



SOCIAL WORK TRAINING FUND

**SIXTY-FOURTH
ANNUAL REPORT
By the
TRUSTEE
For the Year ending on
31 March 2025**

**SIXTY-FOURTH ANNUAL REPORT
BY THE
SOCIAL WORK TRAINING FUND
TRUSTEE
FOR THE YEAR
ENDING ON 31 MARCH 2025**

Where dollars are quoted in this report, they are Hong Kong dollars unless otherwise stated.

**SOCIAL WORK TRAINING FUND
SIXTY-FOURTH ANNUAL REPORT BY THE TRUSTEE
FOR THE YEAR ENDING ON 31 MARCH 2025**

Background

The Social Work Training Fund Ordinance (Cap. 1100) (the Ordinance) was enacted on 18 August 1961 to provide for the establishment and administration of a trust fund known as the Social Work Training Fund (the Fund). The Fund is vested in the Director of Social Welfare Incorporated as Trustee who, subject to the direction of the Social Work Training Fund Committee (the Committee), may apply the income of the Fund in accordance with Section 4 of the Ordinance –

- (a) in making grants to individuals for the purpose of study and training as social workers, including payment of passages, travel and subsistence allowances and other incidental expenses;
- (b) in improving existing training facilities for social workers;
- (c) in running of courses for social workers and payment of any necessary expenses in connection therewith;
- (d) in the training of persons for social work in Hong Kong and in obtaining advice about such training; and
- (e) for any other purpose connected therewith, designed to improve the training and skills of social workers in Hong Kong.

Social Work Training Fund Committee

2. The Committee was established under Section 5 of the Ordinance to manage the Fund. Its statutory membership consists of –

- (a) the Director of Social Welfare as ex-officio Chairman;
- (b) the Permanent Secretary for Labour and Welfare or his nominee; and
- (c) not more than three members appointed by the Chief Executive.

Under Section 7 of the Ordinance, there shall be a secretary to the Committee who shall be appointed by the Chief Executive.

3. On 31 March 2025, the Committee consisted of the following members –

Chairman

Mr TO Wing-hang, Edward, JP (杜永恒先生，太平紳士)
Director of Social Welfare

Members

Prof CHOW Yin-man, Amy (周燕雯教授)

Mr CHAN Man-ho (陳文浩先生)

Ms LAU Sin-wing, Swing (劉先穎女士)

Ms LAI Yuk-yee, Amy (黎鈺儀女士)

Nominee of the Permanent Secretary for Labour and Welfare

Secretary

Miss HUNG Wai-fan, Louisa (孔慧芬女士)
Social Welfare Department

4. The Committee held one meeting on 29 May 2024 during the year 2024-25. Business discussed at the meeting and by circulation of papers included –

- (a) financial projection of the Fund for the period from 2024-25 to 2026-27;
- (b) investment matters of the Fund;
- (c) position of the 2024-25 Business Plan of the Fund;
- (d) application for grants from the Fund for organisations¹ to organise study tours to the Mainland or courses / seminars / workshops / lectures / programmes held in Hong Kong in 2024-25 (Type A Activities, which comprise AI Activities and AII Activities)²; and
- (e) application for grants from the Fund for individual social workers to attend short-term courses / seminars / conferences / workshops held in Hong Kong in 2024-25 (Type B Activities)³.

¹ With the setting up of the Dedicated Fund in the second quarter of 2024, non-governmental organisations (NGOs) operating Social Welfare Department (SWD)-subvented welfare services may apply for the Dedicated Fund for organising training activities for their staff. To make better use of the Fund, sponsorship would only be granted to organisations not operating SWD-subvented welfare services.

² Organisations not operating SWD-subvented welfare services may apply grants to organise

- study tours to Mainland (i.e. Type AI Activities), or
- courses / seminars / workshops / lectures / programmes held in Hong Kong (i.e. Type AII Activities).

³ Covering short-term courses / seminars / conferences / workshops held between 1 July 2024 and 31 January 2025.

