

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 2013

4

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 2013, 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 MULLING 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 2013 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.
Certified Public Accountants

Hong Kong, 10th September 2013.

ALICE HO MIU LING NETHERSOLE CHARITY FOUNDATION

CONSOLIDATED STATEMENT OF INCOME

FOR THE YEAR ENDED 31ST MARCH 2013

	<u>Note</u>	<u>2013</u> HK\$	<u>2012</u> HK\$
Revenues			
Dividends from available-for-sale investments		20,190,604	17,895,532
Donations		3,727,734	1,515,083
Fee income		5,596,956	5,609,884
Government grants and subventions		42,902,016	40,617,498
Interest income		2,987,587	2,345,711
Income on licensing and car parking fees		4,441,773	3,852,172
Other income		366,990	491,531
Program income		209,683	31,930
Purchasing service income		2,194,354	2,125,707
Sales on rehab shop		16,573,850	14,981,902
Services income		<u>3,461,385</u>	<u>3,304,568</u>
		102,652,932	92,771,518
Gain on disposal of available-for-sale investments		2,484,113	6,893,063
Cost of sales on rehab shop		(14,582,551)	(13,319,868)
Related expenses on rehab shop		(522,580)	(299,132)
Loss on foreign exchange		(66,089)	(23,586)
Donations		(11,629,050)	(1,529,403)
Operating expenses		<u>(75,536,571)</u>	<u>(68,374,578)</u>
Surplus for the year	3	2,800,204	16,118,014
Transfer from/(to):			
Additional Resources for Para-medical Staff surpluses	11	(1)	1
Alice Ho Miu Ling Nethersole Nursing Home	12	(242,848)	(273,501)
Block Grant reserve	13	(8,672)	212
Designated Funds	14	(2,795,588)	(1,317,421)
Lump sum grant reserve	15	279,906	(1,854,438)
Nethersole Hospital Fund	16	(4,100,869)	(14,214,360)
One-off subsidy reserve	17	123,041	268,774
Provident fund reserve	18	(462,470)	(594,521)
Social Welfare Development Fund	20	321,245	(321,245)
Social Welfare subvention surpluses	21	(31,406)	(3,456)
Special Reserve Fund	22	<u>3,837,358</u>	<u>2,184,537</u>
		(280,100)	(7,404)
Deficit brought forward		<u>(27,515)</u>	<u>(20,111)</u>
Deficit carried forward		<u><u>(307,615)</u></u>	<u><u>(27,515)</u></u>

ALICE HO MIU LING NETHERSOLE CHARITY FOUNDATION

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31ST MARCH 2013

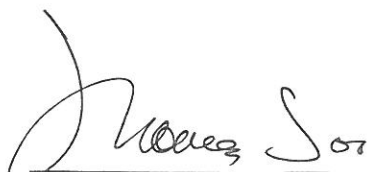
	<u>Note</u>	<u>2013</u> HK\$	<u>2012</u> HK\$
SURPLUS FOR THE YEAR		<u>2,800,204</u>	<u>16,118,014</u>
OTHER COMPREHENSIVE INCOME FOR THE YEAR			
Surplus refunded to Social Welfare Department ("SWD")			
- Lump sum grant	15	(477,079)	-
- Social Welfare subventions	21	-	(19,056)
Amounts refundable to SWD			
- Lump sum grant	15	-	(9,978,078)
- Social Welfare subventions	21	(31,406)	(3,456)
Reclassification from investment revaluation reserve to surplus or deficit on disposal of available-for-sale investments	19	(5,070,749)	(6,289,086)
Change in fair value of available-for-sale investments	19	<u>74,228,823</u>	<u>(66,050,164)</u>
		<u>68,649,589</u>	<u>(82,339,840)</u>
TOTAL COMPREHENSIVE INCOME/(EXPENSE) FOR THE YEAR		<u>71,449,793</u>	<u>(66,221,826)</u>


ALICE HO MIU LING NETHERSOLE CHARITY FOUNDATION

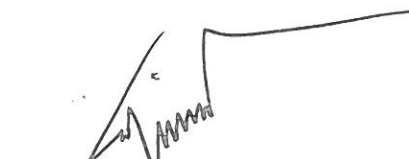
CONSOLIDATED BALANCE SHEET AT 31ST MARCH 2013

