

**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

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2014

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 28 which comprise the consolidated and the Foundation balance sheets as at 31st March 2014, and 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.

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 2014 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, 16th September 2014.

ALICE HO MIU LING NETHERSOLE CHARITY FOUNDATION

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31ST MARCH 2014

	<u>Note</u>	<u>2014</u> HK\$	<u>2013</u> HK\$
Revenues			
Government grants and subventions		45,681,551	42,902,016
<u>Less:</u> Amounts refunded/refundable to Social Welfare Department ("SWD")			
- Lump Sum Grant	16	-	(477,079)
- Social Welfare subventions	22	<u>(49,574)</u>	<u>(31,406)</u>
		45,631,977	42,393,531
Dividends from available-for-sale investments		22,125,933	20,190,604
Donations		1,705,721	3,727,734
Fee income		5,580,478	5,596,956
Interest income		2,612,170	2,987,587
Income on licensing and car parking fees		5,039,910	4,441,773
Program income		128,250	209,683
Purchasing service income		2,336,388	2,194,354
Sales on rehab shop		18,105,189	16,573,850
Services income		3,128,397	3,461,385
Other income		<u>504,120</u>	<u>366,990</u>
		106,898,533	102,144,447
Gain on disposal of available-for-sale investments		33,255,004	2,484,113
Cost of sales on rehab shop		(15,813,470)	(14,582,551)
Related expenses on rehab shop		(249,204)	(522,580)
Gain/(Loss) on foreign exchange		58,295	(66,089)
Donations		(6,795,009)	(11,629,050)
Operating expenses		<u>(81,341,369)</u>	<u>(75,536,571)</u>
SURPLUS FOR THE YEAR	3	<u>36,012,780</u>	<u>2,291,719</u>
OTHER COMPREHENSIVE INCOME			
Reclassification from investment revaluation reserve to surplus or deficit on disposal of available-for-sale investments	20	(23,271,790)	(5,070,749)
Change in fair value of available-for-sale investments	20	<u>(46,236,757)</u>	<u>74,228,823</u>
		<u>(69,508,547)</u>	<u>69,158,074</u>
TOTAL COMPREHENSIVE (EXPENSE)/INCOME FOR THE YEAR		<u>(33,495,767)</u>	<u>71,449,793</u>


ALICE HO MIU LING NETHERSOLE CHARITY FOUNDATION

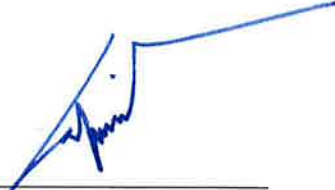
CONSOLIDATED BALANCE SHEET AT 31ST MARCH 2014

	Note	HK\$	2014 HK\$	2013 HK\$
NON-CURRENT ASSETS				
Property, plant and equipments	5		132,356	93,947
Available-for-sale investments	7		747,906,729	803,162,290
Receivables - long term portion	8		39,420	-
			<u>748,078,505</u>	<u>803,256,237</u>
CURRENT ASSETS				
Inventories		733,316		833,299
Account receivables and deposits	9	25,314,363		29,857,606
Bank and cash balances		<u>207,095,203</u>		<u>179,339,077</u>
		<u>233,142,882</u>		<u>210,029,982</u>
Less: CURRENT LIABILITIES				
Account payables and accruals		15,064,124		13,682,763
Amounts refundable to SWD		<u>80,980</u>		<u>31,406</u>
		<u>15,145,104</u>		<u>13,714,169</u>
NET CURRENT ASSETS			<u>217,997,778</u>	<u>196,315,813</u>
NET ASSETS			<u>966,076,283</u>	<u>999,572,050</u>
<i>financed by:</i>				
RESERVES				
Additional Resources for Para-medical				
Staff surpluses	12		1	1
Alice Ho Miu Ling Nethersole Nursing				
Home	13		3,861,534	3,524,647
Block Grant reserve	14		236	8,844
Designated Funds	15		37,730,541	37,824,974
Lump Sum Grant reserve	16		36,705,407	37,568,893
Nethersole Hospital Fund	17		466,512,605	437,938,481
One-off Subsidy reserve	18		-	208,762
Provident Fund reserve	19		6,872,222	6,304,576
Investment revaluation reserve	20		192,903,286	262,411,833
Social Welfare Development Fund surpluses	21		45,599	-
Social Welfare subvention surpluses	22		-	-
Special Reserve Fund	23		224,280,648	214,088,654
Income and expenditure account - deficit	24		<u>(2,835,796)</u>	<u>(307,615)</u>
			<u>966,076,283</u>	<u>999,572,050</u>

Approved by the Board of Governors on 16th September 2014.