Scope of Sponsorship in 2024-25

5. Grants from the Fund were allocated primarily to improve the knowledge and skills of social workers in Hong Kong. The scope of sponsorship included –

- (a) specialised or advanced social work knowledge and skills, and
- (b) management skills related to social work practice.

In 2024-25, applications were invited for partial sponsorship for Types A and B Activities (see paragraph 4(d) and (e) as well as Footnote 2). Organisations or individual applicants were required to fulfil the requirements as set out in the “Guide to Applications for Partial Sponsorship in 2024-25” (the Guide).

Type A Activities

6. In 2024-25, the Committee received three applications for Type AII Activities while none for Type AI Activities. After deliberation, the Committee approved one Type AII application for organising a workshop for social workers in Hong Kong (**Annex I**). The remaining two applications were considered outside the funding scope of the Fund⁴.

Type B Activities

7. A total of 131 applications from individual social workers for sponsorship for Type B Activities were received in 2024-25. After deliberations, the Committee approved 130 of them⁵ (a list of relevant short-term courses / seminars / conferences / workshops attended by social workers is at **Annex II**). The number of approved applications under each nominating organisations is set out at **Annex III**. The remaining one application was unsuccessful as it did not meet the requirement of short-term course as set out in the Guide.

State of the Fund

8. The original capital of the Fund consisted of \$2.2 million, which was received in 1961 from the United Kingdom Committee for World Refugee Year. In the same year, a grant of \$1.0 million was received from the Hong Kong Jockey Club (Charities) Ltd. In 1961-62, funds of around \$0.2 million were received from various sources. In 1982 and 1987, donations of \$2.0 million and \$6.0 million respectively were further received from the Hong Kong Jockey Club (Charities) Ltd. In

⁴ Both applications were submitted by organisations operating subvented welfare services and were not qualified for application according to the criteria set out in Footnote 1 and the Guide.

⁵ The 130 Type B applications were approved in 2025-26 upon completion of the necessary formalities.

March 2017 and March 2021, the Government injected \$5.0 million and \$2.5 million into the Fund respectively. The capital, which may be applied for any of the stated purposes in accordance with the Ordinance with the approval of the Chief Executive, stood at \$18,948,000 as at 31 March 2025.

9. Only the accumulation of income generated by the capital would be disbursed as grants for the aforesaid training activities. During the reporting period, the total income of the Fund for the year was \$838,497. The total expenditure was \$15,070. The Fund recorded a surplus of \$823,427. The audited statements of the Fund as at 31 March 2025 are shown at **Annex IV**.

Edward To
Director of Social Welfare Incorporated
Trustee of the Social Work Training Fund

**Approved Application from an Organisation for Arranging
Course/Seminar/Workshop/Lecture/Programme Held in Hong Kong
(Type AII Activities)**

Name of Organisation	Title of Programme (provided by the applying organisation)
1. Urban Peacemaker Limited	Workshop on Debriefing Skills in Counselling