	Note	HK\$	2013 HK\$	2012 HK\$
NON-CURRENT ASSETS				
Property, plant and equipments	5		93,947	184,164
Available-for-sale investments	7		803,162,290	791,989,768
			803,256,237	792,173,932
CURRENT ASSETS				
Inventories		833,299		687,055
Accounts receivables and deposits	8	29,857,606		32,482,915
Bank and cash balances		179,339,077		121,357,165
		210,029,982		154,527,135
Less: CURRENT LIABILITIES				
Accounts payables and accruals		13,682,763		8,597,276
Amounts refundable to SWD		31,406		9,981,534
		13,714,169		18,578,810
NET CURRENT ASSETS			196,315,813	135,948,325
NET ASSETS			999,572,050	928,122,257
<i>financed by:</i>				
RESERVES				
Additional Resources for Para-medical Staff surpluses	11		1	-
Alice Ho Miu Ling Nethersole Nursing Home	12		3,524,647	3,281,799
Block grant reserve	13		8,844	172
Designated Funds	14		37,824,974	31,570,537
Lump sum grant reserve	15		37,568,893	41,784,727
Nethersole Hospital Fund	16		437,938,481	433,837,612
One-off subsidy reserve	17		208,762	331,803
Provident fund reserve	18		6,304,576	5,842,106
Investment revaluation reserve	19		262,411,833	193,253,759
Social Welfare Development Fund surpluses	20		-	321,245
Social Welfare subvention surpluses	21		-	-
Special Reserve Fund	22		214,088,654	217,926,012
Income and expenditure account - deficit			(307,615)	(27,515)
			999,572,050	928,122,257

Approved by the Board of Governors on 10th September 2013.


Chairman


Honorary Treasurer


Secretary

ALICE HO MIU LING NETHERSOLE CHARITY FOUNDATION

CONSOLIDATED STATEMENT OF CHANGES IN RESERVES

FOR THE YEAR ENDED 31ST MARCH 2013

	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\$	Investment revaluation reserve 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 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
Central administration fees charged for previous years	-	-	-	3,458,849	(3,458,849)	-	-	-	-	-	-	-	-	-
Surplus refunded to SWD	-	-	-	-	(477,079)	-	-	-	-	-	-	-	-	(477,079)
Amounts refundable to SWD	-	-	-	-	-	-	-	-	-	-	(31,406)	-	-	(31,406)
Amount released on disposal of available-for-sale investments	-	-	-	-	-	-	-	-	(5,070,749)	-	-	-	-	(5,070,749)
Change in fair value of available-for-sale investments	-	-	-	-	-	-	-	-	74,228,823	-	-	-	-	74,228,823
Surplus for the year	-	-	-	-	-	-	-	-	-	-	-	-	2,800,204	2,800,204
Total comprehensive income	-	-	-	-	(477,079)	-	-	-	69,158,074	-	(31,406)	-	2,800,204	71,449,793
Transfer from/to income and expenditure account	1	242,848	8,672	2,795,588	(279,906)	4,100,869	(123,041)	462,470	-	(321,245)	31,406	(3,837,358)	(3,080,304)	-
Balance at 31st March 2013	1	3,524,647	8,844	37,824,974	37,568,893	437,938,481	208,762	6,304,576	262,411,833	-	-	214,088,654	(307,615)	999,572,050

ALICE HO MIU LING NETHERSOLE CHARITY FOUNDATION

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST MARCH 2013

	<u>2013</u> HK\$	<u>2012</u> HK\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Surplus for the year	2,800,204	16,118,014
Adjustments for:		
Interest income	(2,987,587)	(2,345,711)
Dividends from available-for-sale investments	(20,190,604)	(17,895,532)
Gain on disposal of available-for-sale investments	(2,484,113)	(6,893,063)
Depreciation	<u>107,017</u>	<u>106,882</u>
Operating loss before working capital changes	(22,755,083)	(10,909,410)
Increase in inventories	(146,244)	(26,596)
Decrease/(Increase) in accounts receivables and deposits	4,008,972	(2,843,903)
Increase in accounts payables and accruals	<u>5,085,487</u>	<u>716,289</u>
NET CASH USED IN OPERATING ACTIVITIES	<u><u>(13,806,868)</u></u>	<u><u>(13,063,620)</u></u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	2,813,055	2,403,747
Dividends received	18,981,473	17,864,281
Sale of available-for-sale investments	178,744,725	127,372,167
Purchase of available-for-sale investments	(118,275,060)	(137,204,450)
Purchase of property, plant and equipment	(16,800)	(34,485)
Net increase in time deposits of more than 3 months to maturity from date of deposit	<u>(54,195,197)</u>	<u>(1,970,780)</u>
NET CASH FROM INVESTING ACTIVITIES	<u><u>28,052,196</u></u>	<u><u>8,430,480</u></u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Lump sum grant refunded to Social Welfare Department	(10,455,157)	-
Subvention surplus refunded to Social Welfare Department	<u>(3,456)</u>	<u>(19,056)</u>
NET CASH USED IN FINANCING ACTIVITIES	<u><u>(10,458,613)</u></u>	<u><u>(19,056)</u></u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	3,786,715	(4,652,196)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	<u>109,386,385</u>	<u>114,038,581</u>
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	<u><u>113,173,100</u></u>	<u><u>109,386,385</u></u>
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS		
Bank and cash balances	179,339,077	121,357,165
Less: Time deposits of more than 3 months to maturity from date of deposit	<u>(66,165,977)</u>	<u>(11,970,780)</u>
	<u><u>113,173,100</u></u>	<u><u>109,386,385</u></u>

