

THE CIVIC PARTY LIMITED

公民黨有限公司

(Company incorporated in Hong Kong with limited liability by guarantee)

2009

SUMMARY FINANCIAL REPORTS

FOR THE YEAR ENDED 31ST MARCH, 2009



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Certify a true copy

Secretary



THE CIVIC PARTY LIMITED

REPORT OF THE EXECUTIVE COMMITTEE MEMBERS

The Executive Committee members have pleasure in submitting their annual report on the affairs of the Party together with the audited financial statements for the year ended 31st March, 2009.

PRINCIPAL ACTIVITY AND GENERAL INFORMATION

The Party is incorporated in Hong Kong under the Companies Ordinance with limited liability by guarantee with registered office and principal place of operation at Unit B, 16/F, Wing Hang Finance Centre, 60 Gloucester Road, Wanchai, Hong Kong. Its principal activity is to promote a democratic political system in Hong Kong built upon universal suffrage, the rule of law, constitutionalism, civil liberties and equality of opportunities for all Hong Kong's people.

FINANCIAL STATEMENTS

The financial result of the Party for the year ended 31st March, 2009 and its state of the affairs at that date are set out in the financial statements on pages 5 to 14.

PROPERTY, PLANT AND EQUIPMENT

Movements in property, plant and equipment during the year are set out in note 6 on the financial statements.

EXECUTIVE COMMITTEE MEMBERS

The Executive Committee members during the financial year were:-

Party Chairman	Kuan Hsin Chi	
Party Leader	Eu Yuet Mee Audrey	
Internal Vice President	Leong Kah Kit Alan	
External Vice President	Lai Kwong Tak Albert	
Secretary General	Chan Ka Lok	Appointed on 6th December, 2008
Chairman of Geographical Branches	Mo Man Ching Claudia	
	Tong, Ka Wah Ronny	
	Yu Kwun Wai	
Chairman of Policy Branches	Ki Mui Kuen, Annie	Appointed on 6th December, 2008
	Wong Yim Hon	Appointed on 6th December, 2008
	Chan, Ching Kiu Stephen	
	Lay Yan Piau	
Chairman of the Young Civics	Li, Gladys Veronica	Appointed on 6th December, 2008
	Kwok Wing Chun	Appointed on 6th December, 2008
	Kwok Wing Hang	Appointed on 6th December, 2008
	Chan Tanya	Appointed on 6th December, 2008
	Yung Wing Sheung, Amy	
Treasurer	Tam Heung Man	Resigned on 6th December, 2008

EXECUTIVE COMMITTEE MEMBERS

Non-portfolio Position	Cheung Chiu Hung	
	Cheng Yu Shek Joseph	
	Tsang Kwok Fung	Appointed on 6th December, 2008
	Char Shik Ngor Stephen	Resigned on 6th December, 2008
	Ng, Betty	Resigned on 6th December, 2008
	Ng Ngoi Yee Margaret	Resigned on 6th December, 2008
	Ng Wing Shun, Anthony Vincent	Resigned on 6th December, 2008
	Williams, Anthony Mark	Resigned on 6th December, 2008

After the end of the financial year, Yung Wing Sheung Amy (Treasurer) resigned as Executive Committee member on 24th August, 2009.

In accordance with the Article 54(a) of the Party's Articles of Association, all the Executive Committee members being elected shall hold office for 24 months or until the second following Annual General Meeting at which they were elected.

EXECUTIVE COMMITTEE MEMBERS' INTEREST

No contract of significance, to which the Party was a party and in which an Executive Committee member of the Party had a material interest, subsisted at the end of the year or at any time during the year.

OTHER MATTER

At the date of this report, the Executive Committee members are not aware of any circumstances not otherwise dealt with in this report or the attached financial statements which would render any amount stated in the summary financial reports misleading.

AUDITORS

Prime & Co. retires and, being eligible, offers themselves for reappointment. A resolution for the reappointment of Prime & Co. as auditors of the Party is to be proposed at the forthcoming annual general meeting.

