

STEWARDS LIMITED
(香港神託會有限公司)
(INCORPORATED IN HONG KONG AND LIMITED BY GUARANTEE)
REPORTS AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014

STEWARDS LIMITED
(INCORPORATED IN HONG KONG AND LIMITED BY GUARANTEE)
REPORTS AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014

<u>CONTENTS</u>	<u>PAGE(S)</u>
DIRECTORS' REPORT	1 & 2
INDEPENDENT AUDITOR'S REPORT	3 & 4
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	5
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	6
STATEMENT OF FINANCIAL POSITION	7
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	8
CONSOLIDATED STATEMENT OF CASH FLOWS	9
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS	10 - 37

STEWARDS LIMITED
DIRECTORS' REPORT

The directors have the pleasure in submitting their annual report together with the audited financial statements for the year ended 31 March 2014.

Principal activity

The principal activities of the Company and its subsidiaries (together "the Group") during the year were the provision of services to the local community including education, medical and dental services, rehabilitation, and children and youth activities.

Results and state of affairs

The results of the Group for the year ended 31 March 2014 and the state of affairs of the Company and of the Group as at that date are set out in the financial statements on pages 5 to 37.

Fixed assets

Movements in fixed assets during the year were set out in note 10 to the financial statements.

Directors

The directors who held office during the year and up to the date of this report were as follows:

Ms. PANG Chau Sheung
Mr. TO Tat Man
Mr. TSE Chun Fai
Mr. KWAN Wood Kai Edward
Mr. CHOW Kai Cheung
Mr. LIANG Jun
Mr. HUI Chi Keung Philip
Ms. CHAN Oi Yu
Mr. KWAN Chi Hong (appointed on 13 December 2013)
Mr. YAU Piu Yau Jimmy (appointed on 13 December 2013)

In accordance with the Articles of Association of the Company, half of the directors, who have been longest since their last election for the time being, shall retire in the forthcoming annual general meeting; but shall be eligible, offer themselves for re-election.

Directors' interests in contract

No contracts of significance, to which the Company or any of its subsidiaries was a party and in which a director of the Company had a material interest, subsisted at the end of the year or at any time during the year.

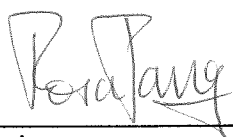
At no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate.

**STEWARDS LIMITED
DIRECTORS' REPORT**

Auditor

The accompanying financial statements have been audited by Fung, Yu & Co. CPA Limited, Certified Public Accountants (Practising).

On behalf of the Board



Chairman

Hong Kong: 18 SEP 2014



FUNG, YU & CO. CPA LIMITED
馮兆林余錫光會計師事務所有限公司

香港德輔道中 161-167 號
香港貿易中心 7 字樓
電話：(852) 2541-6632
傳真：(852) 2541-9339
網址：www.fungyuca.com
電郵：info@fungyuca.com

7/F, Hong Kong Trade Centre
161-167 Des Voeux Road Central
Hong Kong
Tel: (852) 2541-6632
Fax: (852) 2541-9339
Website: www.fungyuca.com
E-mail: info@fungyuca.com

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
STEWARDS LIMITED
(incorporated in Hong Kong and limited by guarantee)**

We have audited the consolidated financial statements of Stewards Limited ("the Company") and its subsidiaries (together "the Group") set out on pages 5 to 37, which comprise the company and consolidated statements of financial position as at 31 March 2014, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of principal accounting policies and other explanatory notes.

Directors' responsibility for the consolidated financial statements

The directors are responsible for the preparation of these consolidated 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 the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

It is our responsibility to form an independent opinion, based on our audit, on the consolidated financial statements and to report our opinion solely to you, as a body, in accordance with section 141 of the Companies Ordinance, 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 the consolidated 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 directors, as well as evaluating the overall presentation of the consolidated financial statements.



FUNG, YU & CO. CPA LIMITED
馮兆林余錫光會計師事務所有限公司

香港德輔道中161-167號
香港貿易中心7字樓
電話：(852) 2541-6632
傳真：(852) 2541-9339
網址：www.fungyuca.com
電郵：info@fungyuca.com

7/F, Hong Kong Trade Centre
161-167 Des Voeux Road Central
Hong Kong
Tel: (852) 2541-6632
Fax: (852) 2541-9339
Website: www.fungyuca.com
E-mail: info@fungyuca.com

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
STEWARDS LIMITED
(incorporated in Hong Kong and limited by guarantee)**

Auditor's responsibility (cont'd)

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of the affairs of the Company and of the Group as at 31 March 2014 and of the Group's surplus and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

FUNG, YU & CO. CPA LIMITED
Certified Public Accountants (Practising)

FUNG Shiu Lam
Practising Certificate Number: P00054



Hong Kong: 18 SEP 2014

STEWARDS LIMITED
(Incorporated in Hong Kong and limited by guarantee)
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2014


	Notes	2014 HK\$	2013 HK\$
INCOME	5	180,193,283.66	178,570,129.73
LESS: EXPENDITURE			
- Staff costs		114,607,401.70	107,104,352.59
- Operating costs		46,008,562.90	44,557,912.07
- Property costs		6,413,152.60	5,932,379.68
		<u>167,029,117.20</u>	<u>157,594,644.34</u>
SURPLUS BEFORE TAXATION	6	13,164,166.46	20,975,485.39
TAXATION	8	<u>-</u>	<u>-</u>
SURPLUS FOR THE YEAR	9	13,164,166.46	20,975,485.39
OTHER COMPREHENSIVE INCOME FOR THE YEAR (page 8)		<u>(651,119.93)</u>	<u>(563,919.89)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u><u>12,513,046.53</u></u>	<u><u>20,411,565.50</u></u>

STEWARDS LIMITED
(Incorporated in Hong Kong and limited by guarantee)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2014


	Notes	2014 HK\$	2013 HK\$
NON-CURRENT ASSETS			
Property, furniture and equipment	10 (a)	12,031,302.78	12,076,738.96
Available-for-sale financial assets	11	456,067.15	471,706.00
		12,487,369.93	12,548,444.96
CURRENT ASSETS			
Inventories	12	119,953.66	164,952.52
Accounts receivable and sundry debtors		4,038,435.36	2,518,275.74
Deposits and prepayments		3,883,862.78	2,098,065.18
Time deposits		80,455,586.36	72,556,598.71
Bank balances and cash		43,050,750.32	41,617,275.10
		131,548,588.48	118,955,167.25
CURRENT LIABILITIES			
Accounts payable and accrued expenses		5,325,229.81	6,108,986.83
Social welfare/Education Bureau surplus		1,442,448.26	317,571.91
Receipt in advance		2,351,455.37	1,231,929.06
		9,119,133.44	7,658,487.80
NET CURRENT ASSETS		<u>122,429,455.04</u>	<u>111,296,679.45</u>
NET ASSETS		<u>134,916,824.97</u>	<u>123,845,124.41</u>
RESERVES			
Accumulated fund	15	81,862,511.75	71,884,976.87
Designated funds	16	23,975,295.51	22,999,034.41
Flag day fund	17	3,885,695.16	4,766,479.70
Lump sum grant reserve	18	21,507,576.12	21,227,529.86
Block grant reserve	19	3,793,585.44	3,059,303.73
Investment revaluation reserve	20	(107,839.01)	(92,200.16)
		<u>134,916,824.97</u>	<u>123,845,124.41</u>

