

# **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, 2016**

**Correspondence Address:**

Room 2409-10, 24/F., Shui On Centre, 6-8 Harbour Road, Wanchai, Hong Kong, P.R.C.

中國香港灣仔港灣道6-8號瑞安中心24樓2409-10室

Tel : (852) 2780 7231 Fax : (852) 2780 8717

<http://www.kpccpa.com.hk>

**Registered Office:**

Unit 1, 4/F., South China Industrial Building,

1 Chun Pin Street, Kwai Chung, New Territories,

Hong Kong, P.R.C.

中國香港新界葵涌圳邊街1號南華工業大廈4樓1號室

CHILD WELFARE SCHEME LIMITED  
(LIMITED BY GUARANTEE)  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30TH JUNE, 2016

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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, 2016.

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 the organization 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, 2016, 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 21.

DIRECTORS

The directors who held office during the year and up to the date of this report were:-

OLDHAM, Gordon David Michael George  
MACLAGAN, Douglas Hubert  
WILLIAMS, Zein Jessica Lucy  
COOPER, Lindsay William Ernest  
QUIGLEY, Garrett Thomas  
ALLDERIGE, Katherine Barna

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

INDEMNITY OF DIRECTORS

A permitted indemnity provision (as defined in section 469 of the Hong Kong Companies Ordinance) for the benefit of the directors of the company is currently in force and was in force throughout this year.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR 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 other transaction, arrangement or contract 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.

BUSINESS REVIEW

The company is exempted from the preparation of the business review as the company falls within reporting exemption of the financial period as in accordance with section 388(3) (a) of the Hong Kong Companies Ordinance.

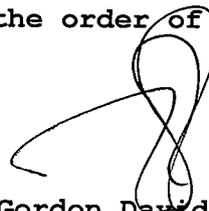
ARRANGEMENT TO ACQUIRE DEBENTURES

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



OLDHAM, Gordon David Michael George  
Chairman

17 FEB 2017

# 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 21 which comprise the company statement of financial position as at 30th June, 2016, 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 405 of the Hong Kong Companies Ordinance, 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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#### Correspondence Address:

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# 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 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 financial position of the company as at 30th June, 2016 and of its financial performance and its cash flows for the year then ended, in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the Hong Kong Companies Ordinance.



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

17 FEB 2017

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中國香港灣仔港灣道6-8號瑞安中心24樓2409-10室  
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CHILD WELFARE SCHEME LIMITED  
(LIMITED BY GUARANTEE)  
INCOME AND EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED 30TH JUNE, 2016  
(EXPRESSED IN HONG KONG DOLLARS)

	<u>Note</u>	<u>2016</u>	<u>2015</u>
DONATION INCOME	5	\$ 4,470,827	\$ 7,291,302
OTHER INCOME	6	<u>28</u>	<u>180</u>
		4,470,855	7,291,482
CHARITABLE EXPENDITURES	7	( 3,651,830)	( 4,309,154)
DIRECT EXPENSES FOR FUND RAISING ACTIVITIES		( 187,674)	( 189,638)
GENERAL AND ADMINISTRATIVE EXPENSES		<u>( 1,068,822)</u>	<u>( 1,124,314)</u>
(DEFICIT)/SURPLUS FOR THE YEAR	8	( 437,471)	1,668,376
ACCUMULATED SURPLUS BROUGHT FORWARD		<u>5,033,118</u>	<u>3,364,742</u>
ACCUMULATED SURPLUS CARRIED FORWARD		<u>\$ 4,595,647</u>	<u>\$ 5,033,118</u>

## CHILD WELFARE SCHEME LIMITED

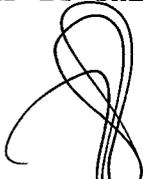
(LIMITED BY GUARANTEE)

STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE, 2016

(EXPRESSED IN HONG KONG DOLLARS)

