

CHILD WELFARE SCHEME LIMITED
(LIMITED BY GUARANTEE)
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE, 2008

CONTENTS

	<u>Pages</u>
Directors' report	1 - 2
Independent auditors' report	3 - 4
Income and expenditure account	5
Balance sheet	6
Cash flow statement	7
Notes	8 - 13

CHILD WELFARE SCHEME LIMITED

(LIMITED BY GUARANTEE)

DIRECTORS' REPORT

The directors have pleasure in presenting their annual report together with the audited financial statements for the year ended 30th June, 2008.

PRINCIPAL ACTIVITIES

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

FINANCIAL STATEMENTS

The deficit of the company for the year ended 30th June, 2008, and the state of affairs at that date and cash flows for the year then ended are set out in the financial statements on pages 5 to 13.

CHANGE OF YEAR END

Pursuant to a special resolution passed during the year, the company changed its accounting year end date from 15th July to 30th June.

DIRECTORS

The directors who held office during the year were:-

OLDHAM, Gordon David Michael George

D'AURIOL, Sandra Nicola

MACLAGAN, Douglas Hubert

PICARD, Marie France

CHILD WELFARE SCHEME LIMITED

(LIMITED BY GUARANTEE)

DIRECTORS' REPORT

DIRECTORS (CONTINUES)

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

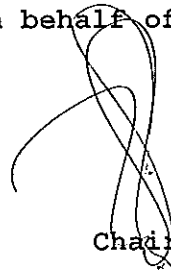
No contracts of significance to which the company was a party and in which a director had a material interest subsisted at the end of the year or at any time during the year.

At no time during the year 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

- 8 DEC 2008

K.P. CHENG & CO.

Certified Public Accountants

鄭錦波會計師事務所

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF CHILD WELFARE SCHEME LIMITED

(LIMITED BY GUARANTEE)

AUDITORS' RESPONSIBILITY (CONTINUED)

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' judgement, 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 entity's 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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 company's affairs as at 30th June, 2008 and of its deficit 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.P. Cheng & Co.
Certified Public Accountants
Hong Kong

- 8 DEC 2008

- 4 -

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CHILD WELFARE SCHEME LIMITED
(LIMITED BY GUARANTEE)
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 30TH JUNE, 2008
(EXPRESSED IN HONG KONG DOLLARS)

	<u>Note</u>	<u>2008</u>	<u>2007</u>
REVENUE	4	\$ 2,604,691	\$ 4,454,458
OTHER REVENUE	5	<u>47,509</u>	<u>568,736</u>
TOTAL REVENUE		2,652,200	5,023,194
CHARITABLE EXPENDITURES	6	(4,147,916)	(2,933,344)
DIRECT EXPENSES FOR FUND RAISING ACTIVITIES		(104,098)	(590,626)
GENERAL AND ADMINISTRATIVE EXPENSES		<u>(451,416)</u>	<u>(336,234)</u>
(DEFICIT)/SURPLUS FOR THE YEAR	7	(2,051,230)	1,162,990
ACCUMULATED SURPLUS BROUGHT FORWARD		<u>3,046,189</u>	<u>1,883,199</u>
ACCUMULATED SURPLUS CARRIED FORWARD		<u>\$ 994,959</u>	<u>\$ 3,046,189</u>

CHILD WELFARE SCHEME LIMITED

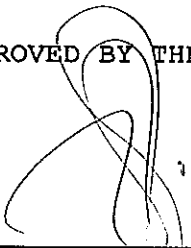
(LIMITED BY GUARANTEE)

BALANCE SHEET AS AT 30TH JUNE, 2008

(EXPRESSED IN HONG KONG DOLLARS)

	<u>Note</u>	<u>2008</u>	<u>2007</u>
NON-CURRENT ASSET			
Property, plant and equipment	9	\$ 13,809	\$ -
CURRENT ASSETS			
Fixed deposits		622,251	2,031,593
Cash at bank and in hand		398,649	1,045,362
TOTAL CURRENT ASSETS		<u>1,020,900</u>	<u>3,076,955</u>
TOTAL ASSETS		<u>\$ 1,034,709</u>	<u>\$ 3,076,955</u>
LIABILITY AND RESERVE			
CURRENT LIABILITY			
Accruals		\$ 39,750	\$ 30,766
RESERVE			
Accumulated surplus		994,959	3,046,189
TOTAL LIABILITY AND RESERVE		<u>\$ 1,034,709</u>	<u>\$ 3,076,955</u>

APPROVED BY THE BOARD OF DIRECTORS ON - 8 DEC 2008



 DIRECTOR



 DIRECTOR

CHILD WELFARE SCHEME LIMITED

(LIMITED BY GUARANTEE)

CASH FLOW STATEMENT

FOR THE YEAR ENDED 30TH JUNE, 2008

(EXPRESSED IN HONG KONG DOLLARS)

