

**AIDS CONCERN FOUNDATION LIMITED**

**REPORTS AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
MARCH 31, 2012**



**何祐康會計師事務所  
ALFRED HO & CO.  
Certified Public Accountants**

**AIDS CONCERN FOUNDATION LIMITED**

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2012**

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## **AIDS CONCERN FOUNDATION LIMITED**

### **REPORT OF THE DIRECTORS**

The directors have pleasure in submitting their report and the audited financial statements for the year ended March 31, 2012.

### **PRINCIPAL ACTIVITIES**

The principal activities of the Foundation are to prevent the further spread of HIV/AIDS in Hong Kong, and to provide emotional and practical support to persons living with HIV/AIDS.

The on-going programmes of the Foundation fall into three key programme areas: PLHIV Support and Care Service and Community Empowerment, Prevention Programmes Targeting Communities Vulnerable to HIV/AIDS and Anti-Stigma Programme targeting the General Public. PLHIV Support and Care Service include the Ride Concern Transport Service for those infected with HIV, and a testing service hotline for the general public. There are three ongoing outreach Prevention Programmes targeting men who have sex with men, customers and staff in the local and China sex industry, and at-risk youth. Anti-stigma targets the general public in HIV/AIDS education and reduce stigma attached to the disease.

All ongoing services strive to adhere to the GIPA principle (Greater Involvement of People living with HIV/AIDS and Affected communities).

### **RESULTS AND APPROPRIATIONS**

The state of affairs of the Foundation as at March 31, 2012, and of its results for the year then ended are set out in the financial statements on pages 4 to 11.

### **PROPERTY, PLANT AND EQUIPMENT**

Details of the movement in property, plant and equipment is shown in note 4 to the financial statements.

### **DIRECTORS**

The directors of the Foundation during the year and up to the date of this report were:

CHAN Kui Pang  
HANSEN Tracy Anne  
HO Po Ying Amy  
LAIDLER Karen Ann Joe  
LAM Kwong Shu  
LAM Wai Ip Stephen  
LAU Tak Fai Joseph  
MORLEY Christopher Neil  
NG Pak Nam Bennie  
NG Suk Yin Virginia  
YEUNG Kam Ming  
WELFORD Richard John (Appointed on September 3, 2011)  
DALLAGHAN John Robert (Resigned on September 3, 2011)

In accordance with Article 31 of the Foundation's article of association, all directors retire and, being eligible, offer themselves for re-election.

The Foundation did not enter into any contract, other than the contracts of service with the directors or any person engaged in the full-time employment of the Foundation, whereby any individual, firm or body corporate undertakes the management and administration of the whole, or any substantial part of any business of the Foundation.

## **ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES**

At no time during the year was the Foundation a party to any arrangements to enable the directors of the Foundation to acquire benefits by means of the acquisition of shares in, or debentures of, the Foundation or any other body corporate.

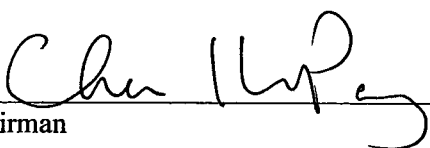
## **DIRECTORS' INTEREST IN CONTRACT OF SIGNIFICANCE**

No contract of significance to which the Foundation was a party and in which a director of the Foundation had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

## **AUDITORS**

The financial statements have been audited by Alfred Ho & Co. who retire and, being eligible, offer themselves for re-appointment.

For and on behalf of the Board

  
Chairman

Hong Kong, June 11, 2012



何祐康: 香港會計師公會及稅務學會資深會員  
加拿大特許會計師

Alfred Ho: Fellow of HKICPA & TIHK  
Canadian CA

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**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF  
AIDS CONCERN FOUNDATION LIMITED**  
(Incorporated in Hong Kong with liability limited by guarantee)

We have audited the financial statements of AIDS Concern Foundation Limited (the "Foundation") set out on pages 4 to 11, which comprise the statement of financial position as at March 31, 2012, and the statement of income and accumulated surplus, and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Directors' responsibility for the financial statements**

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with the Hong Kong Financial Reporting Standard for Private Entities issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of 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 financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with section 141 of the Companies Ordinance, 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 directors, as well as evaluating the overall presentation of the 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 financial statements give a true and fair view of the state of the Foundation's affairs as at March 31, 2012, and of its deficit and cash flows for the year then ended in accordance with the Hong Kong Financial Reporting Standard for Private Entities and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

