

**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 2015

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

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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 2015, 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.

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

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Foundation and of the Group as at 31st March 2015 and of the financial performance 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, 15th September 2015.

ALICE HO MIU LING NETHERSOLE CHARITY FOUNDATION

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31ST MARCH 2015

	<u>Note</u>	<u>2015</u> HK\$	<u>2014</u> HK\$
Revenues			
Government grants and subventions		59,543,830	45,681,551
<u>Less: Amounts refunded/refundable to Social Welfare Department ("SWD")</u>			
- Social Welfare subventions	22	<u> -</u>	<u> (49,574)</u>
		59,543,830	45,631,977
Dividends from available-for-sale investments		25,640,027	22,125,933
Donations		1,612,192	1,705,721
Fee income		5,561,268	5,580,478
Interest income		3,478,756	2,612,170
Income on licensing and car parking fees		5,320,601	5,039,910
Program income		110,501	128,250
Purchasing service income		2,502,153	2,336,388
Sales on rehab shop		19,464,468	18,105,189
Services income		3,523,407	3,128,397
Other income		<u>391,360</u>	<u>504,120</u>
Total revenues		127,148,563	106,898,533
Gain on disposal of available-for-sale investments		16,879,412	33,255,004
Cost of sales on rehab shop		(16,974,218)	(15,813,470)
Related expenses on rehab shop		(357,780)	(249,204)
Gain on foreign exchange		85,043	58,295
Donations		(2,603,529)	(6,795,009)
Operating expenses		<u>(92,331,038)</u>	<u>(81,341,369)</u>
SURPLUS FOR THE YEAR	3	<u>31,846,453</u>	<u>36,012,780</u>
OTHER COMPREHENSIVE INCOME			
Reclassification from investment revaluation reserve to surplus or deficit on disposal of available-for-sale investments	20	(15,107,564)	(23,271,790)
Change in fair value of available-for-sale investments	20	<u>90,266,705</u>	<u>(46,236,757)</u>
		<u>75,159,141</u>	<u>(69,508,547)</u>
TOTAL COMPREHENSIVE INCOME/(EXPENSE) FOR THE YEAR		<u>107,005,594</u>	<u>(33,495,767)</u>

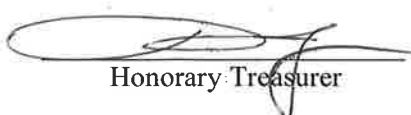
ALICE HO MIU LING NETHERSOLE CHARITY FOUNDATION

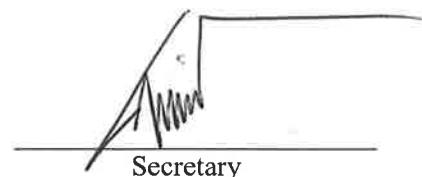
CONSOLIDATED BALANCE SHEET AT 31ST MARCH 2015

	Note	HK\$	2015 HK\$	2014 HK\$
NON-CURRENT ASSETS				
Property, plant and equipments	5		159,947	132,356
Available-for-sale investments	7		818,398,121	747,906,729
Receivables - long term portion	8		-	39,420
			<u>818,558,068</u>	<u>748,078,505</u>
CURRENT ASSETS				
Inventories		819,634		733,316
Account receivables and deposits	9	21,548,001		25,314,363
Bank and cash balances		<u>248,178,665</u>		<u>207,095,203</u>
		<u>270,546,300</u>		<u>233,142,882</u>
Less: CURRENT LIABILITIES				
Account payables and accruals	11	15,972,917		15,064,124
Amounts refundable to SWD		<u>49,574</u>		<u>80,980</u>
		<u>16,022,491</u>		<u>15,145,104</u>
NET CURRENT ASSETS			<u>254,523,809</u>	<u>217,997,778</u>
NET ASSETS			<u>1,073,081,877</u>	<u>966,076,283</u>
<i>financed by:</i>				
RESERVES				
Additional Resources for Para-medical Staff surpluses	12		1	1
Alice Ho Miu Ling Nethersole Nursing Home	13		2,866,856	3,861,534
Block Grant reserve	14		37,572	236
Designated Funds	15		44,014,405	37,730,541
Lump Sum Grant reserve	16		42,378,283	36,705,407
Nethersole Hospital Fund	17		486,155,138	466,512,605
One-off Subsidy reserve	18		-	-
Provident Fund reserve	19		8,167,871	6,872,222
Investment revaluation reserve	20		268,062,427	192,903,286
Social Welfare Development Fund surpluses	21		96,638	45,599
Social Welfare subvention surpluses	22		-	-
Special Reserve Fund	23		221,306,876	224,280,648
Income and expenditure account - deficit	24		<u>(4,190)</u>	<u>(2,835,796)</u>
			<u>1,073,081,877</u>	<u>966,076,283</u>

The financial statements on pages 3 to 28 were approved by the Board of Governors on 15th September 2015.


