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As Chairman of the Board of Trustees of the Lord Wilson Heritage Trust, I am delighted to present this thirteenth Annual Report of the Trust which covers the work of the Board of Trustees and the Council of the Trust for the period from 1 April 2005 to 31 March 2006.

Established in December 1992, the Trust aims to preserve and conserve the human heritage of Hong Kong by organising activities and providing funding support to assist community organisations and individuals to undertake heritage related activities and research projects. Continuing our commitment to foster the community's interest and concern for local heritage, we have undertaken a series of activities and projects ranging from projects like "Lord Wilson Heritage Trust Scholarships and Distinguished Lectureships for the Architectural Conservation Programme at The University of Hong Kong", to researches like "Research and Publication on Tai O's Fishery, Agriculture, and Salt-making through Study of its Historical Artefacts" have been undertaken in this financial year. Highlights of these projects and activities are presented in the report.

To enhance the promotion and study of heritage conservation in Hong Kong, Prof FU Xian-guo and Mr LV Hong-liang have been awarded scholarships as the Lord Wilson Research Fellow and the Lord Wilson Post-graduate Student respectively under Lord Wilson Scholarship Scheme to conduct archaeological researches and give lectures in Hong Kong.

Donations are essential for the effective functioning of the Trust. In 2005-2006, donations from the Shanghai Commercial Bank Limited in connection with the "Hong Kong's Heritage Credit Card" amounted to \$88,662. I would like to express my gratitude to all those who have contributed to the Trust to date. I would also like to extend my sincere appreciation to Members of the Board of Trustees and the Council for their devotion to the work of the Trust during the past year.

With these few words, I am pleased to formally lay this report before you, Members of the Legislative Council, in accordance with section 13(5) of the Lord Wilson Heritage Trust Ordinance, and to express my hope that you will continue to give support to our work.

Dr CHENG Hoi-chuen, Vincent, GBS, JP
Chairman, Board of Trustees



The Lord Wilson Heritage Trust was established in December 1992, following the enactment of an Ordinance bearing the same name, to provide an opportunity for the community to express its appreciation of the contribution made to Hong Kong by Lord Wilson during his term as Governor of Hong Kong, and to join hands further to promote the preservation and conservation of Hong Kong's heritage.

The Trust aims to preserve and conserve the human heritage of Hong Kong by any or all of the following means :

- a) the identification, restoration and refurbishment of relics, antiquities and monuments and of other historical, archaeological and palaeontological objects, sites or structures in Hong Kong;
- b) the provision of facilities at antiquities and monuments and at historical and archaeological sites or structures in order to assist public access to and appreciation of such sites or structures;
- c) the aural, visual and written recording of sites of historic interest, traditional ceremonies and other aspects of the human heritage of Hong Kong;
- d) the publication of books, papers and periodicals, and the production of tapes, discs and other articles relating to the objects of the Trust;
- e) the holding of exhibitions and conferences relating to the objects of the Trust;
- f) educational activities which will increase public awareness of and interest in the human heritage of Hong Kong; and
- g) any other activities which will promote the objects of the Trust.

Trust Assets

Since the announcement of the establishment of the Trust in 1992 and up to the end of this report period (i.e. 31 March 2006), the Trust had received a total of \$44,242,815 in donation from various public-spirited individuals and organisations.

Board of Trustees and Council

In accordance with the provisions of the enabling Ordinance, a Board of Trustees and a Council have been established since February 1993.

The main function of the Board of Trustees is to manage the investment of the Trust's capital and to take responsibility for related financial matters so as to ensure that a steady income will be generated to finance the Trust's activities. The Board also decides on broad policy matters and gives direction on how the objects of the Trust should be met.

The Council on the other hand is concerned with the execution of the Board's decisions, and the implementation of activities for promoting heritage preservation and conservation in Hong Kong.

Membership of the Board of Trustees and the Council are at Annexes I and II.

Investment

The Board of Trustees decided that a professional fund manager should be appointed to invest the Trust's capital. A Fund Management Committee was subsequently formed in March 1993 by the Board of Trustees to consider investment proposals from prospective fund management companies.