	<u>2008</u>	<u>2007</u>
(DEFICIT)/SURPLUS FOR THE YEAR	\$(2,051,230)	\$ 1,162,990
Interest received	(38,920)	(49,725)
Depreciation	<u>5,918</u>	<u>1,596</u>
(DEFICIT)/SURPLUS BEFORE WORKING CAPITAL CHANGES	(2,084,232)	1,114,861
Increase in accruals	<u>8,984</u>	<u>20,266</u>
CASH (OUTFLOW)/INFLOW FROM OPERATIONS	(2,075,248)	1,135,127
Interest received	<u>38,920</u>	<u>49,725</u>
NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES	(2,036,328)	1,184,852
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	<u>(19,727)</u>	<u>-</u>
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(2,056,055)	1,184,852
CASH AND CASH EQUIVALENTS AT 1TH JULY	<u>3,076,955</u>	<u>1,892,103</u>
CASH AND CASH EQUIVALENTS AT 30TH JUNE	<u>\$ 1,020,900</u>	<u>\$ 3,076,955</u>

ANALYSIS OF THE BALANCE OF CASH AND CASH EQUIVALENTS AS SHOWN IN BALANCE SHEET

	<u>2008</u>	<u>2007</u>
Fixed Deposits	\$ 622,251	\$ 2,031,593
Cash at bank and in hand	<u>398,649</u>	<u>1,045,362</u>
	<u>\$ 1,020,900</u>	<u>\$ 3,076,955</u>

CHILD WELFARE SCHEME LIMITED
(LIMITED BY GUARANTEE)
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE, 2008
(EXPRESSED IN HONG KONG DOLLARS)

NOTES

1. ORGANIZATION AND PRINCIPAL ACTIVITIES

The company is limited by guarantee and not having a share capital. In accordance with clause 6 of the memorandum of association, every member undertakes to contribute to the company an amount not exceeding \$1. The company is a HKSAR registered charity organization engaged in fund raising and transferring funds to Child Welfare Scheme, an International Non Government Organization and Child Welfare Scheme Nepal, a non-government organization, both set up under Nepalese law working with communities for the relief of poverty for children from deprived and disadvantaged backgrounds.

The address of its registered office is Room 303, 3rd Floor, St. George's Building, 2 Ice House Street, Central, Hong Kong.

2. BASIS OF PREPARATION

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (HKFRSs), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (HKASs) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (HKICPA), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. A summary of the significant accounting policies adopted by the company is set out below.

CHILD WELFARE SCHEME LIMITED
(LIMITED BY GUARANTEE)
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE, 2008
(EXPRESSED IN HONG KONG DOLLARS)

NOTES

2. BASIC OF PERPARATION (CONTINUED)

(b) Basis of measurement

The financial statements have been prepared under the historical cost convention, except those items otherwise explained in the notes to accounts.

(c) Use of estimates

The preparation of financial statements in conformity with HKFRSs which requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

3. PRINCIPAL ACCOUNTING POLICIES

(a) Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less aggregate depreciation.

Depreciation is calculated to write off the cost of property, plant and equipment over their estimated useful lives to the company on a straight line basis at 30% per annum.

CHILD WELFARE SCHEME LIMITED
(LIMITED BY GUARANTEE)
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE, 2008
(EXPRESSED IN HONG KONG DOLLARS)

NOTES

3. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(b) Financial instruments

(i) Non-derivative financial instruments

Non-derivative financial instruments comprise prepayment, cash and cash equivalents and accruals.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Management has estimated that the carrying amount approximates fair value due to their short-term nature.

Cash and cash equivalents comprise cash balance, call deposits and short-term highly liquid investments which are readily convertible into known amount of cash and which are within three months of maturity when acquired less bank overdrafts. Bank overdrafts that are repayable on demand and form an integral part of the company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

(ii) Derivative financial instruments

The company does not hold derivative financial instruments.

CHILD WELFARE SCHEME LIMITED
(LIMITED BY GUARANTEE)
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE, 2008
(EXPRESSED IN HONG KONG DOLLARS)

NOTES

3. 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.

(d) Revenue recognition

Donation income are recognised as income on cash receipt basis.

(e) Charitable expenditures

Donation expenses are recognised as expenditures when payments are made.

4. REVENUE

Revenue represents the donations received during the year.

