

**ALICE HO MIU LING NETHERSOLE
CHARITY FOUNDATION**

雅麗氏何妙齡那打素慈善基金會

AUDITOR'S REPORT AND

STATEMENT OF ACCOUNTS

FOR THE YEAR ENDED 31ST MARCH 2012

F. S. Li & Co.

李福樹會計師事務所

CERTIFIED PUBLIC ACCOUNTANTS
HONG KONG

F. S. Li & Co.

CERTIFIED PUBLIC ACCOUNTANTS

1001 Admiralty Centre Tower 1, 18 Harcourt Road, Hong Kong.
Tel : 2861 1717 Fax : 2865 6828 Email : mail@fslico.com

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

ALICE HO MIU LING NETHERSOLE CHARITY FOUNDATION

(incorporated under Cap. 1181 of the Laws of Hong Kong)

We have audited the consolidated financial statements of Alice Ho Miu Ling Nethersole Charity Foundation (the "Foundation") set out on pages 3 to 30 which comprise the consolidated and the Foundation balance sheets as at 31st March 2012, and the consolidated and the Foundation statements of income, the consolidated and the Foundation statements of comprehensive income, the consolidated and the Foundation statements of changes in reserves and the consolidated and the Foundation cash flow statements for the year then ended, and summary of significant accounting policies and other explanatory information.

GOVERNORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Board of Governors of the Foundation are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standard for Private Entities issued by the Hong Kong Institute of Certified Public Accountants and for such internal control as the Governors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Governors, as well as evaluating the overall presentation of the consolidated financial statements.

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

ALICE HO MIU LING NETHERSOLE CHARITY FOUNDATION
REPORT OF THE INDEPENDENT AUDITOR

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Foundation and of the Group as at 31st March 2012 and of the results and cash flows of the Foundation and of the Group for the year then ended in accordance with Hong Kong Financial Reporting Standard for Private Entities.

F. S. Li & Co.

F. S. Li & Co.
Certified Public Accountants

Hong Kong, 18th September 2012.

ALICE HO MIU LING NETHERSOLE CHARITY FOUNDATION

CONSOLIDATED STATEMENT OF INCOME

FOR THE YEAR ENDED 31ST MARCH 2012

	Note	2012 HK\$	2011 HK\$
Revenues			
Dividends from available-for-sale investments		17,895,532	16,932,308
Donations		1,515,083	1,825,183
Fee income		5,609,884	5,634,700
Government grants and subventions		40,617,498	38,035,472
Interest income		2,345,711	2,066,301
Income on licensing and car parking fees		3,852,172	3,161,761
Other income		491,531	373,912
Program income		31,930	31,025
Purchasing service income		2,125,707	2,121,662
Sales on rehab shop		14,981,902	13,714,985
Services income		<u>3,304,568</u>	<u>2,793,874</u>
		92,771,518	86,691,183
Gain on disposal of available-for-sale investments		6,893,063	9,472,694
Impairment loss on available-for-sale investments		-	(4,831,603)
Gain on disposal of investment property		-	2,223,024
Loss on disposal of property, plant and equipment		-	(9,625)
Property, plant and equipment written off		-	(351,176)
Cost of sales on rehab shop		(13,319,868)	(12,047,092)
Related expenses on rehab shop		(299,132)	(164,841)
Surplus on Alice Ho Miu Ling Nethersole Elderly Care Home		-	495,975
(Loss)/Gain on foreign exchange		(23,586)	27,195
Operating expenses		<u>(69,903,981)</u>	<u>(62,962,175)</u>
Surplus for the year	3	16,118,014	18,543,559
Transfer from/(to):			
Additional Resources for Para-medical Staff surpluses	11	1	419,940
Alice Ho Miu Ling Nethersole Nursing Home	12	(273,501)	(26,593)
Block Grant reserve	13	212	(4)
Designated Funds	14	(1,317,421)	(2,443,617)
Lump sum grant reserve	15	(1,854,438)	(5,380,691)
Nethersole Hospital Fund	16	(14,214,360)	(10,558,186)
One-off subsidy reserve	17	268,774	324,646
Provident fund reserve	18	(594,521)	(697,786)
Social Welfare Development Fund	20	(321,245)	-
Social Welfare subvention surpluses	21	(3,456)	107,724
Special Reserve Fund	22	<u>2,184,537</u>	<u>(295,697)</u>
		(7,404)	(6,705)
Deficit brought forward		<u>(20,111)</u>	<u>(13,406)</u>
Deficit carried forward		<u><u>(27,515)</u></u>	<u><u>(20,111)</u></u>

ALICE HO MIU LING NETHERSOLE CHARITY FOUNDATION

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31ST MARCH 2012

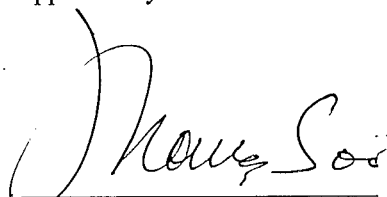
	<u>Note</u>	<u>2012</u> HK\$	<u>2011</u> HK\$
SURPLUS FOR THE YEAR		<u>16,118,014</u>	<u>18,543,559</u>
OTHER COMPREHENSIVE INCOME FOR THE YEAR			
Surplus refunded to Social Welfare Department ("SWD")	21	(19,056)	(3,023,499)
Amounts refundable to SWD			
- Lump sum grant	15	(9,978,078)	-
- Social Welfare subventions	21	(3,456)	-
Reclassification from revaluation reserves to surplus or deficit on			
disposal of investment property	19	-	(759,542)
disposal of available-for-sale investments	19	(6,289,086)	4,839,103
recognition of impairment loss	19	-	4,831,603
Change in fair value of available-for-sale investments	19	<u>(66,050,164)</u>	<u>70,838,074</u>
		<u>(82,339,840)</u>	<u>76,725,739</u>
TOTAL COMPREHENSIVE (EXPENSE)/INCOME FOR THE YEAR		<u>(66,221,826)</u>	<u>95,269,298</u>

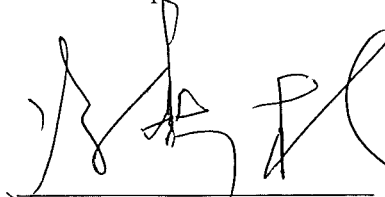
ALICE HO MIU LING NETHERSOLE CHARITY FOUNDATION

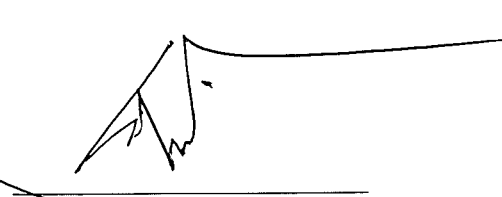
CONSOLIDATED BALANCE SHEET AT 31ST MARCH 2012

	Note	HK\$	2012 HK\$	2011 HK\$
NON-CURRENT ASSETS				
Property, plant and equipments	5		184,164	256,561
Available-for-sale investments	7		<u>791,989,768</u>	<u>847,603,672</u>
			792,173,932	<u>847,860,233</u>
CURRENT ASSETS				
Inventories		687,055		660,459
Accounts receivables and deposits	8	32,482,915		29,665,797
Bank and cash balances		<u>121,357,165</u>		<u>124,038,581</u>
		<u>154,527,135</u>		<u>154,364,837</u>
Less: CURRENT LIABILITIES				
Accounts payables and accruals		8,597,276		7,880,987
Amounts refundable to SWD		<u>9,981,534</u>		<u>-</u>
		<u>18,578,810</u>		<u>7,880,987</u>
NET CURRENT ASSETS			<u>135,948,325</u>	<u>146,483,850</u>
NET ASSETS			<u>928,122,257</u>	<u>994,344,083</u>
<i>financed by:</i>				
RESERVES				
Additional Resources for Para-medical Staff surpluses	11		-	1
Alice Ho Miu Ling Nethersole Nursing Home	12		3,281,799	3,008,298
Block grant reserve	13		172	384
Designated Funds	14		31,570,537	30,253,116
Lump sum grant reserve	15		41,784,727	49,908,367
Nethersole Hospital Fund	16		433,837,612	419,623,252
One-off subsidy reserve	17		331,803	600,577
Provident fund reserve	18		5,842,106	5,247,585
Revaluation reserves	19		193,253,759	265,593,009
Social Welfare Development Fund surpluses	20		321,245	-
Social Welfare subvention surpluses	21		-	19,056
Special Reserve Fund	22		217,926,012	220,110,549
Income and expenditure account - deficit			<u>(27,515)</u>	<u>(20,111)</u>
			<u>928,122,257</u>	<u>994,344,083</u>

Approved by the Board of Governors on 18th September 2012.


