

HONG KONG REPERTORY THEATRE LIMITED
(LIMITED BY GUARANTEE)

REPORTS AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

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 2021.

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 2021 and the state of the Company’s affairs as at that date are set out in the financial statements on pages 5 to 31.

Property, plant and equipment

Details of the movements in property, plant and equipment are set out in note 7 to the financial statements.

Council members

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

Dr. MONG Tak Yeung, David
Mr. SIU Chor Kee, BBS, MH, JP
Mr. CHAN Cheuk Chi
Ms. AU Chor Kwan
Mr. CHAN Kin Ping, BBS, JP
Ms. CHAN Yuen Sau, Kelly, JP
Mr. CHEUK Sin Cheong, Clement
Mr. CHEUNG Chi Chung
Ms. HUANG Wenxi (appointed on 25 September 2020)
Mr. KWAN Chor Chung (appointed on 25 September 2020)
Mr. SZE Irons, BBS, JP (appointed on 25 September 2020)
Dr. TING Heather Ruth
Hon. TSE Wai Chuen Tony, BBS, JP (appointed on 23 March 2021)
Ms. TSUI Li, BBS, JP

HONG KONG REPERTORY THEATRE LIMITED
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REPORT OF THE COUNCIL MEMBERS

Council members (continued)

Mr. CHU Man Chung (retired on 25 September 2020)

Prof. LUK Yun Tong (retired on 25 September 2020)

Hon. YICK Chi Ming, Frankie, SBS, JP (retired on 25 September 2020)

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

In accordance with Article 40A of Part B of the Company's Articles of Association, no council member shall hold office for a term in excess of six consecutive years save that when a member of the council is elected as Chairman, Vice-Chairman or Treasurer. Mr. CHU Man Chung, Prof. LUK Yun Tong and Hon. YICK Chi Ming, Frankie, SBS, JP had held office for six consecutive years and retired on the date as indicated. 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
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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 more than 400 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 material and modes of performances, in order to cultivate and stretch the boundaries of theatre arts.

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, review and publication of theatre literature, the Company aims to encourage, document, preserve and consolidate creative activities in theatre.

HONG KONG REPERTORY THEATRE LIMITED
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REPORT OF THE COUNCIL MEMBERS

Business review (continued)

Financial Highlights

Total income

The total income of the Company of the year is HK\$77.49 million (2020: HK\$90.35 million), of which HK\$64.33 million (2020: HK\$56.99 million) were subventions received from the Government, accounted for 83.0% (2020: 63.1%) 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 2020, plus additional funding of HK\$2.56 million (2020: HK\$2.75 million) from the Home Affairs Bureau, HK\$9.93 million (2020: HK\$9.99 million) from the Arts Development Matching Grant Scheme, HK\$0.49 million (2020: HK\$0.40 million) from the Leisure and Cultural Services Department funding for the Arts Administrator Trainee Programme, as well as HK\$3.28 million (2020: HK\$0.21 million) and HK\$4.43 million (2020: nil) from the Arts and Culture Sector Subsidy Scheme and Employment Support Scheme respectively under the Anti-epidemic Fund.

Earned income

Owing to the COVID-19 pandemic during the whole year, a total of 1,104 performances and activities of the Company were cancelled or postponed. As a result, total earned income of the Company decreased sharply from HK\$33.36 million in 2020 to HK\$13.16 million in 2021, a drop of 60.6% (HK\$20.20 million) in the year.

Expenditure

Total expenditure dropped from HK\$77.59 million in 2020 to HK\$67.05 million in 2021. The fall in total expenditure in the year is mainly attributable to the savings arisen in production expenses on account of the slump in performances and activities resulted from the epidemic of COVID-19.

Net result of the year

Despite the decline in earned income in the year, with the additional Government subvention and the savings in expenditures, the Company ends up with a surplus of HK\$10.44 million in 2021 (2020: HK\$12.77 million).

