

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

DIRECTORS' REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER 2009

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 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 2009.

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

The results of the Foundation for the year ended 31st December 2009 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.

BOARD OF GOVERNORS

The members of the Board of Governors (the "Board") during the year were:

Young Cho Yee, David
Cheung Chau Yin
Cheung Suet Ling, Shirley
Tse Siu Kin
Kwok Man Yee, Elvis
Lui Chun Tung
Ching Suk Kuen
Wong, Pik Chi, Van
Liu Po Yee, Joan
Ling Wai Man
Wright Chui Pui Tee, Candy

In accordance with the Articles of Association, all the board of governors of the Foundation are subject to retirement by rotation and re-election at the annual general meeting of the Foundation in accordance with the provision of the Foundations articles of association.

COMMITMENT FOR SCHOOL BUILDING DONATION

The Foundation has committed approximately RMB 0.38 million (2008: RMB1.02) as at the year ended date for payment of donation money for construction of school buildings in Mainland China.

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: 28 APR 2010

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



INDEPENDENT AUDITOR'S REPORT
TO THE BOARD OF GOVERNORS OF
UNITED HEARTS YOUTH FOUNDATION LIMITED
(Incorporated in Hong Kong with limited liability)

We have audited the financial statements of United Hearts Youth Foundation Limited (the "Foundation"), which comprise the statement of financial position as at 31st December 2009, and the income statement, the statement of comprehensive income and statement of cash flow and statement of changes in funds for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Responsibility of the Board of Governors for the financial statements

The Board of Governors are responsible for the preparation and the true and fair presentation of these financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors' consider internal control relevant to the Foundation preparation and true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Governors, as well as evaluating the overall presentation of the financial statements.

UNITED HEARTS YOUTH FOUNDATION LIMITED
 STATEMENT OF COMPREHENSIVE INCOME
 FOR THE YEAR ENDED 31ST DECEMBER 2009

	2009 HK\$	2008 HK\$
Revenue	1,246,408	2,264,933
Other income	9,604	46,961
Direct fund raising costs	(749,851)	(1,019,757)
Depreciation	(3,735)	(2,139)
General and administrative expenses	(291,988)	(305,563)
	<u>210,438</u>	<u>984,435</u>
Surplus before tax	-	-
Income tax expenses	-	-
	<u>210,438</u>	<u>984,435</u>
Surplus for the year	<u>210,438</u>	<u>984,435</u>
Other comprehensive income for the year:		
Exchange differences arising on translation to presentation currency	-	-
	<u>210,438</u>	<u>984,435</u>
Total comprehensive income for the year	<u>210,438</u>	<u>984,435</u>

The accompanying notes form an integral part of these accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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 2009 and of its surplus and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.



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

Date: 28 APR 2010

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 2009

	Note	2009 HK\$	2008 HK\$
REVENUE			
Donation		1,255,147	2,289,736
Interest income		865	22,158
		<u>1,256,012</u>	<u>2,311,894</u>
EXPENDITURE			
Direct fund raising costs		(38,110)	(2,376)
Contribution towards charitable causes		(711,741)	(1,017,381)
Administrative expenses		(295,723)	(307,702)
		<u>210,438</u>	<u>984,435</u>
SURPLUS BEFORE TAXATION	7		
TAXATION	6	-	-
		<u>210,438</u>	<u>984,435</u>
SURPLUS AFTER TAXATION		3,972,111	2,987,676
ACCUMULATED FUND BROUGHT FORWARD			
		<u>4,182,549</u>	<u>3,972,111</u>
ACCUMULATED FUND CARRIED FORWARD		=====	=====

The accompanying notes form an integral part of these financial statements

UNITED HEARTS YOUTH FOUNDATION LIMITED
(Incorporated in Hong Kong and Limited by Guarantee)
STATEMENT OF FINANCIAL POSITION
AS AT 31ST DECEMBER 2009