Approved and authorized for issue by the board of directors on
On behalf of the board:

18 SEP 2014



Director



Director

STEWARDS LIMITED
(Incorporated in Hong Kong and limited by guarantee)
STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2014

	Notes	2014 HK\$	2013 HK\$
NON-CURRENT ASSETS			
Property, furniture and equipment	10 (a)	4,949,303.90	6,219,682.46
Available-for-sale financial assets	11	456,067.15	471,706.00
		5,405,371.05	6,691,388.46
CURRENT ASSETS			
Inventories	12	68,847.31	103,076.67
Accounts receivable and sundry debtors		2,417,482.35	2,432,077.74
Amount due from subsidiaries	13	2,035,395.48	2,804,866.54
Deposits and prepayments		2,252,465.98	1,963,985.18
Time deposits		31,650,490.03	28,083,600.87
Bank balances and cash		16,525,129.75	23,080,314.31
		54,949,810.90	58,467,921.31
CURRENT LIABILITIES			
Accounts payable and accrued expenses		2,262,891.58	3,200,652.58
Amount due to subsidiaries	13	-	7,593,464.50
Social welfare/Education Bureau surplus		1,442,448.26	317,571.91
Receipt in advance		2,254,875.37	1,167,595.06
		5,960,215.21	12,279,284.05
NET CURRENT ASSETS		48,989,595.69	46,188,637.26
NET ASSETS		54,394,966.74	52,880,025.72
RESERVES			
Accumulated fund	15	1,340,953.52	919,878.18
Designated funds	16	23,974,995.51	22,999,034.41
Flag day fund	17	3,885,695.16	4,766,479.70
Lump sum grant reserve	18	21,507,576.12	21,227,529.86
Block grant reserve	19	3,793,585.44	3,059,303.73
Investment revaluation reserve	20	(107,839.01)	(92,200.16)
		54,394,966.74	52,880,025.72

Approved and authorized for issue by the board of directors on
On behalf of the board:

18 SEP 2014



Director



Director

STEWARDS LIMITED
(Incorporated in Hong Kong and limited by guarantee)
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2014

	Accumulated fund HK\$	Designated funds HK\$	Flag day fund HK\$	Lump sum grant reserve HK\$	Block grant reserve HK\$	Investment revaluation reserve HK\$	Total HK\$
At 31 March 2012	59,194,886.20	21,980,468.53	4,058,652.08	15,844,269.02	2,452,670.77	(153,395.66)	103,377,550.94
Surplus for the year ended 31 March 2013	20,975,485.39	-	-	-	-	-	20,975,485.39
Other comprehensive income for the year	-	-	-	-	-	61,195.50	61,195.50
Items that may be reclassified subsequently to surplus or deficit:	-	312,465.00	-	-	15,952.96	-	328,417.96
Surplus arising on revaluation of investment	-	(739,653.25)	(213,880.10)	-	-	-	(953,533.35)
Income directly dealt with in the fund	-	(427,188.25)	(213,880.10)	-	15,952.96	61,195.50	(563,919.89)
Expenditure directly dealt with in the fund	-	(427,188.25)	(213,880.10)	-	15,952.96	61,195.50	20,411,565.50
Total comprehensive income for the year	20,975,485.39	(427,188.25)	(213,880.10)	-	15,952.96	61,195.50	20,411,565.50
Transfer from Education Bureau and Social Welfare	224,434.45	-	-	-	-	-	224,434.45
Department surplus account	(168,426.48)	-	-	-	-	-	(168,426.48)
Other transfers	(8,341,402.69)	1,445,754.13	921,707.72	5,383,260.84	590,680.00	-	-
Transfer between funds	-	-	-	-	-	-	-
At 31 March 2013	71,884,976.87	22,999,034.41	4,766,479.70	21,227,529.86	3,059,303.73	(92,200.16)	123,845,124.41
Surplus for the year ended 31 March 2014	13,164,166.46	-	-	-	-	-	13,164,166.46
Other comprehensive income for the year	-	-	-	-	-	(15,638.85)	(15,638.85)
Items that may be reclassified subsequently to surplus or deficit:	-	210,447.20	-	-	21,239.71	-	231,686.91
Deficit arising on revaluation of investment	-	(752,138.49)	(115,029.50)	-	-	-	(867,167.99)
Income directly dealt with in the fund	-	(541,691.29)	(115,029.50)	-	21,239.71	(15,638.85)	(651,119.93)
Expenditure directly dealt with in the fund	-	(541,691.29)	(115,029.50)	-	21,239.71	(15,638.85)	12,513,046.53
Total comprehensive income for the year	13,164,166.46	(541,691.29)	(115,029.50)	-	21,239.71	(15,638.85)	12,513,046.53
Transfer to Education Bureau and Social Welfare	(1,130,678.33)	-	-	-	-	-	(1,130,678.33)
Department surplus account	(310,667.64)	-	-	-	-	-	(310,667.64)
Other transfers	(1,745,285.61)	1,517,952.39	(765,755.04)	280,046.26	713,042.00	-	-
Transfer between funds	-	-	-	-	-	-	-
At 31 March 2014	81,862,511.75	23,975,295.51	3,885,695.16	21,507,576.12	3,793,585.44	(107,839.01)	134,916,824.97

STEWARDS LIMITED
(Incorporated in Hong Kong and limited by guarantee)
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2014

	2014 HK\$	2013 HK\$
Cash flows from operating activities		
Surplus for the year	13,164,166.46	20,975,485.39
Income directly dealt with in reserve	231,686.91	328,417.96
Expenditure directly dealt with in reserve	(867,167.99)	(953,533.35)
Adjustment:		
- Transfer (to) / from Education Bureau and Social Welfare Department surplus account	(1,130,678.33)	224,434.45
- Other transfer	(310,667.64)	(168,426.48)
- Loss / (gain) on disposal of property, furniture and equipment	32,091.87	(3,463.56)
- Depreciation	6,109,523.61	5,159,062.53
- Interest income	(903,156.00)	(852,243.55)
	<u>16,325,798.89</u>	<u>24,709,733.39</u>
Operating cash flows before working capital changes		
Decrease in inventories	44,998.86	4,987.44
Increase in accounts receivable and sundry debtors	(1,520,159.62)	(208,306.69)
Increase in deposits and prepayments	(1,785,797.60)	(1,293,698.58)
(Decrease) / increase in accounts payable and accrued expenses	(783,757.02)	320,563.40
Increase / (decrease) in Social Welfare Department/Education Bureau surplus account	1,124,876.35	(741,109.46)
Increase in receipts in advance	1,119,526.31	72,284.81
Net cash from operating activities	<u>14,525,486.17</u>	<u>22,864,454.31</u>
Cash flows from investing activities		
Interest received	903,156.00	852,243.55
Additions to property, plant and equipment	(6,096,179.30)	(2,126,089.04)
Net cash used in investing activities	<u>(5,193,023.30)</u>	<u>(1,273,845.49)</u>
Net increase in cash and cash equivalents	9,332,462.87	21,590,608.82
Cash and cash equivalents at beginning of year	<u>114,173,873.81</u>	<u>92,583,264.99</u>
Cash and cash equivalents at end of year	<u><u>123,506,336.68</u></u>	<u><u>114,173,873.81</u></u>
Analysis of the balances of cash and cash equivalents		
Time deposits	80,455,586.36	72,556,598.71
Bank balances and cash	43,050,750.32	41,617,275.10
	<u><u>123,506,336.68</u></u>	<u><u>114,173,873.81</u></u>

