

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

**REPORTS AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31ST MARCH, 2009**

**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 for the year ended 31st March, 2009.

**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 31st March, 2009 and the state of the Company's affairs as at that date are set out in the financial statements on page 3 to 20.

**Property, plant and equipment**

Details of the movements in property, plant and equipment are set out in note 9 to the financial statements.

**Council Members**

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

Dr. YEUNG Hin Chung, John, SBS, OBE, JP  
Mr. WOO Wai Man, BBS  
Mr. CHUNG Shu Kun, Christopher, BBS, MH, JP (appointed on 19.09.2008)  
Mr. CHAN Cheuk Chi (appointed on 19.09.2008)  
Dr. CHAN Kow Tak  
Prof. FONG Chee Fun, Gilbert (appointed on 19.09.2008)  
Mr. MONG Tak Yeung, David  
Dr. NG Chui Yiu, Jennifer, JP (Australia) (appointed on 19.09.2008)  
Ms. SUEN Chi Lan, Esther  
Mr. TSANG Chi Hung, JP (appointed on 19.09.2008)  
Mr. YICK Chi Ming, Frankie (appointed on 19.09.2008)  
Mr. CHOW Wing Shing, Vincent, BBS, MBE, JP (retired on 19.09.2008)  
Mr. CHAN Kwan Yun (retired on 19.09.2008)  
Ms. CHOI Ka Man, Carmen (retired on 19.09.2008)  
Dr. LUK Yun Tong (retired on 19.09.2008)  
Mr. NG Kau (retired on 19.09.2008)

In accordance with Articles 36 to 40 of the Company's Articles of Association, Dr. YEUNG Hin Chung, John, SBS, OBE, JP, Mr. WOO Wai Man, BBS and Dr. CHAN Kow Tak will retire by rotation in the forthcoming annual general meeting.

to be continued.....

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

**REPORT OF THE COUNCIL MEMBERS**

Continuation - 2 -

**Council Members' interests in contracts**

No contracts of significance in relation to the Company's business to 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.

**Arrangement 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.

**Auditors**

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

On behalf of the Council

Dr. YEUNG Hin Chung, John, SBS, OBE, JP  
Chairman

Hong Kong, 28th July, 2009

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

We have audited the financial statements of Hong Kong Repertory Theatre Limited (the "Company") set out on pages 3 to 20, which comprise the balance sheet as at 31st March, 2009, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

**Council members' responsibility for the financial statements**

The council members are responsible for the preparation and the true and fair presentation of these financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

**Auditor's responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. This report is made solely to you, as a body, in accordance with Section 141 of the Hong Kong Companies Ordinance, and for no other purposes. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

to be continued.....

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

Continuation - 2 -

**Opinion**

In our opinion, the financial statements give a true and fair view of the state of the Company's affairs as at 31st March, 2009 and of its surplus and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

TING HO KWAN & CHAN  
Certified Public Accountants (Practising)

Hong Kong, 28th July, 2009

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

**INCOME STATEMENT**

**FOR THE YEAR ENDED 31ST MARCH, 2009**

	Notes	2009 HK\$	2008 HK\$
<b>Income</b>			
Government subvention		29,714,190	26,640,000
Box office income		5,963,370	9,489,546
Outreach, education and other activities income		721,510	813,000
Programme fee income		611,600	390,277
Other income	5	1,025,807	635,151
		<u>38,036,477</u>	<u>37,967,974</u>
<b>Expenditure</b>			
Production costs		12,118,940	10,516,722
Marketing and promotion expenses		2,897,662	4,075,149
Personal emoluments		16,882,661	16,612,537
Other operating expenses		6,086,447	6,505,021
		<u>37,985,710</u>	<u>37,709,429</u>
<b>Surplus for the year</b>	<b>6</b>	<u><u>50,767</u></u>	<u><u>258,545</u></u>

