

**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 2016**

**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") and its subsidiary (together, the "Group") set out on pages 3 to 27 which comprise the consolidated and Foundation statements of financial position as at 31st March 2016, and the consolidated and Foundation statements of comprehensive income, the consolidated and Foundation statements of changes in reserves and the consolidated and 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 financial position of the Foundation and of the Group as at 31st March 2016 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, 7th September 2016.

**ALICE HO MIU LING NETHERSOLE CHARITY FOUNDATION**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

**FOR THE YEAR ENDED 31ST MARCH 2016**

	<u>Note</u>	<u>2016</u> HK\$	<u>2015</u> HK\$
Revenues			
Government grants and subventions		65,038,149	59,543,830
<u>Less:</u> Amounts clawed back by Social Welfare Department ("SWD")		<u>(476,709)</u>	<u>-</u>
		64,561,440	59,543,830
Dividends from available-for-sale investments		18,553,535	25,640,027
Donations		1,498,597	1,612,192
Fee income		5,511,942	5,561,268
Interest income		2,816,770	3,478,756
Income on licensing and car parking fees		5,680,542	5,320,601
Program income		128,160	110,501
Purchasing service income		2,758,015	2,502,153
Sales on rehab shop		19,130,818	19,464,468
Services income		3,801,387	3,523,407
Other income		<u>472,119</u>	<u>391,360</u>
Total revenues		124,913,325	127,148,563
Gain on disposal of available-for-sale investments		90,452,802	16,879,412
Cost of sales on rehab shop		(16,467,620)	(16,974,218)
Related expenses on rehab shop		(372,701)	(357,780)
(Loss)/Gain on foreign exchange		(3,105,496)	85,043
Donations		(12,271,120)	(2,603,529)
Operating expenses		<u>(106,788,989)</u>	<u>(92,331,038)</u>
SURPLUS FOR THE YEAR	3	<u>76,360,201</u>	<u>31,846,453</u>
OTHER COMPREHENSIVE (EXPENSE)/INCOME			
Reclassification from investment revaluation reserve to surplus or deficit on disposal of available-for-sale investments	15	(95,129,895)	(15,107,564)
Change in fair value of available-for-sale investments	15	<u>(58,611,837)</u>	<u>90,266,705</u>
		<u>(153,741,732)</u>	<u>75,159,141</u>
TOTAL COMPREHENSIVE (EXPENSE)/INCOME FOR THE YEAR		<u>(77,381,531)</u>	<u>107,005,594</u>

# **ALICE HO MIU LING NETHERSOLE CHARITY FOUNDATION**


## **CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31ST MARCH 2016**

	Note	HK\$	2016 HK\$	2015 HK\$
<b>NON-CURRENT ASSETS</b>				
Property, plant and equipments	5		180,719	159,947
Available-for-sale investments	7		<u>715,194,871</u>	<u>818,398,121</u>
			715,375,590	<u>818,558,068</u>
<b>CURRENT ASSETS</b>				
Inventories		897,870		819,634
Account receivables and deposits	8	22,030,247		21,548,001
Bank and cash balances		<u>276,959,179</u>		<u>248,178,665</u>
		<u>299,887,296</u>		<u>270,546,300</u>
<b>Less: CURRENT LIABILITIES</b>				
Account payables and accruals	10	19,562,540		15,972,917
Amounts refundable to SWD		<u>-</u>		<u>49,574</u>
		<u>19,562,540</u>		<u>16,022,491</u>
<b>NET CURRENT ASSETS</b>			<u>280,324,756</u>	<u>254,523,809</u>
<b>NET ASSETS</b>			<u>995,700,346</u>	<u>1,073,081,877</u>
<i>financed by:</i>				
<b>RESERVES</b>				
Additional Resources for Para-medical Staff surpluses	11		-	1
Alice Ho Miu Ling Nethersole Nursing Home	12		2,675,128	2,866,856
Block Grant reserve	13		309,208	37,572
Designated Funds	14		46,837,927	44,014,405
Investment revaluation reserve	15		114,320,695	268,062,427
Lump Sum Grant reserve	16		43,929,037	42,378,283
Nethersole Hospital Fund	17		511,801,844	486,155,138
Provident Fund reserve	18		8,686,550	8,167,871
Social Welfare Development Fund surpluses	19		141,343	96,638
Special Reserve Fund	20		267,002,803	221,306,876
Income and expenditure account - deficit	21		<u>(4,189)</u>	<u>(4,190)</u>
			<u>995,700,346</u>	<u>1,073,081,877</u>

The financial statements on pages 3 to 27 were approved and authorized for issue by the Board of Governors on 7th September 2016.

  
Chairman

  
Honorary Treasurer

  
Secretary

**ALICE HO MIU LING NETHERSOLE CHARITY FOUNDATION**

**CONSOLIDATED STATEMENT OF CHANGES IN RESERVES**

**FOR THE YEAR ENDED 31ST MARCH 2016**

	Additional Resources for Para-medical Staff surpluses	Alice Ho Miu Ling Nethersole Nursing Home	Block Grant reserve	Designated Funds	Investment revaluation reserve	Lump Sum Grant reserve	Nethersole Hospital Fund	Provident Fund reserve	Social Welfare Development Fund surpluses	Special Reserve Fund	Income and expenditure account	Total
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
Balance at 31st March 2014	1	3,861,534	236	37,730,541	192,903,286	36,705,407	466,512,605	6,872,222	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-subsvented 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 amount	-	(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	268,062,427	42,378,283	486,155,138	8,167,871	96,638	221,306,876	(4,190)	1,073,081,877
Amount released on disposal of available-for-sale investments	-	-	-	-	(95,129,895)	-	-	-	-	-	-	(95,129,895)
Change in fair value of available-for-sale investments	-	-	-	-	(58,611,837)	-	-	-	-	-	-	(58,611,837)
Surplus for the year	-	-	-	-	-	-	-	-	-	-	76,360,201	76,360,201
Total comprehensive expense	-	-	-	-	(153,741,732)	-	-	-	-	-	76,360,201	(77,381,531)
Transfer from/to income and expenditure account	(1)	(191,728)	271,636	2,823,522	-	1,550,754	25,646,706	518,679	44,705	45,695,927	(76,360,200)	-
Balance at 31st March 2016	-	2,675,128	309,208	46,837,927	114,320,695	43,929,037	511,801,844	8,686,550	141,343	267,002,803	(4,189)	995,700,346

