

AIDS CONCERN FOUNDATION LIMITED

**REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
MARCH 31, 2013**



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

AIDS CONCERN FOUNDATION LIMITED

**REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2013**

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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, 2013.

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 in the local 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, 2013, 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:

HANSEN Tracy Anne	
LAM Kwong Shu	
LAU Tak Fai Joseph	
MORLEY Christopher Neil	
WELFORD Richard John	
YEUNG Kam Ming	
CHEN Zhiwei	(Appointed on March 19, 2013)
FUNG Ka Mee Catherine	(Appointed on March 19, 2013)
SUEN Yiu Tung	(Appointed on May 14, 2013)
CHAN Kui Pang	(Resigned on September 2, 2012)
HO Po Ying Amy	(Resigned on September 2, 2012)
LAILER Karen Ann Joe	(Resigned on September 2, 2012)
LAM Wai Ip Stephen	(Resigned on September 2, 2012)
NG Pak Nam Bennie	(Resigned on September 2, 2012)
NG Suk Yin Virginia	(Resigned on April 22, 2013)

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.

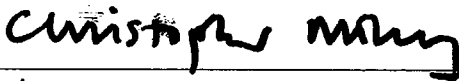
DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

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, July 9, 2013



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

香港九龍彌敦道 555 號
九龍行 13 樓 1303 室

Alfred Ho: Fellow of HKICPA & TIHK
Canadian CA, CPA

Room 1303, 13/F., Kowloon Building
555 Nathan Road, Kowloon, Hong Kong

Telephone 電話: 2851 7500 Fax 傳真: 2851 7677 Mobile 手提: 9281 4288 E-Mail 電郵: admin@alfredhocpa.com

**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, 2013, 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, 2013, and of its surplus 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

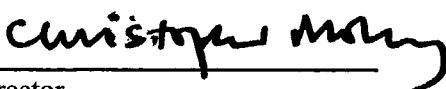
Hong Kong, July 9, 2013

AIDS CONCERN FOUNDATION LIMITED

**STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2013**

	Notes	2013 HK\$	2012 HK\$
NON-CURRENT ASSETS			
Property, plant and equipment	4	<u>172,523</u>	<u>180,578</u>
CURRENT ASSETS			
Accounts receivable		233,806	175,549
Utility deposits & prepayments		193,800	188,367
Short-term investment (bank time deposit)		5,000,000	-
Cash in banks and on hand		4,393,462	9,228,240
		<u>9,821,068</u>	<u>9,592,156</u>
CURRENT LIABILITIES			
Surplus repayable		1,232,352	988,016
Accrued expenses		852,029	637,505
Receipts in advance		102,587	397,142
		<u>2,186,968</u>	<u>2,022,663</u>
NET CURRENT ASSETS		<u>7,634,100</u>	<u>7,569,493</u>
NET ASSETS		<u>7,806,623</u>	<u>7,750,071</u>
REPRESENTING:			
ACCUMULATED SURPLUS		7,751,623	7,684,071
FIXED ASSET FUND	5	<u>55,000</u>	<u>66,000</u>
		<u>7,806,623</u>	<u>7,750,071</u>

Approved by the Board of Directors on July 9, 2013,



Director



Director

AIDS CONCERN FOUNDATION LIMITED

**STATEMENT OF INCOME AND ACCUMULATED SURPLUS
FOR THE YEAR ENDED MARCH 31, 2013**

	Notes	2013 HK\$	2012 HK\$
INCOME			
Grant income		5,034,749	2,679,015
Fundraising events & activities		624,827	721,156
DDC income		7,114,795	6,306,485
General donation income		137,717	163,315
Other income		105,283	175,554
Total Income		<u>13,017,371</u>	<u>10,045,525</u>
EXPENDITURES			
Operational Expenses			
Grant expenditures		5,034,749	2,679,015
Fundraising events & activities		169,199	302,454
DDC expenses		2,048,604	2,140,249
Other programme expenditures		2,206,822	2,861,421
Advertising, printing & stationeries		89,605	127,714
Other expenses		10,654	11,166
		<u>9,559,633</u>	<u>8,122,019</u>
Staff Costs			
Salaries & allowances - General administrative staff		2,720,394	2,376,073
MPF contributions - General administrative staff		102,054	96,416
		<u>2,822,448</u>	<u>2,472,489</u>
Overhead Expenses		<u>567,738</u>	<u>535,390</u>
Total Expenditures		<u>12,949,819</u>	<u>11,129,898</u>
Net surplus / (deficit) for the year	6	67,552	(1,084,373)
Accumulated surplus at start of year		<u>7,684,071</u>	<u>8,768,444</u>
Accumulated surplus at end of year		<u><u>7,751,623</u></u>	<u><u>7,684,071</u></u>