A sum of \$43 million was transferred to the then Fund Manager on 21 May 1993 to establish an investment portfolio for the Trust. The current Fund Manager is Coutts Bank von Ernst Ltd. The Fund Manager is requested to invest the Trust's assets in accordance with the following broad investment objectives:

- a) to adopt a prudent management approach, with a primary objective of preserving the financial assets (including capital and cumulative income) of the Trust;
- b) to produce a steady source of income for the Trust; and
- c) to achieve long-term appreciation of the financial assets of the Trust.

The financial report of the Trust containing the auditor's report and the statement of accounts of the Trust, including an income and expenditure account and a balance sheet are at Annex III. Together these give a clear picture of the financial position of the Trust as at 31 March 2006.

TRUST ACTIVITIES



During the report period, the Trust continued to promote heritage preservation and education, and to support community initiatives with a view to fostering a sense of belonging in Hong Kong. The following gives a summary of the key activities organised or completed in 2005-06 for achieving these objectives.

Lord Wilson Heritage Trust Scholarships and Distinguished Lectureships for the Architectural Conservation Programme at The University of Hong Kong

In order to enhance the education of heritage conservation for post-graduate students and professionals in Hong Kong, the Trust has approved funding support to Architectural Conservation Programme at The University of Hong Kong for awarding scholarships and organising distinguished lectures.



Prof David LUNG, SBS, JP, Chairman of the Council, and Mrs NG WONG Yee-man, Gloria, JP, Member of the Board of Trustees, jointly officiated the Award Ceremony of the Lord Wilson Heritage Trust Scholarships for the Architectural Conservation Programme in September 2005.

The Guided Visit to the Hong Kong Maritime Museum

In order to enable the Trust's members to keep abreast of the latest development in heritage preservation in Hong Kong, a guided visit to the Hong Kong Maritime Museum was organised in March 2006. The museum is located at Murray House, a restored built heritage in Stanley. The visit enriched members' understanding and knowledge on the maritime history of Hong Kong.



Dr Stephen DAVIES, Director of the Hong Kong Maritime Museum, introduced the exhibits to the Council of the Trust.

Heritage Conservation – We All Gained

The Trust granted HK\$245,500 to The Conservancy Association for carrying out the project which was completed in June 2005. The study aimed at understanding the viewpoint and attitude of the general public towards heritage conservation in Hong Kong. By means of surveys, focus group meetings and workshops, research findings were summarised, exhibited and published.



Members of the focus group reviewed and consolidated their research results.

Knowing the Chinese Ethnic Groups through Stories – Surveys, Photo Competitions, Tours, Exhibitions and Workshops on the Life and Customs of Tanka, Hakka and Fukien people in Kwun Tong, Tiu Keng Leng, Lei Yue Mun and Sam Ka Tsuen

The Trust approved a grant of HK\$100,000 to Salvation Army Senior Citizens Talent Advancement Project – Kwun Tong Centre for carrying out the project which was completed in February 2006. A series of activities have been organised to study the history of Lei Yue Mun such as interviewing the folk, conducting photo competition and exhibition, and publishing the research findings for free distribution to the public.



Senior citizens actively participated in a site visit.

Research and Publication on Tai O's Fishery, Agriculture, and Salt-making through Study of its Historical Artefacts

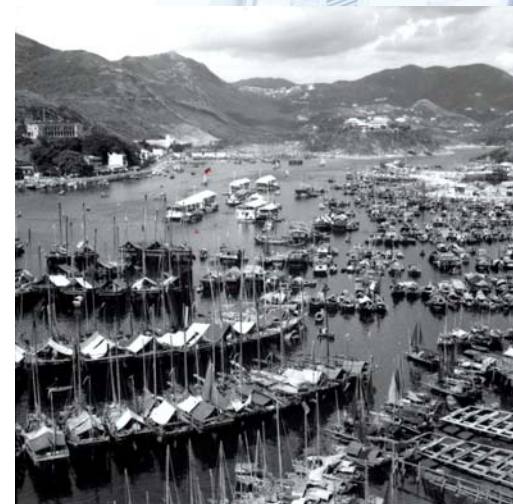
The Trust approved a grant of HK\$200,000 to Drs CHEUNG Siu-woo and LIU Tik-sang for undertaking the project which was completed in March 2006. In order to study the history of Tai O's fishery, agriculture, and salt-making, the grantees have researched extensively on many artefacts such as maps, documents, built heritage and the oral history of the locals. The findings have been published.



