

# K.P. CHENG & CO.

Certified Public Accountants

鄭錦波會計師事務所

CHILD WELFARE SCHEME LIMITED

(LIMITED BY GUARANTEE)

FINANCIAL STATEMENTS

FOR THE PERIOD FROM 13TH OCTOBER, 2003

(DATE OF INCORPORATION) TO 15TH JULY, 2004

**Hong Kong Office :**

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(LIMITED BY GUARANTEE)  
FINANCIAL STATEMENTS  
FOR THE PERIOD FROM 13TH OCTOBER, 2003  
(DATE OF INCORPORATION) TO 15TH JULY, 2004

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CHILD WELFARE SCHEME LIMITED

(LIMITED BY GUARANTEE)

DIRECTORS' REPORT

The directors have pleasure in presenting their first report together with the audited financial statements for the period from 13th October, 2003 (date of incorporation) to 15th July, 2004.

PRINCIPAL ACTIVITIES

The company is a HKSAR registered charity organization engaged in fund raising and transferring funds to Child Welfare Scheme Nepal, a non-government organization set up under Nepalese law working with communities for the relief of poverty for children from deprived and disadvantaged backgrounds.

FINANCIAL STATEMENTS

The surplus of the company for the period from 13th October, 2003 (date of incorporation) to 15th July, 2004, and the state of the company's affairs at that date are set out in the financial statements on pages 4 to 9.

FIXED ASSETS

Movement in fixed assets during the year are set out in note 6 on 8.

DIRECTORS

The directors who held office during the period were :-

|                          |                                  |
|--------------------------|----------------------------------|
| Oldham, Gordon David     |                                  |
| Michael George           | appointed on 13th October, 2003  |
| D'Auriol, Sandra Nicola  | appointed on 13th October, 2003  |
| Maclagan, Douglas Hubert | appointed on 18th November, 2003 |

CHILD WELFARE SCHEME LIMITED

(LIMITED BY GUARANTEE)

DIRECTORS' REPORT

DIRECTORS (CONTINUED)

In accordance with article 44 of the company's articles of association, all directors shall hold office until the next annual general meeting but shall be eligible for re-election.

DIRECTORS' INTERESTS IN CONTRACTS

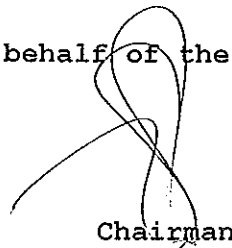
No contracts of significance to which the company was a party and in which a director had a material interest subsisted at the end of the period or at any time during the period.

At no time during the period was the company a party to any arrangements to enable the directors of the company to acquire benefits by means of acquisition of shares in, or debentures of, the company or any other body corporate.

AUDITORS

A resolution to re-appoint the retiring auditors, Messrs K. P. Cheng & Co, is to be proposed at the forthcoming annual general meeting.

On behalf of the Board



Chairman

1 FEB 2005

# K. P. CHENG & CO.

Certified Public Accountants

鄭錦波會計師事務所

AUDITORS' REPORT TO THE MEMBERS OF

CHILD WELFARE SCHEME LIMITED

(LIMITED BY GUARANTEE)

We have audited the financial statements on pages 4 to 9 which have been prepared in accordance with accounting principles generally accepted in Hong Kong.

## RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The Companies Ordinance requires the directors 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 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 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, in all material respects, of the state of the company's affairs as at 15th July, 2004 and of its surplus for the period from 13th October, 2003 (date of incorporation) to 15th July, 2004 and have been properly prepared in accordance with the Companies Ordinance.

*K. P. Cheng & Co.*

K. P. Cheng & Co  
Certified Public Accountants  
Hong Kong

D. C. F. 100 100

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CHILD WELFARE SCHEME LIMITED  
(LIMITED BY GUARANTEE)  
INCOME AND EXPENDITURE ACCOUNT  
FOR THE PERIOD FROM 13TH OCTOBER, 2003  
(DATE OF INCORPORATION) TO 15TH JULY, 2004  
(EXPRESSED IN HONG KONG DOLLARS)

|   | <u>Note</u> |                   |
|---|-------------|-------------------|
| INCOME                                      | 3           | \$ 1,243,604      |
| OTHER INCOME                                |             | <u>26</u>         |
| TOTAL INCOME                                |             | 1,243,630         |
| DIRECT EXPENSES FOR FUND RAISING ACTIVITIES |             | ( 56,603)         |
| GENERAL AND ADMINISTRATIVE EXPENSES         |             | <u>( 195,145)</u> |
| NET INCOME                                  |             | 991,882           |
| TRANSFER TO CHILD WELFARE SCHEME NEPAL      |             | <u>( 595,495)</u> |
| SURPLUS FOR THE PERIOD AND CARRIED FORWARD  | 4           | <u>\$ 396,387</u> |

CHILD WELFARE SCHEME LIMITED  
(LIMITED BY GUARANTEE)  
BALANCE SHEET AS AT 15TH JULY, 2004  
(EXPRESSED IN HONG KONG DOLLARS)

|                        | <u>Note</u> |            |
|------------------------|-------------|------------|
| FIXED ASSETS           | 6           | \$ 11,172  |
| CURRENT ASSETS         |             |            |
| Prepayments            |             | 250        |
| Cash at banks          |             | 396,686    |
|                        |             | 396,936    |
| DEDUCT :-              |             |            |
| CURRENT LIABILITIES    |             |            |
| Accruals               |             | 11,721     |
|                        |             | 11,721     |
| NET CURRENT ASSETS     |             | 385,215    |
|                        |             | \$ 396,387 |
| REPRESENTING :-        |             |            |
| SURPLUS FOR THE PERIOD |             | \$ 396,387 |

