

**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  
CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST MARCH 2020**

**F. S. Li & Co.**

李福樹會計師事務所

**CERTIFIED PUBLIC ACCOUNTANTS  
HONG KONG**

# F. S. Li & Co.

CERTIFIED PUBLIC ACCOUNTANTS

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## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF**

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

(incorporated under Cap. 1181 of the Laws of Hong Kong)

#### **Opinion**

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 2020, 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 notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group and of the Foundation as at 31st March 2020, and of the financial performance and the cash flows of the Group and of the Foundation for the year then ended in accordance with Hong Kong Financial Reporting Standard for Private Entities ("HKFRSPE") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

#### **Basis for Opinion**

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") issued by the HKICPA. Our responsibilities under those standards are further described in the **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements** section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Information Other than the Consolidated Financial Statements and Auditor's Report Thereon**

The Governors are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon. The annual report is expected to be available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

#### **Responsibilities of Governors and Those Charged with Governance for the Consolidated Financial Statement**

The Governors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with the HKFRSPE issued by the HKICPA, 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.

In preparing the consolidated financial statements, the Governors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Governors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, 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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSA's, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Governors.
- Conclude on the appropriateness of the Governors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



F. S. Li & Co.  
Certified Public Accountants

Hong Kong, 15th September 2020.



**ALICE HO MIU LING NETHERSOLE CHARITY FOUNDATION**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

**FOR THE YEAR ENDED 31ST MARCH 2020**

	<u>Note</u>	<u>2020</u> HK\$	<u>2019</u> HK\$
INCOME			
Government grants and subventions		78,676,131	72,559,349
<u>Less: Amounts clawed back by Social Welfare Department</u> ("SWD")		<u>-</u>	<u>(71,737)</u>
		78,676,131	72,487,612
Donations		1,816,318	1,634,058
Service fee income		5,789,592	5,784,026
Interest income		2,468,558	2,169,568
Income on licensing and car parking fees		6,643,252	4,256,154
Program income		4,418,146	2,850,044
Purchasing service income		2,962,923	2,878,702
Sales on rehab shop		20,573,504	20,842,022
Administration service income		2,974,628	2,755,702
Other income		575,971	723,890
Net investment income	4	-	4,438,198
Gain/(Loss) on foreign exchange		<u>59,412</u>	<u>(254,618)</u>
TOTAL INCOME		<u>126,958,435</u>	<u>120,565,358</u>
EXPENDITURE			
Cost of sales on rehab shop		(17,416,957)	(17,639,984)
Operating expenses on rehab shop		(904,348)	(754,364)
Operating expenses on services	5	(114,801,899)	(104,154,488)
Donations		(12,863,863)	(43,106,671)
Net investment expenses	4	(98,680,941)	-
Administration, property management and other expenses		<u>(20,338,996)</u>	<u>(30,232,816)</u>
TOTAL EXPENDITURE		<u>(265,007,004)</u>	<u>(195,888,323)</u>
DEFICIT FOR THE YEAR	6	<u>(138,048,569)</u>	<u>(75,322,965)</u>
TOTAL COMPREHENSIVE EXPENSE FOR THE YEAR		<u>(138,048,569)</u>	<u>(75,322,965)</u>



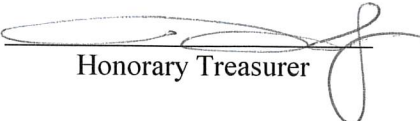
# ALICE HO MIU LING NETHERSOLE CHARITY FOUNDATION


## CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31ST MARCH 2020

	Note	HK\$	2020 HK\$	2019 HK\$
<b>NON-CURRENT ASSETS</b>				
Property, plant and equipment	8		132,255	144,426
Investments	10		<u>718,919,376</u>	<u>858,323,548</u>
			719,051,631	<u>858,467,974</u>
<b>CURRENT ASSETS</b>				
Inventories		889,603		831,067
Account receivables and deposits	11	6,037,419		2,577,456
Bank and cash balances		<u>182,649,979</u>		<u>182,051,312</u>
		189,577,001		185,459,835
<b>Less: CURRENT LIABILITIES</b>				
Account payables and accruals		<u>29,693,613</u>		<u>26,944,221</u>
<b>NET CURRENT ASSETS</b>			<u>159,883,388</u>	<u>158,515,614</u>
<b>NET ASSETS</b>			<u>878,935,019</u>	<u>1,016,983,588</u>
<i>Represented by:</i>				
<b>RESERVES</b>				
Government's reserves				
Block Grant reserve	12		359,394	787,480
Central Items surpluses	13		726,667	-
Lump Sum Grant reserve	14		45,098,744	45,576,825
Provident Fund reserve	15		12,666,507	11,507,872
Rent and rate subvention surpluses			15,120	-
Social Welfare Development Fund surpluses	16		705,418	842,728
Foundation's reserves				
Alice Ho Miu Ling Nethersole				
Nursing Home	17		2,534,102	2,649,454
COVID-19 Emergency Fund surpluses	18		74,554	-
Designated Funds	19		36,046,265	32,798,604
Investment revaluation reserve	20		-	-
Nethersole Hospital Fund	21		437,999,847	577,514,223
Special Reserve Fund	22		<u>342,708,401</u>	<u>345,306,402</u>
			<u>878,935,019</u>	<u>1,016,983,588</u>

The consolidated financial statements on pages 3 to 27 were approved and authorized for issue by the Board of Governors on 15th September 2020.

