

**YELLOW HOUSE**  
**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2018**



**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 2018**

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

**Opinion**

We have audited the financial statements of Yellow House ("the Society") set out on pages 4 to 11, which comprise the statement of financial position as at 31 March 2018, and the income statement for the year then ended, the statement of changes in funds, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements of the Society are prepared, in all material respects, in accordance with the Hong Kong Small and Medium-sized Entity Financial Reporting Standard ("SME-FRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

**Basis for Opinion**

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") and with reference to Practice Note 900 (Revised), Audit of Financial Statements Prepared in Accordance with the Small and Medium-sized Entity Financial Reporting Standard issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Society in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Information Other than the Financial Statements and Auditor's Report Thereon**

The executive committee members are responsible for the other information. The other information comprises all the information, other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

The executive committee members are responsible for the preparation of the financial statements in accordance with the SME-FRS issued by the HKICPA 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.

In preparing the financial statements, the executive committee members are responsible for assessing the Society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the executive committee members either intend to liquidate the Society or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Society's financial reporting process.

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion 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.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with HKSAAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(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**  
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**Auditor's Responsibilities for the Audit of the Financial Statements (continued)**

- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the executive committee members.
- Conclude on the appropriateness of the executive committee members' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Society to cease to continue as a going concern.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**ABACUS CPA LIMITED**  
Certified Public Accountants  
Hong Kong, 30 March 2020

Fung Wing Lap  
Practising Certificate Number P03644

EF/A2/JL/KL/sl

**YELLOW HOUSE  
INCOME STATEMENT  
FOR THE YEAR ENDED 31 MARCH 2018**


	Note	2018 HK\$	2017 HK\$
<b>Income</b>			
Activities income	3	358,790	382,010
Administrative income		75,734	75,620
Donations income	4	847,772	924,635
Membership fees		400	450
Bank interest income		15,521	12,708
Other income		41,467	-
		<u>1,339,684</u>	<u>1,395,423</u>
Total income		1,339,684	1,395,423
<b>Expenditure</b>			
Operating and administrative expenses		<u>(1,583,260)</u>	<u>(1,859,798)</u>
<b>Deficit for the year</b>	5	<u>(243,576)</u>	<u>(464,375)</u>

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

**YELLOW HOUSE  
STATEMENT OF FINANCIAL POSITION  
AT 31 MARCH 2018**

	Note	2018 HK\$	2017 HK\$
<b>Non-current assets</b>			
Property, plant and equipment	7	<u>5,242</u>	<u>27,604</u>
<b>Current assets</b>			
Deposit		4,347	4,347
Prepayment		19,983	18,163
Other receivables		45,367	10,207
Loans to students	8	4,038	19,489
Time deposits held by committee members		537,064	474,830
Bank balances		<u>246,432</u>	<u>525,864</u>
		<u>857,231</u>	<u>1,052,900</u>
<b>Current liabilities</b>			
Accrued expenses		8,728	5,814
Amount due to a committee member	9	2,198	-
Other payables		205,639	132,456
Received in advance		-	52,750
		<u>216,565</u>	<u>191,020</u>
<b>Net current assets</b>		<u>640,666</u>	<u>861,880</u>
<b>Net assets</b>		<u>645,908</u>	<u>889,484</u>
<b>Funds</b>		<u>645,908</u>	<u>889,484</u>

Approved and authorised for issue by the Board of Executive Committee on 30 March 2020.

  
\_\_\_\_\_  
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 2018**

	Accumulated surplus / (deficit) on funds					Total
	四川關 懷行動	助學 基金	山區教 學支援	兒童之 家經費	General Funds	
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
At 1 April 2017	(104,615)	(13,194)	480,724	(154,443)	681,012	889,484
Surplus / (Deficit) for the year	(78,673)	27,552	(218,265)	(24,970)	50,780	(243,576)
At 31 March 2018	(183,288)	14,358	262,459	(179,413)	731,792	645,908

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



**YELLOW HOUSE**  
**ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2018**

**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.

**2. Basis of preparation and accounting policies**

The Society previously adopted the Hong Kong Financial Reporting Standard for Private Entities (“HKFRS for PE”), issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). During the year, the Society’s financial statements firstly comply the Small and Medium-sized Entity Financial Reporting Standard (“SME-FRS”) issued by the HKICPA. The application of the SME-FRS has had no material impact on the Society’s financial performance and positions for the current and prior years.

These financial statements comply with the SME-FRS and have been prepared under the accrual basis of accounting and on the basis that the Society is a going concern.

The measurement base adopted is the historical cost convention.

The following are the specific accounting policies that are necessary for a proper understanding of the financial statements:

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) Revenue**

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 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; and
- (iv) interest income is recognised on a time proportion basis taking into account the principle outstanding and the interest applicable.

(to be continued)

**YELLOW HOUSE**  
**ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2018**

**2. Basis of preparation and accounting policies (continued)**

**(b) Foreign exchange**

The reporting currency of the Society is Hong Kong Dollars (“HK\$”), unless otherwise stated.

