

ALUMNI CLUB HOUSE (YLPMS) LIMITED
DIRECTORS' REPORT AND THE AUDITED ACCOUNTS
FOR THE YEAR ENDED 31ST AUGUST 2017

FINANCIAL STATEMENTS

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杜紹昭會計師事務所

S. C. TO & CO.

CERTIFIED PUBLIC ACCOUNTANTS
(PRACTISING)
HONG KONG

ALUMNI CLUB HOUSE (YLPMS) LIMITED
(A company limited by guarantee and not having a share capital)

**REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST AUGUST 2017**

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ALUMNI CLUB HOUSE (YLPMS) LIMITED
(A company limited by guarantee and not having a share capital)

REPORT OF THE DIRECTORS

The directors hereby submit their annual report together with the audited financial statements of the Club for the year ended 31st August 2017.

PRINCIPAL ACTIVITIES

The principal activity of the Club is to assist the Association - "Yuen Long Public Middle School Alumni Association" to recruit new members, to promote cultural and recreational activities and welfare for its members.

BUSINESS REVIEW

The Club falls within reporting exemption for the financial year. Accordingly, the Club is exempted from preparing a business review.

DIRECTORS

The directors in office during the year and up to the date of this report are:

Tang Hoi Kiu
Chan Chiu Hung
Chan Wan Fai
Cheung Yan Kwong
Keung Wai Wing
Leung Hing Lin
Man Chi Yam
Ng Yu Yum
Shiu Sik Cheung
Wong Man Yin
Chang Wai Tak

(Resigned on 29th May 2017)

In accordance with article 39 of the Club's articles of association in connection with the retirement of directors by rotation, the directors except who resigned shall retire and, being eligible, offer themselves for re-election.

AUDITORS

The auditors, S. C. TO & CO., Certified Public Accountants (Practising), retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board



Tang Hoi Kiu
Chairman
Date: 28th March 2018

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF ALUMNI CLUB HOUSE (YLPMS) LIMITED
(A company limited by guarantee and not having a share capital)**

Opinion

We have audited the financial statements of ALUMNI CLUB HOUSE (YLPMS) LIMITED ("the Club") set out on pages 5 to 12, which comprise the statement of financial position as at 31st August 2017, and the income and expenditure account for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

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 Club 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 directors are responsible for the other information. The other information comprises the information included in the directors' report, but does not include 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.



杜紹昭會計師事務所

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**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF ALUMNI CLUB HOUSE (YLPMS) LIMITED (cont'd)
(A company limited by guarantee and not having a share capital)**

Responsibilities of Directors and Those Charged with Governance for the Financial Statements

The directors are responsible for the preparation of the financial statements in accordance with the SME-FRS issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors 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 directors are responsible for assessing the Club'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 directors either intend to liquidate the Club or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Club'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, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liabilities 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 HKSAs 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 HKSAs, 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.
- 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 Club's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' 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 Club'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 Club to cease to continue as a going concern.



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**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF ALUMNI CLUB HOUSE (YLPMS) LIMITED (cont'd)
(A company limited by guarantee and not having a share capital)**

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.

S. C. TO & CO.
Certified Public Accountants (Practising)

Hong Kong, 28th March 2018

ALUMNI CLUB HOUSE (YLPMS) LIMITED
 (A company limited by guarantee and not having a share capital)

INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31ST AUGUST 2017

	Note	2017 HK\$	2016 HK\$
Income	3	-	25,120.97
Other income	4	190.00	3,366,145.06
Administrative expenses		(13,690.00)	(81,501.30)
Other operating expenses		(350.00)	(85,882.20)
(Deficit)/surplus from operations		(13,850.00)	3,223,882.53
Finance costs	6	-	(72,063.17)
(Deficit)/surplus before tax	5	(13,850.00)	3,151,819.36
Income tax expense	8	-	-
(Deficit)/surplus for the year	10	(13,850.00)	3,151,819.36

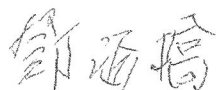
The accompanying notes to the financial statements form an integral part of, and should be read in conjunction with, these financial statements.