Alfred Ho & Co.  
Certified Public Accountants

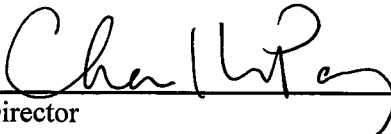
Hong Kong, June 11, 2012


**AIDS CONCERN FOUNDATION LIMITED**

**STATEMENT OF FINANCIAL POSITION  
AS AT MARCH 31, 2012**

	Notes	2012 HK\$	2011 HK\$
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	4	<u>180,578</u>	<u>194,169</u>
<b>CURRENT ASSETS</b>			
Accounts receivable		175,549	104,097
Utility deposits & prepayments		188,367	197,399
Short-term investment (bank time deposit)		-	3,200,000
Cash in banks and on hand		9,228,240	9,057,097
		<u>9,592,156</u>	<u>12,558,593</u>
<b>CURRENT LIABILITIES</b>			
Surplus repayable		988,016	756,029
Accrued expenses		637,505	1,466,868
Receipts in advance		397,142	1,684,421
		<u>2,022,663</u>	<u>3,907,318</u>
<b>NET CURRENT ASSETS</b>		<u>7,569,493</u>	<u>8,651,275</u>
<b>NET ASSETS</b>		<u>7,750,071</u>	<u>8,845,444</u>
<b>REPRESENTING:</b>			
<b>ACCUMULATED SURPLUS</b>		7,684,071	8,768,444
<b>FIXED ASSET FUND</b>	5	<u>66,000</u>	<u>77,000</u>
		<u>7,750,071</u>	<u>8,845,444</u>

Approved by the Board of Directors on June 11, 2012,

  
Director

  
Director

**AIDS CONCERN FOUNDATION LIMITED**

**STATEMENT OF INCOME AND ACCUMULATED SURPLUS  
FOR THE YEAR ENDED MARCH 31, 2012**

	Notes	2012 HK\$	2011 HK\$
<b>INCOME</b>			
Grant income		2,679,015	3,195,001
Fundraising events & activities		721,156	798,188
DDC income		6,306,485	6,124,694
General donation income		163,315	212,736
Other income		175,554	149,499
<b>Total Income</b>		<u>10,045,525</u>	<u>10,480,118</u>
<b>EXPENDITURES</b>			
<b>Operational Expenses</b>			
Grant expenditures		2,679,015	3,195,001
Fundraising events & activities		302,454	263,775
DDC expenses		2,140,249	1,565,773
Other programme expenditures		2,861,421	2,297,668
Advertising, printing & stationeries		127,714	83,111
Other expenses		11,166	12,800
		<u>8,122,019</u>	<u>7,418,128</u>
<b>Staff Costs</b>			
Salaries & allowances - General administrative staff		2,376,073	2,156,405
MPF contributions - General administrative staff		96,416	83,669
		<u>2,472,489</u>	<u>2,240,074</u>
<b>Overhead Expenses</b>		<u>535,390</u>	<u>547,467</u>
<b>Total Expenditures</b>		<u>11,129,898</u>	<u>10,205,669</u>
<b>Net (deficit) / surplus for the year</b>	6	(1,084,373)	274,449
<b>Accumulated surplus at start of year</b>		<u>8,768,444</u>	<u>8,493,995</u>
<b>Accumulated surplus at end of year</b>		<u>7,684,071</u>	<u>8,768,444</u>

