

AIDS CONCERN FOUNDATION LIMITED

**REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
MARCH 31, 2014**

AIDS CONCERN FOUNDATION LIMITED

**REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2014**

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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, 2014.

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, 2014, and of its results for the year then ended are set out in the financial statements on pages 4 to 10.

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:

CHEN Zhiwei	
FUNG Ka Mee Catherine	
HANSEN Tracy Anne	
LAM Kwong Shu	
LAU Tak Fai Joseph	
MORLEY Christopher Neil	
WELFORD Richard John	
YEUNG Kam Ming	
SUEN Yiu Tung	(Appointed on May 14, 2013)
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 8, 2014



何祐康: 香港會計師公會及稅務學會資深會員
註冊稅務師 加拿大特許會計師

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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 10, which comprise the statement of financial position as at March 31, 2014, 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, 2014, 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 8, 2014


AIDS CONCERN FOUNDATION LIMITED

**STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2014**

	Notes	2014 HK\$	2013 HK\$
NON-CURRENT ASSETS			
Property, plant and equipment	4	<u>316,152</u>	<u>172,523</u>
CURRENT ASSETS			
Accounts receivable		19,232	233,806
Utility deposits & prepayments		234,398	193,800
Short-term investment (bank time deposit longer than 3 months)		5,000,000	5,000,000
Cash in banks and on hand		9,584,794	4,393,462
		<u>14,838,424</u>	<u>9,821,068</u>
CURRENT LIABILITIES			
Surplus repayable		2,560,825	1,232,352
Accrued expenses		1,121,941	852,029
Receipts in advance		3,345,537	102,587
		<u>7,028,303</u>	<u>2,186,968</u>
NET CURRENT ASSETS		<u>7,810,121</u>	<u>7,634,100</u>
NET ASSETS		<u>8,126,273</u>	<u>7,806,623</u>
REPRESENTING:			
ACCUMULATED SURPLUS		8,082,273	7,751,623
FIXED ASSET FUND	5	<u>44,000</u>	<u>55,000</u>
		<u>8,126,273</u>	<u>7,806,623</u>

Approved by the Board of Directors on July 8, 2014,


Director


Director

AIDS CONCERN FOUNDATION LIMITED

**STATEMENT OF INCOME AND ACCUMULATED SURPLUS
FOR THE YEAR ENDED MARCH 31, 2014**

	Notes	2014 HK\$	2013 HK\$
INCOME			
Grant income		5,397,000	5,034,749
Fundraising events & activities		705,519	624,827
DDC income		7,837,994	7,114,795
General donation income		165,529	137,717
Other income		105,677	105,283
Total Income		14,211,719	13,017,371
EXPENDITURES			
Operational Expenses			
Grant expenditures		5,397,000	5,034,749
Fundraising events & activities		168,073	169,199
DDC expenses		2,178,082	2,048,604
Other programme expenditures		2,736,109	2,206,822
Advertising, printing & stationeries		106,436	89,605
Other expenses		10,983	10,654
		10,596,683	9,559,633
Staff Costs			
Salaries & allowances - General administrative staff		2,575,547	2,720,394
MPF contributions - General administrative staff		102,940	102,054
		2,678,487	2,822,448
Overhead Expenses		605,899	567,738
Total Expenditures		13,881,069	12,949,819
Net surplus for the year	6	330,650	67,552
Accumulated surplus at start of year		7,751,623	7,684,071
Accumulated surplus at end of year		8,082,273	7,751,623