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 2021, the total cash and bank deposits of the Company is HK\$51.11 million (2020: HK\$40.97 million) and its current ratio (current assets/current liabilities) is 7.2 (2020: 5.4).

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

Business review (continued)

Key Performance Indicators

No. of performances/activities and audience/participants

By virtue of the cancellation/postponement of a total of 217 performances and 887 activities (estimated audience and participants 78,817 and 5,929 respectively) in the year necessitated by the strategy of social distancing in combating the spread of the epidemic of COVID-19, number of performances/activities and aggregate of audience/participants of the year were adversely affected.

In 2021, the Company successfully presented only 3 main stage productions and 3 black box productions totaling 6 productions in all with 62 performances in aggregate (2020: 6 main stage productions and 2 black box productions, totaling 137 performances).

Total number of audience declined from 46,674 in 2020 to 9,373 in 2021. Average attendance of the year is at 98% (2020: 91%).

In 2021, the Company brought 1 production to 3 mainland cities, with total 11 performances attracting 12,900 audiences (2020: 7 productions, 8 cities, 49 performances and 31,793 audiences).

The Company conducted a total of 1,291 sessions of education, outreach and other activities with 288,946 participants during the year (2020: 2,018 sessions and 119,393 participants), in which 35 sessions attracting 228,171 viewer counts were presented on the Company's Facebook/Instagram page for keeping in touch with fans and audience under the pandemic.

HONG KONG REPERTORY THEATRE LIMITED
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REPORT OF THE COUNCIL MEMBERS

Business review (continued)

Awards and Honours

Local Accolades

At the Hong Kong's Most Outstanding Business Awards 2021, the Company was awarded "The Best Performing Group (Repertory) of the Year".

Mainland Accolades

At the 4th Chinese Theatre Awards (第四屆華語戲劇盛典), *Deling and Cixi* and *The Big Meal* received 9 and 3 nominations respectively, and *Deling and Cixi* won 6 awards:

- Best Play of the Year;
- Best Playwright;
- Best Director;
- Best Leading Actress
- Best Supporting Actor; and
- Best Investors

At the 2021 One Drama Awards (2021 壹戲劇大賞), *Le Père* received 2 nominations and won "Best Actor of the Year" award, and *Deling and Cixi* received 4 nominations and won "Best Actress of the Year" award.

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 minimization 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.

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

Business review (continued)

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 audience 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 worked with 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
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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.

COVID-19 pandemic

The spread of COVID-19 in the past 2 years has severely affected the world as well as the Company. Should the pandemic be continued and not under control, the Company might probably not be able to resume its normal activities and need to face downturn in performing arts business.

Subsequent Events

There was 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 modes, 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 Hong Kong 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

Dr. MONG Tak Yeung, David
Chairman

Hong Kong, 27 JUL 2021

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 31, which comprise the statement of financial position as at 31 March 2021, and the statement of comprehensive income, 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 2021, 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 Hong Kong 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 Hong Kong 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 Hong Kong 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 HKSAs, 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 2 April 2020 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 30 January 2021 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, 27 JUL 2021

HONG KONG REPERTORY THEATRE LIMITED
(LIMITED BY GUARANTEE)
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2021

	Notes	2021 HK\$	2020 HK\$
Income			
Government subvention		64,327,558	56,994,800
Box office and performance income		2,195,686	17,779,950
Outreach, education and other activities income		2,822,040	6,625,298
Donation and sponsorship		6,690,163	8,270,608
Other income and gain	3	1,452,848	683,052
		<u>77,488,295</u>	<u>90,353,708</u>
Expenditures			
Production costs		17,290,532	27,786,067
Marketing and promotion expenses		3,996,914	3,787,822
Personal emoluments		35,386,212	34,416,619
Other operating expenses		10,376,796	11,595,875
		<u>67,050,454</u>	<u>77,586,383</u>
Surplus for the year and total comprehensive surplus for the year	4	<u>10,437,841</u>	<u>12,767,325</u>
Total comprehensive surplus for the year allocated to			
General activities	11	943,190	2,619,104
Art Development Matching Grants Scheme	12	9,957,542	10,143,474
Contestable funding Scheme	13	-	13,652
Arts and Culture Sector Subsidy Scheme under the Anti-epidemic Fund	14	(887,958)	-
The Hong Kong Jockey Club Charities Trust: Musical Theatre Project - Sing out in Schools	15	(308,262)	(202,002)
Development fund	17	733,329	193,097
		<u>10,437,841</u>	<u>12,767,325</u>

The notes on pages 10 to 31 are an integral part of these financial statements.

