

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, 2003

<u>CONTENTS</u>	<u>PAGE(S)</u>
REPORT OF THE GOVERNORS	1 - 2
REPORT OF THE AUDITORS	3 - 4
INCOME AND EXPENDITURE ACCOUNT	5
BALANCE SHEET	6
NOTES TO THE FINANCIAL STATEMENTS	7 - 9

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, 2003.

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, 2003, and the state of the company's affairs at December 31, 2003 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 Oi Por	
Chan Siu King	
Cheung Chau Yin	
Leung King Chiu	
Leung Siu Wai	
Liu Po Yee, Joan	
Tang Sai Kit	
Tsang Chi Ling	
Wong Tsz Wai, Wistaria	
Law Hin Wing	(Appointed on August 16, 2003)
Lee Tung Yu, Gloria	(Appointed on August 16, 2003)
Li Chun Chau	(Appointed on August 16, 2003)
Yau Chun Kuen	(Appointed on August 16, 2003)
Cheung Yuk Yu, Rosa	(Resigned on June 2, 2003)
Chung Hon Fai	(Resigned on June 2, 2003)
Fong Yuen Ki	(Resigned on June 2, 2003)
Ho Siu Kin, Francis	(Resigned on June 2, 2003)
Lam Muk Kwan	(Resigned on June 2, 2003)
Lau Wai Chuen	(Resigned on June 2, 2003)
Leung Ka Chun	(Resigned on June 2, 2003)
Look Lai Ming, Josephine	(Resigned on June 2, 2003)
Mok Wah Sun	(Resigned on October 13, 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

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, - 5 MAY 2004

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\$438,091 and contributions from other voluntary donations of HK\$334,535 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, 2003 and of its surplus 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, - 5 MAY 2004

UNITED HEARTS YOUTH FOUNDATION LIMITED
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED DECEMBER 31, 2003
(Expressed in Hong Kong Dollars)

	<u>Note</u>	2003 HK\$	2002 HK\$
INCOME	(3)	2,038,556	1,287,231
DIRECT FUND RAISING COSTS		(459,949)	(420,713)
CONTRIBUTIONS TOWARDS CHARITABLE CAUSES		<u>(860,670)</u>	<u>(790,524)</u>
GROSS INCOME		717,937	75,994
OTHER INCOME	(3)	2,691	8,283
EXPENDITURE	(4)	<u>(258,268)</u>	<u>(324,658)</u>
SURPLUS/(DEFICITS) FOR THE YEAR		<u><u>462,360</u></u>	<u><u>(240,381)</u></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, 2003.

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

UNITED HEARTS YOUTH FOUNDATION LIMITED

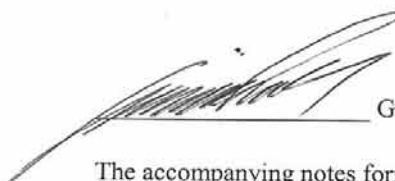
BALANCE SHEET


AS AT DECEMBER 31, 2003

(Expressed in Hong Kong Dollars)

	Note	2003 HK\$	2002 HK\$
FIXED ASSETS	(7)	<u>7,143</u>	<u>14,699</u>
CURRENT ASSETS			
Other receivables		-	71,769
Deposit paid		108,000	114,880
Cash and bank balances		<u>1,086,852</u>	<u>523,513</u>
		<u>1,194,852</u>	<u>710,162</u>
CURRENT LIABILITIES			
Accruals		<u>27,892</u>	<u>13,118</u>
		<u>27,892</u>	<u>13,118</u>
NET CURRENT ASSETS		<u>1,166,960</u>	<u>697,044</u>
NET ASSETS		<u>1,174,103</u>	<u>711,743</u>
FUNDS EMPLOYED			
Community service funds	(8)	<u>1,174,103</u>	<u>711,743</u>

Approved by the Board of Governors on - 5 MAY 2004


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, 2003
 (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>2003</u>	<u>2002</u>
Income		
Donations	334,535	12,486
Fund raising activities	1,576,951	1,164,925
Membership fees	12,000	7,400
Scholarship fund	115,070	102,420
	2,038,556	1,287,231