Chairman


Honorary Treasurer


Secretary

ALICE HO MIU LING NETHERSOLE CHARITY FOUNDATION

CONSOLIDATED STATEMENT OF CHANGES IN RESERVES

FOR THE YEAR ENDED 31ST MARCH 2014

	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 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)	-	-	-	-	-	-	-	-	-
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	-	-	-	-	-	-	-	-	-	-	-	-	2,291,719	2,291,719
Total comprehensive income	-	-	-	-	-	-	-	-	69,158,074	-	-	-	2,291,719	71,449,793
Transfer from/to income and expenditure account	1	242,848	8,672	2,795,588	(756,985)	4,100,869	(123,041)	462,470	-	(321,245)	-	(3,837,358)	(2,571,819)	-
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
Amount released on disposal of available-for-sale investments	-	-	-	-	-	-	-	-	(23,271,790)	-	-	-	-	(23,271,790)
Change in fair value of available-for-sale investments	-	-	-	-	-	-	-	-	(46,236,757)	-	-	-	-	(46,236,757)
Surplus for the year	-	-	-	-	-	-	-	-	-	-	-	-	36,012,780	36,012,780
Total comprehensive expense	-	-	-	-	-	-	-	-	(69,508,547)	-	-	-	36,012,780	(33,495,767)
Transfer from/to income and expenditure account	-	336,887	(8,608)	(94,433)	(863,486)	28,574,124	(208,762)	567,646	-	45,599	-	10,191,994	(38,540,961)	-
Balance at 31st March 2014	1	3,861,534	236	37,730,541	36,705,407	466,512,605	-	6,872,222	192,903,286	45,599	-	224,280,648	(2,835,796)	966,076,233

ALICE HO MIU LING NETHERSOLE CHARITY FOUNDATION

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST MARCH 2014

	<u>2014</u> HK\$	<u>2013</u> HK\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Surplus for the year	36,012,780	2,291,719
Adjustments for:		
Interest income	(2,612,170)	(2,987,587)
Dividends from available-for-sale investments	(22,125,933)	(20,190,604)
Gain on disposal of available-for-sale investments	(33,255,004)	(2,484,113)
Depreciation	<u>75,625</u>	<u>107,017</u>
Operating loss before working capital changes	(21,904,702)	(23,263,568)
Decrease/(Increase) in inventories	99,983	(146,244)
Decrease in accounts receivables and deposits	3,760,024	4,008,972
Increase in accounts payables and accruals	1,367,201	5,085,487
Increase/(Decrease) in amounts refundable to SWD	<u>49,574</u>	<u>(9,950,128)</u>
NET CASH USED IN OPERATING ACTIVITIES	<u>(16,627,920)</u>	<u>(24,265,481)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	2,797,428	2,813,055
Dividends received	21,036,929	18,981,473
Sale of available-for-sale investments	209,063,255	178,744,725
Purchase of available-for-sale investments	(188,413,692)	(118,275,060)
Purchase of property, plant and equipment	(99,874)	(16,800)
Net decrease/(increase) in time deposits of more than 3 months to maturity from date of deposit	<u>65,361,770</u>	<u>(54,195,197)</u>
NET CASH FROM INVESTING ACTIVITIES	<u>109,745,816</u>	<u>28,052,196</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	93,117,896	3,786,715
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	<u>113,173,100</u>	<u>109,386,385</u>
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	<u><u>206,290,996</u></u>	<u><u>113,173,100</u></u>
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS		
Bank and cash balances	207,095,203	179,339,077
Less: Time deposits of more than 3 months to maturity from date of deposit	<u>(804,207)</u>	<u>(66,165,977)</u>
	<u><u>206,290,996</u></u>	<u><u>113,173,100</u></u>

Non-cash transactions:

During the year, the Group received scrip dividends in lieu of cash dividends of HK\$1,647,545 (2013 - HK\$365,027).

ALICE HO MIU LING NETHERSOLE CHARITY FOUNDATION

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31ST MARCH 2014

	<u>Note</u>	<u>2014</u> HK\$	<u>2013</u> HK\$
Revenues			
Government grants and subventions		45,681,551	42,902,016
<u>Less:</u> Amounts refunded/refundable to Social Welfare Department ("SWD")			
- Lump Sum Grant	16	-	(477,079)
- Social Welfare subventions	22	(49,574)	(31,406)
		45,631,977	42,393,531
Dividends from available-for-sale investments		22,125,933	20,190,604
Donations		1,705,641	3,727,434
Fee income		5,580,478	5,596,956
Interest income		2,612,168	2,987,584
Income on licensing and car parking fees		5,039,910	4,441,773
Program income		29,650	27,749
Purchasing service income		2,336,388	2,194,354
Sales on rehab shop		18,105,189	16,573,850
Services income		3,052,637	3,447,385
Other income		504,120	366,990
		106,724,091	101,948,210
Gain on disposal of available-for-sale investments		33,255,004	2,484,113
Cost of sales on rehab shop		(15,813,470)	(14,582,551)
Related expenses on rehab shop		(249,204)	(522,580)
Gain/(Loss) on foreign exchange		58,295	(66,089)
Donations		(6,795,009)	(11,629,050)
Operating expenses		(78,638,746)	(75,060,234)
SURPLUS FOR THE YEAR	3	38,540,961	2,571,819
OTHER COMPREHENSIVE			
Reclassification from investment revaluation reserve to surplus or deficit on disposal of available-for-sale investments	20	(23,271,790)	(5,070,749)
Change in fair value of available-for-sale investments	20	(46,236,757)	74,228,823
		(69,508,547)	69,158,074
TOTAL COMPREHENSIVE (EXPENSE)/INCOME FOR THE YEAR		(30,967,586)	71,729,893