HONG KONG REPERTORY THEATRE LIMITED
(LIMITED BY GUARANTEE)
STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2021

	Notes	2021 HK\$	2020 HK\$
Non-current assets			
Property, plant and equipment	7	<u>2,133,183</u>	<u>1,822,713</u>
Current assets			
Deposits, prepayment and accounts receivable	8	6,380,097	7,368,452
Cash and bank balances	9	<u>51,108,411</u>	<u>40,969,477</u>
		<u>57,488,508</u>	<u>48,337,929</u>
Current liabilities			
Box office and performance income and others received in advance	10	3,050,123	4,750,592
Accounts payable and accruals	10	<u>4,960,769</u>	<u>4,237,092</u>
		<u>8,010,892</u>	<u>8,987,684</u>
Net current assets		<u>49,477,616</u>	<u>39,350,245</u>
Net assets		<u>51,610,799</u>	<u>41,172,958</u>

HONG KONG REPERTORY THEATRE LIMITED
(LIMITED BY GUARANTEE)
STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 MARCH 2021

	Notes	2021 HK\$	2020 HK\$
RESERVES			
General activities	11	13,396,387	13,341,155
Art Development Matching Grants Scheme	12	27,213,392	17,255,850
Arts and Culture Sector Subsidy Scheme under the Anti-epidemic Fund	14	-	-
The Hong Kong Jockey Club Charities Trust: Musical Theatre Project - Sing out in Schools	15	(653,111)	(344,849)
Development fund	17	11,654,131	10,920,802
Total reserves		<u>51,610,799</u>	<u>41,172,958</u>

The financial statements were approved and authorised for issue by the Council on 27 JUL 2021
and are signed on its behalf by:

Dr. MONG Tak Yeung, David
CHAIRMAN

Ms. AU Chor Kwan
TREASURER

The notes on pages 10 to 31 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 2021

	General activities (note 11)	Art Development Matching Grants Scheme (note 12)	Contestable funding scheme (note 13)	Arts and Culture Sector Subsidy Scheme under the Anti-epidemic Fund (note 14)	The Hong Kong Jockey Club Charities Trust: Musical Theatre Project - Sing out in Schools (note 15)	Development fund (note 17)	Total
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
Total reserves at 1 April 2019	10,722,051	7,112,376	15,832	-	(142,847)	10,727,705	28,435,117
Total comprehensive surplus/(deficit) for the year	2,619,104	10,143,474	13,652	-	(202,002)	193,097	12,767,325
Fund return to the Government	-	-	(29,484)	-	-	-	(29,484)
Total reserves at 31 March 2020	13,341,155	17,255,850	-	-	(344,849)	10,920,802	41,172,958
Total comprehensive surplus/(deficit) for the year	943,190	9,957,542	-	(887,958)	(308,262)	733,329	10,437,841
Fund transfer	(887,958)	-	-	887,958	-	-	-
Total reserves at 31 March 2021	13,396,387	27,213,392	-	-	(653,111)	11,654,131	51,610,799

The notes on pages 10 to 31 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 2021

