KPMG

Oxfam Hong Kong
樂施會

Consolidated Financial Statements
for the year ended 31 March 2013

Report of the Councillors

The Councillors submit herewith its annual report and the audited consolidated financial statements for the year ended 31 March 2013.

Principal activity

The principal activity of Oxfam Hong Kong ("the company") is to act as a development and relief agency with the objective of relieving poverty, distress and suffering regardless of nationality, race, political system, religion or colour.

The particulars of the subsidiaries are set out in note 11 to the consolidated financial statements.

Financial statements

The results of the company and its subsidiaries ("the group") for the year ended 31 March 2013 and the state of affairs of the group at that date are set out in the financial statements on pages 5 to 31.

Property, plant and equipment

The movements in fixed assets of the group during the year are set out in note 10 to the consolidated financial statements.

Reserves

Details of movements in the reserves of the group during the year are set out in the consolidated statement of changes in reserves and note 18 to the financial statements.

The Councillors of the company have adopted a reserve policy based on responsibility for organisational security, and stability of poverty alleviation and relief programmes.

Councillors

The Councillors of the company during the financial year and up to the date of this report were:

Cai, Yongshun
Chan, Bernard Charnwut
Chan, Kar Lok
Chan, Ying Yang Emily
Chau, Sze Ngai Jeffrey
Chesterton, Josephine Mary

Councillors (continued)

The Councillors of the company during the financial year and up to the date of this report were: (continued)

Hodson, David Martin
Hung, Chi Yin Christine
Hung, King Ming
Law, Japhet Sebastian
Leung, Oi Sie Elsie
Lo, Chi Kin
Tan, Siew Boi
Tse, Kam Keung
Wan, Siu Man Monisa

In accordance with articles 41 to 43 of the company's articles of association, among the eight members who have served the longest term in office since their last election, namely, Cai, Yongshun, Chan, Bernard Charnwut, Chan, Kar Lok, Chan, Ying Yang Emily, Chesterton, Josephine Mary, Hung, King Ming, Leung, Oi Sie Elsie and Wan, Siu Man Monisa, a lot will be drawn to decide which five members shall retire by rotation this year. All retiring members shall be eligible for re-election.

At no time during the year was the group a party to any arrangement to enable the Councillors of the company to acquire benefits by means of the acquisition of shares in or debentures of the group or any other body corporate.

No contract of significance to which the group was a party and in which a Councillor of the group had a material interest, subsisted at the end of the year or at any time during the year.

Auditors

KPMG retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of KPMG as auditors of the group is to be proposed at the forthcoming Annual General Meeting.

By order of the Council

Councillor

Hong Kong, 20 JUL 2013

KPMG

Independent auditor's report to the Councillors of Oxfam Hong Kong

(Incorporated in Hong Kong and limited by guarantee)

We have audited the consolidated financial statements of Oxfam Hong Kong ("the company") and its subsidiaries ("the group") set out on pages 5 to 31, which comprise the consolidated and the company balance sheets as at 31 March 2013, the consolidated statement of comprehensive income, the consolidated statement of changes in reserves and the consolidated cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Councillors' responsibilities for the financial statements

The Councillors of the company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance and for such internal control as the councillors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. This report is made solely to you, as a body, in accordance with our agreed terms of 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.

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 about 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 judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view 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 councillors, as well as evaluating the overall presentation of the financial statements.

KPMG

Independent auditor's report to the Councillors of Oxfam Hong Kong (continued)

(Incorporated in Hong Kong and limited by guarantee)

Auditor's responsibility (continued)

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the group and the company as at 31 March 2013 and of the group's deficit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong
20 JUL 2013

Consolidated statement of comprehensive income for the year ended 31 March 2013

(Expressed in Hong Kong dollars)

	Note	*2013* '000	*2012* '000
Income			
Institutional fundraising income	3	$ 5,019	$ 10,179
Community fundraising income	4	208,461	208,880
Interest and investment income	5	1,518	1,315
Trading income		1,586	2,021
Other income		262	257
		$ 216,846	$ 222,652
Expenditure			
Programme implementation costs		$ 181,313	$ 205,358
Programme management costs		31,668	35,107
Fundraising and marketing costs	6	25,000	24,671
Management and administration costs		7,319	7,174
Foreign exchange differences, net		101	906
		$ 245,401	$ 273,216
Deficit for the year	7	$ (28,555)	$ (50,564)
Other comprehensive income for the year			
Available-for-sale investments:			
Changes in fair value		$ 719	$ -
Total comprehensive income for the year		$ (27,836)	$ (50,564)

The notes on pages 11 to 31 form part of these consolidated financial statements.

