

**HONG KONG REPERTORY THEATRE LIMITED  
(LIMITED BY GUARANTEE)**

**REPORTS AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2023**

**丁何關陳會計師行**  
**TING HO KWAN & CHAN**  
Certified Public Accountants  
HONG KONG

**HONG KONG REPERTORY THEATRE LIMITED  
(LIMITED BY GUARANTEE)  
REPORT OF THE COUNCIL MEMBERS**

The council members submit their report together with the audited financial statements of Hong Kong Repertory Theatre Limited (the “Company”) for the year ended 31 March 2023.

**Principal activities**

The Company continued to be engaged in promotion, maintenance, improvements and advancement of the interest of the public in Hong Kong and elsewhere in drama and various related art forms.

**Results**

The results of the Company for the year ended 31 March 2023 and the state of the Company’s affairs as at that date are set out in the financial statements on pages 5 to 28.

**Property, plant and equipment**

Details of the movements in property, plant and equipment are set out in note 8 to the financial statements.

**Council members**

The council members during the financial year and up to the date of this report were:

Mr. SIU Chor Kee, BBS, MH, JP

Mr. CHAN Cheuk Chi

Ms. TSUI Li, BBS, JP

Ms. AU Chor Kwan, JP

Mr. CHAN Kin Ping, BBS, JP

Ms. CHAN Yuen Sau, Kelly, JP

Mr. CHEUNG Chi Chung (deceased on 7 February 2023)

Mr. FUNG Chi Ho (appointed on 27 September 2022)

Mr. KWAN Chor Chung

Mr. LAU Hing Wah, BBS, MH, JP (appointed on 27 September 2022)

Ms. NG Chau Yuk Helen (appointed on 27 September 2022)

Mr. SZE Irons, BBS, JP

Hon. TSE Wai Chuen Tony, BBS, JP

Mr. WONG Ivan Siu Kei, JP (appointed on 27 September 2022)

Ms. WONG Sok Man, MH (appointed on 27 September 2022)

**HONG KONG REPERTORY THEATRE LIMITED  
(LIMITED BY GUARANTEE)  
REPORT OF THE COUNCIL MEMBERS**

**Council members (continued)**

Mr. CHEUK Sin Cheong, Clement (retired on 27 September 2022)

Ms. HUANG Wenxi (retired on 27 September 2022)

Dr. MONG Tak Yeung, David (retired on 27 September 2022)

Dr. TING Heather Ruth (retired on 27 September 2022)

In accordance with Articles 39 to 40 of Part B of the Company's Articles of Association, Mr. CHAN Kin Ping, BBS, JP, Ms. TSUI Li, BBS, JP and Hon. TSE Wai Chuen Tony, BBS, JP will retire by rotation in the forthcoming annual general meeting.

The Company has not received any notice in writing from these retired council members specifying that their retirements is due to reasons relating to the affairs of the Company.

**Council members' interests in transactions, arrangements or contracts**

No significant transactions, arrangements and contracts in relation to the Company's business to which the Company was a party and in which a council member of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

**Arrangements to acquire shares or debentures**

At no time during the year was the Company a party to any arrangement to enable the council members of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

**Management contracts**

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

**Equity-linked agreements**

There were no equity-linked agreements entered into during the year or subsisting at the end of the year.

**HONG KONG REPERTORY THEATRE LIMITED**  
**(LIMITED BY GUARANTEE)**  
**REPORT OF THE COUNCIL MEMBERS**

**Business review**

**Our Business**

The Hong Kong Repertory Theatre Limited is the longest standing and largest professional theatre company in the city established in 1977 and incorporated in 2001. Being a non-profit-making organisation and financially supported by the Government of the Hong Kong Special Administrative Region, the Company has presented nearly 500 productions, many of which have become classics of the local theatre canon since its establishment.

The Company is committed in promoting theatre arts through the production and development of high quality, innovative and diverse repertoires, encompassing Chinese, international, classic, and contemporary theatre, as well as original new works by local artists. Its areas of activities are:

*A balance repertoire*

A selected programme of local original works, and translations and adaptations of classic and contemporary plays from the Mainland and internationally. The Company collaborates with playwrights, directors, actors, designers and other talents within and outside of the Company, to create mainstream theatre productions of artistic excellence.

*Black box theatre production*

Flexible in approach, the Black Box Theatre provides a space where writers and practitioners can explore, take risks and experiment to create new texts and forms of performances, in order to cultivate and stretch the boundaries of theatre arts, and to nurture upcoming artists.

*Outreach and education*

Bringing theatre to life through courses and workshops, the Company aims to provide theatre education and skills development for adults and children via the many facets of theatre. It also works to increase the audiences' awareness towards and appreciation of theatre through dedicated performances for students as well as the wide community.

*International exchange*

Through cultural exchange tours and taking-part in the international arts festivals in the Mainland and overseas, the Company endeavours to promote Hong Kong's local theatre culture and to develop opportunities for collaborations and performances across the border and overseas.

*Theatre literature*

Through a varied programmes of the new writing development, Reader's Theatre, seminars, reviews and publications of theatre literature, the Company aims to encourage, document, preserve and consolidate creative activities in theatre.

**HONG KONG REPERTORY THEATRE LIMITED**  
**(LIMITED BY GUARANTEE)**  
**REPORT OF THE COUNCIL MEMBERS**

**Business review (continued)**

Financial Highlights

*Total income*

The total income of the Company of the year is HK\$81.13 million (2022: HK\$71.15 million), of which HK\$56.19 million (2022: HK\$53.66 million) were subventions received from the Government, accounted for 69% (2022: 75%) of its total income.