**List of Approved Short-term Courses/Seminars/Conferences/Workshops
Attended by Applicants
(Type B Activities)**

(I) Professional Skills

1. 3-day Seminar: Understanding the Distressed Behaviour of People with Dementia in Hong Kong
2. Acceptance & Commitment Therapy Certification Course
3. ACT Group Therapy
4. An Integrative Neuro-Somatic Focusing Oriented Approach in Trauma Treatment 2024
5. Certificate Course on "Critical Incident Stress Management - Group Crisis Intervention"
6. Certificate Course: Professional Play Therapy with SEN Children
7. Certificate in Acceptance and Commitment Therapy for Caring Professionals (Class 5)
8. Certificate in Basic Concept and Skills of Narrative Therapy
9. Certificate in Six Bricks Level 1 & 2 and Workshop Design
10. Certificate in Using Dance & Movement Therapy for Caring Professionals (Class 8) (2 days)
11. Certified Board Game Design & Learning Facilitator
12. Child-Centered Group Play Therapy
13. Child-Centered Play Therapy 102 Certification Courses
14. Dream Analyses "Retold Discovery" from a Transtheoretical Lens
15. Emotion-Focused Family Therapy - Parenting 2024
16. Exploring the Satir Model of Family Therapy for Personal and Professional Development
17. Features and Treatment of Children and Adolescents with Autism Spectrum Disorder - Certificate Course
18. Financial Wellness Social Worker & Educator - Basic (II)
19. Foundation Counseling Course on Satir Model
20. Foundation Course on Narrative Drawing Intervention®
21. Fundamentals of Emotionally Focused Therapy
22. General Mediator Training Course
23. Group Play Therapy Interventions (2 Days) Training Course
24. Healing through Somatic Plays: Integrating Body and Mind in Play Therapy
25. Humanistic Interpretation and Intervention of Challenging Behaviors in Children with SEN: An SADE Model of Clinical Practice (Session 1-3)
26. Integrative Emotion Focused Interventions for Childhood Interpersonal Complex Trauma
27. Intensive Training in Child-Centered Play Therapy
28. Introduction to Filial Therapy
29. Introductory Course for Narrative Practice
30. Narrative Practice Workshop on Re-membering and Grief Work
31. Personality Dimensions® - Level I Certification Training
32. Personality Dimensions® (Level I) Certified Trainer Qualifying Program

33. Practicum Certificate Course on Narrative Drawing Intervention®
34. Professional Certificate Counseling Course on Satir Model 4: Family Therapy on Satir Model
35. Project Aspire Social Skills Training Tool App Workshop for Professionals
36. Sex Counseling in Marriage
37. Somatic Experiencing® Certificate Program (SEP Int I-II) for the helping professionals
38. Somatic Experiencing® Professional Training Intermediate Level I/II
39. Supervision Workshop on Satir Model
40. Teaching Parenting the Positive Discipline Way
41. The 16th Immersion Course in Accelerated Experiential Dynamic Psychotherapy
42. Touch and Movement: Foundations for Somatic Connection in Therapy
43. Two-day Foundation Training of Emotion-Focused (Individual) Therapy for Professionals
44. Two-Day Workshop on The Use of Story-telling in Counseling and Conducting Therapeutic Groups
45. Use of Arts in Family Counselling
46. Workshop of Managing Difficult Personalities / Customers (Class 56)
47. Workshop on Application of Satir Model in Counselling
48. Workshop on Application of Satir Model in Counselling (Level 2)
49. Workshop on Application of Satir Model in Counselling (Level 3)
50. 「創傷知情照顧與實踐」證書課程*
51. 2024-2025 生命自覺初階至四階課程*
52. 2024 國際認證課程-EFIT 理論與技巧*
53. ACT 接納與承諾治療(進階)訓練證書課程*
54. CANA 幼兒七感探索藝術導師認證課程*
55. Mindfulkids® 兒童靜觀導師訓練課程*
56. 心靈藝術基礎一日證書課程*
57. 生命抉擇劇場帶領導師證書課程*
58. 安寧服務及生死教育證書課程*
59. 兒童為本溝通及親子遊戲治療法基礎課*
60. 兒童遊戲治療基礎技巧訓練課程 (Class A) *
61. 性格透視®(一級) 培訓師認證課程*
62. 家長工作情緒導向家庭治療*
63. 恐懼心理學與「內在小孩」心靈療癒課程(第 12 屆) *
64. 婚前婚後評估(Prepare/Enrich®)執行認證課程*
65. 接納與承諾治療訓練證書課程*
66. 接納與承諾治療訓練證書課程(第二期) *
67. 敘事治療工作坊：小組及個人輔導的實踐應用*
68. 園藝治療基礎證書課程(第 93 屆) *
69. 圖卡應用輔導證書課程(兩天) *
70. 精神科藥物基礎課程*
71. 壓力釋放練習 4+1 課程*
72. 藝術療法：情緒導向證書課程*

(II) Management

1. Certificate in Training for Home Managers (Course A)
2. Certificate in Supervisory Skills in Social Service Settings
3. 義務工作管理學證書課程*

* Applicants only provided the Chinese name of the Courses / Seminars / Conferences / Workshops.

