

PRIME & CO.
Certified Public Accountants

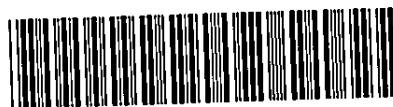
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THE CIVIC PARTY LIMITED

公民黨有限公司

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

2010



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SUMMARY FINANCIAL REPORTS

FOR THE YEAR ENDED 31ST MARCH, 2010

**CERTIFIED
TRUE COPY**

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, 2010.

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 202, 2/F Block B, Sea View Estate, 4-6 Watson Road, North Point, 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, 2010 and its state of the affairs at that date are set out in the financial statements on pages 5 to 15.

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	
Secretarial General	Chan Ka Lok	
Chairman of Geographical Branches	Mo Man Ching, Claudia	
	Tong Ka Wah, Ronny	
	Yu Kwun Wai	
Chairman of Policy Branches	Ki Mui Kuen, Annie	
	Yip Sui Lun	Appointed on 5th December, 2009
	Wong Yim Hon	Resigned on 5th December, 2009
Chairman of Policy Branches	Chan Ching Kiu, Stephen	
	Lay Yan Piau	
	Li, Gladys Veronica	
	Kwok Wing Chun	
	Kwok Wing Hang	

EXECUTIVE COMMITTEE MEMBERS (CONTINUED)

Chairman of the Young Civics	Chan Tanya	
Treasurer	Yung Wing Sheung, Amy	Resigned on 24th August, 2009
	Wong Wai Ming	Appointed on 29th September, 2009
Non-portfolio Position	Cheung Chiu Hung	
	Cheng Yu Shek, Joseph	
	Tsang Kwok Fung	

After the end of the financial year, Cheung Chiu Hung (Non-portfolio position) resigned as Executive Committee member on 16th November, 2010.

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

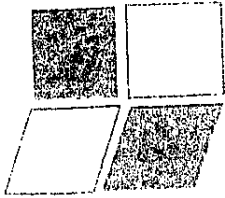
Prime & Co. retires and, being eligible, offers themselves for reappointment. A resolution for the reappointment of Prime & Co. as auditors of the Party is to be proposed at the forthcoming annual general meeting.

On behalf of the Executive Committee



Chairman

Hong Kong, 7 DEC 2010



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

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**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 15, which comprise the statement of financial position as at 31st March, 2010, 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.

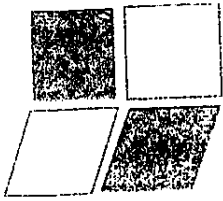
**EXECUTIVE COMMITTEE MEMBERS' RESPONSIBILITY FOR THE SUMMARY
FINANCIAL REPORTS**

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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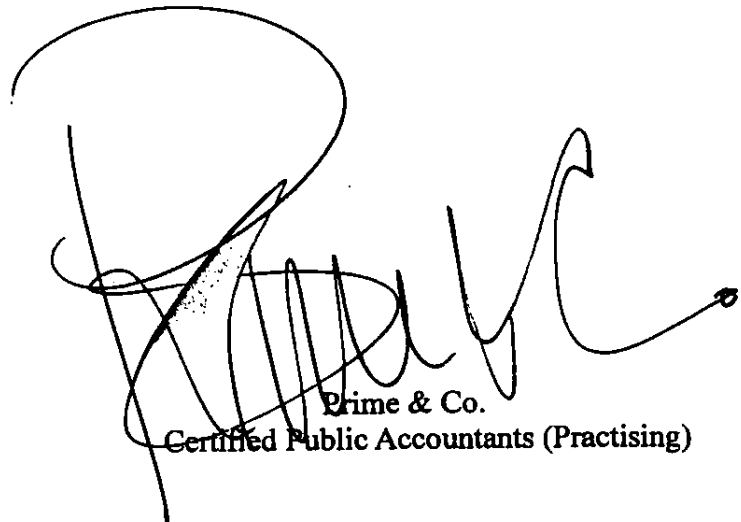
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AUDITORS' RESPONSIBILITY (CONTINUED)

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, 2010 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.



Prime & Co.
Certified Public Accountants (Practising)

Hong Kong, 7 DEC 2010

THE CIVIC PARTY LIMITEDSTATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST MARCH, 2010

(Expressed in Hong Kong dollars)

	<u>Note</u>	<u>2010</u>	<u>2009</u>
COMPREHENSIVE INCOME			
Members' entrance fee		\$ 3,100	\$ 4,900
Members' annual subscriptions		25,000	20,700
Members' donation		1,845,354	3,400,872
Non-members' donation		4,397,591	4,714,650
Sundry income		464	-
Bank interest income		<u>3,017</u>	<u>23,787</u>
		\$ 6,274,526	\$ 8,164,909
Event and campaigns expenses		(2,440,738)	(2,814,888)
Administrative and operating expenses		(4,820,743)	(4,462,072)
Depreciation		<u>(299,028)</u>	<u>(211,820)</u>
(DEFICIT) / SURPLUS BEFORE TAXATION	3	\$ (1,285,983)	\$ 676,129
Taxation	5(a)	<u>-</u>	<u>(97,686)</u>
(DEFICIT) / SURPLUS FOR THE YEAR		<u>\$ (1,285,983)</u>	<u>\$ 578,443</u>


The notes on pages 9 to 15 form part of these financial statements.

