

**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 2013**

**STEWARDS LIMITED**  
**(INCORPORATED IN HONG KONG AND LIMITED BY GUARANTEE)**  
**REPORTS AND CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2013**

<u>CONTENTS</u>	<u>PAGE(S)</u>
DIRECTORS' REPORT	1 & 2
INDEPENDENT AUDITOR'S REPORT	3 & 4
CONSOLIDATED STATEMENT OF 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 - 34

**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 2013.

**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 2013 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 34.

**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:

Dr. CHIU Yu Lung	(resigned on 7 December 2012)
Ms. PANG Chau Sheung	
Mr. TO Tat Man	
Mr. TSE Chun Fai	
Mr. KWAN Wood Kai Edward	
Mr. CHAN Wing Kin	(resigned on 7 December 2012)
Mr. CHOW Kai Cheung	(appointed on 7 December 2012)
Mr. LIANG Jun	(appointed on 7 December 2012)
Mr. HUI Chi Keung Philip	
Ms. CHAN Oi Yu	

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 arrangement 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.

**Auditor**

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

**STEWARDS LIMITED  
DIRECTORS' REPORT**

**Other matters**

At the date of this report the directors are not aware of any circumstances not otherwise dealt with in this report of financial statements, which would render any amount stated in the financial statements misleading.

On behalf of the Board

A handwritten signature in black ink, appearing to read "Peter Pang", written over a horizontal line.

Chairman

Hong Kong: 24 SEP 2013



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

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**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 34, which comprise the company and consolidated statements of financial position as at 31 March 2013, the consolidated statement of 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

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**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 our 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 2013 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: 24 SEP 2013

**STEWARDS LIMITED**  
**(Incorporated in Hong Kong and limited by guarantee)**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 MARCH 2013**


	Notes	2013 HK\$	2012 HK\$
INCOME	5	178,570,129.73	157,388,296.20
LESS: EXPENDITURE			
- Staff costs		107,104,352.59	98,118,279.00
- Operating costs		44,557,912.07	37,438,585.12
- Property costs		5,932,379.68	5,430,292.50
		<u>157,594,644.34</u>	<u>140,987,156.62</u>
SURPLUS BEFORE TAXATION	6	20,975,485.39	16,401,139.58
TAXATION	8	<u>-</u>	<u>-</u>
SURPLUS FOR THE YEAR	9	20,975,485.39	16,401,139.58
OTHER COMPREHENSIVE INCOME FOR THE YEAR (page 8)		<u>(563,919.89)</u>	<u>(542,840.39)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u><u>20,411,565.50</u></u>	<u><u>15,858,299.19</u></u>

**STEWARDS LIMITED**  
(Incorporated in Hong Kong and limited by guarantee)  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2013**

	Notes	2013 HK\$	2012 HK\$
<b>NON-CURRENT ASSETS</b>			
Property, furniture and equipment	10 (a)	12,076,738.96	15,106,248.89
Available-for-sale financial assets	11	471,706.00	410,510.50
		12,548,444.96	15,516,759.39
<b>CURRENT ASSETS</b>			
Inventories	12	164,952.52	169,939.96
Accounts receivable and sundry debtors		2,518,275.74	2,309,969.05
Deposits and prepayments		2,098,065.18	804,366.60
Time deposits		72,556,598.71	66,679,174.44
Bank balances and cash		41,617,275.10	25,904,090.55
		118,955,167.25	95,867,540.60
<b>CURRENT LIABILITIES</b>			
Accounts payable and accrued expenses		6,108,986.83	5,788,423.43
Social welfare/Education Bureau surplus		317,571.91	1,058,681.37
Receipt in advance		1,231,929.06	1,159,644.25
		7,658,487.80	8,006,749.05
<b>NET CURRENT ASSETS</b>		<u>111,296,679.45</u>	<u>87,860,791.55</u>
<b>NET ASSETS</b>		<u><u>123,845,124.41</u></u>	<u><u>103,377,550.94</u></u>
<b>RESERVES</b>			
Accumulated fund	15	71,884,976.87	59,194,886.20
Designated funds	16	22,999,034.41	21,980,468.53
Flag day fund	17	4,766,479.70	4,058,652.08
Lump sum grant reserve	18	21,227,529.86	15,844,269.02
Block grant reserve	19	3,059,303.73	2,452,670.77
Investment revaluation reserve	20	(92,200.16)	(153,395.66)
		<u>123,845,124.41</u>	<u>103,377,550.94</u>