*Government subsidies*

Total Government subvention income comprises recurrent subvention of HK\$43.64 million, which is at the same level of 2022, plus additional funding of HK\$1.51 million (2022: HK\$2.69 million) from the Home Affairs Bureau (up to 30 June 2022) and Culture, Sports and Tourism Bureau (starting from 1 July 2022), HK\$8.62 million from the Arts Development Matching Grant Scheme (2022: HK\$6.59 million), HK\$0.55 million (2022: HK\$0.62 million) from the Leisure and Cultural Services Department funding for the Arts Administrator Trainee Programme, as well as HK\$1.87 million (2022: HK\$ 0.12 million) from the Anti-epidemic Fund.

*Earned income*

Total earned income of the Company increased from HK\$17.49 million in 2022 to HK\$24.94 million in 2023, representing a growth of 43%. The rise in earned income is mainly attributable to the increase in box office and performance income resulted from the picking up of local live theatre performance (179 in 2023 vs 115 in 2022) subsequent to the Government gradually relaxed and finally lifted all the Covid-19 epidemic prevention measures in the year.

*Expenditure*

Total expenditure climbed from HK\$64.69 million in 2022 to HK\$77.50 million in 2023. The increase in total expenditure is mainly by reason of the expansion of production costs (HK\$23.86 million in 2023 vs HK\$15.47 million in 2022) for having 2 mega productions, *The Impossible Trial - a musical* and *The Top Restaurant*, to celebrate the 45<sup>th</sup> Anniversary of the Company in the year.

*Net result of the year*

Notwithstanding the rise in expenditure in the year, with the increase in earned income as well as the expansion in Government subvention, the Company ends up with a surplus of HK\$3.63 million in 2023 (2022: HK\$6.46 million).

**HONG KONG REPERTORY THEATRE LIMITED**  
**(LIMITED BY GUARANTEE)**  
**REPORT OF THE COUNCIL MEMBERS**

**Business review (continued)**

Financial Highlights (continued)

*Liquidity*

The Company regularly monitors its current and expected liquidity requirements to ensure that it maintains sufficient reserves and bank balances to meet its liquidity requirement in the short and longer term. As at 31 March 2023, the total cash and bank deposits of the Company is HK\$57.31 million (2022: HK\$55.28 million) and its current ratio (current assets/current liabilities) is 2.6 (2022: 6.1).

Key Performance Indicators

*No. of performances/activities and audience/participants*

With the situation of COVID-19 epidemic under control and the city is resuming to normalcy in the year, the Company presented 6 main stage productions and 5 black box productions totaling 11 productions in all with 151 performances in aggregate (2022: 4 main stage productions and 2 black box productions, totaling 90 performances).

Total no. of audience raised from 21,615 in 2022 to 50,554 in 2023. Average attendance of the year is at a record high of 99% (2022: 93%).

In year 2023, the Company brought 4 productions to 3 mainland cities, with total 4 performances attracting 457 audiences (2022: 2 productions, 7 mainland cities, 34 performances and 8,520 audiences).

The Company conducted a total of 1,276 sessions of education and outreach activities with 115,671 participants during the year (1,447 sessions and 65,921 participants in 2022). The significant rise in participants during the year is mainly because of:

- (i) the additional presentation of short videos produced by the Company's artistic staff on Facebook so as to keep in touch with the audience during the temporary closure of performance venues, in view of the pandemics, in the first quarter of the year (21 sessions, 15,687 viewers in 2023 vs 1 session, 367 viewers in 2022); and
- (ii) the growth in attendants of the Company's thematic exhibitions following the reopening of performance venues when the pandemic was under control (4 exhibitions, 49,848 attendants in 2023 vs 5 exhibitions, 25,850 attendants in 2022).

**HONG KONG REPERTORY THEATRE LIMITED  
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REPORT OF THE COUNCIL MEMBERS**

**Business review (continued)**

Awards and Honours

*Local Accolades*

At the 31<sup>st</sup> Hong Kong Drama Awards, the Company received 29 nominations and 11 award honours:

- *The Impossible Trial - a musical*
  - Best Production
  - Best Director (Tragedy/Drama)
  - Best Leading Actor (Tragedy/Drama)
  - Best Leading Actress (Tragedy/Drama)
  - Best Supporting Actor (Tragedy/Drama)
  - Best Stage Design
  - Best Sound Design
  - Best Lyricist
  - Best Original Music (Musical)
  - Outstanding Production of the Year
  
- *Love a to Zen*
  - Best Leading Actor (Comedy/Farce)

In addition, the Company received 2 nominations from the 14<sup>th</sup> Hong Kong Theatre Libre Awards and 3 nominations from IATC(HK) Critics Awards 2022 respectively.

At the Green Building Award 2021, the Hong Kong Repertory Theatre Education Centre won the “Merit Award” of Existing Building Category: Project Under Planning/Design - Institutional.

*Mainland Accolades*

At the 2023 Shanghai One Drama Awards, *Ambiguous* received 2 nominations and was awarded “Best Playwright of the Year”.

*International Accolades*

The HKRep on Screen: *Principle* was awarded National Winners 2022, Best Feature Film (HKSAR) and National Winners 2022, Best Screenplay (HKSAR) at the Asian Academy Creative Awards 2022 held in Singapore.

**HONG KONG REPERTORY THEATRE LIMITED**  
**(LIMITED BY GUARANTEE)**  
**REPORT OF THE COUNCIL MEMBERS**

**Business review (continued)**

**Compliance with Relevant Laws and Regulations**

The Company is committed to operate in compliance with all relevant laws and regulations. Whenever needs arise, the Company will consult the Honorary Legal Advisor it engaged.

During the year, there were no major legal issues concerning the Company.

**Environmental Policies and Performances**

This is Hong Kong Repertory Theatre's ongoing concern to ensure that it is always an environmentally friendly company. The Company is committed to observe all environmental principles of conservation of energy and minimisation of waste. The Company works with its employees, directors, designers and other partners consciously making sure that all items produced for performances and activities, including sets, props and costumes, are in the manner of resources conservation and reduction of waste.

**Key Relationship with Stakeholders**

Being a Government subvented non-profit-making organisation, the Company follows suit and observes all regulations and requirements specified by the Government. As its application of fund is accountable to stakeholders like the Government and sponsors, the Company seeks to operate in a transparency manner, discloses information through various communication channels to allow the public and stakeholders to have a clear and through picture of the work and result of the Company.