Consolidated balance sheet at 31 March 2013

(Expressed in Hong Kong dollars)

	Note	*2013* '000	*2012* '000
Non-current assets			
Property, plant and equipment	10	$ 57,391	$ 57,909
Available-for-sale investments	12	30,782	-
Loan to an affiliate	13	592	737
		$ 88,765	$ 58,646
Current assets			
Inventories	14	$ 1,819	$ 1,918
Prepayments, deposits and other receivables		2,776	2,887
Loan to an affiliate	13	119	122
Cash and cash equivalents	15	97,771	143,666
		$ 102,485	$ 148,593
Current liabilities			
Accounts payable, other payables and accruals	16	$ 21,218	$ 10,747
Grants payable		788	680
Deferred revenue		1,268	-
		$ 23,274	$ 11,427
Net current assets		$ 79,211	$ 137,166
NET ASSETS		$ 167,976	$ 195,812
Represented by:			
RESERVES	18	$ 167,976	$ 195,812

Approved and authorised for issue by the councillors on: 20 JUL 2013

) Councillor

) Councillor

The notes on pages 11 to 31 form part of these consolidated financial statements.

Balance sheet at 31 March 2013

(Expressed in Hong Kong dollars)

	Note	*2013* '000	*2012* '000
Non-current assets			
Property, plant and equipment	10	$ 57,391	$ 57,909
Investments in subsidiaries	11	-	-
Available-for-sale investments	12	30,782	-
Loan to an affiliate	13	592	737
		$ 88,765	$ 58,646
Current assets			
Inventories	14	$ 1,819	$ 1,918
Prepayments, deposits and other receivables		2,776	2,887
Loan to an affiliate	13	119	122
Cash and cash equivalents	15	97,771	143,666
		$ 102,485	$ 148,593
Current liabilities			
Accounts payable, other payables and accruals	16	$ 21,218	$ 10,747
Grants payable		788	680
Deferred revenue		1,268	-
Amount due to a subsidiary	17	472	-
		$ 23,746	$ 11,427
Net current assets		$ 78,739	$ 137,166
NET ASSETS		$ 167,504	$ 195,812
Represented by:			
RESERVES	18	$ 167,504	$ 195,812

Approved and authorised for issue by the councillors on: 20 JUL 2013

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) Councillor
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The notes on pages 11 to 31 form part of these consolidated financial statements.

Consolidated statement of changes in reserves for the year ended 31 March 2013

(Expressed in Hong Kong dollars)

	Africa development fund (Note 18(a)) '000	*China development fund* (Note 18(b)) '000	*Sichuan earthquake fund* (Note 18(c)) '000	*Education fund* (Note 18(d)) '000	*Operation reserve* '000	*Investment revaluation reserve* (Note 18(e)) '000	*Total reserves* '000
At 1 April 2011	$ -	$ 18,312	$ 46,199	$ 24,454	$ 157,411	$ -	$ 246,376
Changes in reserves for 2012:							
Surplus/(deficit) and total comprehensive income for the year	2,413	(29,802)	(25,850)	(12,564)	15,239	-	(50,564)
Transfers	536	18,618	-	-	(19,154)	-	-
At 31 March 2012 and 1 April 2012	$ 2,949	$ 7,128	$ 20,349	$ 11,890	$ 153,496	$ -	$ 195,812
Changes in reserves for 2013:							
(Deficit)/surplus for the year	$ (553)	$ (33,642)	$ (19,136)	$ (6,137)	$ 30,913	$ -	$ (28,555)
Other comprehensive income	-	-	-	-	-	719	719
Total comprehensive income for the year	$ (553)	$ (33,642)	$ (19,136)	$ (6,137)	$ 30,913	$ 719	$ (27,836)
Transfers	$ -	$ 29,581	$ -	$ -	$ (29,581)	$ -	$ -
At 31 March 2013	$ 2,396	$ 3,067	$ 1,213	$ 5,753	$ 154,828	$ 719	$ 167,976

The notes on pages 11 to 31 form part of these consolidated financial statements.