STEWARDS LIMITED
(Incorporated in Hong Kong and limited by guarantee)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014

1. **General information**

- (a) Stewards Limited is a charitable organisation incorporated under the Companies Ordinance with liabilities of members limited by guarantee. Pursuant to the Memorandum of the Association, the liability of each member is limited to HK\$100. The address of registered office and principal place of operation of the Company is situated at 145 Hong Ning Road, Kwun Tong, Kowloon, Hong Kong.
- (b) The principal activities of the Company are the provision of services to the local community including education, medical and dental services, rehabilitation, and children and youth activities. The Company operated the following units during and at the end of the financial year:

Central Administration

Central Administration Office
Accounting Support

Clinics

Peace Medical Centre
Stewards Peace Dental Clinic Limited

Kindergartens

Stewards Pooi Chun Kindergarten
Stewards Pooi Yan Kindergarten

Social services

Adult Education Programme
After School Care Services
High Rock Christian Centre
Youth Online - Stewards Integrated Service Centre for Young People
School Social Work Services
Sha Kok Youth & Children's Centre
Sunnyway On Job Training for Young People
Supervisory Support for Rehabilitation Service Units
Supported Employment Programme
Work Extension Programme
Yiu On Commercially - Hired Vehicle
Yiu On Halfway House
Yiu On Integrated Rehabilitation Service Centre
Yiu Tsuen Sheltered Workshop
Visiting Medical Practitioner Scheme
Men Community & Reach Out Service
Syner-bright Zone (Integrated Community Centre for Mental Wellness)
Take Your Way Clubhouse (Integrated Community Centre for Mental Wellness)
YMHS Enrichment Project

STEWARDS LIMITED
(Incorporated in Hong Kong and limited by guarantee)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014

1. General information (cont'd)

(c) Details of the Company's subsidiaries (entities controlled by the Company) at the date of the statement of financial position are as follows:-

<u>Name of subsidiary</u>	<u>Place of incorporation and operation</u>	<u>Principal activities</u>
Arm Services Company Limited	Hong Kong	Operate social enterprises engaging in providing car cleaning service, tuck shop business in schools and flower shop
Stewards Pooi Kei College Management Limited	Hong Kong	Provide secondary education to local students
Stewards Peace Dental Clinic Limited	Hong Kong	Provide dental care services to the general public

The above subsidiaries are companies limited by guarantee and not having a share capital. They were set up with no capital injection by the Company. They are accounted for as subsidiaries of the Company and 100% consolidated by the Company by virtue of control.

2. Adoption of new or revised Hong Kong Financial Reporting Standards (HKFRSs)

In the current year, the Group has adopted, for the first time, all of the new and revised Standards, Amendments and Interpretations ("new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") which are relevant to its operation and effective for the accounting year ended 31 March 2014. The impact of the adoption of the new and revised HKFRSs is as follows:-

Amendments to HKAS 1 "Presentation of items of other comprehensive income"

The amendments to HKAS 1 "Presentation of items of other comprehensive income" introduce new terminology for the statement of comprehensive income. Under the amendments to HKAS 1, a "statement of comprehensive income" is renamed as a "statement of profit or loss and other comprehensive income". The amendments to HKAS 1 require items of other comprehensive income to be grouped into two categories; (a) items that will not be reclassified subsequently to profit or loss, and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Other than the above mentioned presentation changes, the application of the amendments to HKAS 1 does not result in any impact on the financial statements for the period.

STEWARDS LIMITED
(Incorporated in Hong Kong and limited by guarantee)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014

2. **Adoption of new or revised Hong Kong Financial Reporting Standards (HKFRSs) (cont'd)**
HKFRS 10 "Consolidated Financial Statements"

HKFRS 10 replaces the requirement in HKAS 27 "Consolidated and Separate Financial Statements" relating to the preparation of consolidated financial statements and HK-SIC 12 "Consolidation - Special purpose entities". It introduces a single control model to determine whether an investee should be consolidated, by focusing on whether the entity has power over the investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its power to affect the amount of those returns.

HKFRS 12 "Disclosure of interests in other entities"

HKFRS 12 brings together into a single standard all the disclosure requirements relevant to an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. The adoption of HKFRS 12 does not have any impact on these consolidated financial statements as the new disclosure required by HKFRS 12 including significant judgement and assumptions made in determining whether or not it has control over an investee, information about the composition of the reporting entity group and information about each subsidiary that has material non-controlling interests are not applicable to the Group.

3. **New and revised HKFRSs issued but not yet effective**

Up to the date of these financial statements, certain new and revised HKFRSs which may be relevant to the Group's operations and financial statements have been issued by the HKICPA but are not yet effective for the accounting year ended 31 March 2014. The Group is not yet in a position to state whether the impact of them would have a significant impact on the Group's results of operations and financial position.

4. **Principal accounting policies**

(a) **Basis of preparation**

These financial statements have been prepared in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention except that the investments in listed equity securities are stated at fair values as set out in the accounting policies below.

The financial statements are presented in Hong Kong dollars, which is the same as the functional currency of the Group.

(b) **Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

STEWARDS LIMITED
(Incorporated in Hong Kong and limited by guarantee)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014

4. Principal accounting policies

(b) Basis of consolidation (cont'd)

The Company reassesses whether or not it control an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

The consolidated financial statements included the financial statements of the Company and all its subsidiaries made up to 31 March each year. Significant intercompany transactions are eliminated on consolidation and all figures in the consolidated financial statements relate to external transactions only. Non-controlling interest, if any, represents the outside owners' proportion of the net assets of the subsidiaries.

The results of subsidiaries acquired or disposed of during the year, if any, are included in the consolidated statement of surplus or deficit and other comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate.

(c) Recognition of income

Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in surplus or deficit as follows:

- (i) Subvention from Social Welfare Department, Education Bureau and Community Chest and donations are recognised when the money is received.
- (ii) Government grants are recognised as income over the periods necessary to match them with the related costs.
- (iii) Clinic fees income are recognised in the period when the services are rendered.
- (iv) School and programme fees are recognised upon completion of services.
- (v) Revenue from production of goods is recognised on transfer of risks and rewards of ownership which generally coincides with time when goods are delivered to customers and title has passed.
- (vi) Service income and other service income are recognised when the services are rendered.
- (vii) Donations and gifts are recognised on a receipt basis.
- (viii) Interest income is accrued on a time proportion basis on the principal outstanding and at the interest rate applicable.