	<u>Note</u>	<u>2016</u>	<u>2015</u>
<b>NON-CURRENT ASSET</b>			
Property, plant and equipment	11	\$ 3,818	\$ 10,636
<b>CURRENT ASSETS</b>			
Prepayment and other receivable		14,740	74,376
Cash at bank		<u>4,578,566</u>	<u>4,948,106</u>
<b>TOTAL CURRENT ASSETS</b>		<u>4,593,306</u>	<u>5,022,482</u>
<b>TOTAL ASSETS</b>		<u>\$ 4,597,124</u>	<u>\$ 5,033,118</u>
<b>LIABILITY AND EQUITY</b>			
<b>CURRENT LIABILITY</b>			
Accruals		<u>\$ 1,477</u>	<u>\$ -</u>
<b>TOTAL CURRENT LIABILITY AND TOTAL LIABILITY</b>		<u>1,477</u>	<u>-</u>
<b>RESERVE</b>			
Accumulated surplus		<u>4,595,647</u>	<u>5,033,118</u>
<b>TOTAL LIABILITY AND EQUITY</b>		<u>\$ 4,597,124</u>	<u>\$ 5,033,118</u>

APPROVED BY THE BOARD OF DIRECTORS ON 17 FEB 2017


  
 \_\_\_\_\_  
 OLDHAM, Gordon David  
 Michael George  
 DIRECTOR


  
 \_\_\_\_\_  
 WILLIAMS, Zein  
 Jessica Lucy  
 DIRECTOR

## CHILD WELFARE SCHEME LIMITED

(LIMITED BY GUARANTEE)

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30TH JUNE, 2016

(EXPRESSED IN HONG KONG DOLLARS)

	<u>2016</u>	<u>2015</u>
(DEFICIT)/SURPLUS FOR THE YEAR	\$( 437,471)	\$ 1,668,376
Interest income	( 28)	( 20)
Gain on disposal of property, plant and equipment	-	( 160)
Depreciation	<u>7,948</u>	<u>18,285</u>
(DEFICIT)/SURPLUS BEFORE WORKING CAPITAL CHANGES	( 429,551)	1,686,481
Decrease/(increase) in prepayment and other receivable	59,636	( 74,376)
Increase in accruals	<u>1,477</u>	<u>-</u>
CASH (OUTFLOW)/INFLOW FROM OPERATIONS	( 368,438)	1,612,105
Interest received	<u>28</u>	<u>20</u>
NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES	( 368,410)	1,612,125
INVESTING ACTIVITIES		
Sale proceed of property, plant and equipment	-	160
Purchase of property, plant and equipment	<u>( 1,130)</u>	<u>( 7,568)</u>
NET CASH OUTFLOW FROM INVESTING ACTIVITIES	<u>( 1,130)</u>	<u>( 7,408)</u>
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	( 369,540)	1,604,717
CASH AND CASH EQUIVALENTS AT 1ST JULY	<u>4,948,106</u>	<u>3,343,389</u>
CASH AND CASH EQUIVALENTS AT 30TH JUNE	<u>\$ 4,578,566</u>	<u>\$ 4,948,106</u>

CHILD WELFARE SCHEME LIMITED

(LIMITED BY GUARANTEE)

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE, 2016

(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 organisation engaged in fund raising and transferring funds to the 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.

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 17th February, 2017.

(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.

CHILD WELFARE SCHEME LIMITED

(LIMITED BY GUARANTEE)

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE, 2016

(EXPRESSED IN HONG KONG DOLLARS)

NOTES

2. BASIS OF PERPARATION (CONTINUED)

(c) Use of estimates

The preparation of the 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 in the statement of financial position at cost less accumulated depreciation and impairment losses.

CHILD WELFARE SCHEME LIMITED

(LIMITED BY GUARANTEE)

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE, 2016

(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 annual rate 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 income and expenditure account on the date of retirement or disposal. Any related revaluation surplus is transferred from the revaluation reserve to accumulated surplus and is not reclassified to income and expenditure account.