	2021	2020
	HK\$	HK\$
Operating activities		
Surplus for the year	10,437,841	12,767,325
Adjustments for:		
Interest income	(299,051)	(587,793)
Depreciation	1,329,216	984,378
Gain on disposal of property, plant and equipment	(11,000)	-
Operating cash flows before changes in working capital	<u>11,457,006</u>	<u>13,163,910</u>
Deposits, prepayment and accounts receivable	988,355	(108,070)
Box office and performance income and others received in advance	(1,700,469)	(6,464)
Accounts payable and accruals	723,677	(99,659)
Fund returned to the Government	-	(29,484)
Net cash generated from operating activities	<u>11,468,569</u>	<u>12,920,233</u>
Investing activities		
Payment for purchase of property, plant and equipment and assets under construction	(1,639,686)	(2,556,688)
Proceeds for sale of property, plant and equipment	11,000	-
Bank deposits	(7,197,754)	(18,866,487)
Interest received	299,051	587,793
Net cash used in investing activities	<u>(8,527,389)</u>	<u>(20,835,382)</u>
Net increase/(decrease) in cash and cash equivalents	2,941,180	(7,915,149)
Cash and cash equivalents at the beginning of the year	<u>18,886,666</u>	<u>26,801,815</u>
Cash and cash equivalents at the end of the year (note 9)	<u>21,827,846</u>	<u>18,886,666</u>

The notes on pages 10 to 31 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 2021

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 2021 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 Hong Kong Companies Ordinance.

The measurement basis used in preparing the financial statements is historical cost.

(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.

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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 capitalized 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 statement of comprehensive income 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
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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.

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

(g) Government grant

Government subvention are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and conditions and requirement attached to them as stipulated in the agreement entered with the Government can be fulfilled. Grants that compensate the Company for expenses incurred are recognised as government subvention in statement of comprehensive income on a systematic basis in the same periods in which the expense are incurred. Grants that compensate the Company for the cost of an asset are deducted from the carrying amount of the asset and consequently are effectively recognised in statement of comprehensive income over the useful life of the asset by way of reduced depreciation expense.

(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 statement of comprehensive income 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.

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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 statement of comprehensive income 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 statement of comprehensive income on a straight-line basis over the term of the relevant lease.

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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 of the Home Affairs. The income and expenditure of the development fund is separated from that for Government Subvention's through the Secretary of 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.

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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 statement of comprehensive income.

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 statement of comprehensive income.

3 Other income and gain

	2021	2020
	HK\$	HK\$
Advertisement income	-	13,600
Bank interest income	299,051	587,793
Anti-epidemic compensation subsidy shared by project partners	1,061,371	-
Gain on disposal of property, plant and equipment	11,000	-
Membership income	7,200	36,000
Rental of props, costume and equipment	28,184	7,500
Souvenirs sales and royalty income	22,678	31,496
Sundry income	23,364	6,663
	<u>1,452,848</u>	<u>683,052</u>

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4 Surplus for the year

	2021	2020
	HK\$	HK\$
Surplus for the year is arrived at after charging:		
Auditors' remuneration	99,500	75,500
Compensation (note)	5,868,332	214,700
Depreciation	1,329,216	984,378
Operating leases:		
- office premises rental	4,820,406	4,990,700
- venue rental	623,413	3,066,853
- Production costs (note)	17,290,532	27,786,067
Staff costs:		
- Salaries and allowances	34,169,806	33,225,682
- MPF contributions	1,216,406	1,190,937
- Temporary and part-time staff	35,241	14,312
- Training and welfare	313,817	223,090

Note: During the year, the Company made payments of compensation of HK\$4,726,022 and HK\$1,142,310 from the Arts and Culture Sector Subsidy Scheme under the Anti-epidemic Fund (note 14) and general activities, in total of HK\$5,868,332 to freelance artists, production workers, contractor services and other staff cost due to the cancellation/postponement of performances/activities necessitated by the strategy of social distancing. The compensation in total of HK\$5,868,332 is included in production costs.

5 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.

6 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 (2020: Nil).