AIDS CONCERN FOUNDATION LIMITED

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2014**

	Notes	2014 HK\$	2013 HK\$
CASH FLOW FROM OPERATING ACTIVITIES			
Net surplus for the year		330,650	67,552
Adjustment for:			
- Depreciation	4	99,583	54,059
- Loss on disposal of property, plant and equipment	6	10,398	215
- Amortisation	5	(11,000)	(11,000)
- Interest income	6	(58,267)	(72,488)
		<hr/>	<hr/>
Operating surplus before changes in working capital		371,364	38,338
Changes in working capital			
- Decrease / (Increase) in accounts receivable		214,574	(58,257)
- Increase in utility deposits & prepayments		(40,598)	(5,433)
- Increase in accrued expenses		269,912	214,524
		<hr/>	<hr/>
Net cash inflow from operating activities		815,252	189,172
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	4	(253,610)	(46,219)
Increase in short-term investment		-	(5,000,000)
Interest received	6	58,267	72,488
		<hr/>	<hr/>
Net cash outflow from investing activities		(195,343)	(4,973,731)
CASH FLOW FROM FINANCING ACTIVITIES			
Increase in surplus repayable		1,328,473	244,336
Increase / (Decrease) in receipts in advance		3,242,950	(294,555)
		<hr/>	<hr/>
Net cash inflow / (outflow) from financing activities		4,571,423	(50,219)
NET CASH INFLOW / (OUTFLOW)		5,191,332	(4,834,778)
CASH AND CASH EQUIVALENTS			
At beginning of year		4,393,462	9,228,240
		<hr/>	<hr/>
At end of year		9,584,794	4,393,462
		<hr/>	<hr/>
CASH AND CASH EQUIVALENTS CONSIST OF:			
Cash in banks and on hand		9,584,794	4,393,462
		<hr/>	<hr/>

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.

(a) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of the Foundation are measured using the currency of the primary economic environment in which the Foundation operates (the functional currency). These financial statements are presented in Hong Kong dollars, which is the Foundation's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of income and accumulated surplus.

(b) Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any.

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%

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

AIDS CONCERN FOUNDATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

(c) Impairment of 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.

(d) 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.

(e) 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.

(f) 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 effective interest rates applicable.
- v) Other income is recognized mainly on a cash basis.

(g) 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.

AIDS CONCERN FOUNDATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

(h) 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.

4. PROPERTY, PLANT AND EQUIPMENT

	Office equipment HK\$	Furniture & fixtures HK\$	Motor car HK\$	Total HK\$
<u>Cost</u>				
At March 31, 2013	243,386	121,682	129,800	494,868
Additions	211,081	42,529	-	253,610
Disposal	(55,758)	-	-	(55,758)
At March 31, 2014	<u>398,709</u>	<u>164,211</u>	<u>129,800</u>	<u>692,720</u>
<u>Accumulated depreciation</u>				
At March 31, 2013	158,988	55,373	107,984	322,345
Charge for the year	71,270	21,768	6,545	99,583
Written back on disposal	(45,360)	-	-	(45,360)
At March 31, 2014	<u>184,898</u>	<u>77,141</u>	<u>114,529</u>	<u>376,568</u>
<u>Net carrying amount</u>				
At March 31, 2014	<u>213,811</u>	<u>87,070</u>	<u>15,271</u>	<u>316,152</u>

AIDS CONCERN FOUNDATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

5. FIXED ASSET FUND

	2014 HK\$	2013 HK\$
Balance b/f	55,000	66,000
Donation received	-	-
Recognition as income	(11,000)	(11,000)
Balance c/f	<u>44,000</u>	<u>55,000</u>

6. NET SURPLUS FOR THE YEAR

Net surplus for the year is stated after crediting and charging the following:

	2014 HK\$	2013 HK\$
<u>Crediting</u>		
Interest income	<u>58,267</u>	<u>72,488</u>
<u>Charging</u>		
Auditors' remuneration	8,000	6,700
Depreciation & amortisation	99,583	54,059
Exchange loss, net	1,183	160
Loss on disposal of property, plant and equipment	10,398	215
Operating lease - Property rental	294,000	262,472
Salaries & allowance		
Salaries & benefits	8,488,335	7,733,616
MPF contributions	<u>369,807</u>	<u>342,416</u>

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 (2013: 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, 2014, the total future minimum lease payments under non-cancelable operating leases for each of the following periods were:

	2014 HK\$	2013 HK\$
Land & building		
- Not later than one year	220,500	294,000
- Later than one year and not later than five years	-	220,500
- Later than five years	-	-
	<u>220,500</u>	<u>514,500</u>