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

24 SEP 2013



Director



Director



**STEWARDS LIMITED**  
**(Incorporated in Hong Kong and limited by guarantee)**  
**STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2013**

	Notes	2013 HK\$	2012 HK\$
<b>NON-CURRENT ASSETS</b>			
Property, furniture and equipment	10 (b)	6,219,682.46	14,810,863.91
Available-for-sale financial assets	11	471,706.00	410,510.50
		6,691,388.46	15,221,374.41
<b>CURRENT ASSETS</b>			
Inventories	12	103,076.67	169,939.96
Accounts receivable and sundry debtors		2,432,077.74	2,263,823.35
Amount due from subsidiaries	13	2,804,866.54	2,641,793.72
Deposits and prepayments		1,963,985.18	699,835.60
Time deposits		28,083,600.87	66,679,174.44
Bank balances and cash		23,080,314.31	23,867,693.37
		58,467,921.31	96,322,260.44
<b>CURRENT LIABILITIES</b>			
Accounts payable and accrued expenses		3,200,652.58	5,709,458.17
Amount due to subsidiaries	13	7,593,464.50	-
Social welfare/Education Bureau surplus		317,571.91	1,058,681.37
Receipt in advance		1,167,595.06	1,106,855.25
		12,279,284.05	7,874,994.79
<b>NET CURRENT ASSETS</b>		<u>46,188,637.26</u>	<u>88,447,265.65</u>
<b>NET ASSETS</b>		<u>52,880,025.72</u>	<u>103,668,640.06</u>
<b>RESERVES</b>			
Accumulated fund	15	919,878.18	59,485,975.32
Designated funds	16	22,999,034.41	21,980,468.53
Flag day fund	17	4,766,479.70	4,058,652.08
Lump sum grant reserve	18	21,227,529.86	15,844,269.02
Block grant reserve	19	3,059,303.73	2,452,670.77
Investment revaluation reserve	20	(92,200.16)	(153,395.66)
		<u>52,880,025.72</u>	<u>103,668,640.06</u>

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

24 SEP 2013

  
 Director

  
 Director

STEWARDS LIMITED  
(Incorporated in Hong Kong and limited by guarantee)  
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2013

	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 2011	50,903,715.57	19,498,177.75	3,508,920.79	10,486,181.61	1,779,285.63	(93,106.76)	86,083,174.59
Surplus for the year ended 31 March 2012	16,401,139.58	-	-	-	-	-	16,401,139.58
Other comprehensive income for the year	-	-	-	-	-	(60,288.90)	(60,288.90)
Deficit arising on revaluation of investment	-	511,789.78	-	-	14,861.14	-	526,650.92
Income directly dealt with in the fund	-	(957,348.91)	(51,853.50)	-	-	-	(1,009,202.41)
Expenditure directly dealt with in the fund	-	(445,559.13)	(51,853.50)	-	14,861.14	(60,288.90)	(542,840.39)
Total comprehensive income for the year	16,401,139.58	(445,559.13)	(51,853.50)	-	14,861.14	(60,288.90)	15,858,299.19
Transfer from Education Bureau and Social Welfare	1,296,031.21	-	-	-	-	-	1,296,031.21
Department surplus account	140,045.95	-	-	-	-	-	140,045.95
Other transfers	(9,546,046.11)	2,927,849.91	601,584.79	5,358,087.41	658,524.00	-	-
Transfer between funds	-	-	-	-	-	-	-
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
Surplus arising on revaluation of investment	-	312,465.00	-	-	15,952.96	-	328,417.96
Income directly dealt with in the fund	-	(739,653.25)	(213,880.10)	-	-	-	(953,333.35)
Expenditure directly dealt with in the fund	-	(427,188.25)	(213,880.10)	-	15,952.96	61,195.50	(563,919.89)
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