Annex III

**Number of Approved Applications under Each Nominating Organisation
(Type B Activities)**

<u>Name of Nominating Organisation</u>	<u>Number of Approved Application(s)</u>
Against Child Abuse Limited	3
Asian Outreach Hong Kong Limited	1
Baptist Oi Kwan Social Service	5
Caritas - Hong Kong	1
Centre for Restoration of Human Relationships Limited	2
Citylab Limited	1
Evangelical Lutheran Church Social Service - Hong Kong	6
Fresh Fish Traders' School	1
Hong Kong Buddhist Hospital	1
Hong Kong Children's Hospital	1
Hong Kong China Sports Association for Persons with Intellectual Disability	1
Hong Kong Christian Service	23
Hong Kong Family Welfare Society	37
Hong Kong Sheng Kung Hui Welfare Council Limited	9
Hong Kong Young Women's Christian Association	1
Hospital Authority	2
International Social Service Hong Kong Branch	1
iPassion	1
Methodist Centre	1
Methodist Epworth Village Community Centre	1
Pentecostal Church of Hong Kong	1
Po Leung Kuk	1
Pok Oi Hospital	1
Pok Oi Hospital Centenary Chan See Memorial Nursing Home cum Day Care Centre	1
SAHK	1
Society of Boys' Centres	1
Stewards	3
The Boys' & Girls' Clubs Association of Hong Kong	17
The Evangelical Lutheran Church of Hong Kong	1
The Hong Kong Catholic Marriage Advisory Council	1
The Hong Kong Down Syndrome Association	1
The Society of Rehabilitation and Crime Prevention, Hong Kong	1
The University of Hong Kong	1
Total:	130



Social Work Training Fund

Financial statements for the year ended 31 March 2025

Report of the Director of Audit



Audit Commission

The Government of the Hong Kong Special Administrative Region

Independent Auditor's Report To the Legislative Council

Opinion

I certify that I have audited the financial statements of the Social Work Training Fund set out on pages 4 to 13, which comprise the balance sheet as at 31 March 2025, and the income and expenditure account, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In my opinion, the financial statements give a true and fair view of the financial position of the Social Work Training Fund as at 31 March 2025, and of its financial performance and cash flows for the year then ended in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in accordance with section 10(1) of the Social Work Training Fund Ordinance (Cap. 1100).

Basis for opinion

I conducted my audit in accordance with section 10(2) of the Social Work Training Fund Ordinance and the Audit Commission auditing standards. My responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements section of my report*. I am independent of the Social Work Training Fund in accordance with those standards, and I have fulfilled my other ethical responsibilities in accordance with those standards. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the Director of Social Welfare Incorporated for the financial statements

The Director of Social Welfare Incorporated is responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRS Accounting

Standards as issued by the HKICPA and section 10(1) of the Social Work Training Fund Ordinance, and for such internal control as the Director of Social Welfare Incorporated determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Director of Social Welfare Incorporated is responsible for assessing the Social Work Training Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Audit Commission auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the Audit Commission auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit 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 Social Work Training Fund's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Director of Social Welfare Incorporated;
- conclude on the appropriateness of the Director of Social Welfare Incorporated's use of the going concern basis of accounting and, based on the audit evidence obtained,

whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Social Work Training Fund's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Social Work Training Fund to cease to continue as a going concern; and

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Director of Social Welfare Incorporated regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.



