

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 YEAR ENDED 30TH JUNE, 2014

Hong Kong Office:

Room 2109-11, 21/F., Shui On Centre, 6-8 Harbour Road, Wanchai, Hong Kong, P.R.C.

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CHILD WELFARE SCHEME LIMITED
(LIMITED BY GUARANTEE)
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE, 2014

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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, 2014.

PRINCIPAL PLACE OF BUSINESS

Child Welfare Scheme Limited ("the company") is a company incorporated in Hong Kong and has its registered office at Room 303, 3/F., St. George's Building, 2 Ice House Street, Central, Hong Kong.

PRINCIPAL ACTIVITIES

The company is a Hong Kong registered charitable organization engaged in fund raising and transferring funds to Child Welfare Scheme Nepal, a non-government organization; and other partners, 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 year ended 30th June, 2014, and the state of financial position of the company as at that date and the statement of cash flows for the year then ended are set out in the financial statements on pages 5 to 20.

PROPERTY, PLANT AND EQUIPMENT

Movements in property, plant and equipment during the year are set out in note 11.

DIRECTORS

The directors who held office during the year were:-

D'AURIOL, Sandra Nicòla - resigned on 22.1.2014
OLDHAM, Gordon David Michael George
MACLAGAN, Douglas Hubert
WILLIAMS, Zein Jessica Lucy
COOPER, Lindsay William Ernest
QUIGLEY, Garrett Thomas

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.

CHILD WELFARE SCHEME LIMITED

(LIMITED BY GUARANTEE)

DIRECTORS' REPORT

DIRECTORS' INTERESTS IN CONTRACTS

During the year, the company paid salary to Zein Jessica Lucy Williams being employed as Chief Executive Officer and Douglas Hubert MacLagan being employed as Founder and Project Director.

Apart from the above, no contracts of significance to which the company was a party and in which a director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

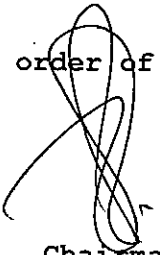
ARRANGEMENT TO ACQUIRE DEBENTURES

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 debentures of the company or any other body corporate.

AUDITORS

Messrs K.P. Cheng & Co. retire, and being eligible, offer themselves for re-appointment. A resolution for the re-appointment of K.P. Cheng & Co. as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By the order of the Board



Chairman

19 MAR 2015

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)

We have audited the financial statements of Child Welfare Scheme Limited ("the company") set out on pages 5 to 20 which comprise the company statement of financial position as at 30th June, 2014, the income and expenditure account, and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. This report is made solely to you, as a body, in accordance with section 80 of Schedule 11 to the Hong Kong Companies Ordinance (Cap. 622), and for no other purpose. 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 about whether the financial statements are free from material misstatement.

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Certified Public Accountants

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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 of the financial statements that give a true and fair view 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, 2014 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. P. Cheng & Co.
Certified Public Accountants
Hong Kong

19 MAR 2015

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CHILD WELFARE SCHEME LIMITED
(LIMITED BY GUARANTEE)
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 30TH JUNE, 2014
(EXPRESSED IN HONG KONG DOLLARS)

	<u>Note</u>	<u>2014</u>	<u>2013</u>
DONATION INCOME	5	\$ 5,261,823	\$ 3,606,668
OTHER INCOME	6	<u>32</u>	<u>44</u>
		5,261,855	3,606,712
CHARITABLE EXPENDITURES	7	(3,060,499)	(2,037,009)
DIRECT EXPENSES FOR FUND RAISING ACTIVITIES		(420,345)	(143,764)
GENERAL AND ADMINISTRATIVE EXPENSES		(1,193,263)	(959,298)
EXPERT CONSULTANTS TO NEPAL		<u>(38,750)</u>	<u>(49,069)</u>
SURPLUS FOR THE YEAR	8	548,998	417,572
ACCUMULATED SURPLUS BROUGHT FORWARD		<u>2,815,744</u>	<u>2,398,172</u>
ACCUMULATED SURPLUS CARRIED FORWARD		<u>\$ 3,364,742</u>	<u>\$ 2,815,744</u>

CHILD WELFARE SCHEME LIMITED

(LIMITED BY GUARANTEE)

STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE, 2014

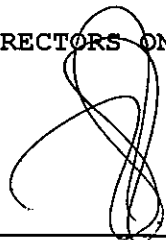
(EXPRESSED IN HONG KONG DOLLARS)

