

UNITED HEARTS YOUTH FOUNDATION LIMITED  
(雁心會樂幼基金有限公司)

(Incorporated in Hong Kong and limited by guarantee)

REPORTS AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2002

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UNITED HEARTS YOUTH FOUNDATION LIMITED  
REPORT OF THE GOVERNORS  
(Expressed in Hong Kong dollars)

The governors submit herewith their annual report and the audited financial statements for the year ended December 31, 2002.

**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 of the Company for the year ended December 31, 2002, and the state of the company's affairs at December 31, 2002 are set out on pages 5 to 9.

**FIXED ASSETS**

The movements in fixed assets during the year are set out in Note 7 to the financial statements.

**GOVERNORS**

The governors during the year and up to the date of this report were:-

Yan Kin Wai	
Chan Siu King	
Mok Wah Sun	
Leung King Chiu	
Cheung Chau Yin	
Leung Siu Wai	(Appointed on February 28, 2001)
Chan Oi Por	(Appointed on April 20, 2002)
Tang Sai Kit	(Appointed on April 20, 2002)
Liu Po Yee, Joan	(Appointed on April 20, 2002)
Wong Tsz Wai, Wistaria	(Appointed on April 20, 2002)
Tsang Chi Ling	(Appointed on April 20, 2002)
Cheung Yuk Yu, Rosa	(Appointed on February 28, 2001 and resigned on June 2, 2003)
Lau Wai Chuen	(Appointed on February 28, 2001 and resigned on June 2, 2003)
Fong Yuen Ki	(Appointed on April 20, 2002 and resigned on June 2, 2003)
Ho Siu Kin, Francis	(Appointed on April 20, 2002 and resigned on June 2, 2003)
Chan Kai Kwong	(Resigned on April 20, 2002)
Chung Hon Fai	(Resigned on June 2, 2003)
Look Lai Ming, Josephine	(Resigned on June 2, 2003)
Leung Ka Chun	(Resigned on June 2, 2003)
Lam Muk Kwan	(Resigned on June 2, 2003)

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.

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

#### GOVERNORS' INTEREST

No contracts of significance in relation to the company's business to which the company was a party, and in which any 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.

#### COMPLIANCE WITH STATEMENTS OF STANDARD ACCOUNTING PRACTICE

The governors hereby confirmed that the reported financials statements of the Company have been prepared in compliance with the Statements of Standard Accounting Practice issued by the Hong Kong Society of Accountants and in accordance with accounting principles generally accepted in Hong Kong.

#### AUDITORS

During the year, C.T. Chiu & Co., Certified Public Accountants were appointed as the auditors of the company.

A resolution will be put at the annual general meeting of the company to re-appoint the auditors, Messrs. C.T. Chiu & Co, Certified Public Accountants.

On behalf of the board of governors



CHAIRMAN  
HONG KONG, 26 JUN 2003

**C.T. CHIU & CO., Certified Public Accountants**  
**趙俊德會計師事務所**

*Room 1401, 14/F., Sunning Plaza, 10 Hysan Avenue, Causeway Bay, Hong Kong*

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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 set out on pages 5 to 9 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 financial 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 judgements 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 as to whether the financial statements are free from material misstatement. However, the evidence available to us was limited because, in common with many other organizations of similar nature, donations received from fund raising of HK\$185,713 and contributions from other voluntary donations of HK\$12,486 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.

OPINION

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 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 December 31, 2002 and of its deficits for the year then ended and have been properly prepared in accordance with the Companies Ordinance.

In respect alone of the limitation on our work referred to above:

- (a) we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and
- (b) we were unable to determine whether proper books of account had been kept.

C.T. CHIU & Co

C. T. CHIU & CO.  
CERTIFIED PUBLIC ACCOUNTANTS  
HONG KONG, 26 JUN 2003

UNITED HEARTS YOUTH FOUNDATION LIMITED  
INCOME AND EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED DECEMBER 31, 2002  
(Expressed in Hong Kong Dollars)

	<u>Note</u>	2002 HK\$	2001 HK\$
INCOME	(3)	1,287,231	1,145,452
DIRECT FUND RAISING COSTS		(420,713)	(275,178)
CONTRIBUTIONS TOWARDS CHARITABLE CAUSES		<u>(790,524)</u>	<u>(261,472)</u>
GROSS INCOME		75,994	608,802
OTHER INCOME	(3)	8,283	13,378
EXPENDITURE	(4)	<u>(324,658)</u>	<u>(260,736)</u>
(DEFICITS)/SURPLUS FOR THE YEAR		<u>(240,381)</u>	<u>361,444</u>

Statement of Recognised Gains and Losses have NOT been prepared due to the fact that the only component of recognised gains and losses is the net surplus/deficit for the year ended December 31, 2002.

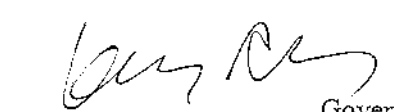
The accompanying notes form an integral part of these financial statements.

UNITED HEARTS YOUTH FOUNDATION LIMITED  
BALANCE SHEET  
AS AT DECEMBER 31, 2002  
(Expressed in Hong Kong Dollars)

	<u>Note</u>	2002 HK\$	2001 HK\$
FIXED ASSETS	(7)	<u>14,699</u>	<u>7,471</u>
CURRENT ASSETS			
Other receivables		71,769	81,423
Deposit paid		114,880	110,000
Cash and bank balances		<u>523,513</u>	<u>773,260</u>
		<u>710,162</u>	<u>964,683</u>
CURRENT LIABILITIES			
Accruals		13,118	20,000
Amount due to a governor		-	30
		<u>13,118</u>	<u>20,030</u>
NET CURRENT ASSETS		<u>697,044</u>	<u>944,653</u>
NET ASSETS		<u>711,743</u>	<u>952,124</u>
FUNDS EMPLOYED			
Community service funds	(8)	<u>711,743</u>	<u>952,124</u>

Approved by the Board of Governors on 26 JUN 2003

  
Governor

  
Governor

The accompanying notes form an integral part of these financial statements.

