



THE QUEEN ELIZABETH HOSPITAL
CHARITABLE TRUST

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2017



李 湯 陳 會 計 師 事 務 所

LI, TANG, CHEN & CO.

Certified Public Accountants (Practising)

Hong Kong



**INDEPENDENT AUDITOR'S REPORT
TO THE TRUSTEES OF THE QUEEN ELIZABETH HOSPITAL CHARITABLE TRUST
("TRUST")**

OPINION

We have audited the financial statements of The Queen Elizabeth Hospital Charitable Trust ("Trust") set out on pages 4 to 13, which comprise the statement of financial position as at 31st March, 2017, and the statement of comprehensive income, the statement of changes in fund and the statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Trust as at 31st March, 2017, and of its financial performance and its cash flows for the year then ended in accordance with the applicable Hong Kong Financial Reporting Standards ("HKFRSs") relevant to these financial statements 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 Financial Statements* section of our report. We are independent of the Trust 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.

RESPONSIBILITIES OF TRUSTEES AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

The trustees are responsible for the preparation of financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the Trust'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 trustees either intend to liquidate the Trust or to cease operations, or have no realistic alternative but to do so.

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

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AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the 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. We report our opinion solely to you, as a body, in accordance with terms of the 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 HKSAs 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 financial statements.

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

- Identify and assess the risks of material misstatement of the 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 Trust's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees' 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 Trust'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 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 Trust to cease to continue as a going concern.

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**AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS
(CONT'D)**

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.



Li, Tang, Chen & Co.
Certified Public Accountants (Practising)
10/F Sun Hung Kai Centre
30 Harbour Road
Wanchai
Hong Kong

31 AUG 2017

THCW/MCHA/ECWK:mc

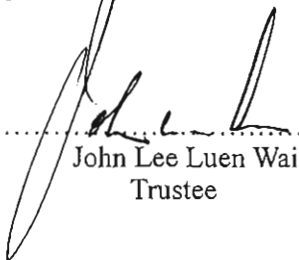
THE QUEEN ELIZABETH HOSPITAL CHARITABLE TRUST

STATEMENT OF FINANCIAL POSITION AS AT 31ST MARCH, 2017

	<u>Note</u>	<u>2017</u>	<u>2016</u>
		HK\$	HK\$
CURRENT ASSETS			
Cash and bank balances		1,861,909	3,830,260
CURRENT LIABILITIES			
Accrued expenses		<u>(5,800)</u>	<u>(6,600)</u>
NET ASSETS		<u>1,856,109</u>	<u>3,823,660</u>
Representing:			
INITIAL TRUST FUND	5	100	100
ACCUMULATED SURPLUS	6	<u>1,856,009</u>	<u>3,823,560</u>
		<u>1,856,109</u>	<u>3,823,660</u>

The financial statements set out on pages 4 to 13 were approved and authorised for issue by the trustees on

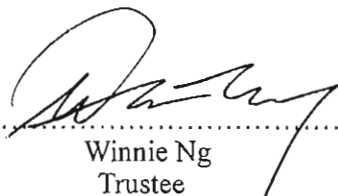
31 AUG 2017



 John Lee Luen Wai
 Trustee



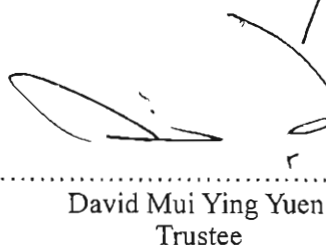
 Emmanuel Kao Chu Chee
 Trustee



 Winnie Ng
 Trustee



 Kam Pok Man
 Trustee



 David Mui Ying Yuen
 Trustee

THE QUEEN ELIZABETH HOSPITAL CHARITABLE TRUST

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31ST MARCH, 2017

	<u>2017</u> HK\$	<u>2016</u> HK\$
REVENUE		
Donations received	39,689	1,111,598
Interest income	-	5,033
	<u>39,689</u>	<u>1,116,631</u>
	-----	-----
LESS:		
Audit fee	3,800	3,600
Bank charges	2,640	1,096
Donation	2,000,000	110,000
Event expenses	-	34,626
Operating expenses	-	26,900
Sundry expenses	800	800
	<u>2,007,240</u>	<u>177,022</u>
	-----	-----
(DEFICIT)/SURPLUS AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>(1,967,551)</u>	<u>939,609</u>
	=====	=====

THE QUEEN ELIZABETH HOSPITAL CHARITABLE TRUST

STATEMENT OF CHANGES IN FUND

FOR THE YEAR ENDED 31ST MARCH, 2017

	<u>Initial trust fund</u> HK\$	<u>Accumulated surplus</u> HK\$	<u>Total</u> HK\$
Balance as at 1 st April, 2015	100	2,883,951	2,884,051
Surplus and total comprehensive income for the year	<u>-</u>	<u>939,609</u>	<u>939,609</u>
Balance as at 31 st March, 2016 and 1 st April, 2016	100	3,823,560	3,823,660
Deficit and total comprehensive income for the year	<u>-</u>	<u>(1,967,551)</u>	<u>(1,967,551)</u>
Balance as at 31 st March, 2017	<u>100</u>	<u>1,856,009</u>	<u>1,856,109</u>

