



Discovery Bay City Owners' Fund

31 March 2009



Independent auditor's report to the Owners of Discovery Bay City Owners' Fund ("the Fund")

We have audited the accounts of the Fund set out on pages 3 to 18, which comprise the balance sheet as at 31 March 2009, and the income and expenditure account, statement of changes in reserves and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Manager's responsibility for the accounts

The manager is responsible for the preparation and true and fair presentation of these accounts in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of accounts that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these accounts based on our audit. This report is made solely to you, as a body, 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 as to whether the accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the manager's preparation and true and fair presentation of the accounts 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 manager's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the manager, as well as evaluating the overall presentation of the accounts.

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



Independent auditor's report to the Owners of
Discovery Bay City Owners' Fund ("the Fund")
(continued)

Opinion

In our opinion, the accounts give a true and fair view of the financial transactions of the Fund during the year ended 31 March 2009 and the financial position of the Fund at 31 March 2009 and of the Fund's cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards.

A handwritten signature in cursive script, appearing to read 'Ray'.

Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

2 5 SEP 2009

Income and expenditure account
for the year ended 31 March 2009
(Expressed in Hong Kong dollars)

	<i>Note</i>	<i>2009</i>	<i>2008</i>
Income			
Management fee income	3	\$ 132,112,184	\$ 129,471,288
Other service income		798,498	1,115,241
Interest income		3,427,804	5,903,694
Other income		<u>2,907,659</u>	<u>2,535,703</u>
		<u>\$ 139,246,145</u>	<u>\$ 139,025,926</u>
Expenditure			
Staff costs	4(a)	\$ 31,943,281	\$ 33,553,220
Repairs and maintenance		14,169,631	14,433,512
Security		22,397,514	20,793,382
Utilities		12,632,330	12,555,786
Cleaning and pest control		13,530,326	12,582,580
Landscape expenses		1,071,601	803,825
Manager's fee	1	6,652,437	6,467,055
Rent and rates		2,618,667	2,315,259
Depreciation		432,133	513,805
Concierge service		1,131,372	3,626,662
Other expenses		<u>10,621,567</u>	<u>10,219,658</u>
		<u>\$ 117,200,859</u>	<u>\$ 117,864,744</u>
Excess of income over expenditure for the year		<u>\$ 22,045,286</u>	<u>\$ 21,161,182</u>
Transfer to Maintenance Reserve	8	<u>(22,685,200)</u>	<u>(16,841,000)</u>
(Deficit)/surplus for the year	4, 8	<u><u>\$ (639,914)</u></u>	<u><u>\$ 4,320,182</u></u>

The notes on pages 8 to 18 form part of these accounts.

**Statement of changes in reserves
for the year ended 31 March 2009**
(Expressed in Hong Kong dollars)

	<i>Note</i>	<i>2009</i>	<i>2008</i>
Reserves at 1 April 2008/2007		\$ 182,361,387	\$ 166,342,170
		-----	-----
Deposits received from owners included in Management Fund	8	\$ 550,119	\$ 5,270,947
Fees received from owners included in Renovation Fund	8	18,726,299	20,675,863
Fees received from users included in Road Usage Fund	8	1,522,377	1,845,421
Expenditure incurred charged to the various reserves/funds	8	<u>(28,118,325)</u>	<u>(32,934,196)</u>
Net deficit not accounted for in the income and expenditure account		\$ (7,319,530)	\$ (5,141,965)
		-----	-----
Excess of income over expenditure for the year		<u>\$ 22,045,286</u>	<u>\$ 21,161,182</u>
		-----	-----
Reserves at 31 March 2009/2008		<u><u>\$ 197,087,143</u></u>	<u><u>\$ 182,361,387</u></u>

The notes on pages 8 to 18 form part of these accounts.