  
Chairman

  
Honorary Treasurer

  
Secretary

**ALICE HO MIU LING NETHERSOLE CHARITY FOUNDATION**

**CONSOLIDATED STATEMENT OF CHANGES IN RESERVES**

**FOR THE YEAR ENDED 31ST MARCH 2020**

	Government's reserves						Foundation's reserves						
	Block Grant reserve HK\$	Central Items surpluses HK\$	Lump Sum Grant reserve HK\$	Provident Fund reserve HK\$	Rent and rate subvention surpluses HK\$	Social Welfare Development Fund surpluses HK\$	Alice Ho Miu Ling Nethersole Nursing Home HK\$	COVID-19 Emergency Fund surpluses HK\$	Designated Funds HK\$	Investment revaluation reserve HK\$	Nethersole Hospital Fund HK\$	Special Reserve Fund HK\$	Total HK\$
Balance at 31st March 2018	1,095,192	-	44,470,835	10,391,629	18,360	119,830	2,690,069	-	49,557,540	131,426,567	564,261,917	288,274,614	1,092,306,553
Impact on initial application of HKFRS 9	-	-	-	-	-	-	-	-	21,064,590	(131,426,567)	52,600,339	57,761,638	-
Balance at 1st April 2018	1,095,192	-	44,470,835	10,391,629	18,360	119,830	2,690,069	-	70,622,130	-	616,862,256	346,036,252	1,092,306,553
Surplus/(Deficit) for the year	(307,712)	-	1,105,990	1,116,243	(18,360)	722,898	(40,615)	-	(31,851,541)	-	(45,237,261)	(812,607)	(75,322,965)
Total comprehensive income/(expense)	(307,712)	-	1,105,990	1,116,243	(18,360)	722,898	(40,615)	-	(31,851,541)	-	(45,237,261)	(812,607)	(75,322,965)
Transfer	-	-	-	-	-	-	-	-	(5,971,985)	-	5,889,228	82,757	-
Balance at 31st March 2019	787,480	-	45,576,825	11,507,872	-	842,728	2,649,454	-	32,798,604	-	577,514,223	345,306,402	1,016,983,588
Surplus/(Deficit) for the year	(428,086)	726,667	(478,081)	1,158,635	15,120	(137,310)	(115,352)	74,554	(20,072,328)	-	(116,194,387)	(2,598,001)	(138,048,569)
Total comprehensive income/(expense)	(428,086)	726,667	(478,081)	1,158,635	15,120	(137,310)	(115,352)	74,554	(20,072,328)	-	(116,194,387)	(2,598,001)	(138,048,569)
Transfer	-	-	-	-	-	-	-	-	23,319,989	-	(23,319,989)	-	-
Balance at 31st March 2020	<u>359,394</u>	<u>726,667</u>	<u>45,098,744</u>	<u>12,666,507</u>	<u>15,120</u>	<u>705,418</u>	<u>2,534,102</u>	<u>74,554</u>	<u>36,046,265</u>	<u>-</u>	<u>437,999,847</u>	<u>342,708,401</u>	<u>878,935,019</u>

**ALICE HO MIU LING NETHERSOLE CHARITY FOUNDATION**

**CONSOLIDATED CASH FLOW STATEMENT**

**FOR THE YEAR ENDED 31ST MARCH 2020**

	<u>2020</u> HK\$	<u>2019</u> HK\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Deficit for the year	(138,048,569)	(75,322,965)
Adjustments for:		
Interest income	(2,468,558)	(2,169,568)
Dividend income	(14,942,787)	(17,627,000)
Loss/(Gain) on change in fair value of financial assets at fair value through profit or loss	104,084,554	(14,250,918)
Loss on disposal of financial assets through profit or loss	9,539,174	27,439,720
Depreciation	<u>45,159</u>	<u>47,864</u>
Operating loss before working capital changes	(41,791,027)	(81,882,867)
(Increase)/Decrease in inventories	(58,536)	84,360
Increase in accounts receivables and deposits	(3,766,197)	(508,119)
Increase in accounts payables and accruals	<u>2,749,392</u>	<u>8,831,990</u>
NET CASH USED IN OPERATING ACTIVITIES	<u>---(42,866,368)---</u>	<u>---(73,474,636)---</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	2,356,250	2,098,102
Dividends received	15,361,329	17,277,786
Sale of financial assets at fair value through profit or loss	553,407,354	323,329,182
Purchase of financial assets at fair value through profit or loss	(527,626,910)	(322,934,675)
Purchase of property, plant and equipment	(32,988)	(137,890)
Net decrease in time deposits of more than 3 months to maturity from date of deposit	<u>19,739,920</u>	<u>6,306,101</u>
NET CASH FROM INVESTING ACTIVITIES	<u>---63,204,955---</u>	<u>---25,938,606---</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	20,338,587	(47,536,030)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	<u>161,684,456</u>	<u>209,220,486</u>
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	<u><u>182,023,043</u></u>	<u><u>161,684,456</u></u>
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS		
Bank and cash balances	182,649,979	182,051,312
Less: Time deposits of more than 3 months to maturity from date of deposit	<u>(626,936)</u>	<u>(20,366,856)</u>
	<u><u>182,023,043</u></u>	<u><u>161,684,456</u></u>

Non-cash transactions:

During the year, the Group received scrip dividends in lieu of cash dividends of HK\$2,071,776 (2019 - HK\$221,677)



**ALICE HO MIU LING NETHERSOLE CHARITY FOUNDATION**

**STATEMENT OF COMPREHENSIVE INCOME**

**FOR THE YEAR ENDED 31ST MARCH 2020**

	<u>Note</u>	<u>2020</u> HK\$	<u>2019</u> HK\$
INCOME			
Government grants and subventions		78,300,449	72,559,349
<u>Less: Amounts clawed back by SWD</u>		<u>-</u>	<u>(71,737)</u>
		78,300,449	72,487,612
Donations		1,816,097	1,634,058
Service fee income		5,713,432	5,679,386
Interest income		2,468,453	2,169,534
Income on licensing and car parking fees		6,643,252	4,256,154
Program income		3,570,862	2,025,270
Purchasing service income		2,962,923	2,878,702
Sales on rehab shop		20,573,504	20,842,022
Administration service income		2,974,628	2,755,702
Other income		575,971	723,890
Net investment income	4	-	4,438,198
Gain/(Loss) on foreign exchange		<u>59,412</u>	<u>(254,618)</u>
TOTAL INCOME		<u>125,658,983</u>	<u>119,635,910</u>
EXPENDITURE			
Cost of sales on rehab shop		(17,416,957)	(17,639,984)
Operating expenses on rehab shop		(904,348)	(754,364)
Operating expenses on services	5	(107,890,257)	(97,829,437)
Donations		(19,095,720)	(48,520,829)
Net investment expenses	4	(98,680,941)	-
Administration, property management and other expenses		<u>(19,719,329)</u>	<u>(30,214,261)</u>
TOTAL EXPENDITURE		<u>(263,707,552)</u>	<u>(194,958,875)</u>
DEFICIT FOR THE YEAR	6	<u>(138,048,569)</u>	<u>(75,322,965)</u>
TOTAL COMPREHENSIVE EXPENSE FOR THE YEAR		<u>(138,048,569)</u>	<u>(75,322,965)</u>

# ALICE HO MIU LING NETHERSOLE CHARITY FOUNDATION

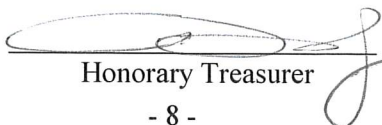
## STATEMENT OF FINANCIAL POSITION AT 31ST MARCH 2020

	<u>Note</u>	HK\$	<u>2020</u> HK\$	<u>2019</u> HK\$
<b>NON-CURRENT ASSETS</b>				
Property, plant and equipment	8		122,805	132,276
Subsidiary company	9		-	-
Investments	10		<u>718,919,376</u>	<u>858,323,548</u>
			719,042,181	<u>858,455,824</u>
<b>CURRENT ASSETS</b>				
Inventories		889,603		831,067
Account receivables and deposits	11	6,226,092		2,811,704
Bank and cash balances		<u>182,277,625</u>		<u>181,575,309</u>
		189,393,320		185,218,080
<b>Less: CURRENT LIABILITIES</b>				
Account payables and accruals		<u>29,500,482</u>		<u>26,690,316</u>
<b>NET CURRENT ASSETS</b>			<u>159,892,838</u>	<u>158,527,764</u>
<b>NET ASSETS</b>			<u><u>878,935,019</u></u>	<u><u>1,016,983,588</u></u>
<i>Represented by:</i>				
<b>RESERVES</b>				
Government's reserves				
Block Grant reserve	12		359,394	787,480
Central Items surpluses	13		726,667	-
Lump Sum Grant reserve	14		45,098,744	45,576,825
Provident Fund reserve	15		12,666,507	11,507,872
Rent and rate subvention surpluses			15,120	-
Social Welfare Development Fund surpluses	16		705,418	842,728
Foundation's reserves				
Alice Ho Miu Ling Nethersole Nursing Home	17		2,534,102	2,649,454
COVID-19 Emergency Fund surpluses	18		74,554	-
Designated Funds	19		36,046,265	32,798,604
Investment revaluation reserve	20		-	-
Nethersole Hospital Fund	21		437,999,847	577,514,223
Special Reserve Fund	22		<u>342,708,401</u>	<u>345,306,402</u>
			<u><u>878,935,019</u></u>	<u><u>1,016,983,588</u></u>

The consolidated financial statements on pages 3 to 27 were approved and authorized for issue by the Board of Governors on 15th September 2020.



