



NORTH DISTRICT HOSPITAL
CHARITABLE FOUNDATION

TRUSTEES' REPORT AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2012

 **Katon CPA Limited**
華悅會計師行有限公司

NORTH DISTRICT HOSPITAL CHARITABLE FOUNDATION

TRUSTEES' REPORT

The Trustees submit their report together with the audited financial statements of North District Hospital Charitable Foundation (the "Foundation") for the year ended 31 March 2012.

PRINCIPAL ACTIVITIES

The principal activities of the Foundation are:

- I. for the benefit of and to make payments to the North District Hospital for charitable purposes for so long as it remains a non profit making organization;
- II. to promote or advance medicine, health and physical and mental welfare of the public in the community generally in Hong Kong; and
- III. to promote medical education and knowledge, including teaching and research of and into medicine and health issues.

RESULTS

The results of the Foundation for the year ended 31 March 2012 are set out in the statement of comprehensive income on page 5 of the financial statements.

COMPOSITION OF THE TRUSTEES

The Trustees of the Foundation during the year and up to the date of this report were:

Mrs. Gloria NG WONG Yee Man
Mr. HAU Kam Lam
Mr. George PANG Chun Sing
Mr. HUNG Siu Ling

In accordance with Declaration of Trust, all the Trustees shall remain in office. The power of appointing and replacing the Trustees of the Charity shall be vested in the Guardian, the Hospital Authority, who shall only exercise such power in consultation with the Governing Committee of North District Hospital.

TRUSTEES' INTERESTS

No contracts of significance in relation to the Foundation's activities to which the Foundation was a party and in which a trustee of the Foundation had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

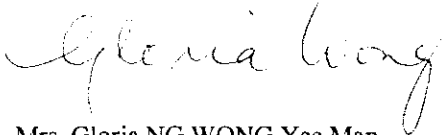
MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the Foundation's activities were entered into or existed during the year.

HONORARY AUDITORS

The financial statements have been audited by Katon CPA Limited who retire and, being eligible, offer themselves for re-appointment.

On behalf of the Trustees



Mrs. Gloria NG WONG Yee Man
Trustee

Hong Kong, 3 September 2012



Katon CPA Limited

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INDEPENDENT AUDITOR'S REPORT TO THE GUARDIAN OF

NORTH DISTRICT HOSPITAL CHARITABLE FOUNDATION

(established in Hong Kong as a Trust)

We have audited the financial statements of North District Hospital Charitable Foundation set out on pages 5 to 13, which comprise the statement of financial position as at 31 March 2012, and the statement of comprehensive income, statement of changes in funds and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Trustees' responsibility for the financial statements

The Trustees are responsible for the preparation and the true and fair presentation of these financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and The North District Hospital Charitable Foundation's Declaration of Trust. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with The North District Hospital Charitable Foundation's Declaration of Trust and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Trustees, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

(To be continued)

INDEPENDENT AUDITOR'S REPORT TO THE GUARDIAN OF

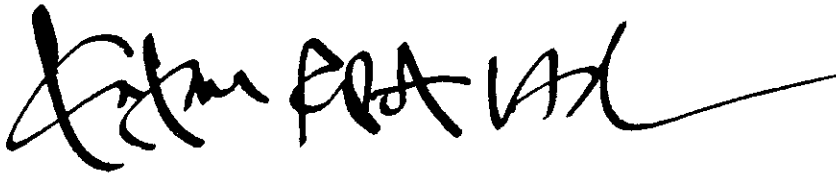
NORTH DISTRICT HOSPITAL CHARITABLE FOUNDATION

(established in Hong Kong as a Trust)

(Continued)

Opinion

In our opinion, the financial statements give a true and fair view of the state of the Foundation's affairs as at 31 March 2012 and of its surplus and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards.