ALICE HO MIU LING NETHERSOLE CHARITY FOUNDATION

STATEMENT OF INCOME

FOR THE YEAR ENDED 31ST MARCH 2013

	<u>Note</u>	<u>2013</u> HK\$	<u>2012</u> HK\$
Revenues			
Dividends from available-for-sale investments		20,190,604	17,895,532
Donations		3,727,434	1,515,083
Fee income		5,596,956	5,609,884
Government grants and subventions		42,902,016	40,617,498
Interest income		2,987,584	2,345,710
Income on licensing and car parking fees		4,441,773	3,852,172
Other income		366,990	491,531
Program income		27,749	31,930
Purchasing service income		2,194,354	2,125,707
Sales on rehab shop		16,573,850	14,981,902
Services income		<u>3,447,385</u>	<u>3,304,568</u>
		102,456,695	92,771,517
Gain on disposal of available-for-sale investments		2,484,113	6,893,063
Cost of sales on rehab shop		(14,582,551)	(13,319,868)
Related expenses on rehab shop		(522,580)	(299,132)
Loss on foreign exchange		(66,089)	(23,586)
Donations		(11,629,050)	(1,529,403)
Operating expenses		<u>(75,060,234)</u>	<u>(68,367,173)</u>
Surplus for the year	3	3,080,304	16,125,418
Transfer from/(to):			
Additional Resources for Para-medical Staff			
surpluses	11	(1)	1
Alice Ho Miu Ling Nethersole Nursing Home	12	(242,848)	(273,501)
Block Grant reserve	13	(8,672)	212
Designated Funds	14	(2,795,588)	(1,317,421)
Lump sum grant reserve	15	279,906	(1,854,438)
Nethersole Hospital Fund	16	(4,100,869)	(14,214,360)
One-off subsidy reserve	17	123,041	268,774
Provident fund reserve	18	(462,470)	(594,521)
Social Welfare Development Fund	20	321,245	(321,245)
Social Welfare subvention surpluses	21	(31,406)	(3,456)
Special Reserve Fund	22	<u>3,837,358</u>	<u>2,184,537</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 2013

	<u>Note</u>	<u>2013</u> HK\$	<u>2012</u> HK\$
SURPLUS FOR THE YEAR		<u>3,080,304</u>	<u>16,125,418</u>
OTHER COMPREHENSIVE INCOME FOR THE YEAR			
Surplus refunded to Social Welfare Department ("SWD")			
- Lump sum grant	15	(477,079)	-
- Social Welfare subventions	21	-	(19,056)
Amounts refundable to SWD			
- Lump sum grant	15	-	(9,978,078)
- Social Welfare subventions	21	(31,406)	(3,456)
Reclassification from investment revaluation reserve to surplus or deficit on disposal of available-for-sale investments	19	(5,070,749)	(6,289,086)
Change in fair value of available-for-sale investments	19	<u>74,228,823</u>	<u>(66,050,164)</u>
		<u>68,649,589</u>	<u>(82,339,840)</u>
TOTAL COMPREHENSIVE INCOME/(EXPENSE) FOR THE YEAR		<u>71,729,893</u>	<u>(66,214,422)</u>

ALICE HO MIU LING NETHERSOLE CHARITY FOUNDATION

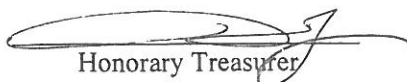
BALANCE SHEET AT 31ST MARCH 2013

	Note	HK\$	2013 HK\$	2012 HK\$
NON-CURRENT ASSETS				
Property, plant and equipments	5		93,947	184,164
Available-for-sale investments	7		803,162,290	791,989,768
			803,256,237	792,173,932
CURRENT ASSETS				
Inventories		833,299		687,055
Accounts receivables and deposits	8	30,825,885		33,219,701
Bank and cash balances		178,641,984		120,641,394
		210,301,168		154,548,150
Less: CURRENT LIABILITIES				
Accounts payables and accruals		13,646,334		8,590,776
Amounts refundable to SWD		31,406		9,981,534
		13,677,740		18,572,310
NET CURRENT ASSETS			196,623,428	135,975,840
NET ASSETS			999,879,665	928,149,772
<i>financed by:</i>				
RESERVES				
Additional Resources for Para-medical Staff surpluses	11		1	-
Alice Ho Miu Ling Nethersole Nursing Home	12		3,524,647	3,281,799
Block grant reserve	13		8,844	172
Designated Funds	14		37,824,974	31,570,537
Lump sum grant reserve	15		37,568,893	41,784,727
Nethersole Hospital Fund	16		437,938,481	433,837,612
One-off subsidy reserve	17		208,762	331,803
Provident fund reserve	18		6,304,576	5,842,106
Investment revaluation reserve	19		262,411,833	193,253,759
Social Welfare Development Fund surpluses	20		-	321,245
Social Welfare subvention surpluses	21		-	-
Special Reserve Fund	22		214,088,654	217,926,012
			999,879,665	928,149,772

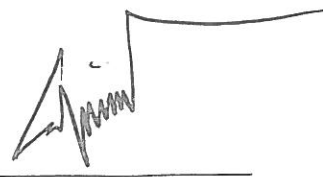
Approved by the Board of Governors on 10th September 2013.



