

**YELLOW HOUSE**  
**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2016**



**ABACUS CPA LIMITED**  
**安柏思會計師有限公司**  
Certified Public Accountants  
Hong Kong

**YELLOW HOUSE  
REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2016**

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ABACUS CPA LIMITED  
安柏思會計師有限公司

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**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF YELLOW HOUSE**  
(registered in Hong Kong under the Societies Ordinance)

We have audited the financial statements of Yellow House ("the Society") set out on pages 3 to 13, which comprise the statement of financial position as at 31 March 2016, the statement of comprehensive income, the statement of changes in funds, and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

**The executive committee members' responsibility for the financial statements**

The executive committee members are responsible for the preparation of financial statements that give a true and fair view in accordance with the Society's articles and the Hong Kong Financial Reporting Standard for Private Entities issued by the Hong Kong Institute of Certified Public Accountants, and for such internal control as the executive committee 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 and to report our opinion solely to you, as a body, 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 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 auditor's 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 auditor considers internal control relevant to the Society'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 Society's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the executive committee members, as well as evaluating the overall presentation of the financial statements.

(to be continued)



ABACUS CPA LIMITED  
安柏思會計師有限公司


**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF YELLOW HOUSE**  
(registered in Hong Kong under the Societies Ordinance)

**Auditor's 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 financial position of the Society as at 31 March 2016, and of its financial performance and cash flows for the year then ended in accordance with the Hong Kong Financial Reporting Standard for Private Entities.



ABACUS CPA LIMITED  
Certified Public Accountants  
Hong Kong, 07 March 2018

Fung Wing Lap  
Practising Certificate Number P03644

EF/A2/JL/SW/sl

**YELLOW HOUSE  
STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 MARCH 2016**

	Note	2016 HK\$	2015 HK\$
<b>Income</b>			
Activities income	4	278,220	320,384
Administrative income		275,009	105,634
Donations income	5	1,503,493	1,455,944
Membership fees		600	200
Bank interest income		18,844	1,435
Other income		-	30
		<hr/>	<hr/>
Total income		2,076,166	1,883,628
<b>Expenditure</b>			
General and operating expenses		<hr/> (1,963,411)	<hr/> (1,939,993)
<b>Surplus/(Deficit) and total comprehensive income for the year</b>			
	6	<hr/> 112,755	<hr/> (56,365)

The accompanying notes form an integral part of these financial statements.

**YELLOW HOUSE  
STATEMENT OF FINANCIAL POSITION  
AT 31 MARCH 2016**

	Note	2016 HK\$	2015 HK\$
<b>Non-current assets</b>			
Property, plant and equipment	8	48,328	73,026
<b>Current assets</b>			
Amounts due from committee members	9	11,583	253
Trade receivable		33,600	36,550
Deposit		2,100	2,100
Prepayment		17,459	8,409
Other receivables		55,890	273,574
Loans to students	10	20,598	31,686
Time deposits held by committee members	11	487,081	499,000
Bank balances	11	972,909	502,974
		1,601,220	1,354,546
<b>Current liabilities</b>			
Accrued expenses		11,584	6,130
Other payables		284,005	180,338
Received in advance		100	-
		295,689	186,468
<b>Net current assets</b>		1,305,531	1,168,078
<b>Net assets</b>		1,353,859	1,241,104
<b>Funds</b>		1,353,859	1,241,104

Approved and authorised for issue by the Board of Executive Committee on 07 March 2018.

  
Chief Office Bearer

  
Treasurer

The accompanying notes form an integral part of these financial statements.

**YELLOW HOUSE  
STATEMENT OF CHANGES IN FUNDS  
FOR THE YEAR ENDED 31 MARCH 2016**

	Accumulated surplus/(deficit) on funds							Total
	四川關 懷行動	民藝 工房	助學 基金	山區教 學支援	生命 教育	兒童之 家經費	General Funds	
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
At 1 April 2014	160,661	91,087	133,171	230,772	(44,627)	(66,598)	793,003	1,297,469
Total comprehensive income for the year	(4,077)	(42,050)	162,763	(6,619)	(60,764)	(74,745)	(30,873)	(56,365)
At 31 March 2015	156,584	49,037	295,934	224,153	(105,391)	(141,343)	762,130	1,241,104
Total comprehensive income for the year	(158,771)	-	(149,338)	413,340	-	(80,193)	87,717	112,755
Transfer among funds	49,037	(49,037)	-	(105,391)	105,391	141,343	(141,343)	-
At 31 March 2016	46,850	-	146,596	532,102	-	(80,193)	708,504	1,353,859

The accompanying notes form an integral part of these financial statements.