The dragon boat competition of Tuen Ng Festival featured the leisure activity of fishermen at Tai O.

Research on 1946 Hong Kong Photographs

The Trust granted \$521,000 to Hong Kong Conservation Photography for conducting the project on "Research on 1946 Hong Kong Photographs". The study focused on the record of Hedda Morrison's Hong Kong Photographs. The project was completed in June 2005.



The fishing port in the 1940s.



Funding Support for Community Initiatives

As in the past, the Trust continued to support initiatives from community organisations for carrying out heritage-related projects in 2005-06. A sum of HK\$2,329,328 was granted for the following projects:

- a) Conservation and Restoration of St John's Cathedral by The Trustees of the Church of England in the Diocese of Victoria, Hong Kong (HK\$410,000);
- b) Detailed Land, Structural and Architectural Survey on Pottinger Battery, Devil's Peak by Dr Daniel HO & Professor Lawrence LAI (HK\$247,000);
- c) Editing and CD (or other similar medium) publication of full set of over 700 China Mail reports of the Court Cases of Magistrate Frederick Stewart, 1881-1882 by Dr Gillian BICKLEY (HK\$49,000);
- d) Learning Experience in Exile: An Oral History of Hong Kong People during the War (1937-45) by Dr CHEUNG Wai-chun (HK\$137,500);
- e) Lord Wilson Heritage Trust Scholarships and Distinguished Lectureships for the Architectural Conservation Programme of The University of Hong Kong by the Department of Architecture of The University of Hong Kong (HK\$215,000);
- f) Photorealistic 3D Reconstruction and Interactive Display of Ceramic Artefacts by Dr K L CHAN (HK\$166,200);
- g) Project on the Preservation and Promotion of the Fishermen's Culture of the North East New Territories by The Salvation Army Sam Mun Tsai Community Development Project (HK\$144,628);
- h) Study on Sun Yat-sen's activities in Hong Kong during his formative years (1883-95) - Stage 3 by Dr WONG Yue-wo, John (HK\$100,000);
- i) Phase I of the Hong Kong Maritime Museum Reference Chart and Pilotage Collection for China Sea Water: The Catalogue by Hong Kong Maritime Museum (HK\$360,000); and
- j) James Wong and Hong Kong Popular Culture - Recollection and Reconstruction by Dr NG Chun-hung (HK\$500,000).

Since the launch of the Lord Wilson Scholarship Scheme in 2005, the Trust has awarded scholarships for Research Fellow and Post-graduate Student to Prof FU Xian-guo and Mr LV Hong-liang respectively to carry out research projects on local archaeology. The Trust will continue to invite more internationally renowned and distinguished scholars to deliver lectures on both tangible and intangible cultural heritage of Hong Kong so as to enhance the public's interest and awareness in heritage conservation.



Board of Trustees of the Lord Wilson Heritage Trust Membership (1.4.2005 - 31.3.2007)

Chairman

Dr CHENG Hoi-chuen, Vincent, GBS, JP

Members

Mr CHAN Cho-chak, John, GBS, JP

Mr FUNG Yuk-bun, Patrick

Mr HO Kwan-yiu, Junius

Dr KWOK Viem, Peter

Ms LUI Wai-yu, Paddy, JP

Mr LUI Yin-tat, David

Mrs NG WONG Yee-man, Gloria, JP

Mr SY Chin-mong, Stephen, JP

Ms WONG Pui-sze, Priscilla, JP

Dr WU Po-him, Philip, BBS, JP

Secretary for Home Affairs or his representative (ex-officio)



Council of the Lord Wilson Heritage Trust Membership (1.4.2005 - 31.3.2007)

Chairman

Prof LUNG Ping-yee, David, SBS, JP

Members

Ms CHOW Kam-wah, Brenda

Mr HO Kwan-yiu, Junius

Mrs LEUNG NGAI Mou-yin, Justina, JP

Mr PONG Chun-ye, David

Dr TAI Tak-fung, SBS, JP

Mr TONG Tai-wai, Raphael, MH

Director of Architectural Services or his representative

Secretary for Education and Manpower or his representative

Deputy Secretary for Home Affairs or his representative (ex-officio)