Cash flow statement
for the year ended 31 March 2009
(Expressed in Hong Kong dollars)

	<i>Note</i>	<i>2009</i>	<i>2008</i>
Operating activities			
Excess of income over expenditure for the year		\$ 22,045,286	\$ 21,161,182
Adjustments for:			
- Depreciation		432,133	513,805
- Interest income		(3,427,804)	(5,903,694)
- Gain on disposal of fixed assets		<u>-</u>	<u>(495)</u>
Operating surplus before changes in working capital		\$ 19,049,615	\$ 15,770,798
Increase in inventories		(20,078)	(388,342)
Decrease/(increase) in debtors, other receivables, deposits and prepayments		5,250,973	(2,399,907)
Increase/(decrease) in creditors and accrued charges		3,822,664	(11,244,534)
(Decrease)/increase in amounts due to Hong Kong Resort Group Companies, net		(1,672,332)	5,385,960
Renovation fees received from owners		18,726,299	20,675,863
Utilisation of Renovation Fund		(25,768,534)	(30,601,127)
Road usage licence fees received		1,522,377	1,845,421
Utilisation of Road Usage Fund		(204,296)	(466,000)
Deposits received from owners		550,119	5,270,947
Utilisation of Management Fund		(374,265)	(737,887)
Utilisation of Maintenance Reserve		<u>(1,771,230)</u>	<u>(1,129,182)</u>
Net cash generated from operating activities		\$ 19,111,312	\$ 1,982,010

Cash flow statement
for the year ended 31 March 2009 (continued)
(Expressed in Hong Kong dollars)

	<i>Note</i>	<i>2009</i>	<i>2008</i>
Investing activities			
Payments for purchase of fixed assets		\$ (325,352)	\$ (147,900)
Proceeds from disposal of fixed assets		-	500
Interest received		3,427,804	5,903,694
(Increase)/decrease in fixed deposits		<u>(195,000,000)</u>	<u>132,000,000</u>
Net cash (used in)/generated from investing activities		<u>\$ (191,897,548)</u>	<u>\$ 137,756,294</u>
Net (decrease)/increase in cash and cash equivalents		<u>\$ (172,786,236)</u>	<u>\$ 139,738,304</u>
Cash and cash equivalents at 1 April 2008/2007		<u>177,925,184</u>	<u>38,186,880</u>
Cash and cash equivalents at 31 March 2009/2008	7	<u>\$ 5,138,948</u>	<u>\$ 177,925,184</u>

The notes on pages 8 to 18 form part of these accounts.

Notes on the accounts (Expressed in Hong Kong dollars)

1 General

The Discovery Bay City Owners' Fund (the "Fund") was established under the Deed of Mutual Covenant dated 30 September 1982 (the "Deed") which was registered with the District Lands Office on 10 November 1982, Memorial No. 112018. Discovery Bay Services Management Limited (the "Manager") was appointed as manager of the Fund pursuant to the Deed and was required to fulfil its obligations and duties stipulated in the Deed. The Manager's fee is calculated at 5% of the total expenditure as set out in Section IV Clause C.1 of the Deed. There was a rebate of 2% of the actual amount of renovation work done to the village concerned since 30 November 2005.

2 Significant accounting policies

(a) *Statement of compliance*

These accounts have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKAS") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), and accounting principles generally accepted in Hong Kong. A summary of the significant accounting policies adopted by the Fund is set out below.

The HKICPA has issued a number of new Interpretations and an amendment to HKFRSs that are first effective for the current accounting period of the Fund. However, none of these developments are relevant to the Fund's operation.

The Fund has not applied any new standard or interpretation that is not yet effective for the current accounting period (see note 12).

(b) *Basis of preparation of the accounts*

The measurement basis used in the preparation of the accounts is the historical cost basis.

2 Significant accounting policies (continued)

(c) Fixed assets

Fixed assets are stated in the balance sheet at cost less accumulated depreciation and impairment losses.

Depreciation is calculated to write off the cost of items of fixed assets, less their estimated residual value, if any, using the straight line method over their estimated useful lives as follows:

Furniture, fixtures and equipment	3 - 5 years
Plant and machinery	3 - 7 years
Motor vehicles	5 years

Both the useful life of an asset and its residual value, if any, are reviewed annually.

The carrying amounts of the fixed assets are reviewed for indications of impairment at each balance sheet date. An impairment loss is recognised to the extent that the carrying amount of an asset, or the cash-generating unit to which it belongs, is more than its recoverable amount. The recoverable amount of an asset, or of the cash-generating unit to which it belongs, 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 risk specific to the assets. An impairment loss is reversed if there has been a favourable change in estimates used to determine the recoverable amount.