(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, 2016

(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 income and expenditure account 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 income and expenditure account 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 income and expenditure account, 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, 2016  
(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 income and expenditure account.

CHILD WELFARE SCHEME LIMITED

(LIMITED BY GUARANTEE)

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE, 2016

(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 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

(LIMITED BY GUARANTEE)

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE, 2016

(EXPRESSED IN HONG KONG DOLLARS)

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 voting power in the entity.
- (viii) the entity, or any member of a company of which it is a part, provides key management personnel services to the company or to the company's parent.

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.

CHILD WELFARE SCHEME LIMITED  
(LIMITED BY GUARANTEE)  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30TH JUNE, 2016  
(EXPRESSED IN HONG KONG DOLLARS)

NOTES

3. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(g) Income recognition

Donation income are recognised as income on cash receipt basis.

(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.

CHILD WELFARE SCHEME LIMITED

(LIMITED BY GUARANTEE)

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE, 2016

(EXPRESSED IN HONG KONG DOLLARS)

NOTES

6. OTHER INCOME

	<u>2016</u>	<u>2015</u>
Interest income	\$ 28	\$ 20
Gain on disposal of property, plant and equipment	-	160
	<u>\$ 28</u>	<u>\$ 180</u>

7. CHARITABLE EXPENDITURES

Charitable expenditures comprise:-

	<u>2016</u>	<u>2015</u>
Donation to Child Welfare Scheme Nepal	\$ -	\$ 485,600
Donation to Moonlight Foundation Nepal	-	114,780
Donation to Buddhist Child Home	71,037	155,878
Donation to Umbrella Foundation	2,000	3,280
Donation to Shakti Samuha	194,110	449,469
Donation to Right 4 Children	1,027,122	1,304,347
Donation to Sanopaila	234,760	538,741
Donation to Star Children	179,028	138,923
Donation to Kopila	150,906	401,874
Donation to Lotus Art ASBL	-	9,280
Donation to Freedom Matters	-	93,977
Donation to Friends of CWSN	418,274	613,005
Donation to Gurkha Cemetary Trust	9,400	-
Donation to Earthquake Main Pool	1,333,193	-
Donation to OXFAM Hong Kong	32,000	-
	<u>\$ 3,651,830</u>	<u>\$ 4,309,154</u>

## CHILD WELFARE SCHEME LIMITED

(LIMITED BY GUARANTEE)

## FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE, 2016

(EXPRESSED IN HONG KONG DOLLARS)

## NOTES

## 8. (DEFICIT)/SURPLUS FOR THE YEAR

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

	<u>2016</u>	<u>2015</u>
(a) Finance and other costs:		
Bank charges	\$ 12,709	\$ 13,343
Exchange loss	<u>5,589</u>	<u>95,482</u>
(b) Staff costs:		
Salaries, wages and other benefits (Hong Kong and Nepal)	\$ 938,126	\$ 885,494
Mandatory Provident Fund contributions	<u>42,200</u>	<u>33,610</u>
(c) Other items:		
Depreciation	<u>\$ 7,948</u>	<u>\$ 18,285</u>

## 9. DIRECTORS' REMUNERATION

Directors' remuneration disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance is as follows:-

	<u>2016</u>	<u>2015</u>
Directors' fees	\$ -	\$ -
Others	<u>-</u>	<u>-</u>

## 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. (2015: Nil)

## CHILD WELFARE SCHEME LIMITED

(LIMITED BY GUARANTEE)

## FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE, 2016

(EXPRESSED IN HONG KONG DOLLARS)