Chairman


Honorary Treasurer


Secretary

ALICE HO MIU LING NETHERSOLE CHARITY FOUNDATION

CONSOLIDATED STATEMENT OF CHANGES IN RESERVES

FOR THE YEAR ENDED 31ST MARCH 2012

	Additional Resources for Para-medical Staff surpluses HK\$	Alice Ho Miu Ling Nethersole Nursing Home HK\$	Block grant reserve HK\$	Designated Funds HK\$	Lump sum grant reserve HK\$	Nethersole Hospital Fund HK\$	One-off subsidy reserve HK\$	Provident fund reserve HK\$	Revaluation reserves HK\$	Social Welfare Development Fund surpluses HK\$	Social Welfare subvention surpluses HK\$	Special Reserve Fund HK\$	Income and expenditure account HK\$	Total HK\$
Balance at 31st March 2010	419,941	2,981,705	380	27,809,499	47,523,039	409,065,066	925,223	4,549,799	185,843,771	-	154,916	219,814,852	(13,406)	899,074,785
Surplus refunded to SWD	-	-	-	-	(2,995,363)	-	-	-	-	-	(28,136)	-	-	(3,023,499)
Amount released on disposal of investment property	-	-	-	-	-	-	-	-	(759,542)	-	-	-	-	(759,542)
Amount released on disposal of available-for-sale investments	-	-	-	-	-	-	-	-	4,839,103	-	-	-	-	4,839,103
Amount released upon recognition of impairment loss	-	-	-	-	-	-	-	-	4,831,603	-	-	-	-	4,831,603
Change in fair value of available-for-sale investments	-	-	-	-	-	-	-	-	70,838,074	-	-	-	-	70,838,074
Surplus for the year	-	-	-	-	-	-	-	-	-	-	-	-	18,543,559	18,543,559
Total comprehensive income	-	-	-	-	(2,995,363)	-	-	-	79,749,238	-	(28,136)	-	18,543,559	95,269,298
Transfer from/to income and expenditure account	(419,940)	26,593	4	2,443,617	5,380,691	10,558,186	(324,646)	697,786	-	-	(107,724)	295,697	(18,550,264)	-
Balance at 31st March 2011	1	3,008,298	384	30,253,116	49,908,367	419,623,252	600,577	5,247,585	265,593,009	-	19,056	220,110,549	(20,111)	994,344,083
Surplus refunded to SWD	-	-	-	-	-	-	-	-	-	-	(19,056)	-	-	(19,056)
Amounts refundable to SWD	-	-	-	-	(9,978,078)	-	-	-	-	-	(3,456)	-	-	(9,981,534)
Amount released on disposal of available-for-sale investments	-	-	-	-	-	-	-	-	(6,289,086)	-	-	-	-	(6,289,086)
Change in fair value of available-for-sale investments	-	-	-	-	-	-	-	-	(66,050,164)	-	-	-	-	(66,050,164)
Surplus for the year	-	-	-	-	-	-	-	-	-	-	-	-	16,118,014	16,118,014
Total comprehensive income	-	-	-	-	(9,978,078)	-	-	-	(72,339,250)	-	(22,512)	-	16,118,014	(66,221,826)
Transfer from/to income and expenditure account	(1)	273,501	(212)	1,317,421	1,854,438	14,214,360	(268,774)	594,521	-	321,245	3,456	(2,184,537)	(16,125,418)	-
Balance at 31st March 2012	-	3,281,799	172	31,570,537	41,784,727	433,837,612	331,803	5,842,106	193,253,759	321,245	-	217,926,012	(27,515)	928,122,257

ALICE HO MIU LING NETHERSOLE CHARITY FOUNDATION

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST MARCH 2012

	<u>2012</u>	<u>2011</u>
	HK\$	HK\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Surplus for the year	16,118,014	18,543,559
Adjustments for:		
Interest income	(2,345,711)	(2,066,301)
Dividends from available-for-sale investments	(17,895,532)	(16,932,308)
Gain on disposal of available-for-sale investments	(6,893,063)	(9,472,694)
Impairment loss on available-for-sale investments	-	4,831,603
Gain on disposal of investment property	-	(2,223,024)
Loss on disposal of property, plant and equipment	-	9,625
Property, plant and equipment written off	-	351,176
Depreciation	<u>106,882</u>	<u>77,027</u>
Operating loss before working capital changes	(10,909,410)	(6,881,337)
(Increase)/Decrease in inventories	(26,596)	164,180
(Increase)/Decrease in accounts receivables and deposits	(2,843,903)	5,111,002
Increase/(Decrease) in accounts payables and accruals	<u>716,289</u>	<u>(231,341)</u>
NET CASH USED IN OPERATING ACTIVITIES	<u><u>(13,063,620)</u></u>	<u><u>(1,837,496)</u></u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	2,403,747	1,921,634
Dividends received	17,864,281	16,830,971
Sale of available-for-sale investments	127,372,167	158,192,260
Purchase of available-for-sale investments	(137,204,450)	(187,034,742)
Sale of investment property	-	10,863,482
Purchase of property, plant and equipment	(34,485)	(179,185)
Net (increase)/decrease in time deposits of more than 3 months to maturity from date of deposit	<u>(1,970,780)</u>	<u>8,434,369</u>
NET CASH FROM INVESTING ACTIVITIES	<u><u>8,430,480</u></u>	<u><u>9,028,789</u></u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Subvention surplus refunded to SWD	<u>(19,056)</u>	<u>(3,023,499)</u>
NET CASH USED IN FINANCING ACTIVITIES	<u><u>(19,056)</u></u>	<u><u>(3,023,499)</u></u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(4,652,196)	4,167,794
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	<u>114,038,581</u>	<u>109,870,787</u>
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	<u><u>109,386,385</u></u>	<u><u>114,038,581</u></u>
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS		
Bank and cash balances	121,357,165	124,038,581
<u>Less:</u> Time deposits of more than 3 months to maturity from date of deposit	<u>(11,970,780)</u>	<u>(10,000,000)</u>
	<u><u>109,386,385</u></u>	<u><u>114,038,581</u></u>

ALICE HO MIU LING NETHERSOLE CHARITY FOUNDATION

STATEMENT OF INCOME

FOR THE YEAR ENDED 31ST MARCH 2012

	Note	2012 HK\$	2011 HK\$
Revenues			
Dividends from available-for-sale investments		17,895,532	16,932,308
Donations		1,515,083	1,825,183
Fee income		5,609,884	5,634,700
Government grants and subventions		40,617,498	38,035,472
Interest income		2,345,710	2,066,301
Income on licensing and car parking fees		3,852,172	3,161,761
Other income		491,531	373,912
Program income		31,930	31,025
Purchasing service income		2,125,707	2,121,662
Sales on rehab shop		14,981,902	13,714,985
Services income		<u>3,304,568</u>	<u>2,793,874</u>
		92,771,517	86,691,183
Gain on disposal of available-for-sale investments		6,893,063	9,472,694
Impairment loss on available-for-sale investments		-	(4,831,603)
Gain on disposal of investment property		-	2,223,024
Loss on disposal of property, plant and equipment		-	(9,625)
Property, plant and equipment written off		-	(351,176)
Cost of sales on rehab shop		(13,319,868)	(12,047,092)
Related expenses on rehab shop		(299,132)	(164,841)
Surplus on Alice Ho Miu Ling Nethersole Elderly Care Home		-	495,975
(Loss)/Gain on foreign exchange		(23,586)	27,195
Operating expenses		<u>(69,896,576)</u>	<u>(62,955,470)</u>
Surplus for the year	3	16,125,418	18,550,264
Transfer from/(to):			
Additional Resources for Para-medical Staff surpluses	11	1	419,940
Alice Ho Miu Ling Nethersole Nursing Home	12	(273,501)	(26,593)
Block Grant reserve	13	212	(4)
Designated Funds	14	(1,317,421)	(2,443,617)
Lump sum grant reserve	15	(1,854,438)	(5,380,691)
Nethersole Hospital Fund	16	(14,214,360)	(10,558,186)
One-off subsidy reserve	17	268,774	324,646
Provident fund reserve	18	(594,521)	(697,786)
Social Welfare Development Fund	20	(321,245)	-
Social Welfare subvention surpluses	21	(3,456)	107,724
Special Reserve Fund	22	<u>2,184,537</u>	<u>(295,697)</u>
		-	-
Surplus brought forward		<u>-</u>	<u>-</u>
Surplus carried forward		<u><u>-</u></u>	<u><u>-</u></u>

