

UNITED HEARTS YOUTH FOUNDATION LIMITED

REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2004

K.S. LIU & COMPANY, C.P.A. LTD
廖廣生會計師事務所有限公司

Certified Public Accountants



UNITED HEARTS YOUTH FOUNDATION LIMITED
(Incorporated in Hong Kong and limited by guarantee)

REPORT OF THE BOARD OF GOVERNORS

The members of the Board of Governor of United Hearts Youth Foundation Limited (the "Foundation") have pleasures in submitting their report together with the audited accounts for the year ended 31st December 2004.

PRINCIPAL ACTIVITIES

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

RESULTS AND APPROPRIATIONS

The results of the Foundation for the year ended 31st December 2004 and the state of affairs as at the year ended date are set out in the annexed accounts.

FIXED ASSETS

Details of the movements in fixed assets are shown in note 5 to the accounts.

GOVERNORS

The governors during the year were:

Young Cho Yee, David	
Tsang Chi Ling	
Wong Ngao San	(Appointed on 1st May 2004)
Cheung Chau Yin	
Liu Po Yee, Joan	
Leung Oi Yee	(Appointed on 1st May 2004)
Fung Kwok Hung	(Resigned on 11th January 2005)

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.

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INTEREST IN CONTRACTS

No contracts of significance to which the Foundation, was a party and in which an any governor had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

At no time during the year was the Foundation a party to any arrangements to enable the committee members of the Club to acquire benefits by means of the acquisition of shares in, or debentures of, any other body corporate.

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.

BASIS OF ACCOUNTING

The accounts have been prepared on the historical cost basis of accounting. 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

The accounts have been audited by Messrs. K.S. Liu & Company, CPA Ltd., Certified Public Accountants, who retire, and being eligible, offer themselves for re-appointment.

On behalf of the
Board of Governors



Chairman

HONG KONG: - 3 JUN 2005

UNITED HEARTS YOUTH FOUNDATION LIMITED
(Incorporated in Hong Kong and Limited by Guarantee)
INCOME STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER 2004

	Note	2004 HK\$	2003 HK\$
INCOME		1,623,113	2,038,556
DIRECT FUND RAISING COSTS		(90,221)	(459,949)
CONTRIBUTION TOWARDS CHARITABLE CAUSES		(532,692)	(860,670)
GROSS INCOME		1,000,200	717,937
OTHER INCOME		560	2,691
ADMINISTRATIVE EXPENSES		(256,627)	(258,268)
SURPLUS BEFORE TAXATION	2	744,133	462,360
TAXATION	3	-	-
SURPLUS AFTER TAXATION		744,133	462,360
ACCUMULATED FUND BROUGHT FORWARD		1,174,103	711,743
ACCUMULATED FUND CARRIED FORWARD		1,918,236	1,174,103

UNITED HEARTS YOUTH FOUNDATION LIMITED
(Incorporated in Hong Kong and Limited by Guarantee)
BALANCE SHEET AS AT 31ST DECEMBER 2004

	Note	2004 HK\$	2003 HK\$
NON-CURRENT ASSETS	4	4,198	7,143
NET CURRENT ASSETS	6	1,914,038	1,166,960
		<u>1,918,236</u>	<u>1,174,103</u>
		=====	=====

Represented by:

ACCUMULATED FUND Community Service Fund	7	<u>1,918,236</u>	<u>1,174,103</u>
		=====	=====

Approved by the Board of Governors on - 3 JUN 2005


Chairman


Treasurer

UNITED HEARTS YOUTH FOUNDATION LIMITED
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STATEMENT OF CHANGES IN FUNDS
FOR THE YEAR ENDED 31ST DECEMBER 2004

	Accumulated Fund HK\$	Total HK\$
Balance at 1st January 2003	1,174,103	1,174,103
Surplus for the year	462,360	462,360
Balance at 31st December 2003	<u>1,636,463</u>	<u>1,636,463</u>
Surplus for the year	744,133	744,133
Balance at 31st December 2004	<u><u>2,380,596</u></u>	<u><u>2,380,596</u></u>

UNITED HEARTS YOUTH FOUNDATION LIMITED
(Incorporated in Hong Kong and Limited by Guarantee)
NOTES TO THE ACCOUNTS

1. PRINCIPAL ACCOUNTING POLICIES

(a) Income

Income of United Hearts Youth Foundation Limited is the amount received from donations and contributions from fund raising activities.