ALICE HO MIU LING NETHERSOLE CHARITY FOUNDATION

BALANCE SHEET AT 31ST MARCH 2014

	<u>Note</u>	HK\$	<u>2014</u> HK\$	<u>2013</u> HK\$
NON-CURRENT ASSETS				
Property, plant and equipments	5		132,356	93,947
Available-for-sale investments	7		747,906,729	803,162,290
Receivables - long term portion	8		39,420	-
			<u>748,078,505</u>	<u>803,256,237</u>
CURRENT ASSETS				
Inventories		733,316		833,299
Account receivables and deposits	9	29,046,644		30,825,885
Bank and cash balances		<u>204,819,586</u>		<u>178,641,984</u>
		<u>234,599,546</u>		<u>210,301,168</u>
Less: CURRENT LIABILITIES				
Account payables and accruals		13,684,992		13,646,334
Amounts refundable to SWD		<u>80,980</u>		<u>31,406</u>
		<u>13,765,972</u>		<u>13,677,740</u>
NET CURRENT ASSETS			<u>220,833,574</u>	<u>196,623,428</u>
NET ASSETS			<u>968,912,079</u>	<u>999,879,665</u>
<i>financed by:</i>				
RESERVES				
Additional Resources for Para-medical				
Staff surpluses	12		1	1
Alice Ho Miu Ling Nethersole Nursing				
Home	13		3,861,534	3,524,647
Block Grant reserve	14		236	8,844
Designated Funds	15		37,730,541	37,824,974
Lump sum grant reserve	16		36,705,407	37,568,893
Nethersole Hospital Fund	17		466,512,605	437,938,481
One-off subsidy reserve	18		-	208,762
Provident fund reserve	19		6,872,222	6,304,576
Investment revaluation reserve	20		192,903,286	262,411,833
Social Welfare Development Fund surpluses	21		45,599	-
Social Welfare subvention surpluses	22		-	-
Special Reserve Fund	23		224,280,648	214,088,654
Income and expenditure account - deficit	24		-	-
			<u>968,912,079</u>	<u>999,879,665</u>

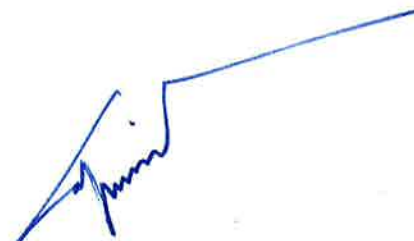
Approved by the Board of Governors on 16th September 2014.



Chairman



Honorary Treasurer



Secretary

ALICE HO MIU LING NETHERSOLE CHARITY FOUNDATION

STATEMENT OF CHANGES IN RESERVES

FOR THE YEAR ENDED 31ST MARCH 2014

	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 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)	-	-	-	-	-	-	-	-	-
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	-	-	-	-	-	-	-	-	-	-	-	-	2,571,819	2,571,819
Total comprehensive income	-	-	-	-	-	-	-	-	69,158,074	-	-	-	2,571,819	71,729,893
Transfer from/to income and expenditure account	1	242,848	8,672	2,795,588	(756,985)	4,100,869	(123,041)	462,470	-	(321,245)	-	(3,837,358)	(2,571,819)	-
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
Amount released on disposal of available-for-sale investments	-	-	-	-	-	-	-	-	(23,271,790)	-	-	-	-	(23,271,790)
Change in fair value of available-for-sale investments	-	-	-	-	-	-	-	-	(46,236,757)	-	-	-	-	(46,236,757)
Surplus for the year	-	-	-	-	-	-	-	-	-	-	-	-	38,540,961	38,540,961
Total comprehensive expense	-	-	-	-	-	-	-	-	(69,508,547)	-	-	-	38,540,961	(30,967,586)
Transfer from/to income and expenditure account	-	336,887	(3,608)	(94,433)	(863,486)	28,574,124	(208,762)	567,646	-	45,599	-	10,191,994	(38,540,961)	-
Balance at 31st March 2014	1	3,861,534	236	37,730,541	36,705,407	466,512,605	-	6,872,222	192,903,286	45,599	-	224,280,648	-	968,912,079

ALICE HO MIU LING NETHERSOLE CHARITY FOUNDATION

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST MARCH 2014

	<u>2014</u> HK\$	<u>2013</u> HK\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Surplus for the year	38,540,961	2,571,819
Adjustments for:		
Interest income	(2,612,168)	(2,987,584)
Dividends from available-for-sale investments	(22,125,933)	(20,190,604)
Gain on disposal of available-for-sale investments	(33,255,004)	(2,484,113)
Depreciation	75,625	107,017
	<u>(19,376,519)</u>	<u>(22,983,465)</u>
Operating loss before working capital changes	(19,376,519)	(22,983,465)
Decrease/(Increase) in inventories	99,983	(146,244)
Decrease in accounts receivables and deposits	996,022	3,777,479
Increase in accounts payables and accruals	24,498	5,055,558
Increase/(Decrease) in amounts refundable to SWD	49,574	(9,950,128)
	<u>(18,206,442)</u>	<u>(24,246,800)</u>
NET CASH USED IN OPERATING ACTIVITIES	<u>(18,206,442)</u>	<u>(24,246,800)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	2,797,426	2,813,052
Dividends received	21,036,929	18,981,473
Sale of available-for-sale investments	209,063,255	178,744,725
Purchase of available-for-sale investments	(188,413,692)	(118,275,060)
Purchase of property, plant and equipment	(99,874)	(16,800)
Net decrease/(increase) in time deposits of more than 3 months to maturity from date of deposit	65,361,770	(54,195,197)
	<u>109,745,814</u>	<u>28,052,193</u>
NET CASH FROM INVESTING ACTIVITIES	<u>109,745,814</u>	<u>28,052,193</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	91,539,372	3,805,393
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	<u>112,476,007</u>	<u>108,670,614</u>
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	<u><u>204,015,379</u></u>	<u><u>112,476,007</u></u>
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS		
Bank and cash balances	204,819,586	178,641,984
Less: Time deposits of more than 3 months to maturity from date of deposit	(804,207)	(66,165,977)
	<u><u>204,015,379</u></u>	<u><u>112,476,007</u></u>

Non-cash transactions:

During the year, the Foundation received scrip dividends in lieu of cash dividends of HK\$1,647,545 (2013 - HK\$365,027).