## NOTES

## 11. PROPERTY, PLANT AND EQUIPMENT

	<u>Office equipment</u>	<u>Furniture and fixtures</u>	<u>Total</u>
Cost:-			
At 1.7.2014	\$ 68,905	\$ 38,904	\$ 107,809
Addition	7,568	-	7,568
Disposal	<u>( 9,143)</u>	<u>-</u>	<u>( 9,143)</u>
At 30.6.2015	67,330	38,904	106,234
Addition	<u>1,130</u>	<u>-</u>	<u>1,130</u>
At 30.6.2016	<u>68,460</u>	<u>38,904</u>	<u>107,364</u>
LESS: Accumulated depreciation:-			
At 1.7.2014	63,114	23,342	86,456
Written back on disposal	<u>( 9,143)</u>	<u>-</u>	<u>( 9,143)</u>
Charge for the year	<u>6,614</u>	<u>11,671</u>	<u>18,285</u>
At 30.6.2015	60,585	35,013	95,598
Charge for the year	<u>4,057</u>	<u>3,891</u>	<u>7,948</u>
At 30.6.2016	<u>64,642</u>	<u>38,904</u>	<u>103,546</u>
Net book value:-			
At 30.6.2016	<u>\$ 3,818</u>	<u>\$ -</u>	<u>\$ 3,818</u>
At 30.6.2015	<u>\$ 6,745</u>	<u>\$ 3,891</u>	<u>\$ 10,636</u>

## 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 \$1,500 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 \$42,200. (2015: \$33,610)

CHILD WELFARE SCHEME LIMITED

(LIMITED BY GUARANTEE)

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE, 2016

(EXPRESSED IN HONG KONG DOLLARS)

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13. RELATED PARTIES TRANSACTIONS

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

<u>Name of parties and nature of transactions</u>	<u>2016</u>	<u>2015</u>
Salary paid to Zein Jessica Lucy Williams	\$ 264,000	\$ 264,000
Salary paid to Douglas Hubert MacLagan	<u>120,000</u>	<u>120,000</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.

(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.

CHILD WELFARE SCHEME LIMITED

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FINANCIAL STATEMENTS

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14. FINANCIAL RISKS MANAGEMENT (CONTINUED)

(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.

15. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 30TH JUNE, 2016

Up to the date of issue of these financial statements, the HKICPA has issued a number of new and revised HKFRSs which are not yet effective for the year ended 30th June, 2016 and which have not been adopted in these financial statements. These include the following which may be relevant to the company.

	<u>Effective for accounting periods beginning on or after</u>
Annual Improvements to HKFRSs 2012-2014 Cycle	1st January 2016
HKFRS 2 (Amendments), Classification and Measurement of Share-based Payment Transaction	1st January 2018
HKFRS 9, Financial instruments	1st January 2018
Amendments to HKFRS 10, HKFRS 12 and HKAS 28, Investment Entities: Applying the Consolidation Exception	1st January 2016

CHILD WELFARE SCHEME LIMITED

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FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE, 2016

(EXPRESSED IN HONG KONG DOLLARS)

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15. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 30TH JUNE, 2016 (CONTINUED)

	<u>Effective for accounting periods beginning on or after</u>
Amendments to HKFRS 10 and HKAS 28, Sale or contribution of assets between an investor and its associate or joint venture	To be determined
Amendments to HKFRS 11, Accounting for acquisitions of interests in joint operations	1st January 2016
HKFRS 15, Revenue from contracts with customers	1st January 2018
Amendments to HKFRS 15, Clarification to HKFRS 15 Revenue from Contracts with Customers	1st January 2018
HKFRS 16, Leases	1st January 2019
Amendments to HKAS 1, Disclosure initiative	1st January 2016
Amendments to HKFRS 7, Disclosure initiative	1st January 2017
Amendments to HKAS 12, Recognition of Deferred Tax Assets for Unrealised Losses	1st January 2017
Amendments to HKAS 16 and HKAS 38, Clarification of acceptable methods of depreciation and amortisation	1st January 2016
Amendments to HKAS 16 and HKAS 41, Agriculture: Bearer Plants	1st January 2016

The management is in the process of making an assessment of what the impact of these amendments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the company's results of operations and financial position.

