## **Report By The Trustee**

Of The

**Correctional Services** 

Children's Education Trust

### For The Period

From 1st September 2015 to 31st August 2016

## Report by the Commissioner of Correctional Services, Trustee of the Correctional Services Children's Education Trust for the period of 1<sup>st</sup> September 2015 to 31<sup>st</sup> August 2016

#### Introduction

The Correctional Services Children's Education Trust Ordinance (Cap. 1131) was passed into law by the Legislative Council on 29<sup>th</sup> June 1983 and enacted on 1<sup>st</sup> July 1983.

- 2. In accordance with Section 4 of the Ordinance, the Commissioner of Correctional Services shall be the Trustee, and as required by Section 10 of the Ordinance, I take pleasure to present to the President and Honourable Members of the Legislative Council a copy of the signed and audited statement of accounts, the Auditor's Report and my report on the administration of the Fund for the period of 1<sup>st</sup> September 2015 to 31<sup>st</sup> August 2016.
- 3. The Trust was initially founded by the generous donation of \$500,000 by Dr. William MONG, Chairman and Senior Managing Director of Shun Hing Group. The object of the Trust was to provide financial assistance in the form of grants and book grants for children of serving and retired Assistant Officers and equivalent grades of the Correctional Services Department to pursue higher education, and also for the educational training of disabled children of these staff. For the period of 1st September 2015 to 31st August 2016, a total donation of \$4.01 million was received with \$2.5 million from the Lee Man Tat and Choi May Ling Charitable Foundation, \$500,000 from Mr LEUNG Siu-on, \$300,000 from the Shun Hing Education and Charity Fund Limited, \$250,000 from Po Leung Kuk, \$180,000 from the Correctional Services Department Sports Association, \$100,000 from Brilliant Printing Ltd, \$100,000 from Perennial Cable (HK) Limited, \$50,000 from Yan Oi Tong and \$30,000 from Mr TSE Hoi-wing.
- 4. It was decided by the Trust Committee and confirmed by the Trustee that donations received and approved for acceptance before 6 July 2016 are credited to Accumulated Fund Capital Account. With effect from 6 July 2016, donations received are recognized as income when they are approved for acceptance, except that

when the purpose of a donation is specified to be increasing the Trust's capital, such donation is credited to Accumulated Fund – Capital Account.

#### Object of the Fund

- 5. In accordance with Section 5 of the Ordinance, the Trustee shall apply the Fund in such a manner as the Trust Committee may, in its absolute discretion, direct for the following objectives: -
  - (a) the provision of assistance in, and facilities for, the higher education of the children of Assistant Officers and equivalent grades and for purposes ancillary thereto;
  - (b) the provision of assistance in, and facilities for, the education and training of disabled children of Assistant Officers and equivalent grades; and
  - (c) the provision for any such children of opportunities for the furtherance of their studies, education and training.

#### **Committees**

- 6. The Trust Committee was formed in accordance with Section 6 of the Ordinance with its membership shown in Appendix I. The Investment Advisory Board was formed in accordance with Section 9(2) of the Ordinance with its membership shown in Appendix II.
- 7. The Trust Committee is to make policy decisions as well as decisions on the allocation of funds for grants and book grants. Under Section 9 of the Ordinance, the Trustee may invest the Trust Funds in such investments as authorised by the Trustee Ordinance and as the Committee may advise. Subject to the approval of the Investment Advisory Board and as the Committee may advise, the Trustee may invest the funds in investments which are not authorised under the Trustee Ordinance.

#### Committee Meetings

- 8. During the period under review, the Trust Committee held a meeting on 6<sup>th</sup> July 2016 to consider all applications and to decide on the allocation of funds. The Committee maintained that prior consideration would be given to -
  - (a) students studying in local universities;
  - (b) disabled children undertaking full time education or training (subject to the availability of funds);
  - (c) students studying in local post-secondary colleges; and
  - (d) secondary school students from Form 4 to Form 7 (subject to the availability of funds).
- 9. Members of the Investment Advisory Board held a meeting on 19<sup>th</sup> May 2016 and exchanged views from time to time during the year to decide on investment matters. A summary of the investments is included in Appendix III.