Chairman


Honorary Treasurer


Secretary

ALICE HO MIU LING NETHERSOLE CHARITY FOUNDATION

CONSOLIDATED STATEMENT OF CHANGES IN RESERVES

FOR THE YEAR ENDED 31ST MARCH 2015

	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 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)	966,076,283
Opening adjustment for overpaid salary and provident fund	-	-	-	(25,770)	24,543	-	-	1,227	-	-	-	-	-	-
Opening adjustment for generated income under LSG-subvented resources	-	(939,567)	-	-	939,567	-	-	-	-	-	-	-	-	-
Amount released on disposal of available-for-sale investments	-	-	-	-	-	-	-	-	(15,107,564)	-	-	-	-	(15,107,564)
Change in fair value of available-for-sale investments	-	-	-	-	-	-	-	-	90,266,705	-	-	-	-	90,266,705
Surplus for the year	-	-	-	-	-	-	-	-	-	-	-	-	31,846,453	31,846,453
Total comprehensive income	-	-	-	-	-	-	-	-	75,159,141	-	-	-	31,846,453	107,005,594
Transfer from/to income and expenditure account	-	(55,111)	37,336	6,309,634	4,708,766	19,642,533	-	1,294,422	-	51,039	-	(2,973,772)	(29,014,847)	-
Balance at 31st March 2015	1	2,866,856	37,572	44,014,405	42,378,283	486,155,138	-	8,167,871	268,062,427	96,638	-	221,306,876	(4,190)	1,073,081,877

ALICE HO MIU LING NETHERSOLE CHARITY FOUNDATION

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST MARCH 2015

	<u>2015</u> HK\$	<u>2014</u> HK\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Surplus for the year	31,846,453	36,012,780
Adjustments for:		
Interest income	(3,478,756)	(2,612,170)
Dividends from available-for-sale investments	(25,640,027)	(22,125,933)
Gain on disposal of available-for-sale investments	(16,879,412)	(33,255,004)
Depreciation	<u>56,166</u>	<u>75,625</u>
Operating loss before working capital changes	(14,095,576)	(21,904,702)
(Increase)/Decrease in inventories	(86,318)	99,983
Decrease in accounts receivables and deposits	4,300,055	3,760,024
Increase in accounts payables and accruals	908,793	1,367,201
(Decrease)/Increase in amounts refundable to SWD	<u>(31,406)</u>	<u>49,574</u>
NET CASH USED IN OPERATING ACTIVITIES	<u><u>(9,004,452)</u></u>	<u><u>(16,627,920)</u></u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	3,406,732	2,797,428
Dividends received	21,787,278	21,036,929
Sale of available-for-sale investments	98,060,915	209,063,255
Purchase of available-for-sale investments	(73,083,254)	(188,413,692)
Purchase of property, plant and equipment	(83,757)	(99,874)
Net (increase)/decrease in time deposits of more than 3 months to maturity from date of deposit	<u>(22,473,066)</u>	<u>65,361,770</u>
NET CASH FROM INVESTING ACTIVITIES	<u><u>27,614,848</u></u>	<u><u>109,745,816</u></u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	18,610,396	93,117,896
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	<u>206,290,996</u>	<u>113,173,100</u>
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	<u><u>224,901,392</u></u>	<u><u>206,290,996</u></u>
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS		
Bank and cash balances	248,178,665	207,095,203
Less: Time deposits of more than 3 months to maturity from date of deposit	<u>(23,277,273)</u>	<u>(804,207)</u>
	<u><u>224,901,392</u></u>	<u><u>206,290,996</u></u>

Non-cash transactions:

During the year, the Group received scrip dividends in lieu of cash dividends of HK\$3,430,500 (2014 - HK\$1,647,545).

ALICE HO MIU LING NETHERSOLE CHARITY FOUNDATION

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31ST MARCH 2015

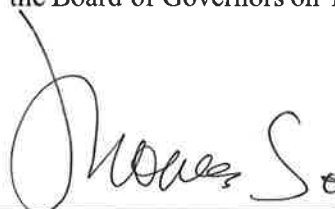
	<u>Note</u>	<u>2015</u> HK\$	<u>2014</u> HK\$
Revenues			
Government grants and subventions		59,543,830	45,681,551
<u>Less: Amounts refunded/refundable to Social Welfare Department ("SWD")</u>			
- Social Welfare subventions	22	<u>-</u>	<u>(49,574)</u>
		59,543,830	45,631,977
Dividends from available-for-sale investments		25,640,027	22,125,933
Donations		1,612,192	1,705,641
Fee income		5,561,268	5,580,478
Interest income		3,478,754	2,612,168
Income on licensing and car parking fees		5,320,601	5,039,910
Program income		23,290	29,650
Purchasing service income		2,502,153	2,336,388
Sales on rehab shop		19,464,468	18,105,189
Services income		3,393,727	3,052,637
Other income		<u>391,360</u>	<u>504,120</u>
Total revenues		126,931,670	106,724,091
Gain on disposal of available-for-sale investments		16,879,412	33,255,004
Cost of sales on rehab shop		(16,974,218)	(15,813,470)
Related expenses on rehab shop		(357,780)	(249,204)
Gain on foreign exchange		85,043	58,295
Donations		(8,677,280)	(6,795,009)
Operating expenses		<u>(88,872,000)</u>	<u>(78,638,746)</u>
SURPLUS FOR THE YEAR	3	<u>29,014,847</u>	<u>38,540,961</u>
OTHER COMPREHENSIVE INCOME			
Reclassification from investment revaluation reserve to surplus or deficit on disposal of available-for-sale investments	20	(15,107,564)	(23,271,790)
Change in fair value of available-for-sale investments	20	<u>90,266,705</u>	<u>(46,236,757)</u>
		<u>75,159,141</u>	<u>(69,508,547)</u>
TOTAL COMPREHENSIVE INCOME/(EXPENSE) FOR THE YEAR		<u>104,173,988</u>	<u>(30,967,586)</u>