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

**BALANCE SHEET AS AT 31ST MARCH, 2009**

	Notes	2009 HK\$	2008 HK\$
<b>Non-current assets</b>			
Property, plant and equipment	9	308,997	621,174
<b>Current assets</b>			
Prepayments and deposits	10	1,801,428	1,562,735
Accounts receivable	10	1,283,809	1,272,607
Cash and cash equivalents	11	8,594,213	8,667,915
		<u>11,679,450</u>	<u>11,503,257</u>
<b>Total assets</b>		<u><u>11,988,447</u></u>	<u><u>12,124,431</u></u>
<b>RESERVES</b>			
Accumulated surplus			
General activities		7,031,343	7,534,981
Outbound cultural exchange activities	6(b)	1,430	-
Venue partnership scheme activities	6(c)	552,975	-
		<u>7,585,748</u>	<u>7,534,981</u>
Development fund	12	1,620,636	1,504,520
<b>Total reserves</b>		<u><u>9,206,384</u></u>	<u><u>9,039,501</u></u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Box office income and others received in advance	13	2,750	50,100
Accounts payable and accruals	13	2,779,313	3,034,830
<b>Total liabilities</b>		<u><u>2,782,063</u></u>	<u><u>3,084,930</u></u>
<b>Total reserves and liabilities</b>		<u><u>11,988,447</u></u>	<u><u>12,124,431</u></u>

The financial statements were approved and authorised for issue by the Council on 28th July, 2009

Dr. YEUNG Hin Chung, John  
CHAIRMAN

CHUNG Shu Kun, Christopher  
TREASURER

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

**STATEMENT OF CHANGES IN EQUITY**

**FOR THE YEAR ENDED 31ST MARCH, 2009**

	Accumulated surplus					Total HK\$
	General activities HK\$	Outbound cultural exchange activities HK\$	Venue partnership scheme activities HK\$	Sub-total HK\$	Development fund HK\$	
Total reserves at 31st March, 2007	7,294,382	-	-	7,294,382	1,205,933	8,500,315
Surplus for the year	258,545	-	-	258,545	298,587	557,132
Refund of surplus to Government	(17,946)	-	-	(17,946)	-	(17,946)
Total reserves at 31st March, 2008	7,534,981	-	-	7,534,981	1,504,520	9,039,501
Surplus for the year	(503,638)	1,430	552,975	50,767	116,116	166,883
Total reserves at 31st March, 2009	<u>7,031,343</u>	<u>1,430</u>	<u>552,975</u>	<u>7,585,748</u>	<u>1,620,636</u>	<u>9,206,384</u>



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

**CASH FLOW STATEMENT**

**FOR THE YEAR ENDED 31ST MARCH, 2009**

	<b>2009</b> HK\$	<b>2008</b> HK\$
<b>Cash flows from operating activities</b>		
Surplus for the year	50,767	258,545
Adjustments for:		
Interest income	(145,756)	(402,967)
Depreciation	438,778	669,052
	<hr/>	<hr/>
<b>Operating profit before changes in working capital</b>	<b>343,789</b>	<b>524,630</b>
Prepayments and deposits	(238,693)	258,362
Accounts receivable	(11,202)	(579,008)
Box office income and others received in advance	(47,350)	50,000
Accounts payable and accruals	(255,517)	(612,017)
	<hr/>	<hr/>
<b>Net cash used in operating activities</b>	<b>(208,973)</b>	<b>(358,033)</b>
<b>Cash flows from investing activities</b>		
Payment for the purchase of property, plant and equipment	(126,601)	(673,790)
Interest received	145,756	402,967
	<hr/>	<hr/>
<b>Net cash generated from/(used in) investing activities</b>	<b>19,155</b>	<b>(270,823)</b>
<b>Cash flows from financing activities</b>		
Increase in development fund	116,116	298,587
Refund of surplus to Government	-	(17,946)
	<hr/>	<hr/>
<b>Net cash generated from financing activities</b>	<b>116,116</b>	<b>280,641</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(73,702)</b>	<b>(348,215)</b>
<b>Cash and cash equivalents at 1st April</b>	<b>8,667,915</b>	<b>9,016,130</b>
<b>Cash and cash equivalents at 31st March (note 11)</b>	<b>8,594,213</b>	<b>8,667,915</b>