3. INCOME (CONT'D)

	<u>2003</u>	<u>2002</u>
Other income		
Interest income	404	3,210
Sundry income	2,287	5,073
	-----	-----
	2,691	8,283
	-----	-----
	<u>\$ 2,041,247</u>	<u>\$ 1,295,514</u>

4. EXPENDITURE

Auditors' remuneration	\$ -	\$ 1,800
Depreciation	7,721	7,672
Rental payment of warehouse under operating leases	48,000	36,000
Staff costs		
- Governors	-	-
- Others	114,915	101,790
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5. GOVERNORS' REMUNERATION

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

Fee	\$ -	\$ -
Other emoluments	-	-
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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>
COST	
At January 1, 2003	25,573
Additions	165

At December 31, 2003	25,738

AGGREGATE DEPRECIATION	
At January 1, 2003	10,874
Charge for the year	7,721

At December 31, 2003	18,595

NET BOOK VALUE	
At December 31, 2003	\$ 7,143

At December 31, 2002	<u>\$ 14,699</u>

8. COMMUNITY SERVICES FUNDS

	<u>2003</u>	<u>2002</u>
Balance brought forward	711,743	952,124
Surplus/(Deficits) for the year	462,360	(240,381)
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	<u>\$1,174,103</u>	<u>\$ 711,743</u>

9. COMMITMENTS UNDER OPERATING LEASES

At the balance sheet date, the Company had total outstanding commitments under non-cancelable operating leases, falling due as follows:

Within one year	<u>\$ 12,000</u>	<u>\$ 12,000</u>
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UNITED HEARTS YOUTH FOUNDATION LIMITED
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED DECEMBER 31, 2003
(FOR MANAGEMENT INFORMATION PURPOSES ONLY)
(Expressed in Hong Kong Dollars)

	2003	2002
	HK\$	HK\$
INCOME		
Donations	334,535	12,486
Fund raising activities	1,576,951	1,164,925
Membership fees	12,000	7,400
Scholarship fund	115,070	102,420
	<u>2,038,556</u>	<u>1,287,231</u>
LESS :		
DIRECT FUND RAISING COSTS		
Fund raising activities	459,949	420,713
CONTRIBUTIONS TOWARDS CHARITABLE CAUSES		
Education	745,074	790,524
Local services	115,596	-
	<u>1,320,619</u>	<u>1,211,237</u>
GROSS INCOME	<u>717,937</u>	<u>75,994</u>
OTHER INCOME		
Interest income	404	3,210
Sundry income	2,287	5,073
	<u>2,691</u>	<u>8,283</u>
	720,628	84,277
LESS : EXPENDITURE (Schedule 1)	<u>258,268</u>	<u>324,658</u>
SURPLUS/(DEFICITS) FOR THE YEAR	<u>462,360</u>	<u>(240,381)</u>

UNITED HEARTS YOUTH FOUNDATION LIMITED
EXPENDITURE (SCHEDULE 1)
FOR THE YEAR ENDED DECEMBER 31, 2003
(FOR MANAGEMENT INFORMATION PURPOSES ONLY)
(Expressed in Hong Kong Dollars)

	2003	2002
	HK\$	HK\$
EXPENDITURE		
Advertising	14,642	17,548
Audit fee	-	1,800
Bank charges	12,164	9,582
Company secretary fee	2,500	-
Computer expenses	3,343	5,083
Depreciation	7,721	7,672
Design fee	1,200	2,950
Electricity - godown	229	208
Insurance	15,308	12,787
Legal and professional fee	-	25,842
Mandatory provident fund contributions	4,883	4,463
Postage and courier	4,586	5,647
Printing and stationery	12,888	35,894
Rent - godown	48,000	36,000
Souvenir	4,626	5,711
Sundries	5,452	6,856
Telephone	3,178	20,918
Transportation	595	2,794
Travelling - local	2,038	1,429
Uniform	-	19,684
Wages	114,915	101,790
	<u>258,268</u>	<u>324,658</u>