



Report of the Council and Audited Financial Statements

CHANGING YOUNG LIVES FOUNDATION

31 March 2011

Ernst & Young

 **ERNST & YOUNG**
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CHANGING YOUNG LIVES FOUNDATION

REPORT OF THE COUNCIL

Incorporation details

Changing Young Lives Foundation (the "Foundation") was incorporated on 16 April 1996 under the Hong Kong Companies Ordinance as a private company limited by guarantee and therefore does not have any share capital. The details of the liability of its members are set out in note 1 to the financial statements.

Principal activities

The Foundation is a charitable organisation and its principal activities consist of the relief of distress and hardship, and the promotion of the welfare of children. There were no significant changes in the nature of principal activities during the year.

Results

The Foundation's deficit for the year ended 31 March 2011 and its state of affairs at that date are set out in the financial statements on pages 5 to 21.

Property, plant and equipment

Details of movements in the property, plant and equipment of the Foundation during the year are set out in note 6 to the financial statements.

Reserves

Details of movements in the Foundation's reserves during the year are set out in the statement of changes in equity on page 8.

Council members

The Council members of the Foundation during the year were:

Sheilah Chatjaval - Chairman

Prof. Leong Chi Yan, John - Deputy Chairman

HH District Judge Bebe Chu - Secretary

Sze Tsai Ping, Michael – Treasurer

Dr. Au Kin Mee, Doris

Dr. Chow Chi Man, Steven

Dr. Chow Chun Bong

Robert Thomas Grieves

(Resigned on 25 August 2010)

Anthea Evadne Strickland

Too So Kwok Chun

Bonnie Wong

Prof. Dr. Wong Shing Wah, Dominic

Dr. Lee Wing Hong, Vincent

(Appointed on 1 December 2010)

In accordance with article 25 of the Foundation's articles of association, all Council members continue to hold office for the ensuing year.

Council members' interests

At no time during the year was the Foundation a party to any arrangement to enable the Council members to acquire benefits by means of the acquisition of shares in or debentures of any other body corporate.

CHANGING YOUNG LIVES FOUNDATION

REPORT OF THE COUNCIL

Council members' interests in contracts

No council member had a material interest, either directly or indirectly, in any contract of significance to the business of the Foundation to which the Foundation was a party during the year.

ON BEHALF OF THE BOARD

Signed by Ms Sheilah Chatjaval

Chairman

Hong Kong
6 December 2011



HONORARY AUDITORS' REPORT

To the members of Changing Young Lives Foundation
(Incorporated in Hong Kong and limited by guarantee)

We have audited the financial statements of Changing Young Lives Foundation (the "Foundation") set out on pages 5 to 21, which comprise the statement of financial position as at 31 March 2011, and the statement of income and expenditure, the statement of changes in equity and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Council members' responsibility for the financial statements

The council members of the Foundation are responsible for the preparation of 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 council members 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. Our report is made solely to you, as a body, in accordance with Section 141 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.

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 council members, 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.



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HONORARY AUDITORS' REPORT (continued)
To the members of Changing Young Lives Foundation
(Incorporated in Hong Kong and limited by guarantee)

Opinion

In our opinion, the financial statements give a true and fair view of the state of the Foundation's affairs as at 31 March 2011, 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.

Certified Public Accountants
Hong Kong
6 December 2011

CHANGING YOUNG LIVES FOUNDATION

STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE

Year ended 31 March 2011

	2011 HK\$
INCOME	
Fundraising income	
Festival of trees	2,606,405
Red packet campaign	42,553
Project sponsorships	1,089,540
Other fundraising events	<u>2,518,207</u>
Total fundraising income	<u>6,256,705</u>
Other income	
Bank interest income	2,303
Bond interest income	365,213
Gain on disposal of available-for-sale investments	-
Membership income	7,980
Miscellaneous income	-
Exchange gain	426
Total other income	<u>375,922</u>
TOTAL INCOME	<u>6,632,627</u>
EXPENDITURE	
Operating expenses	
Staff costs:	
Service delivery:	
Hong Kong and China programmes	<u>2,035,452</u>
Others:	
Fundraising	578,004
Administration	<u>357,015</u>
	<u>935,019</u>
Total staff costs	<u>2,970,471</u>

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CHANGING YOUNG LIVES FOUNDATION

STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE (continued)

Year ended 31 March 2011

	2011 HK\$
EXPENDITURE (continued)	
Operating expenses (continued)	
Direct expenses for fundraising events	649,640
Rent, rates, management and cleaning	278,634
Depreciation	1,275,266
Insurance	75,155
Membership of welfare organisation	3,000
Bank charges	23,374
Legal costs	25,517
Repairs and maintenance	153,039
Other office expenses	133,743
Write off of items of property, plant and equipment	1,326
Exchange loss	-
	<u>2,618,694</u>
 Total operating expenses	 <u>5,589,165</u>
 Expenditure on service projects	
Mainland China projects	724,921
Hong Kong projects:	
Basketball challenge	665,646
Brain box	-
Smart Mom	88,754
Centre Programmes	343,622
Total expenditure on service projects	<u>1,822,943</u>
 TOTAL EXPENDITURE	 <u>7,412,108</u>
 SURPLUS/(DEFICIT) FOR THE YEAR	 <u>(779,481)</u>

CHANGING YOUNG LIVES FOUNDATION

STATEMENT OF FINANCIAL POSITION

31 March 2011

	2011 HK\$
NON-CURRENT ASSETS	
Property, plant and equipment	2,516,911
Held-to-maturity investments	4,435,083
Total non-current assets	<u>6,951,994</u>
CURRENT ASSETS	
Available-for-sale investments	468,664
Held-to-maturity investments	4,593,684
Deposits and other receivables	129,942
Cash and cash equivalents	7,380,166
Total current assets	<u>12,572,456</u>
CURRENT LIABILITY	
Other payables	<u>691,972</u>
NET CURRENT ASSETS	<u>11,880,484</u>
Net assets	<u>18,832,478</u>
REPRESENTED BY:	
Accumulated reserve fund	<u>18,832,478</u>
Total equity	<u>18,832,478</u>

Signed by Ms Sheilah Chatjaval
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Council member

Signed by Mr Michael T.P. SZE
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Council member