	<u>Note</u>	<u>2014</u>	<u>2013</u>
NON-CURRENT ASSET			
Property, plant and equipment	11	\$ 21,353	\$ 39,241
CURRENT ASSET			
Cash at bank		3,343,389	2,776,503
TOTAL ASSETS		<u>\$ 3,364,742</u>	<u>\$ 2,815,744</u>
RESERVE			
Accumulated surplus		<u>\$ 3,364,742</u>	<u>\$ 2,815,744</u>
TOTAL RESERVE		<u>\$ 3,364,742</u>	<u>\$ 2,815,744</u>

APPROVED BY THE BOARD OF DIRECTORS ON 19 MAR 2015



DIRECTOR



DIRECTOR

CHILD WELFARE SCHEME LIMITED
(LIMITED BY GUARANTEE)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE, 2014
(EXPRESSED IN HONG KONG DOLLARS)

	<u>2014</u>	<u>2013</u>
SURPLUS FOR THE YEAR	\$ 548,998	\$ 417,572
Interest income	(32)	(44)
Depreciation	<u>17,888</u>	<u>21,637</u>
SURPLUS BEFORE WORKING CAPITAL CHANGES	566,854	439,165
Decrease in prepayment	-	53,836
Decrease in accruals	<u>-</u>	<u>(21,000)</u>
CASH INFLOW FROM OPERATIONS	566,854	472,001
Interest received	<u>32</u>	<u>44</u>
NET CASH INFLOW FROM OPERATING ACTIVITIES	566,886	472,045
INVESTING ACTIVITY		
Purchase of property, plant and equipment	<u>-</u>	<u>(53,382)</u>
INCREASE IN CASH AND CASH EQUIVALENTS	566,886	418,663
CASH AND CASH EQUIVALENTS AT 1ST JULY	<u>2,776,503</u>	<u>2,357,840</u>
CASH AND CASH EQUIVALENTS AT 30TH JUNE	<u>\$ 3,343,389</u>	<u>\$ 2,776,503</u>

CHILD WELFARE SCHEME LIMITED

(LIMITED BY GUARANTEE)

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE, 2014

(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 Hong Kong registered charitable organization engaged in fund raising and transferring funds to Child Welfare Scheme Nepal, a non-government organization; and other partners, 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, 3/F., 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.

These financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance, which for this financial year and the comparative period continue to be those of the predecessor Hong Kong Companies Ordinance (Cap. 32), in accordance with transitional and saving arrangements for Part 9 of the new Hong Kong Companies Ordinance (Cap. 622), "Accounts and Audit", which are set out in sections 76 to 87 of Schedule 11 to that Ordinance.

A summary of the significant accounting policies adopted by the company is set out below.

The financial statements were authorised for issue by the Board of Directors on 19th March, 2015.

CHILD WELFARE SCHEME LIMITED
(LIMITED BY GUARANTEE)
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE, 2014
(EXPRESSED IN HONG KONG DOLLARS)

NOTES

2. BASIS OF PERPARATION (CONTINUED)

(b) Basis of measurement

The measurement basis used in the preparation of the financial statements is the historical cost basis except those assets and liabilities stated at their fair values as explained in the accounting polices set out in note 3.

(c) Use of estimates

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both the current and future periods.

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and major sources of estimation uncertainty. However, there has no area involving a higher degree of judgement or complexity, or areas where assumption and estimates are significant to the financial statements.

3. PRINCIPAL ACCOUNTING POLICIES

(a) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

CHILD WELFARE SCHEME LIMITED

(LIMITED BY GUARANTEE)

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE, 2014

(EXPRESSED IN HONG KONG DOLLARS)

NOTES

3. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(a) Property, plant and equipment (Continued)

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight line method over their estimated useful lives as follows:

- Furniture and fixtures	30% per annum
- Office equipment	30% per annum

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

Gain or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal. Any related revaluation surplus is transferred from the revaluation reserve to retained profits and is not reclassified to profit or loss.

(b) Impairment of assets

Internal and external sources of information are reviewed at each financial reporting date to identify indications that the assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, intangible assets that are not yet available for use and intangible assets that have indefinite useful lives, the recoverable amount is estimated annually whether or not there is any indication of impairment.

CHILD WELFARE SCHEME LIMITED
(LIMITED BY GUARANTEE)
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE, 2014
(EXPRESSED IN HONG KONG DOLLARS)

NOTES

3. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(b) Impairment of assets (Continued)

The recoverable amount of an asset is the greater of its fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset.