Katon CPA Limited
Certified Public Accountants
Hong Kong
Date: 3 September 2012

Lee Kit Wah
Practising Certificate number P01453

NORTH DISTRICT HOSPITAL CHARITABLE FOUNDATION

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2012

	2012 HK\$	2011 HK\$
Income		
Donations received	3,509,137	4,559,811
Donations received from Charity Walkathon	674,681	0
Donations received from Flag Day	807,046	0
Bank interest income	8,504	2,274
	<u>4,999,368</u>	<u>4,562,085</u>
Less: Expenditures		
Bank charges	2,180	300
Be A Happy And Health North District Lady Project	279,013	0
Charity Walkathon expenses	92,739	0
Colonic Stent Project	96,000	48,000
Donation boxes	10,000	0
Electric beds	0	78,965
Flag Day expenses	28,761	0
Healthy Feet Project	0	9,975
Laser prostate operation and Urology center	0	100,000
Lunch arrangement for Fund Raising Advisory Committee	2,920	0
Medical equipment and consumables	1,024,500	950,000
Medication Trolley	0	138,600
Permanent plaque for donors appreciation	13,128	8,791
Procurement of booklets	0	32,300
Smiley Project - Oral and Dental Health for Seniors	274,643	0
Television for wards	130,541	94,156
Training expenses	51,360	16,142
Ward Improvement and Patient Safety Enhancement Project	2,800	0
	<u>(2,008,585)</u>	<u>(1,477,229)</u>
Surplus for the year	<u><u>2,990,783</u></u>	<u><u>3,084,856</u></u>

NORTH DISTRICT HOSPITAL CHARITABLE FOUNDATION

STATEMENT OF CHANGES IN FUNDS
FOR THE YEAR ENDED 31 MARCH 2012

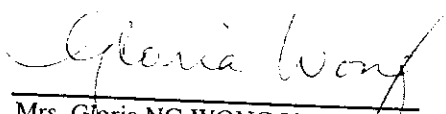
	General fund HK\$
At 1 April 2010	3,973,418
Surplus for the year	<u>3,084,856</u>
At 31 March 2011	7,058,274
Surplus for the year	<u>2,990,783</u>
At 31 March 2012	<u><u>10,049,057</u></u>

NORTH DISTRICT HOSPITAL CHARITABLE FOUNDATION

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2012

	Note	2012 HK\$	2011 HK\$
ASSETS			
Current assets			
Bank balances	7	<u>10,049,057</u>	<u>7,058,274</u>
TOTAL ASSETS		<u><u>10,049,057</u></u>	<u><u>7,058,274</u></u>
FUNDS			
Funds and retained surplus			
General fund		<u>10,049,057</u>	<u>7,058,274</u>
TOTAL FUNDS		<u><u>10,049,057</u></u>	<u><u>7,058,274</u></u>

Approved by the Trustees on 3 September 2012.



Mrs. Gloria NG WONG Yee Man
Trustee



Mr. HAU Kam Lam
Trustee

NORTH DISTRICT HOSPITAL CHARITABLE FOUNDATION

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2012

	2012 HK\$	2011 HK\$
Operating activities		
Surplus for the year	2,990,783	3,084,856
Adjustment for:		
Bank interest income	<u>(8,504)</u>	<u>(2,274)</u>
Net cash from operating activities	2,982,279	3,082,582
Investing activities		
Bank interest received	<u>8,504</u>	<u>2,274</u>
Net cash from investing activities	8,504	2,274
Net increase in cash and cash equivalents	2,990,783	3,084,856
Cash and cash equivalents at the beginning of the year	<u>7,058,274</u>	<u>3,973,418</u>
Cash and cash equivalents at the end of the year	<u>10,049,057</u>	<u>7,058,274</u>
Analysis of the balances of cash and cash equivalents		
Bank balances	<u>10,049,057</u>	<u>7,058,274</u>

NORTH DISTRICT HOSPITAL CHARITABLE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

1 PRINCIPAL ACTIVITIES AND STATUS

North District Hospital Charitable Foundation (the "Foundation") is a registered charitable trust in Hong Kong engaged in activities to promote or advance medical education and knowledge, medicine, health and physical and mental welfare of the public in the community generally in Hong Kong. The income and property of the Foundation, wheresoever derived, is applied solely towards the promotion of the objects set out in the Foundation's Declaration of Trust. The Foundation's fund are not distributable to its trustees.