Ms Elaine Chang
Principal Auditor (Acting)
for Director of Audit

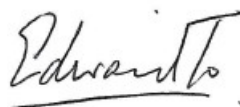
28 July 2025

Audit Commission
6th Floor, High Block
Queensway Government Offices
66 Queensway
Hong Kong

Social Work Training Fund
Balance Sheet as at 31 March 2025

	Note	2025 HK\$	2024 HK\$
NON-CURRENT ASSETS			
Placement with the Exchange Fund	3	<u>14,944,790</u>	<u>14,411,562</u>
CURRENT ASSETS			
Interest receivable		243,580	231,871
Other receivables		-	100
Time deposits with original maturities over three months		5,366,340	5,106,089
Cash and cash equivalents	4	<u>140,952</u>	<u>278,196</u>
		5,750,872	5,616,256
CURRENT LIABILITIES			
Accounts payable		(15,070)	(170,653)
NET CURRENT ASSETS		<u>5,735,802</u>	<u>5,445,603</u>
NET ASSETS		<u>20,680,592</u>	<u>19,857,165</u>
Representing:			
DONATION ACCOUNT	6	18,948,266	18,948,266
ACCUMULATED SURPLUS ACCOUNT		1,732,326	908,899
		<u>20,680,592</u>	<u>19,857,165</u>

The accompanying notes 1 to 7 form part of these financial statements.



(Edward To)

Director of Social Welfare Incorporated
Trustee of the Social Work Training Fund
28 July 2025

Social Work Training Fund
Income and Expenditure Account for the year ended 31 March 2025

	2025 HK\$	2024 HK\$
INCOME		
Interest income	806,812	746,885
Refund of grants	31,685	-
Net exchange losses	-	(59,186)
	<u>838,497</u>	<u>687,699</u>
EXPENDITURE		
Grants	<u>(15,070)</u>	<u>(175,405)</u>
	<u>(15,070)</u>	<u>(175,405)</u>
SURPLUS FOR THE YEAR	823,427	512,294
OTHER COMPREHENSIVE INCOME	<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>823,427</u>	<u>512,294</u>

The accompanying notes 1 to 7 form part of these financial statements.

Social Work Training Fund
Statement of Changes in Equity for the year ended 31 March 2025

	Donation Account HK\$	Accumulated Surplus Account HK\$	Total HK\$
Balance at 1 April 2023	18,948,266	396,605	19,344,871
Total comprehensive income for 2023-24	-	512,294	512,294
Balance at 31 March 2024 and 1 April 2024	18,948,266	908,899	19,857,165
Total comprehensive income for 2024-25	-	823,427	823,427
Balance at 31 March 2025	<u>18,948,266</u>	<u>1,732,326</u>	<u>20,680,592</u>

The accompanying notes 1 to 7 form part of these financial statements.

Social Work Training Fund
Statement of Cash Flows for the year ended 31 March 2025

	Note	2025 HK\$	2024 HK\$
Cash flows from operating activities			
Surplus for the year		823,427	512,294
Adjustments for:			
Interest Income		(806,812)	(746,885)
Net exchange losses		-	59,186
Decrease/(Increase) in other receivables		100	(100)
(Decrease)/Increase in accounts payable		(155,583)	141,684
Net cash used in operating activities		(138,868)	(33,821)
Cash flows from investing activities			
Interest received		795,103	541,379
Net increase in time deposits with original maturities over three months		(260,251)	(2,582,147)
Increase in placement with the Exchange Fund		(533,228)	(411,562)
Net cash from/(used in) investing activities		1,624	(2,452,330)
Net decrease in cash and cash equivalents		(137,244)	(2,486,151)
Cash and cash equivalents at beginning of year		278,196	2,764,347
Cash and cash equivalents at end of year	4	140,952	278,196

The accompanying notes 1 to 7 form part of these financial statements.

Social Work Training Fund

Notes to the Financial Statements

1. General

The Social Work Training Fund (the Fund) was established for the purpose of training persons desirous of becoming social workers and improving existing training facilities in accordance with section 4 of the Social Work Training Fund Ordinance (Cap. 1100).

The address of the Fund's principal place of business is 9/F, Revenue Tower, 5 Gloucester Road, Wan Chai, Hong Kong.

2. Material accounting policies

(a) Statement of compliance

The financial statements of the Fund have been prepared in accordance with section 10(1) of the Social Work Training Fund Ordinance and all applicable HKFRS Accounting Standards, which is a collective term that includes all applicable individual Hong Kong Financial Reporting Standards (HKFRSs), Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (HKICPA). Material accounting policies adopted by the Fund are set out below.