#### Grants

- 10. Following the Trust Committee meeting held on 6th July 2016, a total sum of \$1,137,915 was paid. Bursary certificates and cheques were presented to successful applicants at a ceremony held on 25<sup>th</sup> August 2016 at the Jockey Club Lecture Theatre, Olympic House.
- 11. The accumulated fund as at 31<sup>st</sup> August 2016 amounted to \$18,493,491 including \$11,866,519 in the capital account, \$2,524,539 in the accumulated surplus account and \$4,102,433 in the investment revaluation reserve account.

#### **Auditor**

- 12. In March 1984, the then Governor appointed the Director of Audit as Auditor of the Trust in accordance with Section 10(2) of the Ordinance.
- 13. Audited financial statements of the Trust have been prepared and the Auditor's report and the signed financial statements are attached at Appendix IV.

#### **Vote of Thanks**

- I wish to extend my thanks to the Chairman and members of the Trust Committee, and all other officers who have contributed to make the Trust function in the best interests of the staff of the Correctional Services Department. I also wish to thank the Investment Advisory Board which has contributed its effort to make profitable investments and maintain for the Trust a very healthy account to meet the objectives of the Trust despite fluctuations in the stock and financial markets. The income from investments and bank interest for the year ended 31<sup>st</sup> August 2016 was \$551,802.
- 15. Finally, my thanks are also due to the Director of Audit for providing his professional service in auditing the financial statements of the Trust.

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YAU Chi-chiu

Commissioner of Correctional Services
Trustee, Correctional Services Children's Education Trust
5 June 2017

## <u>Correctional Services Children's Education Trust Committee</u> (as at 31<sup>st</sup> August 2016)

Chairman : Mr David MONG Tak-yeung

Members : Mr Vincent LEE Kwan-ho, BBS

Representative of Assistant Officers and equivalent grades –

Mr HO Yat-sun Assistant Officer I

Miss WONG Man-ki Assistant Officer II

Representative of the Commissioner of Correctional Services -

Ms NG Sau-wai
Assistant Commissioner of Correctional Services

Representative of the Permanent Secretary for Education –

Ms Anna LEE Oi-lan Principal Education Officer

Correctional Services Welfare Officer appointed by the Commissioner of Correctional Services –

Mr CHEUNG Shu-kan Superintendent (Staff Relations & Welfare)

Hon. Treasurer : Mr FUNG Bing-sum

Senior Treasury Accountant

(Correctional Services Department)

Hon. Secretary : Miss CHAN Sze-lok

Executive Officer (Staff Relations & Welfare) (Correctional Services Department)

#### **Appendix II**

### Correctional Services Children's Education Trust Investment Advisory Board

(as at 31<sup>st</sup> August 2016)

Chairman

Mr Billy KONG Churk-hoi, BBS, MH, JP

Members

Mr CHENG Shing-lung

Mr Charlie LEE Wai-chung

Ms Clarea AU Suet-ming

Ms Rosita LEE Pui-shan

Hon.

Mr FUNG Bing-sum

Treasurer

Senior Treasury Accountant

(Correctional Services Department)

Hon.

Miss CHAN Sze-lok

Secretary

Executive Officer (Staff Relations & Welfare)

(Correctional Services Department)

# Correctional Services Children's Education Trust <u>Statement of Investment and Cash at Banks as at 31<sup>st</sup> August 2016</u>

#### **Investments**

		(a)	(b) Year End	(b) – (a) Revaluation
	<b>Holding</b>	<u>Cost</u>	Market Value	<u>Gain</u>
Stock		\$	\$	\$
Champion Real Estate Investment Trust	300,000	1,173,542	1,482,000	308,458
China Mobile Ltd	8,000	669,006	766,400	97,394
CLP Holdings Ltd	36,500	2,158,846	2,903,575	744,729
Hong Kong and China Gas Co. Ltd	32,406	263,971	. 526,135	262,164
Hang Seng Bank Ltd	15,000	2,005,355	2,040,000	34,645
Hong King Exchanges and Clearing Ltd	16,000	1,554,511	3,033,600	1,479,089
HSBC Holdings PLC	62,582	2,422,511	3,598,465	1,175,954
C	•	10,247,742	14,350,175	4,102,433

Note: In the Balance Sheet as at 31st August 2016, stock is stated at the year-end market value.