ASSETS AND LIABILITIES	Note	2009 HK\$	2008 HK\$
Non-Current Assets			
Property, plant and equipment	8	11,500	7,255
		<u>11,500</u>	<u>7,255</u>
Current Assets			
Cash and cash equivalents	9	2,553,999	2,347,806
Fixed time deposit	9	1,500,000	1,500,000
Deposits and prepayment	10	118,050	118,050
		<u>4,172,049</u>	<u>3,965,856</u>
Current Liabilities			
Other creditors	11	1,000	1,000
		<u>1,000</u>	<u>1,000</u>
Net Current Assets		<u>4,171,049</u>	<u>3,964,856</u>
Total Assets Less Current Liabilities		<u>4,182,549</u>	<u>3,972,111</u>

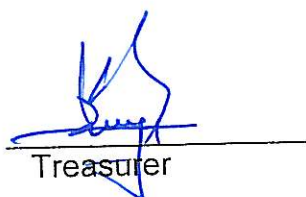
The accompanying notes form an integral part of these financial statements.

UNITED HEARTS YOUTH FOUNDATION LIMITED
(Incorporated in Hong Kong and Limited by Guarantee)
STATEMENT OF FINANCIAL POSITION
AS AT 31ST DECEMBER 2009

	Note	2009 HK\$	2008 HK\$
GENERAL FUND AND RESERVES			
Accumulated Fund	12	4,182,549	3,972,111
		<u>4,182,549</u>	<u>3,972,111</u>
		=====	=====

Approved and authorised for issue by the Board on 28 APR 2010


Chairman


Treasurer

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

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

STATEMENT OF CHANGES IN FUNDS
FOR THE YEAR ENDED 31ST DECEMBER 2009

	Accumulated Fund HK\$	Total HK\$
Balance at 1st January 2008	2,987,676	2,987,676
Total comprehensive income for the year	984,435	984,435
Balance at 31st December 2008	<u>3,972,111</u>	<u>3,972,111</u>
Total comprehensive income for the year	210,438	210,438
Balance at 31st December 2009	<u><u>4,182,549</u></u>	<u><u>4,182,549</u></u>

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

UNITED HEARTS YOUTH FOUNDATION LIMITED
(Incorporated in Hong Kong and Limited by Guarantee)
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 31ST DECEMBER 2009

	2009 HK\$	2008 HK\$
Surplus for the year	210,438	984,435
Interest income	(865)	(22,158)
Depreciation	3,735	2,139
Decrease in utility deposit	-	50
Decrease in prepayment	-	1,697
Decrease in accrued expenses	-	(425)
Net cash inflow from operating activities	<u>213,308</u>	<u>965,738</u>
Return on investments activities and servicing of finance		
Interest income	865	22,158
Net cash inflow from return on investment activities and servicing of finance	<u>865</u>	<u>22,158</u>
Investments activities		
Payment to acquire fixed assets	(7,980)	(4,193)
Net cash outflow from investment activities	<u>(7,980)</u>	<u>(4,193)</u>
Increase in cash and cash equivalents	<u>206,193</u>	<u>983,703</u>
Cash and cash equivalents at the beginning of the year	3,847,806	2,864,103
Cash and cash equivalents at the end of the year	<u>4,053,999</u>	<u>3,847,806</u>
Analysis of balances of cash and cash equivalents		
Cash at bank and in hand	<u>4,053,999</u>	<u>3,847,806</u>

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

NOTES TO THE ACCOUNTS

GENERAL INFORMATION

1. The United Hearts Youth Foundation Limited was incorporated in Hong Kong under the Companies Ordinance as a Foundation limited by guarantee and not having a share capital. The registered office of the Foundation is located at 20th Floor, Park Building, 476 Castle Peak Road, Cheung Sha Wan, Kowloon, Hong Kong. Under the provisions of the Foundation's Memorandum of Association, every member undertakes to contribute to the assets of the Foundation, in the event of the Foundation being wound up, to the extent of HK\$100.

The principal activities of the Foundation were to promote or assist in promoting the general welfare and fundamental education of children or adolescence, to construct school building and to improve the general welfare of the poor or the needy. The income and property of the Foundation are applied solely towards the promotion of objects set out in its Memorandum of Association. The funds and reserves of the Foundation are not distributable to its members.