ALICE HO MIU LING NETHERSOLE CHARITY FOUNDATION

BALANCE SHEET AT 31ST MARCH 2015

	Note	HK\$	2015 HK\$	2014 HK\$
NON-CURRENT ASSETS				
Property, plant and equipments	5		159,947	132,356
Available-for-sale investments	7		818,398,121	747,906,729
Receivables - long term portion	8		-	39,420
			<u>818,558,068</u>	<u>748,078,505</u>
CURRENT ASSETS				
Inventories		819,634		733,316
Account receivables and deposits	9	21,572,154		29,046,644
Bank and cash balances		<u>247,336,860</u>		<u>204,819,586</u>
		<u>269,728,648</u>		<u>234,599,546</u>
Less: CURRENT LIABILITIES				
Account payables and accruals	11	15,151,075		13,684,992
Amounts refundable to SWD		<u>49,574</u>		<u>80,980</u>
		<u>15,200,649</u>		<u>13,765,972</u>
NET CURRENT ASSETS			<u>254,527,999</u>	<u>220,833,574</u>
NET ASSETS			<u>1,073,086,067</u>	<u>968,912,079</u>
<i>financed by:</i>				
RESERVES				
Additional Resources for Para-medical Staff surpluses	12		1	1
Alice Ho Miu Ling Nethersole Nursing Home	13		2,866,856	3,861,534
Block Grant reserve	14		37,572	236
Designated Funds	15		44,014,405	37,730,541
Lump sum grant reserve	16		42,378,283	36,705,407
Nethersole Hospital Fund	17		486,155,138	466,512,605
One-off subsidy reserve	18		-	-
Provident fund reserve	19		8,167,871	6,872,222
Investment revaluation reserve	20		268,062,427	192,903,286
Social Welfare Development Fund surpluses	21		96,638	45,599
Social Welfare subvention surpluses	22		-	-
Special Reserve Fund	23		221,306,876	224,280,648
Income and expenditure account	24		-	-
			<u>1,073,086,067</u>	<u>968,912,079</u>

The financial statements on pages 3 to 28 were approved by the Board of Governors on 15th September 2015.



Chairman



Honorary Treasurer



Secretary

ALICE HO MIU LING NETHERSOLE CHARITY FOUNDATION

STATEMENT OF CHANGES IN RESERVES

FOR THE YEAR ENDED 31ST MARCH 2015

	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 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	(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	-	968,912,079
Opening adjustment for overpaid salary and provident fund	-	-	-	(25,770)	24,543	-	-	1,227	-	-	-	-	-	-
Opening adjustment for generated income under LSG-subvented resources	-	(939,567)	-	-	939,567	-	-	-	-	-	-	-	-	-
Amount released on disposal of available-for-sale investments	-	-	-	-	-	-	-	-	(15,107,564)	-	-	-	-	(15,107,564)
Change in fair value of available-for-sale investments	-	-	-	-	-	-	-	-	90,266,705	-	-	-	-	90,266,705
Surplus for the year	-	-	-	-	-	-	-	-	-	-	-	-	29,014,847	29,014,847
Total comprehensive income	-	-	-	-	-	-	-	-	75,159,141	-	-	-	29,014,847	104,173,988
Transfer from/to income and expenditure account	-	(55,111)	37,336	6,309,634	4,708,766	19,642,533	-	1,294,422	-	51,039	-	(2,973,772)	(29,014,847)	-
Balance at 31st March 2015	<u>1</u>	<u>2,866,856</u>	<u>37,572</u>	<u>44,014,405</u>	<u>42,378,283</u>	<u>486,155,138</u>	<u>-</u>	<u>8,167,871</u>	<u>268,062,427</u>	<u>96,638</u>	<u>-</u>	<u>221,306,876</u>	<u>-</u>	<u>1,073,086,067</u>

ALICE HO MIU LING NETHERSOLE CHARITY FOUNDATION

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST MARCH 2015

	<u>2015</u>	<u>2014</u>
	HK\$	HK\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Surplus for the year	29,014,847	38,540,961
Adjustments for:		
Interest income	(3,478,754)	(2,612,168)
Dividends from available-for-sale investments	(25,640,027)	(22,125,933)
Gain on disposal of available-for-sale investments	(16,879,412)	(33,255,004)
Depreciation	<u>56,166</u>	<u>75,625</u>
Operating loss before working capital changes	(16,927,180)	(19,376,519)
(Increase)/Decrease in inventories	(86,318)	99,983
Decrease in accounts receivables and deposits	8,008,183	996,022
Increase in accounts payables and accruals	1,466,083	24,498
(Decrease)/Increase in amounts refundable to SWD	<u>(31,406)</u>	<u>49,574</u>
NET CASH USED IN OPERATING ACTIVITIES	<u><u>(7,570,638)</u></u>	<u><u>(18,206,442)</u></u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	3,406,730	2,797,426
Dividends received	21,787,278	21,036,929
Sale of available-for-sale investments	98,060,915	209,063,255
Purchase of available-for-sale investments	(73,083,254)	(188,413,692)
Purchase of property, plant and equipment	(83,757)	(99,874)
Net (increase)/decrease in time deposits of more than 3 months to maturity from date of deposit	<u>(22,473,066)</u>	<u>65,361,770</u>
NET CASH FROM INVESTING ACTIVITIES	<u><u>27,614,846</u></u>	<u><u>109,745,814</u></u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	20,044,208	91,539,372
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	<u>204,015,379</u>	<u>112,476,007</u>
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	<u><u>224,059,587</u></u>	<u><u>204,015,379</u></u>
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS		
Bank and cash balances	247,336,860	204,819,586
Less: Time deposits of more than 3 months to maturity from date of deposit	<u>(23,277,273)</u>	<u>(804,207)</u>
	<u><u>224,059,587</u></u>	<u><u>204,015,379</u></u>