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7 Property, plant and equipment

	Assets under construction HK\$	Furniture and fixtures HK\$	Office and computer equipment HK\$	Audio and stage equipment HK\$	Total HK\$
Cost					
At 1 April 2019	-	2,505,439	1,590,122	6,708,807	10,804,368
Additions	-	50,000	496,278	2,010,410	2,556,688
At 31 March 2020	-	2,555,439	2,086,400	8,719,217	13,361,056
Additions	563,500	324,846	374,250	377,090	1,639,686
Disposals	-	-	(517,197)	(72,540)	(589,737)
At 31 March 2021	563,500	2,880,285	1,943,453	9,023,767	14,411,005
Accumulated depreciation					
At 1 April 2019	-	2,480,972	1,533,950	6,539,043	10,553,965
Charge for the year	-	28,901	199,950	755,527	984,378
At 31 March 2020	-	2,509,873	1,733,900	7,294,570	11,538,343
Charge for the year	-	137,186	311,823	880,207	1,329,216
Written back on disposals	-	-	(517,197)	(72,540)	(589,737)
At 31 March 2021	-	2,647,059	1,528,526	8,102,237	12,277,822
Net book value					
At 31 March 2021	563,500	233,226	414,927	921,530	2,133,183
At 31 March 2020	-	45,566	352,500	1,424,647	1,822,713

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8 Deposits, prepayment and accounts receivable

Apart from the deposits amounted to HK\$555,574 (2020: HK\$502,944), all the remaining balances are expected to be recovered or recognised as expenses within one year.

9 Cash and bank balances

	2021	2020
	HK\$	HK\$
Cash at banks and in hand	5,971,340	4,204,959
Bank deposits	45,137,071	36,764,518
Cash and bank balances	<u>51,108,411</u>	<u>40,969,477</u>
Less: Bank deposits with maturity over 3 months	29,280,565	22,082,811
Cash and cash equivalents in the statement of cash flows	<u>21,827,846</u>	<u>18,886,666</u>

10 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.

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11 General activities

	General 2021 HK\$	Art development matching grants scheme (note 12) 2021 HK\$	Total 2021 HK\$	Total 2020 HK\$
Income:				
Government subvention	51,116,829	9,934,165	61,050,994	56,780,100
Box office and performance income	2,195,686	-	2,195,686	17,779,950
Outreach, education and other activities income	2,822,040	-	2,822,040	6,625,298
Donation and sponsorship income	1,617,157	-	1,617,157	3,118,923
Other income	661,028	150,276	811,304	482,126
	<u>58,412,740</u>	<u>10,084,441</u>	<u>68,497,181</u>	<u>84,786,397</u>
Expenditures:				
Production cost	9,982,176	-	9,982,176	24,788,097
Marketing and promotion expenses	3,929,794	-	3,929,794	3,696,860
Personal emolument	33,746,367	-	33,746,367	33,035,799
Other operating expenses	9,811,213	126,899	9,938,112	10,503,063
	<u>57,469,550</u>	<u>126,899</u>	<u>57,596,449</u>	<u>72,023,819</u>
Surplus for the year	943,190	9,957,542	10,900,732	12,762,578
Balance at the beginning of the financial period	13,341,155	17,255,850	30,597,005	17,834,427
Fund transfer to Arts and Culture Sector Subsidy Scheme under the Anti-epidemic Fund (note 14)	(887,958)	-	(887,958)	-
Balance at the end of the financial period	<u>13,396,387</u>	<u>27,213,392</u>	<u>40,609,779</u>	<u>30,597,005</u>

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11 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 2021 and 2020 are as follows.

	2021 HK\$	2020 HK\$
Reserves		
Accumulated surplus	13,396,387	13,341,155
Art Development Matching Grants Scheme	27,213,392	17,255,850
The Hong Kong Jockey Club Charities Trust: Music Theatre Project - Sing out in Schools	(653,111)	-
	<u>39,956,668</u>	<u>30,597,005</u>
Less: Net book value of property, plant and equipment (other than assets under construction)	<u>1,569,683</u>	<u>1,822,713</u>
	38,386,985	28,774,292
Less: Accumulated donation and sponsorship income	<u>41,108,855</u>	<u>35,090,833</u>
	<u>(2,721,870)</u>	<u>(6,316,541)</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>63,029,682</u>	<u>78,045,709</u>
Ratio	<u>(4.3%)</u>	<u>(8.1%)</u>

At 31 March 2021 and 2020, the reserves carried forward after deducting the accumulated donation and sponsorship income are less than 25% of the total expenditures in the subvention period.