These accounts cover the Foundation individually and are presented in Hong Kong dollars unless otherwise stated.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

The HKICPA has issued a number of new and revised HKFRS that are effective for the current accounting year of the Foundation. The adoption of these new revised HKFRSs has no material impact on the Foundation's accounts:

HKFRS 8	Operating Segments
HKFRS 7	(Amendment) Improving Disclosures about Financial Instruments
HKAS 40	(Amendment) Investment Property
HKAS 20	(Amendments) Accounting for Government Grants and Disclosure of Government Assistance

The Foundation has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

	Effective for annual periods beginning on or after
HKFRSs (Amendments) Improvements to HKFRSs 2008	1 July 2009
HKFRSs (Amendments) Improvements to HKFRSs 2009	1 July 2009 and 1 January 2010, as appropriate
HKAS 24 (Revised) Related Party Disclosures	1 January 2011
HKAS 32 (Amendment) Classification of Rights Issues	1 February 2010
HKAS 39 (Amendment) Eligible Hedged Items	1 July 2009
HKFRS 1 (Amendment) Additional Exemptions for First-time Adopters	1 January 2010

HKFRS 2 (Amendment) Foundation Cash-settled Share-based Payment Transactions	1 January 2010
HKAS 9 Financial Instruments (relating to the classification and measurement of the financial assets)	1 January 2013
HK(IFRIC)-Int 14 (Amendments) Prepayment of a Minimum Funding Requirement	1 January 2011
HK(IFRIC)-Int 17 Distribution of Non-cash Assets to Owners	1 July 2009
HK(IFRIC)-Int 19 Extinguishing Financial Liabilities with Equity Instruments	1 July 2010

HKFRS 9 *Financial Instruments* introduces new requirements for the classification and measurement of financial assets and will be effective from 1 January 2013, with earlier application permitted. The Standard requires all recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* to be measured at either amortised cost or fair value. Specifically, debt investments that (i) are held within a business model whose objective is to collect the contractual cash flows and (ii) have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost. All the debt investments and equity investment are measured at fair value. The application of HKFRS 9 might affect the classification and measurement of the Foundation's financial assets.

In addition, as part of *Improvement to HKFRSs (2009)*, HKAS 17 *Leases* has been amended in relation to the classification of leasehold land. The amendments will be effective from 1 January 2010, with earlier application permitted. Before the amendments to HKAS 17, leasees were required to classify leasehold land as operating leases and presented as prepaid lease payments in the consolidated statement of financial position. The amendments have removed such a requirement. Instead, the amendments require the classification of leasehold land to be based on the general principles set out in HKAS 17, that are based on the extent to which risks and rewards incidental to ownership of a leased asset lie with the lessor or the lessee. The application of the amendments to HKAS 17 might affect the classification and measurement of the Foundation's leasehold land.

The Members of the Foundation anticipate that the application of the other new and revised Standards, Amendments and Interpretations will have no material impact on the financial performance and financial position of the Foundation.

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Foundation principal financial instruments comprise cash and bank balances. The main risks arising from the financial instruments are cash flow interest rate risk, foreign currency risk and credit risk which are summarised below:

(i) Currency risk

The Foundation has no significant exposure to foreign currency risk given its large asset base and operational cash flow primarily denominated in Hong Kong Dollars.

(ii) Credit risk

The Foundation gives credit to income receivable by reference to their respective credit strength and creditability, and strict credit control policies are in place over trade receivables. The Foundation has no significant concentration

of credit risk, with exposure spread over a large number of customers.

The Foundation is mainly exposed to Renmimbi ("RMB") fluctuation. The Foundation has committed as at the year ended date for payment of donation money as described in note 15 to the accounts.

(iii) Liquidity risk

The Foundation manages liquidity risk through continuous monitoring and matching of the funding requirement and position. It maintains sufficient cash and availability of funds through and adequate amount of undrawn committed credit facilities.

(iv) Fair values

All financial instruments are carried at amounts not materially different from their fair values as at the year ended dates.

(v) Sensitivity analysis

As at the year ended date, it is estimated that a general increase/ decrease of 1 percent in interest rates, with all other variables held constant, would have no significant decrease/increase to the Foundation profit after tax and retained profits.

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the balance sheet date and had been applied to the exposure to interest rate risk for both derivative and nonderivative financial instruments in existence at that date. The 1 percent increase or decrease represents management's assessment of the likely maximum change in interest rates over the period until the next annual balance sheet date.