Chairman



Honorary Treasurer



Secretary

**ALICE HO MIU LING NETHERSOLE CHARITY FOUNDATION**

**STATEMENT OF CHANGES IN RESERVES**

**FOR THE YEAR ENDED 31ST MARCH 2020**

	Government's reserves						Foundation's reserves						
	Block Grant reserve HK\$	Central Items surpluses HK\$	Lump Sum Grant reserve HK\$	Provident Fund reserve HK\$	Rent and rate subvention surpluses HK\$	Social Welfare Fund surpluses HK\$	Alice Ho Miu Ling Nethersole Nursing Home HK\$	COVID-19 Emergency Fund surpluses HK\$	Designated Funds HK\$	Investment revaluation reserve HK\$	Nethersole Hospital Fund HK\$	Special Reserve Fund HK\$	Total HK\$
Balance at 31st March 2018	1,095,192	-	44,470,835	10,391,629	18,360	119,830	2,690,069	-	49,557,540	131,426,567	564,261,917	288,274,614	1,092,306,553
Impact on initial application of HKFRS 9	-	-	-	-	-	-	-	-	21,064,590	(131,426,567)	52,600,339	57,761,638	-
Balance at 1st April 2018	1,095,192	-	44,470,835	10,391,629	18,360	119,830	2,690,069	-	70,622,130	-	616,862,256	346,036,252	1,092,306,553
Surplus/(Deficit) for the year	(307,712)	-	1,105,990	1,116,243	(18,360)	722,898	(40,615)	-	(31,851,541)	-	(45,237,261)	(812,607)	(75,322,965)
Total comprehensive income/(expense)	(307,712)	-	1,105,990	1,116,243	(18,360)	722,898	(40,615)	-	(31,851,541)	-	(45,237,261)	(812,607)	(75,322,965)
Transfer	-	-	-	-	-	-	-	-	(5,971,985)	-	5,889,228	82,757	-
Balance at 31st March 2019	787,480	-	45,576,825	11,507,872	-	842,728	2,649,454	-	32,798,604	-	577,514,223	345,306,402	1,016,983,588
Surplus/(Deficit) for the year	(428,086)	726,667	(478,081)	1,158,635	15,120	(137,310)	(115,352)	74,554	(20,072,328)	-	(116,194,387)	(2,598,001)	(138,048,569)
Total comprehensive income/(expense)	(428,086)	726,667	(478,081)	1,158,635	15,120	(137,310)	(115,352)	74,554	(20,072,328)	-	(116,194,387)	(2,598,001)	(138,048,569)
Transfer	-	-	-	-	-	-	-	-	23,319,989	-	(23,319,989)	-	-
Balance at 31st March 2020	<u>359,394</u>	<u>726,667</u>	<u>45,098,744</u>	<u>12,666,507</u>	<u>15,120</u>	<u>705,418</u>	<u>2,534,102</u>	<u>74,554</u>	<u>36,046,265</u>	<u>-</u>	<u>437,999,847</u>	<u>342,708,401</u>	<u>878,935,019</u>



**ALICE HO MIU LING NETHERSOLE CHARITY FOUNDATION**

**CASH FLOW STATEMENT**

**FOR THE YEAR ENDED 31ST MARCH 2020**

	<u>2020</u> HK\$	<u>2019</u> HK\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Deficit for the year	(138,048,569)	(75,322,965)
Adjustments for:		
Interest income	(2,468,453)	(2,169,534)
Dividend income	(14,942,787)	(17,627,000)
Loss/(Gain) on change in fair value of financial assets at fair value through profit or loss	104,084,554	(14,250,918)
Loss on disposal of financial assets through profit or loss	9,539,174	27,439,720
Depreciation	<u>42,459</u>	<u>46,514</u>
Operating loss before working capital changes	(41,793,622)	(81,884,183)
(Increase)/Decrease in inventories	(58,536)	84,360
Increase in accounts receivables and deposits	(3,720,622)	(298,750)
Increase in accounts payables and accruals	<u>2,810,166</u>	<u>8,789,925</u>
NET CASH USED IN OPERATING ACTIVITIES	<u>---(42,762,614)---</u>	<u>---(73,308,648)---</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	2,356,145	2,098,068
Dividends received	15,361,329	17,277,786
Sale of financial assets at fair value through profit or loss	553,407,354	323,329,182
Purchase of financial assets at fair value through profit or loss	(527,626,910)	(322,934,675)
Purchase of property, plant and equipment	(32,988)	(124,390)
Net decrease in time deposits of more than 3 months to maturity from date of deposit	<u>19,739,920</u>	<u>6,306,101</u>
NET CASH FROM INVESTING ACTIVITIES	<u>---63,204,850---</u>	<u>---25,952,072---</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	20,442,236	(47,356,576)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	<u>161,208,453</u>	<u>208,565,029</u>
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	<u><u>181,650,689</u></u>	<u><u>161,208,453</u></u>
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS		
Bank and cash balances	182,277,625	181,575,309
Less: Time deposits of more than 3 months to maturity from date of deposit	<u>(626,936)</u>	<u>(20,366,856)</u>
	<u><u>181,650,689</u></u>	<u><u>161,208,453</u></u>

Non-cash transactions:

During the year, the Group received scrip dividends in lieu of cash dividends of HK\$2,071,776 (2019 - HK\$221,677)

# ALICE HO MIU LING NETHERSOLE CHARITY FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31ST MARCH 2020

#### 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 were 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 financial assets at fair value through profit or loss 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 grants and subventions are recognized as income when no specified future performance conditions are imposed; if there are conditions, they are recognized as income when conditions are fulfilled.
- (vi) Program and service income is recognized upon provision of service.
- (vii) Sales on rehab shop are 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 the end of the reporting period are translated at rates of exchange approximating to those ruling at the end of the reporting period. 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) Disposal of property, plant and equipment

The gain or loss arising from disposal of property, plant and equipment is the difference between the net sale proceeds and the carrying amount of the relevant assets, and is recognized in surplus or deficit.