ALICE HO MIU LING NETHERSOLE CHARITY FOUNDATION

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31ST MARCH 2012

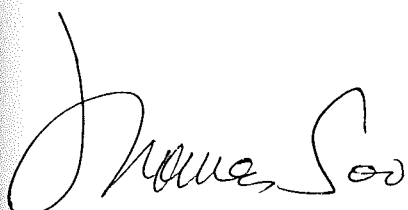
	<u>Note</u>	<u>2012</u> <u>HK\$</u>	<u>2011</u> <u>HK\$</u>
SURPLUS FOR THE YEAR		<u>16,125,418</u>	<u>18,550,264</u>
OTHER COMPREHENSIVE INCOME FOR THE YEAR			
Surplus refunded to Social Welfare Department ("SWD")	21	(19,056)	(3,023,499)
Amounts refundable to SWD			
- Lump sum grant	15	(9,978,078)	-
- Social Welfare subventions	21	(3,456)	-
Reclassification from investment revaluation reserve to surplus or deficit on			
disposal of investment property	19	-	(759,542)
disposal of available-for-sale investments	19	(6,289,086)	4,839,103
recognition of impairment loss	19	-	4,831,603
Change in fair value of available-for-sale investments	19	<u>(66,050,164)</u>	<u>70,838,074</u>
		<u>(82,339,840)</u>	<u>76,725,739</u>
TOTAL COMPREHENSIVE (EXPENSE)/INCOME FOR THE YEAR		<u>(66,214,422)</u>	<u>95,276,003</u>

ALICE HO MIU LING NETHERSOLE CHARITY FOUNDATION

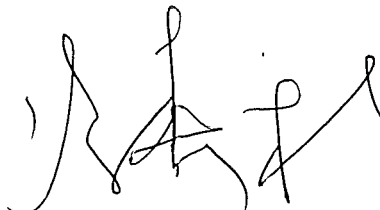
BALANCE SHEET AT 31ST MARCH 2012

	Note	HK\$	2012 HK\$	2011 HK\$
NON-CURRENT ASSETS				
Property, plant and equipments	5		184,164	256,561
Available-for-sale investments	7		<u>791,989,768</u>	<u>847,603,672</u>
			792,173,932	<u>847,860,233</u>
CURRENT ASSETS				
Inventories		687,055		660,459
Accounts receivables and deposits	8	33,219,701		29,901,413
Bank and cash balances		<u>120,641,394</u>		<u>123,817,076</u>
		<u>154,548,150</u>		<u>154,378,948</u>
Less: CURRENT LIABILITIES				
Accounts payables and accruals		8,590,776		7,874,987
Amounts refundable to SWD		<u>9,981,534</u>		<u>-</u>
		<u>18,572,310</u>		<u>7,874,987</u>
NET CURRENT ASSETS			<u>135,975,840</u>	<u>146,503,961</u>
NET ASSETS			<u>928,149,772</u>	<u>994,364,194</u>
<i>financed by:</i>				
RESERVES				
Additional Resources for Para-medical Staff surpluses	11		-	1
Alice Ho Miu Ling Nethersole Nursing Home	12		3,281,799	3,008,298
Block grant reserve	13		172	384
Designated Funds	14		31,570,537	30,253,116
Lump sum grant reserve	15		41,784,727	49,908,367
Nethersole Hospital Fund	16		433,837,612	419,623,252
One-off subsidy reserve	17		331,803	600,577
Provident fund reserve	18		5,842,106	5,247,585
Revaluation reserves	19		193,253,759	265,593,009
Social Welfare Development Fund surpluses	20		321,245	-
Social Welfare subvention surpluses	21		-	19,056
Special Reserve Fund	22		<u>217,926,012</u>	<u>220,110,549</u>
			<u>928,149,772</u>	<u>994,364,194</u>


Approved by the Board of Governors on 18th September 2012.



 Chairman



 Honorary Treasurer



 Secretary

ALICE HO MIU LING NETHERSOLE CHARITY FOUNDATION

STATEMENT OF CHANGES IN RESERVES

FOR THE YEAR ENDED 31ST MARCH 2012

	Additional Resources for Para-medical Staff surpluses HK\$	Alice Ho Miu Ling Nethersole Nursing Home HK\$	Block grant reserve HK\$	Designated Funds HK\$	Lump sum grant reserve HK\$	Nethersole Hospital Fund HK\$	One-off subsidy reserve HK\$	Provident fund reserve HK\$	Revaluation reserves HK\$	Social Welfare Development Fund surpluses HK\$	Social Welfare subvention surpluses HK\$	Special Reserve Fund HK\$	Income and expenditure account HK\$	Total HK\$
Balance at 31st March 2010	419,941	2,981,705	380	27,809,499	47,523,039	409,065,066	925,223	4,549,799	185,843,771	-	154,916	219,814,852	-	899,088,191
Surplus refunded to SWD	-	-	-	-	(2,995,363)	-	-	-	-	-	(28,136)	-	-	(3,023,499)
Amount released on disposal of investment property	-	-	-	-	-	-	-	-	(759,542)	-	-	-	-	(759,542)
Amount released on disposal of available-for-sale investments	-	-	-	-	-	-	-	-	4,839,103	-	-	-	-	4,839,103
Amount released upon recognition of impairment loss	-	-	-	-	-	-	-	-	4,831,603	-	-	-	-	4,831,603
Change in fair value of available-for-sale investments	-	-	-	-	-	-	-	-	70,838,074	-	-	-	-	70,838,074
Surplus for the year	-	-	-	-	-	-	-	-	-	-	-	-	18,550,264	18,550,264
Total comprehensive income	-	-	-	-	(2,995,363)	-	-	-	79,749,238	-	(28,136)	-	18,550,264	95,276,003
Transfer from/to income and expenditure account	(419,940)	26,593	4	2,443,617	5,380,691	10,558,186	(324,646)	697,786	-	-	(107,724)	295,697	(18,550,264)	-
Balance at 31st March 2011	1	3,008,298	384	30,253,116	49,908,367	419,623,252	600,577	5,247,585	265,593,009	-	19,056	220,110,549	-	994,364,194
Surplus refunded to SWD	-	-	-	-	-	-	-	-	-	-	(19,056)	-	-	(19,056)
Amounts refundable to SWD	-	-	-	-	(9,978,078)	-	-	-	-	-	(3,456)	-	-	(9,981,534)
Amount released on disposal of available-for-sale investments	-	-	-	-	-	-	-	-	(6,289,086)	-	-	-	-	(6,289,086)
Change in fair value of available-for-sale investments	-	-	-	-	-	-	-	-	(66,050,164)	-	-	-	-	(66,050,164)
Surplus for the year	-	-	-	-	-	-	-	-	-	-	-	-	16,125,418	16,125,418
Total comprehensive income	-	-	-	-	(9,978,078)	-	-	-	(72,339,250)	-	(22,512)	-	16,125,418	(66,214,422)
Transfer from/to income and expenditure account	(1)	273,501	(212)	1,317,421	1,854,438	14,214,360	(268,774)	594,521	-	321,245	3,456	(2,184,537)	(16,125,418)	-
Balance at 31st March 2012	-	3,281,799	172	31,570,537	41,784,727	433,837,612	331,803	5,842,106	193,253,759	321,245	-	217,926,012	-	928,149,772