Gains or losses arising from the retirement or disposal of an item of fixed asset are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in the income and expenditure account on the date of retirement or disposal.

(d) Construction in progress

Construction in progress is stated at cost less any impairment losses. Cost comprises direct costs of construction during the periods of construction and installation. Capitalisation of these costs ceases and the construction in progress is transferred to fixed assets when substantially all the activities necessary to prepare the assets for their intended use are completed. No depreciation is provided in respect of construction in progress until it is completed and ready for its intended use.

2 Significant accounting policies (continued)

(e) Inventories

Inventories, which mainly consist of spare parts and consumable stores, are carried at the lower of cost and net realisable value. Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable 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.

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 realisable 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 is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(f) Debtors and other receivables

Debtors and other receivables are initially recognised at fair value and thereafter stated at amortised cost less allowance for impairment of doubtful debts, except where the receivables are interest-free loans made to related parties without any fixed repayment terms or effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts.

Impairment losses for bad and doubtful debts are recognised when there is objective evidence of impairment and are measured as the difference between the carrying amount of the financial asset and the estimated future cash flows, discounted at the asset's original effective interest rate where the effect of discounting is material. Objective evidence of impairment includes observable data that comes to the attention of the Fund about events that have an impact on the asset's estimated future cash flows such as significant financial difficulty of the debtor.

Impairment losses for debtors and other receivables whose recovery is considered doubtful but not remote are recorded using an allowance account. When the Fund is satisfied that recovery is remote, the amount considered irrecoverable is written off against debtors and others receivables directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in income and expenditure account.

(g) Creditors and other payables

Creditors and other payables are initially recognised at fair value and subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

2 Significant accounting policies (continued)

(h) *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 amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

(i) *Employee benefits*

Salaries, annual bonuses, paid annual leave, contributions to Mandatory Provident Funds and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(j) *Provisions and contingent liabilities*

Provisions are recognised for liabilities of uncertain timing or amount when the Fund has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(k) *Revenue recognition*

Provided it is probable that the economic benefits will flow to the Fund and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in the income and expenditure account as follows:

- (i) Management fee and other service income are recognised when such services are rendered.
- (ii) Interest income is recognised as it accrues using the effective interest method.

2 Significant accounting policies (continued)

(l) *Operating lease charges*

Where the Fund has the use of assets held under operating leases, payments made under the leases are charged to the income and expenditure account in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in the income and expenditure account as an integral part of the aggregate net lease payments made. Contingent rentals are charged to the income and expenditure account in the accounting period in which they are incurred.

(m) *Allocation of expenses*

Expenses relating specifically to a village or to the water works have been allocated directly to that village or to the water works. All other expenses have been allocated to the Discovery Bay City and recharged to the villages, residents club, golf club, marina club, commercial centres and schools on the basis of management units allocated to each in accordance with the Deed.

Expenses relating to the management of the residents club, golf club, marina club, commercial centres and schools do not affect the accounts of the Fund as they are dealt with separately in their respective accounts.

(n) *Related parties*

For the purposes of these accounts, a party is considered to be related to the Fund if:

- (i) the party has the ability, directly or indirectly through one or more intermediaries, to control the Fund or exercise significant influence over the Fund in making financial and operating policy decisions, or has joint control over the Fund;
- (ii) the Fund and the party are subject to common control;
- (iii) the party is a member of key management personnel of the Fund, or a close family member of such an individual, or is an entity under the control, joint control or significant influence of such individuals;
- (iv) the party is a close family member of a party referred to in (i) or is an entity under the control, joint control or significant influence of such individuals; or
- (v) the party is a post-employment benefit plan which is for the benefit of employees of the Fund or of any entity that is a related party of the Fund.

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

3 Management fee income

Management fee income are calculated and charged to all residential units, residents club, golf club, marina club, the commercial centres and schools in proportion to the number of management units allocated.