**YELLOW HOUSE  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 MARCH 2016**

	Note	2016 HK\$	2015 HK\$
<b>Cash flows from operating activities</b>			
Surplus/(Deficit) for the year		112,755	(56,365)
Adjustments for:			
Bank interest income		(18,844)	(1,436)
Depreciation		24,698	44,515
Bad debts		2,370	-
Loss on disposal of fixed assets		-	1,652
Net foreign exchange losses		49,793	15,002
		<u>170,772</u>	<u>3,368</u>
Changes in working capital:			
(Increase)/Decrease in amounts due from committee members		(11,330)	10,990
Decrease/(Increase) in account receivable		2,950	(36,550)
Increase in prepayment		(9,050)	(8,409)
Decrease in loans to students		11,088	5,558
Decrease in other receivables		215,314	216,121
Increase/(Decrease) in accrued expenses		5,454	(8,354)
Increase in other payables		103,667	38,424
Increase in received in advance		100	-
<b>Net cash generated from operating activities</b>		<u>488,965</u>	<u>221,148</u>
<b>Cash flows from investing activities</b>			
Purchases of property, plant and equipment		-	(96,230)
Bank interest received		18,844	1,436
<b>Net cash generated from/(used in) investing activities</b>		<u>18,844</u>	<u>(94,794)</u>
Effect of foreign exchange rate changes on cash and cash equivalents		(49,793)	(15,002)
<b>Net change in cash and cash equivalents</b>		458,016	111,352
<b>Cash and cash equivalents at beginning of year</b>		1,001,974	890,622
<b>Cash and cash equivalents at end of year</b>	11	<u>1,459,990</u>	<u>1,001,974</u>

The accompanying notes form an integral part of these financial statements.



**YELLOW HOUSE  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2016**

**1. General information**

Yellow House (“the Society”) was registered as a society in Hong Kong under the Societies Ordinance. The address of its registered office is located at Flat B, 2/F., Sang Cheong Building, No. 276 Ma Tau Wai Road, To Kwa Wan, Kowloon, Hong Kong. The Society is principally engaged in the relief of poverty and advancement of education in Mainland China.

The financial statements are presented in Hong Kong Dollars (“HK\$”), unless otherwise stated.

**2. Basis of preparation**

These financial statements have been prepared in accordance with the Hong Kong Financial Reporting Standard for Private Entities (“HKFRS for PE”) issued by the Hong Kong Institute of Certified Public Accountants. They have been prepared under the historical cost convention except for certain items as explained in the accounting policies.

**3. Summary of significant accounting policies**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

**(a) Foreign currency translation**

**Transactions and balances**

Foreign currency transactions are translated into Hong Kong Dollars using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in surplus or deficit.

**(b) Revenue recognition**

Revenue is recognised when it is probable that the economic benefits will flow to the Society and when the revenue can be measured reliably on the following basis:

- (i) Membership fee is recognised when the right to receive payment has been established.
- (ii) Donations are recognised as income when there is reasonable assurance that they will be received and the Society will comply with the conditions attaching to them.
- (iii) Activities income is recognised on accruals basis.
- (iv) Interest income is recognised as it accrues using the effective interest method.

(to be continued)

**YELLOW HOUSE  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2016**

**3. Summary of significant accounting policies (continued)**

**(c) Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

The Society adds to the carrying amount of an item of property, plant and equipment the cost of replacing parts of such an item when that cost is incurred if the replacement part is expected to provide incremental future benefits to the Society. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to surplus or deficit during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The principal annual rates for depreciation are as follows:

Motor vehicle	25%
Computer	30%

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in surplus or deficit.

(to be continued)

**YELLOW HOUSE  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2016**

**3. Summary of significant accounting policies (continued)**

**(d) Impairment of non-financial assets, other than inventories**

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

**(e) Trade and other receivables**

Trade and other receivables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method, less provision for impairment except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for doubtful debts.

An allowance for doubtful debts of trade and other receivables is established when there is objective evidence that the Society will not be able to collect all amounts due according to the original terms of the receivables.

**(f) Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank and on 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.

**(g) Trade and other payables**

Trade and other payables are recognised initially at the transaction price and subsequently measured at amortised cost using effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

**YELLOW HOUSE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2016**

**4. Activities income and expenditure**

	Income		Expenditure		Surplus/(Deficit)	
	2016	2015	2016	2015	2016	2015
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
<u>Activities</u>						
愛群-雅安服務團	-	112,800	-	(102,239)	-	10,561
YMCA 書院-雅安服務	-	40,000	-	(21,256)	-	18,744
非凡大學生香港交流團	61,600	57,584	(78,236)	(53,117)	(16,636)	4,467
廣西服務團	74,720	73,450	(61,383)	(63,504)	13,337	9,946
大埔青少年服務處-廣西團	-	36,550	-	(36,458)	-	92
浸信會愛群 - 廣西團	74,700	-	(57,333)	-	17,367	-
香港基督教 - 廣西團	67,200	-	(49,933)	-	17,267	-
	<u>278,220</u>	<u>320,384</u>	<u>(246,885)</u>	<u>(276,574)</u>	<u>31,335</u>	<u>43,810</u>

Activities income includes the administration income for arranging activities.

