

**BALANCE SHEET AS AT 31 MARCH 2009**

	Note	2009 HK\$'000	2008 HK\$'000
<b>ASSETS</b>			
Cash at bank		84	9
Deposits with banks	3	224,890	251,550
Interest receivable	4	83	374
<b>Total assets</b>		<b>225,057</b>	251,933
<b>LIABILITIES</b>			
Grants payable - due within one year	5	(19,278)	(23,839)
Grants payable - due after one year	5	(23,319)	(8,588)
<b>Total liabilities</b>		<b>(42,597)</b>	(32,427)
<b>Net assets</b>		<b>182,460</b>	219,506
<b>Representing:</b>			
<b>FUND BALANCE</b>			
Capital		350,000	350,000
Accumulated deficit		(167,540)	(130,494)
		<b>182,460</b>	219,506

The accompanying Notes 1 to 12 form part of these financial statements.

The Financial Secretary Incorporated  
The Trustee of the AIDS Trust Fund

30 December 2009

**John C TSANG**  
Financial Secretary

**INCOME AND EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED 31 MARCH 2009**

	Note	2009 HK\$'000	2008 HK\$'000
Income	6	4,397	10,740
Expenditure	7	(41,443)	(20,635)
Deficit for the year		<u>(37,046)</u>	<u>(9,895)</u>

The accompanying Notes 1 to 12 form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2009**

	<b>Capital HK\$'000</b>	<b>Accumulated deficit HK\$'000</b>	<b>Total HK\$'000</b>
Balance at 1 April 2007	350,000	(120,599)	229,401
Deficit for the year 2007-08	—	(9,895)	(9,895)
Balance at 31 March 2008	<u>350,000</u>	<u>(130,494)</u>	<u>219,506</u>
Deficit for the year 2008-09	—	<b>(37,046)</b>	<b>(37,046)</b>
Balance at 31 March 2009	<u><b>350,000</b></u>	<u><b>(167,540)</b></u>	<u><b>182,460</b></u>

The accompanying Notes 1 to 12 form part of these financial statements.

**CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 MARCH 2009**

	Note	2009 HK\$'000	2008 HK\$'000
Net cash (used in) / from operating activities	8	(26,585)	223,586
Cash and cash equivalents at beginning of year		251,559	27,973
Cash and cash equivalents at end of year	9	<u>224,974</u>	<u>251,559</u>

The accompanying Notes 1 to 12 form part of these financial statements.

## **NOTES TO THE FINANCIAL STATEMENTS**

### **1. GENERAL**

The AIDS Trust Fund (the Fund) was established on 30 April 1993 by a Declaration of Trust (hereinafter referred to as the Trust) made by The Financial Secretary Incorporated (the Trustee). The principal activities of the Fund are the financing of ex-gratia payments for persons infected with the HIV through the transfusion in Hong Kong of blood products prior to August 1985, medical and support services for HIV-infected patients and publicity and public education on AIDS. In 1993, the Council for the AIDS Trust Fund (the Council) started providing one-off payments to eligible HIV infected persons in line with the ex-gratia payment scheme approved by the Finance Committee of the Legislative Council. The Council also endorsed in April 2005 the payment of additional recurrent supplements within the ambit and funding approved for the Fund and in 2006 the launching of a Special Project Fund for HIV prevention projects targeting men who have sex with men. The financial statements of the Fund are prepared in accordance with Clause 12 of the Trust.

### **2. SIGNIFICANT ACCOUNTING POLICIES**

(a) Statement of compliance

The financial statements of the Fund 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 (HKASs) and interpretations issued by the Hong Kong Institute of Certified Public Accountants (HKICPA) and accounting principles generally accepted in Hong Kong.

(b) Basis of preparation of financial statements

The measurement basis used in the preparation of the financial statements is the historical cost basis.

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and 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 for making judgements about the 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.

There are no critical accounting judgments involved in the application of the Fund's accounting policies. There are also no key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in the next year.

(c) Interest income recognition

Interest income is recognized on an accrual basis using the effective interest method. The bank interest rates on deposits with banks, the only interest-bearing assets, represent the effective interest rates on such deposits.

(d) Grants

Grants, including multi-year grants, are recognized as expenditure and payables when they are approved.

(e) Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents include cash at bank and deposits with banks with a maturity of three months or less from the date of placement.

**3. DEPOSITS WITH BANKS**

These are Hong Kong dollar deposits placed with licensed banks in Hong Kong for investment under Clause 5 of the Trust.

**4. INTEREST RECEIVABLE**

These are accrued interest on deposits and bank balances.