Chairman



Honorary Treasurer



Secretary

ALICE HO MIU LING NETHERSOLE CHARITY FOUNDATION

STATEMENT OF CHANGES IN RESERVES

FOR THE YEAR ENDED 31ST MARCH 2013

	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\$	Investment revaluation reserve 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 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
Central administration fees charged for previous years	-	-	-	3,458,849	(3,458,849)	-	-	-	-	-	-	-	-	-
Surplus refunded to SWD	-	-	-	-	(477,079)	-	-	-	-	-	-	-	-	(477,079)
Amounts refundable to SWD	-	-	-	-	-	-	-	-	-	-	(31,406)	-	-	(31,406)
Amount released on disposal of available-for-sale investments	-	-	-	-	-	-	-	-	(5,070,749)	-	-	-	-	(5,070,749)
Change in fair value of available-for-sale investments	-	-	-	-	-	-	-	-	74,228,823	-	-	-	-	74,228,823
Surplus for the year	-	-	-	-	-	-	-	-	-	-	-	-	3,080,304	3,080,304
Total comprehensive income	-	-	-	-	(477,079)	-	-	-	69,158,074	-	(31,406)	-	3,080,304	71,729,893
Transfer from/to income and expenditure account	1	242,848	8,672	2,795,588	(279,906)	4,100,869	(123,041)	462,470	-	(321,245)	31,406	(3,837,358)	(3,080,304)	-
Balance at 31st March 2013	1	3,524,647	8,844	37,824,974	37,568,893	437,938,481	208,762	6,304,576	262,411,833	-	-	214,088,654	-	999,879,665

ALICE HO MIU LING NETHERSOLE CHARITY FOUNDATION

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST MARCH 2013

	2013 HK\$	2012 HK\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Surplus for the year	3,080,304	16,125,418
Adjustments for:		
Interest income	(2,987,584)	(2,345,710)
Dividends from available-for-sale investments	(20,190,604)	(17,895,532)
Gain on disposal of available-for-sale investments	(2,484,113)	(6,893,063)
Depreciation	<u>107,017</u>	<u>106,882</u>
Operating loss before working capital changes	(22,474,980)	(10,902,005)
Increase in inventories	(146,244)	(26,596)
Decrease/(Increase) in accounts receivables and deposits	3,777,479	(3,345,073)
Increase in accounts payables and accruals	<u>5,055,558</u>	<u>715,789</u>
NET CASH USED IN OPERATING ACTIVITIES	<u><u>(13,788,187)</u></u>	<u><u>(13,557,885)</u></u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	2,813,052	2,403,746
Dividends received	18,981,473	17,864,281
Sale of available-for-sale investments	178,744,725	127,372,167
Purchase of available-for-sale investments	(118,275,060)	(137,204,450)
Purchase of property, plant and equipment	(16,800)	(34,485)
Net increase in time deposits of more than 3 months to maturity from date of deposit	<u>(54,195,197)</u>	<u>(1,970,780)</u>
NET CASH FROM INVESTING ACTIVITIES	<u><u>28,052,193</u></u>	<u><u>8,430,479</u></u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Lump sum grant refunded to Social Welfare Department	(10,455,157)	-
Subvention surplus refunded to Social Welfare Department	<u>(3,456)</u>	<u>(19,056)</u>
NET CASH USED IN FINANCING ACTIVITIES	<u><u>(10,458,613)</u></u>	<u><u>(19,056)</u></u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	3,805,393	(5,146,462)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	<u>108,670,614</u>	<u>113,817,076</u>
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	<u><u>112,476,007</u></u>	<u><u>108,670,614</u></u>
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS		
Bank and cash balances	178,641,984	120,641,394
<u>Less:</u> Time deposits of more than 3 months to maturity from date of deposit	<u>(66,165,977)</u>	<u>(11,970,780)</u>
	<u><u>112,476,007</u></u>	<u><u>108,670,614</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 there are 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 Hong Kong Financial Reporting Standards 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</u>		<u>The Foundation</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
	HK\$	HK\$	HK\$	HK\$
Staff cost				
Salaries, wages, allowances and benefits (excluding contribution to provident fund)	49,829,773	45,166,932	49,436,068	45,166,932
Contribution to defined contribution provident fund	<u>3,230,624</u>	<u>2,821,995</u>	<u>3,203,316</u>	<u>2,821,995</u>
	53,060,397	47,988,927	52,639,384	47,988,927
Depreciation	<u>107,017</u>	<u>106,882</u>	<u>107,017</u>	<u>106,882</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 2012	278,550	228,941	507,491
Additions	<u>16,800</u>	<u>-</u>	<u>16,800</u>
At 31st March 2013	<u>295,350</u>	<u>228,941</u>	<u>524,291</u>
Accumulated depreciation			
At 31st March 2012	183,979	139,348	323,327
Charge for the year	<u>47,289</u>	<u>59,728</u>	<u>107,017</u>
At 31st March 2013	<u>231,268</u>	<u>199,076</u>	<u>430,344</u>
Net book value			
At 31st March 2013	<u>64,082</u>	<u>29,865</u>	<u>93,947</u>
At 31st March 2012	<u>94,571</u>	<u>89,593</u>	<u>184,164</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.