ALICE HO MIU LING NETHERSOLE CHARITY FOUNDATION

NOTES ON THE FINANCIAL STATEMENTS

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 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 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.

(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.

2. Principal accounting policies (continued)

(i) Subsidiary company

A company is a subsidiary company if it is controlled by the Foundation.

(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 weighted 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) Account receivables and deposits

Account 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.

(o) Account payables and accruals

Accounts payable 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.

2. Principal accounting policies (continued)

(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.

3. Surplus for the year

Surplus for the year is stated after charging the followings:

	<u>The Group</u>		<u>The Foundation</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
	<u>HK\$</u>	<u>HK\$</u>	<u>HK\$</u>	<u>HK\$</u>
Staff cost				
Salaries, wages, allowances and benefits (excluding contributions to provident fund)	54,198,698	49,829,773	51,813,877	49,436,068
Contributions to defined contribution provident fund	<u>3,448,042</u>	<u>3,230,624</u>	<u>3,309,726</u>	<u>3,203,316</u>
	57,646,740	53,060,397	55,123,603	52,639,384
Depreciation	<u>75,625</u>	<u>107,017</u>	<u>75,625</u>	<u>107,017</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 Hong Kong Inland Revenue Ordinance.

5. Property, plant and equipment

	<u>Furniture and equipment</u>	<u>Computer software and hardware</u>	<u>Total</u>
	<u>HK\$</u>	<u>HK\$</u>	<u>HK\$</u>
Cost			
At 31st March 2013	295,350	228,941	524,291
Additions	<u>71,934</u>	<u>42,100</u>	<u>114,034</u>
At 31st March 2014	<u>367,284</u>	<u>271,041</u>	<u>638,325</u>
Accumulated depreciation			
At 31st March 2013	231,268	199,076	430,344
Charge for the year	<u>38,744</u>	<u>36,881</u>	<u>75,625</u>
At 31st March 2014	<u>270,012</u>	<u>235,957</u>	<u>505,969</u>
Net book value			
At 31st March 2014	<u>97,272</u>	<u>35,084</u>	<u>132,356</u>
At 31st March 2013	<u>64,082</u>	<u>29,865</u>	<u>93,947</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 values 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>2014</u> HK\$	<u>2013</u> HK\$
Listed equity securities, listed debt securities and fund investments, at market value	<u>747,906,729</u>	<u>803,162,290</u>
Representing:		
Designated Funds	44,439,738	46,941,323
Nethersole Hospital Fund	432,324,079	445,872,404
Special Reserve Fund	<u>271,142,912</u>	<u>310,348,563</u>
	<u>747,906,729</u>	<u>803,162,290</u>

8. Receivables - long term portion

	<u>2014</u> HK\$	<u>2013</u> HK\$
Staff loan receivable at end of the year	86,700	-
<u>Less:</u> Amount repayable within one year included in current assets (Note 9)	<u>(47,280)</u>	<u>-</u>
Long term portion	<u>39,420</u>	<u>-</u>

9. Account receivables and deposits

	<u>The Group</u>		<u>The Foundation</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
	HK\$	HK\$	HK\$	HK\$
Amount due from subsidiary company	-	-	3,743,081	3,223,839
Staff loan receivable (Note 8)	47,280	-	47,280	-
Amount due from United Christian Nethersole Care Home (Note 10)	21,026,753	24,689,983	21,026,753	22,445,683
Loan to United Christian Nethersole Community Health Service (Note 11)	-	640,000	-	640,000
Other receivables and deposits	<u>4,240,330</u>	<u>4,527,623</u>	<u>4,229,530</u>	<u>4,516,363</u>
	<u>25,314,363</u>	<u>29,857,606</u>	<u>29,046,644</u>	<u>30,825,885</u>

10. 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.

11. 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.

12. Additional Resources for Para-medical Staff surpluses

	<u>2014</u>	<u>2013</u>
	HK\$	HK\$
At beginning of the year	<u>1</u>	<u>-</u>
Income		
Additional resources for para-medical staff received	1,269,900	1,269,900
Interest income	2	1
Expenditure		
Personal emolument		
Salary	(1,211,689)	(1,215,914)
Provident fund	<u>(58,213)</u>	<u>(53,986)</u>
Surplus for the year	<u>-</u>	<u>1</u>
At end of the year	<u>1</u>	<u>1</u>

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

13. Alice Ho Miu Ling Nethersole Nursing Home

	<u>2014</u> HK\$	<u>2013</u> HK\$
At beginning of the year	3,524,647	3,281,799
Surplus for the year (Note 30)	<u>336,887</u>	<u>242,848</u>
At end of the year	<u><u>3,861,534</u></u>	<u><u>3,524,647</u></u>

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

14. Block Grant reserve

	<u>2014</u> HK\$	<u>2013</u> HK\$
At beginning of the year	<u>8,844</u>	<u>172</u>
Grant received	618,000	582,000
Interest income	6	5
Recognized expenditure		
Minor works projects	(398,400)	(282,369)
Furniture and equipment	(220,464)	(287,414)
Vehicle overhauling	<u>(7,750)</u>	<u>(3,550)</u>
(Deficit)/Surplus for the year	<u><u>(8,608)</u></u>	<u><u>8,672</u></u>
At end of the year	<u><u>236</u></u>	<u><u>8,844</u></u>

The reserve represents the accumulated surplus of Furniture and Equipment Replenishment and Minor Works Block Grant from the Lotteries Fund.