Non-cash transactions:

During the year, the Foundation received scrip dividends in lieu of cash dividends of HK\$3,430,500 (2014 - HK\$1,647,545).

ALICE HO MIU LING NETHERSOLE CHARITY FOUNDATION

NOTES TO 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 consolidated financial statements 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 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) 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.

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

3. Surplus for the year

Surplus for the year is stated after charging the followings:

	<u>The Group</u>		<u>The Foundation</u>	
	<u>2015</u> HK\$	<u>2014</u> HK\$	<u>2015</u> HK\$	<u>2014</u> HK\$
Staff cost				
Salaries, wages, allowances and benefits (excluding contributions to provident fund)	61,505,471	54,198,698	58,434,216	51,813,877
Contributions to defined contribution provident fund	<u>3,921,736</u>	<u>3,448,042</u>	<u>3,750,589</u>	<u>3,309,726</u>
	65,427,207	57,646,740	62,184,805	55,123,603
Depreciation	<u>56,166</u>	<u>75,625</u>	<u>56,166</u>	<u>75,625</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> HK\$	<u>Computer software and hardware</u> HK\$	<u>Total</u> HK\$
Cost			
At 31st March 2014	367,284	271,041	638,325
Additions	-	83,757	83,757
Disposals	<u>-</u>	<u>(20,375)</u>	<u>(20,375)</u>
At 31st March 2015	<u>367,284</u>	<u>334,423</u>	<u>701,707</u>
Accumulated depreciation			
At 31st March 2014	270,012	235,957	505,969
Charge for the year	28,173	27,993	56,166
Written-back on disposals	<u>-</u>	<u>(20,375)</u>	<u>(20,375)</u>
At 31st March 2015	<u>298,185</u>	<u>243,575</u>	<u>541,760</u>
Net book value			
At 31st March 2015	<u>69,099</u>	<u>90,848</u>	<u>159,947</u>
At 31st March 2014	<u>97,272</u>	<u>35,084</u>	<u>132,356</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>2015</u> HK\$	<u>2014</u> HK\$
Listed equity securities, listed debt securities and fund investments, at market value	<u>818,398,121</u>	<u>747,906,729</u>
Representing:		
Designated Funds	41,327,613	44,439,738
Nethersole Hospital Fund	486,865,841	432,324,079
Special Reserve Fund	<u>290,204,667</u>	<u>271,142,912</u>
	<u>818,398,121</u>	<u>747,906,729</u>

8. Receivables - long term portion

	<u>2015</u> HK\$	<u>2014</u> HK\$
Staff loan receivable at end of the year	39,420	86,700
<u>Less: Amount repayable within one year included in current assets (Note 9)</u>	<u>(39,420)</u>	<u>(47,280)</u>
Long term portion	<u>-</u>	<u>39,420</u>

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

9. Account receivables and deposits

	<u>The Group</u>		<u>The Foundation</u>	
	<u>2015</u> HK\$	<u>2014</u> HK\$	<u>2015</u> HK\$	<u>2014</u> HK\$
Amount due from subsidiary company	-	-	32,654	3,743,081
Staff loan receivable - current portion (Note 8)	39,420	47,280	39,420	47,280
Amount due from United Christian Nethersole Care Home (Note 10)	17,600,000	21,026,753	17,600,000	21,026,753
Other receivables and deposits	<u>3,908,581</u>	<u>4,240,330</u>	<u>3,900,080</u>	<u>4,229,530</u>
	<u>21,548,001</u>	<u>25,314,363</u>	<u>21,572,154</u>	<u>29,046,644</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. Account payables and accruals

	<u>The Group</u>		<u>The Foundation</u>	
	<u>2015</u> HK\$	<u>2014</u> HK\$	<u>2015</u> HK\$	<u>2014</u> HK\$
Amount due to subsidiary company	-	-	5,850	-
Other payables and accruals	<u>15,972,917</u>	<u>15,064,124</u>	<u>15,145,225</u>	<u>13,684,992</u>
	<u>15,972,917</u>	<u>15,064,124</u>	<u>15,151,075</u>	<u>13,684,992</u>