(b) Basis of preparation of the financial statements

The financial statements have been prepared on an accrual basis and under the historical cost convention.

The preparation of financial statements in conformity with HKFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenditure. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

There are no critical accounting judgements involved in the application of the Fund's accounting policies. There are neither key assumptions concerning the future nor other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in the next year.

(c) Impact of new and revised HKFRS Accounting Standards

The HKICPA has issued certain new or revised HKFRS Accounting Standards which are first effective or available for early adoption for the current accounting period of the Fund. There have been no changes to the accounting policies applied in these financial statements for the years presented as a result of these developments.

The Fund has not early adopted any amendments, new standards and interpretations which are not yet effective for the current accounting period. These include the following which may be relevant to the Fund.

Effective for accounting periods beginning on or after

HKFRS 18 “Presentation and Disclosure in Financial
Statements”

1 January 2027

The Fund is in the process of making an assessment of what the impact of these amendments, new standards and interpretations is expected to be in the period of initial adoption. So far, it has concluded that the adoption of them is unlikely to have a significant impact on the financial statements.

(d) Financial assets and financial liabilities

(i) Initial recognition and measurement

Financial assets and financial liabilities are recognised on the date the Fund becomes a party to the contractual provisions of the financial instrument. They are initially measured at fair value plus or minus transaction costs that are directly attributable to the acquisition of the financial assets or the issue of the financial liabilities.

(ii) Classification and subsequent measurement

Financial assets measured at amortised cost

These comprise placement with the Exchange Fund, interest receivable, other receivables, time deposits and cash and cash equivalents. They are held for the collection of contractual cash flows which represent solely payments of principal and interest. They are subsequently measured at amortised cost using the effective interest method. The measurement of loss allowances for these financial assets is based on the expected credit loss model as described in note 2(d)(iv).

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating and recognising the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or financial liability to the gross carrying amount of the financial asset or to the amortised cost of the financial liability. When calculating the effective interest rate, the Fund estimates cash flows by considering all contractual terms of the financial instrument but does not consider the expected credit losses. The calculation includes all fees received or paid between parties to the contract that are an integral part of the effective interest rate, transaction costs and

all other premiums or discounts.

Financial liabilities measured at amortised cost

These comprise accounts payable. They are subsequently measured at amortised cost using the effective interest method.

(iii) Derecognition

A financial asset is derecognised when the contractual rights to receive the cash flows from the financial asset expire, or where the financial asset together with substantially all the risks and rewards of ownership have been transferred.

A financial liability is derecognised when the obligation specified in the contract is discharged or cancelled or expires.

(iv) Impairment of financial assets

For financial assets measured at amortised cost, the Fund measures the expected credit losses to determine the loss allowance required to be recognised.

Expected credit losses are a probability-weighted estimate of credit losses. They are based on the difference between the contractual cash flows due in accordance with the contract and the cash flows that the Fund expects to receive, discounted at the effective interest rate. They are measured on either of the following bases:

- 12-month expected credit losses (for financial instruments for which there has not been a significant increase in credit risk since initial recognition): these are losses that are expected to result from possible default events within the 12 months after the reporting date; or
- lifetime expected credit losses (for financial instruments for which there has been a significant increase in credit risk since initial recognition): these are losses that are expected to result from all possible default events over the expected life of the financial instruments.

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Fund compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this assessment, the Fund considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Fund in full; or (ii) the financial asset is 90 days past due. The Fund considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

For a financial asset with lifetime expected credit losses recognised in the previous reporting period, if its credit quality improves and reverses the previously assessed significant increase in credit risk, then the loss allowance reverts from lifetime expected credit losses to 12-month expected credit losses.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

(e) Foreign currency translation

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

(f) Revenue recognition

Interest income from deposits with banks, placement with the Exchange Fund and other interest-bearing financial instruments is recognised as it accrues using the effective interest method.

(g) Expenditure on grants/refund of grants

Grants are recognised as expenditure when they are approved by the Social Work Training Fund Committee. Refund of grants is recognised when the right to receive payment is established.