**5. Program donation income and expenditure**

	Income		Expenditure		Surplus/(Deficit)	
	2016	2015	2016	2015	2016	2015
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
<u>Programs</u>						
四川關懷行動	7,457	374,201	(166,228)	(378,278)	(158,771)	(4,077)
民藝工房	-	10,576	-	(52,626)	-	(42,050)
助學基金	767,181	899,177	(916,519)	(736,354)	(149,338)	162,763
山區教學支援	590,269	80,589	(176,929)	(87,208)	413,340	(6,619)
生命教育	-	2,839	-	(63,603)	-	(60,764)
兒童之家經費	20,158	31,960	(100,351)	(106,705)	(80,193)	(74,745)
General donations	118,428	56,662	-	-	118,428	56,662
	<u>1,503,493</u>	<u>1,455,944</u>	<u>(1,360,027)</u>	<u>(1,424,774)</u>	<u>143,466</u>	<u>31,170</u>

**YELLOW HOUSE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**6. Surplus/(Deficit) for the year**

Surplus/(Deficit) is arrived at after charging/(crediting):

	2016	2015
	HK\$	HK\$
Bad debts	2,370	-
Depreciation of property, plant and equipment	24,698	44,515
Loss on disposal of fixed assets	-	1,652
Net foreign exchange losses	49,793	15,002
Staff costs (Note i)	327,758	439,497
Bank interest income	<u>(18,844)</u>	<u>(1,436)</u>

Note:

i) Salaries for program staffs are included in program expenses.

**7. Income tax expense**

No provision for Hong Kong Profits Tax has been made in the financial statements of the Society as the Society is an approved charitable institution. It is exempted from payment of Profits Tax by virtue of section 88 of the Inland Revenue Ordinance.

**8. Property, plant and equipment**

	Computer	Motor vehicle	Total
	HK\$	HK\$	HK\$
<u>Cost</u>			
At 1 April 2015	2,134	96,230	98,364
Addition	-	-	-
At 31 March 2016	<u>2,134</u>	<u>96,230</u>	<u>98,364</u>
<u>Accumulated depreciation</u>			
At 1 April 2015	1,280	24,058	25,338
Charge for the year	640	24,058	24,698
At 31 March 2016	<u>1,920</u>	<u>48,116</u>	<u>50,036</u>
<u>Net carrying amount</u>			
At 31 March 2016	<u>214</u>	<u>48,114</u>	<u>48,328</u>
At 31 March 2015	<u>854</u>	<u>72,172</u>	<u>73,026</u>

**YELLOW HOUSE  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2016**

**9. Amounts due from committee members**

The amounts due from committee members are unsecured, interest-free and have no fixed terms of repayment.

**10. Loans to students**

The Loans to students are unsecured, interest-free and repayable from 1 year or on demand.

**11. Cash and cash equivalents**

Cash and cash equivalents comprise:

	2016 HK\$	2015 HK\$
Time deposits held by committee members	487,081	499,000
Cash at bank	972,909	502,974
	<u>1,459,990</u>	<u>1,001,974</u>

**12. Financial instruments by category**

	2016 HK\$	2015 HK\$
Financial assets:		
<i>Financial assets measured at amortised cost:</i>		
Amounts due from committee members	11,583	253
Account receivable	33,600	36,550
Deposit	2,100	2,100
Other receivables	55,890	273,574
Loans to students	20,598	31,686
Time deposits held by committee members	487,081	499,000
Bank balances	972,909	502,975
	<u>1,583,761</u>	<u>1,346,138</u>
Financial liabilities:		
<i>Financial liabilities measured at amortised cost:</i>		
Accrued expenses	11,584	6,130
Other payables	284,005	180,338
	<u>295,589</u>	<u>186,468</u>

**YELLOW HOUSE  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2016**

**13. Material related party transactions**

In addition to the transactions and balances disclosed elsewhere in these financial statements, the Society had the following material transactions with a related party:

	2016	2015
	HK\$	HK\$
Salaries paid to a member	75,150	96,378

**14. Approval of financial statements**

These financial statements are approved and authorised for issue by the Society's Board of Executive Committee on 07 March 2018.