

YELLOW HOUSE
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015



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 2015**

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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 2015, and the statement of comprehensive income, statement of changes in funds, and 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 state of affairs of the Society as at 31 March 2015, and of its net result and cash flows for the year then ended in accordance with the Hong Kong Financial Reporting Standard for Private Entities and have been properly prepared in accordance with the Society's articles.

EF/A2/JL/SW/cf



ABACUS CPA LIMITED
Certified Public Accountants
Hong Kong, 12 August 2016

Fung Wing Lap
Practising Certificate Number P03644

**YELLOW HOUSE
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2015**


	Note	2015 HK\$	2014 HK\$
Income			
Activities income	4	320,384	315,990
Administrative income		105,634	85,080
Donations income	5	1,455,944	2,351,019
Membership fees		200	700
Bank interest income		1,436	2,399
Other income		30	-
		<hr/>	<hr/>
Total income		1,883,628	2,755,188
Expenditure			
General and operating expenses		<hr/> (1,939,993)	<hr/> (2,169,785)
(Deficit)/Surplus and total comprehensive income for the year			
	6	<hr/> (56,365)	<hr/> 585,403

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

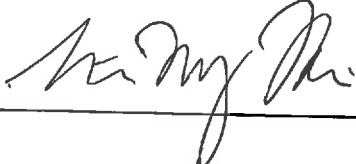
**YELLOW HOUSE
STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2015**

	Note	2015 HK\$	2014 HK\$
Non-current assets			
Property, plant and equipment	8	73,026	22,963
Loans to students	10	-	6,188
		<u>73,026</u>	<u>29,151</u>
Current assets			
Amounts due from committee members	9	253	11,243
Account receivable		36,550	-
Deposit		2,100	2,100
Prepayment		8,409	-
Other receivables		273,574	489,695
Loans to students	10	31,686	31,056
Time deposit held by committee members	11	499,000	-
Bank balances	11	502,974	890,622
		<u>1,354,546</u>	<u>1,424,716</u>
Current liabilities			
Accrued expenses		6,130	14,484
Other payables		180,338	141,914
		<u>186,468</u>	<u>156,398</u>
Net current assets		<u>1,168,078</u>	<u>1,268,318</u>
Net assets		<u>1,241,104</u>	<u>1,297,469</u>
Funds		<u>1,241,104</u>	<u>1,297,469</u>

Approved and authorised for issue by the Board of Executive Committee on 12 August 2016.



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 2015**

	Accumulated surplus/(deficit) on funds							Total HK\$
	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\$	
At 1 April 2013	(191,644)	82,022	(47,824)	275,769	12,863	(65,805)	646,685	712,066
Total comprehensive income for the year	352,305	9,065	180,995	(44,997)	(57,490)	(793)	146,318	585,403
At 31 March 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

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

**YELLOW HOUSE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2015**

	Note	2015 HK\$	2014 HK\$
Cash flows from operating activities			
Net (deficit)/ surplus for the year		(56,365)	585,403
Adjustments for:			
Bank interest income		(1,436)	(2,399)
Depreciation		44,515	20,457
Loss on disposal of fixed assets		1,652	-
Net foreign exchange losses		15,002	10,708
		<u>3,368</u>	<u>614,169</u>
Changes in working capital:			
Decrease in amounts due from committee members		10,990	26,490
Increase in account receivable		(36,550)	-
(Increase)/Decrease in prepayment		(8,409)	8,783
Decrease in loans to students		5,558	4,858
Decrease/(Increase) in other receivables		216,121	(253,691)
Decrease in accrued expenses		(8,354)	(14,763)
Increase in other payables		38,424	141,914
Decrease in activities income received in advance		-	(30,200)
Net cash generated from operating activities		<u>221,148</u>	<u>497,560</u>
Cash flows from investing activities			
Purchases of property, plant and equipment		(96,230)	(2,134)
Bank interest received		1,436	2,399
Net cash (used in)/generated from investing activities		<u>(94,794)</u>	<u>265</u>
Effect of foreign exchange rate changes on cash and cash equivalents		<u>(15,002)</u>	<u>(10,708)</u>
Net change in cash and cash equivalents		111,352	487,117
Cash and cash equivalents at beginning of year		890,622	403,505
Cash and cash equivalents at end of year	11	<u>1,001,974</u>	<u>890,622</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 2015**

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 2015**

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 2015**

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 Company 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 2015

4. Activities income and expenses

	Income		Expenses		Surplus	
	2015	2014	2015	2014	2015	2014
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
Activities						
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	57,584	53,890	(53,117)	(45,644)	4,467	8,246
廣西服務團	73,450	-	(63,504)	-	9,946	-
大埔青少年服務處-廣西團	36,550	-	(36,458)	-	92	-
峨邊金堂團	-	30,200	-	(27,250)	-	2,950
中大擂鼓團	-	67,000	-	(38,295)	-	28,705
香港保護兒童會-廣西團隊	-	48,000	-	(45,576)	-	2,424
愛群社會服務 - 廣西團隊	-	52,900	-	(39,575)	-	13,325
中大雅安服務團隊	-	64,000	-	(39,656)	-	24,344
	<u>320,384</u>	<u>315,990</u>	<u>(276,574)</u>	<u>(235,996)</u>	<u>43,810</u>	<u>79,994</u>

Activities income includes the administration income for arranging activities.