KPMG Peat Marwick

Certified Public Accountants

LORD WILSON HERITAGE TRUST

ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2006

KPMG Peat Marwick

Honorary auditors' report to the Trustees of Lord Wilson Heritage Trust

We have audited the financial statements of Lord Wilson Heritage Trust (the "Trust") set out on pages 3 to 18, which comprise the balance sheet as at 31 March 2006, and the income statement, the statement of changes in equity and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

TRUSTEES' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Trustees are responsible for the preparation and the true and fair presentation of these financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the Lord Wilson Heritage Trust Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements 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 financial statements based on our audit. This report is made solely to you, as a body, in accordance with section 13(4) of the Lord Wilson Heritage Trust 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 as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the financial statements 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 Trustees, as well as evaluating the overall presentation of the financial statements.

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

OPINION

In our opinion, the financial statements give a true and fair view of the state of affairs of the Trust as at 31 March 2006 and of the Trust'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 Lord Wilson Trust Heritage Ordinance.


 Certified Public Accountants
 8th Floor, Prince's Building
 10 Chater Road
 Central, Hong Kong
 16 January 2007

LORD WILSON HERITAGE TRUST INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2006

(Expressed in Hong Kong dollars)

	Note	2006	2005
Revenue			
Dividends income		\$ 388,022	\$ 359,650
Interest income		1,545,523	1,600,533
		<u>\$ 1,933,545</u>	<u>\$ 1,960,183</u>
Other net gains			
Net realised and unrealised gain on investments		\$ 2,893,888	\$ 41,059
Exchange (loss)/gain		(30,078)	12,592
		<u>\$ 2,863,810</u>	<u>\$ 53,651</u>
Expenditure			
Grants	4	\$ (1,744,351)	\$ (1,229,263)
Fees and expenses	5	(303,563)	(305,660)
		<u>\$ (2,047,914)</u>	<u>\$ (1,534,923)</u>
Surplus for the year		\$ 2,749,441	\$ 478,911
Accumulated surpluses brought forward		15,175,718	14,696,807
Accumulated surpluses carried forward		<u>\$ 17,925,159</u>	<u>\$ 15,175,718</u>


The notes on pages 7 to 18 form part of these financial statements.

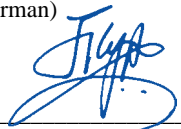
LORD WILSON HERITAGE TRUST BALANCE SHEET AT 31 MARCH 2006

(Expressed in Hong Kong dollars)

	<i>Note</i>	<i>2006</i>	<i>2005</i>
Current assets			
Financial assets designated at fair value through profit or loss/other investments	7	\$ 58,287,329	\$ 47,359,779
Other receivables	8	379,573	318,091
Cash and deposit balances	9	<u>3,501,072</u>	<u>11,659,501</u>
		\$ 62,167,974	\$ 59,337,371
Current liabilities			
Accounts payable	10	<u>-</u>	<u>7,500</u>
Net current assets		<u>\$ 62,167,974</u>	<u>\$ 59,329,871</u>
Representing:			
Trust capital account	11	\$ 44,242,815	\$ 44,154,153
Accumulated surpluses		<u>17,925,159</u>	<u>15,175,718</u>
		<u>\$ 62,167,974</u>	<u>\$ 59,329,871</u>

Approved and authorised for issue by the Board of Trustees on 16 January 2007.


 Dr CHENG Hoi-chuen, Vincent, GBS, JP
 (Chairman)


 Mr HO Kwan-yiu, Junius
 (Member)

The notes on pages 7 to 18 form part of these financial statements.

LORD WILSON HERITAGE TRUST STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2006

(Expressed in Hong Kong dollars)

	<i>Trust capital account</i>	<i>Accumulated surpluses</i>	<i>Total net assets</i>
Balance at 1 April 2005	\$ 44,154,153	\$ 15,175,718	\$ 59,329,871
Donations received during the year	88,662	-	88,662
Surplus for the year	<u>-</u>	<u>2,749,441</u>	<u>2,749,441</u>
Balance at 31 March 2006	<u>\$ 44,242,815</u>	<u>\$ 17,925,159</u>	<u>\$ 62,167,974</u>
Balance at 1 April 2004	\$ 44,070,360	\$ 14,696,807	\$ 58,767,167
Donations received during the year	83,793	-	83,793
Surplus for the year	<u>-</u>	<u>478,911</u>	<u>478,911</u>
Balance at 31 March 2005	<u>\$ 44,154,153</u>	<u>\$ 15,175,718</u>	<u>\$ 59,329,871</u>

The notes on pages 7 to 18 form part of these financial statements.