12. Additional Resources for Para-medical Staff surpluses

	<u>2015</u> HK\$	<u>2014</u> HK\$
At beginning of the year	----- 1	----- 1
Income		
Additional resources for para-medical staff received	-	1,269,900
Interest income	-	2
Expenditure		
Personal emolument		
Salary	-	(1,211,689)
Provident fund	-	(58,213)
	-----	-----
Surplus for the year	-----	-----
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>2015</u> HK\$	<u>2014</u> HK\$
At beginning of the year	3,861,534	3,524,647
Opening adjustment for generated income under LSG-subvented resources	<u>(939,567)</u>	<u>-</u>
	2,921,967	3,524,647
(Deficit)/Surplus after transfer for the year (Note 30)	<u>(55,111)</u>	<u>336,887</u>
At end of the year	<u><u>2,866,856</u></u>	<u><u>3,861,534</u></u>

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

14. Block Grant reserve

	<u>2015</u> HK\$	<u>2014</u> HK\$
At beginning of the year	----- 236	----- 8,844
Grant received	689,000	618,000
Interest income	4	6
Recognized expenditure		
Minor works projects	(492,800)	(398,400)
Furniture and equipment	(158,868)	(220,464)
Vehicle overhauling	<u>-</u>	<u>(7,750)</u>
Surplus/(Deficit) for the year	<u><u>37,336</u></u>	<u><u>(8,608)</u></u>
At end of the year	<u><u>37,572</u></u>	<u><u>236</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 2015 the outstanding commitments in respect of Furniture and Equipment Replenishment and Minor Works Grant were as follows:

	<u>2015</u> HK\$	<u>2014</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 TO THE FINANCIAL STATEMENTS

15. Designated Funds

	At 31.03.2014 HK\$	Opening adjustment for overpaid salary and provident fund HK\$	Income# HK\$	Expenditure# HK\$	Transfer# (Note 23) HK\$	At 31.03.2015 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>4,000,000</u>
DESIGNATED FOR HOSPITAL SERVICE DEVELOPMENT						
Chan King Yee Memorial Fund	1,851,943	-	15,533	-	-	1,867,476
Chaplaincy Fund - AHNH	436,865	-	916,902	(5,397,568)	4,234,841	191,040
Chaplaincy Fund - PYNEH	15,857	-	1,441,004	(3,483,064)	2,239,179	212,976
Elderly Service Fund	-	(25,770)	1,600	(596,861)	1,666,319	1,045,288
Departmental Fund	903,402	-	-	-	-	903,402
Elderly and Hospice Service Fund	515,206	-	-	-	(515,206)	-
Equipment Fund	82,425	-	-	-	-	82,425
Central Administration Office Fund (formerly known as "Secretariat")	460,851	-	3,652,885	(8,444,151)	4,540,786	210,371
Nethersole Institute of Continuing Holistic Health Education Fund	526,333	-	844,834	(3,402,479)	3,032,316	1,001,004
Nethersole Outreaching Rehabilitation Mission	1,514,666	-	-	-	-	1,514,666
Nursing Home Fund	1,151,113	-	-	-	(1,151,113)	-
Special Project Fund	6,766,978	-	4,541,999	(120,742)	-	11,188,235
	<u>14,225,639</u>	<u>(25,770)</u>	<u>11,414,757</u>	<u>(21,444,865)</u>	<u>14,047,122</u>	<u>18,216,883</u>
DESIGNATED FOR HUMAN RESOURCES DEVELOPMENT						
Anne Ward Scholarship Fund	748,126	-	10,168	(15,330)	-	742,964
Stephen Chang Memorial Scholarship Fund	278,691	-	3,231	-	-	281,922
Staff Training Fund	150,558	-	213,729	(241,057)	200,000	323,230
Staff Welfare Fund	5,861	-	132,893	(1,460,296)	1,327,429	5,887
Vicky Chau Scholarship Fund	604,674	-	6,523	-	-	611,197
	<u>1,787,910</u>	-	<u>366,544</u>	<u>(1,716,683)</u>	<u>1,527,429</u>	<u>1,965,200</u>
DESIGNATED FOR CONTINGENCY RELIEF/HARDSHIP						
Patients' Welfare Fund	95,625	-	-	(14,200)	-	81,425
DESIGNATED FOR INDEPENDENT SERVICES						
Chen Yuen Lee Chun Memorial Staff Lodge	11,145,237	-	5,400,237	(3,269,249)	-	13,276,225
Community & Patient Resource Fund -PYNEH	4,149,149	-	13,700,029	(13,880,849)	-	3,968,329
Volunteer & Community Development Fund - AHNH	2,326,981	-	5,818,812	(5,639,450)	-	2,506,343
	<u>17,621,367</u>	-	<u>24,919,078</u>	<u>(22,789,548)</u>	-	<u>19,750,897</u>
	<u>37,730,541</u>	<u>(25,770)</u>	<u>36,700,379</u>	<u>(45,965,296)</u>	<u>15,574,551</u>	<u>44,014,405</u>

The Funds were set up for various designated purposes.

The aggregate of income, expenditure and transfer represents net transfer of HK\$6,309,634 from income and expenditure account.