Cash at Bank	\$
BusinessVantage savings account with HSBC	4,016,499
Current account with HSBC	<u>26,408</u> <u>4,042,907</u>



Correctional Services Children's Education Trust

Financial Statements for the year ended 31 August 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 Correctional Services Children's Education Trust set out on pages 3 to 15, which comprise the balance sheet as at 31 August 2016, and the income and expenditure account, statement of comprehensive income, 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.

## Commissioner of Correctional Services' Responsibility for the Financial Statements

The Commissioner of Correctional Services is responsible for the preparation of financial statements that give a true and fair view in accordance with section 10(1) of the Correctional Services Children's Education Trust Ordinance (Cap. 1131) and Hong Kong Financial Reporting Standards, and for such internal control as the Commissioner of Correctional Services determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with section 10(2) of the Correctional Services Children's Education Trust 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

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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 Commissioner of Correctional Services, as well as evaluating the overall presentation of the financial statements.

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

#### **Opinion**

In my opinion, the financial statements give a true and fair view of the financial position of the Correctional Services Children's Education Trust as at 31 August 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 10(1) of the Correctional Services Children's Education Trust Ordinance.

LIANG Kar-lun, Ken Acting Principal Auditor for Director of Audit

5 June 2017

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

## Correctional Services Children's Education Trust Balance Sheet as at 31 August 2016

	Note	2016 HK\$	2015 HK\$
Non-current Assets		2220	
Available-for-sale financial assets	3	14,350,175	11,483,679
Current Assets			
Accounts receivable	4	100,409	100,346
Time deposit	5	-	230,636
Cash and cash equivalents	6	4,042,907	2,407,242
		4,143,316	2,738,224
		18,493,491	14,221,903
Accumulated Fund			
Capital		11,866,519	7,986,519
Accumulated surplus		2,524,539	2,994,092
Investment revaluation reserve		4,102,433	3,241,292
		18,493,491	14,221,903

The accompanying notes 1 to 11 form part of these financial statements.

YAU Chi-chiu

Commissioner of Correctional Services

Trustee of the

Correctional Services Children's Education Trust

5 June 2017

MONG Tak-yeung David

Chairman of the

Correctional Services Children's

**Education Trust Committee** 

5 June 2017

# Correctional Services Children's Education Trust Income and Expenditure Account for the year ended 31 August 2016

	Note	2016 HK\$	2015 HK\$
Income			_
Dividends		535,009	518,095
Donations		130,000	
Interest income	7	16,793	17,225
Gain on disposal of available-for-sale financial assets		· •	277,965
		681,802	813,285
Evnanditura			
Expenditure			
Education assistance to employees' children		(1,095,915)	(1,070,632)
Education assistance to employees' handicapped children		(42,000)	(45,500)
Exchange loss		(13,440)	(34,768)
		(1,151,355)	(1,150,900)
Deficit for the year		(469,553)	(337,615)

## Correctional Services Children's Education Trust Statement of Comprehensive Income for the year ended 31 August 2016

•	2016 HK\$	2015 HK\$
Deficit for the year	(469,553)	(337,615)
Other comprehensive income		
Items that may be reclassified subsequently to surplus or deficit:		
Available-for-sale financial assets Fair value changes on revaluation	861,141	(1,330,244)
Reclassification adjustment released from investment revaluation reserve upon disposal		(249,389)
	861,141	(1,579,633)
Total comprehensive income/(loss) for the year	391,588	(1,917,248)

## Correctional Services Children's Education Trust Statement of Changes in Equity for the year ended 31 August 2016

	Capital HK\$	Accumulated surplus HK\$	Investment revaluation reserve HK\$	Total HK\$
Balance at 1 September 2014	6,306,519	3,331,707	4,820,925	14,459,151
Donations received for 2014-15	1,680,000	-	-	1,680,000
Total comprehensive loss for 2015-16		(337,615)	(1,579,633)	(1,917,248)
Balance at 31 August 2015	7,986,519	2,994,092	3,241,292	14,221,903
Donations received for 2015-16	3,880,000	-	-	3,880,000
Total comprehensive income for 2015-16		(469,553)	861,141	391,588
Balance at 31 August 2016	11,866,519	2,524,539	4,102,433	18,493,491