The Foundation's principal instruments comprise cash and bank balances. There is no significant risk arising from the financial instrument relating to cash flow interest rate risk, foreign currency risk or credit risk other than those described in the notes to the accounts.

4. SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies adopted in the preparation of these accounts is set out below:

(a) Impairment of assets

An assessment is made at each year ended 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.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. An impairment loss is charged to the income and expenditure accounts in the period in which it arises, unless the asset is

carried at a revalued amount, when the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount of an asset, however not to an amount higher than the carrying amount that would have been determined (net of any depreciation/ amortisation), had no impairment loss been recognised for the asset in prior years. A reversal of an impairment

loss is credited to the profit and loss account in the period in which it arises, unless the asset is carried at a revalued amount, when the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

(b) Financial instruments

Financial assets and financial liabilities are recognised in the balance sheet when the Foundation becomes a party to the contractual provisions of the instruments. Financial assets are initially measured at fair value, which normally will be equal to the transaction price, plus transaction costs that are directly attributable to the acquisition of the financial assets or financial liabilities at fair value through profit and loss.

(c) Financial assets

The Foundation's financial assets are classified into either loans and receivable or available-for-sale investments and other receivables. The Foundation determines the classification of its financial assets after initial recognition and, where allowed and appropriate, reconsiders their designation at each financial year end. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

(d) Financial liabilities and equity

Financial liabilities and equity instruments issued by the Foundation are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Foundation after deducting all of its liabilities. The Foundation financial liabilities are generally classified into financial liabilities at fair value through profit or loss, other financial liabilities and convertible loan notes. The accounting policies adopted for financial liabilities and equity instruments are set out below:

Financial liabilities at fair value through profit or loss has two subcategories, including financial liabilities held for trading and those designated at fair value through profit or loss on initial recognition. At each balance sheet date subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value, with changes in fair value recognised directly in profit or loss in the period in which they arise.

Equity instruments

Equity instruments, if any, issued by the Foundation are recorded at the proceeds received, net of direct issue costs.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Foundation has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial assets, the difference between the carrying amount of the financial asset and the sum of the consideration received and cumulative gain or loss that had been recognised directly in equity is recognised in profit or loss.

For financial liabilities, they are removed from the Foundation's statement of financial position (i.e. when the obligation specified in the relevant contract is discharged, cancelled or expired). The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in profit or loss.

(e) Property, plant and equipment

Property, plant and equipment, representing the term for statutory disclosure of 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 income statement 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%
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The gain or loss on disposal or retirement of a property, plant and equipment recognised in the income statement is the difference between the net sales proceeds and the carrying amount of the relevant asset.

(f) Provision and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Foundation has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to

settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(g) Creditors and other payables

Creditors and other payables are initially recognised at fair value and thereafter stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(h) Interest bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in the income statement over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

(i) 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.

(j) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Foundation's cash management are also included as a component of cash and cash equivalents for the purpose of the cash flow statement.

(k) Related parties

Parties are considered to be related to the Foundation if the Foundation has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control or common significant influence. Related parties may be individuals (being members of key management personnel, significant shareholders and/ or their closed family members) or other entities and include entities which are under the significant influence of related parties of the Foundation where those parties are individuals, and post employment benefit plans which are for the benefit of employees of the Foundation or of any entity that is a related party to the Foundation.

(l) Revenue

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

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

There is no significant risk of key assumptions concerning the future and other key sources of estimation at the balance sheet date which will cause an adjustment to carrying amounts of assets and liabilities within the next financial year.

There are no significant effects on amounts recognised in the accounts arising from the judgement or estimates used by the Board of Governors.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Foundation makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

6. TAXATION

The Foundation has been exempted under Section 88 of the Inland Revenue Ordinance from any tax by reason of being a charitable institution or trust of a public character.

7. SURPLUS BEFORE TAXATION

	2009 HK\$	2008 HK\$
Surplus before taxation is stated after charging:		
Audit fee	-	-
Director fee	-	-
	=====	=====
and after crediting:		
Interest income	865	22,158
	=====	=====

All the member of the Board of Governors have not received any fee, salary or remuneration during the year.