The Company considers its employees as valuable assets. Internal operating policy is in place to ensure the performance of staff employed are properly monitored, fairly assessed and rewarded, contract renewal and termination of staff are properly executed. Through the Staff Development Training Assistance Scheme, eligible staffs are given opportunities and financial supports for development of their potential, enhancement of professional knowledge and improvement of work efficiency.

To facilitate the Company to improve and enhance its productions, as well as to review and further refine its marketing strategy, the Company collects views and comments from its audiences by inviting them to complete survey questionnaires distributed at all its performance venues. The Company partnered with The Chinese University of Hong Kong's Psychology of Theatre Research Group to conduct face-to-face audience surveys at selected performances, to gauge the audience level of satisfaction on various aspects of the Company, their preferences on the type of production, their profile and media habits.

To enable the disables to enjoy theatre shows, the Company commissioned the Arts with the Disabled Association Hong Kong to provide accessible captions (Chinese), theatrical interpretation, and/or audio description (Cantonese) at selected performances of different productions during the year.



**HONG KONG REPERTORY THEATRE LIMITED**  
**(LIMITED BY GUARANTEE)**  
**REPORT OF THE COUNCIL MEMBERS**

**Business review (continued)**

Principal Risks and Uncertainties

The general financial position of the Company is positive, but the following uncertainties may cause concern:

*Reduction of Government subvention*

Government funding represents a significant part of the source of income of the Company. Any changes to the Government policy on its subvention to the Company may have vital effect on the future development of the Company.

*Changes in economic condition*

Changes in economic condition will have direct impact on consumers spending on cultural and leisure goods. Theatre-going is not a necessity product for most of the public, economic depression may affect the Company's performance adversely.

Subsequent Events

There were no particular important events occurred since the end of the financial year that may significantly affect the Company.

Future Development

As the city's flagship theatre company, the Hong Kong Repertory Theatre will continue to adhere to the mainstream works, lay stress on dramatic text, and explore new materials and forms, in a view to develop the audiences' interest and appreciation of life theatre for enriching the city's cultural life. In addition, the Company will continue to organise arts education programme for schools as well as holding regular and structured courses for different levels of learners. The Company will further explore cross-border cultural exchanges and sourcing more performance opportunities in the Mainland as well as other territories to ultimately forge a stronger, more distinctive and truly world-class identity.

**HONG KONG REPERTORY THEATRE LIMITED  
(LIMITED BY GUARANTEE)  
REPORT OF THE COUNCIL MEMBERS**

**Permitted indemnity and council members' and officers' liability insurance**

There being no provision in the Company's Articles of Association for the permitted indemnity and liability insurance coverage for the council members and officers of the Company, and subject to the provisions of the Companies Ordinance, the Company has not arranged appropriate liability insurance cover for the council members and officers of the Company during the year.

**Auditors**

Ting Ho Kwan & Chan, Certified Public Accountants retire and, being eligible, offer themselves for re-appointment.

On behalf of the Council

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Mr. SIU Chor Kee  
Chairman

Hong Kong, 25 JUL 2023

**INDEPENDENT AUDITOR'S REPORT**  
**TO THE MEMBERS OF HONG KONG REPERTORY THEATRE LIMITED**  
(incorporated in Hong Kong with limited liability by guarantee)

**Report on the audit of the financial statements**

**Opinion**

We have audited the financial statements of Hong Kong Repertory Theatre Limited (the "Company") set out on pages 5 to 28, which comprise the statement of financial position as at 31 March 2023, and the income statement, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 March 2023, and of its financial performance and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standard for Private Entities ("HKFRS for Private Entities") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Companies Ordinance.

**Basis for opinion**

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") 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 Company 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.

**Other information**

The council members are responsible for the other information. The other information comprises information included in the report of the council members and the detailed income statement as shown in the Appendix to the financial statements, 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.

**INDEPENDENT AUDITOR'S REPORT**  
**TO THE MEMBERS OF HONG KONG REPERTORY THEATRE LIMITED**  
(incorporated in Hong Kong with limited liability by guarantee)

**Other information (continued)**

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.

**Responsibilities of council members for the financial statements**

The council members are responsible for the preparation of financial statements that give a true and fair view in accordance with HKFRS for Private Entities issued by the HKICPA and the Companies Ordinance, and for such internal control as the council 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 council members are responsible for assessing the Company'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 council members either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The council members are responsible for overseeing the Company'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. Our report is made solely to you, as a body, in accordance with section 405 of the Companies Ordinance, 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 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.

**INDEPENDENT AUDITOR'S REPORT**  
**TO THE MEMBERS OF HONG KONG REPERTORY THEATRE LIMITED**  
(incorporated in Hong Kong with limited liability by guarantee)

**Auditor's responsibilities for the audit of the financial statements (continued)**

As part of an audit in accordance with HKSAAs, we exercise professional judgement 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the council members.
- Conclude on the appropriateness of the council 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 Company'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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the council members 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.

**INDEPENDENT AUDITOR'S REPORT**  
**TO THE MEMBERS OF HONG KONG REPERTORY THEATRE LIMITED**  
(incorporated in Hong Kong with limited liability by guarantee)

**Report on other matters under the Agreement made on 30 March 2022 and Supplementary Agreement made on 29 June 2022 between the Government of the Hong Kong Special Administrative Region and the Company (the "Agreement")**

We report that the Company has complied with, in all material respects, the requirements as set by the Government to keep proper books and records and to prepare annual financial report of the activities in accordance with the books and records, as well as all the accounting requirements in the Agreement and other relevant documents such as the Accounting Standards and Accounting Guidelines.