STEWARDS LIMITED
(Incorporated in Hong Kong and limited by guarantee)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014

4. **Principal accounting policies (cont'd)**

(d) **Property, furniture and equipment**

Property, furniture and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. The cost of an item of property, furniture and equipment comprises its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, only when it is probable that future economic benefits associated with the asset will flow to the Group and the cost can be measured reliably. All other expenditure incurred after the assets have been put into operation, such as repairs and maintenance, is recognised as expenses during the year in which it is incurred.

The gain or loss on disposal of an item of property, furniture and equipment is the difference between the net sale proceeds and the net carrying value of the relevant asset, and is recognised in surplus or deficit.

Depreciation is provided to write off the cost of property, furniture and equipment over their estimated useful lives by using the straight line method at the following annual rates:

Furniture and fixtures	20% per annum
Leasehold improvements	20-50% per annum
Motor vehicles	20% per annum

(e) **Fair value measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

STEWARDS LIMITED
(Incorporated in Hong Kong and limited by guarantee)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014

4. **Principal accounting policies (cont'd)**

(e) **Fair value measurement (cont'd)**

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - based on unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measure date

Level 2 - based on inputs other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly

Level 3 - based on inputs that are unobservable for the asset or liability

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

(f) **Financial assets**

The Group classifies its financial assets in the following categories: held-to-maturity securities, financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial assets. The classification depends on the purposes for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. The financial assets recognised in the financial statements during the year include available-for-sale financial assets and loans and receivables.

(i) **Available-for-sale financial assets**

Available-for-sale financial assets are non-derivative investments in listed and unlisted securities, other than investments in subsidiaries, associates and jointly-controlled entities. They are intended to be held for a continuing strategic or long term purpose and are stated in the statement of financial position at fair value, except that equity securities which do not have a quoted market price in an active market and whose fair value cannot be measured reliably are measured at cost less any impairment losses.

STEWARDS LIMITED
(Incorporated in Hong Kong and limited by guarantee)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014

4. **Principal accounting policies (cont'd)**

(f) **Financial assets (cont'd)**

(i) **Available-for-sale financial assets (cont'd)**

In respect of available-for-sale financial assets carried at fair value, the unrealised gains or losses arising from changes in the fair value of investments are dealt with as movements in the investment revaluation reserve. When the investments are sold, the difference between the sale proceeds and the carrying value, and the accumulated fair value adjustments in the investment revaluation reserve are treated as gains or losses on disposal of investments and recognised in surplus or deficit. Impairment losses recognised in surplus or deficit for equity investments carried at fair value are not subsequently reversed through surplus or deficit. If, in a subsequent period, the fair value of a debt investment increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in surplus or deficit, the impairment loss is reversed, with the amount of the reversal recognised in surplus or deficit.

In respect of available-for-sale financial assets carried at cost less any accumulated impairment losses, when there is objective evidence that an impairment loss has been incurred on an investment, the carrying amount of the investment should be reduced to the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset and the amount of the impairment is recognised in surplus or deficit for the year in which it arises. Any impairment losses recognised shall not be reversed.

(ii) **Loans and receivables**

Loans and receivables (including accounts receivable and sundry debtors, deposits and prepayments, bank deposits and cash balance) are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are initially recognised at fair value and thereafter stated at amortised cost less any impairment losses for bad and doubtful debts, except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial, in such cases, the receivables are stated at cost less any impairment losses for bad and doubtful debts.

Financial assets are recognised in the statement of financial position when the Group becomes a party to the contractual provisions of the instruments.

Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire or the Group transfers substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and the cumulative gain or loss that had been recognised directly in equity is recognised in surplus or deficit.

STEWARDS LIMITED
(Incorporated in Hong Kong and limited by guarantee)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014

4. **Principal accounting policies (cont'd)**

(g) **Impairment of assets**

Internal and external sources of information are reviewed at each date of the statement of financial position to identify indications that the fixed assets (other than properties carried at revalued amounts) and financial assets may be impaired or an impairment loss previously recognised no longer exists or may have decreased. If any such indication exists, the asset's recoverable amount is estimated.

(i) **Calculation of recoverable amount**

The recoverable amount of an asset is the greater of its net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

(ii) **Recognition of impairment losses**

An impairment loss is recognised in surplus or deficit whenever the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amount of other assets in the unit on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs to sell, or value in use, if determinable. For financial assets carried at cost, the impairment loss is measured as the difference between the carrying amount of the financial assets and the estimated future cash flows. Impairment losses for account receivables are reversed if in a subsequent period the amount of impairment losses decreases.

(iii) **Reversals of impairment losses**

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. 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. Reversals of impairment losses are credited to the surplus or deficit in the year in which the reversals are recognised.

(h) **Inventories**

Inventories are stated at the lower of cost and net realizable value. Cost is calculated using the weighted average method and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

STEWARDS LIMITED

(Incorporated in Hong Kong and limited by guarantee)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014

4. Principal accounting policies (cont'd)

(h) Inventories (cont'd)

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realizable value and all losses of inventories are recognised as an expense in the period the write down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realizable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(i) Financial liabilities

Financial liabilities (including accounts payable and accrued expense, Social Welfare Department/Education Bureau subvention surplus and receipts in advance) are initially recognised at fair value less directly attributable transaction costs and are subsequent measured at amortised cost, using the effective interest method, unless the balances are interest-free loans obtained from related parties without any fixed repayment terms or the effect of discounting would be immaterial, in such cases, they are stated at cost.

Financial liabilities are recognised in the statement of financial position when the Group becomes a party to the contractual provisions of the instruments. The Group derecognises financial liabilities when the obligation specified in the contract is discharged or cancelled or expires.

(j) Operating leases

Leases where substantially all the rewards and risks of ownership of assets remain with the landlord are accounted for as operating leases. Rentals payable under operating leases are recognised as an expense on the straight-line basis over the lease terms.

(k) Employee benefits

- (i) Salaries, annual bonuses, paid annual leave, leave passage and the cost to the Group of non-monetary benefits are accrued in the year in which the associated services are rendered by employees of the Group. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.
- (ii) Contributions to Mandatory Provident Funds as required under the Hong Kong Mandatory Provident Fund Schemes Ordinance, are recognised as an expense as incurred, except to the extent that they are included in the cost of intangible assets and inventories not yet recognised as an expense.
- (iii) Termination benefits are recognised when, and only when, the Group demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawals.