Foreign currency transactions are converted at the exchange rate applicable at the transaction date. Foreign currency monetary items are translated into HK\$ using exchange rates applicable at the end of the reporting period. Gains and losses on foreign exchange are recognised in the income statement.

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

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

The depreciable amount of an item of property, plant and equipment is allocated on a systematic basis over its estimated useful life using the straight-line method. The principal annual rates used for depreciation are as follows:

Furniture and fixture	20%
Motor vehicle	25%
Computer and equipment	30%

**(d) Impairment of assets**

An assessment is made at the end of each reporting period to determine whether there is any indication of impairment or reversal of previous impairment. In the event that an asset’s carrying amount exceeds its recoverable amount, the carrying amount is reduced to recoverable amount and an impairment loss is recognised in the income statement. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount, however not to an amount higher than the carrying amount that would have been determined (net of amortisation or depreciation), had no impairment losses been recognised for the asset in prior years.

**(e) Trade and other receivables**

Trade and other receivables are stated at estimated realizable value after each debt has been considered individually. Where the payment of a debt becomes doubtful a provision is made and charged to the income statement.

**YELLOW HOUSE**  
**ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2018**

**3. Activities income and expenditure**

	Income		Expenditure		Surplus/(Deficit)	
	2018	2017	2018	2017	2018	2017
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
<u>Activities</u>						
匯基書院 - 四川團	52,700	-	(33,037)	-	19,663	-
涼山州學生來港交流團	55,060	-	(56,657)	-	(1,597)	-
非凡大學生香港交流團	57,280	57,200	(56,453)	(56,716)	827	484
廣西團	92,000	-	(65,645)	-	26,355	-
聖雅各探訪團	50,400	-	(43,439)	-	6,961	-
愛群-四川團隊	-	119,670	-	(99,376)	-	20,294
田家炳及福建-四川團	-	100,240	-	(54,072)	-	46,168
探訪交流團	51,350	78,400	(39,252)	(50,622)	12,098	27,778
成都/香港交流團	-	26,500	-	(26,292)	-	208
	<u>358,790</u>	<u>382,010</u>	<u>(294,483)</u>	<u>(287,078)</u>	<u>64,307</u>	<u>94,932</u>

Activities income includes the administration income for arranging activities.

**4. Program donation income and expenditure**

	Income		Expenditure		Surplus/(Deficit)	
	2018	2017	2018	2017	2018	2017
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
<u>Programs</u>						
四川關懷行動	22,029	-	(100,702)	(151,465)	(78,673)	(151,465)
助學基金	521,675	568,992	(494,123)	(728,782)	27,552	(159,790)
山區教學支援	248,747	269,509	(467,012)	(320,887)	(218,265)	(51,378)
兒童之家經費	46,710	17,520	(71,680)	(91,770)	(24,970)	(74,250)
General donations	8,613	68,614	-	-	8,613	68,614
	<u>847,774</u>	<u>924,635</u>	<u>(1,133,517)</u>	<u>(1,292,904)</u>	<u>(285,743)</u>	<u>(368,269)</u>

**YELLOW HOUSE**  
**ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2018**

**5. Deficit for the year**

Deficit is arrived at after charging / (crediting):

	2018	2017
	HK\$	HK\$
Depreciation	25,577	25,791
Net foreign exchange (gains) / losses	(41,467)	33,152
Staff costs (Note i)	271,428	279,084
	<u>271,428</u>	<u>279,084</u>

Note:

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

**6. 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.

**7. Property, plant and equipment**

	Furniture and fixture	Computer and equipment	Motor vehicle	Total
	HK\$	HK\$	HK\$	HK\$
<b>Cost:</b>				
At 1 April 2017	-	7,201	96,230	103,431
Addition	3,215	-	-	3,215
At 31 March 2018	<u>3,215</u>	<u>7,201</u>	<u>96,230</u>	<u>106,646</u>
<b>Depreciation:</b>				
At 1 April 2017	-	3,653	72,174	75,827
Charge for the year	-	1,521	24,056	25,577
At 31 March 2018	<u>-</u>	<u>5,174</u>	<u>96,230</u>	<u>101,404</u>
<b>Amount:</b>				
At 31 March 2018	<u>3,215</u>	<u>2,027</u>	<u>-</u>	<u>5,242</u>
At 31 March 2017	<u>-</u>	<u>3,548</u>	<u>24,056</u>	<u>27,604</u>

**8. Loans to students**

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

**YELLOW HOUSE**  
**ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2018**

**9. Amount due to a committee member**

The amount due to a committee member is unsecured, interest-free and has no fixed terms of repayment.

**10. 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:

	2018	2017
	HK\$	HK\$
Salaries paid to a member	<u>76,512</u>	<u>77,648</u>

**11. Approval of financial statements**

These financial statements are approved and authorised for issue by the Society's Board of Executive Committee on 30 March 2020.