**Report on other matters under the Agreement Letter for the Art Development Matching Grants Scheme made on 15 February 2023 between the Government of the Hong Kong Special Administrative Region and the Company (the "Agreement Letter")**

We report that the Company has complied with, in all material respects, including the terms and conditions for matching the donations/sponsorships in accordance with the Guide and the Agreement Letter, the requirements as set by the Government to keep proper books and records and to prepare annual financial report of the activities in accordance with the books and records, as well as all the accounting requirements in the Agreement Letter and other relevant documents such as the Accounting Standards and Accounting Guidelines.

TING HO KWAN & CHAN  
Certified Public Accountants (Practising)  
9th Floor, Tung Ning Building,  
249-253 Des Voeux Road Central,  
Hong Kong, 25 JUL 2023

**HONG KONG REPERTORY THEATRE LIMITED**  
**(LIMITED BY GUARANTEE)**  
**INCOME STATEMENT**  
**FOR THE YEAR ENDED 31 MARCH 2023**

	Notes	2023 HK\$	2022 HK\$
<b>Income</b>			
Government subvention	3	56,191,690	53,665,974
Box office and performance income		12,851,149	5,884,684
Outreach, education and other activities income		4,873,793	3,854,916
Donation and sponsorship		6,277,860	7,338,838
Other income	4	936,077	406,376
		<u>81,130,569</u>	<u>71,150,788</u>
<b>Expenditures</b>			
Production costs		23,862,950	15,468,881
Marketing and promotion expenses		5,500,341	4,497,799
Personal emoluments		37,887,194	34,145,438
Other operating expenses		10,252,179	10,578,763
		<u>77,502,664</u>	<u>64,690,881</u>
<b>Surplus for the year</b>	5	<u>3,627,905</u>	<u>6,459,907</u>
<b>Total surplus for the year allocated to</b>			
General activities	12	(246,235)	(790,441)
Art Development Matching Grants Scheme	13	3,467,966	6,531,114
The Hong Kong Jockey Club Charities Trust:			
Musical Theatre Project - Sing out in Schools	14	-	(177,132)
The D. H. Chen Foundation project:			
Playful Learning: Ploughing drama education for innovating the preschool curriculum and pedagogy in Hong Kong Program	15	27,757	505,151
Development fund	16	378,417	391,215
		<u>3,627,905</u>	<u>6,459,907</u>

The notes on pages 9 to 28 are an integral part of these financial statements.

**HONG KONG REPERTORY THEATRE LIMITED**  
**(LIMITED BY GUARANTEE)**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2023**

	Notes	2023 HK\$	2022 HK\$
<b>Non-current assets</b>			
Property, plant and equipment	8	21,840,049	5,990,195
<b>Current assets</b>			
Deposits, prepayment and accounts receivable	9	6,728,820	6,962,216
Cash and bank balances	10	57,307,734	55,280,880
		<u>64,036,554</u>	<u>62,243,096</u>
<b>Current liabilities</b>			
Box office and performance income and others received in advance	11	521,000	2,343,854
Accounts payable and accruals	11	8,097,568	5,075,535
Government grant and related income received in advance	17	15,559,424	2,743,196
		<u>24,177,992</u>	<u>10,162,585</u>
<b>Net current assets</b>		<u>39,858,562</u>	<u>52,080,511</u>
<b>Net assets</b>		<u>61,698,611</u>	<u>58,070,706</u>
<b>Reserves</b>			
General activities	12	12,062,376	11,775,703
Art Development Matching Grants Scheme	13	37,212,472	33,744,506
The Hong Kong Jockey Club Charities Trust: Musical Theatre Project - Sing out in Schools	14	-	-
The D. H. Chen Foundation project: Playful Learning: Ploughing drama education for innovating the preschool curriculum and pedagogy in Hong Kong Program	15	-	505,151
Development fund	16	12,423,763	12,045,346
<b>Total reserves</b>		<u>61,698,611</u>	<u>58,070,706</u>

The financial statements were approved and authorised for issue by the Council on **25 JUL 2023** and are signed on its behalf by:

Mr. SIU Chor Kee  
CHAIRMAN

Ms. AU Chor Kwan  
TREASURER

The notes on pages 9 to 28 are an integral part of these financial statements.



**HONG KONG REPERTORY THEATRE LIMITED**  
**(LIMITED BY GUARANTEE)**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 MARCH 2023**

	General activities (note 12) HK\$	Art Development Matching Grants Scheme (note 13) HK\$	The Hong Kong Jockey Club Charities Trust: Musical Theatre Project - Sing out in Schools (note 14) HK\$	The D. H. Chen Foundation project: Playful Learning: Ploughing drama education for innovating the preschool curriculum and pedagogy in Hong Kong Program (note 15) HK\$	Development fund (note 16) HK\$	Total HK\$
Total reserves at 1 April 2021	13,396,387	27,213,392	(653,111)	-	11,654,131	51,610,799
Total surplus/(deficit) for the year	(790,441)	6,531,114	(177,132)	505,151	391,215	6,459,907
Fund transfer	(830,243)	-	830,243	-	-	-
Total reserves at 31 March 2022	11,775,703	33,744,506	-	505,151	12,045,346	58,070,706
Total surplus/(deficit) for the year	(246,235)	3,467,966	-	27,757	378,417	3,627,905
Fund transfer	532,908	-	-	(532,908)	-	-
Total reserves at 31 March 2023	<u>12,062,376</u>	<u>37,212,472</u>	<u>-</u>	<u>-</u>	<u>12,423,763</u>	<u>61,698,611</u>

The notes on pages 9 to 28 are an integral part of these financial statements.