4 (Deficit)/surplus for the year

(Deficit)/surplus for the year is arrived at after charging/(crediting):

	<i>2009</i>	<i>2008</i>
(a) Staff costs:		
Contributions to defined contribution retirement plan	\$ 1,224,115	\$ 1,303,644
Salaries, wages and other benefits	<u>30,719,166</u>	<u>32,249,576</u>
	<u>\$ 31,943,281</u>	<u>\$ 33,553,220</u>
(b) Other items:		
Auditors' remuneration		
- current year	\$ 70,000	\$ 65,000
- under-provision in respect of prior year	1,000	11,592
Gain on disposal of fixed assets	-	(495)
Operating lease charges in respect of land and buildings	<u>2,652,820</u>	<u>2,348,680</u>

5 Fixed assets

	<i>Furniture, fixtures and equipment</i>	<i>Plant and machinery</i>	<i>Motor vehicles (Note)</i>	<i>Total</i>
<i>Cost:</i>				
At 1 April 2007	\$ 838,165	\$ 2,793,408	\$ 1,707,634	\$ 5,339,207
Additions	38,203	109,697	-	147,900
Disposals	<u>(122,251)</u>	<u>-</u>	<u>-</u>	<u>(122,251)</u>
At 31 March 2008	<u>\$ 754,117</u>	<u>\$ 2,903,105</u>	<u>\$ 1,707,634</u>	<u>\$ 5,364,856</u>
<i>Depreciation:</i>				
At 1 April 2007	\$ 574,336	\$ 1,921,677	\$ 1,497,519	\$ 3,993,532
Charge for the year	100,452	255,089	158,264	513,805
Written back on disposals	<u>(122,246)</u>	<u>-</u>	<u>-</u>	<u>(122,246)</u>
At 31 March 2008	<u>\$ 552,542</u>	<u>\$ 2,176,766</u>	<u>\$ 1,655,783</u>	<u>\$ 4,385,091</u>
<i>Net book value:</i>				
At 31 March 2008	<u>\$ 201,575</u>	<u>\$ 726,339</u>	<u>\$ 51,851</u>	<u>\$ 979,765</u>

5 Fixed assets (continued)

	<i>Furniture, fixtures and equipment</i>	<i>Plant and machinery</i>	<i>Motor vehicles (Note)</i>	<i>Total</i>
Cost:				
At 1 April 2008	\$ 754,117	\$ 2,903,105	\$ 1,707,634	\$ 5,364,856
Additions	131,649	193,703	-	325,352
Disposals	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 31 March 2009	<u>\$ 885,766</u>	<u>\$ 3,096,808</u>	<u>\$ 1,707,634</u>	<u>\$ 5,690,208</u>
Depreciation:				
At 1 April 2008	\$ 552,542	\$ 2,176,766	\$ 1,655,783	\$ 4,385,091
Charge for the year	138,226	242,062	51,845	432,133
Written back on disposals	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 31 March 2009	<u>\$ 690,768</u>	<u>\$ 2,418,828</u>	<u>\$ 1,707,628</u>	<u>\$ 4,817,224</u>
Net book value:				
At 31 March 2009	<u>\$ 194,998</u>	<u>\$ 677,980</u>	<u>\$ 6</u>	<u>\$ 872,984</u>

Note: Motor vehicles are registered under the name of the Manager.

6 Amounts due from/to Hong Kong Resort Group Companies

The Hong Kong Resort Group Companies represent fellow subsidiaries or related companies of Hong Kong Resort Company Limited, the immediate holding company of the Manager. The amounts due from/to Hong Kong Resort Group Companies are unsecured, interest-free and have no fixed terms of repayment.

7 Cash and cash equivalents

	<i>2009</i>	<i>2008</i>
Deposits with banks	\$ 4,000,000	\$174,000,000
Cash at bank and in hand	<u>1,138,948</u>	<u>3,925,184</u>
Cash and cash equivalents	<u>\$ 5,138,948</u>	<u>\$177,925,184</u>

Note: The bank accounts are opened under the name of Discovery Bay Services Management Limited - DB City Owners' Fund.