5. Program donation income and expenses

	Income		Expenses		Surplus/(expenditure)	
	2015	2014	2015	2014	2015	2014
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
Programs						
四川關懷行動	374,201	1,234,794	(378,278)	(882,489)	(4,077)	352,305
民藝工房	10,576	57,819	(52,626)	(48,754)	(42,050)	9,065
助學基金	899,117	694,474	(736,354)	(513,479)	162,763	180,995
山區教學支援	80,589	145,551	(87,208)	(190,548)	(6,619)	(44,997)
生命教育	2,839	-	(63,603)	(57,490)	(60,764)	(57,490)
兒童之家經費	31,960	68,410	(106,705)	(69,203)	(74,745)	(793)
General donations	56,662	149,971	-	-	56,662	149,971
	<u>1,455,944</u>	<u>2,351,019</u>	<u>(1,424,774)</u>	<u>(1,761,963)</u>	<u>31,170</u>	<u>589,056</u>

**YELLOW HOUSE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015**

6. (Deficit)/surplus for the year

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

	2015 HK\$	2014 HK\$
Depreciation of property, plant and equipment	44,515	20,457
Loss on disposal of fixed assets	1,652	-
Net foreign exchange losses	15,002	10,708
Staff costs (Note i)	439,497	507,758
Bank interest income	(1,436)	(2,399)
	(1,436)	(2,399)

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 HK\$	Motor vehicle HK\$	Total HK\$
<u>Cost</u>			
At 1 April 2014	2,134	79,269	81,403
Additions	-	96,230	96,230
Disposals	-	(79,269)	(79,269)
At 31 March 2015	2,134	96,230	98,364
<u>Accumulated depreciation</u>			
At 1 April 2014	640	57,800	58,440
Depreciation for the year	640	43,875	44,515
Written back of disposal	-	(77,617)	(77,617)
At 31 March 2015	1,280	24,058	25,338
<u>Net carrying amount</u>			
At 31 March 2015	854	72,172	73,026
At 31 March 2014	1,494	21,469	22,963

**YELLOW HOUSE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015**

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

	2015 HK\$	2014 HK\$
Within 1 year or on demand	31,686	31,056
More than 1 year but less than 5 years	-	6,188
	<u>31,686</u>	<u>37,244</u>

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

11. Cash and cash equivalents

Cash and cash equivalents comprise:

	2015 HK\$	2014 HK\$
Time deposit held by committee members	499,000	-
Cash at bank	502,974	890,622
	<u>1,001,974</u>	<u>890,622</u>

**YELLOW HOUSE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015**

12. Financial instruments by category

	2015	2014
	HK\$	HK\$
Financial assets:		
<i>Financial assets measured at cost less impairment:</i>		
Amounts due from committee members	253	11,243
Account receivable	36,550	-
Deposit	2,100	2,100
Other receivables	273,574	489,695
Loans to students	31,686	37,244
Time deposit held by committee members	499,000	-
Bank balances	502,975	890,622
	<u>1,346,138</u>	<u>1,430,904</u>
Financial liabilities:		
<i>Financial liabilities measured at amortised cost:</i>		
Accrued expenses	6,130	14,484
Other payables	180,338	141,914
	<u>186,468</u>	<u>156,398</u>

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:

	2015	2014
	HK\$	HK\$
Salaries paid to a member	96,378	117,626

14. Approval of financial statements

These financial statements are approved and authorised for issue by the Society's Board of Executive Committee on 12 August 2016.

**YELLOW HOUSE
 DETAILED INCOME AND EXPENDITURE ACCOUNT
 FOR THE YEAR ENDED 31 MARCH 2015**

	(For management purpose only)	
	2015	2014
	HK\$	HK\$
Income		
Activities income	320,384	315,990
Administrative income	105,634	85,080
Program donations income	1,455,944	2,351,019
Membership fees	200	700
	<u>1,882,162</u>	<u>2,752,789</u>
Other income		
Bank interest income	1,436	2,399
Other income	30	-
	<u>1,466</u>	<u>2,399</u>
Less: General and administrative expenses		
Activities expenses	276,574	235,996
Bank charges	388	907
Depreciation	44,515	20,457
Insurance	986	986
Loss on disposal of fixed assets	1,652	-
Motor vehicle expenses	5,507	5,953
Net foreign exchange losses	15,002	10,708
Office expenses	2,655	1,713
Program expenses	1,424,774	1,761,963
Postage, printing and stationery	3,130	1,288
Rental expenses	34,193	34,594
Salaries	96,430	63,374
Sundry expenses	976	20,221
Telephone and internet expenses	1,731	3,604
Traveling	29,760	6,574
Water, gas and electricity	1,720	1,447
	<u>1,939,993</u>	<u>2,169,785</u>
(Deficit) / Surplus for the year	<u>(56,365)</u>	<u>585,403</u>