**HONG KONG REPERTORY THEATRE LIMITED**  
**(LIMITED BY GUARANTEE)**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 MARCH 2023**

	Notes	2023 HK\$	2022 HK\$
<b>Operating activities</b>			
Surplus for the year		3,627,905	6,459,907
Adjustments for:			
Interest income	4	(643,368)	(63,657)
Depreciation	5	990,252	1,585,220
<b>Operating cash flows before changes in working capital</b>		<u>3,974,789</u>	<u>7,981,470</u>
Deposits, prepayment and accounts receivable		233,396	(582,119)
Box office and performance income and others received in advance		(1,822,854)	(150,767)
Accounts payable and accruals		3,022,033	114,766
Government grant and related income received in advance		12,816,228	2,187,694
<b>Net cash generated from operating activities</b>		<u>18,223,592</u>	<u>9,551,044</u>
<b>Investing activities</b>			
Payment for purchase of property, plant and equipment and assets under construction		(16,840,106)	(5,442,232)
Bank deposits		(17,733,983)	(3,333,662)
Interest received		643,368	63,657
<b>Net cash used in investing activities</b>		<u>(33,930,721)</u>	<u>(8,712,237)</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>		(15,707,129)	838,807
<b>Cash and cash equivalents at the beginning of the year</b>		<u>22,666,653</u>	<u>21,827,846</u>
<b>Cash and cash equivalents at the end of the year</b>	10	<u>6,959,524</u>	<u>22,666,653</u>

The notes on pages 9 to 28 are an integral part of these financial statements.

**HONG KONG REPERTORY THEATRE LIMITED**  
**(LIMITED BY GUARANTEE)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2023**

**1 General information**

Hong Kong Repertory Theatre Limited (the “Company”) is a company incorporated in Hong Kong with its liabilities limited by guarantee. Under the provisions of the Company’s memorandum of association, every member shall, in the event of the Company being wound up, to contribute such amount which may be required to meet the liabilities of the Company but not exceeding HK\$100 per member. The address of its registered office and principle place of business is 4/F., Sheung Wan Municipal Services Building, 345 Queen’s Road Central, Hong Kong. Its principal activities continued to be engaged in promotion, maintenance, improvements and advancement of the interest of the public in Hong Kong and elsewhere in drama and various related art forms.

**2 Basis of preparation and accounting policies**

The Company prepares and presents its financial statements for the year ended 31 March 2023 in accordance with the Hong Kong Financial Reporting Standard for Private Entities (“HKFRS for Private Entities”) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the requirements of the Companies Ordinance.

The measurement basis used in preparing the financial statements is historical cost. The financial statements are presented in Hong Kong Dollars.

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

Items of property, plant and equipment, other than assets under construction are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to allocated the cost of assets less their estimated residual value over their estimated useful lives, using the straight-line method, as follows:

Furniture and fixtures	3 years
Office and computer equipment	3 years
Audio and stage equipment	3 years

If there is an indication that there has been a significant change in the depreciation rate, useful life or residual value, if any, of an asset, the depreciation of that asset is revised prospectively to reflect the new expectations.

**HONG KONG REPERTORY THEATRE LIMITED  
(LIMITED BY GUARANTEE)  
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**2 Basis of preparation and accounting policies (Continued)**

**(a) Property, plant and equipment (continued)**

Assets under construction represent buildings, structures, plant and machinery and other fixed assets under construction or installation and are stated at cost less accumulated impairment losses, and are not depreciated. Cost comprises direct costs of construction, installation and testing as well as capitalised borrowing costs on related borrowed funds during the period of construction or installation. Assets under construction are reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

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 or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item and are recognised in the income statement on the date of retirement or disposal.

**(b) Deposits, prepayment and accounts receivable**

Deposits, prepayment and accounts receivable are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of accounts receivable 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.

**(c) Cash and cash equivalents**

Cash and cash equivalents comprises cash at bank and on hand, demand deposits and other short-term highly liquid investments with original maturities of three months or less.

**(d) Accounts payable and accruals**

Accounts payables and accruals are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

**HONG KONG REPERTORY THEATRE LIMITED**  
**(LIMITED BY GUARANTEE)**  
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**2 Basis of preparation and accounting policies (Continued)**

**(e) Provisions and contingent liabilities**

Provisions are recognised for liabilities of uncertain timing or amount when the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

**(f) Income tax**

The Company is a non-profit-making charitable organisation and the charge for Hong Kong taxation is exempted. Deferred tax is not provided.

**(g) Government grant**

Government grant is recognised when any specified performance conditions have been met. Where there are no such conditions, the grant is recognised as income upon receipt. Grant received before the revenue recognition criteria is satisfied are recognised as a liability.

**HONG KONG REPERTORY THEATRE LIMITED**  
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**2 Basis of preparation and accounting policies (Continued)**

**(h) Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable.

Provided it is probable that the economic benefits will flow to the Company and the revenue and the costs, if applicable, can be measured reliably, revenue is recognised in income statement as follows:

- (i) Box office and performance income and outreach, education and other activities income are recognised when the performance presented.
- (ii) Donations received is recognised on cash receipt basis or in the period as specified by the donor.
- (iii) Other income is recognised on accrual basis.
- (iv) Interest income is recognised using the effective interest method.

**HONG KONG REPERTORY THEATRE LIMITED**  
**(LIMITED BY GUARANTEE)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**2 Basis of preparation and accounting policies (Continued)**

**(i) Employee benefits**

**(i) Paid leave carried forward**

The Company provides paid annual leave to its employees under their employment contracts on a financial year basis. Under certain circumstances, such leave which remains untaken at the end of the reporting period is permitted to be carried forward and utilised by the respective employees in the following year. An accrual is made at the end of the reporting period for the expected future cost of such paid leave earned during the year by the employees and carried forward.

**(ii) Retirement benefit costs**

The Company operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the “MPF Scheme”) in Hong Kong under the Mandatory Provident Fund Schemes Ordinance, for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees’ basic salaries and are charged to the income statement as they become payable in accordance with the rules of the MPF Scheme. The Company’s employer contributions vest fully with the employees when contributed into the MPF Scheme.

**(j) Operating leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the Company. All other leases are classified as operating leases.

Rentals payable under operating leases are charged to income statement on a straight-line basis over the term of the relevant lease.