**ALICE HO MIU LING NETHERSOLE CHARITY FOUNDATION**

**CONSOLIDATED CASH FLOW STATEMENT**

**FOR THE YEAR ENDED 31ST MARCH 2016**

	<u>2016</u> HK\$	<u>2015</u> HK\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Surplus for the year	76,360,201	31,846,453
Adjustments for:		
Interest income	(2,816,770)	(3,478,756)
Dividends from available-for-sale investments	(18,553,535)	(25,640,027)
Gain on disposal of available-for-sale investments	(90,452,802)	(16,879,412)
Depreciation	82,228	56,166
	<u>(35,380,678)</u>	<u>(14,095,576)</u>
Operating loss before working capital changes		
Increase in inventories	(78,236)	(86,318)
(Increase)/Decrease in accounts receivables and deposits	(2,108,944)	4,300,055
Increase in accounts payables and accruals	3,508,623	908,793
Decrease in amounts refundable to SWD	(49,574)	(31,406)
	<u>(34,108,809)</u>	<u>(9,004,452)</u>
<b>NET CASH USED IN OPERATING ACTIVITIES</b>		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	2,986,418	3,406,732
Dividends received	18,624,449	21,787,278
Sale of available-for-sale investments	345,385,141	98,060,915
Purchase of available-for-sale investments	(304,084,685)	(73,083,254)
Purchase of property, plant and equipment	(22,000)	(83,757)
Net decrease/(increase) in time deposits of more than 3 months to maturity from date of deposit	6,515,956	(22,473,066)
	<u>69,405,279</u>	<u>27,614,848</u>
<b>NET CASH FROM INVESTING ACTIVITIES</b>		
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	35,296,470	18,610,396
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR</b>	224,901,392	206,290,996
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>	<u>260,197,862</u>	<u>224,901,392</u>
<b>ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS</b>		
Bank and cash balances	276,959,179	248,178,665
Less: Time deposits of more than 3 months to maturity from date of deposit	(16,761,317)	(23,277,273)
	<u>260,197,862</u>	<u>224,901,392</u>

**Non-cash transactions:**

During the year, the Group received scrip dividends in lieu of cash dividends of HK\$1,386,136 (2015 - HK\$3,430,500).

**ALICE HO MIU LING NETHERSOLE CHARITY FOUNDATION**

**STATEMENT OF COMPREHENSIVE INCOME**

**FOR THE YEAR ENDED 31ST MARCH 2016**

	<u>Note</u>	<u>2016</u> HK\$	<u>2015</u> HK\$
Revenues			
Government grants and subventions		65,038,149	59,543,830
<u>Less: Amounts clawed back by SWD</u>		<u>(476,709)</u>	<u>-</u>
		64,561,440	59,543,830
Dividends from available-for-sale investments		18,553,535	25,640,027
Donations		1,498,144	1,612,192
Fee income		5,511,942	5,561,268
Interest income		2,816,768	3,478,754
Income on licensing and car parking fees		5,680,542	5,320,601
Program income		28,300	23,290
Purchasing service income		2,758,015	2,502,153
Sales on rehab shop		19,130,818	19,464,468
Services income		3,620,507	3,393,727
Other income		<u>472,119</u>	<u>391,360</u>
Total revenues		124,632,130	126,931,670
Gain on disposal of available-for-sale investments		90,452,802	16,879,412
Cost of sales on rehab shop		(16,467,620)	(16,974,218)
Related expenses on rehab shop		(372,701)	(357,780)
(Loss)/Gain on foreign exchange		(3,105,496)	85,043
Donations		(16,297,473)	(8,677,280)
Operating expenses		<u>(102,481,442)</u>	<u>(88,872,000)</u>
SURPLUS FOR THE YEAR	3	<u>76,360,200</u>	<u>29,014,847</u>
OTHER COMPREHENSIVE (EXPENSE)/INCOME			
Reclassification from investment revaluation reserve to surplus or deficit on disposal of available-for-sale investments	15	(95,129,895)	(15,107,564)
Change in fair value of available-for-sale investments	15	<u>(58,611,837)</u>	<u>90,266,705</u>
		<u>(153,741,732)</u>	<u>75,159,141</u>
TOTAL COMPREHENSIVE (EXPENSE)/INCOME FOR THE YEAR		<u>(77,381,532)</u>	<u>104,173,988</u>



# ALICE HO MIU LING NETHERSOLE CHARITY FOUNDATION

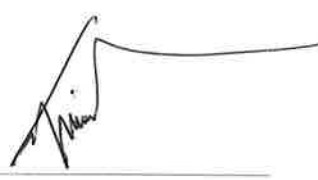
## STATEMENT OF FINANCIAL POSITION AT 31ST MARCH 2016

