

Disaster Relief Fund

REPORT OF THE DIRECTOR OF AUDIT



Audit Commission
The Government of the Hong Kong Special Administrative Region

Independent Audit Report To the President of the Legislative Council

I certify that I have examined and audited the financial statements of the Disaster Relief Fund set out on pages 58 to 62, which comprise the statement of assets and liabilities as at 31 March 2012, and the statement of receipts and payments for the year then ended, and a summary of significant accounting policies and other explanatory information.

Director of Accounting Services' responsibility for the financial statements

In accordance with section 16(1) of the Public Finance Ordinance (Cap. 2), the Director of Accounting Services is responsible for the compilation and supervision of the accounts of the Government of the Hong Kong Special Administrative Region, for the management of accounting operations and procedures, and for ensuring that all regulations, directions or instructions made or given under the Public Finance Ordinance relating thereto and in respect of the safe custody of public moneys and its accounting are complied with.

Auditor's responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with section 12(1) of the Audit Ordinance (Cap. 122) and the Audit Commission auditing standards. Those standards require that I 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 judgment, 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 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 by the Director of Accounting Services, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements of the Disaster Relief Fund for the year ended 31 March 2012 are prepared, in all material respects, in accordance with the Public Finance Ordinance and section 11(1) of the Audit Ordinance.

David Sun
Director of Audit

26 October 2012

Audit Commission
26th Floor
Immigration Tower
7 Gloucester Road
Wanchai, Hong Kong

Disaster Relief Fund

STATEMENT OF ASSETS AND LIABILITIES AS AT 31 MARCH 2012

| | Note | 2012 HK\$'000 | 2011 HK\$'000 |
|------------------------------------|------|------------------|------------------|
| Assets | | | |
| Investments with the Exchange Fund | 3 | <u>6,651</u> | <u>35,071</u> |
| Representing: | | | |
| Fund Balance | | | |
| Balance at beginning of year | | 35,071 | 8,014 |
| (Deficit)/Surplus for the year | | <u>(28,420)</u> | <u>27,057</u> |
| Balance at end of year | | <u>6,651</u> | <u>35,071</u> |

Notes 1 to 6 form part of these financial statements.

Mrs Lesley Y C WONG
Director of Accounting Services
15 August 2012



Disaster Relief Fund

STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 31 MARCH 2012

| | Note | 2012 HK\$'000 | 2011 HK\$'000 |
|--|------|------------------|------------------|
| Cash and bank balances at beginning of year | | - | - |
| Revenue | 4 | 8,340 | 381,109 |
| Expenditure | 5 | (36,760) | (354,052) |
| (Deficit)/Surplus for the year | | (28,420) | 27,057 |
| Other cash movements | 6 | 28,420 | (27,057) |
| Cash and bank balances at end of year | | - | - |

Notes 1 to 6 form part of these financial statements.

Mrs Lesley Y C WONG
Director of Accounting Services
15 August 2012



Disaster Relief Fund

NOTES TO THE FINANCIAL STATEMENTS

1. Purpose and Legislation

The Disaster Relief Fund provides a ready mechanism for Hong Kong to respond swiftly to international appeals for humanitarian aid in relief of disasters that occur outside Hong Kong. It was established with effect from 1 December 1993 by a Resolution (hereinafter referred to as the Resolution) passed by the Legislative Council under section 29(1) of the Public Finance Ordinance (Cap. 2) on the same date.

2. Accounting Policy

The accounts of the Disaster Relief Fund are kept on a cash basis. Transactions are recorded when moneys are received or paid.

3. Investments with the Exchange Fund

- (i) These are investments made under paragraph (i) of the Resolution. They represent the cost of investments together with interest of HK\$1.61 million received in the year ended 31 March 2012.
- (ii) Effective from 1 April 2007, the return on the investments is calculated on the basis of the average annual investment return of the Exchange Fund's Investment Portfolio for the past six years or the average annual yield of three-year Exchange Fund Notes for the previous year subject to a minimum of zero percent, whichever is the higher.

4. Revenue

| | 2012 | | 2011 |
|-------------------------------|----------------------------------|--------------------|--------------------|
| | Original Estimate HK\$'000 | Actual HK\$'000 | Actual HK\$'000 |
| Investment income | 3,000 | 1,608 | 3,506 |
| Transfer from General Revenue | - | - | 377,000 |
| Refund of grants | 46 | 6,732 | 603 |
| | <u>3,046</u> | <u>8,340</u> | <u>381,109</u> |

Disaster Relief Fund

5. Expenditure

| | 2012 | 2011 |
|------------------------------------|-----------------|----------------|
| | Actual | Actual |
| | HK\$'000 | HK\$'000 |
| Relief programmes for | | |
| flood victims in the Mainland | 8,808 | 22,221 |
| drought victims in the Mainland | 7,720 | 138,511 |
| drought victims in Ethiopia | 6,000 | - |
| typhoon victims in the Philippines | 4,500 | 3,000 |
| flood victims in Thailand | 3,000 | - |
| drought victims in Kenya | 3,000 | - |
| earthquake victims in Myanmar | 2,000 | - |
| earthquake victims in Japan | 1,232 | 1,000 |
| flood victims in Cambodia | 500 | - |
| earthquake victims in the Mainland | - | 120,920 |
| mudslide victims in the Mainland | - | 50,000 |
| flood victims in Pakistan | - | 9,950 |
| earthquake victims in New Zealand | - | 6,150 |
| flood victims in Sri Lanka | - | 2,000 |
| flood victims in India | - | 300 |
| | 36,760 | 354,052 |

6. Other Cash Movements

These are cash movements arising from changes in other assets and liabilities.

| | 2012 | 2011 |
|---------------------------------------|-----------------|-----------------|
| | HK\$'000 | HK\$'000 |
| Reduction/(Increase) in Assets | | |
| Investments with the Exchange Fund | 28,420 | (27,057) |

Disaster Relief Fund

Revenue, Expenditure and Fund Balance for the years ended 31 March 2003 to 2012