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

15. Designated Funds (continued)

	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	<u>101,065</u>	<u>-</u>	<u>(5,440)</u>	<u>-</u>	<u>95,625</u>
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 TO THE FINANCIAL STATEMENTS

16. Lump Sum Grant reserve

	<u>2015</u> HK\$	<u>2014</u> HK\$
At beginning of the year	36,705,407	37,568,893
Opening adjustment for overpaid salary	24,543	-
Opening adjustment for generated income under LSG-subvented resources	<u>939,567</u>	<u>-</u>
	<u>37,669,517</u>	<u>37,568,893</u>
Income	65,923,015	47,779,991
Expenditure	<u>(59,919,827)</u>	<u>(48,075,831)</u>
Surplus/(Deficit) for the year	6,003,188	(295,840)
Provident fund surplus transferred to Provident Fund reserve (Note 19)	<u>(1,294,422)</u>	<u>(567,646)</u>
	<u>4,708,766</u>	<u>(863,486)</u>
At end of the year	<u>42,378,283</u>	<u>36,705,407</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 accrued</u> <u>expenses</u> HK\$	<u>Per Annual</u> <u>Financial</u> <u>Report</u> HK\$
Total Income	65,923,015		65,923,015
Total Expenditure	<u>(59,919,827)</u>	(37,500)	<u>(59,957,327)</u>
Surplus for the year	6,003,188		5,965,688
Less: Surplus of Provident Fund	<u>(1,294,422)</u>		<u>(1,294,422)</u>
Adjusted surplus at beginning of the year	4,708,766		4,671,266
	<u>37,669,517</u>		<u>37,707,017</u>
Surplus at end of the year	<u>42,378,283</u>		<u>42,378,283</u>

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

17. Nethersole Hospital Fund

	<u>2015</u> HK\$	<u>2014</u> HK\$
At beginning of the year	466,512,605	437,938,481
Dividend and interest received	16,527,342	12,972,365
Gain on disposal of available-for-sale investments	5,481,755	22,793,016
Gain/(Loss) on foreign exchange	73,078	(189,041)
Expenditure	(2,439,642)	(6,262,216)
Amount transferred to Designated Funds (Note 15)	-	(740,000)
Surplus for the year	<u>19,642,533</u>	<u>28,574,124</u>
At end of the year	<u>486,155,138</u>	<u>466,512,605</u>

The Fund were set up for general purposes.

18. One-off Subsidy reserve

	<u>2015</u> HK\$	<u>2014</u> HK\$
At beginning of the year	-	208,762
Interest income	-	2
Expenditure	-	(208,764)
Deficit for the year	<u>-</u>	<u>(208,762)</u>
At end of the year	<u>-</u>	<u>-</u>

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

19. Provident Fund reserve

	<u>2015</u> HK\$	<u>2014</u> HK\$
At beginning of the year	6,872,222	6,304,576
Opening adjustment for overpaid provident fund	<u>1,227</u>	<u>-</u>
Provident fund surplus for the year (Note 16)	<u>6,873,449</u> <u>1,294,422</u>	<u>6,304,576</u> <u>567,646</u>
At end of the year	<u>8,167,871</u>	<u>6,872,222</u>

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

20. Investment revaluation reserve

	<u>2015</u> HK\$	<u>2014</u> HK\$
At beginning of the year	192,903,286	262,411,833
Amount released on disposal of available-for-sale investments	(15,107,564)	(23,271,790)
Change in fair value of available-for-sale investments	<u>90,266,705</u>	<u>(46,236,757)</u>
At end of the year	<u>268,062,427</u>	<u>192,903,286</u>
Representing:		
Designated Funds	23,042,315	25,477,258
Nethersole Hospital Fund	122,883,181	70,915,659
Special Reserve Fund	<u>122,136,931</u>	<u>96,510,369</u>
	<u>268,062,427</u>	<u>192,903,286</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>2015</u> HK\$	<u>2014</u> HK\$
At beginning of the year	----- 45,599	----- -
Grant received	446,035	153,538
Interest income	4	1
Expenditure	<u>(395,000)</u>	<u>(107,940)</u>
Surplus for the year	<u>51,039</u>	<u>45,599</u>
At end of the year	<u>96,638</u>	<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>2015</u> HK\$	<u>2014</u> HK\$
At beginning of the year	-----	-----
Grant received	621,000	683,928
Expenditure	(621,000)	(634,354)
Amount refundable to SWD	-----	(49,574)
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>2015</u> HK\$	<u>2014</u> HK\$
At beginning of the year	-----	-----
Dividend and interest received	10,330,104	9,568,373
Gain on disposal of available-for-sale investments	8,487,747	10,461,988
Gain on foreign exchange	11,965	247,336
Expenditure	(6,229,037)	(145,643)
Amount transferred to Designated Funds (Note 15)	-----	(9,940,060)
(Deficit)/Surplus for the year	-----	-----
At end of the year	=====	=====

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

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

24. Income and expenditure account

	<u>The Group</u>		<u>The Foundation</u>	
	<u>2015</u> HK\$	<u>2014</u> HK\$	<u>2015</u> HK\$	<u>2014</u> HK\$
Surplus for the year	31,846,453	36,012,780	29,014,847	38,540,961
Transfer from/(to):				
Alice Ho Miu Ling Nethersole Nursing Home (Note 13)	55,111	(336,887)	55,111	(336,887)
Block Grant reserve (Note 14)	(37,336)	8,608	(37,336)	8,608
Designated Funds (Note 15)	(6,309,634)	94,433	(6,309,634)	94,433
Lump Sum Grant reserve (Note 16)	(4,708,766)	863,486	(4,708,766)	863,486
Nethersole Hospital Fund (Note 17)	(19,642,533)	(28,574,124)	(19,642,533)	(28,574,124)
One-off Subsidy reserve (Note 18)	-	208,762	-	208,762
Provident Fund reserve (Note 19)	(1,294,422)	(567,646)	(1,294,422)	(567,646)
Social Welfare Development Fund (Note 21)	(51,039)	(45,599)	(51,039)	(45,599)
Special Reserve Fund (Note 23)	<u>2,973,772</u>	<u>(10,191,994)</u>	<u>2,973,772</u>	<u>(10,191,994)</u>
	2,831,606	(2,528,181)	-	-
Deficit brought forward	<u>(2,835,796)</u>	<u>(307,615)</u>	<u>-</u>	<u>-</u>
Deficit carried forward	<u><u>(4,190)</u></u>	<u><u>(2,835,796)</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