ALICE HO MIU LING NETHERSOLE CHARITY FOUNDATION

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST MARCH 2012

	<u>2012</u>	<u>2011</u>
	HK\$	HK\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Surplus for the year	16,125,418	18,550,264
Adjustments for:		
Interest income	(2,345,710)	(2,066,301)
Dividends from available-for-sale investments	(17,895,532)	(16,932,308)
Gain on disposal of available-for-sale investments	(6,893,063)	(9,472,694)
Impairment loss on available-for-sale investments	-	4,831,603
Gain on disposal of investment property	-	(2,223,024)
Loss on disposal of property, plant and equipment	-	9,625
Property, plant and equipment written off	-	351,176
Depreciation	<u>106,882</u>	<u>77,027</u>
Operating loss before working capital changes	(10,902,005)	(6,874,632)
(Increase)/Decrease in inventories	(26,596)	164,180
(Increase)/Decrease in accounts receivables and deposits	(3,345,073)	5,202,337
Increase/(Decrease) in accounts payables and accruals	<u>715,789</u>	<u>(191,361)</u>
NET CASH USED IN OPERATING ACTIVITIES	<u><u>(13,557,885)</u></u>	<u><u>(1,699,476)</u></u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	2,403,746	1,921,634
Dividends received	17,864,281	16,830,971
Sale of available-for-sale investments	127,372,167	158,192,260
Purchase of available-for-sale investments	(137,204,450)	(187,034,742)
Sale of investment property	-	10,863,482
Purchase of property, plant and equipment	(34,485)	(179,185)
Net (increase)/decrease in time deposits of more than 3 months to maturity from date of deposit	<u>(1,970,780)</u>	<u>8,434,369</u>
NET CASH FROM INVESTING ACTIVITIES	<u><u>8,430,479</u></u>	<u><u>9,028,789</u></u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Subvention surplus refunded to Social Welfare Department	<u>(19,056)</u>	<u>(3,023,499)</u>
NET CASH USED IN FINANCING ACTIVITIES	<u><u>(19,056)</u></u>	<u><u>(3,023,499)</u></u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(5,146,462)	4,305,814
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	<u>113,817,076</u>	<u>109,511,262</u>
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	<u><u>108,670,614</u></u>	<u><u>113,817,076</u></u>
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS		
Bank and cash balances	120,641,394	123,817,076
<u>Less:</u> Time deposits of more than 3 months to maturity from date of deposit	<u>(11,970,780)</u>	<u>(10,000,000)</u>
	<u><u>108,670,614</u></u>	<u><u>113,817,076</u></u>

ALICE HO MIU LING NETHERSOLE CHARITY FOUNDATION

NOTES ON THE ACCOUNTS

1. General

Alice Ho Miu Ling Nethersole Charity Foundation (the "Foundation"), is a Christian institution incorporated under the Alice Ho Miu Ling Nethersole Charity Foundation Ordinance (Cap. 1181 of the Laws of Hong Kong).

The registered office of the Foundation is at 11 Chuen On Road, Tai Po, New Territories, Hong Kong.

The activities of the Foundation and its subsidiary company during the year are to operate and support services and projects which help implement the Foundation's objectives of including but not limited to the care, treatment and comfort (whether physically, psychologically or spiritually) of those who are weak, sick or aged or are in need of assistance, and the promotion and demonstration of the Christian belief in the wholeness of man, his body and spirit in the service of people in need.

2. Principal accounting policies

(a) Basis of preparation

The financial statements were prepared by the Foundation in accordance with the Hong Kong Financial Reporting Standard for Private Entities ("HKFRSPE") issued by the Hong Kong Institute of Certified Public Accountants.

The accounts have been prepared under the historical cost convention except that the available-for-sale investments are stated at fair value.

(b) Consolidation

The group accounts include the accounts of the Foundation and its subsidiary made up to 31st March after eliminating inter-group transactions and balances.

(c) Revenue recognition

- (i) Dividend income is recognized when the right to receive the income is established.
- (ii) Donations are recognized when the funds have been received.
- (iii) Interest income is recognized as it accrues using the effective interest method.
- (iv) Licensing and car parking fees from properties held under operating leases is accounted for, using a straight line basis, over the respective periods of the leases.
- (v) Government subvention is recognized as income when no specified future performance conditions are imposed; if conditions, it is recognized as income when conditions are fulfilled.
- (vi) Program and service income is recognized upon provision of service.
- (vii) Sales on rehab shop is recognized upon delivery of goods.

2. Principal accounting policies (continued)

(d) Foreign currencies

The Group's and the Foundation's functional currency and presentation currency are Hong Kong dollars. Transactions arising in foreign currencies during the year are converted at exchange rates approximating to those ruling at transaction dates. Monetary assets and liabilities denominated in foreign currencies at year end are translated at rates of exchange approximating to those ruling at balance sheet date. All exchange differences are dealt with in surplus or deficit.

(e) Impairment losses

At each balance sheet date, property, plant and equipment and investment in subsidiary company are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment is recognized immediately in surplus or deficit.

Similarly, at each balance sheet date, inventories are assessed for impairment by comparing the carrying amount of each item of inventory (or group of similar items) with its selling price less costs to complete and sell. If an item of inventory (or group of similar items) is impaired, its carrying amount is reduced to selling price less costs to complete and sell, and an impairment loss is recognized immediately in surplus or deficit.

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount (selling price less costs to complete and sell, in case of inventories), but not in excess of the amount that would have been determined had no impairment loss been recognized for the asset (or group of related assets) in prior years. A reversal of an impairment loss is recognized immediately in surplus or deficit.

(f) Property, plant and equipment

Property, plant and equipment (other than those funded by subventions) are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated to write off the cost of property, plant and equipment less accumulated impairment loss over their estimated useful lives using a straight line basis at the following rates:-

Furniture and fixtures	20 per cent per annum
Computer software and hardware	33-1/3 per cent per annum

(g) Disposal of property, plant and equipment

The gain or loss arising from disposal of property, plant and equipment is the difference between the net sale proceeds and the carrying amount of the relevant assets, and is recognized in surplus or deficit.

2. Principal accounting policies (continued)

(h) Assets held under operating leases

Leases where substantially all the risks and rewards of ownership of assets remain with the lessor are accounted for as operating leases. Payments made under operating leases are charged to surplus or deficit on a straight line basis over the lease periods.

(i) Subsidiary company

A company is a subsidiary company if it is controlled by the Foundation. Investment in subsidiary company is stated at cost less provision for any impairment losses.

(j) Financial instruments

To account for financial instruments (financial assets and liabilities), the Foundation chooses to apply the recognition and measurement provision of Hong Kong Accounting Standard 39 "Financial Instruments: Recognition and Measurement" of HKFRSs and the disclosure requirements of Section 11 "Basic Financial Instruments" and Section 12 "Other Financial Instruments Issues" of HKFRSPE.

(k) Available-for-sale investments

Available-for-sale investments are non-derivative financial assets in listed and unlisted securities that are designated as available for sale or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at fair value through profit or loss. After initial recognition, available-for-sale investments are measured at fair value, with gains or losses recognized directly in investment revaluation reserve until the investment is derecognized or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in investment revaluation reserve is included in surplus or deficit.

(l) Inventories

Inventories, representing goods for sale, are stated at the lower of cost and net realizable value. Cost is determined on a weighed average basis and included all costs of purchases and other costs incurred in bringing the inventories to the present location and condition. Net realizable value represents estimated selling price less direct selling costs.

(m) Accounts receivables and deposits

Accounts receivables and deposits are initially recognized at fair value and thereafter stated at amortized cost less impairment losses for bad and doubtful debts, unless the effect of discounting would be immaterial, in which case the receivables and deposits are stated at cost less impairment losses for bad and doubtful debts. A provision for impairment of receivables and deposits is made when there is objective evidence that the Group/the Foundation will not be able to collect all amounts due according to the original terms of receivables and deposits.

(n) Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, and deposits with banks within 3 months to maturity from date of deposit.

