

**STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2015**

	Note	2015 HK\$'000	2014 HK\$'000
ASSETS			
Cash at bank		1	438
Deposits with banks	3	413,495	435,408
Interest receivable	4	210	952
Total assets		413,706	436,798
LIABILITIES			
Grants payable - due within one year	5	(55,460)	(30,713)
Grants payable - due after one year	5	(20,416)	(21,003)
Total liabilities		(75,876)	(51,716)
Net assets		337,830	385,082
Representing:			
FUND BALANCE			
Capital		700,000	700,000
Accumulated deficit		(362,170)	(314,918)
		337,830	385,082

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 2015**

	Note	2015 HK\$'000	2014 HK\$'000
Income	6	5,456	1,924
Expenditure	7	(52,708)	(34,149)
Deficit for the year		(47,252)	(32,225)
Other comprehensive income		—	—
Total comprehensive loss for the year		(47,252)	(32,225)

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

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2015**

	Capital HK\$'000	Accumulated deficit HK\$'000	Total HK\$'000
Balance at 1 April 2013	350,000	(282,693)	67,307
Capital injection for the year 2013-14	350,000	—	350,000
Total comprehensive loss for the year 2013-14	—	(32,225)	(32,225)
Balance at 31 March 2014	<u>700,000</u>	<u>(314,918)</u>	<u>385,082</u>
Capital injection for the year 2014-15	—	—	—
Total comprehensive loss for the year 2014-15	—	(47,252)	(47,252)
Balance at 31 March 2015	<u>700,000</u>	<u>(362,170)</u>	<u>337,830</u>

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

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2015**

	Note	2015 HK\$'000	2014 HK\$'000
Net cash used in operating activities	8	(28,353)	(34,940)
Cash from financing activities - Capital injection		—	350,000
Net cash from/(used in) investing activities	9	146,492	(314,189)
Net increase in cash and cash equivalents		<u>118,139</u>	<u>871</u>
Cash and cash equivalents at beginning of year		4,860	3,989
Cash and cash equivalents at end of year	10	<u><u>122,999</u></u>	<u><u>4,860</u></u>

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 (HKFRSs), which is a collective term that includes all applicable individual HKFRSs, 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

	2015 HK\$'000	2014 HK\$'000
Publicity and public education	51,489	42,304
Medical and support services	24,387	9,373
Ex-gratia payment	—	39
	75,876	51,716
Amount due within one year	55,460	30,713
Amount due after one year	20,416	21,003
	75,876	51,716

6. INCOME

	2015 HK\$'000	2014 HK\$'000
Interest on deposits and bank balances	5,261	1,618
Refund of grants	63	235
Other income	132	71
	5,456	1,924

7. EXPENDITURE

	2015	2014
	HK\$'000	HK\$'000
Grants		
Publicity and public education	26,332	23,034
Medical and support services	18,544	3,616
Ex-gratia payment	7,832	7,499
	52,708	34,149
	52,708	34,149

8. RECONCILIATION OF DEFICIT TO NET CASH USED IN OPERATING ACTIVITIES

	2015	2014
	HK\$'000	HK\$'000
Deficit for the year	(47,252)	(32,225)
Interest income	(5,261)	(1,618)
Increase/(Decrease) in grants payable	24,160	(1,097)
Net cash used in operating activities	(28,353)	(34,940)
	(28,353)	(34,940)

9. NET CASH FROM/(USED IN) INVESTING ACTIVITIES

	2015	2014
	HK\$'000	HK\$'000
Interest received	6,003	820
Decrease/(Increase) in deposits with banks with original maturity over three months	140,489	(315,009)
Net cash from/(used in) investing activities	146,492	(314,189)
	146,492	(314,189)

10. ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS

	2015	2014
	HK\$'000	HK\$'000
Cash at bank	1	438
Deposits with banks with original maturity within three months	122,998	4,422
	122,999	4,860
	122,999	4,860

Reconciliation with the statement of financial position:

	2015	2014
	HK\$'000	HK\$'000
Amounts in the statement of financial position:		
Cash at bank	1	438
Deposits with banks	413,495	435,408
	413,496	435,846
Less: Amounts with original maturity over three months	(290,497)	(430,986)
Cash and cash equivalents in the statement of cash flows	122,999	4,860

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:

	2015	2014
	HK\$'000	HK\$'000
Cash at bank	1	438
Deposits with banks	413,495	435,408
Interest receivable	210	952
	413,706	436,798

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:

	2015	2014
	HK\$'000	HK\$'000
Cash at bank and deposits with banks, by credit rating:		
Aa1 to Aa3	107,469	154,151
A1 to A3	306,027	281,695
	413,496	435,846

(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:

	Repricing Period		
	Up to 3 months HK\$'000	Over 3 months to 1 year HK\$'000	Total HK\$'000
2015			
Deposits with banks	122,998	290,497	413,495
2014			
Deposits with banks	4,422	430,986	435,408

13. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 MARCH 2015

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 2015 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