**STEWARDS LIMITED**  
**(Incorporated in Hong Kong and limited by guarantee)**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 MARCH 2013**

	<b>2013</b>	<b>2012</b>
	<b>HKS</b>	<b>HKS</b>
<b>Cash flows from operating activities</b>		
Surplus for the year	20,975,485.39	16,401,139.58
Income directly dealt with in reserve	328,417.96	526,650.92
Expenditure directly dealt with in reserve	(953,533.35)	(1,009,202.41)
Adjustment:		
- Transfer from Education Bureau and Social Welfare Department surplus account	224,434.45	1,296,031.21
- Other transfer	(168,426.48)	140,045.95
- (Gain) / loss on disposal of property, furniture and equipment	(3,463.56)	23,642.15
- Depreciation	5,159,062.53	5,602,193.37
- Interest income	(852,243.55)	(684,522.31)
	24,709,733.39	22,295,978.46
Operating cash flows before working capital changes		
Decrease / (increase) in inventories	4,987.44	(20,443.21)
(Increase) / decrease in accounts receivable and sundry debtors	(208,306.69)	219,222.49
(Increase) / decrease in deposits and prepayments	(1,293,698.58)	1,006,505.35
Increase in accounts payable and accrued expenses	320,563.40	793,525.97
Decrease in Social Welfare Department/Education Bureau surplus account	(741,109.46)	(205,225.90)
Increase / (decrease) in receipts in advance	72,284.81	(195,044.36)
<b>Net cash from operating activities</b>	22,864,454.31	23,894,518.80
<b>Cash flows from investing activities</b>		
Interest received	852,243.55	684,522.31
Additions to property, plant and equipment	(2,126,089.04)	(2,929,416.50)
<b>Net cash used in investing activities</b>	(1,273,845.49)	(2,244,894.19)
<b>Net increase in cash and cash equivalents</b>	21,590,608.82	21,649,624.61
<b>Cash and cash equivalents at beginning of year</b>	92,583,264.99	70,933,640.38
<b>Cash and cash equivalents at end of year</b>	114,173,873.81	92,583,264.99
<b>Analysis of the balances of cash and cash equivalents</b>		
Time deposits	72,556,598.71	66,679,174.44
Bank balances and cash	41,617,275.10	25,904,090.55
	114,173,873.81	92,583,264.99

**STEWARDS LIMITED**  
**(Incorporated in Hong Kong and limited by guarantee)**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2013**

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

**Kindergartens**

Stewards Pooi Chun Kindergarten  
Stewards Pooi Yan Kindergarten

**Schools**

Stewards Pooi Kei College

**Social services**

Adult Education Programme  
After School Care Services  
Alpha Resources Development  
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 On Sheltered Workshop  
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 2013**

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, organic food store and flower shop
Stewards Pooi Kei College Management Limited	Hong Kong	Provide secondary education to local students

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 2013. The adoption of these new and revised HKFRSs does not have material effect on these financial statements.

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 2013. 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.

**STEWARDS LIMITED**  
**(Incorporated in Hong Kong and limited by guarantee)**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2013**

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

(a) **Basis of preparation (cont'd)**

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 include the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. All inter-company transactions balances, income and expenses are eliminated on consolidation.

(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 2013**

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) **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 2013**

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

(e) **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 2013**

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

(f) **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.

(g) **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 2013

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

(g) **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.

(h) **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.

(i) **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.