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>Activity 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 a non-profit making home for aged people and dementia, and to provide community rehabilitation services (including physiotherapy and occupational therapy).

7. Available-for-sale investments

	<u>2013</u> HK\$	<u>2012</u> HK\$
Listed equity securities, listed debt securities and fund investments, at market value	<u>803,162,290</u>	<u>791,989,768</u>
Representing:		
Designated Funds	46,941,323	40,148,836
Nethersole Hospital Fund	310,348,563	444,089,540
Special Reserve Fund	<u>445,872,404</u>	<u>307,751,392</u>
	<u>803,162,290</u>	<u>791,989,768</u>

8. Accounts receivables and deposits

	<u>The Group</u>		<u>The Foundation</u>	
	<u>2013</u> HK\$	<u>2012</u> HK\$	<u>2013</u> HK\$	<u>2012</u> HK\$
Amount due from subsidiary company	-	-	3,223,839	2,841,020
Amount due from United Christian Nethersole Care Home (Note 9)	24,689,983	26,402,745	22,445,683	24,298,511
Loan to United Christian Nethersole Community Health Service (Note 10)	640,000	3,000,000	640,000	3,000,000
Other receivables and deposits	<u>4,527,623</u>	<u>3,080,170</u>	<u>4,516,363</u>	<u>3,080,170</u>
	<u>29,857,606</u>	<u>32,482,915</u>	<u>30,825,885</u>	<u>33,219,701</u>

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 advanced 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>2013</u> HK\$	<u>2012</u> HK\$
At beginning of the year	----- -	----- 1
Income		
Additional resources for para-medical staff received	1,269,900	1,192,100
Interest income	1	3
Expenditure		
Personal emolument		
Salary	(1,215,914)	(1,138,597)
Provident fund	(53,986)	(53,507)
Surplus/(Deficit) for the year	----- 1	----- (1)
At end of the year	===== 1	===== -

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>2013</u> HK\$	<u>2012</u> HK\$
At beginning of the year	3,281,799	3,008,298
Surplus for the year (Note 27)	242,848	273,501
At end of the year	===== 3,524,647	===== 3,281,799

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>2013</u> HK\$	<u>2012</u> HK\$
At beginning of the year	<u>172</u>	<u>384</u>
Grant received	582,000	546,000
Interest income	5	4
Recognized expenditure		
Minor works projects	(282,369)	(236,000)
Furniture and equipment	(287,414)	(293,491)
Vehicle overhauling	<u>(3,550)</u>	<u>(16,725)</u>
Surplus/(Deficit) for the year	<u>8,672</u>	<u>(212)</u>
At end of the year	<u>8,844</u>	<u>172</u>

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 2013 the outstanding commitments in respect of furniture and equipment replenishment and minor works grant were as follows:

	<u>2013</u> HK\$	<u>2012</u> HK\$
Contracted but not provided	-	-
Authorized but not contracted	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