As at 31st March 2014 the outstanding commitments in respect of Furniture and Equipment Replenishment and Minor Works Grant were as follows:

	<u>2014</u> HK\$	<u>2013</u> HK\$
Contracted but not provided	-	-
Authorized but not contracted	<u>-</u>	<u>-</u>
	<u><u>-</u></u>	<u><u>-</u></u>

ALICE HO MIU LING NETHERSOLE CHARITY FOUNDATION
NOTES ON THE FINANCIAL STATEMENTS

15. Designated Funds

	At 31.03.2013 HK\$	Income# HK\$	Expenditure# HK\$	Transfer# (Notes 17 & 23) HK\$	At 31.03.2014 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	1,834,980	16,963	-	-	1,851,943
Chaplaincy Fund - AHNH	420,614	808,073	(4,419,575)	3,627,753	436,865
Chaplaincy Fund - PYNEH	93,023	1,443,033	(3,110,736)	1,590,537	15,857
Departmental Fund	1,028,377	-	(124,975)	-	903,402
Elderly and Hospice Service Fund	512,445	4,200	(1,439)	-	515,206
Equipment Fund	82,425	-	-	-	82,425
Secretariat	3,251,653	3,240,972	(7,487,269)	1,455,495	460,851
Nethersole Institute of Continuing Holistic Health Education Fund	193,007	962,605	(3,165,554)	2,536,275	526,333
Nethersole Outreaching Rehabilitation Mission	1,514,666	-	-	-	1,514,666
Nursing Home Fund	1,349,403	-	(198,290)	-	1,151,113
Special Project Fund	5,599,347	1,868,327	(700,696)	-	6,766,978
	<u>15,879,940</u>	<u>8,344,173</u>	<u>(19,208,534)</u>	<u>9,210,060</u>	<u>14,225,639</u>
DESIGNATED FOR HUMAN RESOURCES DEVELOPMENT					
Anne Ward Scholarship Fund	825,417	8,286	(85,577)	-	748,126
Stephen Chang Memorial Scholarship Fund	276,058	2,633	-	-	278,691
Staff Training Fund	142,052	198,162	(289,656)	100,000	150,558
Staff Welfare Fund	695,876	123,851	(2,183,866)	1,370,000	5,861
Vicky Chau Scholarship Fund	599,201	5,473	-	-	604,674
	<u>2,538,604</u>	<u>338,405</u>	<u>(2,559,099)</u>	<u>1,470,000</u>	<u>1,787,910</u>
DESIGNATED FOR CONTINGENCY RELIEF/HARDSHIP					
Patients' Welfare Fund	101,065	-	(5,440)	-	95,625
DESIGNATED FOR INDEPENDENT SERVICES					
Chen Yuen Lee Chun Memorial Staff Lodge	8,757,255	5,069,501	(2,681,519)	-	11,145,237
Community & Patient Resource Fund -PYNEH	4,268,908	13,166,825	(13,286,584)	-	4,149,149
Volunteer & Community Development Fund - AHNH	2,279,202	4,944,919	(4,897,140)	-	2,326,981
	<u>15,305,365</u>	<u>23,181,245</u>	<u>(20,865,243)</u>	<u>-</u>	<u>17,621,367</u>
	<u>37,824,974</u>	<u>31,863,823</u>	<u>(42,638,316)</u>	<u>10,680,060</u>	<u>37,730,541</u>

The Funds were set up for various designated purposes.

The aggregate of income, expenditure and transfer represents net transfer of HK\$94,433 to income and expenditure account.

ALICE HO MIU LING NETHERSOLE CHARITY FOUNDATION
NOTES ON THE FINANCIAL STATEMENTS

15. Designated Funds (continued)

	At 31.03.2012 HK\$	Adjustment* HK\$	Income# HK\$	Expenditure# HK\$	Transfer# (Note 23) 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.

16. Lump Sum Grant reserve

	<u>2014</u> HK\$	<u>2013</u> HK\$
At beginning of the year		
Before adjustment	37,568,893	41,784,727
Central administration fees charged for previous years	<u>-</u>	<u>(3,458,849)</u>
After adjustment	<u>37,568,893</u>	<u>38,325,878</u>
Income	47,779,991	45,864,861
Surplus refunded to SWD	-	(477,079)
Expenditure	<u>(48,075,831)</u>	<u>(45,682,297)</u>
Deficit for the year	(295,840)	(294,515)
Provident fund surplus transferred to Provident Fund reserve (Note 19)	<u>(567,646)</u>	<u>(462,470)</u>
	<u>(863,486)</u>	<u>(756,985)</u>
At end of the year	<u>36,705,407</u>	<u>37,568,893</u>

The reserve represents the accumulated surpluses of Lump Sum Grant from the Government of the HKSAR.

Reconciliation of figures presented in Annual Financial Report for SWD.