THE CIVIC PARTY LIMITEDSTATEMENT OF FINANCIAL POSITION AS AT 31ST MARCH, 2010

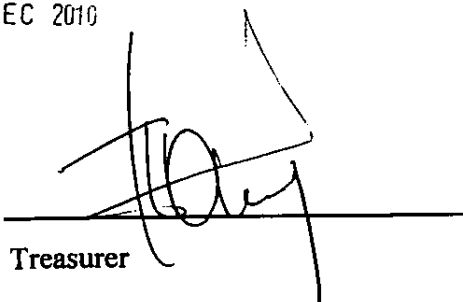
(Expressed in Hong Kong dollars)

	<u>Note</u>	<u>2010</u>	<u>2009</u>
NON CURRENT ASSETS			
Property, plant and equipment	6	\$ 928,435	\$ 506,261
CURRENT ASSETS			
Utility deposits		\$ 12,950	\$ 7,850
Rental deposits		194,734	165,513
Receivable		-	15,263
Prepayments		102,038	78,688
Fixed deposit		-	448,445
Cash at banks and in hand		253,288	1,351,830
		<u>\$ 563,010</u>	<u>\$ 2,067,589</u>
CURRENT LIABILITIES			
Tax payable	5(b)	\$ 97,686	\$ 97,686
Accruals		213,578	10,000
		<u>\$ 311,264</u>	<u>\$ 107,686</u>
NET CURRENT ASSETS		<u>\$ 251,746</u>	<u>\$ 1,959,903</u>
NET ASSETS		<u>\$ 1,180,181</u>	<u>\$ 2,466,164</u>
Represented by:			
ACCUMULATED FUNDS		<u>\$ 1,180,181</u>	<u>\$ 2,466,164</u>

Approved by the Executive Committee on 7 DEC 2010



 Chairman



 Treasurer

The notes on pages 9 to 15 form part of these financial statements.

THE CIVIC PARTY LIMITEDSTATEMENT OF CHANGES IN ACCUMULATED FUNDS
FOR THE YEAR ENDED 31ST MARCH, 2010

(Expressed in Hong Kong dollars)

	<u>Accumulated funds</u>
Balance at 1st April, 2008	\$ 1,887,721
Surplus for the year	<u>578,443</u>
Balance at 31st March, 2009 and at 1st April, 2009	\$ 2,466,164
Deficit for the year	<u>(1,285,983)</u>
Balance at 31st March, 2010	<u>\$ 1,180,181</u>

THE CIVIC PARTY LIMITED
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 31ST MARCH, 2010

(Expressed in Hong Kong dollars)

	<u>Note</u>	<u>2010</u>	<u>2009</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
(Deficit) / surplus before taxation		\$ (1,285,983)	\$ 676,129
Adjustments for:			
Interest income		(3,017)	(23,787)
Depreciation		299,028	211,820
Loss on disposal of property, plant and equipment		192,242	-
Operating (loss) / profit before working capital changes		\$ (797,730)	\$ 864,162
(Increase) / decrease in deposits and prepayments		(57,671)	50,826
Decrease/ (increase) in receivable		15,263	(12,726)
Increase in accruals		203,578	10,000
Net cash (outflow) / inflow from operating activities		<u>\$ (636,560)</u>	<u>\$ 912,262</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest income		\$ 3,017	\$ 23,787
Purchase of property, plant and equipment		(913,444)	(153,938)
Net cash outflow from investing activities		<u>\$ (910,427)</u>	<u>\$ (130,151)</u>
(DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		\$ (1,546,987)	\$ 782,111
Cash and cash equivalents at 1st April		<u>1,800,275</u>	<u>1,018,164</u>
CASH AND CASH EQUIVALENTS AT 31ST MARCH (a)		<u>\$ 253,288</u>	<u>\$ 1,800,275</u>

Note

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

	<u>2010</u>	<u>2009</u>
Cash and bank balances	\$ 253,288	\$ 1,351,830
Fixed deposit	-	448,445
Cash at banks and in hand	<u>\$ 253,288</u>	<u>\$ 1,800,275</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 requirements of the Hong Kong Companies Ordinance. The HKICPA has issued certain new and revised HKFRS that are first effective or available for early adoption for the current accounting year of the company as follows:-