ALICE HO MIU LING NETHERSOLE CHARITY FOUNDATION
NOTES ON THE ACCOUNTS

14. Designated Funds

	At 31.03.2012 HK\$	Adjustment* HK\$	Income# HK\$	Expenditure# HK\$	Transfer# (Note 22) HK\$	At 31.03.2013 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>-</u>	<u>4,000,000</u>
DESIGNATED FOR HOSPITAL SERVICE DEVELOPMENT						
Chan King Yee Memorial Fund	1,819,846	-	15,134	-	-	1,834,980
Chaplaincy Fund - AHNH	427,058	-	761,152	(3,979,302)	3,211,706	420,614
Chaplaincy Fund - PYNEH	310	-	1,377,626	(3,116,879)	1,831,966	93,023
Departmental Fund	1,029,187	-	-	(810)	-	1,028,377
Elderly and Hospice Service Fund	511,855	-	1,900	(1,310)	-	512,445
Equipment Fund	82,225	-	200	-	-	82,425
Secretariat	213,874	3,458,849	2,618,073	(5,485,259)	2,446,116	3,251,653
Nethersole Institute of Continuing Holistic Health Education Fund	385,305	-	827,100	(3,115,956)	2,096,558	193,007
Nethersole Outreaching Rehabilitation Mission	477,576	-	596,842	(1,789,197)	2,229,445	1,514,666
Nursing Home Fund	1,591,000	-	-	(241,597)	-	1,349,403
Special Project Fund	5,840,372	-	3,895,530	(4,136,555)	-	5,599,347
	<u>12,378,608</u>	<u>3,458,849</u>	<u>10,093,557</u>	<u>(21,866,865)</u>	<u>11,815,791</u>	<u>15,879,940</u>
DESIGNATED FOR HUMAN RESOURCES DEVELOPMENT						
Anne Ward Scholarship Fund	851,529	-	7,393	(33,505)	-	825,417
Stephen Chang Memorial Scholarship Fund	273,709	-	2,349	-	-	276,058
Staff Training Fund	216,525	-	185,877	(260,350)	-	142,052
Staff Welfare Fund	24,101	-	115,861	(1,273,513)	1,829,427	695,876
Vicky Chau Scholarship Fund	594,198	-	5,003	-	-	599,201
	<u>1,960,062</u>	<u>-</u>	<u>316,483</u>	<u>(1,567,368)</u>	<u>1,829,427</u>	<u>2,538,604</u>
DESIGNATED FOR CONTINGENCY RELIEF/HARDSHIP						
Patients' Welfare Fund	111,876	-	-	(10,811)	-	101,065
DESIGNATED FOR INDEPENDENT SERVICES						
Chen Yuen Lee Chun Memorial Staff Lodge	6,899,082	-	4,458,261	(2,600,088)	-	8,757,255
Community & Patient Resource Fund - PYNEH	3,268,683	-	12,211,944	(11,211,719)	-	4,268,908
Staff Quarters Fund	689,427	-	-	-	(689,427)	-
Volunteer & Community Development Fund - AHNH	2,262,799	-	4,443,903	(4,427,500)	-	2,279,202
	<u>13,119,991</u>	<u>-</u>	<u>21,114,108</u>	<u>(18,239,307)</u>	<u>(689,427)</u>	<u>15,305,365</u>
	<u>31,570,537</u>	<u>3,458,849</u>	<u>31,524,148</u>	<u>(41,684,351)</u>	<u>12,955,791</u>	<u>37,824,974</u>

The Funds were set up for various designated purposes.

* Adjustment represents central administration fees charged to Alice Miu Ling Nethersole Charity Foundation Nursing Home for previous years

The aggregate of income, expenditure and transfer represents net transfer of HK\$2,795,588 from income and expenditure account

ALICE HO MIU LING NETHERSOLE CHARITY FOUNDATION
NOTES ON THE ACCOUNTS

14. Designated Funds (continued)

	At 31.03.2011 HK\$	Income# HK\$	Expenditure# HK\$	Transfer# (Note 16 and 22) HK\$	At 31.03.2012 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	1,796,819	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	5,614,375	1,022,292	(796,295)	-	5,840,372
	<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	23,876	-	(12,000)	100,000	111,876
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	2,067,124	3,822,169	(3,626,494)	-	2,262,799
	<u>12,023,241</u>	<u>18,876,440</u>	<u>(17,779,690)</u>	<u>-</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

15. Lump sum grant reserve

	<u>2013</u> HK\$	<u>2012</u> HK\$
At beginning of the year		
Before adjustment	41,784,727	49,908,367
Central administration fees charged for previous years	<u>(3,458,849)</u>	<u>-</u>
After adjustment	38,325,878	49,908,367
Surplus clawed back	<u>(477,079)</u>	<u>-</u>
	<u>37,848,799</u>	<u>49,908,367</u>
Income	45,864,861	43,559,538
Expenditure	<u>(45,682,297)</u>	<u>(41,110,579)</u>
Surplus for the year	182,564	2,448,959
Provident fund surplus transferred to provident fund reserve (Note 18)	<u>(462,470)</u>	<u>(594,521)</u>
	<u>(279,906)</u>	<u>1,854,438</u>
Amount refundable to SWD	<u>-</u>	<u>(9,978,078)</u>
At end of the year	<u>37,568,893</u>	<u>41,784,727</u>