(j) **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 2013**

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

(k) **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:

	2013 HK\$	2012 HK\$
Subvention from Education Bureau	46,911,688.10	46,786,515.74
Subvention from Social Welfare Department	57,321,084.00	51,949,441.00
Subvention from Community Chest	2,480,661.83	2,282,961.97
Fee income from medical services	5,462,513.50	5,493,715.00
Fee income from kindergartens and schools	35,572,345.15	22,600,140.67
Fee income from social services and central administration	25,782,433.16	22,853,658.55
Donation received	4,187,160.44	4,737,340.96
Bank interest received	852,243.55	684,522.31
	<u>178,570,129.73</u>	<u>157,388,296.20</u>

6. **Surplus before taxation**

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

	2013 HK\$	2012 HK\$
After <b>crediting</b> the following item:		
Gain on disposal of property, furniture and equipment	3,463.56	-
After <b>charging</b> the following items:		
Auditor's remuneration	108,000.00	97,000.00
Depreciation	5,159,062.53	5,602,193.37
Loss on disposal of property, furniture and equipment	-	23,642.15
Operating lease charges - land and buildings	4,546,312.80	3,284,176.80
Staff costs	107,104,352.59	98,118,279.00

**STEWARDS LIMITED**  
**(Incorporated in Hong Kong and limited by guarantee)**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2013**

**7. Directors' remuneration**

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

	<b>2013</b>	<b>2012</b>
	<b>HK\$</b>	<b>HK\$</b>
Fees	-	-
Other emoluments	-	-
Pensions	-	-
Compensation for loss of office	-	-
	<hr/>	<hr/>
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**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\$5,051,952.70 (2012: surplus of HK\$16,939,868.74) 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 2013

10. PROPERTY, FURNITURE AND EQUIPMENT

(a) The Group

	Leasehold Land and <u>buildings</u> HK\$	Furniture and <u>fixtures</u> HK\$	Leasehold <u>improvements</u> HK\$	Motor <u>vehicle</u> HK\$	<u>Total</u> HK\$
<b>Cost</b>					
At 1 April 2011	1.00	17,646,452.35	16,676,877.32	205,263.00	34,528,593.67
Additions	-	2,237,304.00	196,300.00	495,812.50	2,929,416.50
Disposals	-	(967,418.00)	(26,100.00)	(1.00)	(993,519.00)
At 31 March 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
<b>Accumulated Depreciation</b>					
At 1 April 2011	-	11,437,913.28	5,151,171.15	136,841.33	16,725,925.76
Charge for the year	-	2,427,716.05	3,083,843.67	90,633.65	5,602,193.37
Disposals written back	-	(943,776.85)	(26,100.00)	-	(969,876.85)
At 31 March 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
<b>Net Book Value</b>					
At 31 March 2013	1.00	5,901,013.21	5,842,340.13	333,384.62	12,076,738.96
At 31 March 2012	1.00	5,994,485.87	8,638,162.50	473,599.52	15,106,248.89

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 2013

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

(b) The Company

	Leasehold Land and <u>buildings</u> HK\$	Furniture and <u>fixtures</u> HK\$	Leasehold <u>improvements</u> HK\$	Motor <u>vehicle</u> HK\$	Total HK\$
<b>Cost</b>					
At 1 April 2011	1.00	17,998,119.65	16,339,972.40	205,263.00	34,543,356.05
Additions	-	2,095,864.00	-	495,812.50	2,591,676.50
Disposals	-	(898,951.00)	-	(1.00)	(898,952.00)
At 31 March 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
<b>Accumulated Depreciation</b>					
At 1 April 2011	-	11,867,874.49	4,849,331.56	136,841.33	16,854,047.38
Charge for the year	-	2,379,917.12	2,977,640.00	90,633.65	5,448,190.77
Disposals written back	-	(877,021.51)	-	-	(877,021.51)
At 31 March 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
<b>Net Book Value</b>					
At 31 March 2013	1.00	1,216,773.05	4,669,523.79	333,384.62	6,219,682.46
At 31 March 2012	1.00	5,824,262.55	8,513,000.84	473,599.52	14,810,863.91

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 2013**

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 2013, investments in securities comprise:

	<b>The Group and the Company</b>	
	<b>2013</b>	<b>2012</b>
	<b>HK\$</b>	<b>HK\$</b>
<u>Cost</u>		
Listed equity securities	463,906.16	463,906.16
Unlisted equity securities	100,000.00	100,000.00
	563,906.16	563,906.16
<u>Carrying value</u>		
Listed equity securities carried at fair value	371,706.00	310,510.50
Unlisted equity securities carried at cost	100,000.00	100,000.00
	471,706.00	410,510.50