STEWARDS LIMITED
(Incorporated in Hong Kong and limited by guarantee)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014

4. **Principal accounting policies (cont'd)**

(1) **Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amount of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

5. **Income**

Income received during the year are as follow:

	2014	2013
	HK\$	HK\$
Subvention from Education Bureau	50,764,370.80	46,911,688.10
Subvention from Social Welfare Department	60,954,900.00	57,321,084.00
Subvention from Community Chest	2,492,836.57	2,480,661.83
Fee income from medical services	4,280,724.00	5,462,513.50
Fee income from kindergartens and schools	30,362,348.37	35,572,345.15
Fee income from social services and central administration	26,601,923.12	25,782,433.16
Donation received	3,833,024.80	4,187,160.44
Bank interest received	903,156.00	852,243.55
	180,193,283.66	178,570,129.73

6. **Surplus before taxation**

Surplus before taxation is stated after **charging / crediting**, inter alia, the following:

	2014	2013
	HK\$	HK\$
After crediting the following item:		
Gain on disposal of property, furniture and equipment	-	3,463.56
After charging the following items:		
Auditor's remuneration	111,300.00	108,000.00
Depreciation	6,109,523.61	5,159,062.53
Loss on disposal of property, furniture and equipment	32,091.87	-
Operating lease charges - land and buildings	4,893,572.00	4,546,312.80
Staff costs	114,607,401.70	107,104,352.59

STEWARDS LIMITED

(Incorporated in Hong Kong and limited by guarantee)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 20147. **Directors' remuneration**

Particulars of directors' remuneration for the year disclosed pursuant to Section 161 of the Companies Ordinance are as follows:

	2014 HK\$	2013 HK\$
Fees	-	-
Other emoluments	-	-
Pensions	-	-
Compensation for loss of office	-	-
	<hr/>	<hr/>
	<hr/> <hr/>	<hr/> <hr/>

8. **Taxation**

No provision for Hong Kong profits tax has been made in the financial statements as the Group is exempted from Hong Kong Profits Tax under Section 88 of the Hong Kong Inland Revenue Ordinance.

9. **Surplus for the year**

The consolidated surplus for the year includes a surplus of HK\$3,759,422.05 (2013: surplus of HK\$5,051,952.70) which has been dealt with in the financial statements of the Company.

STEWARDS LIMITED
(Incorporated in Hong Kong and limited by guarantee)
TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014

10. **PROPERTY, FURNITURE AND EQUIPMENT**(a) The Group

	Leasehold Land and buildings HK\$	Furniture and fixtures HK\$	Leasehold improvements HK\$	Motor vehicle HK\$	Total HK\$
Cost					
At 1 April 2012	1.00	18,916,338.35	16,847,077.32	701,074.50	36,464,491.17
Additions	-	1,944,029.04	182,060.00	-	2,126,089.04
Disposals	-	(3,260,696.29)	(37,400.00)	-	(3,298,096.29)
At 31 March 2013	1.00	17,599,671.10	16,991,737.32	701,074.50	35,292,483.92
Additions	-	3,066,788.60	3,029,390.70	-	6,096,179.30
Disposals	-	(719,383.80)	-	-	(719,383.80)
At 31 March 2014	1.00	19,947,075.90	20,021,128.02	701,074.50	40,669,279.42
Accumulated Depreciation					
At 1 April 2012	-	12,921,852.48	8,208,914.82	227,474.98	21,358,242.28
Charge for the year	-	2,040,965.26	2,977,882.37	140,214.90	5,159,062.53
Disposals written back	-	(3,264,159.85)	(37,400.00)	-	(3,301,559.85)
At 31 March 2013	-	11,698,657.89	11,149,397.19	367,689.88	23,215,744.96
Charge for the year	-	2,588,123.53	3,435,921.71	85,478.37	6,109,523.61
Disposals written back	-	(687,291.93)	-	-	(687,291.93)
At 31 March 2014	-	13,599,489.49	14,585,318.90	453,168.25	28,637,976.64
Net Book Value					
At 31 March 2014	1.00	6,347,586.41	5,435,809.12	247,906.25	12,031,302.78
At 31 March 2013	1.00	5,901,013.21	5,842,340.13	333,384.62	12,076,738.96

The Group's leasehold land and buildings are situated in Hong Kong and are held under medium-term lease.

STEWARDS LIMITED
(Incorporated in Hong Kong and limited by guarantee)
TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014

10. PROPERTY, FURNITURE AND EQUIPMENT (cont'd)
(b) The Company

	Leasehold Land and buildings HK\$	Furniture and fixtures HK\$	Leasehold improvements HK\$	Motor vehicle HK\$	Total HK\$
Cost					
At 1 April 2012	1.00	19,195,032.65	16,339,972.40	701,074.50	36,236,080.55
Additions	-	1,504,924.04	182,060.00	-	1,686,984.04
Disposals	-	(3,153,675.29)	-	-	(3,153,675.29)
Transfer to a subsidiary	-	(12,374,491.84)	(2,883,311.70)	-	(15,257,803.54)
At 31 March 2013	1.00	5,171,789.56	13,638,720.70	701,074.50	19,511,585.76
Additions	-	1,494,461.00	300,550.00	-	1,795,011.00
Disposals	-	(580,823.80)	-	-	(580,823.80)
At 31 March 2014	1.00	6,085,426.76	13,939,270.70	701,074.50	20,725,772.96
Accumulated Depreciation					
At 1 April 2012	-	13,370,770.10	7,826,971.56	227,474.98	21,425,216.64
Charge for the year	-	1,984,395.73	2,872,212.37	140,214.90	4,996,823.00
Disposals written back	-	(3,186,642.14)	-	-	(3,186,642.14)
Transfer to a subsidiary	-	(8,213,507.18)	(1,729,987.02)	-	(9,943,494.20)
At 31 March 2013	-	3,955,016.51	8,969,196.91	367,689.88	13,291,903.30
Charge for the year	-	658,445.75	2,293,999.57	85,478.37	3,037,923.69
Disposals written back	-	(553,357.93)	-	-	(553,357.93)
At 31 March 2014	-	4,060,104.33	11,263,196.48	453,168.25	15,776,469.06
Net Book Value					
At 31 March 2014	1.00	2,025,322.43	2,676,074.22	247,906.25	4,949,303.90
At 31 March 2013	1.00	1,216,773.05	4,669,523.79	333,384.62	6,219,682.46

The Company's leasehold land and buildings are situated in Hong Kong and are held under medium-term lease.

STEWARDS LIMITED
 (Incorporated in Hong Kong and limited by guarantee)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014

11. **Available-for-sale financial assets**

The investments in securities classified under available-for-sale financial assets are held for long term purposes. At 31 March 2014, investments in securities comprise:

	The Group and the Company	
	2014	2013
	HK\$	HK\$
<u>Cost</u>		
Listed equity securities	463,906.16	463,906.16
Unlisted equity securities	100,000.00	100,000.00
	<u>563,906.16</u>	<u>563,906.16</u>
<u>Carrying value</u>		
Listed equity securities carried at fair value	356,067.15	371,706.00
Unlisted equity securities carried at cost	100,000.00	100,000.00
	<u>456,067.15</u>	<u>471,706.00</u>

The fair value of the listed equity securities is based on quoted market prices.

The unlisted equity securities amounting to HK\$100,000.00 which do not have a quoted market price in an active market are measured at cost less any impairment losses because the necessary information for determining their fair values reliably is not available.

12. **Inventories**

Inventories represent goods held for resale.

