounts payable		397,979	(13,069)
NET CASH USED IN OPERATING ACTIVITIES		(8,820,456)	(18,430,729)
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividends received		1,422,615	84,165
Interest received		504,821	633,876
NET CASH FROM INVESTING ACTIVITIES		1,927,436	718,041
CASH FLOWS FROM FINANCING ACTIVITIES			
Donation received		1,030,000	71,000
NET CASH FROM FINANCING ACTIVITIES		1,030,000	71,000
NET DECREASE IN CASH AND CASH EQUIVALENTS		(5,863,020)	(17,641,688)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		17,202,728	34,844,976
Effects of exchange rate changes on cash and cash equivalents		87,486	(560)
CASH AND CASH EQUIVALENTS AT END OF YEAR	6	11,427,194	17,202,728

The accompanying notes 1 to 13 form part of these financial statements.

SIR EDWARD YOUDE MEMORIAL FUND

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL

The Sir Edward Youde Memorial Fund (the Fund) was established in 1987 for the general purpose of providing for and encouraging the education or learning of, or research by, the people of Hong Kong and, in particular, for making grants, or loans with or without interest:

- (a) for the furtherance of education, learning or research inside or outside Hong Kong; and
- (b) to educational institutions within Hong Kong for the furtherance of education, learning or research,

in accordance with section 6 of the Sir Edward Youde Memorial Fund Ordinance (Cap. 1140).

The address of the Fund's principal place of business is 34th Floor, Wu Chung House, 213 Queen's Road East, Wan Chai, Hong Kong.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

The financial statements have been prepared in accordance with section 14(1) of the Sir Edward Youde Memorial Fund Ordinance and all applicable Hong Kong Financial Reporting Standards (HKFRSs) issued by the Hong Kong Institute of Certified Public Accountants.

(b) Basis of preparation

The financial statements have been prepared on an accrual basis and under the historical cost convention except that financial assets at fair value through profit or loss and trading financial instruments are stated at fair value as explained in the accounting policy set out in note 2(d) and (e) 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) Adoption of new HKFRSs

The Fund has adopted all new/revised HKFRSs which are effective and relevant to the Fund for the current accounting period. The Fund has not early adopted any amendments, new standards and interpretations which are not yet effective for the current accounting period. The Fund is in the process of making an assessment of what the impact of these amendments, new standards and interpretations is expected to be in the period of initial adoption. So far, it has concluded that the adoption of them is unlikely to have a significant impact on the Fund's result of operations and financial position.

(d) Financial assets at fair value through profit or loss

Financial assets classified as held for trading are included in the category "financial assets at fair value through profit or loss". Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term. Financial assets under this category are carried at fair value based on their quoted market prices at the balance sheet date. Changes in the fair value are included in the income and expenditure account in the period in which they arise. Upon disposal, the difference between the net sale proceeds and the carrying value is also recognised in the income and expenditure account.

(e) 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 Hong Kong Accounting Standard 39 Financial Instruments: Recognition and Measurement.

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 fair value are included in the income and expenditure account in the period in which they arise.

(f) Foreign currency translation

Hong Kong dollar is the currency of the primary economic environment in which the Fund operates. Foreign currency transactions during the year are translated into Hong Kong dollars at the exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated into Hong Kong dollars at the exchange rates ruling at the balance sheet date. Exchange gains and losses are dealt with in the income and expenditure account.

(g) Revenue recognition

Interest income is recognised as it accrues using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial asset 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 financial asset or, when appropriate, a shorter period to the net carrying amount of the financial asset.

Dividend income is recognised when the Fund's right to receive payment is established.

(h) Cash and cash equivalents

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

(i) Donation

Donation is credited to the Capital Account once cash is received and the approval for acceptance is obtained.

**3. FINANCIAL ASSETS AT FAIR VALUE
THROUGH PROFIT OR LOSS**

	2016 HK\$	2015 HK\$
Equity Securities/Equity Funds – at fair value		
Listed in Hong Kong	17,494,385	13,779,658
Listed outside Hong Kong	35,854,605	40,578,412
Unlisted	4,389,166	7,479,964
	57,738,156	61,838,034
Debt Securities – at fair value		
Bonds – Unlisted	12,934,409	13,006,104
Bond funds – Unlisted	13,382,286	14,268,969
	26,316,695	27,275,073
	<u>84,054,851</u>	<u>89,113,107</u>
	=====	=====

4. TRADING FINANCIAL INSTRUMENTS

	2016		2015	
	Assets HK\$	Liabilities HK\$	Assets HK\$	Liabilities HK\$
Forward currency contracts - at fair value	-	292,339	475,556	-
	=====	=====	=====	=====

All these forward currency contracts would mature within one year and had a total notional amount of HK\$8,205,000 as at 31 March 2016 (2015: HK\$9,816,000). The notional amounts of these contracts indicate the volume of outstanding transactions and do not represent the amounts at risk.