2. Principal accounting policies (continued)

(o) Accounts payables and accruals

Accounts payables and accruals are initially recognized at fair value and thereafter stated at amortized cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(p) Employee leave entitlements

Employee entitlements to annual leave are recognized when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

(q) Provisions

Provisions are recognized for liabilities of uncertain timing or amount when the Group/ the Foundation has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

(r) Related parties

For the purpose of these financial statements, a party is related to the Foundation if:

- (i) A person or a close member of that person's family is related to the Foundation if that person:
 - (a) is a member of the key management personnel of the Foundation or of a parent of the Foundation;
 - (b) has control over the Foundation; or
 - (c) has joint control or significant influence over the Foundation or has significant voting power in it.
- (ii) An entity is related to the Foundation if any of the following conditions applies:
 - (a) the entity and the Foundation are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (b) either entity is an associate or joint venture of the other entity (or of a member of the group of which the other entity is a member).
 - (c) both entities are joint ventures of a third entity.
 - (d) either entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (e) the entity is a post-employment benefit plan for the benefit of employees of either the Foundation or an entity related to the Foundation. If the Foundation is itself such a plan, the sponsoring employers are also related to the plan.
 - (f) the entity is controlled or jointly controlled by a person identified in Note 2(r)(i).
 - (g) a person identified in Note 2(r)(i)(a) has significant voting power in the entity.
 - (h) a person identified in Note 2(r)(i)(b) has significant influence over the entity or significant voting power in it.
 - (i) a person or a close member of that person's family has both significant influence over the entity or significant voting power in it and joint control over the Foundation.
 - (j) a member of the key management personnel of the entity or of a parent of the entity, or a close member of that member's family, has control or joint control over the Foundation or has significant voting power in it.

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 Foundation.

ALICE HO MIU LING NETHERSOLE CHARITY FOUNDATION
NOTES ON THE ACCOUNTS

3. Surplus for the year

Surplus for the year is stated after charging the followings:

	<u>The Group/The Foundation</u>	
	<u>2012</u>	<u>2011</u>
	HK\$	HK\$
Staff cost		
Salaries, wages, allowances and benefits (excluding contribution to provident fund)	45,166,932	40,016,210
Contribution to defined contribution provident fund	<u>2,821,995</u>	<u>2,344,648</u>
Depreciation	47,988,927	42,360,858
	<u>106,882</u>	<u>77,027</u>

4. Taxation

The Foundation and its subsidiary company are charitable institutions and are exempt from Hong Kong profits tax under Section 88 of the Inland Revenue Ordinance.

5. Property, plant and equipment

	<u>Furniture and equipment</u>	<u>Computer software and hardware</u>	<u>Total</u>
	HK\$	HK\$	HK\$
Cost			
At 31st March 2011	244,065	228,941	473,006
Additions	<u>34,485</u>	<u>-</u>	<u>34,485</u>
At 31st March 2012	<u>278,550</u>	<u>228,941</u>	<u>507,491</u>
Accumulated depreciation			
At 31st March 2011	136,825	79,620	216,445
Charge for the year	<u>47,154</u>	<u>59,728</u>	<u>106,882</u>
At 31st March 2012	<u>183,979</u>	<u>139,348</u>	<u>323,327</u>
Net book value			
At 31st March 2012	<u>94,571</u>	<u>89,593</u>	<u>184,164</u>
At 31st March 2011	<u>107,240</u>	<u>149,321</u>	<u>256,561</u>

In addition to above property, plant and equipment, the Foundation owns a leasehold land in Hong Kong which is granted by the Government without consideration. The Foundation has contributed the costs of construction of Block K and the portions of costs of construction of Block J and main hospital of Alice Ho Miu Ling Nethersole Hospital on the land. As these properties are prohibited from alienation and any purposes other than for the purpose of the hospital according to the Government lease, these properties are considered be no commercial value and therefore their book value are nil.

ALICE HO MIU LING NETHERSOLE CHARITY FOUNDATION
NOTES ON THE ACCOUNTS

6. Subsidiary company

The Foundation is the sole member of the subsidiary company which is limited by guarantee and has no share capital. There is no investment cost in the subsidiary company.

Particulars of the subsidiary company are as follows:

<u>Name</u>	<u>Place of incorporation</u>	<u>Percentage held</u>	<u>Business nature</u>
Alice Ho Miu Ling Nethersole Social Service Limited	Hong Kong	100%	During the year under review, to operate, manage and supervise the operation and management of non-profit making homes for aged people and dementia

7. Available-for-sale investments

	<u>2012</u> HK\$	<u>2011</u> HK\$
Listed equity securities, listed debt securities and fund investments, at market value	<u>791,989,768</u>	<u>847,603,672</u>
Representing:		
Designated Funds	40,148,836	41,323,506
Nethersole Hospital Fund	444,089,540	482,164,452
Special Reserve Fund	<u>307,751,392</u>	<u>324,115,714</u>
	<u>791,989,768</u>	<u>847,603,672</u>

8. Accounts receivables and deposits

	<u>The Group</u>		<u>The Foundation</u>	
	<u>2012</u> HK\$	<u>2011</u> HK\$	<u>2012</u> HK\$	<u>2011</u> HK\$
Amount due from subsidiary company	-	-	2,841,020	2,834,915
Amount due from United Christian Nethersole Care Home (Note 9)	26,402,745	26,489,623	24,298,511	23,890,324
Loan to United Christian Nethersole Community Health Service (Note 10)	3,000,000	-	3,000,000	-
Other receivables and deposits	<u>3,080,170</u>	<u>3,176,174</u>	<u>3,080,170</u>	<u>3,176,174</u>
	<u>32,482,915</u>	<u>29,665,797</u>	<u>33,219,701</u>	<u>29,901,413</u>

ALICE HO MIU LING NETHERSOLE CHARITY FOUNDATION
NOTES ON THE ACCOUNTS

9. Amount due from United Christian Nethersole Care Home

The amount due from United Christian Nethersole Care Home is unsecured and interest free, and there is no fixed repayment term.

10. Loan to United Christian Nethersole Community Health Service

The loan advance to United Christian Nethersole Community Health Service was used to fund the development of Tin Shui Wai Community Health Centre. The loan will be repaid upon receipt of funding from HKJC Charities Trust.

11. Additional Resources for Para-medical Staff surpluses

	<u>2012</u> HK\$	<u>2011</u> HK\$
At beginning of the year	-----1	-----419,941
Income		
Additional resources for para-medical staff received	1,192,100	1,192,100
Interest income	3	10
Expenditure		
Personal emolument		
Salary	(1,138,597)	(1,549,736)
Provident fund	----- <u>(53,507)</u>	----- <u>(62,314)</u>
Deficit for the year	----- <u>(1)</u>	----- <u>(419,940)</u>
At end of the year	----- <u>-</u>	----- <u>1</u>

The reserve represents the accumulated surpluses of additional resources for para-medical staff from the Lotteries Fund.

12. Alice Ho Miu Ling Nethersole Nursing Home

	<u>2012</u> HK\$	<u>2011</u> HK\$
At beginning of the year	3,008,298	2,981,705
Surplus for the year (Note 26)	----- <u>273,501</u>	----- <u>26,593</u>
At end of the year	----- <u>3,281,799</u>	----- <u>3,008,298</u>

The reserve represents the accumulated surpluses of Alice Ho Miu Ling Nethersole Nursing Home.

ALICE HO MIU LING NETHERSOLE CHARITY FOUNDATION
NOTES ON THE ACCOUNTS

13. Block grant reserve

	<u>2012</u> HK\$	<u>2011</u> HK\$
At beginning of the year	----- 384	----- 380
Grant received	546,000	541,800
Interest income	4	4
Recognized expenditure		
Minor works projects	(236,000)	(500,000)
Furniture and equipment	(293,491)	(20,500)
Vehicle overhauling	----- (16,725)	----- (21,300)
(Deficit)/Surplus for the year	----- (212)	----- 4
At end of the year	===== 172	===== 384

The reserve represents the accumulated surpluses of furniture and equipment replenishment and minor works block grant and upgrading the provision of furniture and equipment grant from the Lotteries Fund.