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, 2016  
(EXPRESSED IN HONG KONG DOLLARS)

	<u>2016</u>	<u>2015</u>
INCOME		
Donations, restricted	\$ 3,133,666	\$ 6,032,835
Donations, unrestricted	<u>1,337,161</u>	<u>1,258,467</u>
	4,470,827	7,291,302
	-----	-----
GAIN ON DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT	-	160
INTEREST INCOME	<u>28</u>	<u>20</u>
	28	180
	-----	-----
	4,470,855	7,291,482
	-----	-----
LESS:		
CHARITABLE EXPENDITURES - SCH 1	3,651,830	4,309,154
DIRECT EXPENSES - SCH 2	187,674	189,638
GENERAL AND ADMINISTRATIVE EXPENSES - SCH 3	<u>1,068,822</u>	<u>1,124,314</u>
	4,908,326	5,623,106
	-----	-----
(DEFICIT)/SURPLUS FOR THE YEAR	<u>\$ ( 437,471)</u>	<u>\$ 1,668,376</u>

## CHILD WELFARE SCHEME LIMITED

(LIMITED BY GUARANTEE)

## DETAILED INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 30TH JUNE, 2016

(EXPRESSED IN HONG KONG DOLLARS)

## CHARITABLE EXPENDITURES

## SCHEDULE 1

	<u>2016</u>	<u>2015</u>
Donation to Child Welfare Scheme Nepal	\$ -	\$ 485,600
Donation to Moonlight Foundation Nepal	-	114,780
Donation to Buddhist Child Home	71,037	155,878
Donation to Umbrella Foundation	2,000	3,280
Donation to Shakti Samuha	194,110	449,469
Donation to Right 4 Children	1,027,122	1,304,347
Donation to Sanopaila	234,760	538,741
Donation to Star Children	179,028	138,923
Donation to Kopila	150,906	401,874
Donation to Lotus Art ASBL	-	9,280
Donation to Freedom Matters	-	93,977
Donation to Friends of CWSN	418,274	613,005
Donation to Gurkha Cemetary Trust	9,400	-
Donation to Earthquake Main Pool	1,333,193	-
Donation to OXFAM Hong Kong	32,000	-
	<u>\$ 3,651,830</u>	<u>\$ 4,309,154</u>

## DIRECT EXPENSES

## SCHEDULE 2

	<u>2016</u>	<u>2015</u>
Expenses for Lamma Fun Day	\$ 76,046	\$ 89,233
Expenses for University Apprentice	-	3,373
Expenses for Paint for Freedom	-	17,036
Expenses for City Challenge	9,530	17,426
Expenses for Running to Stop Traffick	-	62,570
Expenses for Beer Pong	12	-
Expenses for Nepal Update Dinner	101,456	-
Expenses for Imagine Peace	630	-
	<u>\$ 187,674</u>	<u>\$ 189,638</u>

## CHILD WELFARE SCHEME LIMITED

(LIMITED BY GUARANTEE)

## DETAILED INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 30TH JUNE, 2016

(EXPRESSED IN HONG KONG DOLLARS)

## GENERAL AND ADMINISTRATIVE EXPENSES

## SCHEDULE 3

	<u>2016</u>	<u>2015</u>
Office supplies	\$ 6,923	\$ 1,364
Telephone and facsimiles	2,218	1,863
Website and internet	4,664	6,942
Computer expenses	1,287	2,346
Printing and publications	6,928	2,798
Bank charges	12,709	13,343
Mandatory Provident Fund contributions	42,200	33,610
Salaries (Hong Kong and Nepal)	938,126	885,494
Depreciation	7,948	18,285
Entertainment	1,185	7,210
Electricity and utilities	2,701	5,281
Insurance	4,141	4,848
Travelling	20,917	37,900
Sundry expense	10,103	5,568
Annual review	-	1,980
Exchange loss	5,589	95,482
Recruitment expenses	980	-
Fine	203	-
	<u>\$ 1,068,822</u>	<u>\$ 1,124,314</u>