HKFRS 1 and HKAS 27 Amendments	Amendments to HKFRS 1 First-time Adoption of HKFRSs and HKAS 27 Consolidated and Separate Financial Statements- Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 Amendments	Amendments to HKFRS 2 Share-based Payment- Vesting Conditions and Cancellations
HKFRS 7 Amendments	Amendments to HKFRS 7 Financial Instruments: Disclosures- Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 18 Amendment	Amendment to Appendix to HKAS 18 Revenue- Determining whether an entity is acting as a principal or as an agent
HKAS 23(Revised)	Borrowing Costs
HKAS 32 and HKAS 1 Amendments	Amendments to HKAS 32 Financial Instruments: Presentation and HKAS1 Presentation of Financial Statements- Puttable Financial Instruments and Obligations Arising on Liquidation
HK(IFRIC)- Int 9 and HKAS 39 Amendments	Amendments to HK(IFRIC)- Int 9 Reassessment of Embedded Derivatives and HKAS 39 Financial Instruments: Recognition and Measurement- Embeded Derivatives

1. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONTINUED)

(a) Statement of compliance (continued)

HK(IFRIC)- Int 13	Customer Loyalty Programmes
HK(IFRIC)- Int 15	Agreements for the Construction of Real Estate
HK(IFRIC)- Int 16	Hedges of a Net Investment in a Foreign Operation
HK(IFRIC)- Int 18	Transfers of Assets from Customers (adopted from 1 July 2009)
Improvements to HKFRSs (October 2008)	Amendments to a number of HKFRSs

Executive committee members of the Party anticipate that the application of the new or revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Party.

(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 funds 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 date of statement of financial position.

(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. (DEFICIT)/ SURPLUS BEFORE TAXATION

(Deficit)/ surplus before taxation is arrived at after charging the following items:-

	<u>2010</u>	<u>2009</u>
Auditors' remuneration	\$ 13,000	\$ 10,000
Commission	17,820	7,331
Depreciation	299,028	211,820
Grant	11,000	12,000
Event and campaigns	2,226,445	2,453,131
Loss on disposal of property, plant and equipment	192,242	-
Operating lease on hire of premise	743,104	755,406
Staff cost (excluding Executive Committee members' remuneration in note 4)	<u>3,029,870</u>	<u>2,803,770</u>

4. EXECUTIVE COMMITTEE MEMBERS' REMUNERATION

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

	<u>2010</u>	<u>2009</u>
Fees	\$ Nil	\$ Nil
Other emoluments	<u>Nil</u>	<u>Nil</u>

5. TAXATION

(a) No provision has been made for Hong Kong profits tax as the Party sustained a loss for taxation purpose during the year.

(b) Taxation in the balance sheet represents:-

	<u>2010</u>	<u>2009</u>
Provision for Hong Kong profits tax for the year	\$ -	\$ 97,686
Profits tax provision relating to previous year	<u>97,686</u>	<u>-</u>
Tax payable at 31st March	<u>\$ 97,686</u>	<u>\$ 97,986</u>

5. TAXATION (CONTINUED)

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

	<u>2010</u>	<u>2009</u>
Accumulated capital allowance	\$ (30,460)	\$ (2,145)
Future benefit of tax losses	<u>249,001</u>	<u>-</u>
Deferred tax assets/ (liabilities)	<u>\$ 218,541</u>	<u>\$ (2,145)</u>

Deferred tax assets were not recognised due to the unpredictability of future profit streams.

6. PROPERTY, PLANT AND EQUIPMENT

	<u>Leasehold improvement</u>	<u>Furniture and equipment</u>	<u>Total</u>
Cost:-			
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 and at 1st April, 2009	\$ 526,297	\$ 533,006	\$ 1,059,303
Additions	641,996	271,448	913,444
Disposal	<u>(477,804)</u>	<u>-</u>	<u>(477,804)</u>
At 31st March, 2010	<u>\$ 690,489</u>	<u>\$ 804,454</u>	<u>\$ 1,494,943</u>
Accumulated depreciation:-			
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 and at 1st April, 2009	\$ 295,221	\$ 257,821	\$ 553,042
Charge for the year	138,137	160,891	299,028
Written back on disposal	<u>(285,562)</u>	<u>-</u>	<u>(285,562)</u>
At 31st March, 2010	<u>\$ 147,796</u>	<u>\$ 418,712</u>	<u>\$ 566,508</u>
Net book value:-			
At 31st March, 2010	<u>\$ 542,693</u>	<u>\$ 385,742</u>	<u>\$ 928,435</u>
At 31st March, 2009	<u>\$ 231,076</u>	<u>\$ 275,185</u>	<u>\$ 506,261</u>

7. OPERATING LEASE COMMITMENTS

At 31st March, 2010, the total future minimum lease payments under non-cancellable operating leases for premises are as follows:-

	<u>2010</u>	<u>2009</u>
Within 1 year	\$ 744,280	\$ 364,700
After 1 year but within 5 years	<u>756,300</u>	<u>149,400</u>
	<u>\$ 1,500,580</u>	<u>\$ 514,100</u>