8 Reserves

(a)

	<i>Management Fund Note (i)</i>	<i>Renovation Fund Note (ii)</i>	<i>Road Usage Fund Note (iii)</i>	<i>Maintenance Reserve Note (iv)</i>	<i>Cumulative surplus</i>	<i>Total</i>
At 1 April 2007	\$ 35,504,833	\$ 12,940,930	\$ 519,287	\$ 84,092,232	\$ 33,284,888	\$166,342,170
Amounts received from owners/users during the year	5,270,947	20,675,863	1,845,421	-	-	27,792,231
Expenditure incurred during the year	(737,887)	(30,601,127)	(466,000)	(1,129,182)	-	(32,934,196)
Transfers among various funds	-	6,494,850	(1,898,708)	(4,596,142)	-	-
Transfer from income and expenditure account	-	-	-	16,841,000	-	16,841,000
Surplus for the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,320,182</u>	<u>4,320,182</u>
At 31 March 2008	<u>\$ 40,037,893</u>	<u>\$ 9,510,516</u>	<u>\$ -</u>	<u>\$ 95,207,908</u>	<u>\$ 37,605,070</u>	<u>\$182,361,387</u>
At 1 April 2008	\$ 40,037,893	\$ 9,510,516	\$ -	\$ 95,207,908	\$ 37,605,070	\$182,361,387
Amounts received from owners/users during the year	550,119	18,726,299	1,522,377	-	-	20,798,795
Expenditure incurred during the year	(374,265)	(25,768,534)	(204,296)	(1,771,230)	-	(28,118,325)
Transfers among various funds	-	8,332,000	(1,318,081)	(7,013,919)	-	-
Transfer from income and expenditure account	-	-	-	22,685,200	-	22,685,200
Deficit for the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(639,914)</u>	<u>(639,914)</u>
At 31 March 2009	<u>\$ 40,213,747</u>	<u>\$ 10,800,281</u>	<u>\$ -</u>	<u>\$109,107,959</u>	<u>\$ 36,965,156</u>	<u>\$197,087,143</u>

Notes:

- (i) The Management Fund represents deposits and miscellaneous funds received from the owners of the residential units. Majority of the balance at the balance sheet date represents management fee deposits.
- (ii) The Renovation Fund represents fees received from the owners of certain villages for current renovations.
- (iii) The Road Usage Fund represents annual renewal license fees for motor vehicles and parking fees received from users less any road maintenance fees incurred during the year. The balance is transferred to Maintenance Reserve on a yearly basis.
- (iv) In accordance with the Deed, certain management fee incurred for the year has to be set aside and transferred to Maintenance Reserve. The Maintenance Reserve has been established in order to provide funds to cover the estimated costs of replacement of capital items and major repairs and maintenance. The amount to be transferred from the income and expenditure account in each year is determined after consultation with the respective Owners' Committees.

8 Reserves (continued)

(b) Capital management

The Fund's primary objectives when managing capital are to safeguard the Fund's ability to continue as a going concern, so that it can continue to manage Discovery Bay City (the "City") and the matters incidental to or connected with the management of the City.

The Fund defines "capital" as including all reserves maintained by the Fund. The Fund actively and regularly reviews and manages its capital structure to ensure effective use of reserves and sound financial status of the Fund.

9 Financial instruments

Exposure to credit risk arises in the normal course of the Fund's operations. This risk is limited by the Fund's financial management policies described below:

Credit risk

The Fund's credit risk is primarily attributable to debtors. The Manager has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

At the balance sheet date, the Fund does not hold any assets which are exposed to significant credit risk.

10 Commitments

(a) Capital commitments in respect of the purchase of fixed assets, common facilities and improvement projects outstanding as at 31 March not provided for in the accounts were as follows:

	<i>2009</i>	<i>2008</i>
Contracted for	\$ 10,321,311	\$ 11,939,852
	<u> </u>	<u> </u>

(b) The Fund grants permission to telecommunication companies for installing antenna under license agreements. The agreements typically run for an initial period of one to three years.

At 31 March, the total future minimum license fee income under non-cancellable license agreement are receivable as follows:

	<i>2009</i>	<i>2008</i>
Within 1 year	\$ 507,000	\$ 438,460
	<u> </u>	<u> </u>

11 Material related party transactions

During the year, the Fund had the following transactions with Hong Kong Resort Group Companies:

	<i>2009</i>	<i>2008</i>
Management fees received/receivable	\$ (5,624,478)	\$ (11,097,439)
Other service fees and charges received/ receivable	(1,260,238)	(1,723,056)
Rentals paid/payable	1,524,870	1,524,870
Administration and other service charges paid/payable	2,268,092	2,297,303
Ferry fares paid/payable	646,898	904,962
Purchase of inventories	132,630	151,224
	<u>=====</u>	<u>=====</u>

12 Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 March 2009

Up to the date of issue of these accounts, the HKICPA has issued a number of amendments, new standards and interpretations which are not yet effective for the year ended 31 March 2009 and which have not been adopted in these accounts.