## Correctional Services Children's Education Trust Statement of Cash Flows for the year ended 31 August 2016

Note	2016 HK\$	2015 HK\$
Cash flows from operating activities		
Deficit for the year	(469,553)	(337,615)
Adjustments for:		
Interest income	(16,793)	(17,225)
Dividends	(535,009)	(518,095)
Gain on disposal of available-for-sale financial assets	-	(277,965)
Exchange loss	13,440	34,768
Net cash used in operating activities	(1,007,915)	(1,116,132)
Cash flows from investing activities		
Interest received	19,401	18,309
Dividends received	532,380	498,193
Decrease in time deposits with original maturity		
over three months	226,438	265,058
Purchase of available-for-sale financial assets	(2,005,355)	-
Proceeds from disposal of available-for-sale financial assets		537,815
Net cash (used in)/from investing activities	(1,227,136)	1,319,375
Cash flows from financing activities		
Donations received	3,880,000	1,680,000,
Net cash from financing activities	3,880,000	1,680,000
Net increase in cash and cash equivalents	1,644,949	1,883,243
Cash and cash equivalents at beginning of year	2,407,242	548,937
Effect of foreign exchange rate changes	(9,284)	(24,938)
Cash and cash equivalents at end of year 6	4,042,907	2,407,242

## Correctional Services Children's Education Trust Notes to the Financial Statements

#### 1. General

The Correctional Services Children's Education Trust (the Trust) was established in accordance with section 3(1) of the Correctional Services Children's Education Trust Ordinance (Cap. 1131) for the following objects:

- (a) the provision of assistance in, and facilities for, the higher education of the children of Assistant Officers and equivalent grades and for purposes ancillary thereto:
- (b) the provision of assistance in, and facilities for, the education and training of handicapped children of Assistant Officers and equivalent grades; and
- (c) the provision for any such children of opportunities for the furtherance of such studies, education and training.

The address of the Trust's principal place of business is 24/F, Wan Chai Tower, 12 Harbour Road, Hong Kong.

#### 2. Significant accounting policies

#### (a) Statement of compliance

The financial statements have been prepared in accordance with section 10(1) of the Correctional Services Children's Education Trust 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 available-for-sale financial assets are stated at fair value as explained in the accounting policy set out in note 2(d) 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.

#### (c) Adoption of new/revised HKFRSs

The Trust has adopted all new / revised HKFRSs which are effective and relevant to the Trust for the current accounting period.

The Trust has not early adopted any amendments, new standards and interpretations which are not yet effective for the current accounting period. The Trust 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 Trust's results of operations and financial position.

#### (d) Available-for-sale financial assets

The Trust's available-for-sale financial assets are classified as non-current assets unless the Correctional Services Children's Education Trust Committee intends to dispose of the investments within 12 months of the balance sheet date.

Purchases and sales of investments are recognised on the trade-dates on which the Trust is committed to the transactions. Available-for-sale financial assets are initially recognised at fair value plus transaction costs. At each balance sheet date, the fair value is re-measured and any unrealised holding gains or losses arising from the change in fair value are recognised in other comprehensive income and accumulated separately in the investment revaluation reserve.

When available-for-sale financial assets are sold, gains or losses on disposal include the difference between the net sale proceeds and the carrying amount, as well as the accumulated fair value adjustments released from the investment revaluation reserve to the income and expenditure account. The Trust uses the weighted average method to determine the realised gains and losses to be recognised in the income and expenditure account.

The fair values of quoted investments are based on current bid prices at the balance sheet date.

#### (e) Impairment of financial assets

The carrying amount of available-for-sale financial assets is reviewed at each balance sheet date to determine whether there is objective evidence of impairment. The cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the income and expenditure account – is removed from the investment revaluation reserve and recognised in the income and expenditure account. Impairment losses for equity securities are not reversed through the income and expenditure account. Any subsequent increase in the fair value of such assets is recognised in other comprehensive income.

