



Oxfam Hong Kong

樂施會

Financial Statements
for the year ended 31 March 2012

Report of the councillors

The councillors submits herewith its annual report and the audited financial statements for the year ended 31 March 2012.

Principal activity

The principal activity of 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.

Financial statements

The results of the company for the year ended 31 March 2012 and the state of affairs of the company at that date are set out in the financial statements on pages 5 to 26.

Property, plant and equipment

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

Reserves

Details of movements in the reserves of the company during the year are set out in the statement of changes in reserves and note 15 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:

Chan, Bernard Charnwut
Chan, Kar Lok
Chau, Sze Ngai Jeffrey
Hodson, David Martin
Hung, King Ming
Law, Japhet Sebastian
Leung, Oi Sie Elsie
Lo, Chi Kin
Tan, Siew Boi
Tse, Kam Keung

Councillors (continued)

Wan, Siu Man Monisa	
Cai, Yongshun	(appointed on 24 September 2011)
Chan, Ying Yang Emily	(appointed on 21 May 2011)
Hung, Chi Yin Christine	(appointed on 31 March 2012)
Chesterton, Josephine Mary	(appointed on 24 September 2011)
Ho, Chi Kwan	(retired on 24 September 2011)
Li, Syn Kay Abbie	(retired on 24 September 2011)
Wong, Siu Chun Sandra	(retired on 24 September 2011)

In accordance with articles 41 to 43 of the company's articles of association, Chau, Sze Ngai Jeffrey, Hodson, David Martin, Law, Japhet Sebastian, Tan, Siew Boi and Tse, Kam Keung will retire and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

At no time during the year was the company 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 company or any other body corporate.

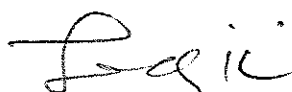
No contract of significance to which the company a party and in which a councillor of the company had a material interest, subsisted at the end of the year or at any time during the year.

Auditors

KPMG were first appointed as auditors of the company in 2012 upon the retirement of Ernst & Young.

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

By order of the board



Councillor

Hong Kong, 21 JUL 2012



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

(Incorporated in Hong Kong and limited by guarantee)

We have audited the financial statements of Oxfam Hong Kong ("the company") set out on pages 5 to 26, which comprise the balance sheet as at 31 March 2012, the statement of comprehensive income, the statement of changes in reserves and the 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 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 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 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 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 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.

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



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

(Incorporated in Hong Kong and limited by guarantee)

Opinion

In our opinion, the financial statements give a true and fair view of the state of affairs of the company as at 31 March 2012 and of its 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.

A handwritten signature in black ink, appearing to read 'K. P. Yip', with a long horizontal flourish extending to the right.

Certified Public Accountants

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

21 JUL 2012

Statement of comprehensive income
for the year ended 31 March 2012
(Expressed in Hong Kong dollars)

	Note	2012 '000	2011 '000
Income			
Institutional fundraising income	3	\$ 10,179	\$ 18,716
Community fundraising income	4	208,880	204,268
Gain on disposal of available-for-sale investments, net		-	2,940
Interest and investment income	5	1,315	1,791
Trading income		2,021	1,781
Other income		257	372
		<u>\$ 222,652</u>	<u>\$ 229,868</u>
Expenditure			
Programme implementation costs		\$ 205,358	\$ 228,122
Programme management costs		35,107	31,875
Fundraising and marketing costs	6	24,671	23,290
Management and administration costs		7,174	6,490
Foreign exchange differences, net		906	699
		<u>\$ 273,216</u>	<u>\$ 290,476</u>
Deficit for the year	7	<u>\$ (50,564)</u>	<u>\$ (60,608)</u>
Other comprehensive income for the year			
<i>Available-for-sale investments:</i>			
Changes in fair value		\$ -	\$ 828
Reclassification adjustments for loss on disposal included in the statement of income and expenditure		-	(2,940)
		<u>\$ -</u>	<u>\$ (2,112)</u>
Total comprehensive income for the year		<u>\$ (50,564)</u>	<u>\$ (62,720)</u>

The notes on pages 11 to 26 form part of these financial statements.