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

In addition, the following development is expected to result in amended disclosures in the accounts, including restatement of comparative amounts in the first period of adoption:

*Effective for
accounting periods
beginning on or after*

HKAS 1 (revised 2007), *Presentation of financial statements*

1 January 2009

Detailed income and expenditure account
for the year ended 31 March 2009
(Expressed in Hong Kong dollars)

	Headland Village	Beach Village	Parkridge Village	Midvale Village	Parkvale Village	Hillgrove Village	Parkland Drive	Peninsula Village	Greenvale Village	D.B. Plaza (Residential unit)	La Vista Village	Bijou Hamlet Village	La Costa Village
Income													
Management fee income	\$ 6,901,536	\$ 7,504,464	\$ 5,822,208	\$ 6,616,896	\$ 8,008,092	\$ 4,395,384	\$ 1,436,148	\$ 21,330,336	\$ 14,803,578	\$ 2,048,160	\$ 6,625,752	\$ 1,360,128	\$ 4,865,796
Civil electrical and mechanical services	-	-	-	-	-	-	-	-	-	-	-	-	-
Landscape services	-	-	-	-	-	-	-	-	-	-	-	-	-
Water charges	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest income	384,687	208,371	78,883	226,978	121,735	150,887	39,091	321,419	190,101	14,448	162,192	48,492	124,415
Sundry income	14,427	2,137	8,131	1,840	3,900	4,169	318	314,252	23,650	1,939	8,703	-	5,393
	<u>\$ 7,300,650</u>	<u>\$ 7,714,972</u>	<u>\$ 5,909,222</u>	<u>\$ 6,845,714</u>	<u>\$ 8,133,727</u>	<u>\$ 4,550,440</u>	<u>\$ 1,475,557</u>	<u>\$ 21,966,007</u>	<u>\$ 15,017,329</u>	<u>\$ 2,064,547</u>	<u>\$ 6,796,647</u>	<u>\$ 1,408,620</u>	<u>\$ 4,995,604</u>
Expenditure													
Staff costs	\$ 360,947	\$ 426,301	\$ 365,037	\$ 267,595	\$ 247,840	\$ 316,227	\$ 35,352	\$ 928,763	\$ 647,371	\$ 51,120	\$ 282,218	\$ 22,360	\$ 187,571
Repairs and maintenance	484,818	605,832	829,009	1,149,499	1,147,292	516,690	86,485	3,707,008	2,258,026	396,590	914,243	115,144	768,080
Security	934,276	643,567	551,738	623,791	1,220,443	368,820	151,773	2,203,323	1,278,353	153,798	629,950	499,671	624,905
Utilities	185,501	278,503	501,115	442,497	718,202	422,158	55,516	1,933,717	1,401,649	176,004	547,514	77,831	463,182
Cleaning and pest control	252,310	803,276	666,625	739,337	739,574	371,618	157,659	1,612,281	1,174,241	249,046	640,531	123,035	497,209
Landscape expenses	516,567	567,986	187,662	250,775	370,849	104,029	54,371	774,868	316,148	1,720	521,405	116,205	428,334
Manager's fee	379,621	182,109	180,682	198,604	229,415	125,086	40,948	583,398	357,842	85,622	205,565	52,004	154,146