As at 31st March 2012 the outstanding commitments in respect of furniture and equipment replenishment and minor works grant were as follows:

	<u>2012</u> HK\$	<u>2011</u> HK\$
Contracted but not provided	-	-
Authorized but not contracted	----- -	----- -
	===== -	===== -

ALICE HO MIU LING NETHERSOLE CHARITY FOUNDATION
NOTES ON THE ACCOUNTS

14. Designated Funds

	At <u>31.03.2011</u> HK\$	Income# HK\$	Expenditure# HK\$	Transfer# (Note 16 and 22) HK\$	At <u>31.03.2012</u> HK\$
DESIGNATED FOR TRUST					
Staff Training Endowment Fund	2,500,000	-	-	-	2,500,000
Staff Welfare Endowment Fund	<u>1,500,000</u>	-	-	-	<u>1,500,000</u>
	<u>4,000,000</u>	-	-	-	<u>4,000,000</u>
DESIGNATED FOR HOSPITAL SERVICE DEVELOPMENT					
Chan King Yee Memorial Fund	1,796,819	23,027	-	-	1,819,846
Chaplaincy Fund - AHNH	102,891	729,557	(3,693,925)	3,288,535	427,058
Chaplaincy Fund - PYNEH	410,380	1,443,855	(2,824,485)	970,560	310
Departmental Fund	1,029,187	-	-	-	1,029,187
Elderly and Hospice Service Fund	508,455	3,400	-	-	511,855
Equipment Fund	82,225	-	-	-	82,225
Secretariat	115,609	2,540,124	(4,853,134)	2,411,275	213,874
Nethersole Institute of Continuing Holistic Health Education Fund	264,474	634,990	(2,344,151)	1,829,992	385,305
Nethersole Outreaching Rehabilitation Mission	387,568	922,710	(2,808,495)	1,975,793	477,576
Nursing Home Fund	1,864,528	-	(273,528)	-	1,591,000
Special Project Fund	<u>5,614,375</u>	<u>1,022,292</u>	<u>(796,295)</u>	-	<u>5,840,372</u>
	<u>12,176,511</u>	<u>7,319,955</u>	<u>(17,594,013)</u>	<u>10,476,155</u>	<u>12,378,608</u>
DESIGNATED FOR HUMAN RESOURCES DEVELOPMENT					
Anne Ward Scholarship Fund	876,280	11,249	(36,000)	-	851,529
Stephen Chang Memorial Scholarship Fund	270,135	3,574	-	-	273,709
Staff Training Fund	127,340	168,697	(179,512)	100,000	216,525
Staff Welfare Fund	165,570	105,374	(1,022,900)	776,057	24,101
Vicky Chau Scholarship Fund	590,163	4,035	-	-	594,198
	<u>2,029,488</u>	<u>292,929</u>	<u>(1,238,412)</u>	<u>876,057</u>	<u>1,960,062</u>
DESIGNATED FOR CONTINGENCY RELIEF/HARDSHIP					
Patients' Welfare Fund	<u>23,876</u>	-	<u>(12,000)</u>	<u>100,000</u>	<u>111,876</u>
DESIGNATED FOR INDEPENDENT SERVICES					
Chen Yuen Lee Chun Memorial Staff Lodge	6,190,185	3,876,105	(3,167,208)	-	6,899,082
Community & Patient Resource Fund - PYNEH	3,076,515	11,178,156	(10,985,988)	-	3,268,683
Staff Quarters Fund	689,417	10	-	-	689,427
Volunteer & Community Development Fund - AHNH	<u>2,067,124</u>	<u>3,822,169</u>	<u>(3,626,494)</u>	-	<u>2,262,799</u>
	<u>12,023,241</u>	<u>18,876,440</u>	<u>(17,779,690)</u>	-	<u>13,119,991</u>
	<u>30,253,116</u>	<u>26,489,324</u>	<u>(36,624,115)</u>	<u>11,452,212</u>	<u>31,570,537</u>

The Funds were set up for various designated purposes.

The aggregate of income, expenditure and transfer represents net transfer of HK\$1,317,421 from income and expenditure account.

**ALICE HO MIU LING NETHERSOLE CHARITY FOUNDATION
NOTES ON THE ACCOUNTS**

14. Designated Funds (continued)

	At 31.03.2010 HK\$	Income# HK\$	Expenditure# HK\$	Transfer# (Note 16) HK\$	At 31.03.2011 HK\$
DESIGNATED FOR TRUST					
Staff Training Endowment Fund	2,500,000	-	-	-	2,500,000
Staff Welfare Endowment Fund	1,500,000	-	-	-	1,500,000
	<u>4,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,000,000</u>
DESIGNATED FOR HOSPITAL SERVICE DEVELOPMENT					
Chan King Yee Memorial Fund	1,787,881	8,938	-	-	1,796,819
Chaplaincy Fund - AHNH	147,442	424,066	(3,665,278)	3,196,661	102,891
Chaplaincy Fund - PYNEH	3,515	1,801,660	(2,448,597)	1,053,802	410,380
Departmental Fund	1,045,933	1,582	(18,328)	-	1,029,187
Elderly and Hospice Service Fund	8,122	500,721	(388)	-	508,455
Equipment Fund	81,776	449	-	-	82,225
Secretariat	107,547	2,379,439	(4,589,311)	2,217,934	115,609
Nethersole Institute of Continuing Holistic Health Education Fund	662,425	393,260	(2,092,307)	1,301,096	264,474
Nethersole Outreaching Rehabilitation Mission	160,418	712,960	(2,188,413)	1,702,603	387,568
Nursing Home Fund	2,121,446	-	(256,918)	-	1,864,528
Special Project Fund	4,818,344	976,455	(180,424)	-	5,614,375
	<u>10,944,849</u>	<u>7,199,530</u>	<u>(15,439,964)</u>	<u>9,472,096</u>	<u>12,176,511</u>
DESIGNATED FOR HUMAN RESOURCES DEVELOPMENT					
Anne Ward Scholarship Fund	871,913	4,367	-	-	876,280
Stephen Chang Memorial Scholarship Fund	277,517	1,388	(8,770)	-	270,135
Staff Training Fund	200,029	169,217	(288,399)	46,493	127,340
Staff Welfare Fund	252,343	105,373	(839,430)	647,284	165,570
Vicky Chau Scholarship Fund	588,709	1,454	-	-	590,163
	<u>2,190,511</u>	<u>281,799</u>	<u>(1,136,599)</u>	<u>693,777</u>	<u>2,029,488</u>
DESIGNATED FOR CONTINGENCY RELIEF/HARDSHIP					
Patients' Welfare Fund	32,876	-	(9,000)	-	23,876
DESIGNATED FOR INDEPENDENT SERVICES					
Chen Yuen Lee Chun Memorial Staff Lodge	5,930,028	3,162,715	(2,902,558)	-	6,190,185
Community & Patient Resource Fund - PYNEH	2,191,939	10,408,189	(9,523,613)	-	3,076,515
Staff Quarters Fund	737,227	1,500	(49,310)	-	689,417
Volunteer & Community Development Fund - AHNH	1,782,069	3,315,111	(3,030,056)	-	2,067,124
	<u>10,641,263</u>	<u>16,887,515</u>	<u>(15,505,537)</u>	<u>-</u>	<u>12,023,241</u>
	<u>27,809,499</u>	<u>24,368,844</u>	<u>(32,091,100)</u>	<u>10,165,873</u>	<u>30,253,116</u>

The Funds were set up for various designated purposes.

The aggregate of income, expenditure and transfer represents net transfer of HK\$2,443,617 from income and expenditure account.

ALICE HO MIU LING NETHERSOLE CHARITY FOUNDATION
NOTES ON THE ACCOUNTS

15. Lump sum grant reserve

	<u>2012</u> HK\$	<u>2011</u> HK\$
At beginning of the year	49,908,367	47,523,039
Surplus clawed back	<u>-</u>	<u>(2,995,363)</u>
	<u>49,908,367</u>	<u>44,527,676</u>
Income	43,559,538	41,381,299
Expenditure	<u>(41,110,579)</u>	<u>(35,302,822)</u>
Surplus for the year	2,448,959	6,078,477
Provident fund surplus transferred to provident fund reserve (Note 18)	<u>(594,521)</u>	<u>(697,786)</u>
	<u>1,854,438</u>	<u>5,380,691</u>
Amount refundable to SWD	<u>(9,978,078)</u>	<u>-</u>
At end of the year	<u>41,784,727</u>	<u>49,908,367</u>

The reserve represents the accumulated surpluses of lump sum grant from the Government of the HKSAR.

