

UNITED HEARTS YOUTH FOUNDATION LIMITED
(Incorporated in Hong Kong and Limited by Guarantee)

REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER 2005

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

REPORT OF THE EXECUTIVE COMMITTEE

The members of Executive Committee of United Hearts Youth Foundation Limited (the "Foundation") have pleasure in submitting their report together with the audited accounts for the year ended 31st December 2005.

PRINCIPAL ACTIVITIES

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 2005 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.

DIRECTORS

The members of the Executive Committee during the year were:

Cheung Chau Yin

Liu Po Yee, Joan

Tsang Chi Ling

Yau Chun Kuen

Young Cho Yee, David

Leung Oi Yee

Wong Ngao San

Fung Kwok Hung

(Appointed on 29th April 2005)

(Resigned on 11th January 2005)

In accordance with the Articles 49 of the Articles of Association, all the executive committee members continue in office.

INTEREST IN CONTRACTS

No contracts of significance to which the Foundation was a party and in which an executive committee member 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 arrangement to enable the committee members of the Foundation to acquire benefits by means of the acquisition of shares in, or debentures of, the Foundation or any other body corporate.

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,



Chairman

HONG KONG: 22 MAR 2006

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

Certified Public Accountants

Tsim Sha Tsui P.O. Box 90752, Tsim Sha Tsui, Kowloon, 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 together with the notes thereon 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 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 the balance sheet together with the notes thereon and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Basis of opinion

We conducted our audit in accordance with Statements of Auditing Standards issued by the Hong Kong Institute of Certified Public Accountants. 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 directors 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 and performed 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.

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

In our opinion, the financial statements give a true and fair view of the state of the Foundation's affairs as at 31st December 2005 and of the surplus for the year then ended and have been properly prepared in accordance with the Companies Ordinance.



K.S. Liu & Company, CPA Ltd
Certified Public Accountants

Date: 22 MAR 2006

K.S. Liu & Company, CPA Ltd
Certified Public Accountants
Unit 1003, 10th Floor, Rightful Centre
12 Tak Hing Street, Tsim Sha Tsui, Kowloon

Messrs. K. S. Liu, Auditor
Certified Public Accountant
(P01586)

UNITED HEARTS YOUTH FOUNDATION LIMITED
(Incorporated in Hong Kong and Limited by Guarantee)
INCOME STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER 2005

	Note	2005 HK\$	2004 HK\$
INCOME		1,843,817	1,623,113
DIRECT FUND RAISING COSTS		(44,206)	(90,221)
CONTRIBUTION TOWARDS CHARITABLE CAUSES		(969,048)	(532,692)
GROSS INCOME		830,563	1,000,200
INTEREST INCOME		19,291	560
ADMINISTRATIVE EXPENSES		(279,359)	(256,627)
SURPLUS BEFORE TAXATION	2	570,495	744,133
TAXATION	3	-	-
SURPLUS AFTER TAXATION		570,495	744,133
ACCUMULATED FUND BROUGHT FORWARD		1,918,236	1,174,103
ACCUMULATED FUND CARRIED FORWARD		2,488,731	1,918,236
		=====	=====

UNITED HEARTS YOUTH FOUNDATION LIMITED
(Incorporated in Hong Kong and Limited by Guarantee)
BALANCE SHEET AS AT 31ST DECEMBER 2005

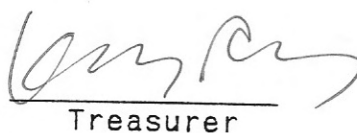
	Note	2005 HK\$	2004 HK\$
NON-CURRENT ASSETS	4	730	4,198
NET CURRENT ASSETS	6	2,488,001	1,914,038
		<u>2,488,731</u>	<u>1,918,236</u>
		=====	=====

Represented by:

ACCUMULATED FUND Community Service Fund	7	2,488,731	1,918,236
		=====	=====

Approved by the Board of Governors on 22 MAR 2006


Chairman


Treasurer

UNITED HEARTS YOUTH FOUNDATION LIMITED
(Incorporated in Hong Kong and Limited by Guarantee)

STATEMENT OF CHANGES IN FUNDS
FOR THE YEAR ENDED 31ST DECEMBER 2005

	Accumulated Fund HK\$	Total HK\$
Balance at 1st January 2004	1,918,236	1,918,236
Surplus for the year	744,133	744,133
Balance at 31st December 2004	<u>2,662,369</u>	<u>2,662,369</u>
Surplus for the year	570,495	570,495
Balance at 31st December 2005	<u>3,232,864</u> =====	<u>3,232,864</u> =====

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

NOTES TO THE ACCOUNTS

1. PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these accounts are set out below:

(a) Basis of preparation

The accounts have been prepared in accordance with accounting principles generally accepted in Hong Kong and comply with accounting standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). They have been prepared under the historical cost convention.

(b) Impairment of assets

An assessment is made at each balance sheet date of whether there is any indication of impairment of any asset, or whether there is any indication that an impairment loss previously recognised for an asset in prior years may no longer exist or may have decreased. If any such indication exists, the asset's recoverable amount is estimated. An asset's recoverable amount is calculated as the higher of the asset's value in use or its net selling price.

(c) Fixed assets and depreciation

Fixed assets are stated at cost or valuation less accumulated depreciation and any impairment losses. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after fixed assets have been put into operation, such as repairs and maintenance, is normally charged to the profit and loss account in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the fixed asset, the expenditure is capitalised as an additional cost of that asset.