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

16. Nethersole Hospital Fund

	<u>2013</u> HK\$	<u>2012</u> HK\$
At beginning of the year	<u>433,837,612</u>	<u>419,623,252</u>
Dividend and interest received	12,131,471	11,229,659
Gain on disposal of available-for-sale investments	2,149,983	4,999,837
Loss on foreign exchange	(47,996)	(15,980)
Expenditure	(10,132,589)	(1,899,156)
Amount transferred to Designated Funds (Note 14)	<u>-</u>	<u>(100,000)</u>
Surplus for the year	<u>4,100,869</u>	<u>14,214,360</u>
At end of the year	<u>437,938,481</u>	<u>433,837,612</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>2013</u> HK\$	<u>2012</u> HK\$
At beginning of the year	<u>331,803</u>	<u>600,577</u>
Interest income	6	10
Expenditure	<u>(123,047)</u>	<u>(268,784)</u>
Deficit for the year	<u>(123,041)</u>	<u>(268,774)</u>
At end of the year	<u><u>208,762</u></u>	<u><u>331,803</u></u>

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

18. Provident fund reserve

	<u>2013</u> HK\$	<u>2012</u> HK\$
At beginning of the year	5,842,106	5,247,585
Provident fund surplus for the year (Note 15)	<u>462,470</u>	<u>594,521</u>
At end of the year	<u><u>6,304,576</u></u>	<u><u>5,842,106</u></u>

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

19. Investment revaluation reserve

	<u>2013</u> HK\$	<u>2012</u> HK\$
At beginning of the year	193,253,759	265,593,009
Amount released on disposal of available-for-sale investments	(5,070,749)	(6,289,086)
Change in fair value of available-for-sale investments	<u>74,228,823</u>	<u>(66,050,164)</u>
At end of the year	<u><u>262,411,833</u></u>	<u><u>193,253,759</u></u>
Representing:		
Designated Funds	29,147,875	22,872,568
Nethersole Hospital Fund	125,773,567	65,802,128
Special Reserve Fund	<u>107,490,391</u>	<u>104,579,063</u>
	<u><u>262,411,833</u></u>	<u><u>193,253,759</u></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.

20. Social Welfare Development Fund

	<u>2013</u> HK\$	<u>2012</u> HK\$
At beginning of the year	<u>321,245</u>	<u>-</u>
Grant received	276,470	521,235
Interest income	10	10
Expenditure	<u>(597,725)</u>	<u>(200,000)</u>
(Deficit)/Surplus for the year	<u><u>(321,245)</u></u>	<u><u>321,245</u></u>
At end of the year	<u><u>-</u></u>	<u><u>321,245</u></u>

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

ALICE HO MIU LING NETHERSOLE CHARITY FOUNDATION
NOTES ON THE ACCOUNTS

21. Social Welfare subvention surpluses

	<u>2013</u> HK\$	<u>2012</u> HK\$
At beginning of the year	-	19,056
Surplus clawed back	-	(19,056)
	-----	-----
Grant received	739,406	681,606
Expenditure	(708,000)	(678,150)
	-----	-----
Surplus for the year	31,406	3,456
	-----	-----
Amount refundable to SWD	(31,406)	(3,456)
	-----	-----
At end of the year	-----	-----

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

22. Special Reserve Fund

	<u>2013</u> HK\$	<u>2012</u> HK\$
At beginning of the year	217,926,012	220,110,549
Dividend and interest received	8,939,386	7,414,056
Gain on disposal of available-for-sale investments	334,130	1,893,226
Loss on foreign exchange	(18,093)	(7,606)
Expenditure	(136,990)	(132,001)
Amount transferred to Designated Funds (Note 14)	(12,955,791)	(11,352,212)
	-----	-----
Deficit for the year	(3,837,358)	(2,184,537)
	-----	-----
At end of the year	214,088,654	217,926,012
	-----	-----

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

ALICE HO MIU LING NETHERSOLE CHARITY FOUNDATION
NOTES ON THE ACCOUNTS

23. Categories of financial assets and liabilities

	<u>The Group</u>		<u>The Foundation</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
	HK\$	HK\$	HK\$	HK\$
<u>Financial assets</u>				
Non-current assets - at fair value				
Available-for-sale investments	803,162,290	791,989,768	803,162,290	791,989,768
Current assets - at amortized cost				
Accounts receivables and deposits				
(excluding prepayments)	29,852,717	32,064,244	30,820,996	32,801,030
Bank and cash balances	179,339,077	121,357,165	178,641,984	120,641,394
	<u>1,012,354,084</u>	<u>945,411,177</u>	<u>1,012,625,270</u>	<u>945,432,192</u>
<u>Financial liabilities</u>				
Current liabilities - at amortized cost				
Accounts payables and accruals				
(excluding receipt in advance				
and provision for annual				
leave entitlement)	12,826,891	7,371,872	12,790,462	7,365,372
Amounts refundable to SWD	31,406	9,981,534	31,406	9,981,534
	<u>12,858,297</u>	<u>17,353,406</u>	<u>12,821,868</u>	<u>17,346,906</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>2013</u>	<u>2012</u>
	HK\$	HK\$
Contracted but not provided	-	-
Authorized but not contracted	5,705,091	9,212,000
	<u>5,705,091</u>	<u>9,212,000</u>

26. Related party transactions

During the year the Foundation did not undertake any transactions with related parties except the transactions and balances detailed elsewhere in these consolidated financial statements.