25. Categories of financial assets and liabilities

<u>The Group</u>	<u>2015</u> HK\$	<u>2014</u> HK\$
<u>Financial assets</u>		
Non-current assets - at fair value		
Available-for-sale investments	818,398,121	747,906,729
Non-current assets - at amortized cost		
Receivables - long term portion	-	39,420
Current assets - at amortized cost		
Accounts receivables and deposits (excluding prepayments)	21,514,047	25,295,932
Bank and cash balances	<u>248,178,665</u>	<u>207,095,203</u>
	<u><u>1,088,090,833</u></u>	<u><u>980,337,284</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)	14,348,329	13,693,610
Amounts refundable to SWD	<u>49,574</u>	<u>80,980</u>
	<u><u>14,397,903</u></u>	<u><u>13,774,590</u></u>

25. Categories of financial assets and liabilities (continued)

<u>The Foundation</u>	<u>2015</u> HK\$	<u>2014</u> HK\$
<u>Financial assets</u>		
Non-current assets - at fair value		
Available-for-sale investments	818,398,121	747,906,729
Non-current assets - at amortized cost		
Receivables - long term portion	-	39,420
Current assets - at amortized cost		
Accounts receivables and deposits (excluding prepayments)	21,538,200	29,028,213
Bank and cash balances	<u>247,336,860</u>	<u>204,819,586</u>
	<u>1,087,273,181</u>	<u>981,793,948</u>
<u>Financial liabilities</u>		
Current liabilities - at amortized cost		
Accounts payables and accruals (excluding receipt in advance and provision for annual leave entitlement)	13,615,606	12,386,688
Amounts refundable to SWD	<u>49,574</u>	<u>80,980</u>
	<u>13,665,180</u>	<u>12,467,668</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>2015</u> HK\$	<u>2014</u> HK\$
Contracted but not provided	-	-
Authorized but not contracted	<u>6,040,900</u>	<u>1,230,330</u>
	<u>6,040,900</u>	<u>1,230,330</u>

28. Related party transactions

During the year the Group did not undertake any transactions with related parties except the transactions and balances detailed elsewhere in these financial statements (2014 - Same).

During the year the Foundation undertook the following transaction in addition to the transactions and balances detailed elsewhere in these financial statements:

	<u>2015</u> HK\$	<u>2014</u> HK\$
Donation to subsidiary company	<u>6,073,751</u>	<u>-</u>