	<u>Per Financial</u> <u>Statements</u> HK\$	<u>Adjustment</u> <u>for accrual</u> <u>expenses</u> HK\$	<u>Per Annual</u> <u>Financial</u> <u>Report</u> HK\$
Total Income	47,779,991		47,779,991
Total Expenditure	<u>(48,075,831)</u>	37,500	<u>(48,038,331)</u>
Deficit for the year	(295,840)		(258,340)
<u>Less:</u> Surplus of Provident Fund	<u>(567,646)</u>		<u>(567,646)</u>
	(863,486)		(825,986)
Surplus at beginning of the year	<u>37,568,893</u>		<u>37,568,893</u>
Surplus at end of the year	<u>36,705,407</u>		<u>36,742,907</u>

17. Nethersole Hospital Fund

	<u>2014</u> HK\$	<u>2013</u> HK\$
At beginning of the year	<u>437,938,481</u>	<u>433,837,612</u>
Dividend and interest received	12,972,365	12,131,471
Gain on disposal of available-for-sale investments	22,793,016	2,149,983
Loss on foreign exchange	(189,041)	(47,996)
Expenditure	(6,262,216)	(10,132,589)
Amount transferred to Designated Funds (Note 15)	<u>(740,000)</u>	<u>-</u>
Surplus for the year	<u>28,574,124</u>	<u>4,100,869</u>
At end of the year	<u>466,512,605</u>	<u>437,938,481</u>

The Fund were set up for general purposes.

18. One-off Subsidy reserve

	<u>2014</u> HK\$	<u>2013</u> HK\$
At beginning of the year	<u>208,762</u>	<u>331,803</u>
Interest income	2	6
Expenditure	<u>(208,764)</u>	<u>(123,047)</u>
Deficit for the year	<u>(208,762)</u>	<u>(123,041)</u>
At end of the year	<u>-</u>	<u>208,762</u>

The reserve represents the accumulated surplus of One-off Subsidy from the Lotteries Fund.

19. Provident Fund reserve

	<u>2014</u> HK\$	<u>2013</u> HK\$
At beginning of the year	6,304,576	5,842,106
Provident fund surplus for the year (Note 16)	<u>567,646</u>	<u>462,470</u>
At end of the year	<u>6,872,222</u>	<u>6,304,576</u>

The reserve represents the accumulated surpluses of Provident Fund grant from the Government of the HKSAR.

20. Investment revaluation reserve

	<u>2014</u> HK\$	<u>2013</u> HK\$
At beginning of the year	262,411,833	193,253,759
Amount released on disposal of available-for-sale investments	(23,271,790)	(5,070,749)
Change in fair value of available-for-sale investments	<u>(46,236,757)</u>	<u>74,228,823</u>
At end of the year	<u>192,903,286</u>	<u>262,411,833</u>
Representing:		
Designated Funds	25,477,258	29,147,875
Nethersole Hospital Fund	70,915,659	107,490,391
Special Reserve Fund	<u>96,510,369</u>	<u>125,773,567</u>
	<u>192,903,286</u>	<u>262,411,833</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.

21. Social Welfare Development Fund

	<u>2014</u> HK\$	<u>2013</u> HK\$
At beginning of the year	----- -	----- 321,245
Grant received	153,538	276,470
Interest income	1	10
Expenditure	<u>(107,940)</u>	<u>(597,725)</u>
Surplus/(Deficit) for the year	<u>45,599</u>	<u>(321,245)</u>
At end of the year	<u>45,599</u>	----- -

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

22. Social Welfare subvention surpluses

	<u>2014</u> HK\$	<u>2013</u> HK\$
At beginning of the year	-----	-----
Grant received	683,928	739,406
Expenditure	(634,354)	(708,000)
Amount refundable to SWD	<u>(49,574)</u>	<u>(31,406)</u>
Surplus for the year	-----	-----
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.

23. Special Reserve Fund

	<u>2014</u> HK\$	<u>2013</u> HK\$
At beginning of the year	----- 214,088,654	----- 217,926,012
Dividend and interest received	9,568,373	8,939,386
Gain on disposal of available-for-sale investments	10,461,988	334,130
Gain/(Loss) on foreign exchange	247,336	(18,093)
Expenditure	(145,643)	(136,990)
Amount transferred to Designated Funds (Note 15)	<u>(9,940,060)</u>	<u>(12,955,791)</u>
Surplus/(Deficit) for the year	----- 10,191,994	----- (3,837,358)
At end of the year	===== 224,280,648	===== 214,088,654

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

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24. Income and expenditure account

	<u>The Group</u>		<u>The Foundation</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
	<u>HK\$</u>	<u>HK\$</u>	<u>HK\$</u>	<u>HK\$</u>
Surplus for the year	36,012,780	2,291,719	38,540,961	2,571,819
Transfer from/(to):				
Additional Resources for Para-medical Staff surpluses (Note 12)	-	(1)	-	(1)
Alice Ho Miu Ling Nethersole Nursing Home (Note 13)	(336,887)	(242,848)	(336,887)	(242,848)
Block Grant reserve (Note 14)	8,608	(8,672)	8,608	(8,672)
Designated Funds (Note 15)	94,433	(2,795,588)	94,433	(2,795,588)
Lump Sum Grant reserve (Note 16)	863,486	756,985	863,486	756,985
Nethersole Hospital Fund (Note 17)	(28,574,124)	(4,100,869)	(28,574,124)	(4,100,869)
One-off Subsidy reserve (Note 18)	208,762	123,041	208,762	123,041
Provident Fund reserve (Note 19)	(567,646)	(462,470)	(567,646)	(462,470)
Social Welfare Development Fund (Note 21)	(45,599)	321,245	(45,599)	321,245
Special Reserve Fund (Note 23)	<u>(10,191,994)</u>	<u>3,837,358</u>	<u>(10,191,994)</u>	<u>3,837,358</u>
	(2,528,181)	(280,100)	-	-
Deficit brought forward	<u>(307,615)</u>	<u>(27,515)</u>	<u>-</u>	<u>-</u>
Deficit carried forward	<u><u>(2,835,796)</u></u>	<u><u>(307,615)</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