16. Nethersole Hospital Fund

	<u>2012</u> HK\$	<u>2011</u> HK\$
At beginning of the year	<u>419,623,252</u>	<u>409,065,066</u>
Dividend and interest received	11,229,659	10,501,138
Gain on disposal of available-for-sale investments	4,999,837	12,921,059
(Loss)/Gain on foreign exchange	(15,980)	11,394
Expenditure	(1,899,156)	(2,709,532)
Amount transferred to Designated Funds (Note 14)	<u>(100,000)</u>	<u>(10,165,873)</u>
Surplus for the year	<u>14,214,360</u>	<u>10,558,186</u>
At end of the year	<u>433,837,612</u>	<u>419,623,252</u>

The Fund were set up for general purposes.

ALICE HO MIU LING NETHERSOLE CHARITY FOUNDATION
NOTES ON THE ACCOUNTS

17. One-off subsidy reserve

	<u>2012</u>	<u>2011</u>
	HK\$	HK\$
At beginning of the year	600,577	925,223
Interest income	10	18
Expenditure	<u>(268,784)</u>	<u>(324,664)</u>
Deficit for the year	<u>(268,774)</u>	<u>(324,646)</u>
At end of the year	<u>331,803</u>	<u>600,577</u>

The reserve represents the accumulated surplus of one-off subsidy from the Lotteries Fund.

18. Provident fund reserve

	<u>2012</u>	<u>2011</u>
	HK\$	HK\$
At beginning of the year	5,247,585	4,549,799
Provident fund surplus for the year (Note 15)	<u>594,521</u>	<u>697,786</u>
At end of the year	<u>5,842,106</u>	<u>5,247,585</u>

The reserve represents the accumulated surpluses of provident fund grant from the Government of the HKSAR.

ALICE HO MIU LING NETHERSOLE CHARITY FOUNDATION
NOTES ON THE ACCOUNTS

19. Revaluation reserves

	Investment revaluation <u>reserve</u> HK\$	Land and building revaluation <u>reserve</u> HK\$	<u>Total</u> HK\$
At 31st March 2010	185,084,229	759,542	185,843,771
Amount released on disposal of investment property	-	(759,542)	(759,542)
Amount released on disposal of available-for-sale investments	4,839,103	-	4,839,103
Amount released upon recognition of impairment loss	4,831,603	-	4,831,603
Change in fair value of available-for-sale investments	<u>70,838,074</u>	<u>-</u>	<u>70,838,074</u>
At 31st March 2011	265,593,009	-	265,593,009
Amount released on disposal of available-for-sale investments	(6,289,086)	-	(6,289,086)
Change in fair value of available-for-sale investments	<u>(66,050,164)</u>	<u>-</u>	<u>(66,050,164)</u>
At 31st March 2012	<u>193,253,759</u>	<u>-</u>	<u>193,253,759</u>
Representing:			
At 31st March 2012			
Designated Funds	22,872,568	-	22,872,568
Nethersole Hospital Fund	65,802,128	-	65,802,128
Special Reserve Fund	<u>104,579,063</u>	<u>-</u>	<u>104,579,063</u>
	<u>193,253,759</u>	<u>-</u>	<u>193,253,759</u>
At 31st March 2011			
Designated Funds	24,637,315	-	24,637,315
Nethersole Hospital Fund	116,326,690	-	116,326,690
Special Reserve Fund	<u>124,629,004</u>	<u>-</u>	<u>124,629,004</u>
	<u>265,593,009</u>	<u>-</u>	<u>265,593,009</u>

The investment revaluation reserve represents cumulative net change in the fair value of available-for-sale investments until the investments are derecognized or impaired.

The land and building revaluation reserve represents surplus on previous revaluation of land and building.

ALICE HO MIU LING NETHERSOLE CHARITY FOUNDATION
NOTES ON THE ACCOUNTS

20. Social Welfare Development Fund surpluses

	<u>2012</u> HK\$	<u>2011</u> HK\$
At beginning of the year	----- -	----- -
Grant received	521,235	-
Interest income	10	-
Expenditure	<u>(200,000)</u>	<u>-</u>
Surplus for the year	<u>321,245</u>	<u>-</u>
At end of the year	<u>321,245</u>	<u>-</u>

The reserve represents the accumulated surplus of Social Welfare Development Fund from the Lotteries Fund.

21. Social Welfare subventions surpluses

	<u>2012</u> HK\$	<u>2011</u> HK\$
At beginning of the year	19,056	154,916
Surplus clawed back	<u>(19,056)</u>	<u>(28,136)</u>
	----- -	----- 126,780
Grant received	681,606	662,256
Expenditure	<u>(678,150)</u>	<u>(769,980)</u>
Surplus/(Deficit) for the year	<u>3,456</u>	<u>(107,724)</u>
Amount refundable to SWD	<u>(3,456)</u>	<u>-</u>
At end of the year	<u>-</u>	<u>19,056</u>

The reserve represents the accumulated surpluses of rent and rates and central items grants from the Government of the HKSAR.

ALICE HO MIU LING NETHERSOLE CHARITY FOUNDATION
NOTES ON THE ACCOUNTS

22. Special Reserve Fund

	<u>2012</u> HK\$	<u>2011</u> HK\$
At beginning of the year	<u>220,110,549</u>	<u>219,814,852</u>
Dividend and interest received	7,414,056	7,153,010
Gain/(Loss) on disposal of available-for-sale investments	1,893,226	(3,448,365)
Impairment loss on available-for sale investments	-	(4,831,603)
Gain on disposal of investment property	-	2,223,024
(Loss)/Gain on foreign exchange	(7,606)	15,801
Expenditure	(132,001)	(816,170)
Amount transferred to Designated Funds (Note 14)	<u>(11,352,212)</u>	<u>-</u>
(Deficit)/Surplus for the year	<u>(2,184,537)</u>	<u>295,697</u>
At end of the year	<u>217,926,012</u>	<u>220,110,549</u>

The Fund were set up for re-development of Alice Ho Miu Ling Nethersole Hospital including non-subvented projects.

23. Categories of financial assets and liabilities

	<u>The Group</u>		<u>The Foundation</u>	
	<u>2012</u> HK\$	<u>2011</u> HK\$	<u>2012</u> HK\$	<u>2011</u> HK\$
Financial assets				
Non-current assets - at fair value				
Available-for-sale investments	791,989,768	847,603,672	791,989,768	847,603,672
Current assets - at amortized cost				
Accounts receivables and deposits (excluding prepayments)	32,064,244	29,227,829	32,801,030	29,463,445
Bank and cash balances	<u>121,357,165</u>	<u>124,038,581</u>	<u>120,641,394</u>	<u>123,817,076</u>
	<u>945,411,177</u>	<u>1,000,870,082</u>	<u>945,432,192</u>	<u>1,000,884,193</u>
Financial liabilities				
Current liabilities - at amortized cost				
Accounts payables and accruals (excluding receipt in advance and provision for annual leave entitlement)	7,371,872	6,773,452	7,365,372	6,767,452
Amounts refundable to SWD	<u>9,981,534</u>	<u>-</u>	<u>9,981,534</u>	<u>-</u>
	<u>17,353,406</u>	<u>6,773,452</u>	<u>17,346,906</u>	<u>6,767,452</u>

24. Accounting estimates and judgments

The key sources of estimation, uncertainty and critical accounting judgements in applying the Group's and the Foundation's accounting policies are described below.

Valuation of available-for-sale investments

The fair value of available-for-sale investments is based on market prices quoted, for equivalent instruments at the balance sheet date, by the financial institutions which provide investment agency services to the Foundation.