Balance sheet at 31 March 2012

(Expressed in Hong Kong dollars)

	Note	2012 '000	2011 '000
Non-current assets			
Property, plant and equipment	10	\$ 57,909	\$ 59,952
Loan to an affiliate	11	737	-
		\$ 58,646	\$ 59,952
Current assets			
Inventories	12	\$ 1,918	\$ 1,320
Prepayments, deposits and other receivables		2,887	2,100
Loan to an affiliate	11	122	-
Cash and cash equivalents	13	143,666	192,709
		\$ 148,593	\$ 196,129
Current liabilities			
Accounts payables, other payables and accruals	14	\$ 10,747	\$ 8,823
Grants payables		680	882
		\$ 11,427	\$ 9,705
Net current assets		\$ 137,166	\$ 186,424
NET ASSETS		\$ 195,812	\$ 246,376
Represented by:			
RESERVES	15	\$ 195,812	\$ 246,376

Approved and authorised for issue by the board of councillors on: **21 JUL 2012**



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) Councillor
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The notes on pages 11 to 26 form part of these financial statements.

Statement of changes in reserves
for the year ended 31 March 2012
(Expressed in Hong Kong dollars)

	Africa development fund '000	China development fund '000	Sichuan earthquake fund '000	Education fund '000	Operation reserve '000	Investment revaluation reserve '000	Total reserves '000
At 1 April 2010	\$ -	\$ 17,763	\$ 99,315	\$ 38,566	\$ 151,340	\$ 2,112	\$ 309,096
Changes in reserves for 2011:							
(Deficit)/surplus for the year	(5,983)	549	(53,116)	(14,112)	12,054	-	(60,608)
Other comprehensive income for the year							
- Available-for-sale investments:							
- Changes in fair value	-	-	-	-	-	828	828
- Reclassification adjustments for gain on disposal included in the statement of income and expenditure	-	-	-	-	-	(2,940)	(2,940)
(Deficit)/surplus and total comprehensive income for the year	\$ (5,983)	\$ 549	\$ (53,116)	\$ (14,112)	\$ 12,054	\$ (2,112)	\$ (62,720)
Transfers	5,983	-	-	-	(5,983)	-	-
At 31 March 2011 and 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	\$ 2,949	\$ 7,128	\$ 20,349	\$ 11,890	\$ 153,496	\$ -	\$ 195,812

The notes on pages 11 to 26 form part of these financial statements.

Cash flow statement
for the year ended 31 March 2012
(Expressed in Hong Kong dollars)

	<i>Note</i>	<i>2012</i>	<i>2011</i>
		'000	'000
Operating activities			
Deficit for the year		\$ (50,564)	\$ (60,608)
Adjustments for:			
Bank interest income		(1,298)	(1,034)
Other interest income		(17)	-
Depreciation		3,300	3,599
Loss on disposals of items of property, plant and equipment		1	-
Dividend income from available-for-sale investments		-	(237)
Interest income from available-for-sale investments		-	(520)
Fair value gain on available-for-sale investments (transfer from reserves), net		-	(2,940)
		<hr/>	<hr/>
Operating deficit before changes in working capital		\$ (48,578)	\$ (61,740)
Increase in inventories		(598)	(89)
(Increase)/decrease in prepayments, deposits and other receivables		(770)	1,129
Increase in accounts payable, other payable and accruals		1,924	90
(Decrease)/increase in grants payable		(202)	319
		<hr/>	<hr/>
Net cash used in operating activities		\$ (48,224)	\$ (60,291)
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>

Cash flow statement
for the year ended 31 March 2012 (continued)
(Expressed in Hong Kong dollars)

	<i>Note</i>	<i>2012</i> <i>'000</i>	<i>2011</i> <i>'000</i>
Investing activities			
Interest received		\$ 1,298	\$ 1,554
Dividends received		-	237
Purchases of items of property, plant and equipment		(1,258)	(2,003)
Proceeds from disposal of available-for-sale investments		-	58,406
Purchases of available-for-sale investments		-	(4,124)
Decrease/(increase) in time deposits with original maturity of more than three months when acquired		<u>87,817</u>	<u>(20,058)</u>
Net cash generated from investing activities		<u>\$ 87,857</u>	<u>\$ 34,012</u>
Financing activity			
Loan to an affiliate		<u>\$ (859)</u>	<u>\$ -</u>
Net cash used in financing activity		<u>\$ (859)</u>	<u>\$ -</u>
Net increase/(decrease) in cash and cash equivalents		\$ 38,774	\$ (26,279)
Cash and cash equivalents at 1 April		<u>62,509</u>	<u>88,788</u>
Cash and cash equivalents at 31 March		<u>\$ 101,283</u>	<u>\$ 62,509</u>