	Note	HK\$	2016 HK\$	2015 HK\$
<b>NON-CURRENT ASSETS</b>				
Property, plant and equipments	5		180,719	159,947
Available-for-sale investments	7		<u>715,194,871</u>	<u>818,398,121</u>
			715,375,590	<u>818,558,068</u>
<b>CURRENT ASSETS</b>				
Inventories		897,870		819,634
Account receivables and deposits	8	22,023,709		21,572,154
Bank and cash balances		<u>276,214,477</u>		<u>247,336,860</u>
		<u>299,136,056</u>		<u>269,728,648</u>
<b>Less: CURRENT LIABILITIES</b>				
Account payables and accruals	10	18,807,111		15,151,075
Amounts refundable to SWD		<u>-</u>		<u>49,574</u>
		<u>18,807,111</u>		<u>15,200,649</u>
<b>NET CURRENT ASSETS</b>			<u>280,328,945</u>	<u>254,527,999</u>
<b>NET ASSETS</b>			<u>995,704,535</u>	<u>1,073,086,067</u>
<i>financed by:</i>				
<b>RESERVES</b>				
Additional Resources for Para-medical Staff surpluses	11		-	1
Alice Ho Miu Ling Nethersole Nursing Home	12		2,675,128	2,866,856
Block Grant reserve	13		309,208	37,572
Designated Funds	14		46,837,927	44,014,405
Investment revaluation reserve	15		114,320,695	268,062,427
Lump Sum Grant reserve	16		43,929,037	42,378,283
Nethersole Hospital Fund	17		511,801,844	486,155,138
Provident Fund reserve	18		8,686,550	8,167,871
Social Welfare Development Fund surpluses	19		141,343	96,638
Special Reserve Fund	20		267,002,803	221,306,876
Income and expenditure account	21		<u>-</u>	<u>-</u>
			<u>995,704,535</u>	<u>1,073,086,067</u>

The financial statements on pages 3 to 27 were approved and authorized for issue by the Board of Governors on 7th September 2016.

  
Chairman

  
Honorary Treasurer

  
Secretary

**ALICE HO MIU LING NETHERSOLE CHARITY FOUNDATION**

**STATEMENT OF CHANGES IN RESERVES**

**FOR THE YEAR ENDED 31ST MARCH 2016**

	Additional Resources for Para-medical Staff	Alice Ho Miu Ling Nethersole Nursing Home	Block Grant reserve	Designated Funds	Investment revaluation reserve	Lump Sum Grant reserve	Nethersole Hospital Fund	Provident Fund reserve	Social Welfare Development Fund surpluses	Special Reserve Fund	Income and expenditure account	Total
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
Balance at 31st March 2014	1	3,861,534	236	37,730,541	192,903,286	36,705,407	466,512,605	6,872,222	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-subsvented 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	1	2,866,856	37,572	44,014,405	268,062,427	42,378,283	486,155,138	8,167,871	96,638	221,306,876	-	1,073,086,067
Amount released on disposal of available-for-sale investments	-	-	-	-	(95,129,895)	-	-	-	-	-	-	(95,129,895)
Change in fair value of available-for-sale investments	-	-	-	-	(58,611,837)	-	-	-	-	-	-	(58,611,837)
Surplus for the year	-	-	-	-	-	-	-	-	-	-	76,360,200	76,360,200
Total comprehensive expense	-	-	-	-	(153,741,732)	-	-	-	-	-	76,360,200	(77,381,532)
Transfer from/to income and expenditure account	(1)	(191,728)	271,636	2,823,522	-	1,530,754	25,646,706	518,679	44,705	45,695,927	(76,360,200)	-
Balance at 31st March 2016	-	2,675,128	309,208	46,837,927	114,320,695	43,929,037	511,801,844	8,686,550	141,343	267,002,803	-	995,704,535

**ALICE HO MIU LING NETHERSOLE CHARITY FOUNDATION**

**CASH FLOW STATEMENT**

**FOR THE YEAR ENDED 31ST MARCH 2016**

	2016 HK\$	2015 HK\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Surplus for the year	76,360,200	29,014,847
Adjustments for:		
Interest income	(2,816,768)	(3,478,754)
Dividends from available-for-sale investments	(18,553,535)	(25,640,027)
Gain on disposal of available-for-sale investments	(90,452,802)	(16,879,412)
Depreciation	82,228	56,166
	<u>(35,380,677)</u>	<u>(16,927,180)</u>
Operating loss before working capital changes		
Increase in inventories	(78,236)	(86,318)
(Increase)/Decrease in accounts receivables and deposits	(2,078,253)	8,008,183
Increase in accounts payables and accruals	3,575,036	1,466,083
Decrease in amounts refundable to SWD	(49,574)	(31,406)
	<u>(34,011,704)</u>	<u>(7,570,638)</u>
<b>NET CASH USED IN OPERATING ACTIVITIES</b>		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	2,986,416	3,406,730
Dividends received	18,624,449	21,787,278
Sale of available-for-sale investments	345,385,141	98,060,915
Purchase of available-for-sale investments	(304,084,685)	(73,083,254)
Purchase of property, plant and equipment	(22,000)	(83,757)
Net decrease/(increase) in time deposits of more than 3 months to maturity from date of deposit	6,515,956	(22,473,066)
	<u>69,405,277</u>	<u>27,614,846</u>
<b>NET CASH FROM INVESTING ACTIVITIES</b>		
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	35,393,573	20,044,208
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR</b>	224,059,587	204,015,379
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>	<u>259,453,160</u>	<u>224,059,587</u>
<b>ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS</b>		
Bank and cash balances	276,214,477	247,336,860
Less: Time deposits of more than 3 months to maturity from date of deposit	(16,761,317)	(23,277,273)
	<u>259,453,160</u>	<u>224,059,587</u>

**Non-cash transactions:**

During the year, the Foundation received scrip dividends in lieu of cash dividends of HK\$1,386,136 (2015 - HK\$3,430,500).