13. **Amount due from / (to) subsidiaries**

	The Company	
	2014	2013
	HK\$	HK\$
Due from Arm Services Company Limited	1,983,470.48	2,804,866.54
Due from Stewards Peace Dental Clinic Limited	51,925.00	-
	<u>2,035,395.48</u>	<u>2,804,866.54</u>
Due to Stewards Pooi Kei College Management Limited	-	<u>7,593,464.50</u>

The above amounts are unsecured and interest free with no fixed repayment terms.

STEWARDS LIMITED
(Incorporated in Hong Kong and limited by guarantee)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014

14. Separate income and expenditure account for School-Based After-School Learning and Support Programmes

For the period from 1 April 2013 to 31 July 2013

	Programme ST1211 HK\$	Programme ST1218 HK\$	Others HK\$	Total HK\$
Balance as at 31 March 2013	89,010.00	169,029.00	2.04	258,041.04
Add: Income				
Education Bureau's grant	22,252.00	48,030.00	-	70,282.00
School's subsidies/fee income	-	(11,827.00)	-	(11,827.00)
Interest	-	-	2.03	2.03
	22,252.00	36,203.00	2.03	58,457.03
Less: Expenditure				
Tutor fee	75,833.00	51,515.00	-	127,348.00
Function materials and printing charges	6,123.10	44,529.70	-	50,652.80
Programme coordination expense	9,272.00	20,013.00	-	29,285.00
Administration expenses	5,839.00	20,016.00	-	25,855.00
	97,067.10	136,073.70	-	233,140.80
Balance as at 31 July 2013	14,194.90	69,158.30	4.07	83,357.27

For the period from 1 August 2013 to 31 March 2014

	Programme ST1320 HK\$	Programme ST1321 HK\$	Others HK\$	Total HK\$
Add: Income				
Education Bureau's grant	248,592.00	111,276.00	-	359,868.00
School's subsidies/fee income	-	1,810.00	-	1,810.00
Interest	-	-	-	-
	248,592.00	113,086.00	-	361,678.00
Less: Expenditure				
Tutor fee	44,955.00	-	-	44,955.00
Function materials and printing charges	-	-	-	-
Programme coordination expense	-	-	-	-
Administration expenses	-	-	-	-
	44,955.00	-	-	44,955.00
Balance as at 31 March 2014	203,637.00	113,086.00	-	316,723.00

The income and expenditure for the School-Based After-School Learning and Support Programmes for the year have been included in the statement of surplus and deficit and other comprehensive income of the Company and the balance of HK\$316,723.00 as at 31 March 2014 has been included in the receipts in advance.

STEWARDS LIMITED
(Incorporated in Hong Kong and limited by guarantee)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014

15. Accumulated fund

Accumulated fund attributable to services group are as follows:

	The Group	
	2014	2013
	HK\$	HK\$
Central Administration Office	(7,834,957.23)	(8,307,894.80)
Clinics	3,313,906.27	3,533,357.38
Kindergarten	(1,022,551.34)	(1,396,684.15)
Schools	80,446,520.77	71,615,041.95
Social Services	6,959,593.28	6,441,156.49
	<u>81,862,511.75</u>	<u>71,884,976.87</u>

	The Company	
	2014	2013
	HK\$	HK\$
Central Administration Office	(7,834,957.23)	(8,307,894.80)
Clinics	3,369,381.27	3,533,357.38
Kindergarten	(1,022,551.34)	(1,396,684.15)
Schools	-	144,275.13
Social Services	6,829,080.82	6,946,824.62
	<u>1,340,953.52</u>	<u>919,878.18</u>

Movements of the Company's accumulated fund during the year are set out as follows:

	2014	2013
	HK\$	HK\$
Balance as at 1 April	919,878.18	59,485,975.32
Surplus for the year ended 31 March	3,808,566.94	5,051,952.70
Transfer from Education Bureau and Social Welfare		
Department surplus account	(1,130,678.33)	224,434.45
Other transfers	(310,667.64)	(168,426.48)
Transfer to Stewards Pooi Kei College Management Limited	(193,420.02)	(55,332,655.12)
Transfer between funds	(1,752,725.61)	(8,341,402.69)
	<u>1,340,953.52</u>	<u>919,878.18</u>

STEWARDS LIMITED
 (Incorporated in Hong Kong and limited by guarantee)
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 MARCH 2014

16. Designed funds

The designated funds are set up for the designated purpose and are used at the discretion of the Board of Directors of the Company. Their details are as follows:

	The Group	
	2014 HK\$	2013 HK\$
Education funds	12,534,515.85	12,759,998.85
Workshop funds	6,830,092.11	5,501,034.96
Gang Yun Foundation	87,765.90	87,765.90
Maintenance/utilities fund	(164,271.10)	(162,222.43)
Membership fund	32,300.00	29,400.00
Ministry fund	90,850.00	29,200.00
Quarters fund	135,019.24	153,351.24
Reserve & development fund	2,288,555.07	2,271,676.65
Social service fund	1,434,656.68	1,476,647.48
Walkathon fund	-	372,454.35
Walk with you fund	98,144.35	-
Youth Mental Health subsidy scheme	139,760.00	-
Yiu Tsuen fund	57,734.70	57,734.70
Fund for Peace Medical Centre	97,252.96	109,372.96
Fund for Stewards Peace Dental Clinic Limited	300.00	-
Fund for High Rock Christian Centre	312,619.75	312,619.75
	<u>23,975,295.51</u>	<u>22,999,034.41</u>

	The Company	
	2014 HK\$	2013 HK\$
Education funds	12,534,515.85	12,759,998.85
Workshop funds	6,830,092.11	5,501,034.96
Gang Yun Foundation	87,765.90	87,765.90
Maintenance/utilities fund	(164,271.10)	(162,222.43)
Membership fund	32,300.00	29,400.00
Ministry fund	90,850.00	29,200.00
Quarters fund	135,019.24	153,351.24
Reserve & development fund	2,288,555.07	2,271,676.65
Social service fund	1,434,656.68	1,476,647.48
Walkathon fund	-	372,454.35
Walk with you fund	98,144.35	-
Youth Mental Health subsidy scheme	139,760.00	-
Yiu Tsuen fund	57,734.70	57,734.70
Fund for Peace Medical Centre	97,252.96	109,372.96
Fund for High Rock Christian Centre	312,619.75	312,619.75
	<u>23,974,995.51</u>	<u>22,999,034.41</u>

STEWARDS LIMITED
 (Incorporated in Hong Kong and limited by guarantee)
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 MARCH 2014