**LORD WILSON HERITAGE TRUST
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2006**

(Expressed in Hong Kong dollars)

	<i>Note</i>	<i>2006</i>	<i>2005</i>
Operating activities			
Profit before taxation		\$ 2,749,441	\$ 478,911
Operating profit before changes in working capital			
		\$ 2,749,441	\$ 478,911
Increase in financial assets designated at fair value through profit or loss/other investments		(10,927,550)	(4,124,988)
(Increase)/decrease in other receivables		(61,482)	69,360
Decrease in accounts payable		(7,500)	-
Net cash used in operating activities		<u>\$ (8,247,091)</u>	<u>\$ (3,576,717)</u>
Financing activities			
Donation received		\$ 88,662	\$ 83,793
Net cash generated from financing activities		<u>\$ 88,662</u>	<u>\$ 83,793</u>
Net decrease in cash and cash equivalents		\$ (8,158,429)	\$ (3,492,924)
Cash and cash equivalents at 1 April		<u>11,659,501</u>	<u>15,152,425</u>
Cash and cash equivalents at 31 March		<u>\$ 3,501,072</u>	<u>\$ 11,659,501</u>

The notes on pages 7 to 18 form part of these financial statements.

**LORD WILSON HERITAGE TRUST
NOTES ON THE FINANCIAL STATEMENTS**

(Expressed in Hong Kong dollars)

1 Status and objects of the Trust

(a) Status

The Trust was established under the Lord Wilson Heritage Trust Ordinance on 18 December 1992.

(b) Objects

The objects of the Trust are the preservation and conservation of the human heritage in Hong Kong.

2 Significant accounting policies

(a) Statement of compliance

These financial statements 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 ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong. A summary of the significant accounting policies adopted by the Trust is set out below.

The HKICPA has issued a number of new and revised HKFRSs that are effective or available for early adoption for accounting periods beginning on or after 1 January 2005. Information on the changes in accounting policies resulting from initial application of these new and revised HKFRSs for the current and prior accounting periods reflected in these financial statements is provided in note 3.

(b) Basis of preparation of the financial statements

The measurement basis used in the preparation of the financial statements is historical cost basis except that the financial assets designated at fair value through profit or loss are stated at their fair value as explained in note 2(e).

The preparation of financial statements in conformity with HKFRSs requires Trustees to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets,

liabilities, income and expenses. 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 of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

(c) Income recognition

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

- (i) Dividend income is recognised only when the shareholders' right to the income has been established which in respect of listed investments is taken to be when the underlying investment goes ex-dividend.
- (ii) Interest income is accrued on a time-apportioned basis on the principal outstanding and at the rate applicable.

(d) Donations

Donations received are credited directly to the trust capital account.

(e) Financial instruments

(i) Initial recognition

The Trust classifies its financial instruments into different categories at inception, depending on the purpose for which the assets were acquired or the liabilities were incurred. The categories are: fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets and other financial liabilities.

Financial instruments are measured initially at fair value, which normally will be equal to the transaction price, plus, in case of a financial asset or financial liability not held at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs on financial assets and financial liabilities at fair value through profit or loss are expensed immediately.

The Trust recognises financial assets and financial liabilities on the date it becomes a party to the contractual provisions of the instrument. A regular way purchase or sale of financial assets is recognised using trade date accounting. From this date, any gains and losses arising from changes in fair value of the financial assets or financial liabilities are recorded.

(ii) Categorisation

Fair value through profit or loss

This category comprises financial assets and financial liabilities held for trading, and those designated at fair value through profit or loss upon initial recognition, but exclude those investments in equity instruments that do not have a quoted market price and whose fair value cannot be reliably measured.

Trading financial instruments are financial assets or financial liabilities which are acquired or incurred principally for the purpose on trading, or are part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking.

Financial assets and liabilities under this category are carried at fair value. Changes in the fair value are included in the income statement in the period in which they arise. Upon disposal or repurchase, the difference between the net sale proceeds or the net payment and they carrying value is included in the income statement.

All investments of the Trust are financial assets designated at fair value through profit or loss.