Consolidated cash flow statement
for the year ended 31 March 2013
(Expressed in Hong Kong dollars)

	Note	*2013* '000	*2012* '000
Operating activities			
Deficit for the year		$ (28,555)	$ (50,564)
Adjustments for:			
Bank interest income		(931)	(1,298)
Other interest income		(40)	(17)
Depreciation		2,853	3,300
(Gain)/loss on disposals of items of property, plant and equipment		(1)	1
Dividend income from available-for-sale investments		(547)	-
Exchange gain		29	-
Operating deficit before changes in working capital		$ (27,192)	$ (48,578)
Decrease/(increase) in inventories		99	(598)
Decrease/(increase) in prepayments, deposits and other receivables		136	(770)
Increase in accounts payable, other payables and accruals		10,471	1,924
Increase in deferred revenue		1,268	-
Increase/(decrease) in grants payable		108	(202)
Net cash used in operating activities		$ (15,110)	$ (48,224)

Consolidated cash flow statement for the year ended 31 March 2013 (continued)

(Expressed in Hong Kong dollars)

	Note	*2013* '000	*2012* '000
Investing activities			
Interest received		$ 946	$ 1,298
Dividends received		547	-
Purchases of items of property, plant and equipment		(2,339)	(1,258)
Purchases of available-for-sale investments		(30,063)	-
Decrease in time deposits with original maturity of more than three months when acquired		27,297	87,817
Net cash (used in)/generated from investing activities		$ (3,612)	$ 87,857
Financing activities			
Repayment from/(payment for) loan to an affiliate		$ 119	$ (859)
Proceeds from disposals of property, plant and equipment		5	-
Net cash generated from/(used in) financing activities		$ 124	$ (859)
Net (decrease)/increase in cash and cash equivalents		$ (18,598)	$ 38,774
Cash and cash equivalents at 1 April		101,283	62,509
Cash and cash equivalents at 31 March	15	$ 82,685	$ 101,283

The notes on pages 11 to 31 form part of these consolidated financial statements.

Notes to the consolidated financial statements
(Expressed in Hong Kong dollars)

1 Background of the company

Oxfam Hong Kong is incorporated in Hong Kong as a company limited by guarantee. The registered office of the company is located at 17/F, China United Centre, 28 Marble Road, North Point, Hong Kong.

The company is a non-profit making organisation. The company acts as a development and relief agency with the objective of relieving poverty, distress and suffering regardless of nationality, race, political system, religion or colour.

2 Significant accounting policies

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), 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"), accounting principles generally accepted in Hong Kong. A summary of the significant accounting policies adopted by the company and its subsidiaries ("the group") is set out below.

The HKICPA has issued certain new and revised HKFRSs that are first effective for the current accounting period of the group. The adoption of the new and revised HKFRSs has no significant impact to the group's financial statements for the years presented.

The group has not applied any amendments, new standards or interpretations that are not yet effective for the current accounting period (see note 22).

(b) Basis of preparation of the financial statements

The measurement basis used in the preparation of the consolidated financial statements is the historical cost basis, except that available-for-sale investments are stated at their fair value as explained in the accounting policy note 2(d).

The preparation of consolidated financial statements in conformity with HKFRSs 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.

2 Significant accounting policies (continued)

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

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) Subsidiaries

Subsidiaries are entities controlled by the group. Control exists when the group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases, except those subsidiaries in which the directors are of the opinion that consolidation would involve expense and delay out of the value to members of the company. Intra-group balances and transactions and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

In the company's balance sheet, investments in subsidiaries are stated at cost less impairment losses.

(d) Other investments in debt and equity securities

Investments in debt and equity securities are initially stated at fair value, which is their transaction price unless fair value can be more reliably estimated using valuation techniques whose variables include only data from observable markets. Cost includes attributable transaction costs, except where indicated otherwise below. These investments are subsequently accounted for as follows, depending on their classification:

Investments in securities held for trading are classified as current assets. Any attributable transaction costs are recognised in profit or loss as incurred. At the balance sheet date the fair value is remeasured, with any resultant gain or loss being recognised in profit or loss. The net gain or loss recognised in profit or loss does not include any dividends or interest earned on these investments as these are recognised in accordance with the policies set out in notes 2(m)(ii) and (iii).