An impairment loss is recognised in profit or loss whenever the carrying amount of an asset, exceeds its recoverable amount.

In respects of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss has been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

(c) Financial instruments

(i) Non-derivative financial instruments

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

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.

CHILD WELFARE SCHEME LIMITED

(LIMITED BY GUARANTEE)

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE, 2014

(EXPRESSED IN HONG KONG DOLLARS)

NOTES

3. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(c) Financial instruments (Continued)

(i) Non-derivative financial instruments (Continued)

Cash and cash equivalents comprise cash at bank and in 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 company's cash management are also 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.

(d) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of the company are measured in Hong Kong dollar ("HK\$") which is the currency of the primary economic environment in which the entity operated. The financial statements of the company are presented in HK\$ which is the company's functional currency.

(ii) Transactions and balances

Foreign currency transactions during the year are translated into the functional currency at the market exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currency are translated into the functional currency at the market exchange rates ruling at the end of the reporting period. Exchange differences on foreign currency translation are dealt with in profit or loss.

CHILD WELFARE SCHEME LIMITED

(LIMITED BY GUARANTEE)

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE, 2014

(EXPRESSED IN HONG KONG DOLLARS)

NOTES

3. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(d) Foreign currency translation (Continued)

(ii) Transactions and balances (Continued)

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are state at fair value are translated using the foreign exchange rates ruling at the dates the fair value was determined.

(e) Employee benefits

Salaries, annual bonuses, paid annual leaves, contributions to defined contribution retirement scheme and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by the employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

The company's operates defined contribution retirement schemes (including Mandatory Provident Funds) for its employees, the assets of which are generally held in separate trustee-administered funds. The schemes are generally funded by payments from the company and the employees. Contributions to defined contribution plans, including contributions to Mandatory Provident Funds as required under the Hong Kong Mandatory Provident Fund Schemes Ordinance, are recognised as an expense as incurred.

(f) Related parties

(a) A person, or a close member of that person's family, is related to the company if that person:-

(i) has control or joint control over the company;

(ii) has significant influence over the company; or

(iii) is a member of the key management personnel of the company or the company's parent.

CHILD WELFARE SCHEME LIMITED
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NOTES

3. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(f) Related parties (Continued)

(b) An entity is related to the company if any of the following conditions applies:-

- (i) The entity and the company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the company or an entity related to the company.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(g) Income recognition

Donation income are recognised as income on cash receipt basis.

CHILD WELFARE SCHEME LIMITED
(LIMITED BY GUARANTEE)
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NOTES

3. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(h) Charitable expenditures

Donation expenses are recognised as expenditures when payments are made.

4. ACCOUNTING JUDGEMENT AND ESTIMATES

The methods, estimates and judgements the management used in applying the company's accounting policies have a significant impact on the company's financial position and operating results. Some of the accounting policies require the company to apply estimates and judgements, on matters that are inherently uncertain. Key sources of estimation uncertainty are as follows:-

(a) Depreciation

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives. The management reviews the estimated useful lives of the assets annually in order to determine the amount of depreciation expense to be recorded during any reporting period. The useful lives are based on the company's historical experience with similar assets and takes into account anticipated technological changes. The depreciation expense for future periods is adjusted if there are significant changes from previous estimates.

5. DONATION INCOME

Income represents the donations received during the year.

6. OTHER INCOME

Other income comprise:-

	<u>2014</u>	<u>2013</u>
Interest income	\$ <u>32</u>	\$ <u>44</u>

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7. CHARITABLE EXPENDITURES

Charitable expenditures comprise:-

	<u>2014</u>	<u>2013</u>
Donation to Child Welfare Scheme Nepal	\$ 1,114,589	\$ 155,276
Donation to Moonlight Foundation Nepal	85,544	49,882
Donation to Buddhist Child Home	96,502	90,793
Donation to CWSN's JYOTI VTC through FNEL Luxembourg	-	673,615
Donation to Umbrella Foundation	32,702	-
Donation to Karya Tangan Indah Foundation for Jobs for Life	-	97,998
Donation to Shakti Samuha	395,026	228,991
Donation to Right 4 Children	294,662	74,163
Donation to Sanopaila	170,878	-
Donation to Star Children	167,184	-
Donation to Kopila	149,804	-
Donation to Movenpick Programme	-	219,283
Donation to Freedom Matters	553,608	415,213
Donation to Olga's Promise	-	31,795
	<u>\$ 3,060,499</u>	<u>\$ 2,037,009</u>