THE QUEEN ELIZABETH HOSPITAL CHARITABLE TRUST

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31ST MARCH, 2017

	<u>2017</u> HK\$	<u>2016</u> HK\$
OPERATING ACTIVITIES		
(Deficit)/surplus for the year	(1,967,551)	939,609
Adjustment for:		
Interest income	<u>-</u>	<u>(5,033)</u>
Operating (deficit)/surplus before changes in working capital	(1,967,551)	934,576
(Decrease)/increase in accrued expenses	<u>(800)</u>	<u>2,400</u>
Net cash (used in)/generated from operating activities	<u>(1,968,351)</u>	<u>936,976</u>
	-----	-----
INVESTING ACTIVITIES		
Decrease in fixed deposits with maturity over three months	-	1,525,527
Interest received	<u>-</u>	<u>6,136</u>
Net cash from investing activities	<u>-</u>	<u>1,531,663</u>
	-----	-----
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(1,968,351)	2,468,639
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>3,830,260</u>	<u>1,361,621</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>1,861,909</u>	<u>3,830,260</u>
	=====	=====
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	<u>1,861,909</u>	<u>3,830,260</u>
	=====	=====

THE QUEEN ELIZABETH HOSPITAL CHARITABLE TRUST

NOTES TO THE FINANCIAL STATEMENTS

1. STATUS OF THE TRUST

The Queen Elizabeth Hospital Charitable Trust ("The Trust") was constituted by the Declaration of Trust dated 30th July, 1995. The trust was established by 3 trustees who have received the sum of HK\$100 as the Trust Fund to be held by them on the Trust. The trustees hold the capital and income of the Trust Fund to apply the income and all or such part or parts of the capital at such times and in such manner as the trustees shall in their discretion think fit or towards any one or all of the following charitable purposes:-

- a) for the benefit of The Queen Elizabeth Hospital and its works;
- b) to assist and make donations and grants for the assistance of the activities of any other not for profit hospital or medical facility in Hong Kong;
- c) to promote medical education and knowledge; and
- d) to promote or advance medicine, health and physical and mental welfare of the public in the community generally in Hong Kong.

The Trust consisted of not more than six trustees. The first trustees include Mr. Lee Kin Hung, Mr. Frederick Kenneth Lee Jr. and Mr. Christopher Mok Wah Chiu. On 18th July, 2008, Mr. John Lee Luen Wai and Ms. Winnie Ng were appointed as new trustees to replace Mr. Frederick Kenneth Lee Jr. who passed away in 1997 and Mr. Christopher Mok Wah Chiu who retired from the Trust. On 8th April, 2015, Mr. Emmanuel Kao Chu Chee was appointed as new trustee to replace Mr. Lee Kin Hung who retired from the Trust. On 17th December, 2015, Dr. Kam Pok Man and Mr. David Mui Ying Yuen were appointed as new trustees. The power of appointing and replacing trustee(s) of the Trust shall be vested in the Guardian who shall only exercise such power in consultation with the Governing Committee of the Queen Elizabeth Hospital. New trustee(s) may be appointed at any time (either by way of replacement of existing trustee(s), or by addition) but so that the total number of trustees shall at no time exceed six.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- a) Basis of preparation of financial statements:
 - i) These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") which collective term includes all applicable individual Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), and accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. These financial statements were prepared on a going concern basis and under the historical cost convention.
 - ii) Application of new and revised HKFRSs

The HKICPA has issued a number of amendments to HKFRSs that are first effective or available for early adoption for the current accounting period of the Trust. The trustees consider that such new standards and amendments to HKFRS have no material impact on the Trust's financial statements.

The Trust has not early applied any new standard or Interpretation that is not yet effective for the current accounting period (see note 8).

THE QUEEN ELIZABETH HOSPITAL CHARITABLE TRUST

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

b) Use of estimates in the preparation of the financial statements:

The preparation of financial statements in conformity with HKFRSs requires trustees to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expense. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised 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.

c) Revenue recognition:

Revenue is recognised when it is probable that the economic benefits will flow to the Trust and when the revenue can be measured reliably, on the following basis:

- i) Donations received is recognised as and when they are received.
- ii) Interest income is recognised as it accrues using the effective interest method.

d) Related parties:

i) A person, or a close member of that person's family, is related to the Trust if that person:

- has control or joint control over the Trust;
- has significant influence over the Trust; or
- is a member of the key management personnel of the Trust or the Trust's parent.

ii) An entity is related to the Trust if any of the following conditions applies:

- The entity and the Trust are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to each others).
- One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- Both entities are joint ventures of the same third party.
- One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

THE QUEEN ELIZABETH HOSPITAL CHARITABLE TRUST

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

d) Related parties: (cont'd)

ii) An entity is related to the Trust if any of the following conditions applies: (cont'd)

- The entity is a post-employment benefit plan for the benefit of employees of either the Trust or an entity related to the Trust.
- The entity is controlled or jointly controlled by a person identified in (i).
- A person who has control or joint control over the Trust 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).
- The entity, or any member of a group of which it is a part, provides key management personnel services to the Trust.