ALUMNI CLUB HOUSE (YLPMS) LIMITED
 (A company limited by guarantee and not having a share capital)

STATEMENT OF FINANCIAL POSITION
AT 31ST AUGUST 2017

	Note	2017 HK\$	2016 HK\$
NON-CURRENT ASSETS			
Property, plant and equipment		-	-
CURRENT ASSETS			
Cash and bank balances		2,326,171.54	3,848,548.16
CURRENT LIABILITIES			
Other creditors and accruals	9	11,600.00	6,800.00
NET CURRENT ASSETS			
		2,314,571.54	3,841,748.16
NON-CURRENT (LIABILITIES)			
Bank and other borrowings	11	-	(1,513,326.62)
TOTAL NET ASSETS			
		2,314,571.54	2,328,421.54
GENERAL FUNDS			
Accumulated surpluses	10	2,314,571.54	2,328,421.54
TOTAL FUNDS			
		2,314,571.54	2,328,421.54

The financial statements on pages 5 to 12 were approved and authorised for issue by the Board of Directors on 28th March 2018 and are signed on its behalf by:



.....
 Tang Hoi Kiu
 Director



.....
 Chan Wan Fai
 Director

The accompanying notes to the financial statements form an integral part of, and should be read in conjunction with, these financial statements.

ALUMNI CLUB HOUSE (YLPMS) LIMITED
(A company limited by guarantee and not having a share capital)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST AUGUST 2017

1. REPORTING ENTITY

ALUMNI CLUB HOUSE (YLPMS) LIMITED is a company limited by guarantee and not having a share capital. The Club's registered office is located at No. 2, Town Park Road North, Yuen Long, N.T. The principal activity of the Club is to assist the Association - "Yuen Long Public Middle School Alumni Association" to recruit new members, to promote cultural and recreational activities and welfare for its members.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The Club qualifies for the reporting exemption as a small guarantee company under section 359(1)(a) of the Hong Kong Companies Ordinance (Cap. 622). The Club is therefore entitled to prepare and present its financial statements in accordance with the Small and Medium-sized Entity Financial Reporting Standard (the "SME-FRS") issued by the Hong Kong Institute of Certified Public Accountants.

These financial statements comply with the SME-FRS and have been prepared under the accrual basis of accounting and on the basis that the Club 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:

(a) Income

Income represents rental income received and receivable.

(b) Income tax

Income tax expense represents current tax expense. The income tax payable represents the amounts expected to be paid to the taxation authority, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is not provided.

(c) Foreign currencies

The reporting currency of the Club is Hong Kong Dollars, which is the currency of the primary economic environment in which the Club operates.

Foreign currency transactions are converted at the exchange rate applicable at the transaction date. Foreign currency monetary items are translated into Hong Kong Dollars using exchange rates applicable at the end of the reporting period. Gains and losses on foreign exchange are recognised in the income and expenditure account.

ALUMNI CLUB HOUSE (YLPMS) LIMITED
(A company limited by guarantee and not having a share capital)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST AUGUST 2017

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (cont'd)
(d) Recognition of revenue

Revenue consists of turnover and other revenue but excludes the reversal of impairment and/or provision. Turnover comprises revenue generated from the principal activities of the Club. Other revenue includes exchange gain (net of exchange loss) and gain on disposal of capital assets.

Revenue is recognised as income when it is probable that the economic benefits associated with transaction will flow to the Club and when the amount of revenue as well as costs incurred for the transaction can be measured reliable. Revenue is measured at fair value of the consideration received or receivable and is shown net of discounts, rebates, returns and sales-related taxes on the following bases:

Rental income is recognised on a straight-line basis over the lease term.

Interest income is accrued on a time proportion basis, on principal amounts outstanding and at the effective interest rate applicable.

ALUMNI CLUB HOUSE (YLPMS) LIMITED
(A company limited by guarantee and not having a share capital)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST AUGUST 2017

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (cont'd)

(e) Related parties

A related party is a person or entity that is related to the entity that is preparing its financial statements (the "reporting entity").

- (a) A person or a close member of that person's family is related to a reporting entity if that person:
- (i) has control or joint control over the reporting entity;
 - (ii) has significant influence over the reporting entity; or
 - (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.
- (b) An entity is related to a reporting entity if any of the following conditions applies:
- (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a).
 - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

3. INCOME

An analysis of the Club's revenue is as follows:

	2017	2016
	HK\$	HK\$
Rental income	-	25,120.97

ALUMNI CLUB HOUSE (YLPMS) LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST AUGUST 2017

4. OTHER INCOME

	2017	2016
	HK\$	HK\$
Sundry income	190.00	8,706.57
Gain on disposal of leasehold land and buildings	-	3,350,130.00
Interest received - bank	-	7,308.49
	<u>190.00</u>	<u>3,366,145.06</u>

5. (DEFICIT)/SURPLUS BEFORE TAX

	2017	2016
	HK\$	HK\$
(Deficit)/surplus before tax is arrived at:		
(a) After charging:		
Auditors' remuneration	5,200.00	4,800.00
Non-current assets written off	-	85,532.20
Interest paid - other loans wholly repayable within 5 yrs	-	72,063.17
(b) After crediting:		
Rental income net of outgoings	-	25,120.97
Net gain on disposal of: Leasehold land and buildings	-	3,350,130.00
	<u>-</u>	<u>3,350,130.00</u>

6. FINANCE COSTS

	2017	2016
	HK\$	HK\$
Interest on:		
Other loans wholly repayable within five years	-	72,063.17
	<u>-</u>	<u>72,063.17</u>

7. DIRECTORS' EMOLUMENTS

The directors' remuneration disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation is as follows:

	2017	2016
	HK\$	HK\$
Fees	-	-
Directors' salaries, allowances and other benefits in kinds	-	-
	<u>-</u>	<u>-</u>

8. INCOME TAX EXPENSE

No provision for Hong Kong profits tax is made in the financial statements as the Club has no net assessable profits for the year (2016: NIL).