(h) Cash and cash equivalents

Cash and cash equivalents comprise cash at banks.

3. Placement with the Exchange Fund

As at 31 March 2025, the total balance of the placement with the Exchange Fund amounted to HK\$14.9 million (2024: HK\$14.4 million), being the principal sum of HK\$14 million (2024: HK\$14 million) plus interest paid but not yet withdrawn at the reporting date of HK\$0.9 million (2024: HK\$0.4 million). The term of the placement is six years from the date of placement, during which the amount of principal sum cannot be withdrawn.

Interest on the placement is at a rate determined annually in January and payable annually in arrears on 31 December. The rate is the average annual rate of return of the Exchange Fund's Investment Portfolio for the past six years or the average annual yield of three-year government bond in the previous year subject to a minimum of zero percent, whichever is the higher. The interest rate has been fixed at 4.4% and at 3.7% per annum for the calendar years 2025 and 2024 respectively.

4. Cash and cash equivalents

	2025 HK\$	2024 HK\$
Cash at banks	<u>140,952</u>	<u>278,196</u>

5. Financial risk management

The Fund's financial instruments include placement with the Exchange Fund, interest receivable, other receivables, time deposits, cash and cash equivalents and accounts payable. The major risks associated with these financial instruments are set out below.

(a) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The maximum exposure to credit risk of the financial assets of the Fund at the reporting date is equal to their carrying amounts.

To minimize the credit risk arising from time deposits and cash and cash equivalents, all time deposits and bank balances are placed with reputable licensed banks in Hong Kong. Hence, the Fund's exposure to credit risk is considered to be limited. The credit risk in respect of placement with the Exchange Fund is considered minimal.

The credit quality of time deposits and bank balances, analysed by the ratings designated by Moody's, at the reporting date is shown below.

	2025 HK\$	2024 HK\$
Time deposits and bank balances, by credit rating		
Aa1 to Aa3	140,952	5,384,285
A1 to A3	<u>5,366,340</u>	<u>-</u>
	<u>5,507,292</u>	<u>5,384,285</u>

While other financial assets are also subject to the impairment requirements, the Fund has estimated that their expected credit losses are minimal and considers that no loss allowance is required.

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. This can be further classified into fair value interest rate risk and cash flow interest rate risk.

Fair value interest rate risk is the risk that the fair value of a financial instrument will

fluctuate because of changes in market interest rates. Since the Fund's time deposits bear interest at fixed rates, their fair values will fall when market interest rates increase. However, as they are stated at amortised cost, changes in market interest rates will not affect their carrying amounts and the Fund's surplus/deficit for the year.

Cash flow interest rate risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Fund is not exposed to material cash flow interest rate risk as interest income from financial instruments bearing interest at a floating rate is not significant.

(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

In the management of liquidity risk, the Fund maintains a level of cash and cash equivalents that is considered adequate to finance its operations and mitigate the effects of fluctuations in cash flows. Hence, the Fund does not have significant exposures to liquidity risk.

As at 31 March 2025, the remaining contractual maturities of all financial liabilities, based on contractual undiscounted cash flows and the earliest date on which the Fund can be required to pay, were one year or less (2024: one year or less).

(d) Other financial risk

The Fund is exposed to financial risk arising from the placement with the Exchange Fund due to changes in interest rate which is determined in January each year (note 3). As at 31 March 2025, it is estimated that an increase/decrease of 50 basis point (2024: 50 basis point) in interest rates, with all other variables held constant, would have increased/decreased the surplus for the year by HK\$75,000 (2024: HK\$72,000).

6. Capital management

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

- (a) to comply with the Social Work Training Fund Ordinance; and
- (b) to maintain a capital base for carrying out the purpose of the Fund as stated in note 1 above.

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

7. Cost of administration of the Fund

The cost of administration of the Fund was borne by the Government of the Hong Kong Special Administrative Region in accordance with section 12 of the Social Work Training Fund Ordinance.