5. ACCOUNTS RECEIVABLE

	2016 HK\$	2015 HK\$
Dividend	71,938	85,162
Interest purchased on bonds	-	46,679
Interest	145,114	75,484
Refund of a scholarship	53,000	-
Others	-	2,051
Balance at end of year	<u>270,052</u>	<u>209,376</u>
	=====	=====

6. CASH AND CASH EQUIVALENTS

	2016 HK\$	2015 HK\$
Call deposits held by investment manager	10,006,076	12,592,992
Cash at banks	1,421,118	4,609,736
	<u>11,427,194</u>	<u>17,202,728</u>
	=====	=====

7. PROVISION FOR STAFF GRATUITY

	2016 HK\$	2015 HK\$
Balance at beginning of year	64,184	76,351
Provision for the year	39,743	42,931
Payments for the year	(31,670)	(55,098)
	<hr/>	<hr/>
Balance at end of year	72,257	64,184
	=====	=====

8. ACCOUNTS PAYABLE

	2016 HK\$	2015 HK\$
Prizes	402,000	-
Investment management fees	33,294	36,285
Accommodation expenses for Lady Youde	10,300	11,330
	<hr/>	<hr/>
Balance at end of year	445,594	47,615
	=====	=====

9. INTEREST

	2016 HK\$	2015 HK\$
(a) Interest on self-managed investments		
Interest on time deposits and savings accounts	23	509,597
(b) Interest on investments by investment manager		
Interest on call deposit	8,321	1,263
Interest on bonds	419,635	109,360
	<hr/>	<hr/>
	427,979	620,220
	=====	=====

10. FINANCIAL RISK MANAGEMENT

- (a) The Fund's major financial instruments include financial assets at fair value through profit or loss and bank deposits. The risks associated with these financial instruments are set out below.

(I) Credit risk

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

To minimise credit risks arising from bank deposits, all time deposits are placed with reputable licensed banks in Hong Kong. To minimise credit risks arising from financial assets at fair value through profit or loss, only those classified under the investment grade by Moody's or Standard & Poor's are considered. At the balance sheet date, the credit quality of investments in bonds and bond funds analysed by the lower of ratings designated by Moody's or Standard & Poor's, was as follows:

	2016 HK\$	2015 HK\$
Bonds by credit rating		
A1 to A3 / A+ to A-	5,273,874	5,369,290
Baa1 to Baa3 / BBB+ to BBB-	7,660,535	7,636,814
	12,934,409	13,006,104
Bond funds by credit rating		
A1 to A3 / A+ to A-	1,498,565	-
Baa1 to Baa3 / BBB+ to BBB-	11,883,721	14,268,969
	13,382,286	14,268,969
	<u>26,316,695</u>	<u>27,275,073</u>
	=====	=====

For other receivables, the Fund considers that adequate provision has been made, where necessary, for amounts which are expected to be irrecoverable.

The maximum exposure to credit risk as at the balance sheet date in relation to each class of financial assets is the carrying amount of those assets as stated in the balance sheet.

(II) Market risk

The Fund's investments and bank deposits are exposed to market risk due to changes in market variables such as interest rates, equity prices and exchange rates. The Fund has appointed a professional investment manager to manage market risk and maintains a diversified portfolio of investments. The Board of Trustees monitors management of the portfolio to ensure that the appropriate investment strategy is adopted and implemented.

(i) Equity price risk

If the market prices of the respective equity securities/equity funds had been 10% (2015: 10%) higher/lower, the deficit of the Fund for the year would have decreased/increased by about HK\$5,800,000 (2015: HK\$6,200,000) and the accumulated surplus would have increased/decreased by about HK\$5,800,000 (2015: HK\$6,200,000). The sensitivity analysis was based on the carrying amount of equity securities/equity funds held by the Fund at the balance sheet date and all other variables being held constant.

(ii) Interest rate risk

Interest rate risk is the risk of loss arising from changes in market interest rates. This can be further classified into fair value interest rate risk and cash flow interest rate risk.

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates.

For the Fund's investments in bonds and bond funds, their fair values will fall when market interest rates increase. It is estimated that, as at 31 March 2016, a general increase/decrease of 25 basis points (2015: 25 basis points) in interest rates, with all other variables held constant, would increase/decrease the deficit of the Fund for the year by about HK\$258,000 (2015: HK\$313,000) and would decrease/increase the accumulated surplus by about HK\$258,000 (2015: HK\$313,000). The sensitivity analysis was determined assuming that the change in interest rates had occurred at the balance sheet date and had been applied to bonds and bond funds in existence at that date. The 25 basis points increase/decrease represents the Fund's assessment of a reasonably possible change in interest rates over the period until the next balance sheet date.

As regards the bank deposits, since they are stated at amortised cost, changes in market interest rates will not affect their carrying amounts and the Fund's deficit and equity.