**HONG KONG REPERTORY THEATRE LIMITED  
(LIMITED BY GUARANTEE)  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2023**

**2 Basis of preparation and accounting policies (Continued)**

**(k) Development fund**

The development fund is used for non-subsided projects which fall outside the ambit of Government Subvention through the Secretary for Culture, Sports and Tourism (2022: the Secretary for Home Affairs). The income and expenditure of the development fund is separated from that for Government Subvention's through the Secretary for Culture, Sports and Tourism (2022: the Secretary for Home Affairs). The fund is to be used for matching any recurrent and non-recurrent financial commitments created by acceptance of donation for specific purpose.



**HONG KONG REPERTORY THEATRE LIMITED**  
**(LIMITED BY GUARANTEE)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**2 Basis of preparation and accounting policies (Continued)**

**(I) Related parties**

For the purpose of these financial statements, related party includes a person and entity as defined below:

- (1) A person or a close member of that person's family is related to the Company if that person:
- (i) is a member of the key management personnel of the Company or of a parent of the Company;
  - (ii) has control or joint control over the Company; or
  - (iii) has significant influence over the Company.
- (2) An entity is related to the Company if any of the following conditions applies:
- (i) the entity and the Company 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 entity;
  - (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 Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;
  - (vi) the entity is controlled or jointly controlled by a person identified in (1);
  - (vii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to the parent of the Company; or
  - (viii) a person identified in (1)(ii) 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).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

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**2 Basis of preparation and accounting policies (Continued)**

**(m) Impairment of non-financial assets**

At the end of each reporting period, property, plant and equipment are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If an estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in the income statement.

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset (group of related assets) in prior years. A reversal of an impairment loss is recognised immediately in the income statement.

**3 Government subvention**

	2023 HK\$	2022 HK\$
Recurrent subvention and one-off funding	45,148,184	46,334,321
Art Development Matching Grants Pilot Scheme	8,621,135	6,589,894
Venue Partnership Scheme	551,971	621,759
Anti-epidemic Fund*	1,870,400	120,000
	<u>56,191,690</u>	<u>53,665,974</u>

- \* The Company successfully applied for funding support from the Employment Support Scheme under the Anti-epidemic Fund set up by the Hong Kong Special Administrative Region Government. The purpose of the funding from Employment Support Scheme was to provide financial support to enterprises to retain their employees who could otherwise be made redundant. Under the terms of the grant, the Company was required not to make redundancies during the subsidy period and to spend all the funding on paying salaries to the employees.

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**4 Other income**

	<b>2023</b>	<b>2022</b>
	HK\$	HK\$
Advertisement income	27,950	30,800
Bank interest income	643,368	63,657
Membership income	7,000	11,200
Rental of props, costume and equipment	14,878	21,280
Souvenirs sales and royalty income	93,152	49,770
Sundry income	149,729	229,669
	<u>936,077</u>	<u>406,376</u>

**5 Surplus for the year**

	<b>2023</b>	<b>2022</b>
	HK\$	HK\$
Surplus for the year is arrived at after charging:		
Auditors' remuneration	89,700	63,000
Depreciation	990,252	1,585,220
Operating leases:		
- Office premises rental	4,654,056	4,915,856
- Venue rental	1,334,550	461,682
Staff costs:		
- Salaries and allowances	36,658,612	33,016,750
- MPF contributions	1,228,582	1,128,688
- Temporary and part-time staff	99,361	19,939
- Training and welfare	96,149	179,241
	<u>96,149</u>	<u>179,241</u>

**6 Taxation**

No provision for Hong Kong Profits Tax has been made in the financial statements as there is no tax liability for the Company under Section 88 of the Inland Revenue Ordinance.

**HONG KONG REPERTORY THEATRE LIMITED**  
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**7 Council members' emoluments**

None of the council members received or will receive any fees or emoluments in respect of their services to the Company for the year (2022: Nil).

**8 Property, plant and equipment**

	Assets under construction HK\$	Furniture and fixtures HK\$	Office and computer equipment HK\$	Audio and stage equipment HK\$	Total HK\$
<b>Cost</b>					
At 1 April 2021	563,500	2,880,285	1,943,453	9,023,767	14,411,005
Additions	4,319,434	928,836	43,680	150,282	5,442,232
Written off	-	(93,098)	-	-	(93,098)
At 31 March 2022	4,882,934	3,716,023	1,987,133	9,174,049	19,760,139
Additions	16,068,333	567,250	74,330	130,193	16,840,106
Written off	-	(23,050)	-	-	(23,050)
At 31 March 2023	20,951,267	4,260,223	2,061,463	9,304,242	36,577,195
<b>Accumulated depreciation</b>					
At 1 April 2021	-	2,647,059	1,528,526	8,102,237	12,277,822
Charge for the year	-	434,556	304,737	845,927	1,585,220
Written back on written off	-	(93,098)	-	-	(93,098)
At 31 March 2022	-	2,988,517	1,833,263	8,948,164	13,769,944
Charge for the year	-	606,978	164,086	219,188	990,252
Written back on written off	-	(23,050)	-	-	(23,050)
At 31 March 2023	-	3,572,445	1,997,349	9,167,352	14,737,146
<b>Net book value</b>					
At 31 March 2023	20,951,267	687,778	64,114	136,890	21,840,049
At 31 March 2022	4,882,934	727,506	153,870	225,885	5,990,195

**HONG KONG REPERTORY THEATRE LIMITED**  
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**9 Deposits, prepayment and accounts receivable**

Apart from the deposits amounted to HK\$502,134 (2022: HK\$497,534), all the remaining balances are expected to be recovered or recognised as expenses within one year.

**10 Cash and bank balances**

	2023 HK\$	2022 HK\$
Cash at banks and in hand	3,166,645	10,247,556
Bank deposits	54,141,089	45,033,324
Cash and bank balances	<u>57,307,734</u>	<u>55,280,880</u>
Less: Bank deposits with maturity over 3 months	50,348,210	32,614,227
Cash and cash equivalents in the statement of cash flows	<u>6,959,524</u>	<u>22,666,653</u>

**11 Box office and performance income and others received in advance and accounts payable and accruals**

They are expected to be settled or recognised as income within one year or are payable on demand.