**AIDS CONCERN FOUNDATION LIMITED**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED MARCH 31, 2012**

	Notes	2012 HK\$	2011 HK\$
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Net (deficit) / surplus for the year		(1,084,373)	274,449
Adjustment for:			
- Depreciation	4	57,846	62,906
- Loss on disposal of property, plant and equipment	6	673	-
- Amortisation	5	(11,000)	(11,000)
- Interest income	6	(94,002)	(54,060)
Operating (deficit) / surplus before changes in working capital		<u>(1,130,856)</u>	<u>272,295</u>
Changes in working capital			
- (Increase) / Decrease in accounts receivable		(71,452)	94,207
- Increase / (Decrease) in utility deposits & prepayments		9,032	(91,197)
- (Decrease) / Increase in accrued expenses		(829,363)	398,117
Net cash (outflow) / inflow from operating activities		<u>(2,022,639)</u>	<u>673,422</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment	4	(44,928)	(127,982)
Decrease / (Increase) in short-term investment		3,200,000	(3,200,000)
Interest received	6	94,002	54,060
Net cash inflow / (outflow) from investing activities		<u>3,249,074</u>	<u>(3,273,922)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Increase in surplus repayable		231,987	755,958
(Decrease) / Increase in receipts in advance		(1,287,279)	1,004,440
Net cash (outflow) / inflow from financing activities		<u>(1,055,292)</u>	<u>1,760,398</u>
<b>NET CASH INFLOW / (OUTFLOW)</b>		<b>171,143</b>	<b>(840,102)</b>
<b>CASH AND CASH EQUIVALENTS</b>			
At beginning of year		9,057,097	9,897,199
At end of year		<u>9,228,240</u>	<u>9,057,097</u>
<b>CASH AND CASH EQUIVALENTS CONSIST OF:</b>			
Cash in banks and on hand		<u>9,228,240</u>	<u>9,057,097</u>



## **AIDS CONCERN FOUNDATION LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

#### **1. GENERAL INFORMATION**

AIDS Concern Foundation Limited (the "Foundation"), a company limited by guarantee, is a registered charitable institution engaged in activities to prevent the further spread of HIV/AIDS in Hong Kong, and to provide emotional and practical support to persons living with HIV/AIDS. The income and property of the Foundation, wheresoever derived, is applied solely towards the promotion of the objects set out in the Foundation's memorandum of association. The Foundation's funds are not distributable to its members. Every member of the Foundation undertakes to contribute, if required, an amount not exceeding ten dollars to the assets of the Foundation in the event of its being wound up.

The registered office of the Foundation is located at 17B, Block F, Doctor Residence, Eastern Hospital, 3 Lok Man Road, Chai Wan, Hong Kong.

#### **2. BASIS OF PREPARATION AND ACCOUNTING POLICIES**

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standard for Private Entities ("HKFRS for Private Entities") issued by the Hong Kong Institute of Certified Public Accountants and the requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, as modified by the revaluation of investment property at fair value.

These financial statements are presented in Hong Kong Dollars which is the Foundation's functional and presentational currency.

##### **(a) Property, plant and equipment**

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any. The cost of such items of property, plant and equipment comprises the following:

- the purchase price, including legal and brokerage fees, import duties and non-refundable purchase taxes, after deducting trade discounts and rebates;
- any costs directly attributable to bringing the asset to the location and condition necessary for them to be capable of operating in the manner intended by management;
- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

Depreciation is charged so as to allocate the cost of assets less their residual values over their estimated useful lives, using the reducing balance method. The following annual rates are used for the depreciation of property, plant and equipment:

Office equipment	25%
Furniture & fixtures	20%
Motor car	30%

## AIDS CONCERN FOUNDATION LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

#### (a) Property, plant and equipment (Cont'd)

If there is an indication that there has been a significant change in depreciation rate, useful life or residual value of an asset, the depreciation of that asset is revised prospectively to reflect the new expectations.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

#### (b) Impairment of non-financial assets

At each reporting 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 loss is recognized immediately in the statement of income and accumulated surplus.

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, but not in excess of the amount that would have been determined had no impairment loss been recognized for the asset (group of related assets) in prior years. A reversal of an impairment loss is recognized immediately in the statement of income and accumulated surplus.

#### (c) Account receivables

Account receivables are recognized initially at the transaction amount. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of account receivables is made when the receivables have been outstanding for more than 6 months.

#### (d) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, demand deposits and other short-term highly liquid investments with original maturities of three months or less. Bank overdraft is shown within borrowings in current liabilities on the statement of financial position.

#### (e) Revenue recognition

Revenue is recognized when the income can be measured reliably and when it is probable that the economic benefits associated with the transaction will flow to the Foundation as follows:

- i) Donations for financing of specific activities are recognized when they are spent, with the unspent balances recognized upon the completion of these activities. The above unspent balances are recorded as receipts in advance on the statement of financial position.
- ii) Donation for fixed asset fund is recognized over 10 years on a straight line method.
- iii) Other donations are recognized on a cash basis.
- iv) Interest income is recognized on a time proportionate basis, taking into account the principle amounts outstanding and the interest rates applicable.
- v) Other income is recognized mainly on cash basis.