Dated debt securities that the group have the positive ability and intention to hold to maturity are classified as held-to-maturity securities. Held-to-maturity securities are stated at amortised cost less impairment losses.

2 Significant accounting policies (continued)

(d) Other investments in debt and equity securities (continued)

Investments in equity securities that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are recognised in the statement of financial position at cost less impairment losses.

Investments in securities which do not fall into any of the above categories are classified as available-for-sale securities. At the balance sheet date the fair value is remeasured, with any resultant gain or loss being recognised in other comprehensive income and accumulated separately in equity in the fair value reserve, except foreign exchange gains and losses resulting from changes in the amortised cost of monetary items such as debt securities which are recognised directly in profit or loss. Dividend income from these investments is recognised in profit or loss in accordance with the policy set out in note 2(m)(ii) and, where these investments are interest-bearing, interest calculated using the effective interest method is recognised in profit or loss in accordance with the policy set out in note 2(m)(iii). When these investments are derecognised or impaired, the cumulative gain or loss is reclassified from equity to profit or loss.

Investments are recognised/derecognised on the date the group commits to purchase/sell the investments or they expire.

(e) Property, plant and equipment

Property, plant and equipment are stated in the consolidated balance sheet at cost less accumulated depreciation and impairment losses.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using straight-line method over their estimated useful lives as follows:

– Leasehold land under finance lease	Over the lease term
– Buildings	50 years
– Leasehold improvements	5 years
– Furniture and fixtures	5 years
– Computer equipment	4 years
– Office equipment and motor vehicle	5 years

Both the useful life of an asset and its residual value, if any, are reviewed annually.

2 Significant accounting policies (continued)

(e) Property, plant and equipment (continued)

The carrying amounts of property, plant and equipment are reviewed for indications of impairment at each balance sheet date. An impairment loss is recognised in the statement of comprehensive income if the carrying amount of an asset exceeds its recoverable amount. The recoverable amount of an asset is the greater of its fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the assets. An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in the statement of comprehensive income on the date of retirement or disposal.

(f) Leased assets

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

(i) Classification of assets leased to the group

Assets that are held by group under leases which transfer to the group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the group are classified as operating leases, with the following exceptions:

- property held under operating leases that would otherwise meet the definition of an investment property is classified as investment property on a property-by-property basis and, if classified as investment property, is accounted for as if held under a finance lease; and

- land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of a building situated thereon at the inception of the lease, is accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease. For these purposes, the inception of the lease is the time that the lease was first entered into by the group, or taken over from the previous lessee.

2 Significant accounting policies (continued)

(f) Leased assets (continued)

(ii) Assets acquired under finance leases

Where the group acquires the use of assets under finance leases, the amounts representing the fair value of the leased asset, or, if lower, the present value of the minimum lease payments, of such assets are included in fixed assets and the corresponding liabilities, net of finance charges, are recorded as obligations under finance leases. Depreciation is provided at rates which write off the cost or valuation of the assets over the term of the relevant lease or, where it is likely the group will obtain ownership of the asset, the life of the asset, as set out in note 2(e). Finance charges implicit in the lease payments are charged to profit or loss over the period of the leases so as to produce an approximately constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

(iii) Operating lease charges

Where the group has the use of assets held under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made.

The cost of acquiring land held under an operating lease is amortised on a straight-line basis over the period of the lease term.

(g) Inventories

Inventories are carried at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

2 Significant accounting policies (continued)

(h) Prepayments, deposits and other receivables

Prepayments, deposits and other receivables are initially recognised at fair value and thereafter stated at amortised cost less allowance for impairment of doubtful debts, except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts.

Impairment losses for bad and doubtful debts are recognised when there is objective evidence of impairment and are measured as the difference between the carrying amount of the financial asset and the estimated future cash flows, discounted at the asset's original effective interest rate where the effect of discounting is material. Objective evidence of impairment includes observable data that comes to the attention of the group about events that have an impact on the asset's estimated future cash flows such as significant financial difficulty of the debtor.

Impairment losses for debtors included within prepayments, deposits and other receivables whose recovery is considered doubtful but not remote are recorded using an allowance account. When the group is satisfied that recovery is remote, the amount considered irrecoverable is written off against debtors directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in the statement of comprehensive income.