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12 Art Development Matching Grants Scheme

	2021 HK\$	2020 HK\$
Income:		
Government subvention	9,934,165	9,985,480
Other income	150,276	157,994
	<u>10,084,441</u>	<u>10,143,474</u>
Expenditures:		
Other operating expenses	126,899	-
	<u>9,957,542</u>	<u>10,143,474</u>
Surplus for the year	9,957,542	10,143,474
Balance at the beginning of the financial period	17,255,850	7,112,376
Balance at the end of the financial period	<u>27,213,392</u>	<u>17,255,850</u>

Note:

During the year, Art Development Matching Grants Scheme (the “Scheme”) granted an amount of HK\$9,934,165 (2020: HK\$9,985,480) to the Company. The grant was used to subsidise the 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. The receipt of grant amounting to HK\$9,934,165 (2020: HK\$9,985,480) was put as short term bank deposit.

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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13 Contestable funding scheme

The summary and movements of Contestable funding scheme during the subvention period at 31 March 2021 and 2020 are as follows.

	The best HK original musical's China adventure HK\$	Total HK\$
Total reserves at 1 April 2019	15,832	15,832
Surplus for the year	13,652	13,652
Fund returned to the Government	(29,484)	(29,484)
	<hr/>	<hr/>
Total reserves at 31 March 2020 and 2021	-	-
	<hr/> <hr/>	<hr/> <hr/>

In 2020, all programmes under contestable funding scheme were completed. All unspent portion of the government grants had been returned to the Government.

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14 Arts and Culture Sector Subsidy Scheme under the Anti-epidemic Fund

	2021 HK\$	2020 HK\$
Income:		
Government subvention	3,276,564	214,700
Other income	574,500	-
	<u>3,851,064</u>	<u>214,700</u>
Expenditures:		
Production costs	4,726,022	214,700
Other operating expenses	13,000	-
	<u>4,739,022</u>	<u>214,700</u>
Deficit for the year	(887,958)	-
Balance at the beginning of the financial period	-	-
Fund transfer from general activities (note 11)	887,958	-
Balance at the end of the financial period	<u>-</u>	<u>-</u>

Note:

In March 2020, the Government provided a one-off subsidy amount of HK\$3,491,264 under the Arts and Culture Sector Subsidy Scheme under the Anti-epidemic Fund (the "Scheme") to the Company. A bank account for the receipt as required by the Agreement letter has been maintained. The purpose of the Scheme was for payment of freelance artists, production workers, contractor services and other staff cost due to the cancellation/postponement of performances/activities necessitated by the strategy of social distancing in combatting the spread of the epidemic.

During the year, the Company made payment of compensation of HK\$4,726,022 to freelance artists, production workers, contractor services and other staff cost due to the cancellation/postponement of performances/activities necessitated by the strategy of social distancing. The amount excess the scheme subsidy has been dealt with general activities at the end of this financial period.

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

	2021 HK\$	2020 HK\$
Income:		
Donation and sponsorship income	3,390,308	3,217,874
Expenditures:		
Production cost	1,817,637	1,703,961
Marketing and promotion expenses	8,381	29,542
Personal emoluments	1,472,135	1,104,878
Other operating expenses	400,417	581,495
	<u>3,698,570</u>	<u>3,419,876</u>
Deficit for the year	(308,262)	(202,002)
Balance at the beginning of the financial period	(344,849)	(142,847)
Balance at the end of the financial period	<u>(653,111)</u>	<u>(344,849)</u>

In 2018, the Company has entered into an agreement with The Hong Kong Jockey Club Charities Trust under which donation from The Hong Kong Jockey Club Charities Trust of up to HK\$16,390,000 as a support of the Musical Theatre Project - Sing out in Schools for the period from September 2018 to November 2021 would be received. Up to the reporting date, total amount of HK\$5,481,611 was received from The Hong Kong Jockey Club Charities Trust. Based on the claimable expenditure spent on the project according to approved budget stated in the agreement and HK\$7,212,635 in total was recognised as revenue from inception of the project. The balance of HK\$1,731,024 is recorded as receivable at the end of this financial period.