(f) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, 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.

(g) Translation of foreign currencies

Foreign currency transactions during the year are translated into Hong Kong dollars at the exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated into Hong Kong dollars at the exchange rates ruling at the balance sheet date. Exchange gains and losses are dealt with in the income statement.

(h) Related parties

For the purposes of these financial statements, parties are considered to be related to the Trust if the Trust has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Trust and the party are subject to common control or common significant influence. Related parties may be individuals (being members of key management personnel, significant shareholders and/or their close family members) or other entities and include entities which are under the significant influence of related parties of the Trust where those parties are individuals, and post-employment benefit plans which are for the benefit of employees of the Trust or of any entity that is a related party of the Trust.

3 Changes in accounting policies

The HKICPA has issued a number of new and revised HKFRSs that are effective for accounting periods beginning on or after 1 April 2005.

The effect of the adoption of HKAS 24 "Related party disclosures", HKAS 32 "Financial instruments: Disclosure and presentation" and HKAS 39 "Financial instruments: Recognition and measurement" are set out below. There were no other new and revised HKFRSs which resulted in significant changes to the Trust's accounting policies applied in these financial statements for the years presented.

The Trust has not applied any new standard or interpretation that is not yet effective for the current accounting period (see note 14).

(a) Definition of related parties (HKAS 24, Related party disclosures)

As a result of the adoption of HKAS 24, Related party disclosures, the definition of related parties as disclosed in note 2(h) has been expanded to clarify that related parties include entities that are under the significant influence of a related party that is an individual (i.e. key management personnel, significant shareholders and/or their close family members) and post-employment benefit plans which are for the benefit of employees of the Trust or of any entity that is a related party of the Trust. The clarification of the definition of related parties has not resulted in any material changes to the previously reported disclosures of related party transactions nor has it had any material effect on the disclosures made in the current period, as compared to those that would have been reported had SSAP 20, Related party disclosures, still been in effect.

(b) Financial instruments (HKAS 32, Financial instruments: Disclosure and presentation and HKAS 39, Financial instruments: Recognition and measurement)

With effect from 1 April 2005, in order to comply with HKAS 32 and HKAS 39, the Trust has changed its accounting policies relating to financial instruments to those as set out in notes 2(e). Further details of the changes are as follows:

Investments

In prior years, the Trust adopted the benchmark treatment under SSAP 24 and classified its investments under "other investments". Other investments in securities were stated at fair value with changes in fair value recognised in the income statement.

With effect from 1 January 2005, and following the adoption of HKAS 39, all other investments as at 1 April 2005, amounting to \$47,359,779, were re-designated as financial assets designated at fair value through profit or loss. Fair value of these assets is based on their quoted market bid prices at the balance sheet date without any deduction for estimated future selling costs. Further details of the accounting policies for financial instruments are set out in note 2(e).

No adjustments arose from the adoption of the new policies for financial instruments in relation to the opening balances at 1 April 2005 as the measurement basis of the investments has not changed.

(c) Preparation of cash flow statement (HKAS 7, Cash flow statements)

In prior years, the Trust took advantage of the exemption from preparing a cash flow statement under Hong Kong Statement of Standard Accounting Practice ("SSAP") 15, Cash flow statements. Such exemption is no longer available under HKAS 7. According, a cash flow statement has been prepared for the current year, with comparative amounts.