(i) Accounts payable, other payables and accruals

Accounts payable, other payables and accruals are initially recognised at fair value and subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(j) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of change in value, having been within three months of maturity at acquisition.

(k) Employment benefits

Salaries, gratuities, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

2 Significant accounting policies (continued)

(l) Provisions and contingent liabilities

Provisions are recognised for other liabilities of uncertain timing or amount when the group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(m) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in the statement of comprehensive income as follows:

(i) Fundraising income

Fundraising income is recognised when the group becomes entitled to the donations and it is probable that they will be received, which is generally upon the receipt of cash. Any surplus of receipts over expenditure on the group's activities are classified as accounts payable under current liabilities if refundable to respective donors and reserve funds if repayment is not required by donors.

(ii) Dividends

Dividend income from unlisted investments is recognised when the shareholder's right to receive payment is established.

Dividend income from listed investments is recognised when the share price of the investment goes ex-dividend.

(iii) Interest income

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

2 Significant accounting policies (continued)

(m) Revenue recognition (continued)

(iv) Government grants

Government grants are recognised when there is reasonable assurance that the group will comply with the conditions attached to them and that the grants will be received. Grants that compensate the group for expenses incurred are recognised as revenue in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the group for the cost of an asset are deducted from the carrying amount of the asset and consequently are effectively recognised in statement of comprehensive income over the useful life of the asset by way of reduced depreciation expense.

(n) Foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies and non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated at the foreign exchange rates ruling at the balance sheet date. Exchange gains and losses are recognised in the statement of comprehensive income.

(o) Related parties

(a) A person, or a close member of that person's family, is related to the group if that person:

   (i) has control or joint control over the group;

   (ii) has significant influence over the group; or

   (iii) is a member of the key management personnel of the group or the group's parent.

(b) An entity is related to the group if any of the following conditions applies:

   (i) The entity and the group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

   (ii) 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).

   (iii) Both entities are joint ventures of the same third party.

   (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

2 Significant accounting policies (continued)

(o) Related parties (continued)

(b) An entity is related to the group if any of the following conditions applies: (continued)

(v) The entity is a post-employment benefit plan for the benefit of employees of either the group or an entity related to the group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) 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).

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.

3 Institutional fundraising income

	2013 '000	*2012* '000
Oxfam America (2013: Nil; 2012: USD450,000)	$ -	$ 3,510
Oxfam Australia (2013: USD11,353; 2012: USD3,869)	89	30
Oxfam Belgium (2013: Nil; 2012: USD5,000)	-	(39)
Oxfam Great Britain (2013: USD63,518 and GBP32,719; 2012: USD8,424)	911	66
Oxfam Intermon (2013: EUR23,169; 2012: EUR9,071)	232	92
Oxfam Novib (2013: USD25,814 and EUR40; 2012: EUR22,420)	188	260
Stichting Oxfam International (2013: USD2,500; 2012: Nil)	20	-
Donation income from Oxfam's international members	$ 1,440	$ 3,919
Donation income from other institutions	62	-
Government grants	3,517	6,260
	$ 5,019	$ 10,179

4 Community fundraising income

	2013 '000	*2012* '000
Oxfam Trailwalker event *	$ 28,301	$ 27,227
Operating income **	2,444	4,384
Other community fundraising revenue	177,716	177,269
	$ 208,461	$ 208,880

* Included total income of $17,308,000 (2012: $16,732,000) from donors for Oxfam Trailwalker. Relevant participants are eligible to the lottery draw of Oxfam Trailwalker.

** Operating income represents application and registration fees, and corporate sponsorship fees for the Oxfam Trailwalker event, and was recognised when received.

5 Interest and investment income

	2013 '000	*2012* '000
Dividend income from available-for-sale investments	$ 547	$ -
Bank interest income	931	1,298
Other interest income	40	17
	$ 1,518	$ 1,315

6 Fundraising and marketing costs

	2013 '000	*2012* '000
Lottery event for Oxfam Trailwalker	$ 14	$ 14
Trading costs	482	533
Other fundraising and communication costs	24,504	24,124
	$ 25,000	$ 24,671

7 Deficit for the year

Deficit for the year is arrived at after charging/(crediting):