2. Principal accounting policies (continued)

(h) Assets held under operating leases

Leases where substantially all the risks and rewards of ownership of assets remain with the lessor are accounted for as operating leases. Payments made under operating leases are charged to surplus or deficit on a straight line basis over the lease periods.

(i) Subsidiary company

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

(j) Financial instruments

To account for financial instruments (financial assets and liabilities), the Group/the Foundation chooses to apply the recognition and measurement provision of Hong Kong Financial Reporting Standard 9 and the disclosure requirements of Section 11 "Basic Financial Instruments" and Section 12 "Other Financial Instruments Issues" of HKFRSPE.

(k) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss represent investments in listed equity securities, debt securities and fund investments. Investments in investment portfolios are designated as financial assets at fair value through profit or loss.

Financial assets at fair value through profit or loss are initially recognized at fair value. At the end of each reporting period subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value, with changes in fair value recognized directly in surplus or deficit in the period in which they arise. The net gain or loss recognized in surplus or deficit includes any dividend or interest earned from the financial assets.

(l) Inventories

Inventories, representing goods for sale, are stated at the lower of cost and net realizable value. Cost is determined on a weighted average basis and includes all costs of purchases and other costs incurred in bringing the inventories to the present location and condition. Net realizable value represents estimated selling price less direct selling costs.

(m) Account receivables and deposits

Account receivables and deposits are initially recognized at fair value and thereafter stated at amortized cost using the effective interest rate method less allowance for expected credit loss unless the effect of discounting would be immaterial, in which case the receivables are stated at cost less allowance for expected credit losses.

(n) Cash and cash equivalents

For the purposes of the consolidated and Foundation cash flow statements, cash and cash equivalents comprise cash on hand, and deposits with banks within 3 months to maturity from date of deposit.

2. Principal accounting policies (continued)

(o) Account payables and accruals

Accounts payable and accruals are initially recognized at fair value and thereafter stated at amortized cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(p) Employee leave entitlements

Employee entitlements to annual leave are recognized when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

(q) Provisions

Provisions are recognized for liabilities of uncertain timing or amount when the Group/the Foundation has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

(r) Related parties

For the purpose of these consolidated financial statements, related party includes a person or an entity as defined below:

- (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 or joint control over the Group/the Foundation; or
  - (c) has significant influence over the Group/the Foundation.
- (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) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of the group of which the other entity is a member).
  - (c) both entities are joint ventures of the same third entity.
  - (d) one 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 Group/the Foundation.
  - (f) the entity is controlled or jointly controlled by a person identified in Note 2(r)(i).
  - (g) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group/the Foundation or to the parent of the Group/the Foundation.
  - (h) a person identified in Note 2(r)(i)(a) has significant voting power in the entity.
  - (i) a person identified in Note 2(r)(i)(b) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

3. 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 financial assets at fair value through profit or loss*

The fair value of financial assets at fair value through profit or loss is based on market prices quoted, for equivalent instruments at the end of the reporting period, by the financial institutions which provide investment agency services to the Group/the Foundation.

4. Net investment (expenses)/income

	<u>2020</u> HK\$	<u>2019</u> HK\$
Dividend income	14,942,787	17,627,000
(Loss)/Gain on change in fair value of financial assets at fair value through profit or loss	(104,084,554)	14,250,918
Loss on disposal of financial assets at fair value through profit or loss	<u>(9,539,174)</u>	<u>(27,439,720)</u>
	<u>(98,680,941)</u>	<u>4,438,198</u>

5. Operating expenses on services

	<u>The Group</u>		<u>The Foundation</u>	
	<u>2020</u> HK\$	<u>2019</u> HK\$	<u>2020</u> HK\$	<u>2019</u> HK\$
Chaplaincy services	11,856,609	11,259,525	11,856,609	11,259,525
Elderly services	86,792,383	78,901,970	86,792,383	78,901,970
Rehabilitation services	6,911,642	6,325,051	-	-
Education services	6,336,443	5,584,797	6,336,443	5,584,797
Volunteer and community development	842,727	851,603	842,727	851,603
Community and patient resources	158,122	352,671	158,122	352,671
Cancer patients support services	<u>1,903,973</u>	<u>878,871</u>	<u>1,903,973</u>	<u>878,871</u>
	<u>114,801,899</u>	<u>104,154,488</u>	<u>107,890,257</u>	<u>97,829,437</u>

6. Deficit for the year

Deficit for the year is stated after charging the following items:

	<u>The Group</u>		<u>The Foundation</u>	
	<u>2020</u> HK\$	<u>2019</u> HK\$	<u>2020</u> HK\$	<u>2019</u> HK\$
Staff cost				
Salaries, wages, allowances and benefits (excluding contributions to provident fund)	96,937,234	88,476,580	90,178,630	82,873,384
Contributions to defined contribution provident fund	<u>5,739,185</u>	<u>5,211,231</u>	<u>5,370,951</u>	<u>4,868,453</u>
	102,676,419	93,687,811	95,549,581	87,741,837
Depreciation	<u>45,159</u>	<u>47,864</u>	<u>42,459</u>	<u>46,514</u>



## 7. 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.

## 8. Property, plant and equipment

	<u>Furniture and equipment</u> HK\$	<u>Computer software and hardware</u> HK\$	<u>Total</u> HK\$
<u>The Group</u>			
Cost			
At 31st March 2019	393,050	406,091	799,141
Additions	22,000	10,988	32,988
Disposals	(12,300)	-	(12,300)
At 31st March 2020	402,750	417,079	819,829
Accumulated depreciation			
At 31st March 2019	262,049	392,666	654,715
Charge for the year	34,378	10,781	45,159
Written-back on disposals	(12,300)	-	(12,300)
At 31st March 2020	284,127	403,447	687,574
Net book value			
At 31st March 2020	118,623	13,632	132,255
At 31st March 2019	131,001	13,425	144,426
<u>The Foundation</u>			
Cost			
At 31st March 2019	379,550	406,091	785,641
Additions	22,000	10,988	32,988
Disposals	(12,300)	-	(12,300)
At 31st March 2020	389,250	417,079	806,329
Accumulated depreciation			
At 31st March 2019	260,699	392,666	653,365
Charge for the year	31,678	10,781	42,459
Written-back on disposals	(12,300)	-	(12,300)
At 31st March 2020	280,077	403,447	683,524
Net book value			
At 31st March 2020	109,173	13,632	122,805
At 31st March 2019	118,851	13,425	132,276

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 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 to be no commercial value and therefore their book values are nil.

9. Subsidiary company

The Foundation is the sole member of its 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 provide community rehabilitation services (including physiotherapy and occupational therapy).