25. Categories of financial assets and liabilities

<u>The Group</u>	<u>2014</u>	<u>2013</u>
	<u>HK\$</u>	<u>HK\$</u>
<u>Financial assets</u>		
Non-current assets - at fair value		
Available-for-sale investments	747,906,729	803,162,290
Non-current assets - at amortized cost		
Receivables - long term portion	39,420	-
Current assets - at amortized cost		
Accounts receivables and deposits (excluding prepayments)	25,295,932	29,852,717
Bank and cash balances	<u>207,095,203</u>	<u>179,339,077</u>
	<u><u>980,337,284</u></u>	<u><u>1,012,354,084</u></u>
<u>Financial liabilities</u>		
Current liabilities - at amortized cost		
Accounts payables and accruals (excluding receipt in advance and provision for annual leave entitlement)	13,693,610	12,826,891
Amounts refundable to SWD	<u>80,980</u>	<u>31,406</u>
	<u><u>13,774,590</u></u>	<u><u>12,858,297</u></u>

25. Categories of financial assets and liabilities (continued)

<u>The Foundation</u>	<u>2014</u> HK\$	<u>2013</u> HK\$
<u>Financial assets</u>		
Non-current assets - at fair value		
Available-for-sale investments	747,906,729	803,162,290
Non-current assets - at amortized cost		
Receivables - long term portion	39,420	-
Current assets - at amortized cost		
Accounts receivables and deposits (excluding prepayments)	29,028,213	30,820,996
Bank and cash balances	<u>204,819,586</u>	<u>178,641,984</u>
	<u>981,793,948</u>	<u>1,012,625,270</u>
<u>Financial liabilities</u>		
Current liabilities - at amortized cost		
Accounts payables and accruals (excluding receipt in advance and provision for annual leave entitlement)	12,386,688	12,790,462
Amounts refundable to SWD	<u>80,980</u>	<u>31,406</u>
	<u>12,467,668</u>	<u>12,821,868</u>

26. 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.

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

	<u>The Group/The Foundation</u>	
	<u>2014</u> HK\$	<u>2013</u> HK\$
Contracted but not provided	-	-
Authorized but not contracted	<u>1,230,330</u>	<u>5,705,091</u>
	<u>1,230,330</u>	<u>5,705,091</u>

28. 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.

29. Adjustment

In previous years, the amounts of Lump Sum Grant and Social Welfare subventions surpluses refunded/refundable to SWD were included in other comprehensive income. In the current year's classification, the amounts of grant/subvention surpluses refunded/refundable to SWD were included in the surplus or deficit. The comparative figures are reclassified accordingly. The management considers that the current's year classification be more appropriate to reflect the nature of transactions. Owing to the new classification, the surplus for the year was decreased and other comprehensive income was increased by HK\$49,574 (2013 - HK\$508,485).