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**

	<b>The Company</b>	
	<b>2013</b>	<b>2012</b>
	<b>HK\$</b>	<b>HK\$</b>
Due from Arm Services Company Limited	2,804,866.54	2,641,793.72
Due to Stewards Pooi Kei College Management Limited	7,593,464.50	-

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 2013

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

For the period from 1 April 2012 to 31 July 2012

	Programme ST1125 HK\$	Programme ST1126 HK\$	Others HK\$	Total HK\$
Balance as at 31 March 2012	82,284.00	74,957.00	1.73	157,242.73
<b>Add: Income</b>				
Education Bureau's grant	19,172.00	23,086.00	-	42,258.00
School's subsidies/fee income	(700.00)	50.00	-	(650.00)
Interest	-	-	2.04	2.04
	18,472.00	23,136.00	2.04	41,610.04
<b>Less: Expenditure</b>				
Tutor fee	44,810.00	46,565.00	-	91,375.00
Function materials and printing charges	20,274.60	22,114.70	-	42,389.30
Programme coordination expense	8,877.00	10,689.00	-	19,566.00
Administration expenses	8,877.00	10,689.00	-	19,566.00
	82,838.60	90,057.70	-	172,896.30
Balance as at 31 July 2012	17,917.40	8,035.30	3.77	25,956.47

For the period from 1 August 2012 to 31 March 2013

	Programme ST1211 HK\$	Programme ST1218 HK\$	Others HK\$	Total HK\$
<b>Add: Income</b>				
Education Bureau's grant	89,010.00	192,124.00	-	281,134.00
School's subsidies/fee income	-	50,760.00	-	50,760.00
Interest	-	-	2.04	2.04
	89,010.00	242,884.00	2.04	331,896.04
<b>Less: Expenditure</b>				
Tutor fee	-	73,855.00	-	73,855.00
Function materials and printing charges	-	-	-	-
Programme coordination expense	-	-	-	-
Administration expenses	-	-	-	-
	-	73,855.00	-	73,855.00
Balance as at 31 March 2013	89,010.00	169,029.00	2.04	258,041.04

The income and expenditure for the School-Based After-School Learning and Support Programmes for the year have been included in the consolidated statement of comprehensive income of the Group and the balance of HK\$258,041.04 as at 31 March 2013 has been included in the receipts in advance as stated in the consolidated statement of financial position.



**STEWARDS LIMITED**  
**(Incorporated in Hong Kong and limited by guarantee)**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2013**

15. **Accumulated fund**

Accumulated fund attributable to services group are as follows:

	<b>The Group</b>	
	<b>2013</b>	<b>2012</b>
	<b>HK\$</b>	<b>HK\$</b>
Central Administration Office	(8,307,894.80)	(7,612,856.58)
Clinics	3,533,357.38	4,021,808.38
Kindergarten	(1,396,684.15)	(1,856,212.10)
Schools	71,615,041.95	56,751,002.85
Social Services	6,441,156.49	7,891,143.65
	71,884,976.87	59,194,886.20

	<b>The Company</b>	
	<b>2013</b>	<b>2012</b>
	<b>HK\$</b>	<b>HK\$</b>
Central Administration Office	(8,307,894.80)	(7,612,856.58)
Clinics	3,533,357.38	4,021,808.38
Kindergarten	(1,396,684.15)	(1,856,212.10)
Schools	144,275.13	56,751,002.85
Social Services	6,946,824.62	8,182,232.77
	919,878.18	59,485,975.32

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

	<b>2013</b>	<b>2012</b>
	<b>HK\$</b>	<b>HK\$</b>
Balance as at 1 April	59,485,975.32	50,656,075.53
Surplus for the year ended 31 March	5,051,952.70	16,939,868.74
Transfer from Education Bureau and Social Welfare		
Department surplus account	224,434.45	1,296,031.21
Other transfers	(168,426.48)	140,045.95
Transfer to Stewards Pooi Kei College Management Limited	(55,332,655.12)	-
Transfer between funds	(8,341,402.69)	(9,546,046.11)
	919,878.18	59,485,975.32