10. Investments

	<u>2020</u> HK\$	<u>2019</u> HK\$
Financial assets at fair value through profit or loss		
Listed equity securities, debt securities and fund investments	<u>718,919,376</u>	<u>858,323,548</u>
Representing:		
Nethersole Hospital Fund	<u>718,919,376</u>	<u>858,323,548</u>

11. Account receivables and deposits

	<u>The Group</u>		<u>The Foundation</u>	
	<u>2020</u> HK\$	<u>2019</u> HK\$	<u>2020</u> HK\$	<u>2019</u> HK\$
Amount due from subsidiary company	-	-	585,387	375,231
Other receivables and deposits	<u>6,037,419</u>	<u>2,577,456</u>	<u>5,640,705</u>	<u>2,436,473</u>
	<u>6,037,419</u>	<u>2,577,456</u>	<u>6,226,092</u>	<u>2,811,704</u>

12. Block Grant reserve

	<u>2020</u> HK\$	<u>2019</u> HK\$
At beginning of the year	<u>787,480</u>	<u>1,095,192</u>
Grant received	1,073,000	990,000
Interest income	679	821
Recognized expenditure		
Minor works projects	(1,146,464)	(960,531)
Furniture and equipment	(352,925)	(291,252)
Vehicle overhauling	<u>(2,376)</u>	<u>(46,750)</u>
Deficit for the year	<u>(428,086)</u>	<u>(307,712)</u>
At end of the year	<u>359,394</u>	<u>787,480</u>

12. Block Grant reserve (continued)

The reserve represents the accumulated surplus of Furniture and Equipment Replenishment and Minor Works Block Grant from the Lotteries Fund.

As at 31st March 2020 the outstanding commitments in respect of Furniture and Equipment Replenishment and Minor Works Grant were as follows:

	<u>2020</u> HK\$	<u>2019</u> HK\$
Contracted but not provided	-	-
Authorized but not contracted	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

13. Central Items surpluses

	<u>2020</u> HK\$	<u>2019</u> HK\$
At beginning of the year	-	-
Income (Note 26)	1,592,162	-
Expenditure (Note 26)	(865,495)	-
Surplus for the year	<u>726,667</u>	<u>-</u>
At end of the year	<u>726,667</u>	<u>-</u>

The surpluses represent the accumulated surpluses of "Special Grant on Manpower Support for Residential and Home-based Care Service Units in respect of the Severe Respiratory Disease associated with a Novel Infectious Agent" and "Special Allowance for Staff of Subvented Residential Service Units in respect of COVID-19" from the Government of the HKSAR.

14. Lump Sum Grant reserve

	<u>2020</u> HK\$	<u>2019</u> HK\$
At beginning of the year	45,576,825	44,470,835
Income (Note 26)	83,782,381	79,167,195
Expenditure (Note 26)	(83,101,827)	(76,944,962)
Surplus for the year	680,554	2,222,233
Provident fund surplus transferred to Provident Fund reserve (Note 15)	(1,158,635)	(1,116,243)
	<u>(478,081)</u>	<u>1,105,990</u>
At end of the year	<u>45,098,744</u>	<u>45,576,825</u>

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



14. Lump Sum Grant reserve (continued)

Reconciliation of figures presented in Annual Financial Report for SWD:

	<u>Per Financial Statements</u> HK\$	<u>Provident Fund adjustment for previous year</u> HK\$	<u>Per Annual Financial Report</u> HK\$
Total Income	83,782,381	56,432	83,838,813
Total Expenditure	<u>(83,101,827)</u>		<u>(83,101,827)</u>
Surplus for the year	680,554		736,986
<u>Less: Surplus of Provident Fund</u>	<u>(1,158,635)</u>	(56,432)	<u>(1,215,067)</u>
	<u><u>(478,081)</u></u>		<u><u>(478,081)</u></u>

15. Provident Fund reserve

	<u>2020</u> HK\$	<u>2019</u> HK\$
At beginning of the year	11,507,872	10,391,629
Provident fund surplus for the year (Note 14)	<u>1,158,635</u>	<u>1,116,243</u>
At end of the year	<u><u>12,666,507</u></u>	<u><u>11,507,872</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 Statements</u> HK\$	<u>Provident Fund adjustment for previous year</u> HK\$	<u>Per Annual Financial Report</u> HK\$
Surplus for the year	1,158,635	56,432	1,215,067
Surplus brought forward	11,507,872	-	11,507,872
Additional subvention received for previous year	-	38,880	38,880
Subvention refunded for previous year	<u>-</u>	<u>(95,312)</u>	<u>(95,312)</u>
Surplus carried forward	<u><u>12,666,507</u></u>		<u><u>12,666,507</u></u>

16. Social Welfare Development Fund surpluses

The information for the use of the Social Welfare Development Fund ("SWDF") funded by Lotteries Fund is as follows:

<u>2020</u>	<u>Phase 3</u> HK\$	<u>Phase 2</u> HK\$	<u>Total</u> HK\$
Balance of SWDF brought forward:	842,728	-	842,728
Allocation from SWDF during the financial year	556,509	-	556,509
Interest received during the financial year	907	-	907
Expenditure under SWDF during the year			
Expenditure for the projects under scope A	(436,380)	-	(436,380)
Expenditure for the projects under scope B (non-IT)	-	-	-
Expenditure for the projects under scope B (IT)	(258,346)	-	(258,346)
Expenditure for the projects under scope C	-	-	-
Expenditure for administrative support	-	-	-
Total expenditure during the financial year	<u>(694,726)</u>	<u>-</u>	<u>(694,726)</u>
Balance carried forward to the next financial year	<u>705,418</u>	<u>-</u>	<u>705,418</u>
<u>2019</u>	<u>Phase 3</u> HK\$	<u>Phase 2</u> HK\$	<u>Total</u> HK\$
Balance of SWDF brought forward:	66,453	53,377	119,830
Allocation from SWDF during the financial year	906,900	-	906,900
Amounts clawed back by SWD	-	(53,377)	(53,377)
Interest received during the financial year	596	-	596
Expenditure under SWDF during the year			
Expenditure for the projects under scope A	(98,971)	-	(98,971)
Expenditure for the projects under scope B (non-IT)	-	-	-
Expenditure for the projects under scope B (IT)	(32,250)	-	(32,250)
Expenditure for the projects under scope C	-	-	-
Expenditure for administrative support	-	-	-
Total expenditure during the financial year	<u>(131,221)</u>	<u>-</u>	<u>(131,221)</u>
Balance carried forward to the next financial year	<u>842,728</u>	<u>-</u>	<u>842,728</u>

The reserve represents the accumulated surpluses of SWDF from Lotteries Fund.

17. Alice Ho Miu Ling Nethersole Nursing Home

	<u>2020</u> HK\$	<u>2019</u> HK\$
At beginning of the year	2,649,454	2,690,069
Deficit after transfer for the year (Note 26)	<u>(115,352)</u>	<u>(40,615)</u>
At end of the year	<u><u>2,534,102</u></u>	<u><u>2,649,454</u></u>

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

18. COVID-19 Emergency Fund surpluses

	<u>2020</u> HK\$	<u>2019</u> HK\$
At beginning of the year	-	-
Surplus for the year (Note 26)	<u>74,554</u>	<u>-</u>
At end of the year	<u><u>74,554</u></u>	<u><u>-</u></u>

The surpluses represent the accumulated surpluses of "COVID-19 Emergency Fund" from The Hong Kong Jockey Club Charities Trust.