AIDS CONCERN FOUNDATION LIMITED

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2013**

	Notes	2013 HK\$	2012 HK\$
CASH FLOW FROM OPERATING ACTIVITIES			
Net surplus / (deficit) for the year		67,552	(1,084,373)
Adjustment for:			
- Depreciation	4	54,059	57,846
- Loss on disposal of property, plant and equipment	6	215	673
- Amortisation	5	(11,000)	(11,000)
- Interest income	6	(72,488)	(94,002)
		<hr/>	<hr/>
Operating surplus / (deficit) before changes in working capital		38,338	(1,130,856)
Changes in working capital			
- Increase in accounts receivable		(58,257)	(71,452)
- (Increase) / Decrease in utility deposits & prepayments		(5,433)	9,032
- Increase / (Decrease) in accrued expenses		214,524	(829,363)
		<hr/>	<hr/>
Net cash inflow / (outflow) from operating activities		<u>189,172</u>	<u>(2,022,639)</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	4	(46,219)	(44,928)
(Increase) / Decrease in short-term investment		(5,000,000)	3,200,000
Interest received	6	72,488	94,002
		<hr/>	<hr/>
Net cash (outflow) / inflow from investing activities		<u>(4,973,731)</u>	<u>3,249,074</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Increase in surplus repayable		244,336	231,987
Decrease in receipts in advance		(294,555)	(1,287,279)
		<hr/>	<hr/>
Net cash outflow from financing activities		<u>(50,219)</u>	<u>(1,055,292)</u>
NET CASH (OUTFLOW) / INFLOW		(4,834,778)	171,143
CASH AND CASH EQUIVALENTS			
At beginning of year		9,228,240	9,057,097
		<hr/>	<hr/>
At end of year		<u>4,393,462</u>	<u>9,228,240</u>
CASH AND CASH EQUIVALENTS CONSIST OF:			
Cash in banks and on hand		<u>4,393,462</u>	<u>9,228,240</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 a 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 the 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, 2012	216,956	102,573	129,800	449,329
Additions	27,110	19,109	-	46,219
Disposal	(680)	-	-	(680)
At March 31, 2013	<u>243,386</u>	<u>121,682</u>	<u>129,800</u>	<u>494,868</u>
<u>Accumulated depreciation</u>				
At March 31, 2012	131,320	38,796	98,635	268,751
Charge for the year	28,133	16,577	9,349	54,059
Written back on disposal	(465)	-	-	(465)
At March 31, 2013	<u>158,988</u>	<u>55,373</u>	<u>107,984</u>	<u>322,345</u>
<u>Net carrying amount</u>				
At March 31, 2013	<u>84,398</u>	<u>66,309</u>	<u>21,816</u>	<u>172,523</u>
At March 31, 2012	<u>85,636</u>	<u>63,777</u>	<u>31,165</u>	<u>180,578</u>

5. FIXED ASSET FUND

	2013 HK\$	2012 HK\$
Balance b/f	66,000	77,000
Donation received	-	-
Recognition as income	(11,000)	(11,000)
Balance c/f	<u>55,000</u>	<u>66,000</u>

6. NET SURPLUS / (DEFICIT) FOR THE YEAR

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

	2013 HK\$	2012 HK\$
<u>Crediting</u>		
Interest income	<u>72,488</u>	<u>94,002</u>
<u>Charging</u>		
Auditors' remuneration	6,700	6,700
Depreciation & amortisation	54,059	57,846
Loss on disposal of property, plant and equipment	215	673
Operating lease - Property rental	262,472	246,708
Salaries & allowance		
Salaries & benefits	7,733,616	6,136,381
MPF contributions	<u>342,416</u>	<u>274,227</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 (2012: 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, 2013, the total future minimum lease payments under non-cancelable operating leases for each of the following periods were:

	2013 HK\$	2012 HK\$
Land & building		
- Not later than one year	294,000	164,472
- Later than one year and not later than five years	220,500	-
- Later than five years	-	-
	<u>514,500</u>	<u>164,472</u>