Depreciation is calculated on the straight-line basis to write off the cost or valuation of each asset over its estimated useful life. The principal annual rates used for this purpose are as follows:

Office equipment	30%
------------------	-----

The gain or loss on disposal or retirement of a fixed asset recognised in the profit and loss account is the difference between the net sales proceeds and the carrying amount of the relevant asset.

(d) Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation. When the effect of discounting is material, the amount recognised for a provision is the present value at the balance sheet date of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the income statement.

(e) Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Foundation and when the revenue can be measured reliably, on the following bases:

- (i) membership fee received are accounted for on accruals basis;
- (ii) donation, fund raising and scholarship fund are recognise when rights to receive payment have been established; and
- (iii) interest income is recognised on a time proportion basis.

(f) Income

Income represents the amount received from members' subscription, members relief fund subscriptions and members donations.

2. TAXATION

No tax has been provided for the year since the Foundation is exempted under Section 88 of the Inland Revenue Ordinance

3. SURPLUS FOR THE YEAR

	2005 HK\$	2004 HK\$
Surplus before taxation is		
Stated after charging		
Governors' remuneration	-	-
Audit fee	-	-
	=====	=====

4. NON-CURRENT ASSETS

	2005 HK\$	2004 HK\$
Fixed assets (Note 5)	730	4,198
	=====	=====

5. FIXED ASSETS

	Office Equipment HK\$	Total HK\$
Cost:		
At 1st January 2005	32,561	32,561
Additions	9,000	9,000
At 31st December 2005	<u>41,561</u>	<u>41,561</u>
Accumulated depreciation:		
At 1st January 2005	28,363	28,363
Charge for the year	12,468	12,468
At 31st December 2005	<u>40,831</u>	<u>40,831</u>
Net book value:		
At 31st December 2005	730	730
At 31st December 2004	4,198	4,198
	=====	=====

6. NET CURRENT ASSETS

	2005 HK\$	2004 HK\$
CURRENT ASSETS		
Utility deposit	108,000	108,000
Prepayment	4,254	-
Cash and bank balances	2,564,955	1,829,492
	<u>2,677,209</u>	<u>1,937,492</u>
CURRENT LIABILITIES		
Accrued expenses	189,208	23,454
	<u>189,208</u>	<u>23,454</u>
	<u>2,488,001</u>	<u>1,914,038</u>
	=====	=====

7. ACCUMULATED FUND

	2005 HK\$	2004 HK\$
Surplus for the year	570,495	744,133
Accumulated fund brought forward	1,918,236	1,174,103
Accumulated fund carried forward	<u>2,488,731</u>	<u>1,918,236</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 2005
(For management information purpose only)

(Appendix 1)

	2005 HK\$	2004 HK\$
INCOME		
Donation	786,752	645,962
Fund raising activities	629,055	789,635
Fund raised from flag selling day (Appendix 3)	279,077	-
Membership fees	7,400	8,000
Scholarship fund	140,483	179,516
Other income	1,050	-
	<u>1,843,817</u>	<u>1,623,113</u>
DIRECT FUND RAISING COSTS		
Fund raising activities	(12,638)	(90,221)
Local services	(31,568)	-
CONTRIBUTIONS TOWARDS CHARITABLE CAUSES		
Education	(969,048)	(532,692)
	<u>(1,013,254)</u>	<u>(622,913)</u>
Gross income	<u>830,563</u>	<u>1,000,200</u>
Interest income	19,291	560
	<u>849,854</u>	<u>1,000,760</u>
Less: Expenditure (Appendix 2)	279,359	256,627
Surplus for the year	<u>570,495</u>	<u>744,133</u>
	=====	=====

UNITED HEARTS YOUTH FOUNDATION LIMITED
(Incorporated in Hong Kong and Limited by Guarantee)
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER 2005
(For management information purpose only)

(Appendix 2)

	2005 HK\$	2004 HK\$
ADMINISTRATIVE EXPENSES		
Advertising	-	4,602
Bank charges	16,472	10,604
Computer expenses	2,179	327
Depreciation	12,468	9,768
Designing fee	-	4,000
Meeting and activity consumables	9,805	11,188
Insurance	8,509	16,558
WPF Contribution	5,633	4,800
Penalty	500	-
Postage and courier	5,197	4,463
Printing and stationery	15,725	18,237
Rental payment	48,000	48,000
Secretrial fee	1,450	3,940
Souvenir	2,400	5,953
Sundry expenses	1,638	1,496
Salary and wages	126,059	104,000
Telephone and internet	2,504	3,784
Transportation	-	2,367
Travelling	1,320	2,540
Website designing cost	19,500	-
	<u>279,359</u>	<u>256,627</u>
	=====	=====

UNITED HEARTS YOUTH FOUNDATION LIMITED
(Incorporated in Hong Kong and Limited by Guarantee)
FUND RAISED FROM FLAG SELLING DAY INCLUDED IN
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER 2005
(For management information purpose only)

(Appendix 3)

	2005 HK\$	2004 HK\$
INCOME		
Received from fund raising	307,942	-
	-----	-----
LESS: EXPENDITURE		
Advertising	3,642	-
Consumable store	1,320	-
Entertainment	560	-
Insurance	2,365	-
Printing and stationery	4,259	-
Postage expenses	419	-
Salary and wages	5,000	-
Security wages	2,300	-
Sundry expenses	444	-
Travelling and transportation	8,556	-
	-----	-----
	28,865	-
	-----	-----
Net surplus on flag selling day	279,077	-
	=====	=====

The foundation held Flag Selling Day on 13th August 2005 and no such activity of Flag Selling Day was held in 2004.