#### (f) Donations

Donations received and approved for acceptance before 6 July 2016 are credited to Accumulated Fund – Capital Account. With effect from 6 July 2016, donations received are recognised as income when they are approved for acceptance, except that when the purpose of a donation is specified to be increasing the Trust's capital, such donation is credited to Accumulated Fund – Capital Account.

#### (g) Foreign currency translation

Hong Kong dollar is the currency of the primary economic environment in which the Trust 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.

#### (h) Revenue recognition

Interest income from bank deposits 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 is recognised when the Trust's right to receive payment is established. Dividend income from listed equity securities is recognised in the income and expenditure account when the share price is quoted ex-dividend.

### (i) 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.

#### 3. Available-for-sale financial assets

Nil (2015: CNY192,141)

		2016 HK\$	2015 HK\$
	Equity securities Listed in Hong Kong, at fair value	14,350,175	11,483,679
4.	Accounts receivable		
	•	2016 HK\$	2015 HK\$
	Interest receivable Dividends receivable	100,409 100,409	2,567 97,779 100,346
5.	Time deposit		
		2016 HK\$	2015 HK\$
	Time deposit with original maturity over 3 months		230,636
	Time deposit include the following amount denominated Trust's functional currency.	in a currency o	ther than the
	Renminbi		

230,636

#### 6. Cash and cash equivalents

	2016 HK\$	2015 HK\$
Time deposit with original maturity within 3 months	-	497,669
Cash at bank	4,042,907	1,909,573
	4,042,907	2,407,242

Cash and cash equivalents include the following amount denominated in a currency other than the Trust's functional currency.

	Renminbi Nil (2015 : CNY414,603)	-	497,669
7.	Interest income		
		2016 HK\$	2015 HK\$
	Bank interest	16,793	17,225

#### 8. Financial risk management

(a) The Trust's major financial instruments include available-for-sale financial assets and bank deposits. The major 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.

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

To minimise credit risks arising from bank deposits, all time deposits are placed with reputable licensed banks in Hong Kong.

#### (ii) Market risk

The Trust is exposed to market risk due to changes in market variables such as equity prices and interest rates.

#### (1) Equity price risk

The Trust maintains a diversified portfolio of investments. The Correctional Services Children's Education Trust Investment Advisory Board and the Correctional Services Children's Education Trust Committee monitor the performance of the portfolio and regularly review the investment strategy of the Trust in the management of equity price risk. If the market prices of the respective equity securities had been 10% (2015: 10%) higher/lower, other comprehensive income and the balance of the investment revaluation reserve of the Trust would have increased/decreased by about HK\$1,435,000 (2015: about HK\$1,148,000). The sensitivity analysis was based on the carrying amount of equity securities held by the Trust as at the balance sheet date and on the assumption that all other variables were held constant.

#### (2) 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. Since all the Trust's time deposits with banks bear interest at fixed rates, their fair values will fall when market interest rates increase. However, as they are all stated at amortised cost, changes in market interest rates will not affect their carrying amounts and the Trust'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 Trust is not exposed to material cash flow interest rate risk because interest income from financial instruments bearing interest at a floating rate is not significant.

#### (iii) Liquidity risk

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

#### (b) Fair value hierarchy of financial instruments

The following table presents the carrying values 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 2015

Level 1 Total Level 1 Total

HK\$ HK\$ HK\$ HK\$

#### Available-for-sale financial assets

- Listed equity securities 14,350,175 14,350,175 11,483,679 11,483,679

No financial instruments were classified under Level 2 or Level 3. During the year, there were no 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.

#### 9. Capital management

The capital structure of the Trust consists of capital, accumulated surplus and investment revaluation reserve. The Trust's objectives when managing capital are:

- (a) to comply with the Correctional Services Children's Education Trust Ordinance; and
- (b) to maintain a strong capital base for carrying out the purposes of the Trust as stated in note 1 above.

The Trust manages its capital to ensure that its level is sufficient to fund future expenditure, taking into account its projected cash flow requirements, future financial obligations and commitments.

#### 10. Cost of administering the Trust

The cost of administering the Trust has been borne by the Government of the Hong Kong Special Administrative Region in accordance with section 11(1) of the Correctional Services Children's Education Trust Ordinance.

#### 11. Fair values of financial assets

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