(b) Depreciation of Fixed Assets

Depreciation is calculated to write off the cost of assets over their estimated useful lives, using the straight line basis, at the following annual rates:

Office equipment	30%
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(c) Basis of Accounting

The accounts have been prepared on the historical cost basis of accounting.

(d) Recognition of income

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

2. TAXATION

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

3. SURPLUS FOR THE YEAR

	2004 HK\$	2003 HK\$
Surplus before taxation is stated after charging:		
Governors' remuneration	-	-
Audit fee	-	-
	=====	=====

4. NON-CURRENT ASSETS

	2004 HK\$	2003 HK\$
Fixed assets (Note 5)	4,198	7,143
	=====	=====

5. FIXED ASSETS

	Office equipment HK\$	Total HK\$
Cost:		
At 1st January 2004	25,738	25,738
Additions	6,823	6,823
At 31st December 2004	<u>32,561</u>	<u>32,561</u>
Accumulated depreciation:		
At 1st January 2004	18,595	18,595
Charge for the year	9,768	9,768
At 31st December 2004	<u>28,363</u>	<u>28,363</u>
Net book value:		
At 31st December 2004	4,198	4,198
At 31st December 2003	<u>7,143</u>	<u>7,143</u>
	=====	=====

6. NET CURRENT ASSETS

	2004 HK\$	2003 HK\$
CURRENT ASSETS		
Utility deposit	108,000	108,000
Cash and bank balances	1,829,492	1,086,852
	<u>1,937,492</u>	<u>1,194,852</u>
CURRENT LIABILITIES		
Accrued expenses	23,454	27,892
	<u>23,454</u>	<u>27,892</u>
	<u>1,914,038</u>	<u>1,166,960</u>
	=====	=====

7. ACCUMULATED FUND

	2004 HK\$	2003 HK\$
Surplus for the year	744,133	462,360
Accumulated fund brought forward	1,174,103	711,743
Accumulated fund carried forward	<u>1,918,236</u>	<u>1,174,103</u>
	=====	=====

8. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with current year presentation.

UNITED HEARTS YOUTH FOUNDATION LIMITED
(Incorporated in Hong Kong and Limited by Guarantee)
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER 2004
(For management information purpose only)

(Appendix 1)

	2004 HK\$	2003 HK\$
INCOME		
Donation	645,962	334,535
Fund raising activities	789,635	1,576,951
Membership fees	8,000	12,000
Scholarship fund	179,516	115,070
	<u>1,623,113</u>	<u>2,038,556</u>
DIRECT FUND RAISING COSTS		
Fund raising activities	(90,221)	(459,949)
CONTRIBUTIONS TOWARDS CHARITABLE CAUSES		
Education	(532,692)	(745,074)
Local services	-	(115,596)
	<u>(622,913)</u>	<u>(1,320,619)</u>
Gross income	1,000,200	717,937
Interest income	560	404
Sundry income	-	2,287
	<u>560</u>	<u>2,691</u>
Less: Expenditure (Appendix 2)	1,000,760	720,628
	256,627	258,268
Surplus for the year	<u>744,133</u>	<u>462,360</u>

UNITED HEARTS YOUTH FOUNDATION LIMITED
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INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER 2004
(For management information purpose only)

(Appendix 2)

	2004 HK\$	2003 HK\$
ADMINISTRATIVE EXPENSES		
Advertising	4,602	14,642
Bank charges	10,604	12,164
Computer expenses	327	3,343
Depreciation	9,768	7,721
Designing fee	4,000	1,200
Electricity - godown	-	229
Meeting and activity consumables	11,188	-
Insurance	16,558	15,308
MPF Contribution	4,800	4,883
Postage and courier	4,463	4,586
Printing and stationery	18,237	12,888
Rental payment	48,000	48,000
Secretrial fee	3,940	2,500
Souvenir	5,953	4,626
Sundry expenses	1,496	5,452
Salary and wages	104,000	114,915
Telephone	3,784	3,178
Transportation	2,367	595
Travelling	2,540	2,038
	<u>256,627</u>	<u>258,268</u>
	=====	=====