ALICE HO MIU LING NETHERSOLE CHARITY FOUNDATION
NOTES ON THE ACCOUNTS

27. 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\$	2013 Total HK\$
INCOME							
Bank interest income	225,980	5	1	6	10	4	226,006
Donation	-	-	-	-	-	46,524	46,524
Fee income	5,596,956	-	-	-	-	-	5,596,956
Other income	7,685	-	-	-	-	128,625	136,310
Program income	27,749	-	-	-	-	-	27,749
Purchasing service income	-	-	-	-	-	2,194,354	2,194,354
Subventions	40,773,646	582,000	1,269,900	-	276,470	-	42,902,016
	<u>46,632,016</u>	<u>582,005</u>	<u>1,269,901</u>	<u>6</u>	<u>276,480</u>	<u>2,369,507</u>	<u>51,129,915</u>
EXPENDITURE							
Advertising for recruitment	35,865	-	-	-	-	-	35,865
Audit fee	36,000	-	-	-	-	-	36,000
Bank charges	6,482	-	-	-	-	2,729	9,211
Bedding and linen	84,324	17,500	-	-	-	-	101,824
Central administration fee	490,561	-	-	-	-	-	490,561
Cleaning materials and cleaning charges	134,159	-	-	-	-	-	134,159
Cooking utensils	3,381	-	-	-	-	-	3,381
Electrical appliance	180,900	-	-	-	-	-	180,900
Electricity	2,722,837	-	-	-	-	-	2,722,837
Food for residents	2,130,949	-	-	-	-	-	2,130,949
Furniture	45,615	-	-	-	-	-	45,615
Gas and fuel	267,562	-	-	-	-	-	267,562
Holistic Care Service	297,664	-	-	-	-	-	297,664
Household utilities	206,099	2,670	-	-	-	-	208,769
Insurance	300,864	-	-	-	-	-	300,864
Medical equipment	274,861	161,676	-	-	-	-	436,537
Medical expense for residents	484,822	-	-	-	-	-	484,822
Miscellaneous	45,091	-	-	-	-	1,688	46,779
Newspaper and periodicals	15,139	-	-	-	-	-	15,139
Nursing home license	1,700	-	-	-	-	-	1,700
Occupational equipment	1,300	16,500	-	-	-	-	17,800
Office equipment	211,536	89,068	-	-	-	-	300,604
Other travelling	7,833	-	-	-	-	-	7,833
Physical equipment	41,240	-	-	-	-	-	41,240
Postage	1,979	-	-	-	-	-	1,979
Pre-employment medical examination	6,312	-	-	-	-	-	6,312
Printing and stationery	91,781	-	-	-	-	-	91,781
Program expenses	42,622	-	-	-	-	-	42,622
Provident fund	2,155,331	-	53,986	-	-	-	2,209,317
Rates	534,350	-	-	-	-	-	534,350
Repair and maintenance	2,651,557	285,919	-	-	-	-	2,937,476
Resident daily necessities	-	-	-	-	-	2,051,422	2,051,422
Salaries	32,698,071	-	1,215,914	-	-	30,870	33,944,855
Security guard services	165,644	-	-	-	-	-	165,644
Staff welfare	-	-	-	-	-	39,950	39,950
Staff training	8,791	-	-	123,047	597,725	-	729,563
Telephone and intercom system	32,075	-	-	-	-	-	32,075
Vehicle license	2,749	-	-	-	-	-	2,749
	<u>(46,418,046)</u>	<u>(573,333)</u>	<u>(1,269,900)</u>	<u>(123,047)</u>	<u>(597,725)</u>	<u>(2,126,659)</u>	<u>(51,108,710)</u>
Surplus/(Deficit) before transfer	213,970	8,672	1	(123,041)	(321,245)	242,848	21,205
Transfer to:							
Lump sum grant reserve (Note 15)	(182,564)	-	-	-	-	-	(182,564)
Social Welfare subvention surpluses (Note 21)	(31,406)	-	-	-	-	-	(31,406)
Block grant reserve (Note 13)	-	(8,672)	-	-	-	-	(8,672)
Additional Resources for Para- medical Staff surpluses (Note 11)	-	-	(1)	-	-	-	(1)
One-off subsidy reserve (Note 17)	-	-	-	123,041	-	-	123,041
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>242,848</u>	<u>242,848</u>

ALICE HO MIU LING NETHERSOLE CHARITY FOUNDATION
NOTES ON THE ACCOUNTS

27. 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\$	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
	44,273,074	546,004	1,192,103	10	521,245	2,328,112	48,860,548
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
	(41,820,659)	(546,216)	(1,192,104)	(268,784)	(200,000)	(2,054,611)	(46,082,374)
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	-	-	-	-	-	273,501	273,501