On behalf of the Executive Committee



Chairman

Hong Kong, 18 NOV 2009

Room 2429-2435, 24/F., Sun Hung Kai Centre, 30 Harbour Road, Hong Kong.

Tel: 2838 9819 Fax: 2838 7002

Room C, 16/F., Chinawest Centre, 414-424 Jaffe Road, Causeway Bay, Hong Kong.

Tel: 2838 0936 Fax: 2572 2792

Page 3

**AUDITORS' REPORT TO THE MEMBERS OF
THE CIVIC PARTY LIMITED**
(incorporated in Hong Kong with limited liability by guarantee)

We have audited the financial statements of The Civic Party Limited set out on pages 5 to 14, which comprise the statement of financial position as at 31st March, 2009, the statement of comprehensive income, statement of changes in accumulated funds and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

**EXECUTIVE COMMITTEE MEMBERS' RESPONSIBILITY FOR THE SUMMARY
FINANCIAL REPORTS**

The Executive Committee members are responsible for the preparation and the true and fair presentation of the financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. 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 as to 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' judgment, 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.

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Tel: 2838 9819 Fax: 2838 7002

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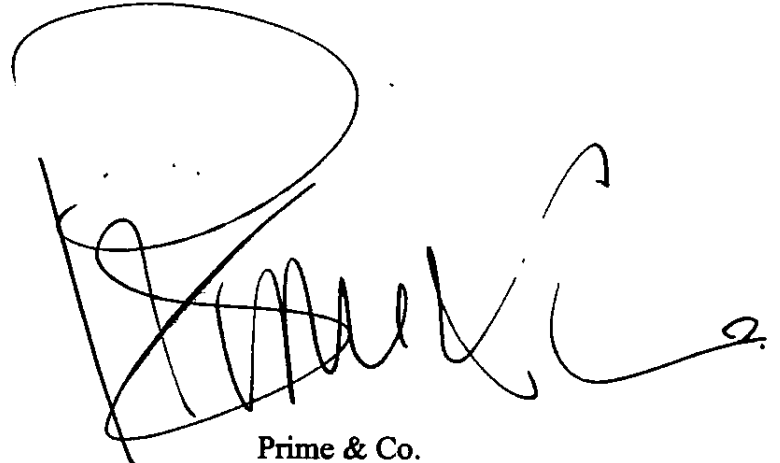
Page 4

AUDITORS' RESPONSIBILITY (CONTINUED)

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 Party's affairs as at 31st March, 2009 and of its profits 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.



Prime & Co.
Certified Public Accountants (Practising)

Hong Kong, 18 NOV 2009

THE CIVIC PARTY LIMITEDSTATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST MARCH, 2009

(Expressed in Hong Kong dollars)

	<u>Note</u>	<u>2009</u>	<u>2008</u>
COMPREHENSIVE INCOME			
Members' entrance fee		\$ 4,900	\$ 9,900
Members' annual subscriptions		20,700	30,200
Members' donation		3,400,872	1,398,383
Non-members' donation		4,714,650	3,762,123
Sundry income		-	300
Bank interest income		<u>23,787</u>	<u>69,896</u>
		\$ 8,164,909	\$ 5,270,802
Event and campaigns expenses		(2,814,888)	(1,356,916)
Administrative and operating expenses		(4,462,072)	(3,901,993)
Depreciation		<u>(211,820)</u>	<u>(181,073)</u>
SURPLUS/(DEFICIT) BEFORE TAXATION	3	\$ 676,129	\$ (169,180)
Taxation	5(b)	<u>(97,686)</u>	<u>-</u>
SURPLUS/(DEFICIT) FOR THE YEAR		<u>\$ 578,443</u>	<u>\$ (169,180)</u>

The notes on pages 9 to 14 form part of these financial statements.