8. PROPERTY, PLANT AND EQUIPMENT

	Office Equipment HK\$	Total HK\$
Cost:		
At 1st January 2008	48,061	48,061
Additions	4,193	4,193
At 31st December 2008	52,254	52,254
Additions	7,980	7,980
At 31st December 2009	60,234	60,234
Accumulated depreciation:		
At 1st January 2008	42,860	42,860
Charge for the year	2,139	2,139
At 31st December 2008	44,999	44,999
Charge for the year	3,735	3,735
At 31st December 2009	48,734	48,734
Net carrying value:		
At 31st December 2009	11,500	11,500
At 31st December 2008	7,255	7,255

9. CASH AND CASH EQUIVALENT

	2009 HK\$	2008 HK\$
Deposit with banks	2,552,499	2,346,306
Cash on hand	1,500	1,500
	<u>2,553,999</u>	<u>2,347,806</u>
Fixed time deposit	1,500,000	1,500,000
	<u>4,053,999</u>	<u>3,847,806</u>
	=====	=====

10. DEPOSITS AND PREPAYMENT

	2009 HK\$	2008 HK\$
Utility deposit	112,050	112,050
Prepayment	6,000	6,000
	<u>118,050</u>	<u>118,050</u>
	=====	=====

11. OTHER CREDITORS

	2009 HK\$	2008 HK\$
Accrued expenses	1,000	1,000
	<u>1,000</u>	<u>1,000</u>
	=====	=====

12. ACCUMULATED FUND

	2009 HK\$	2008 HK\$
Surplus for the year	210,438	984,435
Accumulated fund brought forward	3,972,111	2,987,676
	<u>4,182,549</u>	<u>3,972,111</u>
Accumulated fund carried forward	=====	=====

13. CONTINGENT LIABILITIES

The foundation has committed approximately RMB 0.38 million (2008: RMB1.02 million) as at the year ended date for payment of donation money for construction of school buildings in Mainland China.

14. RELATED PARTY TRANSACTIONS

Other than the transactions and balances detailed elsewhere in these accounts, the board of governors consider that there is no material transactions with related parties during the year.

15. 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 2009
(For management information purpose only)

(Appendix 1)

	2009 HK\$	2008 HK\$
INCOME		
Donation	597,431	531,664
Fund raising activities	637,577	477,497
Fund raised from flag selling day	-	869,459
Fund raised from donated gifts selling day	-	374,115
Membership fees	11,400	12,198
Scholarship fund	-	-
Other income	8,739	24,803
	<u>1,255,147</u>	<u>2,289,736</u>
DIRECT FUND RAISING COSTS		
Fund raising activities	(38,110)	(2,376)
Local services	-	-
CONTRIBUTIONS TOWARDS CHARITABLE CAUSES		
Education	(711,741)	(1,017,381)
	<u>(749,851)</u>	<u>(1,019,757)</u>
	<u>505,296</u>	<u>1,269,979</u>
Interest income	865	22,158
	<u>506,161</u>	<u>1,292,137</u>
Less: Expenditure (Appendix 2)	295,723	307,702
Surplus for the year	<u>210,438</u>	<u>984,435</u>
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UNITED HEARTS YOUTH FOUNDATION LIMITED
(Incorporated in Hong Kong and Limited by Guarantee)
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER 2009
(For management information purpose only)

(Appendix 2)

	2009 HK\$	2008 HK\$
ADMINISTRATIVE EXPENSES		
Bank charges	7,823	10,861
Computer expenses	1,257	7,336
Depreciation	3,735	2,139
Meeting and activity consumables	4,396	5,196
Insurance	9,613	12,910
Legal and professional fee	-	15,550
MPF Contribution	8,078	5,162
Postage and courier	3,418	3,777
Printing and stationery	4,131	22,931
Rental payment	72,000	70,400
Salary and wages	161,552	122,381
Secretarial fee	3,269	800
Souvenir	2,955	7,804
Sundry expenses	7,781	13,894
Telephone and internet	5,038	5,221
Transportation	677	1,340
	<u>295,723</u>	<u>307,702</u>
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