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

	2021 HK\$	2020 HK\$
Income:		
Donation and sponsorship income	1,010,557	1,423,045
Other income	3,788	8,299
	<u>1,014,345</u>	<u>1,431,344</u>
Expenditures:		
Production cost	764,697	1,079,309
Marketing and promotion expenses	58,739	61,420
Personal emoluments	167,710	275,942
Other operating expenses	23,199	14,673
	<u>1,014,345</u>	<u>1,431,344</u>
Surplus for the year	-	-
Balance at the beginning of the financial period	-	-
Balance at the end of the financial period	<u>-</u>	<u>-</u>

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 is still on going. Up to the reporting date, the Company received HK\$6,002,497 (2020: HK\$4,395,741) totally from The D. H. Chen Foundation and recognised HK\$1,010,557 (2020: HK\$1,423,045) as revenue during the year based on the net expenditure spent on the project at break-even basis. HK\$5,445,348 in total was recognised as revenue from inception of the programme. The remaining balance HK\$557,149 is recoded as receipt in advance at the end of this financial period and will be recognised as revenue when expenditures were incurred.

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17 Development fund

	2021	2020
	HK\$	HK\$
Income:		
Donation and sponsorship income	672,141	510,766
Other income	63,256	178,975
	<u>735,397</u>	<u>689,741</u>
Expenditures:		
Other operating expenses	2,068	496,644
	<u>2,068</u>	<u>496,644</u>
Surplus for the year	733,329	193,097
Balance at the beginning of the financial period	10,920,802	10,727,705
Balance at the end of the financial period	<u>11,654,131</u>	<u>10,920,802</u>

The development fund is used for non-subvented projects which fall outside the ambit of Government Subvention through the Secretary of the Home Affairs. The profit or loss of the development fund was separated from that for Government Subventions through the Secretary of the Home Affairs as the fund did not come from that source of subvention.

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18 Development Bureau Funding Scheme

	2021 HK\$	2020 HK\$
Non-current assets:		
Assets under construction	563,500	-

The Company has successfully applied a project for development the proposed Theatre Education Centre 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 will initially sign a short term tenancy agreements with the Company for six years and nine months. The site is expected to construct to designated use at the lower half year of 2022 according the plan. The site will be used as a Theatre Education Centre 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. The grant 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 its receipt from government as receipt in advance and the payment for the project as asset under construction until the project is completed.

Up to the reporting date, the Company received HK\$555,500 from Development Bureau.

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19 Commitments

(a) Commitments under operating lease

At 31 March 2021, the Company's total future minimum lease payments under non-cancellable operating leases is payable as follows:

	2021 HK\$	2020 HK\$
Land and buildings		
Within one year	2,821,856	2,097,365
After one year and within five years	1,227,323	117,800
	<u>4,049,179</u>	<u>2,215,165</u>

The Company leases certain office premises initially for a term of 2 years to 3 years and one month with fixed monthly rental. None of the leases include contingent rentals.

(b) Capital commitment

	2021 HK\$	2020 HK\$
(a) Authorised but not contracted for	-	-
(b) Contracted but not provided for	2,424,500	-
	<u>2,424,500</u>	<u>-</u>

20 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 statement of comprehensive income 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.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

21 Transactions and balances with related parties

Details of the Company's significant transactions with the following related parties during the year ended 31 March 2021, are as follows:

	2021	2020
	HK\$	HK\$
Companies controlled by a council member:		
Donation and sponsorship income	675,000	397,711
Office rent paid	213,869	334,752

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.