**ALICE HO MIU LING NETHERSOLE CHARITY FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST MARCH 2020**

**19. Designated Funds**

	At 31.03.2019 HK\$	Income HK\$	Expenditure HK\$	Surplus/ (Deficit) for the year HK\$	Transfer (Remark) HK\$	At 31.03.2020 HK\$
DESIGNATED FOR HOSPITAL SERVICE DEVELOPMENT						
Chan King Yee Memorial Fund	1,417,990	-	-	-	-	1,417,990
Chaplaincy Fund - AHNH	-	410,020	(6,365,897)	(5,955,877)	5,955,877	-
Chaplaincy Fund - PYNEH	-	1,410,113	(5,495,312)	(4,085,199)	4,085,199	-
Elderly Service Fund	198,096	40,405	45,857	86,262	-	284,358
Departmental Fund	20,061	-	20,661	20,661	-	40,722
Equipment Fund	59,026	11,000	-	11,000	-	70,026
Central Administration Office Fund	-	4,128,807	(10,453,691)	(6,324,884)	6,324,884	-
Nethersole Institute of Continuing Holistic Health Education Fund	-	1,601,142	(6,341,443)	(4,740,301)	4,740,301	-
HKACS - Jockey Club "Walking Hand in Hand" Cancer Project	-	1,898,497	(1,903,973)	(5,476)	5,476	-
Special Project Fund	7,280,520	118,180	(1,108,612)	(990,432)	-	6,290,088
	<u>8,975,693</u>	<u>9,618,164</u>	<u>(31,602,410)</u>	<u>(21,984,246)</u>	<u>21,111,737</u>	<u>8,103,184</u>
DESIGNATED FOR HUMAN RESOURCES DEVELOPMENT						
Anne Ward Scholarship Fund	984,496	-	(28,264)	(28,264)	-	956,232
Staff Training Fund	3,756,275	990	(240,974)	(239,984)	-	3,516,291
Staff Welfare Fund	-	-	(2,208,252)	(2,208,252)	2,208,252	-
Vicky Chau Scholarship Fund	615,341	-	-	-	-	615,341
	<u>5,356,112</u>	<u>990</u>	<u>(2,477,490)</u>	<u>(2,476,500)</u>	<u>2,208,252</u>	<u>5,087,864</u>
DESIGNATED FOR CONTINGENCY RELIEF/HARDSHIP						
Patients' Welfare Fund	94,425	-	(5,878)	(5,878)	-	88,547
DESIGNATED FOR INDEPENDENT SERVICES						
Chen Yuen Lee Chun Memorial Staff Lodge	10,943,944	6,846,216	(3,206,258)	3,639,958	-	14,583,902
Community & Patient Resource Fund - PYNEH	4,260,736	12,895,843	(12,020,539)	875,304	-	5,136,040
Volunteer & Community Development Fund - AHNH	3,167,694	7,691,580	(7,812,546)	(120,966)	-	3,046,728
	<u>18,372,374</u>	<u>27,433,639</u>	<u>(23,039,343)</u>	<u>4,394,296</u>	<u>-</u>	<u>22,766,670</u>
	<u>32,798,604</u>	<u>37,052,793</u>	<u>(57,125,121)</u>	<u>(20,072,328)</u>	<u>23,319,989</u>	<u>36,046,265</u>

The Funds were set up for various designated purposes.

Remark:

	<u>HK\$</u>
Transfer from Nethersole Hospital Fund (Note 21)	<u>23,319,989</u>

**ALICE HO MIU LING NETHERSOLE CHARITY FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST MARCH 2020**

**19 Designated Funds (continued)**

	At 31.03.2018 HK\$	(Note 20) Transfer from investment revaluation reserve upon initial application of HKFSR 9 HK\$	At 01.04.2018 HK\$	Income HK\$	Expenditure HK\$	Surplus/ (Deficit) for the year HK\$	Transfer (Remark) HK\$	At 31.03.2019 HK\$
<b>DESIGNATED FOR TRUST</b>								
Staff Training Endowment Fund	2,500,000	-	2,500,000	-	-	-	(2,500,000)	-
Staff Welfare Endowment Fund	1,500,000	-	1,500,000	-	-	-	(1,500,000)	-
	<u>4,000,000</u>	<u>-</u>	<u>4,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,000,000)</u>	<u>-</u>
<b>DESIGNATED FOR HOSPITAL SERVICE DEVELOPMENT</b>								
Chan King Yee Memorial Fund	1,417,990	-	1,417,990	-	-	-	-	1,417,990
Chaplaincy Fund - AHNH	1,815,326	-	1,815,326	613,733	(6,103,490)	(5,489,757)	3,674,431	-
Chaplaincy Fund - PYNEH	565,376	-	565,376	1,565,520	(5,160,635)	(3,595,115)	3,029,739	-
Elderly Service Fund	621,947	-	621,947	10,600	(434,451)	(423,851)	-	198,096
Departmental Fund	253,265	-	253,265	-	(233,204)	(233,204)	-	20,061
Equipment Fund	58,926	-	58,926	100	-	100	-	59,026
Central Administration Office Fund	1,234,121	-	1,234,121	3,883,891	(10,087,674)	(6,203,783)	4,969,662	-
Nethersole Institute of Continuing Holistic Health Education Fund	1,141,661	-	1,141,661	1,081,186	(5,589,297)	(4,508,111)	3,366,450	-
Special Project Fund	7,534,406	21,064,590	28,598,996	949,529	(1,203,415)	(253,886)	(21,064,590)	7,280,520
	<u>14,643,018</u>	<u>21,064,590</u>	<u>35,707,608</u>	<u>8,104,559</u>	<u>(28,812,166)</u>	<u>(20,707,607)</u>	<u>(6,024,308)</u>	<u>8,975,693</u>
<b>DESIGNATED FOR HUMAN RESOURCES DEVELOPMENT</b>								
Anne Ward Scholarship Fund	999,266	-	999,266	-	(14,770)	(14,770)	-	984,496
Staff Training Fund	1,841,904	-	1,841,904	1,600	(587,229)	(585,629)	2,500,000	3,756,275
Staff Welfare Fund	1,332,481	-	1,332,481	-	(2,884,804)	(2,884,804)	1,552,323	-
Vicky Chau Scholarship Fund	615,341	-	615,341	-	-	-	-	615,341
	<u>4,788,992</u>	<u>-</u>	<u>4,788,992</u>	<u>1,600</u>	<u>(3,486,803)</u>	<u>(3,485,203)</u>	<u>4,052,323</u>	<u>5,356,112</u>
<b>DESIGNATED FOR CONTINGENCY RELIEF/HARDSHIP</b>								
Patients' Welfare Fund	98,905	-	98,905	-	(4,480)	(4,480)	-	94,425
<b>DESIGNATED FOR INDEPENDENT SERVICES</b>								
Chen Yuen Lee Chun Memorial Staff Lodge	18,353,035	-	18,353,035	4,415,073	(11,824,164)	(7,409,091)	-	10,943,944
Community & Patient Resource Fund - PYNEH	4,699,040	-	4,699,040	12,986,142	(13,424,446)	(438,304)	-	4,260,736
Volunteer & Community Development Fund - AHNH	2,974,550	-	2,974,550	7,885,550	(7,692,406)	193,144	-	3,167,694
	<u>26,026,625</u>	<u>-</u>	<u>26,026,625</u>	<u>25,286,765</u>	<u>(32,941,016)</u>	<u>(7,654,251)</u>	<u>-</u>	<u>18,372,374</u>
	<u>49,557,540</u>	<u>21,064,590</u>	<u>70,622,130</u>	<u>33,392,924</u>	<u>(65,244,465)</u>	<u>(31,851,541)</u>	<u>(5,971,985)</u>	<u>32,798,604</u>

The Funds were set up for various designated purposes.