5. OTHER REVENUE

Other revenue comprises:-

	<u>2008</u>	<u>2007</u>
Grants	\$ -	\$ 509,931
Interest income	38,920	49,725
Exchange gain	<u>8,589</u>	<u>9,080</u>
	<u>\$ 47,509</u>	<u>\$ 568,736</u>

CHILD WELFARE SCHEME LIMITED
(LIMITED BY GUARANTEE)
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE, 2008
(EXPRESSED IN HONG KONG DOLLARS)

NOTES

6. CHARITABLE EXPENDITURES

Charitable expenditures comprises:-

	<u>2008</u>	<u>2007</u>
Donation to Child Welfare Scheme Nepal	\$ 3,266,507	\$ 2,785,371
Donation to Child Welfare Scheme UK - for project costs in Nepal	845,093	147,973
Donation to China for snowstorm aid	30,673	-
Day Health Care Centre Expense in China	5,643	-
	<u>\$ 4,147,916</u>	<u>\$ 2,933,344</u>

7. (DEFICIT)/SURPLUS FOR THE YEAR

(Deficit)/surplus has been arrived at after charging:-

	<u>2008</u>	<u>2007</u>
Directors' emoluments		
- fee	\$ -	\$ -
- others	-	-
Auditors' remuneration	-	-
Depreciation	5,918	1,596
Staff cost	<u>425,200</u>	<u>291,500</u>

8. 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. (2007: Nil)

CHILD WELFARE SCHEME LIMITED

(LIMITED BY GUARANTEE)

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE, 2008

(EXPRESSED IN HONG KONG DOLLARS)

NOTES

9. PROPERTY, PLANT AND EQUIPMENT

	<u>Office equipment</u>
Cost:-	
At 1.7.2006 and 30.6.2007	\$ 15,960
Additions	<u>19,727</u>
At 30.6.2008	<u>35,687</u>

LESS: Aggregate depreciation:-	
At 1.7.2006	14,364
Charge for the year	<u>1,596</u>
At 30.6.2007	15,960
Charge for the year	<u>5,918</u>
At 30.6.2008	<u>21,878</u>

Net book value:-	
At 30.6.2008	<u>\$ 13,809</u>
At 30.6.2007	<u>\$ -</u>

10. 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 year, the aggregate amount of employer's contributions made by the company to the MPF Scheme was \$16,200. (2007: \$11,500)

11. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year's presentation.

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 YEAR ENDED 30TH JUNE, 2008

(EXPRESSED IN HONG KONG DOLLARS)

	<u>2008</u>	<u>2007</u>
INCOME		
Donations, restricted	\$ 1,733,291	\$ 3,128,661
Donations, unrestricted	<u>871,400</u>	<u>1,325,797</u>
	2,604,691	4,454,458
	-----	-----
GRANTS	-	509,931
INTEREST INCOME	38,920	49,725
EXCHANGE GAIN	<u>8,589</u>	<u>9,080</u>
	47,509	568,736
	-----	-----
	2,652,200	5,023,194
LESS:		
CHARITABLE EXPENDITURES - SCH 1	4,147,916	2,933,344
DIRECT EXPENSES - SCH 2	104,098	590,626
GENERAL AND ADMINISTRATIVE EXPENSES - SCH 3	<u>451,416</u>	<u>336,234</u>
	4,703,430	3,860,204
	-----	-----
(DEFICIT)/SURPLUS FOR THE YEAR	<u>\$ (2,051,230)</u>	<u>\$ 1,162,990</u>

CHILD WELFARE SCHEME LIMITED

(LIMITED BY GUARANTEE)

DETAILED INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 30TH JUNE, 2008

(EXPRESSED IN HONG KONG DOLLARS)

CHARITABLE EXPENDITURES

SCHEDULE 1

	<u>2008</u>	<u>2007</u>
Donation to Child Welfare Scheme Nepal	\$ 3,266,507	\$ 2,785,371
Donation to Child Welfare Scheme UK		
- for project costs in Nepal	845,093	147,973
Donation to China for snowstorm aid	30,673	-
Day Health Care Centre Expense in China	5,643	-
	<u>\$ 4,147,916</u>	<u>\$ 2,933,344</u>

DIRECT EXPENSES

SCHEDULE 2

	<u>2008</u>	<u>2007</u>
Fund raising expenses	\$ 49,198	\$ 48,282
Expenses for Annapurna Challenge Trek	-	153,064
Expenses for Lamma Fun Day	52,299	26,324
Expenses for Himalaya Nights	-	354,146
Expenses for Funkraiser	2,601	8,610
Expenses for Borrett Road Market Fair	-	200
	<u>\$ 104,098</u>	<u>\$ 590,626</u>

GENERAL AND ADMINISTRATIVE EXPENSES

SCHEDULE 3

	<u>2008</u>	<u>2007</u>
Sundry expenses	\$ -	\$ 1,030
Office supplies	1,869	1,500
Telephone and facsimiles	4,083	7,961
Postage and courier	-	5,843
Printing and publications	161	1,899
Travelling expenses	-	2,480
Recruitment expenses	3,570	-
Bank charges	2,121	2,402
Computer expenses	-	3,303
MPF contributions	16,200	11,500
Salaries	409,000	280,000
Accommodation	-	1,660
Depreciation	5,918	1,596
Equipment rental	-	3,700
Legal and professional fees	105	2,505
Meals	600	5,733
Trip expenses	7,789	1,097
Transportation	-	2,025
	<u>\$ 451,416</u>	<u>\$ 336,234</u>