Insurance	126,543	118,023	56,961	73,256	94,823	44,144	18,258	288,134	182,115	17,688	79,891	14,078	48,631
Consumables	-	-	-	-	-	-	-	-	-	-	-	-	-
Rent and rates	-	-	-	-	-	-	-	-	-	-	-	-	-
Services charges	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation	729	1,821	1,905	735	3,345	3,370	-	14,000	13,085	-	4,802	-	1,740
Motor vehicles expenses	-	-	-	-	-	-	-	-	-	-	-	-	-
Printing and stationery	1,189	809	3,376	986	1,644	1,023	561	3,805	7,275	268	3,603	40	516
Concierge service	-	-	-	-	-	-	-	-	-	-	-	-	-
Property tax	-	-	-	-	-	-	-	11,000	-	-	-	25	-
Auditors' remuneration	-	-	-	-	-	-	-	-	-	-	-	-	-
(Gain)/loss on disposal of fixed assets	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous expenses	32,289	27,353	35,958	29,217	56,544	46,279	1,600	61,229	68,533	13,009	67,490	9,102	99,643
	<u>\$ 3,274,790</u>	<u>\$ 3,655,580</u>	<u>\$ 3,380,068</u>	<u>\$ 3,776,292</u>	<u>\$ 4,829,971</u>	<u>\$ 2,319,444</u>	<u>\$ 602,523</u>	<u>\$ 12,121,526</u>	<u>\$ 7,704,638</u>	<u>\$ 1,144,865</u>	<u>\$ 3,897,212</u>	<u>\$ 1,029,495</u>	<u>\$ 3,273,958</u>
Add/less													
Share of city expenses	<u>2,717,482</u>	<u>2,809,563</u>	<u>1,749,537</u>	<u>2,113,475</u>	<u>2,591,419</u>	<u>1,312,153</u>	<u>471,914</u>	<u>7,541,862</u>	<u>5,653,109</u>	<u>550,293</u>	<u>1,845,454</u>	<u>277,339</u>	<u>1,319,278</u>
Total expenditure	<u>\$ 5,992,272</u>	<u>\$ 6,465,143</u>	<u>\$ 5,129,605</u>	<u>\$ 5,889,767</u>	<u>\$ 7,421,390</u>	<u>\$ 3,631,597</u>	<u>\$ 1,074,437</u>	<u>\$ 19,663,388</u>	<u>\$ 13,357,747</u>	<u>\$ 1,695,158</u>	<u>\$ 5,742,666</u>	<u>\$ 1,306,834</u>	<u>\$ 4,593,236</u>
Excess of income over expenditure for the year	<u>\$ 1,308,378</u>	<u>\$ 1,249,829</u>	<u>\$ 779,617</u>	<u>\$ 955,947</u>	<u>\$ 712,337</u>	<u>\$ 918,843</u>	<u>\$ 401,120</u>	<u>\$ 2,302,619</u>	<u>\$ 1,659,582</u>	<u>\$ 369,389</u>	<u>\$ 1,053,981</u>	<u>\$ 101,786</u>	<u>\$ 402,368</u>
Transfer to Maintenance Reserve	<u>(5,483,200)</u>	<u>(1,200,000)</u>	<u>(900,000)</u>	<u>(960,000)</u>	<u>(504,000)</u>	<u>(600,000)</u>	<u>(360,000)</u>	<u>(2,004,000)</u>	<u>(1,185,000)</u>	<u>(720,000)</u>	<u>(1,320,000)</u>	<u>(180,000)</u>	<u>(693,000)</u>
Surplus/(deficit) for the year	<u>\$ (4,174,822)</u>	<u>\$ 49,829</u>	<u>\$ (120,383)</u>	<u>\$ (4,053)</u>	<u>\$ 208,337</u>	<u>\$ 318,843</u>	<u>\$ 41,120</u>	<u>\$ 298,619</u>	<u>\$ 474,582</u>	<u>\$ (350,611)</u>	<u>\$ (266,019)</u>	<u>\$ (78,214)</u>	<u>\$ (290,632)</u>

