



**THE QUEEN ELIZABETH HOSPITAL
CHARITABLE TRUST**

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2019



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**

OPINION

We have audited the financial statements of The Queen Elizabeth Hospital Charitable Trust ("the Trust") set out on pages 4 to 15, which comprise the statement of financial position as at 31st March, 2019, 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 principal 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, 2019, 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 ("HKSAAs") 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 Guardian (as defined in Clause 16 of the Trust Deed dated 30th July, 1995) either intends 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.

A handwritten signature in black ink, appearing to be 'Li Tang Chen', written in a cursive style.

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

09 SEP 2019

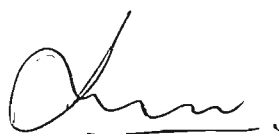
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THE QUEEN ELIZABETH HOSPITAL CHARITABLE TRUST

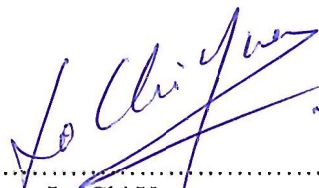
STATEMENT OF FINANCIAL POSITION AS AT 31ST MARCH, 2019

	<u>Note</u>	<u>2019</u> HK\$	<u>2018</u> HK\$
CURRENT ASSETS			
Interest receivables		3,186	2,352
Cash and bank balances	5	<u>1,852,584</u>	<u>1,848,729</u>
		1,855,770	1,851,081
		-----	-----
CURRENT LIABILITIES			
Other payables and accruals		(21,150)	(4,800)
		-----	-----
NET ASSETS			
		<u>1,834,620</u>	<u>1,846,281</u>
		=====	=====
Representing:			
INITIAL TRUST FUND	6	100	100
ACCUMULATED SURPLUS	7	<u>1,834,520</u>	<u>1,846,181</u>
TOTAL FUNDS		<u>1,834,620</u>	<u>1,846,281</u>
		=====	=====

The financial statements set out on pages 4 to 15 were approved and authorised for issue by the Trustees on 09 SEP 2019



.....
Kam Pok Man
Trustee



.....
Lo Chi Yuen
Trustee

THE QUEEN ELIZABETH HOSPITAL CHARITABLE TRUST

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31ST MARCH, 2019

	<u>2019</u> HK\$	<u>2018</u> HK\$
INCOME		
Donation income	2,770,095	135,638
Interest income	16,359	2,352
Refund of unutilised donation balance from grantee	<u>170,000</u>	<u>-</u>
	2,956,454	137,990
	-----	-----
EXPENDITURE		
Audit fee	5,000	4,000
Bank charges	1,653	807
Donation bags	63,600	-
Donation expenses	2,877,884	142,211
Insurance	2,271	-
Printing and stationery	17,545	-
Sundry expenses	<u>162</u>	<u>800</u>
	2,968,115	147,818
	-----	-----
DEFICIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>(11,661)</u>	<u>(9,828)</u>

THE QUEEN ELIZABETH HOSPITAL CHARITABLE TRUST

STATEMENT OF CHANGES IN FUND

FOR THE YEAR ENDED 31ST MARCH, 2019

	<u>Initial trust fund</u> HK\$	<u>Accumulated surplus</u> HK\$	<u>Total</u> HK\$
Balance as at 1 st April, 2017	100	1,856,009	1,856,109
Deficit and total comprehensive income for the year	<u>-</u>	<u>(9,828)</u>	<u>(9,828)</u>
Balance as at 31 st March, 2018 and 1 st April, 2018	100	1,846,181	1,846,281
Deficit and total comprehensive income for the year	<u>-</u>	<u>(11,661)</u>	<u>(11,661)</u>
Balance as at 31 st March, 2019	<u>100</u>	<u>1,834,520</u>	<u>1,834,620</u>

THE QUEEN ELIZABETH HOSPITAL CHARITABLE TRUST

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31ST MARCH, 2019

	Note	2019 HK\$	2018 HK\$
OPERATING ACTIVITIES			
Deficit for the year		(11,661)	(9,828)
Adjustment for:			
Interest income		<u>(16,359)</u>	<u>(2,352)</u>
Operating deficit before changes in working capital		(28,020)	(12,180)
Increase/(decrease) in other payables and accruals		<u>16,350</u>	<u>(1,000)</u>
Net cash used in operating activities		<u>(11,670)</u>	<u>(13,180)</u>
		-----	-----
INVESTING ACTIVITIES			
Interest received		15,525	-
Increase in bank deposits with original maturity over three months		<u>(15,475)</u>	<u>(800,000)</u>
Net cash generated from/(used in) investing activities		50	(800,000)
		-----	-----
NET DECREASE IN CASH AND CASH EQUIVALENTS		(11,620)	(813,180)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		<u>1,048,729</u>	<u>1,861,909</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	5	<u><u>1,037,109</u></u>	<u><u>1,048,729</u></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 and the Trustees during the year and up to the date of this report were:

- 1) Dr. Kam Pok Man (Chairman)
- 2) Mr. David Mui Ying Yuen
- 3) Mr. Emmanuel Kao Chu Chee
- 4) Dr. Lo Chi Yuen
- 5) Mr. Ku Moon Lun (Appointed on 23rd October, 2018)
- 6) Dr. Peter Lee Kwok Wah (Appointed on 23rd October, 2018)
- 7) Mr. John Lee Luen Wai (Retired on 22nd October, 2018)
- 8) Ms. Winnie Ng (Retired on 22nd October, 2018)

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 the total number of Trustees shall at no time exceed six.

2. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies reported in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless other arise stated.

- a) Basis of preparation:

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which also include Hong Kong Accounting Standards and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and accounting principles generally accepted in Hong Kong. The financial statements have been prepared on a going concern basis and under the historical cost convention.

THE QUEEN ELIZABETH HOSPITAL CHARITABLE TRUST

NOTES TO THE FINANCIAL STATEMENTS

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

b) Adoption of new and revised HKFRSs:

The HKICPA has issued certain new and revised HKFRSs, including interpretations, amendments or improvements to the existing standards, which have become effective in the current period. The following new standard which is effective for the Trust's financial year beginning on 1st April, 2018 is relevant to the Trust.

HKFRS 9 *Financial Instruments*

HKFRS 9 replaces the "incurred loss" model in HKAS 39 with the "expected credit loss" (ECL) model with the result that a loss event will no longer need to occur before an impairment allowance is recognised. Prior to 1st April 2018, incurred loss model was used to measure impairment losses on trade and other receivable. Impairment loss was recognised when there was objective evidence of impairment. From 1st April, 2018, the Trust used the new ECL model to measure ECLs and changes in ECLs. The amount of ECLs is updated at each reporting date to reflect changes in credit risk since initial recognition and, consequently, more timely information is provided for ECLs.

The adoption of HKFRS 9 has resulted in changes in accounting policies. The Trust has applied HKFRS 9 retrospectively and taken the transitional provisions in HKFRS 9 not to restate comparative information with respect to classification and measurement (including impairment) requirements. The adoption of HKFRS 9 does not have any material effects on the Trust's financial performance and position.

The Trust has not applied any new standard or interpretation that is not yet effective for the current accounting period (see note 9).

c) 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.

THE QUEEN ELIZABETH HOSPITAL CHARITABLE TRUST

NOTES TO THE FINANCIAL STATEMENTS

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

d) Income recognition:

Donation income is recognised as and when it is probable that it will be received.

Interest income is recognised as it accrues using the effective interest method.

Refund of unutilised donation balance from grantee is recognised as and when it is probable that it will be received.

e) 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 honoring the grant conditions.

f) Financial assets:

The Trust determines the classification of its financial assets at initial recognition, and such classification depends on the Trust's business model for managing the financial assets and the contractual terms of the cash flows.

The Trust recognises a loss allowance for ECLs on financial assets measured at amortised cost (interest receivables and bank balance).

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Trust in accordance with the contract and the cash flows that the Trust expects to receive).

Lifetime ECLs are losses that are expected to result from all possible default events over the expected lives of the financial assets.

g) Cash and cash equivalents:

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash in 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.

h) 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

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

i) 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 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.

THE QUEEN ELIZABETH HOSPITAL CHARITABLE TRUST

NOTES TO THE FINANCIAL STATEMENTS

3. FINANCIAL INSTRUMENTS

a) Financial instruments by category

The carrying amount of financial assets is HK\$1,855,770 (2018: HK\$1,851,081) which is represented by interest receivables and cash and bank balances in the statement of financial position.

The carrying amount of financial liabilities at amortised cost is HK\$21,150 (2018: HK\$4,800) which is represented by other payables and accruals 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 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. The impairment requirements of HKFRS 9 do not have a material impact on the bank deposits.

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)

	2019		
	Carrying amount HK\$	Total contractual undiscounted cash flow HK\$	Within 1 year or on demand HK\$
Other payables and accruals	21,150	21,150	21,150
	<u>21,150</u>	<u>21,150</u>	<u>21,150</u>
	2018		
	Carrying amount HK\$	Total contractual undiscounted cash flow HK\$	Within 1 year or on demand HK\$
Other payables and accruals	4,800	4,800	4,800
	<u>4,800</u>	<u>4,800</u>	<u>4,800</u>

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 estimation:

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 (Chapter 112) of Hong Kong.

5. CASH AND BANK BALANCES

	<u>2019</u> HK\$	<u>2018</u> HK\$
Cash at bank and in hand	<u>1,037,109</u>	<u>1,048,729</u>
Cash and cash equivalents	1,037,109	1,048,729
Bank deposits with original maturity over three months	<u>815,475</u>	<u>800,000</u>
	<u>1,852,584</u>	<u>1,848,729</u>

6. INITIAL TRUST FUND

	<u>2019</u> HK\$	<u>2018</u> HK\$
Balance carried forward	<u>100</u>	<u>100</u>

7. ACCUMULATED SURPLUS

	<u>2019</u> HK\$	<u>2018</u> HK\$
Balance brought forward	1,846,181	1,856,009
Deficit and total comprehensive income for the year	<u>(11,661)</u>	<u>(9,828)</u>
Balance carried forward	<u>1,834,520</u>	<u>1,846,181</u>

8. RELATED PARTY TRANSACTION

During the year, the Trust has made donation to and received refund of unutilised donation balance from Hospital Authority – Queen Elizabeth Hospital of HK\$2,877,884 (2018: HK\$142,211) and HK\$170,000 (2018: HK\$Nil) respectively.

THE QUEEN ELIZABETH HOSPITAL CHARITABLE TRUST

NOTES TO THE FINANCIAL STATEMENTS

9. POSSIBLE IMPACT OF NEW/REVISED STANDARDS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31ST MARCH, 2019

Up to the date of issue of these financial statements, the HKICPA has issued a few new/revised standards which are not yet effective for the year ended 31st March, 2019 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 new/revised 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.