Remark:

HK\$

Transfer to Nethersole Hospital Fund (Note 21)

(5,971,985)

20. Investment revaluation reserve

	<u>2020</u> HK\$	<u>2019</u> HK\$
At beginning of the year	-	131,426,567
Adjustment on initial application of HKFRS 9		
Transfer to Designed Funds (Note 19)	-	(21,064,590)
Transfer to Nethersole Hospital Fund (Note 21)	-	(52,600,339)
Transfer to Special Reserve Fund (Note 22)	-	(57,761,638)
	<u>-</u>	<u>(57,761,638)</u>
At end of the year	<u>-</u>	<u>-</u>

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

21. Nethersole Hospital Fund

	<u>2020</u> HK\$	<u>2019</u> HK\$
At beginning of the year	577,514,223	564,261,917
Adjustment on initial application of HKFRS 9		
Transfer from investment revaluation reserve (Note 20)	-	52,600,339
	<u>577,514,223</u>	<u>616,862,256</u>
Dividend and interest received	15,843,298	18,567,359
Net realized/unrealized loss on financial assets at fair value through profit or loss	(113,623,728)	(13,188,802)
Gain/(Loss) on foreign exchange	59,422	(254,605)
Donations	(14,457,317)	(46,357,684)
Administration and other expenses	(4,016,062)	(4,003,529)
	<u>(116,194,387)</u>	<u>(45,237,261)</u>
Deficit for the year	<u>(116,194,387)</u>	<u>(45,237,261)</u>
Amount transferred (to)/from Designated Funds (Note 19)	(23,319,989)	5,971,985
Amount transferred to Special Reserve Fund (Note 22)	-	(82,757)
	<u>(23,319,989)</u>	<u>5,889,228</u>
At end of the year	<u>437,999,847</u>	<u>577,514,223</u>

The Fund was set up for general purposes.



22. Special Reserve Fund

	<u>2020</u> HK\$	<u>2019</u> HK\$
At beginning of the year	345,306,402	288,274,614
Adjustment on initial application of HKFRS 9		
Transfer from investment revaluation reserve (Note 20)	-	57,761,638
	<u>345,306,402</u>	<u>346,036,252</u>
Dividend and interest received	471,869	553,083
Donations	(3,069,870)	(1,364,940)
Administration and other expenses	-	(750)
Deficit for the year	<u>(2,598,001)</u>	<u>(812,607)</u>
Amount transferred from Nethersole Hospital Fund (Note 21)	-	82,757
At end of the year	<u>342,708,401</u>	<u>345,306,402</u>

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

23. Categories of financial assets and liabilities

<u>The Group</u>	<u>2020</u> HK\$	<u>2019</u> HK\$
<u>Financial assets</u>		
Non-current assets - at fair value		
Financial assets at fair value through profit or loss	718,919,376	858,323,548
Current assets - at amortized cost		
Accounts receivables and deposits (excluding prepayments)	6,002,564	2,542,693
Bank and cash balances	<u>182,649,979</u>	<u>182,051,312</u>
	<u>907,571,919</u>	<u>1,042,917,553</u>
<u>Financial liabilities</u>		
Current liabilities - at amortized cost		
Accounts payables and accruals (excluding receipt in advance and provision for annual leave entitlement)	<u>27,865,049</u>	<u>24,982,006</u>

23. Categories of financial assets and liabilities (continued)

<u>The Foundation</u>	<u>2020</u> HK\$	<u>2019</u> HK\$
<u>Financial assets</u>		
Non-current assets - at fair value		
Financial assets at fair value through profit or loss	718,919,376	858,323,548
Current assets - at amortized cost		
Accounts receivables and deposits (excluding prepayments)	6,193,361	2,779,037
Bank and cash balances	182,277,625	181,575,309
	<u>907,390,362</u>	<u>1,042,677,894</u>
<u>Financial liabilities</u>		
Current liabilities - at amortized cost		
Accounts payables and accruals (excluding receipt in advance and provision for annual leave entitlement)	27,810,722	24,883,898

24. Commitments for acquisition of property, plant and equipment to be donated

	<u>The Group/The Foundation</u>	
	<u>2020</u> HK\$	<u>2019</u> HK\$
Contracted but not provided	-	-
Authorized but not contracted	103,428,430	106,966,021
	<u>103,428,430</u>	<u>106,966,021</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 (2019 - 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>2020</u> HK\$	<u>2019</u> HK\$
Donation to subsidiary company	<u>6,231,857</u>	<u>5,414,158</u>