25. Capital commitments for acquisition of property, plant and equipment

	<u>The Group/The Foundation</u>	
	<u>2012</u>	<u>2011</u>
	HK\$	HK\$
Contracted but not provided	-	-
Authorized but not contracted	<u>9,212,000</u>	<u>1,754,500</u>
	<u>9,212,000</u>	<u>1,754,500</u>

ALICE HO MIU LING NETHERSOLE CHARITY FOUNDATION
NOTES ON THE ACCOUNTS

26. Alice Ho Miu Ling Nethersole Nursing Home - detailed income and expenditure

	SWD grants HK\$	Block grant HK\$	Additional Resources for Para- medical staff HK\$	One-off subsidy HK\$	Social Welfare Development Fund HK\$	Non- subvented services HK\$	2012 Total HK\$
INCOME							
Bank interest income	260,647	4	3	10	10	4	260,678
Donation	-	-	-	-	-	25,051	25,051
Fee income	5,609,884	-	-	-	-	-	5,609,884
Other income	12,450	-	-	-	-	177,350	189,800
Program income	31,930	-	-	-	-	-	31,930
Purchasing service income	-	-	-	-	-	2,125,707	2,125,707
Subventions	38,358,163	546,000	1,192,100	-	521,235	-	40,617,498
	<u>44,273,074</u>	<u>546,004</u>	<u>1,192,103</u>	<u>10</u>	<u>521,245</u>	<u>2,328,112</u>	<u>48,860,548</u>
EXPENDITURE							
Annual leave entitlement	-	-	-	-	-	78,454	78,454
Advertising for recruitment	18,216	-	-	-	-	-	18,216
Audit fee	34,500	-	-	-	-	-	34,500
Bank charges	5,274	-	-	-	-	2,629	7,903
Bedding and linen	23,516	-	-	-	-	-	23,516
Central administration fee	477,377	-	-	-	-	-	477,377
Cleaning materials and cleaning charges	144,806	-	-	-	-	-	144,806
Cooking utensils	3,325	-	-	-	-	-	3,325
Electrical appliance	321,048	165,240	-	-	-	-	486,288
Electricity	2,632,723	-	-	-	-	-	2,632,723
Food for residents	2,101,453	-	-	-	-	-	2,101,453
Furniture	19,330	3,480	-	-	-	-	22,810
Gas and fuel	274,800	-	-	-	-	-	274,800
Holistic Care Service	264,683	-	-	-	-	-	264,683
Household utilities	204,364	6,450	-	-	-	-	210,814
Insurance	222,207	-	-	-	-	-	222,207
Medical equipment	90,940	118,321	-	-	-	-	209,261
Medical expense for residents	463,653	-	-	-	-	-	463,653
Miscellaneous	11,708	-	-	-	-	20,050	31,758
Newspaper and periodicals	12,928	-	-	-	-	-	12,928
Nursing home license	1,890	-	-	-	-	-	1,890
Occupational equipment	45,000	-	-	-	-	-	45,000
Office equipment	171,143	-	-	-	-	-	171,143
Other travelling	25,879	-	-	-	-	-	25,879
Postage	2,128	-	-	-	-	-	2,128
Pre-employment medical examination	7,192	-	-	-	-	-	7,192
Printing and stationery	85,734	-	-	-	-	-	85,734
Program expenses	41,453	-	-	-	-	-	41,453
Provident fund	1,878,940	-	-	-	-	-	1,878,940
Rates	476,550	-	-	-	-	-	476,550
Repair and maintenance	2,427,138	252,725	-	-	-	-	2,679,863
Resident daily necessities	-	-	-	-	-	1,940,473	1,940,473
Salaries	29,092,780	-	1,192,104	-	-	-	30,284,884
Security guard services	151,625	-	-	-	-	-	151,625
Staff welfare	-	-	-	-	-	13,005	13,005
Staff training	-	-	-	268,784	200,000	-	468,784
Telephone and intercom system	80,956	-	-	-	-	-	80,956
Vehicle license	5,400	-	-	-	-	-	5,400
	<u>(41,820,659)</u>	<u>(546,216)</u>	<u>(1,192,104)</u>	<u>(268,784)</u>	<u>(200,000)</u>	<u>(2,054,611)</u>	<u>(46,082,374)</u>
Surplus/(Deficit) before transfer	2,452,415	(212)	(1)	(268,774)	321,245	273,501	2,778,174
Transfer to:							
Lump sum grant reserve (Note 15)	(2,448,959)	-	-	-	-	-	(2,448,959)
Social Welfare subvention surpluses (Note 21)	(3,456)	-	-	-	-	-	(3,456)
Block grant reserve (Note 13)	-	212	-	-	-	-	212
Additional Resources for Para-medical Staff surpluses (Note 11)	-	-	1	-	-	-	1
One-off subsidy reserve (Note 17)	-	-	-	268,774	-	-	268,774
Social Welfare Development Fund surpluses (Note 20)	-	-	-	-	(321,245)	-	(321,245)
Surplus for the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>273,501</u>	<u>273,501</u>

ALICE HO MIU LING NETHERSOLE CHARITY FOUNDATION
NOTES ON THE ACCOUNTS

26. Alice Ho Miu Ling Nethersole Nursing Home - detailed income and expenditure (continued)

	SWD grants HK\$	Block grant HK\$	Additional Resources for Para- medical staff HK\$	One-off subsidy HK\$	Non- subvented services HK\$	2011 Total HK\$
INCOME						
Bank interest income	98,949	4	10	18	5	98,986
Donation	-	-	-	-	18,530	18,530
Fee income	5,634,700	-	-	-	-	5,634,700
Other income	8,334	-	-	-	112,067	120,401
Program income	23,355	-	-	-	7,670	31,025
Purchasing service income	-	-	-	-	2,121,662	2,121,662
Subventions	36,301,572	541,800	1,192,100	-	-	38,035,472
	<u>42,066,910</u>	<u>541,804</u>	<u>1,192,110</u>	<u>18</u>	<u>2,259,934</u>	<u>46,060,776</u>
EXPENDITURE						
Annual leave entitlement						
- written back	-	-	-	-	(79,819)	(79,819)
Advertising for recruitment	18,408	-	-	-	-	18,408
Audit fee	33,000	-	-	-	-	33,000
Bank charges	5,059	-	-	-	2,646	7,705
Bedding and linen	159,610	-	-	-	-	159,610
Central administration fee	416,609	-	-	-	-	416,609
Cleaning materials and cleaning charges	262,628	-	-	-	-	262,628
Cooking utensils	135	-	-	-	-	135
Electrical appliance	274,087	-	-	-	-	274,087
Electricity	2,395,408	-	-	-	-	2,395,408
Food for residents	1,614,764	-	-	-	-	1,614,764
Furniture	20,524	-	-	-	-	20,524
Gas and fuel	303,019	-	-	-	-	303,019
Household utilities	185,292	-	-	-	-	185,292
Insurance	241,579	-	-	-	-	241,579
Medical equipment	33,500	-	-	-	-	33,500
Medical expense for residents	257,557	-	-	-	-	257,557
Miscellaneous	10,182	-	-	-	-	10,182
Newspaper and periodicals	11,528	-	-	-	-	11,528
Nursing home license	6,230	-	-	-	-	6,230
Occupational equipment	-	20,500	-	-	-	20,500
Office equipment	106,305	-	-	-	-	106,305
Other travelling	7,051	-	-	-	-	7,051
Postage	1,548	-	-	-	-	1,548
Pre-employment medical examination	8,227	-	-	-	-	8,227
Printing and stationery	67,425	-	-	-	-	67,425
Program expenses	25,939	-	-	-	7,670	33,609
Property, plant and equipment written off	-	-	-	-	351,176	351,176
Provident fund	1,580,618	-	-	-	-	1,580,618
Rates	441,600	-	-	-	-	441,600
Repair and maintenance	2,358,917	521,300	-	-	-	2,880,217
Resident daily necessities	-	-	-	-	1,951,668	1,951,668
Salaries	25,079,935	-	1,612,050	-	-	26,691,985
Security guard services	113,400	-	-	-	-	113,400
Staff training	-	-	-	324,664	-	324,664
Telephone and intercom system	53,324	-	-	-	-	53,324
Vehicle license	2,749	-	-	-	-	2,749
	<u>(36,096,157)</u>	<u>(541,800)</u>	<u>(1,612,050)</u>	<u>(324,664)</u>	<u>(2,233,341)</u>	<u>(40,808,012)</u>
Surplus/(Deficit) before transfer	5,970,753	4	(419,940)	(324,646)	26,593	5,252,764
Transfer to:						
Lump sum grant reserve (Note 15)	(6,078,477)	-	-	-	-	(6,078,477)
Social Welfare subvention surpluses (Note 21)	107,724	-	-	-	-	107,724
Block grant reserve (Note 13)	-	(4)	-	-	-	(4)
Additional Resources for Para-medical staff surpluses (Note 11)	-	-	419,940	-	-	419,940
One-off subsidy reserve (Note 17)	-	-	-	324,646	-	324,646
Surplus for the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,593</u>	<u>26,593</u>