THE CIVIC PARTY LIMITEDSTATEMENT OF FINANCIAL POSITION AS AT 31ST MARCH, 2009

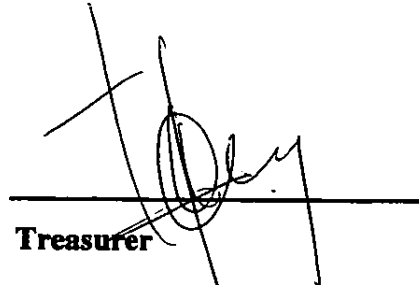
(Expressed in Hong Kong dollars)

	<u>Note</u>	<u>2009</u>	<u>2008</u>
NON CURRENT ASSETS			
Property, plant and equipment	6	\$ 506,261	\$ 564,143
CURRENT ASSETS			
Utility deposits		\$ 7,850	\$ 12,980
Rental deposits		165,513	195,888
Receivable		15,263	2,537
Prepayments		78,688	94,009
Fixed deposit		448,445	630,176
Cash at bank and in hand		1,351,830	396,950
		<u>\$ 2,067,589</u>	<u>\$ 1,332,540</u>
CURRENT LIABILITIES			
Bank overdraft		\$ -	\$ 8,962
Tax payable	5(a)	97,686	-
Accruals		10,000	-
		<u>\$ 107,686</u>	<u>\$ 8,962</u>
NET CURRENT ASSETS		<u>\$ 1,959,903</u>	<u>\$ 1,323,578</u>
NET ASSETS		<u>\$ 2,466,164</u>	<u>\$ 1,887,721</u>
Represented by:			
ACCUMULATED FUNDS		<u>\$ 2,466,164</u>	<u>\$ 1,887,721</u>

Approved by the Executive Committee on 18 NOV 2009



Chairman



Treasurer

The notes on pages 9 to 14 form part of these financial statements.

THE CIVIC PARTY LIMITEDSTATEMENT OF CHANGES IN ACCUMULATED FUNDS
FOR THE YEAR ENDED 31ST MARCH, 2009

(Expressed in Hong Kong dollars)

	<u>Accumulated funds</u>
Balance at 1st April, 2007	\$ 2,056,901
Deficit for the year	<u>(169,180)</u>
Balance at 31st March, 2008 and at 1st April, 2008	\$ 1,887,721
Surplus for the year	<u>578,443</u>
Balance at 31st March, 2009	<u>\$ 2,466,164</u>

THE CIVIC PARTY LIMITED
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 31ST MARCH, 2009

(Expressed in Hong Kong dollars)

	<u>Note</u>	<u>2009</u>	<u>2008</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Surplus/(Deficit) before taxation		\$ 676,129	\$ (169,180)
Adjustments for:			
Interest income		(23,787)	(69,896)
Depreciation		<u>211,820</u>	<u>181,073</u>
Operating profit/loss before working capital changes		\$ 864,162	\$ (58,003)
Decrease/(increase) in deposits and prepayments		50,826	(37,606)
(Increase)/decrease in receivable		(12,726)	7,712
Decrease in fund held for a third party		-	(606,705)
Increase/(decrease) in accruals		<u>10,000</u>	<u>(97,729)</u>
Net cash inflow/(outflow) from operating activities		<u>\$ 912,262</u>	<u>\$ (792,331)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest income		\$ 23,787	\$ 69,896
Purchase of property, plant and equipment		<u>(153,938)</u>	<u>(104,620)</u>
Net cash outflow from investing activities		<u>\$ (130,151)</u>	<u>\$ (34,724)</u>
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		\$ 782,111	\$ (827,055)
Cash and cash equivalents at 1st April		<u>1,018,164</u>	<u>1,845,219</u>
CASH AND CASH EQUIVALENTS AT 31ST MARCH (a)		<u>\$ 1,800,275</u>	<u>\$ 1,018,164</u>

Note

(a) Analysis of the balances of cash and cash equivalents as shown in the financial position statement:-

	<u>2009</u>	<u>2008</u>
Cash and bank balances	\$ 1,351,830	\$ 396,950
Fixed deposit	448,445	630,176
Bank overdrafts	-	<u>(8,962)</u>
Cash at banks and in hand	<u>\$ 1,800,275</u>	<u>\$ 1,018,164</u>

THE CIVIC PARTY LIMITED

NOTES ON THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

1. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

(a) Statement of compliance

The 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 disclosure requirements of the Hong Kong Companies Ordinance.