4 Grants

	2006	2005
Heritage Research or presentation		
Heritage Area Assessment and Collective Memory Reconstruction	\$ 42,856	\$ -
Study on Sun Yat-sen's Activities in Hong Kong during His Formative Years (1883-95) - Stage 2	50,000	-
Proceedings on "International Conference: Heritage and Education (1997)"	210,000	-
Development of Interactive CD-ROM - Heritage Explorer	120,120	-
Lord Wilson Heritage Trust Scholarships and Distinguished Lectureships for the Architectural Conservation Programme at the University of Hong Kong for the year 2005	107,500	-
Study on Sun Yat-sen's Activities in Hong Kong during His Formative Years (1883-95) - Stage 3	50,000	-
Detailed Land, Structural and Architectural Survey on Pottinger Battery, Devil's Peak	123,500	-
Project on the Preservation and Promotion of the Fishermen's Culture of the North East New Territories	72,314	-
Publication on Dr James Hayes' Collection on Land and Business Documents	90,072	-
Learning Experience in Exile: An Oral History of Hong Kong People during the War (1937-45)	68,750	-
Photorealistic 3D Reconstruction and Interactive Display of Ceramic Artefacts	83,100	-
Research on 1946 Hong Kong Photographs	176,000	-
Journey to the Ancient Culture of Hong Kong - DVD Production of Three Episodes	336,200	672,400
Lord Wilson Heritage Trust Scholarships and Distinguished Lectureships for the Architectural Conservation Programme at the University of Hong Kong for the year 2004	53,750	107,500
Knowing the Chinese Ethnic Groups through Stories - Surveys, Photo Competitions, Tours, Exhibitions and Workshops on the Life and Customs of Tanka, Hakka and Fukien People in Kwun Tong, Tiu Keng Leng, Lei Yue Mun and Sam Ka Tsuen	50,000	50,000
A Preliminary Study of Ceramics Remains Unearthed in Hong Kong During the Song - Yuan Period	-	18,000
100-years of Architecture in Hong Kong	-	128,750
	<u>\$ 1,634,162</u>	<u>\$ 976,650</u>

Promotion of heritage awareness

	2006	2005
Additional printing for Annual Report 03-04	\$ 10,800	\$ -
Design and printing for Annual Report 03-04	22,500	-
Heritage Conservation - We All Gained	76,889	122,750
International Conference on Shophouses and Virtual Heritage	-	131,135
Heritage Walkathon 2002	-	7,347
A Collective Look at the Traditional Culture of Yaumatei, Tsimshatsui and Mongkok - Visits, Interviews, Publication and VCD Production	-	23,440
Summer Youth Programme (Refund)	-	(32,059)
	<u>\$ 110,189</u>	<u>\$ 252,613</u>
	<u>\$ 1,744,351</u>	<u>\$ 1,229,263</u>

5 Fees and expenses

	2006	2005
Accountancy fee	\$ -	\$ 30,000
Advertising and promotion expenses	17,217	29,507
Bank charges	1,524	1,358
Custodian charges	35,005	41,924
Management fee to fund managers	222,008	174,126
Printing and stationery	22,096	3,440
Miscellaneous expenses	5,713	25,305
	<u>\$ 303,563</u>	<u>\$ 305,660</u>

6 Taxation

The Trust is exempt under section 88 of the Hong Kong Inland Revenue Ordinance from any tax by reason of being a charitable institution or trust of a public character. Accordingly, no provision for Hong Kong taxation is required in the financial statements.

7 Financial assets designated at fair value through profit and loss/ other investments

	2006	2005
Equity securities		
Listed in Hong Kong	\$ 7,016,631	\$ 6,851,450
Unit trusts and mutual funds		
Listed outside Hong Kong	\$ 13,535,966	\$ 8,037,229
Unlisted	6,449,121	6,015,054
	<u>\$ 19,985,087</u>	<u>\$ 14,052,283</u>
Debt securities		
Listed outside Hong Kong	\$ 31,285,611	\$ 21,174,046
Unlisted	-	5,282,000
	<u>\$ 31,285,611</u>	<u>\$ 26,456,046</u>
	<u>\$ 58,287,329</u>	<u>\$ 47,359,779</u>

8 Other receivables

All other receivables are expected to be recovered within one year.

9 Cash and deposit balances

	2006	2005
Cash and deposits with the investment manager	\$ 2,666,356	\$ 11,099,790
Cash at bank	834,716	559,711
	<u>\$ 3,501,072</u>	<u>\$ 11,659,501</u>

10 Accounts payable

All accounts payable are expected to be settled within one year.

11 Trust capital account

	2006	2005
Trust capital brought forward	\$ 44,154,153	\$ 44,070,360
Donations received during the year	<u>88,662</u>	<u>83,793</u>
Trust capital carried forward	<u>\$ 44,242,815</u>	<u>\$ 44,154,153</u>

12 Financial instruments

Exposure to credit, liquidity, interest rate and foreign currency risks arises in the normal course of the Trust's business. These risks are limited by the Trust's financial management policies and practices described below.

(a) Credit risk

The Trust's credit risk is primarily attributable to listed securities, unit trusts and mutual funds and other receivables. The Trust has investment guidelines in place and the exposure to these credit risks are monitored on a on going basis.