	2013 '000	*2012* '000
(a) Staff costs		
Contributions to defined contribution retirement plan *	$ 3,161	$ 2,904
Salaries, wages and other benefits *	59,674	57,337
	$ 62,835	$ 60,241
(b) Other items		
Depreciation *	$ 2,853	$ 3,300
Operating lease charges in respect of land and buildings *	2,601	2,442
Auditors' remuneration	417	655
Cost of inventories expensed	5,296	8,997
(Gain)/loss on disposals of property, plant and equipment	(1)	1

* These respective balances were included in programme implementation costs, programme management costs, fundraising and marketing costs, management and administration costs according to the basis determined by the management:

	2013				
	Programme implementation costs '000	*Programme management costs* '000	*Fundraising and marketing costs* '000	*Management and administration costs* '000	*Total* '000
(a) Staff costs					
Contributions to defined contribution plan	$ 1,003	$ 1,084	$ 783	$ 291	$ 3,161
Salaries, wages and other benefits	21,658	19,839	13,245	4,932	59,674
	$ 22,661	$ 20,923	$ 14,028	$ 5,223	$ 62,835
(b) Other items					
Depreciation	$ 484	$ 1,030	$ 885	$ 454	$ 2,853
Operating lease charges in respect of land and buildings (including management fee and rates of $1,118,000)	193	1,569	520	319	2,601

7 Deficit for the year (continued)

* (continued)

	2012				
	Programme implementation costs '000	*Programme management costs* '000	*Fundraising and marketing costs* '000	*Management and administration costs* '000	*Total* '000
(a) Staff costs					
Contributions to defined contribution plan	$ 700	$ 1,197	$ 722	$ 285	$ 2,904
Salaries, wages and other benefits	17,154	22,781	12,475	4,927	57,337
	$ 17,854	$ 23,978	$ 13,197	$ 5,212	$ 60,241
(b) Other items					
Depreciation	$ 508	$ 1,103	$ 1,317	$ 372	$ 3,300
Operating lease charges in respect of land and buildings (including management fee and rates of $1,072,000)	162	1,411	588	281	2,442

8 Taxation

No provision for taxation is required in these consolidated financial statements as the company is exempt from taxation pursuant to section 88 of the Hong Kong Inland Revenue Ordinance, and none of its subsidiaries earn any income subject to tax during the year.

9 Councillors' remuneration

Councillors' remuneration disclosed pursuant to section 161 of the Hong Kong Companies Ordinance for the year is $Nil (2012: $Nil).

10 Property, plant and equipment

Group and Company

	Land and buildings '000	*Leasehold improvements* '000	*Furniture and fixtures* '000	*Computer equipment* '000	*Office equipment and motor vehicle* '000	*Total* '000
Cost:						
At 1 April 2011	$ 64,614	$ 5,233	$ 1,022	$ 8,709	$ 2,336	$ 81,914
Additions	-	21	-	1,106	131	1,258
Disposals	-	(2)	(9)	(325)	(40)	(376)
At 31 March 2012	$ 64,614	$ 5,252	$ 1,013	$ 9,490	$ 2,427	$ 82,796
At 1 April 2012	$ 64,614	$ 5,252	$ 1,013	$ 9,490	$ 2,427	$ 82,796
Additions	-	27	6	1,368	938	2,339
Disposals	-	(126)	(7)	(414)	(13)	(560)
At 31 March 2013	$ 64,614	$ 5,153	$ 1,012	$ 10,444	$ 3,352	$ 84,575
Accumulated depreciation:						
At 1 April 2011	$ (8,680)	$ (4,625)	$ (836)	$ (6,193)	$ (1,628)	$ (21,962)
Charge for the year	(1,292)	(562)	(67)	(1,106)	(273)	(3,300)
Written back on disposals	-	2	8	325	40	375
At 31 March 2012	$ (9,972)	$ (5,185)	$ (895)	$ (6,974)	$ (1,861)	$ (24,887)
At 1 April 2012	$ (9,972)	$ (5,185)	$ (895)	$ (6,974)	$ (1,861)	$ (24,887)
Charge for the year	(1,292)	(52)	(48)	(1,195)	(266)	(2,853)
Written back on disposals	-	126	7	410	13	556
At 31 March 2013	$ (11,264)	$ (5,111)	$ (936)	$ (7,759)	$ (2,114)	$ (27,184)
Net book value:						
At 31 March 2013	$ 53,350	$ 42	$ 76	$ 2,685	$ 1,238	$ 57,391
At 31 March 2012	$ 54,642	$ 67	$ 118	$ 2,516	$ 566	$ 57,909

The group's land held under a finance lease included in property, plant and equipment with a net carrying amount of $30,721,000 (2012: $31,454,000) is situated in Hong Kong and is held under a long term lease.