Detailed income and expenditure account
for the year ended 31 March 2009 (continued)
(Expressed in Hong Kong dollars)

	Neo Horizon Village	Siena One	Siena Two A	Siena Two B	Chianti	Water Works	Commercial Centres/ Clubs/ Schools	City	Elimination	2009 Total
Income										
Management fee income	\$ 3,238,416	\$ 6,606,564	\$ 2,567,796	\$ 10,825,506	\$ 15,320,352	\$ -	\$ 1,835,072	\$ -	\$ -	\$ 132,112,184
Civil electrical and mechanical services	-	-	-	-	-	-	-	7,655,110	(7,393,112)	261,998
Landscape services	-	-	-	-	-	-	-	7,245,316	(7,006,836)	238,480
Water charges	-	-	-	-	-	2,225,674	-	-	(1,927,654)	298,020
Interest income	250,814	170,651	62,945	152,045	188,229	179,791	-	351,630	-	3,427,804
Sundry income	1,668,430	1,389	1,367	4,538	67,427	76,068	-	699,581	-	2,907,659
	<u>\$ 5,157,660</u>	<u>\$ 6,778,604</u>	<u>\$ 2,632,108</u>	<u>\$ 10,982,089</u>	<u>\$ 15,576,008</u>	<u>\$ 2,481,533</u>	<u>\$ 1,835,072</u>	<u>\$ 15,951,637</u>	<u>\$ (16,327,602)</u>	<u>\$ 139,246,145</u>
Expenditure										
Staff costs	\$ 209,882	\$ 144,018	\$ 62,042	\$ 245,789	\$ 1,156,680	\$ (2,048)	\$ -	\$ 25,988,216	\$ -	\$ 31,943,281
Repairs and maintenance	807,654	1,139,622	457,277	1,383,247	1,687,300	201,479	-	2,766,230	(7,251,894)	14,169,631
Security	445,248	1,171,890	336,209	2,559,647	2,225,012	-	-	5,775,100	-	22,397,514
Utilities	448,091	530,379	218,519	1,155,740	1,303,650	801,490	-	2,898,726	(1,927,654)	12,632,330
Cleaning and pest control	247,542	720,378	306,159	1,057,690	1,195,337	-	-	1,976,478	-	13,530,326
Landscape expenses	126,210	365,223	136,947	525,751	569,527	32,900	-	2,083,697	(6,979,573)	1,071,601
Manager's fee	148,339	222,983	70,564	335,250	466,550	115,878	-	2,517,831	-	6,652,437
Insurance	32,703	78,154	29,522	93,221	124,502	36,006	-	588,209	-	2,144,863
Consumables	-	-	-	-	-	-	-	4,194,189	-	4,194,189
Rent and rates	-	-	-	-	-	738,760	-	1,879,907	-	2,618,667
Services charges	-	-	-	-	-	-	-	990,950	-	990,950
Depreciation	3,734	4,376	251	2,179	173	-	-	375,888	-	432,133
Motor vehicles expenses	-	-	-	-	17,382	-	-	552,630	-	570,012
Printing and stationery	2,484	76	14	272	9,508	672	-	325,355	-	363,476
Concierge service	-	-	-	-	1,131,372	-	-	-	-	1,131,372
Property tax	50,179	-	-	-	-	7,200	-	-	-	68,404
Auditors' remuneration	-	-	-	-	-	-	-	71,000	-	71,000
(Gain)/loss on disposal of fixed assets	-	-	-	-	-	-	-	-	-	-
Miscellaneous expenses	41,981	38,781	9,354	38,695	187,977	222,600	-	1,299,520	(168,481)	2,218,673
	<u>\$ 2,564,047</u>	<u>\$ 4,415,880</u>	<u>\$ 1,626,858</u>	<u>\$ 7,397,481</u>	<u>\$ 10,074,970</u>	<u>\$ 2,154,937</u>	<u>\$ -</u>	<u>\$ 54,283,926</u>	<u>\$ (16,327,602)</u>	<u>\$ 117,200,859</u>
Add/less										
Share of city expenses	859,970	1,708,978	658,268	2,613,343	2,703,780	-	1,835,072	(41,332,289)	-	-
Total expenditure	<u>\$ 3,424,017</u>	<u>\$ 6,124,858</u>	<u>\$ 2,285,126</u>	<u>\$ 10,010,824</u>	<u>\$ 12,778,750</u>	<u>\$ 2,154,937</u>	<u>\$ 1,835,072</u>	<u>\$ 12,951,637</u>	<u>\$ (16,327,602)</u>	<u>\$ 117,200,859</u>
Excess of income over expenditure for the year	\$ 1,733,643	\$ 653,746	\$ 346,982	\$ 971,265	\$ 2,797,258	\$ 326,596	\$ -	\$ 3,000,000	\$ -	\$ 22,045,286
Transfer to Maintenance Reserve	(824,000)	(960,000)	(192,000)	(720,000)	(480,000)	(400,000)	-	(3,000,000)	-	(22,685,200)
Surplus/(deficit) for the year	<u>\$ 909,643</u>	<u>\$ (306,254)</u>	<u>\$ 154,982</u>	<u>\$ 251,265</u>	<u>\$ 2,317,258</u>	<u>\$ (73,404)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (639,914)</u>