

UNITED HEARTS YOUTH FOUNDATION LIMITED

(Incorporated in Hong Kong and limited by guarantee)

REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2001

IAN SEE & CO

Chartered Accountants
Certified Public Accountants

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UNITED HEARTS YOUTH FOUNDATION LIMITED

REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2001

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UNITED HEARTS YOUTH FOUNDATION LIMITED

REPORT OF THE GOVERNORS

The governors present their annual report and the audited financial statements for the year ended 31 December 2001.

PRINCIPAL ACTIVITY

The Company is a charity registered with the Hong Kong government. Its principal activities are the furtherance of charitable causes covering areas such as education and assisting the poor and needy.

ACCOUNTS

The results for the year are stated in the Income and Expenditure Account and the state of affairs of the Company at that date is set out in the Balance Sheet.

FIXED ASSETS

Movement in fixed assets during the year are set out in note 4 to the financial statements.

GOVERNORS

The governors who held office during the year and up the date of this report are:

Yan Kin Wai
Chung Hon Fai
Look Lai Ming, Josephine
Chan Siu King
Leung Ka Chun
Mok Wah Sun
Leung King Chiu
Lam Muk Kwan
Cheung Chau Yin
Chan Kai Kwong

The first governors shall be determined in writing by the subscribers to the Memorandum of Association. Thereafter all governors shall be elected by ordinary resolution of the members at the annual general meeting and the term of office shall be two years.

UNITED HEARTS YOUTH FOUNDATION LIMITED

GOVERNORS (cont'd)

A retiring Governor shall be eligible for re-election but such Governor can only hold office for not more than 3 consecutive terms.

GOVERNORS' INTERESTS

No contracts of significance to which the Company was a party and in which a governor had a material interest subsisted at the end of the year or at any time during the year.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the affairs of the Company were entered into or existed during the year.

AUDITORS

The financial statements have been audited by Ian See & Co, Chartered Accountants, Certified Public Accountants, who now retire and being eligible, offer themselves for re-appointment.

On Behalf of the Board of Governors

Chairman

Hong Kong:

REPORT OF THE AUDITORS
TO THE MEMBERS OF
UNITED HEARTS YOUTH FOUNDATION LIMITED
(INCORPORATED IN HONG KONG AND LIMITED BY GUARANTEE)

We have audited the financial statements on pages 5 to 8 which have been prepared in accordance with accounting principles generally accepted in Hong Kong.

RESPECTIVE RESPONSIBILITIES OF GOVERNORS AND AUDITORS

The Companies Ordinance requires the governors to prepare financial statements which give a true and fair view. In preparing financial statements which give a true and fair view it is fundamental that appropriate accounting policies are selected and applied consistently.

It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

BASIS OF OPINION

We conducted our audit in accordance with Statements of Auditing Standards issued by the Hong Kong Society of Accountants, except that the scope of our work was limited as explained below.

An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the governors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement. However, the evidence available to us was limited because, in common with many other organisations of similar nature, donations received from fund raising dinner of HK\$380,392 and contributions from other voluntary donations of HK16,703 are derived from sources which cannot be controlled until they are entered into the accounting records, and are therefore not susceptible to independent audit verification. The system of control is dependent upon the close involvement of the governors. Where independent confirmation concerning the completeness of the accounting records was not available we have accepted assurances from the governors as to the completeness of the Company's income.

In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements. We believe that our audit provides a reasonable basis for our opinion.

QUALIFIED OPINION ARISING FROM LIMITATION OF AUDIT SCOPE

Except for any adjustments which might have been found to be necessary had we been able to obtain sufficient evidence concerning the completeness of fund raising dinner and contributions from other voluntary donations, in our opinion the financial statements give a true and fair view of the state of the Company's affairs as at 31 December 2001 and of its surplus for the year then ended and have been properly prepared in accordance with the Companies Ordinance.

REPORT OF THE AUDITORS
TO THE MEMBERS OF
UNITED HEARTS YOUTH FOUNDATION LIMITED
(INCORPORATED IN HONG KONG AND LIMITED BY GUARANTEE)

In respect alone of the limitation on our work relating to the completeness of fund raising dinner and contributions from other voluntary donations, we have not obtained all the information and explanations that we considered necessary for the purpose of our audit and we were unable to determine whether proper books of account had been kept in this particular aspect.

Ian See & Co
Chartered Accountants
Certified Public Accountants

Hong Kong:

UNITED HEARTS YOUTH FOUNDATION LIMITED

INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2001

	<u>NOTES</u>	<u>2001</u> HK\$	<u>14/2/2000-</u> <u>31/12/2001</u> HK\$
INCOME		1,145,452	1,031,207
DIRECT FUND RAISING COSTS		(275,178)	(91,214)
CONTRIBUTIONS TOWARDS CHARITABLE CAUSES		(261,472)	(264,380)
GROSS INCOME		<u>608,802</u>	<u>675,613</u>
OTHER INCOME		13,378	11,706
EXPENDITURE		(260,736)	(96,639)
SURPLUS FOR THE YEAR		<u>361,444</u> =====	<u>590,680</u> =====

Separate statement of recognised gains and losses required by the Statement of Standard Accounting Practice 1 "Presentation of Financial Statements" issued by the Hong Kong Society of Accountants has not been prepared as the only component of such statement is the net surplus for the year.