11 Investments in subsidiaries

	The company 2013 '000	2012 '000
Unlisted shares, at cost	$ -	$ -

Details of the company's subsidiaries at 31 March 2013 are as follows:

Name of company	*Place of incorporation and operation*	*Particular of share capital*	*Proportion of ownership interest held by the company*	*Principal activity*
Trailwalker Limited	Hong Kong	$100	100%	Dormant
Oxfam Hong Kong - Macau Office	Macau	Nil	100%	Relief of poverty, distress and suffering

12 Available-for-sale investments

	Group and Company 2013 '000	2012 '000
Available-for-sale investments:		
- Listed in Hong Kong	$ 30,782	$ -

13 Loan to an affiliate

The balance is unsecured, interest bearing at 5% per annum and repayable within six years.

14 Inventories

	Group and Company	
	2013	*2012*
	'000	'000
Trading stock	$ -	$ 2
Humanitarian supplies	1,819	1,916
	$ 1,819	$ 1,918

15 Cash and cash equivalents

	Group and Company	
	2013	*2012*
	'000	'000
Cash at bank and in hand	$ 55,063	$ 48,863
Time deposit with original maturity of less than three months when acquired	27,622	52,420
Cash and cash equivalents as stated in the cash flow statement	$ 82,685	$ 101,283
Time deposit with original maturity of more than three months when acquired	15,086	42,383
Cash and cash equivalents as stated in the consolidated balance sheet	$ 97,771	$ 143,666

16 Accounts payable, other payables and accruals

The accounts and other payables are non-interest-bearing and have an average term of one month.

17 Amount due to a subsidiary

The amount due to a subsidiary is unsecured, non-interest bearing and repayable on demand.

18 Reserves

Reserves are defined as resources that the group has or can make available to spend for charitable purposes once the group has met its commitments and covered its other planned expenditure. The group follows a reserve policy approved and reviewed annually by the Council. The current policy includes a statement that the group will hold general reserves (net of fixed assets) equivalent to a total of three months' operating expenditure, based on the approved budget. The management has confirmed that such a policy has been complied with throughout the year.

The amounts of the group's reserves and the movements therein for the current and prior years are presented in the statement of changes in reserves.

Donation income is initially recorded in the respective funds according to the designated purpose of the donors.

(a) Africa development fund

The Africa development fund represents a commitment towards long-term development work and emergency relief in Africa. Expenses of the Africa development fund include a portion of programme development, management and administration and fundraising costs to reflect the level of activity in connection with the operation of the fund. In the prior year, there was a deficit in this fund which was replenished by transferring funds from the operation reserve.

(b) China development fund

The China development fund represents a commitment towards long-term development work and emergency relief in China. Expenses of the China development fund include a portion of programme development, management and administration and fundraising costs to reflect the level of activity in connection with the operation of the fund. During the current and the prior year, there was a deficit in this fund which was replenished by transferring funds from the operation reserve.

(c) Sichuan earthquake fund

The Sichuan earthquake fund represents a commitment towards long-term development work and emergency relief for Sichuan earthquake. Expenses of the Sichuan earthquake fund only includes programme development costs. No management and administration and fundraising costs are charged to this fund.

18 Reserves (continued)

(d) Education fund

The education fund represents a commitment towards long-term education work in Africa, China and other countries in Asia. Expenses of the education fund include a portion of programme development, management and administration and fundraising costs to reflect the level of activity in connection with the operation of the fund.

Apart from the above specific funds, all the group's unrestricted funds are included in the operation reserve.

(e) Investment revaluation reserve

The investment revaluation reserve comprises the cumulative net change in fair value of available-for-sale investments held at the end of reporting period and is dealt with in accordance with the accounting policy in note 2(d).

19 Financial instruments

Exposure to credit, liquidity, interest rate, currency and bond price risks arises in the normal course of the group's operations. The group's exposure to these risks and the financial risk management policies and practices used by the group to manage these risks are described below.