**STEWARDS LIMITED**  
**(Incorporated in Hong Kong and limited by guarantee)**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2013**

**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:

	<b>The Group and the Company</b>	
	<b>2013</b>	<b>2012</b>
	<b>HK\$</b>	<b>HK\$</b>
Education funds	12,759,998.85	12,649,506.67
Workshop funds	5,501,034.96	4,165,765.89
Gang Yun Foundation	87,765.90	87,765.90
Maintenance/utilities fund	(162,222.43)	(179,303.30)
Membership fund	29,400.00	26,300.00
Ministry fund	29,200.00	39,840.83
Quarters fund	153,351.24	154,939.74
Reserve & development fund	2,271,676.65	2,458,970.96
Social service fund	1,476,647.48	1,564,552.48
Walkathon fund	372,454.35	525,294.35
Yiu Tsuen fund	57,734.70	60,717.30
Fund for Peace Medical Centre	109,372.96	113,497.96
Fund for High Rock Christian Centre	312,619.75	312,619.75
	<u>22,999,034.41</u>	<u>21,980,468.53</u>

**STEWARDS LIMITED**  
(Incorporated in Hong Kong and limited by guarantee)  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2013**

**17. Flag day fund**

	<b>The Group and the Company</b>	
	<b>2013</b>	<b>2012</b>
	<b>HK\$</b>	<b>HK\$</b>
<u>Designed Flag Day fund</u>		
Balance as at 1 April	3,212,742.02	2,611,157.23
Donations from flag day fund raising event held on 16 Feb 2013	1,581,895.90	-
Donations from flag day fund raising event held on 25 Feb 2012	-	1,597,395.50
	<u>4,794,637.92</u>	<u>4,208,552.73</u>
Flag Day expenses	(57,516.10)	(118,166.70)
	<u>4,737,121.82</u>	<u>4,090,386.03</u>
<u>Usage of Flag day fund</u>		
Health programme	-	(7,351.00)
After school care programme	(49,374.00)	(27,514.50)
Counselling services	-	(226,121.06)
Rehabilitation services	(2,903.50)	(4,761.50)
Middle aged women employment services	(15,005.20)	(17,747.07)
Middle aged and senior male services	(79,687.74)	(163,804.33)
Youth life education and adventure programme	-	(10,567.20)
Youth menal health services	(11,933.00)	(10,920.00)
Recurrent expenses of central administration	(443,768.64)	(408,857.35)
	<u>(602,672.08)</u>	<u>(877,644.01)</u>
Balance as at 31 March	<u>4,134,449.74</u>	<u>3,212,742.02</u>
<u>General Flag Day Fund</u>		
Balance as at 1 April	845,910.06	897,763.56
Funds allocated to		
- High Rock Christian Centre	(37,250.00)	-
- Ma Ko Pan Memorial College	(60,953.00)	(10,000.00)
- Pooi Chun Kindergarten	(18,000.00)	-
- Pooi Kei Primary School	(73,677.10)	(41,853.50)
- Pooi Yan Kindergarten	(24,000.00)	-
	<u>(213,880.10)</u>	<u>(51,853.50)</u>
Balance as at 31 March	<u>632,029.96</u>	<u>845,910.06</u>
Total balance of flag day as at 31 March	<u>4,766,479.70</u>	<u>4,058,652.08</u>

The net proceeds collected from the flag day held on 16 February 2013 is HK\$1,524,379.80. This amount is not yet utilized and will be carried forward and will be used for the purposes of (i) rehabilitation service; (ii) counseling service; (iii) children and youth service; (iv) middle-aged and senior male services and (v) recurrent expenses of central administration.