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

	2015							2014								
	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-subvented services HK\$	Total HK\$	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-subvented services HK\$	Total HK\$
INCOME																
Subventions	58,032,940	689,000	375,855	-	-	446,035	-	59,543,830	42,608,470	618,000	1,031,643	1,269,900	-	153,538	-	45,681,551
Less: Surpluses refunded/refundable	-	-	-	-	-	-	-	-	(49,574)	-	-	-	-	-	-	(49,574)
	58,032,940	689,000	375,855	-	-	446,035	-	59,543,830	42,558,896	618,000	1,031,643	1,269,900	-	153,538	-	45,631,977
Bank interest income	193,072	4	-	-	-	4	4	193,084	147,278	6	-	2	2	1	4	147,293
Donation	60,700	-	-	-	-	-	45,269	105,969	90,000	-	-	-	-	-	22,826	112,826
Fee income	5,561,268	-	-	-	-	-	-	5,561,268	5,580,478	-	-	-	-	-	-	5,580,478
Program income	23,290	-	-	-	-	-	-	23,290	29,650	-	-	-	-	-	-	29,650
Purchasing service income	2,451,828	-	-	-	-	-	-	2,451,828	-	-	-	-	-	-	2,336,388	2,336,388
Other income	220,917	-	-	-	-	-	7,600	228,517	8,043	-	-	-	-	-	198,320	206,363
	66,544,015	689,004	375,855	-	-	446,039	52,873	68,107,786	48,414,345	618,006	1,031,643	1,269,902	2	153,539	2,557,538	54,044,975
EXPENDITURE																
Advertising for recruitment	39,459	-	-	-	-	-	-	39,459	28,130	-	-	-	-	-	-	28,130
Audit fee	39,300	-	-	-	-	-	-	39,300	37,500	-	-	-	-	-	-	37,500
Bank charges	7,249	-	-	-	-	-	3,608	10,857	6,547	-	-	-	-	-	2,879	9,426
Bedding and linen	84,438	-	-	-	-	-	-	84,438	40,230	-	-	-	-	-	-	40,230
Central administration fee	560,668	-	-	-	-	-	-	560,668	925,046	-	-	-	-	-	-	925,046
Cleaning materials and cleaning charges	121,870	-	-	-	-	-	-	121,870	114,789	-	-	-	-	-	-	114,789
Cooking utensils	930	-	-	-	-	-	-	930	1,530	-	-	-	-	-	-	1,530
Electrical appliance	421,961	-	-	-	-	-	-	421,961	406,109	28,104	-	-	-	-	-	434,213
Electricity	3,184,808	-	-	-	-	-	-	3,184,808	2,725,062	-	-	-	-	-	-	2,725,062
Food for residents	2,194,760	-	-	-	-	-	-	2,194,760	2,284,937	-	-	-	-	-	-	2,284,937
Furniture	123,245	-	-	-	-	-	-	123,245	32,971	-	-	-	-	-	-	32,971
Gas and fuel	251,963	-	-	-	-	-	-	251,963	257,107	-	-	-	-	-	-	257,107
Holistic Care Service	325,662	-	-	-	-	-	-	325,662	320,400	-	-	-	-	-	-	320,400
Household utilities	307,024	44,203	-	-	-	-	-	351,227	223,076	2,780	-	-	-	-	-	225,856
Insurance	365,639	-	-	-	-	-	-	365,639	313,282	-	-	-	-	-	-	313,282
Medical equipment	472,547	92,245	-	-	-	-	-	564,792	68,390	161,100	-	-	-	-	-	229,490
Medical expense for residents	400,066	-	-	-	-	-	-	400,066	300,244	28,480	-	-	-	-	-	328,724
Miscellaneous	53,044	-	-	-	-	-	-	53,044	42,883	-	-	-	-	-	19,138	62,021
Newspaper and periodicals	7,592	-	-	-	-	-	-	7,592	10,154	-	-	-	-	-	-	10,154
Nursing home license	900	-	-	-	-	-	-	900	900	-	-	-	-	-	-	900
Occupational equipment	19,500	22,420	-	-	-	-	-	41,920	-	-	-	-	-	-	-	-
Office equipment	172,039	-	-	-	-	-	-	172,039	107,359	-	-	-	-	-	-	107,359
Other travelling	6,299	-	-	-	-	-	-	6,299	95,341	-	-	-	-	-	-	95,341
Physical equipment	65,150	-	-	-	-	-	-	65,150	730	-	-	-	-	-	-	730
Postage	1,850	-	-	-	-	-	-	1,850	2,533	-	-	-	-	-	-	2,533
Pre-employment medical examination	4,273	-	-	-	-	-	-	4,273	3,695	-	-	-	-	-	-	3,695
Printing and stationery	119,083	-	-	-	-	-	-	119,083	95,512	-	-	-	-	-	-	95,512
Program expenses	36,512	-	-	-	-	-	-	36,512	44,831	-	-	-	-	-	-	44,831
Provident fund	2,565,989	-	-	-	-	-	-	2,565,989	2,215,243	-	-	58,213	-	-	-	2,273,456
Rates	621,000	-	-	-	-	-	-	621,000	581,400	-	-	-	-	-	-	581,400
Repair and maintenance	5,186,943	492,800	375,855	-	-	-	-	6,055,598	2,629,789	406,150	1,031,643	-	-	-	-	4,067,582
Resident daily necessities	2,320,336	-	-	-	-	-	-	2,320,336	-	-	-	-	-	-	2,190,511	2,190,511
Salaries	40,210,753	-	-	-	-	-	104,376	40,315,129	34,571,806	-	1,211,689	-	-	-	(8,681)	35,774,814
Security guard services	192,400	-	-	-	-	-	-	192,400	181,900	-	-	-	-	-	-	181,900
Staff welfare	-	-	-	-	-	-	-	-	-	-	-	-	-	16,804	-	16,804
Staff training	13,578	-	-	-	-	395,000	-	408,578	-	-	-	208,764	107,940	-	-	316,704
Telephone and intercom system	39,248	-	-	-	-	-	-	39,248	38,010	-	-	-	-	-	-	38,010
Vehicle license	2,749	-	-	-	-	-	-	2,749	2,749	-	-	-	-	-	-	2,749
	(60,540,827)	(651,668)	(375,855)	-	-	(395,000)	(107,984)	(62,071,334)	(48,710,185)	(626,614)	(1,031,643)	(1,269,902)	(208,764)	(107,940)	(2,220,651)	(54,175,699)
Surplus/(Deficit) before transfer	6,003,188	37,336	-	-	-	51,039	(55,111)	6,036,452	(295,840)	(8,608)	-	-	(208,762)	45,599	336,887	(130,724)
Transfer to:																
Block Grant reserve (Note 14)	-	(37,336)	-	-	-	-	-	(37,336)	-	8,608	-	-	-	-	-	8,608
Lump Sum Grant reserve (Note 16)	(6,003,188)	-	-	-	-	-	-	(6,003,188)	295,840	-	-	-	-	-	-	295,840
One-off Subsidy reserve (Note 18)	-	-	-	-	-	-	-	-	-	-	-	208,762	-	-	-	208,762
Social Welfare Development Fund surpluses (Note 21)	-	-	-	-	-	(51,039)	-	(51,039)	-	-	-	-	(45,599)	-	-	(45,599)
(Deficit)/Surplus after transfer for the year	-	-	-	-	-	-	(55,111)	(55,111)	-	-	-	-	-	-	336,887	336,887