

**STATEMENT OF FINANCIAL POSITION  
AS AT 31 MARCH 2014**

	Note	2014 HK\$'000	2013 HK\$'000
<b>ASSETS</b>			
Cash at bank		438	3,989
Deposits with banks	3	435,408	115,977
Interest receivable	4	952	154
<b>Total assets</b>		<b>436,798</b>	120,120
<b>LIABILITIES</b>			
Grants payable - due within one year	5	(30,713)	(33,975)
Grants payable - due after one year	5	(21,003)	(18,838)
<b>Total liabilities</b>		<b>(51,716)</b>	(52,813)
<b>Net assets</b>		<b>385,082</b>	67,307
<b>Representing:</b>			
<b>FUND BALANCE</b>			
Capital		700,000	350,000
Accumulated deficit		(314,918)	(282,693)
		<b>385,082</b>	67,307

The accompanying Notes 1 to 13 form part of these financial statements.

The Financial Secretary Incorporated  
The Trustee of the AIDS Trust Fund

**John C TSANG**  
Financial Secretary

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 MARCH 2014**

	Note	2014 HK\$'000	2013 HK\$'000
<b>Income</b>	<b>6</b>	<b>1,924</b>	5,093
<b>Expenditure</b>	<b>7</b>	<b>(34,149)</b>	(27,212)
Deficit for the year		<b>(32,225)</b>	(22,119)
<b>Other comprehensive income</b>		<b>—</b>	—
Total comprehensive loss for the year		<b>(32,225)</b>	(22,119)

The accompanying Notes 1 to 13 form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2014**

	<b>Capital HK\$'000</b>	<b>Accumulated deficit HK\$'000</b>	<b>Total HK\$'000</b>
Balance at 1 April 2012	350,000	(260,574)	89,426
Capital injection for the year 2012-13	—	—	—
Total comprehensive loss for the year 2012-13	—	(22,119)	(22,119)
Balance at 31 March 2013	<u>350,000</u>	<u>(282,693)</u>	<u>67,307</u>
Capital injection for the year 2013-14	<b>350,000</b>	—	<b>350,000</b>
Total comprehensive loss for the year 2013-14	—	<b>(32,225)</b>	<b>(32,225)</b>
Balance at 31 March 2014	<u><b>700,000</b></u>	<u><b>(314,918)</b></u>	<u><b>385,082</b></u>

The accompanying Notes 1 to 13 form part of these financial statements.

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 MARCH 2014**

	Note	2014 HK\$'000	2013 HK\$'000
Net cash used in operating activities	8	(34,940)	(23,069)
Cash from financing activities - Capital injection		350,000	—
Net cash used in investing activities	9	(314,189)	(97,196)
Net increase/(decrease) in cash and cash equivalents		871	(120,265)
Cash and cash equivalents at beginning of year		3,989	124,254
Cash and cash equivalents at end of year	10	4,860	3,989

The accompanying Notes 1 to 13 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 (the Trust) made by The Financial Secretary Incorporated (the Trustee) following the Finance Committee of the Legislative Council (the Finance Committee)'s approval of a grant of \$350 million on 16 April 1993 to set up the Fund. 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. The Council also endorsed in April 2005 the payment of additional recurrent supplements within the ambit and funding approved for the Fund. On 6 December 2013, the Finance Committee approved an injection of \$350 million into the Fund. 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 is a collective term that 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 the 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 judgements 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 end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in the next reporting period.

The HKICPA has issued a number of new and revised HKFRSs that are effective for the current accounting period. There have been no significant changes to the accounting policies applied in these financial statements for the years presented as a result of these developments.

The Fund has not applied any new HKFRSs that are not yet effective for the current accounting period (Note 13).

(c) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and which the Fund has no intention of trading. This category includes cash at bank and deposits with banks. Loans and receivables are carried at amortised cost using the effective interest method.

(d) Interest income recognition

Interest income is recognised 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.

(e) Grants

Grants, including multi-year grants, are recognised as expenses and payables when they are approved.

(f) Cash and cash equivalents

For the purpose of the statement of cash flows, 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

This is interest accrued on deposits and bank balances.