# 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

These consolidated 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 consolidated financial statements 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 (together, the "Group") 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 year end date. All exchange differences are dealt with in surplus or deficit.

(e) Impairment losses

At the end of each reporting period, 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 the end of each reporting period 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) 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.

(h) Subsidiary company

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

2. Principal accounting policies (continued)

(i) Financial instruments

To account for financial instruments (financial assets and liabilities), the Group/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.

(j) 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.

(k) 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.

(l) 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.

(m) 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.

(n) 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.

(o) 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 end of reporting period.

2. Principal accounting policies (continued)

(p) 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.

(q) Related parties

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

- (i) A person or a close member of that person's family is related to the Group/the Foundation if that person:
  - (a) is a member of the key management personnel of the Group/the Foundation or of a parent of the Group/the Foundation;
  - (b) has control over the Group/the Foundation; or
  - (c) has joint control or significant influence over the Group/the Foundation or has significant voting power in it.
- (ii) An entity is related to the Group/the Foundation if any of the following conditions applies:
  - (a) the entity and the Group/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 Group/the Foundation or an entity related to the Group/the Foundation. If the Group/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(q)(i).
  - (g) a person identified in Note 2(q)(i)(a) has significant voting power in the entity.
  - (h) a person identified in Note 2(q)(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 Group/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 Group/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 entity.

3. Surplus for the year

Surplus for the year is stated after charging the followings:

	<u>The Group</u>		<u>The Foundation</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</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)	69,300,036	61,505,471	65,755,150	58,434,216
Contributions to defined contribution provident fund	<u>4,541,489</u>	<u>3,921,736</u>	<u>4,317,517</u>	<u>3,750,589</u>
	73,841,525	65,427,207	70,072,667	62,184,805
Depreciation	<u>82,228</u>	<u>56,166</u>	<u>82,228</u>	<u>56,166</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 2015	367,284	334,423	701,707
Additions	<u>23,000</u>	<u>80,000</u>	<u>103,000</u>
At 31st March 2016	<u>390,284</u>	<u>414,423</u>	<u>804,707</u>
Accumulated depreciation			
At 31st March 2015	298,185	243,575	541,760
Charge for the year	<u>26,944</u>	<u>55,284</u>	<u>82,228</u>
At 31st March 2016	<u>325,129</u>	<u>298,859</u>	<u>623,988</u>
Net book value			
At 31st March 2016	<u>65,155</u>	<u>115,564</u>	<u>180,719</u>
At 31st March 2015	<u>69,099</u>	<u>90,848</u>	<u>159,947</u>

In addition to above property, plant and equipment, the Group/the Foundation owns a leasehold land in Hong Kong which is granted by the Government of the HKSAR without consideration. The Group/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>2016</u> HK\$	<u>2015</u> HK\$
Listed equity securities, listed debt securities and fund investments, at market value	<u>715,194,871</u>	<u>818,398,121</u>
Representing:		
Designated Funds	37,743,537	41,327,613
Nethersole Hospital Fund	447,880,508	486,865,841
Special Reserve Fund	<u>229,570,826</u>	<u>290,204,667</u>
	<u>715,194,871</u>	<u>818,398,121</u>

8. Account receivables and deposits

	<u>The Group</u>		<u>The Foundation</u>	
	<u>2016</u> HK\$	<u>2015</u> HK\$	<u>2016</u> HK\$	<u>2015</u> HK\$
Amount due from subsidiary company	-	-	4,506	32,654
Staff loan receivable	-	39,420	-	39,420
Amount due from United Christian Nethersole Care Home (Note 9)	16,613,718	17,600,000	16,613,718	17,600,000
Other receivables and deposits	<u>5,416,529</u>	<u>3,908,581</u>	<u>5,405,485</u>	<u>3,900,080</u>
	<u>22,030,247</u>	<u>21,548,001</u>	<u>22,023,709</u>	<u>21,572,154</u>

9. Amount due from United Christian Nethersole Care Home

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

10. Account payables and accruals

	<u>The Group</u>		<u>The Foundation</u>	
	<u>2016</u> HK\$	<u>2015</u> HK\$	<u>2016</u> HK\$	<u>2015</u> HK\$
Amount due to subsidiary company	-	-	-	5,850
Other payables and accruals	<u>19,562,540</u>	<u>15,972,917</u>	<u>18,807,111</u>	<u>15,145,225</u>
	<u><u>19,562,540</u></u>	<u><u>15,972,917</u></u>	<u><u>18,807,111</u></u>	<u><u>15,151,075</u></u>

11. Additional Resources for Para-medical Staff surpluses

	<u>2016</u> HK\$	<u>2015</u> HK\$
At beginning of the year	1	1
Amount clawed back by SWD	<u>(1)</u>	<u>-</u>
At end of the year	<u><u>-</u></u>	<u><u>1</u></u>

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

12. Alice Ho Miu Ling Nethersole Nursing Home

	<u>2016</u> HK\$	<u>2015</u> HK\$
At beginning of the year	2,866,856	3,861,534
Opening adjustment for generated income under LSG-subservated resources	<u>-</u>	<u>(939,567)</u>
	2,866,856	2,921,967
Deficit after transfer for the year (Note 26)	<u>(191,728)</u>	<u>(55,111)</u>
At end of the year	<u><u>2,675,128</u></u>	<u><u>2,866,856</u></u>