Cash flow statement
 for the year ended 31 March 2012 (continued)
 (Expressed in Hong Kong dollars)

	<i>Note</i>	2012 '000	2011 '000
Analysis of balances of cash and cash equivalents			
Cash at bank and in hand		\$ 48,863	\$ 32,509
Time deposit with original maturity of less than three months when acquired		52,420	30,000
Time deposits with original maturity of more than three months when acquired		<u>42,383</u>	<u>130,200</u>
Cash and cash equivalents as stated in the balance sheet	13	\$ 143,666	\$ 192,709
Less: Time deposits with original maturity of more than three months when acquired		<u>(42,383)</u>	<u>(130,200)</u>
Cash and cash equivalents as stated in the cash flow statement		<u>\$ 101,283</u>	<u>\$ 62,509</u>

The notes on pages 11 to 26 form part of these financial statements.

Notes to the 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 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 is set out below.

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

The company has not applied any amendments, new standards or interpretations that are not yet effective for the current accounting period (see note 19).

(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 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) Property, plant and equipment

Property, plant and equipment are stated in the 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.

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.

2 Significant accounting policies (continued)

(d) *Operating lease charges*

Where the company has the use of assets held under operating leases, payments made under the leases are charged to the statement of comprehensive income 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 the statement of comprehensive income as an integral part of the aggregate net lease payments made. Contingent rentals are charged to the statement of comprehensive income in the accounting period in which they are incurred.

(e) *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.

(f) *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 company about events that have an impact on the asset's estimated future cash flows such as significant financial difficulty of the debtor.

2 Significant accounting policies (continued)

(f) *Prepayments, deposits and other receivables (continued)*

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 company 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.

(g) *Accounts payables, other payables and accruals*

Accounts payables, 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.

(h) *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.

(i) *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.

(j) *Provisions and contingent liabilities*

Provisions are recognised for other liabilities of uncertain timing or amount when the company 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.

2 Significant accounting policies (continued)

(k) 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 company 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 company 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 company'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.

(iv) Government grants

Government grants are recognised when there is reasonable assurance that the company will comply with the conditions attached to them and that the grants will be received. Grants that compensate the company 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 company 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.

(l) 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.

2 Significant accounting policies (continued)

(m) Related parties

- (a) A person, or a close member of that person's family, is related to the company if that person:
- (i) has control or joint control over the company;
 - (ii) has significant influence over the company; or
 - (iii) is a member of the key management personnel of the company or the company's parent.
- (b) An entity is related to the company if any of the following conditions applies:
- (i) The entity and the company 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.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the company or an entity related to the company.
 - (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

	2012 '000	2011 '000
Oxfam America (2012: USD450,000; 2011: USD450,000 and HK\$279,396)	\$ 3,510	\$ 3,789
Oxfam Australia (2012: USD3,869; 2011: AUD250,566 and USD50,000)	30	2,092
Oxfam Belgium (2012: USD5,000; 2011: Nil)	(39)	-
Oxfam Great Britain (2012: USD8,424; 2011: GBP185,000 and USD330,000)	66	4,767
Oxfam Intermon (2012: EUR9,071; 2011: EUR81,595)	92	886
Oxfam Ireland (2012: Nil; 2011: EUR20,443)	-	275
Oxfam Novib (2012: EUR22,420; 2011: USD205,000)	260	1,599
	<hr/>	<hr/>
Donation income from Oxfam's international members	\$ 3,919	\$ 13,408
Government grants	6,260	5,308
	<hr/>	<hr/>
	<u>\$ 10,179</u>	<u>\$ 18,716</u>

4 Community fundraising income

	2012 '000	2011 '000
Oxfam Trailwalker event *	\$ 27,227	\$ 26,240
Operating income **	4,384	3,278
Other community fundraising revenue	177,269	174,750
	<hr/>	<hr/>
	<u>\$ 208,880</u>	<u>\$ 204,268</u>

* Included total income of \$16,732,000 (2011: \$15,751,000) 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

	2012 '000	2011 '000
Dividend income from available-for-sale investments	\$ -	\$ 237
Interest income from available-for-sale investments	-	520
Bank interest income	1,298	1,034
Other interest income	17	-
	<u>\$ 1,315</u>	<u>\$ 1,791</u>

6 Fundraising and marketing costs

	2012 '000	2011 '000
Lottery event for Oxfam Trailwalker	\$ 14	\$ 13
Trading costs	533	861
Other fundraising and communication costs	24,124	22,416
	<u>\$ 24,671</u>	<u>\$ 23,290</u>