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

**NOTES TO THE FINANCIAL STATEMENTS - 31ST MARCH, 2009**

**1 General information**

Hong Kong Repertory Theatre Limited (the “Company”) limited by guarantee is a company incorporated in Hong Kong with its liabilities. 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 is 4/F., Sheung Wan Municipal Services Building, 345 Queen's Road Central, Hong Kong. Its principal activities continued to engage 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 Statement of compliance with Hong Kong Financial Reporting Standard**

The Company’s financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”) which also include Hong Kong Accounting Standards (“HKAS”) and Interpretations (“Int”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. A summary of significant accounting policies adopted by the Company is set out in note 3.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies. However, there are no areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements.

The HKICPA has issued certain new and revised HKFRS that are first effective for the current accounting period of the Company. Note 4 provides information on the changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Company for the current and prior accounting periods reflected in these financial statements.

**3 Summary of significant accounting policies**

**(a) Basis of preparation of the financial statements**

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

**HONG KONG REPERTORY THEATRE LIMITED  
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**NOTES TO THE FINANCIAL STATEMENTS - 31ST MARCH, 2009**

**3 Summary of significant accounting policies - continued**

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

Property, plant and equipment are stated in the balance sheet at cost less accumulated depreciation and any impairment losses.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, on a straight-line basis over their estimated useful lives as follows:

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

The residual value (if any) and the useful life of an asset are reviewed at least at each financial year-end.

The Company assesses at each balance sheet date whether there is any indication that any items of property, plant and equipment may be impaired and that an impairment loss recognised in prior periods for an item may have decreased. If any such indication exists, the Company estimates the recoverable amount of the item. An impairment loss, being the amount by which the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount, or a reversal of impairment loss is recognised immediately in profit or loss.

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 profit or loss on the date of retirement or disposal.

**(c) Accounts receivable**

Accounts receivable are initially measured at fair value and, after initial recognition, at amortised cost less any impairment losses for bad and doubtful debts, except for the following receivables:

- interest-free loans made to related parties without any fixed repayment terms or the effect of discounting being immaterial, that are measured at cost less any impairment losses for bad and doubtful debts; and
- short-term receivables with no stated interest rate and the effect of discounting being immaterial, that are measured at their original invoiced amount less any impairment losses for bad and doubtful debts.

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

**NOTES TO THE FINANCIAL STATEMENTS - 31ST MARCH, 2009**

**3 Summary of significant accounting policies - continued**

**(c) Accounts receivable - continued**

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. Significant financial difficulties of the debtors, probability that the debtor will enter into bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the assets is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivable. Subsequent recoveries of amounts previously written off are credited against the income statement.

**(d) Cash and cash equivalents**

Cash comprises cash on hand and at bank and demand deposits with bank. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**(e) Accounts payable and accruals**

Accounts payable and accruals are initially measured at fair value and, after initial recognition, at amortised cost, except for the following payables:

- short-term payables with no stated interest rate and effect of discounting being immaterial, that are measured at their original invoiced amount; and
- interest-free loans from related parties without any fixed repayment terms or the effect of discounting being immaterial, that are measured at cost.

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

**NOTES TO THE FINANCIAL STATEMENTS - 31ST MARCH, 2009**

**3 Summary of significant accounting policies - continued**

**(f) 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.

**(g) Income tax**

The Company is a non-profit-making charitable organisation and the charge for Hong Kong taxation is exempted. Therefore, deferred taxation is not accounted for in these financial statements.

**(h) Revenue recognition**

- (i) Government subvention is recognised under the term of agreement on accrual basis.
- (ii) Box office income, outreach, education and other activities income and programme fee income are recognised when the performance presented.
- (iii) Donations and sponsorship received are recognised on cash receipt basis.
- (iv) Interest income is recognised using the effective interest method.