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

13. Block Grant reserve

	<u>2016</u> HK\$	<u>2015</u> HK\$
At beginning of the year	-----37,572-----	-----236-----
Grant received	878,000	689,000
Interest income	8	4
Recognized expenditure		
Minor works projects	(273,848)	(492,800)
Furniture and equipment	(305,284)	(158,868)
Vehicle overhauling	<u>(27,240)</u>	<u>-</u>
Surplus for the year	<u>271,636</u>	<u>37,336</u>
At end of the year	<u>309,208</u>	<u>37,572</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 2016 the outstanding commitments in respect of Furniture and Equipment Replenishment and Minor Works Grant were as follows:

	<u>2016</u> HK\$	<u>2015</u> HK\$
Contracted but not provided	-	-
Authorized but not contracted	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

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

**14. Designated Funds**

	At 31.03.2015 HK\$	Income# HK\$	Expenditure# HK\$	Transfer# (Note 20) HK\$	At 31.03.2016 HK\$
<b>DESIGNATED FOR TRUST</b>					
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>
<b>DESIGNATED FOR HOSPITAL SERVICE DEVELOPMENT</b>					
Chan King Yee Memorial Fund	1,867,476	-	(23,040)	-	1,844,436
Chaplaincy Fund - AHNH	191,040	960,859	(5,488,286)	4,877,692	541,305
Chaplaincy Fund - PYNEH	212,976	1,404,252	(3,987,469)	2,519,590	149,349
Elderly Service Fund	1,045,288	4,334	(411,919)	-	637,703
Departmental Fund	903,402	-	(606,637)	-	296,765
Equipment Fund	82,425	600	(36,599)	-	46,426
Central Administration Office Fund	210,371	3,292,792	(8,769,738)	5,744,582	478,007
Nethersole Institute of Continuing Holistic Health Education Fund	1,001,004	857,420	(4,256,481)	2,860,173	462,116
Nethersole Outreaching Rehabilitation Mission	1,514,666	-	-	-	1,514,666
Special Project Fund	11,188,235	1,692,527	(129,288)	-	12,751,474
	<u>18,216,883</u>	<u>8,212,784</u>	<u>(23,709,457)</u>	<u>16,002,037</u>	<u>18,722,247</u>
<b>DESIGNATED FOR HUMAN RESOURCES DEVELOPMENT</b>					
Anne Ward Scholarship Fund	742,964	6,059	(22,500)	-	726,523
Stephen Chang Memorial Scholarship Fund	281,922	1,925	-	-	283,847
Staff Training Fund	323,230	222,927	(409,076)	300,000	437,081
Staff Welfare Fund	5,887	139,329	(1,776,085)	1,897,367	266,498
Vicky Chau Scholarship Fund	611,197	4,144	-	-	615,341
	<u>1,965,200</u>	<u>374,384</u>	<u>(2,207,661)</u>	<u>2,197,367</u>	<u>2,329,290</u>
<b>DESIGNATED FOR CONTINGENCY RELIEF/HARDSHIP</b>					
Patients' Welfare Fund	<u>81,425</u>	<u>-</u>	<u>(4,000)</u>	<u>-</u>	<u>77,425</u>
<b>DESIGNATED FOR INDEPENDENT SERVICES</b>					
Chen Yuen Lee Chun Memorial Staff Lodge	13,276,225	5,744,058	(3,982,040)	-	15,038,243
Community & Patient Resource Fund - PYNEH	3,968,329	12,910,421	(12,897,603)	-	3,981,147
Volunteer & Community Development Fund - AHNH	2,506,343	6,281,449	(6,098,217)	-	2,689,575
	<u>19,750,897</u>	<u>24,935,928</u>	<u>(22,977,860)</u>	<u>-</u>	<u>21,708,965</u>
	<u>44,014,405</u>	<u>33,523,096</u>	<u>(48,898,978)</u>	<u>18,199,404</u>	<u>46,837,927</u>

The Funds were set up for various designated purposes.

# The aggregate of income, expenditure and transfer represents net transfer of HK\$2,823,522 from income and expenditure account.

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

14. Designated Funds (continued)

	At 31.03.2014 HK\$	Opening adjustment for overpaid salary and provident fund HK\$	Income# HK\$	Expenditure# HK\$	Transfer# (Note 20) HK\$	At 31.03.2015 HK\$
<b>DESIGNATED FOR TRUST</b>						
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>
<b>DESIGNATED FOR HOSPITAL SERVICE DEVELOPMENT</b>						
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	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>
<b>DESIGNATED FOR HUMAN RESOURCES DEVELOPMENT</b>						
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>-</u>	<u>366,544</u>	<u>(1,716,683)</u>	<u>1,527,429</u>	<u>1,965,200</u>
<b>DESIGNATED FOR CONTINGENCY RELIEF/HARDSHIP</b>						
Patients' Welfare Fund	95,625	-	-	(14,200)	-	81,425
<b>DESIGNATED FOR INDEPENDENT SERVICES</b>						
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>-</u>	<u>24,919,078</u>	<u>(22,789,548)</u>	<u>-</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.

15. Investment revaluation reserve

	<u>2016</u> HK\$	<u>2015</u> HK\$
At beginning of the year	268,062,427	192,903,286
Amount released on disposal of available-for-sale investments	(95,129,895)	(15,107,564)
Change in fair value of available-for-sale investments	<u>(58,611,837)</u>	<u>90,266,705</u>
At end of the year	<u><u>114,320,695</u></u>	<u><u>268,062,427</u></u>
Representing:		
Designated Funds	18,683,402	23,042,315
Nethersole Hospital Fund	56,409,785	122,883,181
Special Reserve Fund	<u>39,227,508</u>	<u>122,136,931</u>
	<u><u>114,320,695</u></u>	<u><u>268,062,427</u></u>