For the remaining net proceeds collected from the flag days held on 13 February 2008, 2 May 2009, 29 January 2011 and 25 February 2012 brought forward, the usage of HK\$602,672.08 were used as disclosed above. The unused balance of HK\$2,610,069.94 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; v) children and youth service; vi) middle-aged women employment service and vii) improvement of the Company's website.

**STEWARDS LIMITED**  
(Incorporated in Hong Kong and limited by guarantee)  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2013**

## 18. Lump sum grant reserve

	The Group and the Company	
	2013	2012
	HK\$	HK\$
<b>Income</b>		
Lump sum grant and tide-over grant	50,519,452.00	45,116,810.00
Fee Income	1,747,689.40	1,170,678.00
Other Income	416,531.91	358,015.42
Interest Received	131,317.57	90,156.56
	<u>52,814,990.88</u>	<u>46,735,659.98</u>
<b>Expenditure</b>		
Personal Emoluments	42,761,878.83	37,567,887.69
Other Charges	4,669,851.21	4,520,738.24
	<u>47,431,730.04</u>	<u>42,088,625.93</u>
Surplus for the year transferred from accumulated fund	5,383,260.84	4,647,034.05
Adjustment as per SWD account inspection reply letter dated 15 Sept 11	-	711,053.36
Balance at beginning of year	<u>15,844,269.02</u>	<u>10,486,181.61</u>
Balance at end of year	<u><u>21,227,529.86</u></u>	<u><u>15,844,269.02</u></u>
 The components of the reserve are as follows:		
Lump sum grant reserve (excluding provident fund)	16,008,279.55	11,622,812.08
Surplus of provident fund subvention	<u>5,219,250.31</u>	<u>4,221,456.94</u>
	<u><u>21,227,529.86</u></u>	<u><u>15,844,269.02</u></u>

**STEWARDS LIMITED**  
 (Incorporated in Hong Kong and limited by guarantee)  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2013**

**19. Block grant reserve**

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

	<b>The Group and the Company</b>	
	<b>2013</b>	<b>2012</b>
	<b>HK\$</b>	<b>HK\$</b>
Balance at beginning of year	2,452,670.77	1,779,285.63
Bank interest income	15,952.96	14,861.14
	<u>2,468,623.73</u>	<u>1,794,146.77</u>
Block grant received	821,000.00	701,000.00
Expenditure for renovation, furniture and equipment	(230,320.00)	(42,476.00)
Transfer from accumulated fund and other funds	<u>590,680.00</u>	<u>658,524.00</u>
Balance at end of year	<u><u>3,059,303.73</u></u>	<u><u>2,452,670.77</u></u>

As at 31 March 2013, the outstanding commitments in respect of block grant allocation from Social Welfare Department for property, furniture and equipment and minor works were as follows:

	<b>2013</b>	<b>2012</b>
	<b>HK\$</b>	<b>HK\$</b>
Contracted but not provided for in the financial statements	-	-
Authorised but not contracted for	<u>-</u>	<u>-</u>
	<u><u>-</u></u>	<u><u>-</u></u>

**20. Investment revaluation reserve**

	<b>The Group and the Company</b>	
	<b>2013</b>	<b>2012</b>
	<b>HK\$</b>	<b>HK\$</b>
Balance at beginning of year	(153,395.66)	(93,106.76)
Increase / (decrease) in the fair value of investments in securities	<u>61,195.50</u>	<u>(60,288.90)</u>
Balance at end of year	<u><u>(92,200.16)</u></u>	<u><u>(153,395.66)</u></u>

STEWARDS LIMITED  
 (Incorporated in Hong Kong and limited by guarantee)  
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 31 MARCH 2013

21. Movement of Additional Resources for Para-medical staff

	The Group and the Company	
	2013	2012
	HK\$	HK\$
Balance brought forward	81,625.02	253,800.00
Income		
Additional resources for para-medical staff received	446,900.00	175,900.00
Expenditure		
Fee for hire of services	<u>(320,974.50)</u>	<u>(348,074.98)</u>
Surplus for the year and carried forward	<u>207,550.52</u>	<u>81,625.02</u>

The above income and expenditure have been included in the consolidated statement of comprehensive income of the Group and the balance of \$207,550.52 as at 31 March 2013 has been included in the receipts in advance as stated in the consolidated statement of financial position.