7 Deficit for the year

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

	2012 '000	2011 '000
(a) Staff costs		
Contributions to defined contribution retirement plan *	\$ 2,904	\$ 2,681
Salaries, wages and other benefits *	57,337	52,205
	<u>\$ 60,241</u>	<u>\$ 54,886</u>
(b) Other items		
Depreciation *	\$ 3,300	\$ 3,599
Operating lease charges in respect of land and buildings *	2,442	3,215
Auditors' remuneration	655	502
Fair value gain on available-for-sale investments, net	-	(2,940)
Loss on disposals of property, plant and equipment	1	-
	<u>1</u>	<u>-</u>

7 Deficit for the year (continued)

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

- * 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:

	2012				<i>Total</i> '000
	<i>Programme implementation costs</i> '000	<i>Programme management costs</i> '000	<i>Fundraising and marketing costs</i> '000	<i>Management and administration costs</i> '000	
(a) Staff costs					
Contributions to defined contribution plan	\$ 700	\$ 1,197	\$ 722	\$ 285	\$ 2,904
Salaries, wages and other benefits	<u>17,154</u>	<u>22,781</u>	<u>12,475</u>	<u>4,927</u>	<u>57,337</u>
	<u>\$ 17,854</u>	<u>\$ 23,978</u>	<u>\$ 13,197</u>	<u>\$ 5,212</u>	<u>\$ 60,241</u>
(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)	<u>162</u>	<u>1,411</u>	<u>588</u>	<u>281</u>	<u>2,442</u>

7 Deficit for the year (continued)

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

	2011				Total '000
	<i>Programme implementation costs '000</i>	<i>Programme management costs '000</i>	<i>Fundraising and marketing costs '000</i>	<i>Management and administration costs '000</i>	
(a) Staff costs					
Contributions to defined contribution plan	\$ 663	\$ 1,113	\$ 677	\$ 228	\$ 2,681
Salaries, wages and other benefits	<u>16,304</u>	<u>20,195</u>	<u>11,414</u>	<u>4,292</u>	<u>52,205</u>
	<u>\$ 16,967</u>	<u>\$ 21,308</u>	<u>\$ 12,091</u>	<u>\$ 4,520</u>	<u>\$ 54,886</u>
(b) Other items					
Depreciation	\$ 529	\$ 1,251	\$ 1,461	\$ 358	\$ 3,599
Operating lease charges in respect of land and buildings (including management fee and rates of \$1,971,000)	<u>307</u>	<u>1,723</u>	<u>662</u>	<u>523</u>	<u>3,215</u>

8 Taxation

No provision for taxation is required in these financial statements as the company is exempt from taxation pursuant to section 88 of the Hong Kong Inland Revenue Ordinance.

9 Councillors' remuneration

Councillors' remuneration disclosed pursuant to section 161 of the Hong Kong Companies Ordinance is as follows:

	2012 '000	2011 '000
Councillors' fees	\$ -	\$ -
Salaries, allowances and benefits in kind	-	-
Discretionary bonuses	-	-
Retirement scheme contributions	<u>-</u>	<u>-</u>

10 Property, plant and equipment

	<i>Land and buildings</i> '000	<i>Leasehold improvements</i> '000	<i>Furniture and fixtures</i> '000	<i>Computer equipment</i> '000	<i>Office equipment and motor vehicle</i> '000	<i>Total</i> '000
Cost:						
At 1 April 2010	\$ 64,614	\$ 5,233	\$ 956	\$ 7,642	\$ 2,287	\$ 80,732
Additions	-	-	66	1,888	49	2,003
Disposals	-	-	-	(821)	-	(821)
At 31 March 2011	<u>\$ 64,614</u>	<u>\$ 5,233</u>	<u>\$ 1,022</u>	<u>\$ 8,709</u>	<u>\$ 2,336</u>	<u>\$ 81,914</u>
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	<u>\$ 64,614</u>	<u>\$ 5,252</u>	<u>\$ 1,013</u>	<u>\$ 9,490</u>	<u>\$ 2,427</u>	<u>\$ 82,796</u>
Accumulated depreciation:						
At 1 April 2010	\$ (7,388)	\$ (3,799)	\$ (711)	\$ (5,974)	\$ (1,312)	\$ (19,184)
Charge for the year	(1,292)	(826)	(125)	(1,040)	(316)	(3,599)
Written back on disposals	-	-	-	821	-	821
At 31 March 2011	<u>\$ (8,680)</u>	<u>\$ (4,625)</u>	<u>\$ (836)</u>	<u>\$ (6,193)</u>	<u>\$ (1,628)</u>	<u>\$ (21,962)</u>
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	<u>\$ (9,972)</u>	<u>\$ (5,185)</u>	<u>\$ (895)</u>	<u>\$ (6,974)</u>	<u>\$ (1,861)</u>	<u>\$ (24,887)</u>
Net book value:						
At 31 March 2012	<u>\$ 54,642</u>	<u>\$ 67</u>	<u>\$ 118</u>	<u>\$ 2,516</u>	<u>\$ 566</u>	<u>\$ 57,909</u>
At 31 March 2011	<u>\$ 55,934</u>	<u>\$ 608</u>	<u>\$ 186</u>	<u>\$ 2,516</u>	<u>\$ 708</u>	<u>\$ 59,952</u>