The HKICPA issued a number of new and revised HKFRSs and Interpretations that the first effective or available for early adoption for the current accounting year. There have been no significant changes to the accounting policies applied in these financial statements for the years presented except the early adoption of HKAS 1 (revised) "Presentation of Financial Statements".

(b) Measurement basis

The measurement basis used in the preparation of financial statements is historical cost.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Capital management policy

For the purpose of the capital disclosure, the accumulated surplus is regarded as capital of the Party. The Party's objective when managing capital is to safeguard its ability to continue as a going concern so that it can continue to promote a democratic political system in Hong Kong built upon universal suffrage, the rule of law, constitutionalism, civil liberties and equality of opportunities for all Hong Kong's people.

(b) Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less aggregate depreciation and any impairment loss. Depreciation is calculated to write off the cost of items in property, plant and equipment over their anticipated useful lives on a straight line basis as follows:-

Leasehold improvement	20% per annum
Furniture and equipment	20% per annum

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**(c) Impairment of assets**

An assessment is made at each balance sheet date of whether there is any indication of impairment of any asset, or whether there is any indication that an impairment loss previously recognised for an asset in prior years may no longer exist or may have decreased. If any such indication exists, the asset's recoverable amount is estimated. An asset's recoverable amount is calculated at the higher of the asset's value in use and its net selling price.

A previously recognised impairment loss is reversed only if there had been changes in the estimates used to determine the recoverable amount of an asset, however not to an amount higher than the carrying amount that would have been determined (net of any depreciation), had no impairment loss been recognised for the asset in prior years.

A reversal of an impairment loss is credited to the income statement in the period in which it arises, unless the asset is carried at a revalued amount, when the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

(d) Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held at call with banks, cash investments with a maturity of three months or less from date of investment and bank overdrafts.

(e) Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the company and when the revenue can be measured reliably, on the following bases:-

(i) Annual subscription, membership fee and donations

Annual subscription, membership fee and donations are recognised upon receipt.

(ii) Interest income

Interest income is recognised on a time proportioned basis.

2. **SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

(f) **Income tax**

Income tax expense represents the sum of the tax currently payable and deferred tax.

Income tax is provided on the basis of the results for the year for financial reporting purposes, adjusted for income and expense items which are not assessable or deductible for income tax purposes.

Deferred taxation is provided in full, using the balance sheet liability method, on temporary difference arising between the tax bases of assets and liabilities and their carrying amounts in the accounts. Taxation rates enacted or substantively enacted by the balance sheet date are used to determine deferred taxation.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

(g) **Employee benefits**

(i) **Employees leave entitlements**

The cost of accumulating compensated absences is recognised as an expense and measured based on the additional amount that the Party expects to pay as a result of the unused entitlement that has accumulated at the balance sheet date.

(ii) **Retirement benefit costs**

Obligations for contribution to defined contribution retirement plans, including payable under the Hong Kong Mandatory Fund Schemes Ordinance, are recognised as expenses as incurred.

(h) **Operating leases**

Lease where substantially all the risks and rewards of ownership of assets remain with the lessee is accounted for as operating lease. Rental expenses on such lease are charged to comprehensive income statement on a straight line basis over the term of the lease.