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

16. Lump Sum Grant reserve

	<u>2016</u> HK\$	<u>2015</u> HK\$
At beginning of the year	42,378,283	36,705,407
Opening adjustment for overpaid salary	-	24,543
Opening adjustment for generated income under LSG-subservent resources	<u>-</u>	<u>939,567</u>
	<u><u>42,378,283</u></u>	<u><u>37,669,517</u></u>
Income	69,144,222	65,923,015
Amount clawed back by SWD	(476,708)	-
Expenditure	<u>(66,598,081)</u>	<u>(59,919,827)</u>
Surplus for the year	2,069,433	6,003,188
Provident fund surplus transferred to Provident Fund reserve (Note 18)	<u>(518,679)</u>	<u>(1,294,422)</u>
	<u><u>1,550,754</u></u>	<u><u>4,708,766</u></u>
At end of the year	<u><u>43,929,037</u></u>	<u><u>42,378,283</u></u>

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

16. Lump Sum Grant reserve (continued)

Reconciliation of figures presented in Annual Financial Report for SWD:

	<u>Per Financial Statements</u> HK\$	<u>Reclassification of Provident Fund surplus claw back</u> HK\$	<u>Per Annual Financial Report</u> HK\$
Total Income	69,144,222		69,144,222
Amount clawed back by SWD	(476,708)	476,708	-
Total Expenditure	<u>(66,598,081)</u>		<u>(66,598,081)</u>
Surplus for the year	2,069,433		2,546,141
<u>Less:</u> Surplus of Provident Fund	<u>(518,679)</u>	(476,708)	<u>(995,387)</u>
	1,550,754		1,550,754
Surplus at beginning of the year	<u>42,378,283</u>		<u>42,378,283</u>
Surplus at end of the year	<u><u>43,929,037</u></u>		<u><u>43,929,037</u></u>

17. Nethersole Hospital Fund

	2016 HK\$	2015 HK\$
At beginning of the year	<u>486,155,138</u>	<u>466,512,605</u>
Dividend and interest received	13,137,793	16,527,342
Gain on disposal of available-for-sale investments	26,704,023	5,481,755
(Loss)/Gain on foreign exchange	(2,111,235)	73,078
Expenditure	<u>(12,083,875)</u>	<u>(2,439,642)</u>
Surplus for the year	<u>25,646,706</u>	<u>19,642,533</u>
At end of the year	<u><u>511,801,844</u></u>	<u><u>486,155,138</u></u>

The Fund were set up for general purposes.

18. Provident Fund reserve

	<u>2016</u> HK\$	<u>2015</u> HK\$
At beginning of the year	8,167,871	6,872,222
Opening adjustment for overpaid provident fund	<u>-</u>	<u>1,227</u>
	8,167,871	6,873,449
Provident fund surplus for the year (Note 16)	<u>518,679</u>	<u>1,294,422</u>
At end of the year	<u><u>8,686,550</u></u>	<u><u>8,167,871</u></u>

The reserve represents the accumulated surpluses of Provident Fund 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>Reclassification</u> <u>of Provident</u> <u>Fund surplus</u> <u>claw back</u> HK\$	<u>Per Annual</u> <u>Financial</u> <u>Report</u> HK\$
Provident fund surplus for the year	518,679	476,708	995,387
Surplus at beginning of the year	8,167,871		8,167,871
Refund to Government	<u>-</u>	(476,708)	<u>(476,708)</u>
Surplus at end of the year	<u><u>8,686,550</u></u>		<u><u>8,686,550</u></u>

19. Social Welfare Development Fund surpluses

	<u>2016</u> HK\$	<u>2015</u> HK\$
At beginning of the year	<u>96,638</u>	<u>45,599</u>
Grant received	302,935	446,035
Interest income	6	4
Expenditure	<u>(258,236)</u>	<u>(395,000)</u>
Surplus for the year	<u><u>44,705</u></u>	<u><u>51,039</u></u>
At end of the year	<u><u>141,343</u></u>	<u><u>96,638</u></u>

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



20. Special Reserve Fund

	<u>2016</u> HK\$	<u>2015</u> HK\$
At beginning of the year	<u>221,306,876</u>	<u>224,280,648</u>
Dividend and interest received	5,884,185	10,330,104
Gain on disposal of available-for-sale investments	63,748,779	8,487,747
(Loss)/Gain on foreign exchange	(992,685)	11,965
Expenditure	(4,744,948)	(6,229,037)
Amount transferred to Designated Funds (Note 14)	<u>(18,199,404)</u>	<u>(15,574,551)</u>
Surplus/(Deficit) for the year	<u>45,695,927</u>	<u>(2,973,772)</u>
At end of the year	<u>267,002,803</u>	<u>221,306,876</u>

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

21. Income and expenditure account

	<u>The Group</u>		<u>The Foundation</u>	
	<u>2016</u> HK\$	<u>2015</u> HK\$	<u>2016</u> HK\$	<u>2015</u> HK\$
Surplus for the year	76,360,201	31,846,453	76,360,200	29,014,847
Transfer from/(to):				
Additional Resources for Para-medical Staff surpluses (Note 11)	1	-	1	-
Alice Ho Miu Ling Nethersole Nursing Home (Note 12)	191,728	55,111	191,728	55,111
Block Grant reserve (Note 13)	(271,636)	(37,336)	(271,636)	(37,336)
Designated Funds (Note 14)	(2,823,522)	(6,309,634)	(2,823,522)	(6,309,634)
Lump Sum Grant reserve (Note 16)	(1,550,754)	(4,708,766)	(1,550,754)	(4,708,766)
Nethersole Hospital Fund (Note 17)	(25,646,706)	(19,642,533)	(25,646,706)	(19,642,533)
Provident Fund reserve (Note 18)	(518,679)	(1,294,422)	(518,679)	(1,294,422)
Social Welfare Development Fund surpluses (Note 19)	(44,705)	(51,039)	(44,705)	(51,039)
Special Reserve Fund (Note 20)	<u>(45,695,927)</u>	<u>2,973,772</u>	<u>(45,695,927)</u>	<u>2,973,772</u>
Deficit brought forward	1 <u>(4,190)</u>	2,831,606 <u>(2,835,796)</u>	- <u>-</u>	- <u>-</u>
Deficit carried forward	<u>(4,189)</u>	<u>(4,190)</u>	<u>-</u>	<u>-</u>