The company's land held under a finance lease included in property, plant and equipment with a net carrying amount of \$31,454,000 (2011: \$32,186,000) is situated in Hong Kong and is held under a long term lease.

11 Loan to an affiliate

The balance is unsecured, interest bearing at 5% per annum and has fixed term of repayment.

12 Inventories

	2012 '000	2011 '000
Trading stock	\$ 2	\$ 115
Humanitarian supplies	<u>1,916</u>	<u>1,205</u>
	<u>\$ 1,918</u>	<u>\$ 1,320</u>

13 Cash and cash equivalents

	2012 '000	2011 '000
Cash at bank and in hand	\$ 48,863	\$ 32,509
Time deposit with original maturity of less than three months when acquired	52,420	30,000
Time deposit with original maturity of more than three months when acquired	<u>42,383</u>	<u>130,200</u>
Cash and cash equivalents	<u>\$ 143,666</u>	<u>\$ 192,709</u>

14 Accounts payables, other payables and accruals

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

15 Reserves

Reserves are defined as resources that the company has or can make available to spend for charitable purposes once the company has met its commitments and covered its other planned expenditure. The company follows a reserve policy approved and reviewed annually by the council. The current policy includes a statement that the company 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 during the year.

The amounts of the company'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. During the current year and 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 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.

(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 company's unrestricted funds are included in the operation reserve.

16 Financial instruments

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

(a) *Credit risk*

The company'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 company'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 balance sheet after deducting any impairment allowance. The company does not provide any guarantees which would expose the company to credit risk.

(b) *Liquidity risk*

The company'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.

(c) *Interest rate risk*

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

(d) *Currency risk*

The company's business is 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) *Fair values*

All financial instruments are carried at amounts not materially different from their fair values as at 31 March 2012 and 2011.

17 Commitments

(a) Capital commitments outstanding at 31 March 2012 not provided for in the financial statements were as follows:

	2012 '000	2011 '000
Contracted for:		
– Services rendered	\$ 334	\$ 1,261
– Computer software and hardware	<u>18</u>	<u>-</u>
	<u>\$ 352</u>	<u>\$ 1,261</u>
 Grants commitments	 <u>\$ 51,057</u>	 <u>\$ 59,975</u>

(b) At 31 March 2012, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	2012 '000	2011 '000
Within one year	\$ 708	\$ 1,133
After one year but within five years	<u>424</u>	<u>954</u>
	<u>\$ 1,132</u>	<u>\$ 2,087</u>

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.

18 Material related party transactions

Apart from the balances disclosed in notes 3 and 11 to the financial statements, the company entered into the following material related party transactions during the year:

	2012	2011
	'000	'000
Donations to Oxfam's international members		
Intermon Oxfam (Spain)	\$ 3,030	\$ 11,241
Oxfam America	468	-
Oxfam Australia	8,589	4,781
Oxfam Canada	4,163	1,832
Oxfam Great Britain	24,302	32,038
Oxfam India	390	1,906
Oxfam Japan	2,639	-
Oxfam Novib	4,674	10,141
Oxfam Quebec	16	-
Stichting Oxfam International	3,331	3,253
	<u>\$ 51,602</u>	<u>\$ 65,192</u>

19 Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 March 2012

Up to the date of issue of these 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 2012 and which have not been adopted in these financial statements.

The company 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 may result in new or amended disclosures, it is unlikely to have a significant impact on the company's results of operations and financial position.