8. SURPLUS FOR THE YEAR

Surplus has been arrived at after charging:-

	<u>2014</u>	<u>2013</u>
Auditors' remuneration	\$ -	\$ -
Depreciation	17,888	21,637
Staff cost (HK and Nepal)	<u>1,043,379</u>	<u>816,366</u>

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9. DIRECTORS' REMUNERATION

Directors' remuneration disclosed pursuant to Section 78 of Schedule 11 to the new Hong Kong Companies Ordinance (Cap. 622), with reference to Section 161 of the predecessor Hong Kong Companies Ordinance is as follows:-

	2014	2013
Directors' fees	\$ -	\$ -
Others	-	-

10. 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. (2013: Nil)

11. PROPERTY, PLANT AND EQUIPMENT

	Office equipment	Furniture and fixtures	Total
Cost:-			
At 1.7.2012	\$ 54,427	\$ -	\$ 54,427
Addition	14,478	38,904	53,382
At 30.6.2013 and at 30.6.2014	68,905	38,904	107,809
LESS: Accumulated depreciation:-			
At 1.7.2012	46,931	-	46,931
Charge for the year	9,965	11,672	21,637
At 30.6.2013	56,896	11,672	68,568
Charge for the year	6,218	11,670	17,888
At 30.6.2014	63,114	23,342	89,456
Net book value:-			
At 30.6.2014	\$ 5,791	\$ 15,562	\$ 21,353
At 30.6.2013	\$ 12,009	\$ 27,232	\$ 39,241

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12. EMPLOYEE BENEFITS

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 \$1,250 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 \$39,250. (2013: \$29,755)

13. RELATED PARTIES TRANSACTIONS

The company had the following significant transactions for the year with related parties:-

Name of parties and nature of transactions	2014	2013
Salary paid to Zein Jessica Lucy Williams	\$ 264,000	\$ 264,000
Salary paid to Douglas Hubert MacLagan	<u>216,000</u>	<u>162,000</u>

Zein Jessica Lucy Williams and Douglas Hubert MacLagan are directors of the company.

14. FINANCIAL RISKS MANAGEMENT

(a) Foreign currency risk

The company's operating expenses are predominately in Hong Kong dollars and the company does not expect any significant exposure to foreign currency risk.

(b) Price risk

The company is not exposed to any financial instrument price risk.

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(EXPRESSED IN HONG KONG DOLLARS)

NOTES

14. FINANCIAL RISKS MANAGEMENT (CONTINUED)

(c) Credit risk

The company has no significant concentrations of credit risk.

(d) Liquidity risk

The company regularly monitors current and expected liquidity requirements to ensure that it maintains sufficient cash and adequate committed lines of fund from banks (or financial institution) to meet its liquidity requirements in the short and longer term.

(e) Cash flow and fair value interest rate risk

Apart from cash at bank, the company has no significant interest bearing assets and liabilities, the company's income and operating cash flows are substantially independent of changes in market interest rates.

(f) Fair value

The carrying amounts of the company's financial assets and liabilities as reflected in the statement of financial position approximate their respective net fair value.

CHILD WELFARE SCHEME LIMITED
(LIMITED BY GUARANTEE)
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE, 2014
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NOTES

15. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 30TH JUNE, 2014

The company has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective:-

HKFRS 9	Financial Instruments
HKFRS 10, HKFRS 12 and HKAS 27 (2011) (Amendment)	Investment Entities (i)
HKFRS 14	Regulatory Deferral Accounts (iii)
HKAS 16 and HKAS 38 (Amendment)	Classification of Acceptable Method of Depreciation and Amortisation (iii)
HKAS 19 (2011) (Amendment)	Defined Benefit Plans: Employee Contributions (ii)
HKAS 32 (Amendment)	Offsetting Financial Assets and Financial Liabilities (i)
HKAS 36 (Amendment)	Recoverable Amount Disclosures for Non-Financial Assets (i)
HKAS 39 (Amendment)	Novation of Derivatives and Continuation of Hedge Accounting (i)
HK(IFRIC)-Int 21	Levies (i)
Annual Improvements Project	Annual Improvements 2010-2012 Cycle (ii)
Annual Improvements Project	Annual Improvements 2011-2013 Cycle (ii)

(i) Effective for annual periods beginning on or after 1st January, 2014;

(ii) Effective for annual periods beginning on or after 1st July, 2014.