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

	2020										2019					
	Social Welfare Department					Lotteries Fund		The Hong Kong Jockey Club Charities Trust			Social Welfare Department		Lotteries Fund			
	Lump Sum Grant	Rent and Rates	Central Items	Innovation and Technology Fund for Application in Elderly and Rehabilitation Care	Grants to Set up Preventive Measures against the Spread of COVID-19	Block Grant	Social Welfare Development Fund	COVID-19 Emergency Fund	Non-subvented services	Total	Lump Sum Grant	Rent and Rates	Block Grant	Social Welfare Development Fund	Non-subvented services	Total
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
INCOME																
Subventions	74,179,758	725,620	1,592,162	153,400	20,000	1,073,000	556,509	-	-	78,300,449	69,952,449	710,000	990,000	906,900	-	72,559,349
Less Amounts clawed back by SWD	-	-	-	-	-	-	-	-	-	-	-	(18,360)	-	(53,377)	-	(71,737)
	74,179,758	725,620	1,592,162	153,400	20,000	1,073,000	556,509	-	-	78,300,449	69,952,449	691,640	990,000	853,523	-	72,487,612
Bank interest income	790,257	-	-	-	-	679	907	-	85	791,928	477,770	-	821	596	28	479,215
Donation	8,500	-	-	-	-	-	-	300,000	10,608	319,108	-	-	-	-	11,130	11,130
Fee income	5,713,432	-	-	-	-	-	-	-	-	5,713,432	5,679,386	-	-	-	-	5,679,386
Program income	47,920	-	-	-	-	-	-	-	4,180	52,100	30,750	-	-	-	-	30,750
Purchasing service income	2,962,923	-	-	-	-	-	-	-	-	2,962,923	2,878,702	-	-	-	-	2,878,702
Other income	79,591	-	-	-	-	-	-	-	370,484	450,075	148,138	-	-	-	365,681	513,819
	83,782,381	725,620	1,592,162	153,400	20,000	1,073,679	557,416	300,000	385,357	88,590,015	79,167,195	691,640	990,821	854,119	376,839	82,080,614
EXPENDITURE																
Advertising for recruitment	52,101	-	-	-	-	-	-	-	-	52,101	98,783	-	-	-	-	98,783
Audit fee	48,600	-	-	-	-	-	-	-	-	48,600	46,700	-	-	-	-	46,700
Bank charges	19,312	-	-	-	-	-	-	-	10,786	30,098	24,642	-	-	-	10,768	35,410
Bedding and linen	41,973	-	-	-	-	-	-	-	-	41,973	173,004	-	3,792	-	-	176,796
Central administration fee	674,179	-	-	-	-	-	-	-	-	674,179	647,225	-	-	-	-	647,225
Cleaning materials and cleaning charges	207,966	-	-	-	-	-	-	-	-	207,966	174,347	-	-	-	-	174,347
Cooking utensils	41,820	-	-	-	-	-	-	-	-	41,820	3,314	-	-	-	-	3,314
Dementia program materials	3,255	-	-	-	-	-	-	-	-	3,255	7,298	-	-	-	-	7,298
Electrical appliance	29,147	-	-	-	-	12,835	-	-	-	41,982	119,554	-	29,684	-	-	149,238
Electricity	2,987,056	-	-	-	-	-	-	-	-	2,987,056	2,936,960	-	-	-	-	2,936,960
Food for residents	2,236,554	-	-	-	-	-	-	-	-	2,236,554	2,122,359	-	-	-	-	2,122,359
Food for staff	-	-	-	-	-	-	-	-	378,855	378,855	-	-	-	-	368,913	368,913
Furniture	57,610	-	-	-	-	102,210	-	-	-	159,820	94,362	-	90,896	-	-	185,258
Gas and fuel	289,323	-	-	-	-	-	-	-	-	289,323	289,797	-	-	-	-	289,797
Holistic care service	261,449	-	-	-	-	-	-	-	-	261,449	387,425	-	-	-	-	387,425
Household utilities	350,327	-	-	-	-	-	-	-	-	350,327	299,416	-	18,800	-	-	318,216
Insurance	553,119	-	-	-	-	-	-	-	-	553,119	500,166	-	-	-	-	500,166
IT support services	50,160	-	-	-	-	-	-	-	-	50,160	48,000	-	-	-	-	48,000
Medical equipment	179,060	-	-	-	-	104,740	-	-	-	283,800	91,250	-	103,600	-	-	194,850
Medical expense for residents	822,833	-	-	-	20,000	-	-	225,446	-	1,068,279	567,010	-	-	-	-	567,010
Medical expense for staff	303,397	-	-	-	-	-	-	-	-	303,397	221,372	-	-	-	-	221,372
Membership fee	-	-	-	-	-	-	-	-	-	-	3,120	-	-	-	-	3,120
Miscellaneous	42,157	-	-	-	-	-	-	-	-	42,157	43,848	-	-	-	-	43,848
Newspaper and periodicals	10,038	-	-	-	-	-	-	-	-	10,038	8,991	-	-	-	-	8,991
Nursing home license	900	-	-	-	-	-	-	-	-	900	900	-	-	-	-	900
Occupational equipment	42,058	-	-	153,400	-	9,200	-	-	-	204,658	11,808	-	-	-	-	11,808
Office equipment	199,497	-	-	-	-	32,040	258,346	-	-	489,883	106,706	-	4,680	32,250	-	143,636
Other travelling	10,808	-	-	-	-	-	-	-	-	10,808	10,363	-	-	-	-	10,363
Physical equipment	33,517	-	-	-	-	91,900	-	-	-	125,417	21,427	-	39,800	-	-	61,227
Postage	1,942	-	-	-	-	-	-	-	-	1,942	2,765	-	-	-	-	2,765
Pre-employment medical examination	14,480	-	-	-	-	-	-	-	-	14,480	5,985	-	-	-	-	5,985
Printing and stationery	105,380	-	-	-	-	-	-	-	-	105,380	130,417	-	-	-	-	130,417
Program expenses	113,099	-	-	-	-	-	-	-	4,180	117,279	66,316	-	-	-	-	66,316
Provident fund	3,680,826	-	-	-	-	-	-	-	-	3,680,826	3,515,419	-	-	-	-	3,515,419
Rates	-	710,500	-	-	-	-	-	-	-	710,500	-	710,000	-	-	-	710,000
Repair and maintenance	3,316,360	-	-	-	-	1,148,840	-	-	-	4,465,200	3,032,913	-	1,007,281	-	-	4,040,194
Resident daily necessities	2,873,235	-	-	-	-	-	-	-	-	2,873,235	2,793,965	-	-	-	-	2,793,965
Salaries	63,121,228	-	865,495	-	-	-	-	-	96,888	64,083,611	58,058,203	-	-	-	27,773	58,085,976
Security guard services	236,110	-	-	-	-	-	-	-	-	236,110	224,900	-	-	-	-	224,900
Staff training	-	-	-	-	-	-	436,380	-	-	436,380	-	-	-	98,971	-	98,971
Staff welfare	-	-	-	-	-	-	-	-	10,000	10,000	-	-	-	-	10,000	10,000
Telephone and intercom system	90,837	-	-	-	-	-	-	-	-	90,837	51,183	-	-	-	-	51,183
Vehicle license	114	-	-	-	-	-	-	-	-	114	2,749	-	-	-	-	2,749
	(83,101,827)	(710,500)	(865,495)	(153,400)	(20,000)	(1,501,765)	(694,726)	(225,446)	(500,709)	(87,773,868)	(76,944,962)	(710,000)	(1,298,533)	(131,221)	(417,454)	(79,502,170)
Surplus/(Deficit) before transfer	680,554	15,120	726,667	-	-	(428,086)	(137,310)	74,554	(115,352)	816,147	2,222,233	(18,360)	(307,712)	722,898	(40,615)	2,578,444
Transfer to:																
Block Grant reserve (Note 12)	-	-	-	-	-	428,086	-	-	-	428,086	-	-	307,712	-	-	307,712
Central Items surpluses (Note 13)	-	-	(726,667)	-	-	-	-	-	-	(726,667)	-	-	-	-	-	-
Lump Sum Grant reserve (Note 14)	(680,554)	-	-	-	-	-	-	-	-	(680,554)	(2,222,233)	-	-	-	-	(2,222,233)
Rent and rate subvention surpluses	-	(15,120)	-	-	-	-	-	-	-	(15,120)	-	18,360	-	-	-	18,360
Social Welfare Development Fund surpluses (Note 16)	-	-	-	-	-	-	137,310	-	-	137,310	-	-	-	(722,898)	-	(722,898)
COVID-19 Emergency Fund surpluses (Note 18)	-	-	-	-	-	-	-	(74,554)	-	(74,554)	-	-	-	-	-	-
Deficit after transfer for the year	-	-	-	-	-	-	-	-	(115,352)	(115,352)	-	-	-	-	(40,615)	(40,615)