The address of its registered office is New Territories East Cluster, Prince of Wales Hospital, 30-32 Ngan Shing Street, Shatin, New Territories.

2 THE ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Foundation has applied all the new and revised Standards, Amendments and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") that are relevant to its operations and effective for annual periods beginning on or after 1 April 2011. The new and revised Standards, Amendments and Interpretations adopted in the current year are referred to as new and revised HKFRSs.

The Foundation has not applied the new HKFRSs that have been issued but are not yet effective. The Foundation has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a material impact on its results of operations and financial position.

Other new standards, amendments to standards and interpretations, which are mandatory for the first time for the financial year beginning 1 April 2011, are not currently relevant for the Foundation or do not have material impact on the Foundation for the year ended 31 March 2012.

3 SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

The financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards, which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong.

(b) Basis of preparation of the financial statements

The financial statements have been prepared on the historical cost basis, except for certain financial instruments, which are measured at revalued amounts or fair values, as explained in the accounting policies set out below.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Basis of preparation of the financial statements (continued)

The preparation of financial statements in conformity with Hong Kong Financial Reporting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. 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 judgements 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) Financial instruments

Financial assets and financial liabilities are recognised on statement of financial position when the Foundation becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the statement of comprehensive income.

Financial assets

The Foundation's financial assets are classified into loans and receivables. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At each reporting date subsequent to initial recognition, loans and receivables (including bank balances) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss on financial assets below).

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of the reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For all financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

(d) Income recognition

- i) Donations are recognised on a cash basis.
- ii) Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

4 AUDITORS' REMUNERATION

No auditors' remuneration is charged in view of the charitable status of the Foundation.

5 REMUNERATION TO TRUSTEES

None of the Trustees received or will receive any fees or other emoluments in respect of their services to the Foundation during the year (2011: Nil).

6 TAXATION

The Foundation, being a registered charitable trust, is exempted from Hong Kong Profits Tax by virtue of Section 88 of the Hong Kong Inland Revenue Ordinance.

7 BANK BALANCES

Bank balances carry interest at market rates which range from 0.01% to 0.46% (2011 : 0.01% to 0.16%) per annum.

8 FUND RISK MANAGEMENT

The general fund is managed to achieve a consistent and stable rate of return in order to safeguard the Foundation's ability to continue as a going concern and to promote the objects set out in the Foundation's Declaration of Trust. The Foundation's overall strategy remains unchanged from the previous years.

9 FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2012	2011
	HK\$	HK\$
Financial assets		
Loans and receivables (including cash and cash equivalents)		
Bank balances	<u>10,049,057</u>	<u>7,058,274</u>

(b) Financial risk management objectives and policies

The Foundation's major financial instruments include bank balances. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (interest rate risk) and credit risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(i) Market risk

Interest rate risk

The Foundation's cash flow interest rate risk relates primarily to variable-rate bank balances and deposits (see note 7). The management considers the Foundation's exposure of the variable-rate bank balances and deposits to interest rate risk is not significant.

Sensitivity analysis

The sensitivity analysis below have been determined based on the exposure to interest rates at the end of the reporting period. The analysis is prepared assuming the amount of variable-rate bank balances and deposits at the end of the reporting period was the amount outstanding for the whole year.

If interest rates had been 100 basis points higher/lower and all other variables were held constant, the Foundation's surplus for the year ended 31 March 2012 would increase/decrease by HK\$100,491 (increase/decrease by 2011 : HK\$70,583). This is mainly attributable to the Foundation's exposure to interest rates on its variable-rate bank balances and deposits.

The analysis is performed on the same basis for 2011.

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9 FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

(ii) Credit risk

The Foundation has exposures to credit risk, which is the risk that a counterparty will not be able to pay amounts in full when due. Key areas where the Foundation is exposed to credit risk are the counterparty risk with respect to bank balances at banks.

The credit risk on bank balances at banks are limited because the counterparties are reputable and creditworthy financial institutions and banks with good credit ratings rated by independent rating parties.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.