**HONG KONG REPERTORY THEATRE LIMITED**  
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**12 General activities**

	<b>General</b>	<b>Art development matching grants scheme</b>	<b>Total</b>	<b>Total</b>
	<b>2023</b>	<b>(note 13)</b>	<b>2023</b>	<b>2022</b>
	HK\$	HK\$	HK\$	HK\$
<b>Income:</b>				
Government subvention	47,570,555	8,621,135	56,191,690	53,665,974
Box office and performance income	12,851,149	-	12,851,149	5,884,684
Outreach, education and other activities income	4,873,793	-	4,873,793	3,854,916
Donation and sponsorship income	5,454,972	-	5,454,972	1,527,007
Other income	427,814	403,725	831,539	391,845
	<u>71,178,283</u>	<u>9,024,860</u>	<u>80,203,143</u>	<u>65,324,426</u>
<b>Expenditures:</b>				
Production costs	22,216,590	1,334,550	23,551,140	11,880,977
Marketing and promotion expenses	5,443,141	-	5,443,141	4,401,574
Personal emolument	37,745,566	-	37,745,566	33,191,293
Other operating expenses	6,019,221	4,222,344	10,241,565	10,109,909
	<u>71,424,518</u>	<u>5,556,894</u>	<u>76,981,412</u>	<u>59,583,753</u>
(Deficit)/surplus for the year	(246,235)	3,467,966	3,221,731	5,740,673
Balance at the beginning of the financial period	11,775,703	33,744,506	45,520,209	40,609,779
Fund transfer from The D. H. Chen Foundation project: Playful Learning: Ploughing drama education for innovating the preschool curriculum and pedagogy in Hong Kong Program (note 15)	532,908	-	532,908	-
Fund transfer to The Hong Kong Jockey Club Charities Trust (note 14)	-	-	-	(830,243)
Balance at the end of the financial period	<u>12,062,376</u>	<u>37,212,472</u>	<u>49,274,848</u>	<u>45,520,209</u>

**HONG KONG REPERTORY THEATRE LIMITED**  
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**12 General activities (Continued)**

As per the agreement entered with the Government, the Company may keep and carry forward a reserve of not more than 25% of the total expenditures as revealed in the audited annual financial statements for the subvention period to serve as a buffer against contingencies in the subsequent year and as an incentive to economies its spending in the year. Reserve means the surplus (if any) as revealed in the audited annual financial statements net of sponsorship, donations and income and expenditure of self-financing activities. In determine this ratio, such expenditure and reserve will be adjusted to write off the property, plant and equipment in the year of purchase.

The ratio of reserves balance net of accumulated donation and sponsorship income to total expenditures in the subvention period at 31 March 2023 and 2022 are as follows:

	<b>2023</b>	<b>2022</b>
	HK\$	HK\$
Reserves		
Accumulated surplus	12,062,376	11,775,703
Art Development Matching Grants Scheme	37,212,472	33,744,506
The D. H. Chen Foundation project:		
Playful Learning: Ploughing drama education for innovating the preschool curriculum and pedagogy in Hong Kong Program	-	505,151
	<u>49,274,848</u>	<u>46,025,360</u>
Less: Net book value of property, plant and equipment (other than assets under construction)	<u>888,782</u>	<u>1,107,261</u>
	48,386,066	44,918,099
Less: Accumulated donation and sponsorship income	<u>54,057,625</u>	<u>48,057,665</u>
	<u>(5,671,559)</u>	<u>(3,139,566)</u>
Expenditures in the subvention period after adjustments to write off property, plant and equipment in the year of purchase and net off the costs met by other Government funds	<u>76,728,193</u>	<u>63,473,543</u>
Ratio	<u>(7.4%)</u>	<u>(4.9%)</u>

At 31 March 2023 and 2022, the reserves carried forward after deducting the accumulated donation and sponsorship income are less than 25% of the total expenditures in the subvention period.

**HONG KONG REPERTORY THEATRE LIMITED**  
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**13 Art Development Matching Grants Scheme**

	2023	2022
	HK\$	HK\$
<b>Income:</b>		
Government subvention	8,621,135	6,589,894
Other income	403,725	45,913
	<u>9,024,860</u>	<u>6,635,807</u>
<b>Expenditures:</b>		
Production costs	1,334,550	-
Other operating expenses	4,222,344	104,693
	<u>5,556,894</u>	<u>104,693</u>
Surplus for the year	3,467,966	6,531,114
Balance at the beginning of the financial period	<u>33,744,506</u>	<u>27,213,392</u>
Balance at the end of the financial period	<u><u>37,212,472</u></u>	<u><u>33,744,506</u></u>

Note:

During the year, Art Development Matching Grants Scheme (the “Scheme”) granted an amount of HK\$8,621,135 (2022: HK\$6,589,894) to the Company. The grant was used to subsidise the venue rental and office premises rental paid by the Company for the year. A separate bank account for the receipt as required by the Agreement letter has been maintained.

According to the Scheme, any unspent grants should be accumulated as reserve and the use of the balance should comply with the permissible uses as agreed.



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**14 The Hong Kong Jockey Club Charities Trust: Musical Theatre Project - Sing out in Schools**

	<b>2023</b>	<b>2022</b>
	HK\$	HK\$
<b>Income:</b>		
Donation and sponsorship income	-	4,710,198
<b>Expenditures:</b>		
Production costs	-	3,491,076
Marketing and promotion expenses	-	62,910
Personal emoluments	-	865,818
Other operating expenses	-	467,526
	-	4,887,330
Deficit for the year	-	(177,132)
Balance at the beginning of the financial period	-	(653,111)
Fund transfer from general activities (note 12)	-	830,243
Balance at the end of the financial period	-	-

The Hong Kong Jockey Club Charities Trust: Musical Theatre Project was completed during year ended 31 March 2022.