17. Flag day fund

	The Group and the Company	
	2014	2013
	HK\$	HK\$
<u>Designed Flag Day fund</u>		
Balance as at April 1	4,134,449.74	3,212,742.02
Donations from flag day fund raising event held on 16 Feb 2013	-	1,581,895.90
	<u>4,134,449.74</u>	<u>4,794,637.92</u>
Flag Day expenses	-	(57,516.10)
	<u>4,134,449.74</u>	<u>4,737,121.82</u>
Usage of Flag day fund held in 2008 to 2013		
Health programme		
After school care programme	(143,396.60)	(49,374.00)
Rehabilitation services	(6,943.00)	(2,903.50)
Middle aged women employment services	-	(15,005.20)
Middle aged and senior male services	(139,662.00)	(79,687.74)
Youth menal health services	(18,439.50)	(11,933.00)
Recurrent expenses of central administration	(457,313.94)	(443,768.64)
	<u>(765,755.04)</u>	<u>(602,672.08)</u>
Balance as at 31 March	<u>3,368,694.70</u>	<u>4,134,449.74</u>
<u>General Flag Day Fund</u>		
Balance as at April 1	632,029.96	845,910.06
Funds allocated to		
- Central Administration Office	(57,580.00)	-
- High Rock Christian Centre	(33,479.50)	(37,250.00)
- Ma Ko Pan Memorial College	(12,000.00)	(60,953.00)
- Pooi Chun Kindergarten	-	(18,000.00)
- Pooi Kei Primary School	-	(73,677.10)
- Pooi Yan Kindergarten	-	(24,000.00)
- ARM Service Co. Ltd.	(7,440.00)	-
- Yiu On Halfway House	(4,530.00)	-
	<u>(115,029.50)</u>	<u>(213,880.10)</u>
Balance as at March 31	<u>517,000.46</u>	<u>632,029.96</u>
Total balance of flag day as at 31 March	<u>3,885,695.16</u>	<u>4,766,479.70</u>

For the remaining net proceeds collected from the flag days held on 13 February 2008, 2 May 2009, 29 January 2011, 25 February 2012 and 16 Feb 2013 brought forward, the usages during the year amounting to HK\$765,755.04 are disclosed above. The unused balance of HK\$3,368,694.70 will be carried forward and will be used for the purposes of i) youth mental health service; ii) middle-aged and senior male pilot project; iii) rehabilitation service; iv) counseling service; and v) children and youth service.

STEWARDS LIMITED
(Incorporated in Hong Kong and limited by guarantee)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014

18. Lump sum grant reserve

	The Group and the Company	
	2014	2013
	HK\$	HK\$
Income		
Lump sum grant and tide-over grant	53,519,269.00	50,519,452.00
Fee Income	1,220,752.00	1,747,689.40
Other Income	3,913,019.60	3,561,533.81
Interest Received	155,726.45	131,317.57
	<u>58,808,767.05</u>	<u>55,959,992.78</u>
Total Income		
Expenditure		
Personal Emoluments	46,625,931.77	42,761,878.83
Other Charges	11,887,789.02	7,814,853.11
	<u>58,513,720.79</u>	<u>50,576,731.94</u>
Total Expenditure		
Surplus for the year transferred from accumulated fund	295,046.26	5,383,260.84
Adjustment as per SWD account inspection letter dated 4 Apr 2014	(15,000.00)	-
Balance at beginning of year	21,227,529.86	15,844,269.02
Balance at end of year	<u>21,507,576.12</u>	<u>21,227,529.86</u>
The components of the reserve are as follows:		
Lump sum grant reserve (excluding provident fund)	15,440,653.11	16,008,279.55
Surplus of provident fund subvention	6,066,923.01	5,219,250.31
	<u>21,507,576.12</u>	<u>21,227,529.86</u>

In prior year, the programme income amounting to HK\$3,145,001.90 was set off against the programme expenses amounting to HK\$2,404,501.70 and the net amount of HK\$740,500.20 was classified under other charges. In the current year, the programme income and programme expenses have been separately classified under other income and other charges respectively for better presentation. The relevant comparative figures in these financial statements have also been revised to conform with the current year's presentation.

STEWARDS LIMITED
(Incorporated in Hong Kong and limited by guarantee)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014

19. Block grant reserve

Movements of the block grant allocation from Social Welfare Department for property, furniture and equipment and minor works:

	The Group and the Company	
	2014	2013
	HK\$	HK\$
Balance at beginning of year	3,059,303.73	2,452,670.77
Bank interest income	21,239.71	15,952.96
	<u>3,080,543.44</u>	<u>2,468,623.73</u>
Block grant received	863,000.00	821,000.00
Expenditure for renovation, furniture and equipment	(149,958.00)	(230,320.00)
Transfer from accumulated fund and other funds	<u>713,042.00</u>	<u>590,680.00</u>
Balance at end of year	<u><u>3,793,585.44</u></u>	<u><u>3,059,303.73</u></u>

As at 31 March 2014, the outstanding commitments in respect of block grant allocation from Social Welfare Department for property, furniture and equipment and minor works were as follows:

	2014	2013
	HK\$	HK\$
Contracted but not provided for in the financial statements	-	-
Authorised but not contracted for	-	-
	<u>-</u>	<u>-</u>

20. Investment revaluation reserve

	The Group and the Company	
	2014	2013
	HK\$	HK\$
Balance at beginning of year	(92,200.16)	(153,395.66)
(Decrease) / increase in the fair value of investments in securities	<u>(15,638.85)</u>	<u>61,195.50</u>
Balance at end of year	<u><u>(107,839.01)</u></u>	<u><u>(92,200.16)</u></u>

STEWARDS LIMITED
 (Incorporated in Hong Kong and limited by guarantee)
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 MARCH 2014

21. Movement of Additional Resources for Para-medical staff

	The Group and the Company	
	2014	2013
	HKS	HKS
<u>Grant Code : 35141-837-1750-0000</u>		
Balance brought forward	81,625.02	81,625.02
Less: clawed back by SWD	(81,625.02)	
Balance carried forward	-	81,625.02
	The Group and the Company	
	2014	2013
	HKS	HKS
<u>Grant Code: 35141-837-2170-0000</u>		
Balance brought forward	125,925.50	-
Income		
Additional resources for para-medical staff received	446,900.00	446,900.00
Expenditure		
Salary	38,253.93	-
Fee for hire of services	398,910.00	320,974.50
Total expenditures	437,163.93	320,974.50
Balance carried forward	135,661.57	125,925.50

The above income and expenditure have been included in the statement of surplus or deficit and other comprehensive income of the Company and the balance of \$135,661.57 as at 31 March 2014 has been included in the receipts in advance.

STEWARDS LIMITED
(Incorporated in Hong Kong and limited by guarantee)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014

22. Use of the Social Welfare Development Fund (SWDF)

	The Group and the Company	
	2014 HK\$	2013 HK\$
<u>Phase 1</u>		
Balance brought forward	158,355.53	298,122.83
Income		
Allocation from SWDF	-	340,000.00
Interest received	-	3.40
Total income during the year	-	340,003.40
Expenditure under SWDF during the year:		
1. Expenditure for projects under scope A	-	479,770.70
Balance to be refunded to SWD	<u>158,355.53</u>	<u>158,355.53</u>

	The Group and the Company	
	2014 HK\$	2013 HK\$
<u>Phase 2</u>		
Balance brought forward	-	-
Income		
Allocation from SWDF	197,106.00	-
Expenditure under SWDF during the year:		
1. Expenditure for projects under scope A	<u>132,713.60</u>	<u>-</u>
Balance carried forward to the next financial year	<u>64,392.40</u>	<u>-</u>

The above expenditures under the SWDF have been incurred in accordance with the requirements stipulated in SWDF Guidance Notes for Application, SWD's approval letter(s) and the procurement of projects and services are in line with the procedures specified in the Lotteries Fund Manual.