APPROVED BY THE BOARD OF DIRECTORS ON 8 FEBRUARY 2005

  
\_\_\_\_\_  
DIRECTOR

  
\_\_\_\_\_  
DIRECTOR

CHILD WELFARE SCHEME LIMITED  
(LIMITED BY GUARANTEE)  
FINANCIAL STATEMENTS  
FOR THE PERIOD FROM 13TH OCTOBER, 2003  
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NOTES

1. STATUS OF THE COMPANY

The company, being a company limited by guarantee and not having a share capital, was incorporated in Hong Kong on 13th October, 2003 with limited liability under the Hong Kong Companies Ordinance. In accordance with clause 6 of the memorandum of association, every member undertakes to contribute to the company an amount not exceeding \$1.

2. PRINCIPAL ACCOUNTING POLICIES

(a) Revenue recognition

Donations income are recognised as income on cash receipt basis.

(b) Fixed assets and depreciation

Fixed assets are stated at cost less aggregate depreciation.

Depreciation is calculated to write off the cost of fixed assets over their estimated useful lives to the company on a reducing balance basis 30% per annum.



CHILD WELFARE SCHEME LIMITED  
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2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(c) Employee benefits - pension obligation

The company operates a defined contribution pension scheme in accordance with the local conditions and practices in Hong Kong in which it operates. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior periods.

3. INCOME

Income represents the donations received during the period.

4. SURPLUS FOR THE YEAR

Surplus has been arrived  
at after charging :-

|                        |              |
|------------------------|--------------|
| Directors' emoluments  |              |
| - fee                  | \$ -         |
| - others               | -            |
| Auditors' remuneration | -            |
| Depreciation           | 4,788        |
| Preliminary expenses   | <u>3,249</u> |

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5. TAXATION

No provision for Hong Kong profits tax is required as the company being a charitable institution, is exempted from Hong Kong profits tax under section 88 of the Inland Revenue Ordinance.

6. FIXED ASSETS

|                                 | <u>Office<br/>equipment</u> |
|---------------------------------|-----------------------------|
| Cost :-                         |                             |
| At 13.10.2003                   | \$ -                        |
| Additions                       | <u>15,960</u>               |
| At 15.7.2004                    | 15,960                      |
|                                 | -----                       |
| LESS: Aggregate depreciation :- |                             |
| At 13.10.2003                   | -                           |
| Charge for the year             | <u>4,788</u>                |
| At 15.7.2004                    | 4,788                       |
|                                 | -----                       |
| Net book value :-               |                             |
| At 15.7.2004                    | <u>\$ 11,172</u>            |

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7. PENSION SCHEME

The company has arranged for its employees in Hong Kong to join the Mandatory Provident Fund Scheme (the "MPF Scheme"). Under the MPF Scheme, the company and each of the employees make monthly contributions to the scheme at 5% of the employee's earnings and subject to a ceiling of \$1,000 as defined under the relevant legislation. During the period, the aggregate amount of employer's contributions made by the company to the MPF Scheme was \$3,750.

THE FOLLOWING DETAILED INCOME AND EXPENDITURE ACCOUNT  
HAS BEEN PREPARED FOR MANAGEMENT PURPOSES ONLY AND  
DOES NOT FORM PART OF THE AUDITED FINANCIAL STATEMENTS

CHILD WELFARE SCHEME LIMITED  
(LIMITED BY GUARANTEE)  
DETAILED INCOME AND EXPENDITURE ACCOUNT  
FOR THE PERIOD FROM 13TH OCTOBER, 2003  
(DATE OF INCORPORATION) TO 15TH JULY, 2004  
(EXPRESSED IN HONG KONG DOLLARS)

|   |                   |
|---|-------------------|
| INCOME  |                   |
| Donations, restricted                         | \$ 623,236        |
| Donations, unrestricted                       | <u>620,368</u>    |
|   | 1,243,604         |
| -----   |                   |
| INTEREST INCOME                               | 5                 |
| EXCHANGE GAIN                                 | <u>21</u>         |
|   | 26                |
| -----   |                   |
| TOTAL INCOME                                  | 1,243,630         |
|   |                   |
| LESS: DIRECT EXPENSES                         |                   |
| Fund raising expenses                         | 56,083            |
| Expenses for Lamma Fun Day                    | <u>520</u>        |
|   | 56,603            |
| -----   |                   |
|   |                   |
| LESS : GENERAL AND ADMINISTRATIVE EXPENSES    |                   |
| Preliminary expenses                          | 3,249             |
| Sundry expenses                               | 124               |
| Telephone and facsimiles                      | 4,568             |
| Postage and courier                           | 7,241             |
| Printing and publications                     | 38,456            |
| Travelling expenses                           | 2,362             |
| Entertainment                                 | 219               |
| Bank charges                                  | 569               |
| Computer expenses                             | 758               |
| MPF contributions                             | 3,750             |
| Salaries                                      | 76,000            |
| Staff commission                              | 53,061            |
| Depreciation                                  | <u>4,788</u>      |
|   | 195,145           |
| -----   |                   |
| NET DONATIONS                                 | 991,882           |
| LESS : TRANSFER TO CHILD WELFARE SCHEME NEPAL | <u>595,495</u>    |
| SURPLUS FOR THE PERIOD                        | <u>\$ 396,387</u> |