ALUMNI CLUB HOUSE (YLPMS) LIMITED
(A company limited by guarantee and not having a share capital)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST AUGUST 2017

9. OTHER CREDITORS AND ACCRUALS

	2017	2016
	HK\$	HK\$
Accrued expenses	11,600.00	6,800.00

10. CHANGES IN EQUITY

	Accumulated surpluses HK\$
Balance at 1st September 2015	(823,397.82)
Surplus for the year	3,151,819.36
Balance at 31st August 2016	2,328,421.54
Balance at 1st September 2016 (Deficit) for the year	2,328,421.54 (13,850.00)
Balance at 31st August 2017	2,314,571.54

11. BANK AND OTHER BORROWINGS

	2017	2016
	HK\$	HK\$
Non-current		
Loans from a related company	-	1,513,326.62
Total bank and other borrowings	-	1,513,326.62

Loans from a related company are unsecured, interest bearing at the best lending rates per annum and repayable within 5 years.

Chan Chiu Hung, Chan Wan Fai, Man Chi Yam and Tang Hoi Kiu, directors of the Club, have beneficial interests in the related company.

ALUMNI CLUB HOUSE (YLPMS) LIMITED
(A company limited by guarantee and not having a share capital)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST AUGUST 2017

12. RELATED PARTY TRANSACTIONS

Details of the Club's significant transactions with the following related parties during the year, together with balances with them as at 31st August 2017, are as follows:

	2017	2016
	HK\$	HK\$
Loans from a related company	-	1,513,326.62
Rental income received from a related company	-	17,620.97
Loan interest paid to a related company	-	72,063.17
	<u> </u>	<u> </u>

Chan Chiu Hung, Chan Wan Fai, Man Chi Yam and Tang Hoi Kiu, directors of the Club, have beneficial interests in the related company.

The directors of the Club are of the opinion that the above transactions were entered into on an arm's length basis.

Loans from a related company are unsecured, interest bearing at the best lending rates per annum and repayable within 5 years.

13. CONTINGENT LIABILITIES

The Club had no significant contingent liabilities as at 31st August 2017.

14. CAPITAL COMMITMENTS

The Club had no significant capital commitment as at 31st August 2017.

15. OPERATING LEASE ARRANGEMENTS

The Club as lessor:

	2017	2016
	HK\$	HK\$
Total rental income earned during the year in respect of the operating leases	-	25,120.97
	<u> </u>	<u> </u>

16. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current year's accounts presentation.

ALUMNI CLUB HOUSE (YLPMS) LIMITED
(A company limited by guarantee and not having a share capital)

**DETAILED INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31ST AUGUST 2017**

	2017 HK\$	2016 HK\$
INCOME	-	25,120.97
ADD: OTHER INCOME		
Sundry income	190.00	8,706.57
Gain on disposal of leasehold land and buildings	-	3,350,130.00
Interest received - bank	-	7,308.49
	190.00	3,366,145.06
TOTAL INCOME	190.00	3,391,266.03
LESS: ADMINISTRATIVE EXPENSES		
Accountancy fee	2,800.00	2,000.00
Auditors' remuneration	5,200.00	4,800.00
Business registration fee	250.00	2,250.00
Commission paid	-	38,500.00
Electricity, gas and water	-	6,780.50
Legal and professional fee	-	11,360.00
Printing and stationery	440.00	510.00
Rates and building management fee	-	3,316.00
Secretarial fee	3,400.00	2,250.00
Sundry expenses	-	7,250.80
Tax computation fee	1,600.00	-
Telephone and fax	-	2,484.00
	13,690.00	81,501.30
LESS: FINANCE COSTS		
Interest paid - other loans wholly repayable within 5 yrs	-	72,063.17
LESS: OTHER OPERATING EXPENSES		
Bank charges	350.00	350.00
Non-current assets written off	-	85,532.20
	350.00	85,882.20
(DEFICIT)/SURPLUS BEFORE TAX	(13,850.00)	3,151,819.36

The above detailed income and expenditure account
was prepared for management purposes only and
does not form part of the audited financial statements