22. Categories of financial assets and liabilities

<u>The Group</u>	<u>2016</u> HK\$	<u>2015</u> HK\$
<u>Financial assets</u>		
Non-current assets - at fair value		
Available-for-sale investments	715,194,871	818,398,121
Current assets - at amortized cost		
Accounts receivables and deposits (excluding prepayments)	21,981,710	21,514,047
Bank and cash balances	<u>276,959,179</u>	<u>248,178,665</u>
	<u>1,014,135,760</u>	<u>1,088,090,833</u>
<u>Financial liabilities</u>		
Current liabilities - at amortized cost		
Accounts payables and accruals (excluding receipt in advance and provision for annual leave entitlement)	17,607,687	14,348,329
Amounts refundable to SWD	<u>-</u>	<u>49,574</u>
	<u>17,607,687</u>	<u>14,397,903</u>
<u>The Foundation</u>	<u>2016</u> HK\$	<u>2015</u> HK\$
<u>Financial assets</u>		
Non-current assets - at fair value		
Available-for-sale investments	715,194,871	818,398,121
Current assets - at amortized cost		
Accounts receivables and deposits (excluding prepayments)	21,975,172	21,538,200
Bank and cash balances	<u>276,214,477</u>	<u>247,336,860</u>
	<u>1,013,384,520</u>	<u>1,087,273,181</u>
<u>Financial liabilities</u>		
Current liabilities - at amortized cost		
Accounts payables and accruals (excluding receipt in advance and provision for annual leave entitlement)	17,000,456	13,615,606
Amounts refundable to SWD	<u>-</u>	<u>49,574</u>
	<u>17,000,456</u>	<u>13,665,180</u>

23. 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 end of reporting period, by the financial institutions which provide investment agency services to the Group/the Foundation.

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

	<u>The Group/The Foundation</u>	
	<u>2016</u>	<u>2015</u>
	HK\$	HK\$
Contracted but not provided	-	-
Authorized but not contracted	<u>5,088,664</u>	<u>6,040,900</u>
	<u><u>5,088,664</u></u>	<u><u>6,040,900</u></u>

25. 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 consolidated financial statements (2015 - Same).

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

	<u>2016</u>	<u>2015</u>
	HK\$	HK\$
Donation to subsidiary company	<u><u>4,026,353</u></u>	<u><u>6,073,751</u></u>