(a) Credit risk

The group's credit risk is primarily attributable to loan to an affiliate, cash and cash equivalents and prepayments, deposits and other receivables. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

The group's bank deposits and cash and cash equivalents are placed with major financial institutions.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated balance sheet after deducting any impairment allowance. The group does not provide any guarantees which would expose the group to credit risk.

(b) Liquidity risk

The group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

19 Financial instruments (continued)

(c) Interest rate risk

At the balance sheet date, the group did not hold any financial assets or liabilities which are exposed to significant interest rate risk.

(d) Currency risk

The group's operations are principally conducted in Hong Kong and has limited exposure to currency risks which arise from foreign currency receipts and payments for programmes implemented in overseas.

(e) Bond price risk

The group is exposed to bond price changes arising from bond index fund investments classified as available-for-sale investments (see note 12). All of these investments are listed.

Listed investments held in the available-for-sale portfolio have been chosen based on their longer term growth potential and are monitored regularly for performance against expectations.

At 31 March 2013, it is estimated that an increase/(decrease) of 1% in the relevant bond market index (for listed investments), with all other variables held constant, would have increased/decreased the group's reserve by $308,000.

The sensitivity analysis indicates the instantaneous change in the group's reserve that would arise assuming that the changes in the bond market index had occurred at the end of the reporting period and had been applied to re-measure those financial instruments held by the group which expose the group to bond price risk at the end of the reporting period. It is also assumed that the fair values of the group's bond index fund investments would change in accordance with the historical correlation with the relevant bond market index or relevant risk variables, that none of the group's available-for-sale investments would be considered impaired as a result of the decrease in the relevant bond market index or relevant risk variables, and that all other variables remain constant.

19 Financial instruments (continued)

(f) Fair values

Financial instruments carried at fair value

The fair value of each financial instrument categorised in its entirety based on the lowest level of input that is significant to that fair value measurement. The levels are defined as follows:

- Level 1 (highest level): fair values measured using quoted prices (unadjusted) in active markets for identical financial instruments
- Level 2: fair values measured using quoted prices in active markets for similar financial instruments, or using valuation techniques in which all significant inputs are directly or indirectly based on observable market data
- Level 3 (lowest level): fair values measured using valuation techniques in which any significant input is not based on observable market data

The fair values of the group's financial instruments (other than available-for-sale investments) approximate their carrying amount. The group's available-for-sale investments are categorised as level 1 financial instruments. The fair value of the group's available-for-sale investments was $30,782,000 as at 31 March 2013 which was based on quoted market price in the Hong Kong Stock Exchange (see note 12).

During the year there were no transfers among instruments in level 1 and level 2.

20 Commitments

(a) Capital commitments outstanding at 31 March 2013 not provided for in the consolidated financial statements were as follows:

	2013	*2012*
	'000	'000
Contracted for:		
- Services rendered	$ 494	$ 334
- Computer software and hardware	-	18
	$ 494	$ 352
Grants commitments	$ 43,510	$ 51,057

20 Commitments (continued)

(b) At 31 March 2013, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	2013 '000	*2012* '000
Within one year	$ 1,399	$ 708
After one year but within five years	847	424
	$ 2,246	$ 1,132

The lease typically runs for an initial period of one to three years, with an option to renew the lease when all terms are renegotiated. None of the lease includes contingent rentals.

21 Material related party transactions

Apart from the balances disclosed in notes 3 and 13 to the consolidated financial statements, the group entered into the following material related party transactions during the year:

	2013 '000	*2012* '000
Donations to Oxfam's international members		
Intermon Oxfam (Spain)	$ 4,242	$ 3,030
Oxfam America	238	468
Oxfam Australia	4,174	8,589
Oxfam Canada	(208)	4,163
Oxfam Great Britain	20,988	24,302
Oxfam France	16	-
Oxfam India	460	390
Oxfam Japan	-	2,639
Oxfam Novib	2,709	4,674
Oxfam Quebec	-	16
Oxfam-in-Belgium	23	-
Stichting Oxfam International	3,206	3,331
	$ 35,848	$ 51,602

22 Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 March 2013

Up to the date of issue of these consolidated 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 2013 and which have not been adopted in these consolidated financial statements.

The group is in the process of making an assessment of what the impact of these amendments 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 group's results of operations and consolidated financial position.