### 5. GRANTS PAYABLE

	2014 HK\$'000	2013 HK\$'000
Publicity and public education	42,304	42,799
Medical and support services	9,373	10,014
Ex-gratia payment	39	—
	51,716	52,813
Amount due within one year	30,713	33,975
Amount due after one year	21,003	18,838
	51,716	52,813

### 6. INCOME

	2014 HK\$'000	2013 HK\$'000
Interest on deposits and bank balances	1,618	1,353
Refund of grants	235	2,230
Other income	71	1,510

# AIDS Trust Fund

	1,924	5,093
<b>7. EXPENDITURE</b>	<b>2014</b>	<b>2013</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Grants		
Publicity and public education	23,034	14,984
Medical and support services	3,616	4,762
Ex-gratia payment	7,499	7,466
	34,149	27,212
<b>8. RECONCILIATION OF DEFICIT TO NET CASH USED IN OPERATING ACTIVITIES</b>		
	<b>2014</b>	<b>2013</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Deficit for the year	(32,225)	(22,119)
Interest income	(1,618)	(1,353)
(Decrease)/Increase in grants payable	(1,097)	403
Net cash used in operating activities	(34,940)	(23,069)
<b>9. NET CASH USED IN INVESTING ACTIVITIES</b>		
	<b>2014</b>	<b>2013</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Interest received	820	1,311
Increase in deposits with banks with original maturity over three months	(315,009)	(98,507)
Net cash used in investing activities	(314,189)	(97,196)
<b>10. ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS</b>		
	<b>2014</b>	<b>2013</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Cash at bank	438	3,989
Deposits with banks with original maturity within three months	4,422	—
	4,860	3,989

Reconciliation with the statement of financial position:

	<b>2014</b>	<b>2013</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Amounts in the statement of financial position:		
Cash at bank	<b>438</b>	3,989
Deposits with banks	<b>435,408</b>	115,977
	<b>435,846</b>	119,966
Less: Amounts with original maturity over three months	<b>(430,986)</b>	(115,977)
Cash and cash equivalents in the statement of cash flows	<b>4,860</b>	3,989

## 11. 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.

## 12. 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 sizeable capital. The exposure to the credit risk of bank balances and accrued interest on deposits is minimal. Hence the Fund does not have significant exposures to credit risk.

The Fund's maximum exposure to the credit risk at the end of the reporting period without taking account of collateral held or other credit enhancements, if any, is shown below:

	<b>2014</b>	<b>2013</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Cash at bank	<b>438</b>	3,989
Deposits with banks	<b>435,408</b>	115,977
Interest receivable	<b>952</b>	154
	<b>436,798</b>	120,120



The credit quality of major financial assets, analysed by the ratings designated by Moody's or their equivalents, at the end of the reporting period is shown below:

	<b>2014</b>	2013
	<b>HK\$'000</b>	HK\$'000
Cash at bank and deposits with banks, by credit rating:		
Aa1 to Aa3	<b>154,151</b>	32,900
A1 to A3	<b>281,695</b>	87,066
	<b>435,846</b>	119,966

(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) Interest rate risk

Interest rate risk is the risk of loss arising from changes in market interest rates. This can be further classified into fair value interest rate risk and cash flow 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. Since all the Fund's deposits with banks bear interest at fixed rates, their fair values will fall when market interest rates increase. However, as they are all stated at amortised cost, changes in market interest rates will not affect their carrying amounts and the Fund's deficit and equity.

Cash flow interest rate risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Fund is not exposed to material cash flow interest rate risk because it has no major financial instruments bearing interest at a floating rate.

The Fund's exposure to interest rate risk, based on the major interest-bearing assets stated at carrying amounts at the end of the reporting period and categorised by the earlier of contractual repricing dates or maturity dates, is shown below:

	<b>Repricing Period</b>		
	<b>Up to 3 months</b>	<b>Over 3 months to 1 year</b>	<b>Total</b>
	HK\$'000	HK\$'000	HK\$'000
<b>2014</b>			
Deposits with banks	<b>4,422</b>	<b>430,986</b>	<b>435,408</b>
2013			
Deposits with banks	—	115,977	115,977

**13. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 MARCH 2014**

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 year ended 31 March 2014 and which have not been early adopted in the financial statements. The Fund is in the process of making an assessment of the impact expected of these amendments, new standards and interpretations 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 Fund's financial performance and financial position.

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

**Effective for accounting  
periods beginning on or after**

HKFRS 9, Financial Instruments

1 January 2018