The above income and expenditure have been included in the statement of surplus or deficit and other comprehensive income of the Company and the balance of \$222,747.93 as at 31 March 2014 has been included in Social Welfare Department/Education Bureau surplus

STEWARDS LIMITED
 (Incorporated in Hong Kong and limited by guarantee)
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 MARCH 2014

23. District Support Scheme for Children and Youth Development - Development Project (DSSCYD)

	Project 童夢童話 \$
Income	
Subsidy from SWD DSSCYD	14,692.20
Total income	<u>14,692.20</u>
Expense	
Drama tickets	2,543.00
Visiting materials	542.80
Exhibition materials	3,503.00
Promotion banner	390.00
Group activities materials	3,354.90
Transportation	3,700.00
Photographs	204.00
Volunteers fee	360.00
Sundries	94.50
Total expenses	<u>14,692.20</u>
Surplus refunded to SWD/(Deficit) absorbed by the Company	<u><u>-</u></u>

STEWARDS LIMITED

(Incorporated in Hong Kong and limited by guarantee)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014

24. Financial instruments

The carrying amounts of each of the categories of financial instruments as at the date of the statement of financial position are as follows:

	The Group	
	2014 HK\$	2013 HK\$
Financial assets		
Available-for-sale financial assets (investments in securities)		
- carried at fair value	356,067.15	371,706.00
- carried at cost	100,000.00	100,000.00
Loans and receivables (including cash and bank balances)	131,428,634.82	118,790,214.73
Financial liabilities		
Financial liabilities measured at amortised cost	9,119,133.44	7,658,487.80

Other than the investment carried at cost, the fair values of the Group's financial assets and liabilities are not materially different from their carrying amounts.

25. Operating lease commitments

At 31 March 2014, the Group had future aggregate minimum lease payments under non-cancellable operating leases as follows:

	The Group	
	2014 HK\$	2013 HK\$
Within one year	3,679,596.00	3,706,868.00
In the second to fifth years inclusive	3,304,196.00	5,947,092.00
	<u>6,983,792.00</u>	<u>9,653,960.00</u>

STEWARDS LIMITED

(Incorporated in Hong Kong and limited by guarantee)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2014

26. Risk related to financial instruments

The Group's overall policy on risk management remained the same as in the previous year. The risks associated with the Group's financial instruments at the date of the statement of financial position are as follows:

Credit risk

The carrying amounts of accounts receivables and sundry debtors, deposits and prepayments, time deposits, and bank balances and cash as stated in the consolidated statement of financial position represent the Group's maximum exposure to credit risk at the date of the statement of financial position. The Group has a credit policy in place and exposures to the credit risk are monitored on an ongoing basis. In respect of the time deposits and bank balances, the exposure to credit risk is minimised by placing the deposits with reputable international financial institutions only. The Group has no significant concentrations of credit risk.

At the date of the statement of financial position, the Group had no receivables that were past or impaired.

Price risk

The Group's investments in listed equity securities are measured at fair value at each date of the statement of financial position. Therefore, the Group is exposed to security price risk. The movements in the market values of the investments in securities are reviewed by the management of the Group periodically.

Any reasonable changes in security price would not result in a significant change in the Group's results and therefore no sensitivity analysis is presented for price risk.

Interest rate risk

The value of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to fair value interest rate risk primarily relates to its fixed-rate time deposits. However, the Group only invests surplus fund in fixed-rate financial assets and such investments are normally short term. In consequence, no material exposure to fair value interest rate risk is expected.

Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

STEWARDS LIMITED
 (Incorporated in Hong Kong and limited by guarantee)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014

26. Risk related to financial instruments (cont'd)

Liquidity risk (cont'd)

The maturity analysis for the Group's financial liabilities at the date of the statement of financial position, based on the contractual undiscounted cash flows, is as follows:

At 31 March 2014

	Social Welfare Department / Education Bureau surplus HK\$	Payables and accruals HK\$	Total financial liabilities HK\$
Carrying amount	1,442,448.26	7,676,685.18	9,119,133.44
Within 3 months	-	5,325,229.81	5,325,229.81
More than 3 months but within 1 year	1,442,448.26	2,351,455.37	3,793,903.63
	<u>1,442,448.26</u>	<u>7,676,685.18</u>	<u>9,119,133.44</u>

At 31 March 2013

	Social Welfare Department / Education Bureau surplus HK\$	Payables and accruals HK\$	Total financial liabilities HK\$
Carrying amount	317,571.91	7,340,915.89	7,658,487.80
Within 3 months	-	6,108,986.83	6,108,986.83
More than 3 months but within 1 year	317,571.91	1,231,929.06	1,549,500.97
	<u>317,571.91</u>	<u>7,340,915.89</u>	<u>7,658,487.80</u>

STEWARDS LIMITED
(Incorporated in Hong Kong and limited by guarantee)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014

27. Fair value of financial instruments

The fair values of financial assets and financial liabilities are determined as follows:

- The fair values of financial assets and financial liabilities with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market bid and ask prices respectively.
- The fair values of derivative instruments are measured at fair value by reference to the valuation provided by counterparty financial institutions for these instruments.

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values.

Fair value measurements recognised in the statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 2 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

At 31 March 2014

	Level 1 HK\$	Level 2 HK\$	Total HK\$
Financial assets			
<i>Available-for-sale financial assets</i>			
- Listed equity securities	356,067.15	-	356,067.15

At 31 March 2013

	Level 1 HK\$	Level 2 HK\$	Total HK\$
Financial assets			
<i>Available-for-sale financial assets</i>			
- Listed equity securities	371,706.00	-	371,706.00

There were no transfer between Levels 1 and 2 during the years ended 31 March 2013 and 2014.

STEWARDS LIMITED
(Incorporated in Hong Kong and limited by guarantee)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014

28. **Capital management**

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, in order to carry out its principal activities. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of accumulated surplus for service projects. In order to maintain or adjust the capital structure, the Group may appeal for the subvention from Hong Kong Government and donations from the general public.

29. **Critical accounting estimates and judgements**

In preparing these financial statements, the management is required to exercise significant judgements in the selection and application of accounting principles, including making estimates and assumptions concerning the future. The resulting accounting estimate will, by definition, seldom equal to the related actual results. The following is a review of the more significant accounting policies that are impacted by judgements and uncertainties and for which different amounts may be reported under a different set of conditions or using different assumptions.

Impairment

The Group assesses annually whether property, furniture and equipment and available-for-sale financial assets have any indication of impairment. The recoverable amounts of the assets have been determined based on value-in-use calculations. These calculations require the use of judgements and estimates.

Depreciation

The Group's net book value of property, furniture and equipment as at 31 March 2014 was HK\$12,031,302.78. The Group depreciates the assets on a straight-line basis over their estimated useful life. The estimated useful life reflects the directors' estimate of the periods that the company intends to derive future economic benefits from the use of the assets.

..... The end