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

	2016										2015									
	SWD					Lotteries Fund					SWD					Lotteries Fund				
	Lump Sum Grant	Rent and Rates	Keep Clean 2015 @ Hong Kong: Our Home	Block Grant	Renovation Work	Additional Resources for Para-medical Staff	Upgrading Hospital Beds	Social Welfare Development Fund	Non-subserviced services	Total	Lump Sum Grant	Rent and Rates	Block Grant	Renovation Work	Social Welfare Development Fund	Non-subserviced services	Total			
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$			
INCOME																				
Subventions	60,250,808	649,000	16,000	878,000	107,406	-	2,834,000	302,935	-	65,038,149	57,411,940	621,000	689,000	375,855	446,035	-	59,543,830			
Less Amounts clawed back by SWD	(476,708)	-	-	-	-	(1)	-	-	-	(476,708)	57,411,940	621,000	689,000	375,855	446,035	-	59,543,830			
Bank interest income	231,880	-	16,000	878,000	107,406	(1)	2,834,000	302,935	4	231,898	193,072	-	-	-	4	-	193,084			
Donation	43,000	-	-	8	-	-	-	6	20,927	63,927	60,700	-	4	-	-	45,269	105,969			
Fee income	5,511,942	-	-	-	-	-	-	-	-	5,511,942	5,561,268	-	-	-	-	-	5,561,268			
Program income	28,300	-	-	-	-	-	-	-	-	28,300	23,290	-	-	-	-	-	23,290			
Purchasing service income	2,758,015	-	-	-	-	-	-	-	-	2,758,015	2,451,828	-	-	-	-	-	2,451,828			
Other income	320,277	-	-	-	-	-	-	-	-	320,277	220,917	-	-	-	-	7,600	228,517			
	68,667,514	649,000	16,000	878,008	107,406	(1)	2,834,000	302,941	20,931	73,475,799	65,923,015	621,000	689,004	375,855	446,039	52,873	68,107,786			
EXPENDITURE																				
Advertising for recruitment	56,160	-	-	-	-	-	-	-	-	56,160	39,459	-	-	-	-	-	39,459			
Audit fee	41,000	-	-	-	-	-	-	-	-	41,000	39,300	-	-	-	-	-	39,300			
Bank charges	17,435	-	-	-	-	-	-	-	5,845	23,280	7,249	-	-	-	-	3,608	10,857			
Bedding and linen	19,498	-	-	19,300	-	-	-	-	-	38,798	84,438	-	-	-	-	-	84,438			
Central administration fee	611,460	-	-	-	-	-	-	-	-	611,460	560,668	-	-	-	-	-	560,668			
Cleaning materials and cleaning charges	138,205	-	2,706	-	-	-	-	-	-	140,911	121,870	-	-	-	-	-	121,870			
Cooking utensils	3,123	-	-	-	-	-	-	-	-	3,123	930	-	-	-	-	-	930			
Electrical appliance	86,560	-	-	91,385	-	-	-	-	-	177,945	421,961	-	-	-	-	-	421,961			
Electricity	3,126,062	-	-	-	-	-	-	-	-	3,126,062	3,184,808	-	-	-	-	-	3,184,808			
Food for residents	2,226,794	-	-	5,700	-	-	-	-	-	2,226,794	2,194,760	-	-	-	-	-	2,194,760			
Furniture	141,970	-	-	-	-	-	-	-	-	147,670	123,245	-	-	-	-	-	123,245			
Gas and fuel	250,675	-	-	-	-	-	-	-	-	250,675	251,963	-	-	-	-	-	251,963			
Holistic Care Service	297,283	-	-	-	-	-	-	-	-	297,283	325,662	-	-	-	-	-	325,662			
Household utilities	284,191	-	-	9,504	-	-	-	-	-	293,695	307,024	-	44,203	-	-	-	351,227			
Insurance	440,398	-	-	-	-	-	-	-	-	440,398	365,639	-	-	-	-	-	365,639			
Medical equipment	1,146,951	-	-	55,362	-	-	-	-	-	1,202,313	472,347	-	92,245	-	-	-	564,792			
Medical expense for residents	388,717	-	2,342	77,903	-	-	-	-	-	468,962	400,066	-	-	-	-	-	400,066			
Membership fee	1,000	-	-	-	-	-	-	-	-	1,000	53,044	-	-	-	-	-	53,044			
Miscellaneous	28,844	-	-	-	-	-	-	-	-	28,844	7,592	-	-	-	-	-	7,592			
Newspaper and periodicals	8,208	-	-	-	-	-	-	-	-	8,208	900	-	-	-	-	-	900			
Nursing home license	900	-	-	-	-	-	-	-	-	900	19,500	-	22,420	-	-	-	41,920			
Occupational equipment	117	-	-	-	-	-	-	-	-	117	172,039	-	-	-	-	-	172,039			
Office equipment	66,593	-	-	46,130	-	-	-	-	-	66,593	6,299	-	-	-	-	-	6,299			
Other travelling	5,980	-	-	-	-	-	-	-	-	5,980	65,150	-	-	-	-	-	65,150			
Physical equipment	8,130	-	-	-	-	-	-	-	-	8,130	1,850	-	-	-	-	-	1,850			
Postage	1,633	-	-	-	-	-	-	-	-	1,633	4,273	-	-	-	-	-	4,273			
Pre-employment medical examination	11,545	-	-	-	-	-	-	-	-	11,545	119,083	-	-	-	-	-	119,083			
Printing and stationery	107,372	-	-	-	-	-	-	-	-	107,372	36,512	-	-	-	-	-	36,512			
Program expenses	52,499	-	-	-	-	-	-	-	-	52,499	2,565,989	-	-	-	-	-	2,565,989			
Provident fund	3,045,474	-	-	-	-	-	-	-	-	3,045,474	621,000	-	-	-	-	-	621,000			
Rates	649,000	-	-	-	-	-	-	-	-	649,000	5,186,943	-	492,800	375,855	-	-	6,085,598			
Repair and maintenance	5,468,771	-	-	301,088	107,406	-	2,834,000	-	-	8,711,265	2,320,336	-	-	-	-	-	2,320,336			
Resident daily necessities	2,669,924	-	-	-	-	-	-	-	-	2,669,924	40,210,753	-	-	-	-	-	40,210,753			
Salaries	45,588,789	-	10,952	-	-	-	-	-	198,814	45,798,555	192,400	-	-	-	-	104,376	40,315,129			
Security guard services	210,800	-	-	-	-	-	-	-	-	210,800	13,578	-	-	-	-	-	192,400			
Staff training	-	-	-	-	-	-	-	258,236	-	258,236	39,248	-	-	-	-	-	408,578			
Staff welfare	-	-	-	-	-	-	-	-	8,000	8,000	39,248	-	-	-	-	-	-			
Telephone and intercom system	42,271	-	-	-	-	-	-	-	-	42,271	2,749	-	-	-	-	-	39,248			
Vehicle license	2,749	-	-	-	-	-	-	-	-	2,749	-	-	-	-	-	-	-			
	(66,598,081)	(649,000)	(16,000)	(606,372)	(107,406)	-	(2,834,000)	(258,236)	(212,659)	(71,281,754)	(59,919,827)	(621,000)	(651,668)	(375,855)	(395,000)	(107,984)	(62,071,334)			
Surplus/(Deficit) before transfer	2,069,433	-	-	271,636	-	(1)	-	44,705	(191,728)	2,194,045	6,003,188	-	37,336	-	51,039	(55,111)	6,036,452			
Transfer to:																				
Additional Resources for Para-medical Staff surpluses (Note 11)	-	-	-	-	-	1	-	-	-	-	-	-	-	-	-	-	-			
Block Grant reserve (Note 13)	-	-	-	(271,636)	-	-	-	-	-	(271,636)	-	-	(37,336)	-	-	-	(37,336)			
Lump Sum Grant reserve (Note 16)	(2,069,433)	-	-	-	-	-	-	-	-	(2,069,433)	(6,003,188)	-	-	-	-	-	(6,003,188)			
Social Welfare Development Fund surpluses (Note 19)	-	-	-	-	-	-	-	(44,705)	-	(44,705)	-	-	-	-	(51,039)	-	(51,039)			
Deficit after transfer for the year	-	-	-	-	-	-	-	-	(191,728)	(191,728)	-	-	-	-	-	(55,111)	(55,111)			