(iii) Effective for annual periods beginning on or after 1st January, 2016.

The directors of the company anticipate that the application of the above new and revised standards, amendments and interpretations will have no material impact on the financial performance and the financial position of the company.

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, 2014

(EXPRESSED IN HONG KONG DOLLARS)

	<u>2014</u>	<u>2013</u>
INCOME		
Donations, restricted	\$ 2,500,390	\$ 2,116,209
Donations, unrestricted	<u>2,761,433</u>	<u>1,490,459</u>
	<u>5,261,823</u>	<u>3,606,668</u>
INTEREST INCOME	<u>32</u>	<u>44</u>
	<u>5,261,855</u>	<u>3,606,712</u>
LESS:		
CHARITABLE EXPENDITURES - SCH 1	3,060,499	2,037,009
DIRECT EXPENSES - SCH 2	420,345	143,764
GENERAL AND ADMINISTRATIVE EXPENSES - SCH 3	1,193,263	959,298
EXPERT CONSULTANTS TO NEPAL - SCH 4	<u>38,750</u>	<u>49,069</u>
	<u>4,712,857</u>	<u>3,189,140</u>
SURPLUS FOR THE YEAR	<u>\$ 548,998</u>	<u>\$ 417,572</u>

CHILD WELFARE SCHEME LIMITED

(LIMITED BY GUARANTEE)

DETAILED INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 30TH JUNE, 2014

(EXPRESSED IN HONG KONG DOLLARS)

CHARITABLE EXPENDITURES

SCHEDULE 1

	<u>2014</u>	<u>2013</u>
Donation to Child Welfare Scheme Nepal	\$ 1,114,589	\$ 155,276
Donation to Moonlight Foundation Nepal	85,544	49,882
Donation to Buddhist Child Home	96,502	90,793
Donation to CWSN's JYOTI VTC through FNEL Luxembourg	-	673,615
Donation to Umbrella Foundation	32,702	-
Donation to Karya Tangan Indah Foundation for Jobs for Life	-	97,998
Donation to Shakti Samuha	395,026	228,991
Donation to Right 4 Children	294,662	74,163
Donation to Sanopaila	170,878	-
Donation to Star Children	167,184	-
Donation to Kopila	149,804	-
Donation to Movenpick Programme	-	219,283
Donation to Freedom Matters	553,608	415,213
Donation to Olga's Promise	-	31,795
	<u>\$ 3,060,499</u>	<u>\$ 2,037,009</u>

DIRECT EXPENSES

SCHEDULE 2

	<u>2014</u>	<u>2013</u>
Expenses for Lamma Fun Day	\$ 93,876	\$ 65,217
Expenses for Funkraiser	-	273
Expenses for Choir Concert	10,700	-
Expenses for Art Jamming Event	10,000	-
Expenses for CCC Concert	-	205
Expenses for City Challenge	-	33,179
Expenses for Glow in Dark	3,310	-
Expenses for Running to Stop Traffick	301,430	-
Expenses for Songs for Freedom	-	14,890
Expenses for Free Will Tram Project	-	30,000
Expenses for Chi Fan for Charity	1,029	-
	<u>\$ 420,345</u>	<u>\$ 143,764</u>

CHILD WELFARE SCHEME LIMITED

(LIMITED BY GUARANTEE)

DETAILED INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 30TH JUNE, 2014

(EXPRESSED IN HONG KONG DOLLARS)

GENERAL AND ADMINISTRATIVE EXPENSES

SCHEDULE 3

	<u>2014</u>	<u>2013</u>
Office supplies	\$ 6,256	\$ 5,206
Telephone and facsimiles	1,506	1,536
Website and internet	6,238	5,731
Printing and publications	3,508	4,361
Bank charges	15,487	7,647
MPF contributions	39,250	29,755
Salaries (HK and Nepal)	1,004,129	786,611
Depreciation	17,888	21,637
Entertainment	1,600	3,255
Electricity and utilities	395	383
Insurance	11,487	2,972
Travelling	62,722	56,401
Sundry expense	4,848	8,032
Recruitment cost	1,170	800
Rent and rates	12,000	17,000
Annual review	-	2,208
Exchange loss	4,779	5,763
	<u>\$ 1,193,263</u>	<u>\$ 959,298</u>

EXPERT CONSULTANTS TO NEPAL

SCHEDULE 4

	<u>2014</u>	<u>2013</u>
Consultancy fee	<u>\$ 38,750</u>	<u>\$ 49,069</u>