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.

e) Cash and cash equivalents:

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short-term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Trust's cash management.

f) Donation and event expenses:

Donation and event expenses are charged to the statement of comprehensive income and recognised as liabilities when the grant has been offered to and accepted by the grantee and it is probable that an outflow of resources will be required to settle the legal and/or constructive obligation established. If grant conditions exist, the likelihood of an outflow of resources will be assessed based on the grantee's ability and willingness in honouring the grant conditions.

g) Provisions:

Provisions are recognised when the Trust 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.

THE QUEEN ELIZABETH HOSPITAL CHARITABLE TRUST

NOTES TO THE FINANCIAL STATEMENTS

3. FINANCIAL INSTRUMENTS

a) Financial instruments by category

The carrying amount of loans and receivables is HK\$1,861,909 (2016: HK\$3,830,260) which is represented by cash and bank balances in the statement of financial position.

The carrying amount of financial liabilities at amortised cost is HK\$5,800 (2016: HK\$6,600) which is represented by accrued expenses in the statement of financial position.

b) Financial risk management objectives and policies

The Trust's overall risk management programme seeks to minimise potential adverse effects on the financial performance of the Trust. As the Trust's exposure to these risks is kept to a minimum, the Trust has not used any derivatives and other instruments for hedging purposes. The trustees review and agree policies for managing each of these risks and they are summarised as follows:

i) Credit risk:

The Trust's credit risk is primarily attributable to receivables. The trustees have a credit policy in place and the exposure to these credit risks are monitored on an ongoing basis. The Trust does not have a significant concentration of credit risk.

The maximum exposure of credit risk is represented by the carrying amount of each financial asset in the statement of financial position. The credit risk relating to cash and deposits at banks is limited because the counterparties are banks with high credit rating.

ii) Interest rate risk:

The Trust had no significant interest-bearing financial liabilities at the end of the reporting period. The interest-bearing financial assets only include short-term bank balance. The Trust's income and operating cash flows are substantially independent of change in market interest rates.

iii) Liquidity risk:

The Trust's operating cash flows are actively managed on an ongoing basis. The Trust maintains sufficient cash for financing its operating activities.

The following table details the remaining contractual maturities at the end of the reporting period of the Trust's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Trust can be required to pay:

THE QUEEN ELIZABETH HOSPITAL CHARITABLE TRUST

NOTES TO THE FINANCIAL STATEMENTS

3. FINANCIAL INSTRUMENTS (CONT'D)

b) Financial risk management objectives and policies (cont'd)

iii) Liquidity risk: (cont'd)

	2017		
	Carrying amount HK\$	Total contractual undiscounted cash flow HK\$	Within 1 year or on demand HK\$
Accrued expenses	5,800	5,800	5,800

	2016		
	Carrying amount HK\$	Total contractual undiscounted cash flow HK\$	Within 1 year or on demand HK\$
Accrued expenses	6,600	6,600	6,600

iv) Foreign currency risk:

The Trust operates in Hong Kong with almost all of the transactions settled in Hong Kong dollars and therefore did not have significant exposure to foreign exchange risk during the year.

v) Fair values:

The carrying values of financial instruments carried at cost or amortised cost are not materially different from their fair values due to their short maturities.

vi) Capital risk management:

The Trust's objectives when managing capital are to safeguard the Trust's ability to continue as a going concern and to support the Trust's stability and growth and to provide capital for the purpose of strengthening the Trust's risks management capability. Capital includes initial trust fund and accumulated surplus.

The Trust is not subject to either internally or externally imposed capital requirements.

THE QUEEN ELIZABETH HOSPITAL CHARITABLE TRUST

NOTES TO THE FINANCIAL STATEMENTS

4. TAXATION

No provision for Hong Kong profits tax has been made as the Trust is exempted from all taxes under section 88 of the Inland Revenue Ordinance.

5. INITIAL TRUST FUND

	<u>2017</u> HK\$	<u>2016</u> HK\$
Balance carried forward	<u>100</u>	<u>100</u>

6. ACCUMULATED SURPLUS

	<u>2017</u> HK\$	<u>2016</u> HK\$
Balance brought forward	3,823,560	2,883,951
(Deficit)/surplus and total comprehensive income for the year	<u>(1,967,551)</u>	<u>939,609</u>
Balance carried forward	<u>1,856,009</u>	<u>3,823,560</u>

7. RELATED PARTY TRANSACTION

During the year, the Trust has made donation of HK\$2,000,000 (2016: HK\$110,000) to the Hospital Authority – Queen Elizabeth Hospital.

8. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31ST MARCH, 2017

Up to the date of issue of these financial statements, the HKICPA has issued a few amendments and new standards which are not yet effective for the year ended 31st March, 2017 and which have not been adopted in these financial statements.

The Trust is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Trust's results of operations and financial position.