## **AIDS CONCERN FOUNDATION LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

#### **(f) Employee benefits obligations**

Salaries, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

#### **(g) Leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the Foundation. All other leases are classified as operating leases.

Rights to assets held under finance leases are recognized as assets of the Foundation at the fair value of the leased property (or, if lower, the present value of minimum lease payments) at the inception of the lease. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are deducted in measuring surplus or deficit. Assets held under finance leases are included in property, plant and equipment, and depreciated and assessed for impairment losses in the same way as owned assets.

Rentals payable under operating leases are charged to statement of income and accumulated surplus on a straight-line basis over the term of the relevant lease.

### **3. KEY SOURCE OF ESTIMATION UNCERTAINTY**

The Foundation's management makes assumptions, estimates and judgements in the process of applying the Foundation's accounting policies that affect the assets, liabilities, income and expenses in the financial statements prepared in accordance with HKFRS for Private Entities. The assumptions, estimates and judgements are based on historical experience and other factors that are believed to be reasonable under the circumstances. While the management reviews their judgements, estimates and assumptions continuously, the actual results will seldom equal to the estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

**AIDS CONCERN FOUNDATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**4. PROPERTY, PLANT AND EQUIPMENT**

	Office equipment HK\$	Furniture & fixtures HK\$	Motor car HK\$	Total HK\$
<u>Cost</u>				
At March 31, 2011	182,236	95,545	129,800	407,581
Additions	37,900	7,028	-	44,928
Disposal	(3,180)	-	-	(3,180)
At March 31, 2012	<u>216,956</u>	<u>102,573</u>	<u>129,800</u>	<u>449,329</u>
<u>Accumulated depreciation</u>				
At March 31, 2011	105,281	22,852	85,279	213,412
Charge for the year	28,546	15,944	13,356	57,846
Written back on disposal	(2,507)	-	-	(2,507)
At March 31, 2012	<u>131,320</u>	<u>38,796</u>	<u>98,635</u>	<u>268,751</u>
<u>Net carrying amount</u>				
At March 31, 2012	<u>85,636</u>	<u>63,777</u>	<u>31,165</u>	<u>180,578</u>
At March 31, 2011	<u>76,955</u>	<u>72,693</u>	<u>44,521</u>	<u>194,169</u>

**5. FIXED ASSET FUND**

	2012 HK\$	2011 HK\$
Balance b/f	77,000	88,000
Donation received	-	-
Recognition as income	(11,000)	(11,000)
Balance c/f	<u>66,000</u>	<u>77,000</u>

**6. NET (DEFICIT) / SURPLUS FOR THE YEAR**

Net (deficit) / surplus for the year is stated after crediting and charging the following:

	2012 HK\$	2011 HK\$
<u>Crediting</u>		
Interest income	<u>94,002</u>	<u>54,060</u>
<u>Charging</u>		
Auditors' remuneration	6,700	6,300
Depreciation & amortisation	57,846	62,906
Loss on disposal of property, plant and equipment	673	-
Operating lease - Property rental	246,708	162,169
Salaries & allowance		
Salaries & benefits	6,136,381	5,683,136
MPF contributions	<u>274,227</u>	<u>248,423</u>

**AIDS CONCERN FOUNDATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**7. DIRECTORS' EMOLUMENTS**

During the year, no amounts have been paid or are payable in respect of directors' emoluments, directors or past directors' pensions or for any compensation to directors or past directors in respect of loss of office (2011: Nil).

**8. TAXATION**

The Foundation being a registered charitable institution is exempted from Hong Kong profits tax by virtue of Section 88 of the Hong Kong Inland Revenue Ordinance.

**9. COMMITMENTS**

At March 31, 2012, the total future minimum lease payments under non-cancelable operating leases for each of the following periods were:

	2012 HK\$	2011 HK\$
Land & building		
- Not later than one year	164,472	246,708
- Later than one year and not later than five years	-	164,472
- Later than five years	-	-
	<u>164,472</u>	<u>411,180</u>