Cash flow interest rate risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Fund is not exposed to material cash flow interest rate risk because it has no major financial instruments bearing interest at a floating rate.

(iii) Foreign currency risk

(a) Exposure to currency risk

The Fund's overseas investments are exposed to currency risk. The Fund only makes investments denominated in Hong Kong dollar, US dollar, Euro and currencies of countries whose foreign currency long-term debt has a high credit rating. The

Fund's exposure to currency risk is handled in accordance with a documented risk management and investment strategy, and the Fund monitors the risk on a continuous basis.

As Hong Kong dollar is pegged to the US dollar within a narrow range, it is considered that the Fund had no significant exposure to foreign exchange risk relating to this currency. The net exposure to each currency at the balance sheet date arising from recognised assets and liabilities after taking into account the effect of forward currency contracts is shown below:

	2016 HK\$	2015 HK\$
Hong Kong dollar	18,489,116	30,865,565
US dollar	56,996,527	59,725,531
Euro	6,013,906	6,221,825
Singapore dollar	5,447,681	3,028,745
Japanese Yen	2,654,994	2,314,863
Indonesian Rupiah	-	2,016,942
Thai Baht	2,306,240	1,050,209
Swiss Francs	1,640,742	-
Others	1,386,319	1,661,369
	<hr/>	<hr/>
	94,935,525	106,885,049
	=====	=====

(b) Sensitivity analysis

It was estimated that, as at the balance sheet date, should foreign currencies other than US dollar strengthen/weaken by 10% (2015: 10%) against the Hong Kong dollar, with all other variables being held constant, the deficit of the Fund for the year would decrease/increase by HK\$1,945,000 (2015: HK\$1,629,000) and the accumulated surplus would increase/decrease by HK\$1,945,000 (2015: HK\$1,629,000).

The sensitivity analysis above has been determined assuming that the change in foreign exchange rate had occurred at the balance sheet date and for financial instruments in existence at that date. The 10% (2015: 10%) strengthening/weakening in foreign currencies represents the assessment by the Fund of a reasonably possible change in foreign exchange rate over the period until the end of next year.

(III) Liquidity risk

In the management of liquidity risk, the Fund maintains a level of cash and cash equivalents that is deemed adequate to finance its operations and mitigate the effect of fluctuations in cash flows.

(b) Fair value hierarchy of financial instruments

The following table presents the carrying value of financial instruments measured at fair value at the balance sheet date on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13 Fair Value Measurement.

	2016		
	Level 1 HK\$	Level 2 HK\$	Total HK\$
Financial assets at fair value through profit or loss			
Equity securities/equity funds:			
Listed in Hong Kong	17,494,385	-	17,494,385
Listed outside Hong Kong	35,854,605	-	35,854,605
Unlisted	-	4,389,166	4,389,166
	53,348,990	4,389,166	57,738,156
Debt securities:			
Bonds - Unlisted	-	12,934,409	12,934,409
Bond funds - Unlisted	-	13,382,286	13,382,286
	-	26,316,695	26,316,695
	53,348,990	30,705,861	84,054,851
Trading financial instruments	-	(292,339)	(292,339)
	53,348,990	30,413,522	83,762,512

	2015		
	Level 1 HK\$	Level 2 HK\$	Total HK\$
Financial assets at fair value through profit or loss			
Equity securities/equity funds:			
Listed in Hong Kong	13,779,658	-	13,779,658
Listed outside Hong Kong	40,578,412	-	40,578,412
Unlisted	-	7,479,964	7,479,964
	54,358,070	7,479,964	61,838,034
Debt securities:			
Bonds - Unlisted	-	13,006,104	13,006,104
Bond funds - Unlisted	-	14,268,969	14,268,969
	-	27,275,073	27,275,073
	54,358,070	34,755,037	89,113,107
Trading financial instruments	-	475,556	475,556
	54,358,070	35,230,593	89,588,663

No financial assets were classified under Level 3. During the year, there were no significant transfers between instruments in Level 1 and Level 2.

The three levels of the fair value hierarchy are:

Level 1: fair value measured using only unadjusted quoted prices in active markets for identical financial instruments at the measurement date;

Level 2 : fair value measured using observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available; and

Level 3: fair value measured using significant unobservable inputs.

The fair value of unlisted equity funds, unlisted debt securities and trading financial instruments in Level 2 was determined using quotation from the investment manager.

11. CAPITAL MANAGEMENT

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

- to comply with the Sir Edward Youde Memorial Fund Ordinance; and
- to maintain a strong capital base for carrying out the purpose of the Fund as stated in note 1 above.

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

12. COMMITMENTS

As at 31 March 2016, the financial commitments for approved overseas fellowships and scholarships subject to the successful completion of studies and reapplication for the awards pending payment were HK\$3,440,000 (2015: HK\$4,640,000).

13. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

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