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

	The Group and the Company	
	2013	2012
	HK\$	HK\$
Balance brought forward	298,122.83	284,580.00
Income		
Allocation from SWDF	340,000.00	524,318.00
Interest received	<u>3.40</u>	<u>8.64</u>
Total income during the year	<u>340,003.40</u>	<u>524,326.64</u>
Expenditure under SWDF during the year:		
1. Expenditure for projects under scope A	479,770.70	269,584.81
2. Expenditure for projects under scope B	-	241,199.00
3. Expenditure for projects under scope C	-	-
Total expenditure during the year	<u>479,770.70</u>	<u>510,783.81</u>
Balance carried forward to the next financial year	<u>158,355.53</u>	<u>298,122.83</u>

The above income and expenditure have been included in the consolidated statement of comprehensive income of the Group and the balance of \$158,355.53 as at 31 March 2013 has been included in Social Welfare Department/Education Bureau surplus as stated in the consolidated statement of financial position.

STEWARDS LIMITED  
 (Incorporated in Hong Kong and limited by guarantee)  
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 31 MARCH 2013

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

	The Group and the Company	
	Project 拉闊製作 HK\$	Project 青年歷奇培訓計劃 HK\$
Income		
Subsidy from SWD DSSCYD	10,869.00	27,518.80
Total income	<u>10,869.00</u>	<u>27,518.80</u>
Expense		
Banner and postage	-	330.00
Transportation	1,000.00	800.00
Printing & stationery	1,000.00	-
Programme materials	1,729.00	2,906.80
Camp fee	-	3,482.00
Tutor fee	7,200.00	20,000.00
Total expenses	<u>10,929.00</u>	<u>27,518.80</u>
Surplus refunded to SWD/(Deficit) absorbed by the Company	<u>(60.00)</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 2013**

**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:

	<b>The Group</b>	
	<b>2013</b>	<b>2012</b>
	<b>HK\$</b>	<b>HK\$</b>
<b>Financial assets</b>		
Available-for-sale financial assets (investments in securities)		
- carried at fair value	371,706.00	310,510.50
- carried at cost	100,000.00	100,000.00
Loans and receivables (including cash and bank balances)	118,790,214.73	95,697,600.64
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	7,658,487.80	8,006,749.05

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 2013, the Group had future aggregate minimum lease payments under non-cancellable operating leases as follows:

	<b>The Group</b>	
	<b>2013</b>	<b>2012</b>
	<b>HK\$</b>	<b>HK\$</b>
Within one year	3,706,868.00	3,350,732.80
In the second to fifth years inclusive	5,947,092.00	1,094,152.00
	9,653,960.00	4,444,884.80



**STEWARDS LIMITED**  
**(Incorporated in Hong Kong and limited by guarantee)**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2013**

**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 2013**

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 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
	317,571.91	7,340,915.89	7,658,487.80

At 31 March 2012

	Social Welfare Department / Education Bureau surplus HK\$	Payables and accruals HK\$	Total financial liabilities HK\$
Carrying amount	1,058,681.37	6,948,067.68	8,006,749.05
Within 3 months	-	5,788,423.43	5,788,423.43
More than 3 months but within 1 year	1,058,681.37	1,159,644.25	2,218,325.62
	1,058,681.37	6,948,067.68	8,006,749.05

STEWARDS LIMITED  
 (Incorporated in Hong Kong and limited by guarantee)  
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 31 MARCH 2013

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 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

At 31 March 2012

	Level 1 HK\$	Level 2 HK\$	Total HK\$
Financial assets			
<i>Available-for-sale financial assets</i>			
- Listed equity securities	310,510.50	-	310,510.50

There were no transfer between Levels 1 and 2 during the years ended 31 March 2012 and 2013.

**STEWARDS LIMITED**  
**(Incorporated in Hong Kong and limited by guarantee)**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2013**

**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 2013 was HK\$12,076,738.96. 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 .....