(b) Liquidity risk

The Trust maintains sufficient reserves of cash and cash equivalents to meet its liquidity requirements in the short and longer term.

(c) Interest rate risk

In respect of interest-earning financial assets, the following table indicates their effective interest rates at the balance sheet date and the periods in which they reprice or the maturity dates, if earlier.

		2006				
	Effective interest rate	Total	One year or less	1 - 2 years	2 - 5 years	More than 5 years
		%	\$'000	\$'000	\$'000	\$'000
Repricing dates for assets which reprice before maturity						
Cash and deposit balances	1.02%	3,501,072	3,501,072	-	-	-
Debt securities	5.85%	5,158,311	5,158,311	-	-	-
		<u>8,659,383</u>	<u>8,659,383</u>	<u>-</u>	<u>-</u>	<u>-</u>
Maturity dates for assets which do not reprice before maturity						
Debt securities	4.81%	26,127,300	3,871,663	3,063,491	16,254,696	2,937,450
		<u>26,127,300</u>	<u>3,871,663</u>	<u>3,063,491</u>	<u>16,254,696</u>	<u>2,937,450</u>
		2005				
	Effective interest rate	Total	One year or less	1 - 2 years	2 - 5 years	More than 5 years
		%	\$'000	\$'000	\$'000	\$'000
Repricing dates for assets which reprice before maturity						
Cash and deposit balances	0.30%	11,659,501	11,659,501	-	-	-
Debt securities	4.99%	2,717,134	2,717,134	-	-	-
		<u>14,376,635</u>	<u>14,376,635</u>	<u>-</u>	<u>-</u>	<u>-</u>
Maturity dates for assets which do not reprice before maturity						
Debt securities	4.63%	23,738,912	5,282,000	3,937,791	12,758,504	1,760,617
		<u>23,738,912</u>	<u>5,282,000</u>	<u>3,937,791</u>	<u>12,758,504</u>	<u>1,760,617</u>

(d) Foreign currency risk

Most of the net assets of the Trust are denominated either in Hong Kong dollars ("HKD") or United States dollars ("USD"). As USD is pegged to HKD, the Trust does not have significant exposure to foreign currency risk.

(e) Fair values of financial instruments

All financial instruments are carried at amounts not materially different from their fair values as at 31 March 2006 and 2005.

13 Material related parties transactions**(a) Transactions with members of the Board of Trustees and the Council of the Trust**

Grants are approved by the Council of the Lord Wilson Heritage Trust and only recognised as expenses when the applicants present valid claims to the Trust. During the year, several applicants are associated with members of the Board of Trustees and the Council of the Trust. Under the Trust's guidelines regarding conflict of interest, members have declared their interests and refrained from voting in any decisions related to the following applications:

	2006	2005
Lord Wilson Heritage Trust Scholarships and Distinguished Lectureships for the Architectural Conservation Programme at the University of Hong Kong ("HKU") by the Department of Architecture of HKU for the year 2004	\$ 53,750	\$ 107,500
Lord Wilson Heritage Trust Scholarships and Distinguished Lectureships for the Architectural Conservation Programme at HKU by the Department of Architecture of HKU for the year 2005	107,500	-
Heritage Areas Assessment and Collective Memory Reconstruction by Prof. KWOK Siu-tong, Prof. Jeffery CODY, Dr LEE Kam-hon, Prof. LIN Hui and Prof. David LUNG	42,856	-
	<u>\$ 204,106</u>	<u>\$ 107,500</u>

(b) Transactions with key management personnel

There were no transactions with key management personnel during the year.

14 Possible impact of amendments, new standards and interpretations issued but not yet effective for the annual accounting period ended 31 March 2006

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments, new standards and interpretations which are not yet effective for the accounting period ended 31 March 2006 and which have not been adopted in these financial statements.

Of these developments, the following relate to matters that may be relevant to the Trust's operations and financial statements:

		Effective for accounting periods beginning on or after
HKFRS 7	Financial instruments: disclosures	1 January 2007
Amendments to HKAS 1	Presentation of financial statements: capital disclosures	1 January 2007

The Trustee 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 while the adoption of them may result in new or amended disclosures, it is unlikely to have a significant impact on the Trust's results of operations and financial position.

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