UNITED HEARTS YOUTH FOUNDATION LIMITED

BALANCE SHEET
AS AT 31 DECEMBER 2001

	<u>NOTES</u>	<u>2001</u> HK\$	<u>2000</u> HK\$
FIXED ASSETS	4	7,471	-
		-----	-----
CURRENT ASSETS			
Cash at bank		469,986	170,622
Deposits paid		110,000	-
Fixed deposit		303,274	400,974
Other receivables		81,423	29,114
		-----	-----
		964,683	600,710
		-----	-----
CURRENT LIABILITIES			
Accruals		20,000	10,000
Amount due to a governor		30	30
		-----	-----
		20,030	10,030
		-----	-----
NET ASSETS		952,124	590,680
		=====	=====
FUNDS EMPLOYED			
Community Service Funds	5	952,124	590,680
		=====	=====

Approved by the Board of Governors on

Governor

Governor

UNITED HEARTS YOUTH FOUNDATION LIMITED

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2001

1. GENERAL

The company is a non-profit making organisation and the principal activities are the furtherance of charitable causes covering areas such as education and assisting the poor and needy.

The company's accounts are prepared in accordance with Hong Kong Statements of Standard Accounting Practice. They cover the results of the company alone. The income and expenditure account covers the year ended 31 December 2001, while the balance sheet represents the financial position of the company as at 31 December 2001. The reporting currency of the company's accounts is the Hong Kong Dollar.

2. PRINCIPAL ACCOUNTING POLICIES

Recognition of income

Donations and contributions received from fund raising activities are recognised in the accounts on a cash basis.

Interest income is accrued on a time proportion basis on the principal outstanding using the interest rate applicable.

Contributions towards charitable causes

Contributions towards charitable causes are recognised in the accounts on a cash basis.

3. TAXATION

No taxation has been provided as the company is a charity exempted from Hong Kong Profits Tax under Section 88 of the Inland Revenue Ordinance.

UNITED HEARTS YOUTH FOUNDATION LIMITED

4. FIXED ASSETS

	<u>Office Equipment</u> HK\$
COST	
Addition	10,673
DEPRECIATION	
Charge for the year	3,202
NET BOOK VALUE	7,471
At 31 December 2001	7,471

5. COMMUNITY SERVICES FUNDS

	<u>2001</u> HK\$	<u>2000</u> HK\$
Balance brought forward	590,680	-
Surplus for the year - page 5	361,444	590,680
	952,124	590,680
	952,124	590,680

UNITED HEARTS YOUTH FOUNDATION LIMITED

INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2001

(FOR MANAGEMENT PURPOSES ONLY)

	<u>2001</u> HK\$	<u>14/2/200-</u> <u>31/12/2000</u> HK\$
INCOME		
Donations	16,702	23,311
Fund raising activities	1,106,932	982,396
Membership fees	2,400	17,000
Scholarship fund	19,418	8,500
	<u>1,145,452</u>	<u>1,031,207</u>
	-----	-----
Less:		
DIRECT FUND RAISING COSTS		
Fund raising activities	275,178	91,214
CONTRIBUTIONS TOWARDS CHARITABLE CAUSES		
Education	261,472	264,380
	<u>536,650</u>	<u>355,594</u>
	-----	-----
GROSS INCOME	608,802	675,613
Add:		
OTHER INCOME		
Interest income	13,378	11,706
	<u>622,180</u>	<u>687,319</u>
Less:		
EXPENDITURE (Sch 1)	260,736	96,639
	<u>361,444</u>	<u>590,680</u>
	=====	=====
SURPLUS FOR THE YEAR		

UNITED HEARTS YOUTH FOUNDATION LIMITED

FOR THE PERIOD ENDED 31 DECEMBER 2001

(FOR MANAGEMENT PURPOSES ONLY)

	<u>2001</u>	<u>24/2/2000-</u> <u>31/12/2001</u>
	HK\$	HK\$
EXPENDITURE (Sch 1)		
Advertising	10,910	3,146
Audit fee	10,000	10,000
Bank charges	3,363	433
Business registration fee	2,250	-
Depreciation	3,202	-
Donation	2,160	-
Insurance	12,953	6,500
Legal and professional fees	60,771	1,000
Maintenance	1,610	300
Postage	20	-
Preliminary expenses	-	15,000
Printing and stationery	64,749	40,367
Mandatory provident fund contributions	1,096	-
Rent	-	4,660
Souvenir	2,245	3,260
Sundry	42	-
Telephone	3,421	-
Travelling - local	-	7,200
- overseas	24,018	773
Wages	57,926	4,000
	<u>260,736</u>	<u>96,639</u>
	=====	=====