**HONG KONG REPERTORY THEATRE LIMITED**  
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**15 The D. H. Chen Foundation project:**

**Playful Learning: Ploughing drama education for innovating the preschool curriculum and pedagogy in Hong Kong Program**

	2023 HK\$	2022 HK\$
<b>Income:</b>		
Donation and sponsorship income	544,988	711,605
Other income	-	185
	544,988	711,790
<b>Expenditures:</b>		
Production cost	311,810	96,828
Marketing and promotion expenses	57,200	21,400
Personal emoluments	141,628	88,327
Other operating expenses	6,593	84
	517,231	206,639
Surplus for the year	27,757	505,151
Balance at the beginning of the financial period	505,151	-
Fund transfer to general activities (note 12)	(532,908)	-
Balance at the end of the financial period	-	505,151

On 3 July 2017, the Company has entered into an agreement with The D. H. Chen Foundation under which donation from The D. H. Chen Foundation of up to HK\$6,707,948 as a support of the Playful Learning programme: Ploughing drama education for innovating the preschool curriculum and pedagogy in Hong Kong for the period from July 2017 to June 2020 initially. Due to the epidemic, the Foundation has verbally agreed to extend the project and it was completed during the year. Up to the reporting date, the Company received HK\$6,701,941 (2022: HK\$6,701,941) totally from The D. H. Chen Foundation and recognised HK\$544,988 (2022: HK\$711,605) as revenue during the year based on the notional/actual expenditures spent on the project according to the approved budget. As a result of certain of job duties of the project executed by freelances artists have been shouldered by the Company's staff, cost saving arise and the project ends with surplus at the end of the year.

HK\$6,701,941 (2022: HK\$6,156,953) in total was recognised as revenue from inception of the programme. No remaining balance (2022: HK\$544,988) is recorded as receipt in advance at the end of this financial period.

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**16 Development fund**

	2023 HK\$	2022 HK\$
<b>Income:</b>		
Donation and sponsorship income	277,900	390,028
Other income	104,538	14,346
	<u>382,438</u>	<u>404,374</u>
<b>Expenditures:</b>		
Marketing and promotion expenses	-	11,915
Other operating expenses	4,021	1,244
	<u>4,021</u>	<u>13,159</u>
Surplus for the year	378,417	391,215
Balance at the beginning of the financial period	<u>12,045,346</u>	<u>11,654,131</u>
Balance at the end of the financial period	<u><u>12,423,763</u></u>	<u><u>12,045,346</u></u>

The development fund is used for non-subsvented projects which fall outside the ambit of Government Subvention through the Secretary for Culture, Sports and Tourism (2022: the Secretary for Home Affairs). The profit or loss of the development fund was separated from that for Government Subventions through the Secretary for Culture, Sports and Tourism (2022: the Secretary for Home Affairs) as the fund did not come from that source of subvention.

**HONG KONG REPERTORY THEATRE LIMITED**  
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**17 Development Bureau Funding Scheme**

	<b>2023</b>	<b>2022</b>
	HK\$	HK\$
<b>Non-current assets:</b>		
Assets under construction	<u>20,951,267</u>	<u>4,882,934</u>
<b>Current liabilities:</b>		
Government grant and related income received in advance	<u>15,559,424</u>	<u>2,743,196</u>

The Company has successfully applied a project for development the proposed HKRep Education Hub at Cox's Road, Yau Tsim Mong under the Funding Scheme to support the use of vacant government sites by non-government organisation. The government has initially signed a short term tenancy agreements with the Company for six years and nine months. The site will be used as a HKRep Education Hub for promoting drama and various related art forms.

The Development Bureau has approved a grant up to HK\$8,300,000 for the stage 1 of carrying out the detailed design and site investigation and HK\$50,800,000 for the stage 2 for revitalisation works. The grants should be used for the purpose of the project only, and the Company will receive a balance payment equivalent to the sum of the total actual cost. Hence, the Company should recognise the payment for the project as assets under construction until the project is completed. The Company received HK\$15,558,267 (2022: HK\$2,743,192) from the government and bank interest income HK\$1,157 (2022: HK\$4) generated from the amount received from the government up to the reporting date.

**HONG KONG REPERTORY THEATRE LIMITED**  
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**18 Commitments**

(a) Commitments under operating lease

At 31 March 2023, the Company's total future minimum lease payments under non-cancellable operating leases is payable as follows:

	2023 HK\$	2022 HK\$
Land and buildings		
Within one year	2,048,106	4,654,056
After one year and within five years	-	2,048,106
	<u>2,048,106</u>	<u>6,702,162</u>

The Company leases certain office premises initially for a term of 3 years with fixed monthly rental. None of the leases include contingent rentals.

(b) Capital commitment

	2023 HK\$	2022 HK\$
(a) Authorised but not contracted for	-	-
(b) Contracted but not provided for	35,000,531	49,598,657
	<u>35,000,531</u>	<u>49,598,657</u>

**19 Retirement benefit scheme**

The Company contributes to the MPF Scheme for all qualifying employees employed under the jurisdiction of the Hong Kong Employment Ordinance. Contributions to the scheme by the Company and the employees are calculated as a percentage of employee's relevant income, subject to a cap of monthly relevant income of HK\$30,000. The retirement benefit scheme costs charged to the income statement represent contributions payable by the Company to the fund. The assets of the MPF Scheme are held separately from those of the Company in an independently administered fund.

**HONG KONG REPERTORY THEATRE LIMITED**  
**(LIMITED BY GUARANTEE)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2023**

**20 Transactions and balances with related parties**

Details of the Company's significant transactions with the following related parties during the year ended 31 March 2023, are as follows:

	<b>2023</b>	<b>2022</b>
	HK\$	HK\$
Companies controlled by a council member/council members:		
Donation and sponsorship income	726,000	780,000

The council members of the Company are of the opinion that the above transactions were entered into at terms agreed by both parties.

There were no balances with related parties of the Company at the end of the reporting period.