**5. GRANTS PAYABLE**

	2009 HK\$'000	2008 HK\$'000
Publicity and public education	28,493	19,067
Medical and support services	13,049	8,219
Special project fund	1,055	5,141
	<b>42,597</b>	<b>32,427</b>
Amount due within one year	19,278	23,839
Amount due after one year	23,319	8,588
	<b>42,597</b>	<b>32,427</b>

**6. INCOME**

	2009 HK\$'000	2008 HK\$'000
Interest on deposits and bank balances	4,060	9,932
Refund of grants	337	808
	<b>4,397</b>	<b>10,740</b>

**7. EXPENDITURE**

	<b>2009</b>	2008
	<b>HK\$'000</b>	HK\$'000
Grants		
Publicity and public education	24,945	8,023
Medical and support services	7,864	2,177
Ex-gratia payment	7,251	2,960
Special project fund	1,383	7,475
	<b>41,443</b>	20,635
	<b>41,443</b>	20,635

**8. RECONCILIATION OF DEFICIT TO NET CASH (USED IN) / FROM OPERATING ACTIVITIES**

	<b>2009</b>	2008
	<b>HK\$'000</b>	HK\$'000
Deficit for the year	(37,046)	(9,895)
Interest income	(4,060)	(9,932)
Increase / (Decrease) in grants payable	10,170	(19,448)
Decrease in deposits with banks	-	249,263
Interest received	4,351	13,598
Net cash (used in) / from operating activities	<b>(26,585)</b>	223,586
	<b>(26,585)</b>	223,586

**9. ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS**

	<b>2009</b>	2008
	<b>HK\$'000</b>	HK\$'000
Cash at bank	84	9
Deposits with banks	224,890	251,550
	<b>224,974</b>	251,559
	<b>224,974</b>	251,559

**10. CAPITAL RISK MANAGEMENT**

The capital of the Fund, which may be expended specifically for the purposes of the Fund, is managed prudently to generate income for the purposes of the Fund. The financial risks in investment portfolio are monitored on a continuous basis to ensure that such risks are covered before funding is considered for the purposes of the Fund.

**11. FINANCIAL RISK MANAGEMENT**

(a) Investment management and control

The Director of Accounting Services has been appointed as the agent for the Trustee to implement decisions concerning investments of the Fund and to generally manage such investments.

(b) Credit risk

Credit risk is the risk that an issuer or counterparty will be unable or unwilling to pay amounts in full when due. The Fund's financial assets which are potentially subject to credit risk consist principally of bank balances. The Fund selects counterparty with good credit standing, strong financial strength and sizable capital. The exposure to the credit risk of accrued interest on deposits and bank balances is minimal. Hence the Fund does not have significant exposures to credit risk.

The table below sets out the Fund's maximum exposure to the credit risk at the balance sheet date without taking account of collateral held or other credit enhancements, if any:

	<b>2009</b>	2008
	<b>HK\$'000</b>	HK\$'000
Cash at bank	<b>84</b>	9
Deposits with banks	<b>224,890</b>	251,550
Interest receivable	<b>83</b>	374
	<b><u>225,057</u></b>	<u>251,933</u>

To minimize credit risks, only credit ratings provided by recognized credit rating agencies are considered. The credit quality of major financial assets, analyzed by the ratings designated by Moody's or their equivalents, at the balance sheet date is shown below:

	<b>2009</b>	2008
	<b>HK\$'000</b>	HK\$'000
Cash at bank and deposits with banks, by credit rating		
Aa1 to Aa3	<b>168,934</b>	151,239
A1 to A3	<b>56,040</b>	100,320
	<b><u>224,974</u></b>	<u>251,559</u>

(c) Liquidity risk

Liquidity risk is the risk that the Fund may not have sufficient funds available to meet its obligations as they fall due. The Fund monitors the liquidity requirements on a continuous basis and maintains a level of short term deposits and cash to pay grants as necessary. Hence the Fund does not have significant exposures to liquidity risk.

(d) Fair value interest rate risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. As deposits with banks are all short-term deposits, their carrying amounts will not be affected by changes in market interest rates. Hence the Fund does not have significant exposures to fair value interest rate risk.



**12. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE ANNUAL ACCOUNTING PERIOD ENDED 31 MARCH 2009**

Up to the date of issue of the financial statements, the HKICPA has issued a number of amendments, new standards and interpretations which are not yet effective for the accounting period ended 31 March 2009 and which have not been early adopted in the financial statements.

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

The following revised standard may result in new or amended disclosures in future financial statements:

HKAS 1(Revised) Presentation of Financial Statements

**Effective for accounting  
periods beginning on or after  
1 January 2009**