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

	2014						2013								
	SWD grants HK\$	Block Grant HK\$	Renovation Work HK\$	Additional Resources for Para-medical Staff HK\$	One-off Subsidy HK\$	Social Welfare Development Fund HK\$	Non-subserviced services HK\$	Total HK\$	SWD grants HK\$	Block Grant HK\$	Additional Resources for Para-medical Staff HK\$	One-off Subsidy HK\$	Social Welfare Development Fund HK\$	Non-subserviced services HK\$	Total HK\$
INCOME															
Subventions	42,608,470	618,000	1,031,643	1,269,900	-	153,538	-	45,681,551	40,773,646	582,000	1,269,900	-	276,470	-	42,902,016
Less: Surpluses refunded/refundable	(49,574)	-	-	-	-	-	-	(49,574)	(508,485)	-	-	-	-	-	(508,485)
Bank interest income	42,538,896	618,000	1,031,643	1,269,900	-	153,538	-	45,631,977	40,265,161	582,000	1,269,900	-	276,470	-	42,393,531
Donation	147,278	6	-	2	2	1	4	147,293	225,980	5	1	6	10	4	226,006
Fee income	90,000	-	-	-	-	-	22,826	112,826	-	-	-	-	-	46,524	46,524
Program income	5,580,478	-	-	-	-	-	-	5,580,478	5,596,956	-	-	-	-	5,596,956	5,596,956
Purchasing service income	29,650	-	-	-	-	-	-	29,650	27,749	-	-	-	-	27,749	27,749
Other income	8,043	-	-	-	-	-	2,336,388	2,346,388	7,685	-	-	-	-	2,194,354	2,194,354
							198,320	206,363						128,625	136,310
EXPENDITURE															
Advertising for recruitment	28,130	-	-	-	-	-	-	28,130	35,865	-	-	-	-	-	35,865
Audit fee	37,500	-	-	-	-	-	-	37,500	36,000	-	-	-	-	-	36,000
Bank charges	6,547	-	-	-	-	-	2,879	9,426	6,482	-	-	-	-	2,729	9,211
Bedding and linen	40,230	-	-	-	-	-	-	40,230	84,324	17,500	-	-	-	-	101,824
Central administration fee	925,046	-	-	-	-	-	-	925,046	490,561	-	-	-	-	-	490,561
Cleaning materials and cleaning charges	114,789	-	-	-	-	-	-	114,789	134,159	-	-	-	-	-	134,159
Cooking utensils	1,530	-	-	-	-	-	-	1,530	3,381	-	-	-	-	-	3,381
Electrical appliance	406,109	28,104	-	-	-	-	-	434,213	180,900	-	-	-	-	-	180,900
Electricity	2,725,062	-	-	-	-	-	-	2,725,062	2,722,837	-	-	-	-	-	2,722,837
Food for residents	2,284,937	-	-	-	-	-	-	2,284,937	2,130,949	-	-	-	-	-	2,130,949
Furniture	32,971	-	-	-	-	-	-	32,971	45,615	-	-	-	-	-	45,615
Gas and fuel	257,107	-	-	-	-	-	-	257,107	267,562	-	-	-	-	-	267,562
Holistic Care Service	320,400	-	-	-	-	-	-	320,400	297,664	-	-	-	-	-	297,664
Household utilities	223,076	2,780	-	-	-	-	-	225,856	206,099	2,670	-	-	-	-	208,769
Insurance	313,282	-	-	-	-	-	-	313,282	300,864	-	-	-	-	-	300,864
Medical equipment	68,390	161,100	-	-	-	-	-	229,490	274,861	161,676	-	-	-	-	436,537
Medical expense for residents	300,244	28,480	-	-	-	-	-	328,724	484,822	-	-	-	-	-	484,822
Miscellaneous	42,883	-	-	-	-	-	19,138	62,021	45,091	-	-	-	-	1,688	46,779
Newspaper and periodicals	10,154	-	-	-	-	-	-	10,154	15,139	-	-	-	-	-	15,139
Nursing home license	900	-	-	-	-	-	-	900	1,700	-	-	-	-	-	1,700
Occupational equipment	107,359	-	-	-	-	-	-	107,359	211,536	16,500	-	-	-	-	17,800
Office equipment	95,341	-	-	-	-	-	-	95,341	7,833	89,068	-	-	-	-	300,604
Other travelling	730	-	-	-	-	-	-	730	41,240	-	-	-	-	-	41,240
Physical equipment	2,533	-	-	-	-	-	-	2,533	1,979	-	-	-	-	-	1,979
Postage	3,695	-	-	-	-	-	-	3,695	6,312	-	-	-	-	-	6,312
Pre-employment medical examination	95,512	-	-	-	-	-	-	95,512	91,781	-	-	-	-	-	91,781
Printing and stationery	44,831	-	-	-	-	-	-	44,831	42,622	-	-	-	-	-	42,622
Program expenses	2,215,243	-	-	-	-	-	-	2,273,456	2,155,331	-	-	-	-	-	2,209,317
Provident fund	581,400	-	-	-	-	-	-	581,400	534,350	-	-	-	-	-	534,350
Rates	2,629,789	406,150	1,031,643	-	-	-	-	4,067,582	2,651,557	285,919	-	-	-	-	2,937,476
Repair and maintenance	34,571,806	-	-	-	-	-	2,190,511	36,762,317	32,698,071	-	-	-	-	2,051,422	33,944,855
Resident daily necessities	181,900	-	-	-	-	-	(8,681)	173,219	165,644	-	1,215,914	-	-	30,870	1,654,644
Salaries	-	-	-	-	-	-	16,804	16,804	39,950	-	-	-	-	39,950	39,950
Security guard services	-	-	-	-	-	-	316,704	316,704	8,791	-	-	-	-	-	8,791
Staff welfare	-	-	-	-	-	-	38,010	38,010	32,075	-	-	-	-	-	32,075
Staff training	-	-	-	-	-	-	-	-	2,749	-	-	-	-	-	2,749
Telephone and intercom system	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vehicle license	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	(48,710,185)	(626,614)	(1,031,643)	(1,269,902)	(208,764)	(107,940)	(2,720,651)	(54,175,699)	(46,418,046)	(573,333)	(1,269,900)	(123,047)	(597,725)	(2,126,659)	(51,087,110)
Surplus/(Deficit) before transfer	(295,840)	(8,608)	-	-	(208,762)	45,599	336,887	(130,724)	(294,515)	8,672	1	(123,041)	(321,245)	242,848	(487,280)
Transfer to:															
Additional Resources for Para-medical Staff surpluses (Note 12)	-	-	-	-	-	-	-	-	-	-	(1)	-	-	-	(1)
Block Grant reserve (Note 14)	-	8,608	-	-	-	-	-	8,608	-	(8,672)	-	-	-	-	(8,672)
Lump Sum Grant reserve (Note 16)	295,840	-	-	-	-	-	-	295,840	294,515	-	-	-	-	-	294,515
One-off Subsidy reserve (Note 18)	-	-	-	-	208,762	-	-	208,762	-	-	-	123,041	-	-	123,041
Social Welfare Development Fund surpluses (Note 21)	-	-	-	-	-	(45,599)	-	(45,599)	-	-	-	-	321,245	-	321,245
Surplus for the year	-	-	-	-	-	-	336,887	336,887	-	-	-	-	-	242,848	242,848