3. SURPLUS/(DEFICIT) BEFORE TAXATION

Surplus/(Deficit) before taxation is arrived at:

	<u>2009</u>	<u>2008</u>
After charging the following items:-		
Auditors' remuneration	\$ 10,000	\$ -
Commission	7,331	-
Depreciation	211,820	181,073
Grant	12,000	29,480
Event and campaigns	2,453,131	1,319,468
Operating lease on hire of premise	755,406	753,506
Staff cost (excluding Executive Committee members' remuneration in note 4)	<u>2,803,770</u>	<u>2,247,118</u>

4. EXECUTIVE COMMITTEE MEMBERS' REMUNERATION

Executive Committee members' remuneration disclosed pursuant to section 161 of the Companies Ordinance is as follows:-

	<u>2009</u>	<u>2008</u>
Fees	\$ Nil	\$ Nil
Other emoluments	<u>Nil</u>	<u>Nil</u>

5. TAXATION

- (a) Taxation in the comprehensive income statement and statement of financial position represents provision for Hong Kong profits tax at 16.5% for the year (2008-17.5%).
- (b) The reconciliation between the taxation and the surplus / (deficit) per comprehensive income statement is as follows:-

	<u>2009</u>	<u>2008</u>
Surplus/(deficit) before taxation	<u>\$ 676,129</u>	<u>\$ (169,180)</u>
Tax at the profits tax rate at 16.5% (2008-17.5%)	\$ 111,561	\$ (29,606)
Tax effect of non-deductible expenses in determining taxable profit	34,950	-
Tax effect of non-taxable revenue in determining taxable profit	(3,925)	-
Tax effect of difference on depreciation between tax and accounting purpose	(16,986)	-
Tax losses (utilised)/unutilised	<u>(27,914)</u>	<u>29,606</u>
	<u>\$ 97,686</u>	<u>\$ -</u>

5. TAXATION (CONTINUED)

- (c) The major components of the deferred tax assets not recognised/(liabilities not provided) are as follows:-

	<u>2009</u>	<u>2008</u>
Excess of depreciation allowance	\$ (2,145)	\$ (12,842)
Future benefit of tax losses	<u>-</u>	<u>29,606</u>
Deferred tax (liabilities)/assets	<u>\$ (2,145)</u>	<u>\$ 16,764</u>

Deferred tax liabilities were not recognised due to its immateriality.

6. PROPERTY, PLANT AND EQUIPMENT

	<u>Leasehold improvement</u>	<u>Furniture and equipment</u>	<u>Total</u>
Cost:-			
At 1st April, 2007	\$ 472,204	\$ 328,541	\$ 800,745
Additions	<u>5,600</u>	<u>99,020</u>	<u>104,620</u>
At 31st March, 2008 and at 1st April, 2008	\$ 477,804	\$ 427,561	\$ 905,365
Additions	<u>48,493</u>	<u>105,445</u>	<u>153,938</u>
At 31st March, 2009	<u>\$ 526,297</u>	<u>\$ 533,006</u>	<u>\$ 1,059,303</u>
Accumulated depreciation:-			
At 1st April, 2007	\$ 94,441	\$ 65,708	\$ 160,149
Charge for the year	<u>95,561</u>	<u>85,512</u>	<u>181,073</u>
At 31st March, 2008 and at 1st April, 2008	\$ 190,002	\$ 151,220	\$ 341,222
Charge for the year	<u>105,219</u>	<u>106,601</u>	<u>211,820</u>
At 31st March, 2009	<u>\$ 295,221</u>	<u>\$ 257,821</u>	<u>\$ 553,042</u>
Net book value:-			
At 31st March, 2009	<u>\$ 231,076</u>	<u>\$ 275,185</u>	<u>\$ 506,261</u>
At 31st March, 2008	<u>\$ 287,802</u>	<u>\$ 276,341</u>	<u>\$ 564,143</u>

7. OPERATING LEASE COMMITMENTS

At 31st March, 2009, the total future minimum lease payments under non-cancellable operating leases for premises are as follows:-

	<u>2009</u>	<u>2008</u>
Within 1 year	\$ 364,700	\$ 656,297
After 1 year but within 5 years	<u>149,400</u>	<u>67,800</u>
	<u>\$ 514,100</u>	<u>\$ 724,097</u>

8. COMPARATIVE FIGURES

The comparative figures were audited by another firm of Certified Public Accountants. Certain comparative figures have been reclassified to conform to the current year's presentation.