UNITED HEARTS YOUTH FOUNDATION LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2002  
(Expressed in Hong Kong dollars)

1. GENERAL

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared using the historical cost basis of accounting.

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.

Depreciation

Depreciation is calculated to write off the cost of fixed assets over their estimated useful lives on a straight line basis at the following rates per annum:-

Office equipment	- 30%
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Operating leases

Lease payments under an operating lease are recognised as an expense in the income statement on a straight line basis over the lease term unless another systematic basis is representative of the time pattern of the users benefit.

3. INCOME

The company is a non-profit making organization and the principal activities are the furtherance of charitable causes covering areas such as education and assisting the poor and needy. Income recognised during the year are as follows:

	<u>2002</u>	<u>2001</u>
Income		
Donations	12,486	16,702
Fund raising activities	1,164,925	1,106,932
Membership fees	7,400	2,400
Scholarship fund	102,420	19,418
	-----	-----
	1,287,231	1,145,452
	-----	-----
Other income		
Interest income	3,210	13,378
Sundry income	5,073	-
	-----	-----
	8,283	13,378
	-----	-----
	\$ 1,295,514	\$ 1,158,830
	=====	=====



4. EXPENDITURE

	<u>2002</u>	<u>2001</u>
Auditors' remuneration	\$ 1,800	\$ 10,000
Depreciation	7,672	3,202
Rental payment of warehouse under operating leases	36,000	-
Staff costs		
- Governors	-	-
- Others	101,790	57,926
	<u>101,790</u>	<u>57,926</u>

5. GOVERNORS' REMUNERATION

Particulars of governors' remuneration disclosed pursuant to Section 161 of the Companies Ordinance are as follows:-

Fee	\$ -	\$ -
Other emoluments	-	-
	<u>-</u>	<u>-</u>

6. 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.

7. FIXED ASSETS

	<u>Office Equipment</u>
<b>COST</b>	
At January 1, 2002	10,673
Additions	14,900
	-----
At December 31, 2002	25,573
	-----
<b>AGGREGATE DEPRECIATION</b>	
At January 1, 2002	3,202
Charge for the year	7,672
	-----
At December 31, 2002	10,874
	-----
<b>NET BOOK VALUE</b>	
At December 31, 2002	\$ 14,699
	=====
At December 31, 2001	\$ 7,471
	=====

8. COMMUNITY SERVICES FUNDS

	<u>2002</u>	<u>2001</u>
Balance brought forward	952,124	590,680
(Deficits)/surplus for the year	(240,381)	361,444
	-----	-----
	\$ 711,743	\$ 952,124
	=====	=====

UNITED HEARTS YOUTH FOUNDATION LIMITED  
INCOME AND EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED DECEMBER 31, 2002  
(FOR MANAGEMENT INFORMATION PURPOSES ONLY)

( Expressed in Hong Kong Dollars)

	2002	2001
	HK\$	HK\$
INCOME		
Donations	12,486	16,702
Fund raising activities	1,164,925	1,106,932
Membership fees	7,400	2,400
Scholarship fund	102,420	19,418
	<u>1,287,231</u>	<u>1,145,452</u>
LESS :		
DIRECT FUND RAISING COSTS		
Fund raising activities	420,713	275,178
CONTRIBUTIONS TOWARDS CHARITABLE CAUSES		
Education	790,524	261,472
	<u>1,211,237</u>	<u>536,650</u>
GROSS INCOME	<u>75,994</u>	<u>608,802</u>
OTHER INCOME		
Interest income	3,210	13,378
Sundry income	5,073	-
	<u>8,283</u>	<u>13,378</u>
	84,277	622,180
LESS : EXPENDITURE (Schedule 1)	<u>324,658</u>	<u>260,736</u>
(DEFICITS)/SURPLUS FOR THE YEAR	<u>(240,381)</u>	<u>361,444</u>

UNITED HEARTS YOUTH FOUNDATION LIMITED  
EXPENDITURE (SCHEDULE 1)  
FOR THE YEAR ENDED DECEMBER 31, 2002  
(FOR MANAGEMENT INFORMATION PURPOSES ONLY)  
( Expressed in Hong Kong Dollars)

	2002	2001
	HK\$	HK\$
EXPENDITURE		
Advertising	17,548	10,910
Audit fee	1,800	10,000
Bank charges	9,582	3,363
Business registration fee	-	2,250
Computer expenses	5,083	-
Depreciation	7,672	3,202
Design fee	2,950	-
Donation	-	2,160
Electricity - godown	208	-
Insurance	12,787	12,953
Legal and professional fee	25,842	60,771
Maintenance	-	1,610
Mandatory provident fund contributions	4,463	1,096
Postage and courier	5,647	20
Printing and stationery	35,894	64,749
Rent - godown	36,000	-
Souvenir	5,711	2,245
Sundries	6,856	42
Telephone	20,918	3,421
Transportation	2,794	-
Travelling - overseas	-	24,018
Travelling - local	1,429	-
Uniform	19,684	-
Wages	101,790	57,926
	<u>324,658</u>	<u>260,736</u>