**(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 balance sheet date is permitted to be carried forward and utilised by the respective employees in the following year. An accrual is made at the balance sheet date for the expected future cost of such paid leave earned during the year by the employees and carried forward.

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

**NOTES TO THE FINANCIAL STATEMENTS - 31ST MARCH, 2009**

**3 Summary of significant accounting policies - continued**

**(i) Employee benefits - continued**

**(ii) Retirement benefit costs**

The Company operates a defined contribution Mandatory Provident Fund retirement benefits scheme in Hong Kong (the "MPF Scheme") 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**

Where the Company is the lessee, lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease period.

Contingent rents are charged as an expense in the periods in which they are incurred.

**(k) Related parties**

For the purposes of these financial statements, a party is considered to be related to the Company if:

- (i) directly, or indirectly through one or more intermediaries, the party:
  - (1) controls, is controlled by, or is under common control with, the Company;
  - (2) has an interest in the Company that gives its significant influence over the Company;or
  - (3) has joint control over the Company;
- (ii) the party is a jointly-controlled entity;
- (iii) the party is an associate;
- (iv) the party is a member of the key management personnel of the Company;
- (v) the party is a close member of the family of any individual referred to in (i) or (iv);
- (vi) the party is an entity that is controlled, jointly-controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or
- (vii) the party is a post-employment benefit plan for the benefit of employees of the Company, or of any entity that is a related party of the Company.

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

**NOTES TO THE FINANCIAL STATEMENTS - 31ST MARCH, 2009**

**3 Summary of significant accounting policies - continued**

**(I) Development fund**

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 income statement 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.

**4 Changes in accounting policies**

The HKICPA has issued certain new and revised HKFRS that are first effective or available for early adoption for the current accounting period of the Company.

There have been no significant changes to the accounting policies applied in those financial statements for the years presented as a result of those developments as they are either irrelevant or have no material effect on the Company's financial statements.

The Company has not early applied any new standard, amendment or interpretation that has been issued but is not yet effective for the current accounting period (see note 19).

**5 Other income**

	<b>2009</b>	<b>2008</b>
	<b>HK\$</b>	<b>HK\$</b>
Advertisement income	6,400	46,800
Bank interest income	145,756	402,967
Donation and sponsorship received	764,271	67,819
Membership fees received	1,800	2,300
Rental of props, costume and equipment	56,700	64,125
Souvenirs sales	48,840	35,382
Miscellaneous income	2,040	15,758
	<u>1,025,807</u>	<u>635,151</u>

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

**NOTES TO THE FINANCIAL STATEMENTS - 31ST MARCH, 2009**

**6 Surplus for the year**

(a) Surplus for the year is stated after charging:

	<b>2009</b>	<b>2008</b>
	HK\$	HK\$
Auditors' remuneration	24,000	20,500
Depreciation	438,778	669,052
Operating leases		
- office premises rental	2,196,000	2,196,000
- venue rental	2,703,442	3,064,259
Staff costs		
- salaries, gratuities and allowances	16,368,167	16,109,474
- MPF contributions	514,494	503,063
- temporary and part-time staff	91,975	154,535
- training and welfare	148,700	60,900
	<u>                    </u>	<u>                    </u>

(b) Outbound Cultural Exchange Activities

	<b>2009</b>	<b>2008</b>
	HK\$	HK\$
<b>Income:</b>		
Government subvention	1,000,000	-
Programme fee income	404,800	-
Donation and sponsorship received	328,000	-
Bank interest income	686	-
	<u>                    </u>	<u>                    </u>
	1,733,486	-
<b>Expenditure:</b>		
Production costs	1,528,745	-
Marketing and promotion expenses	167,571	-
Other operating expenses	35,740	-
	<u>                    </u>	<u>                    </u>
	1,732,056	-
	<u>                    </u>	<u>                    </u>
Surplus for the year and balance at 31st March	<u>                    </u>	<u>                    </u>
	1,430	-

An earmarked grant of HK\$1,000,000 is received from the Government in support of the outbound cultural exchange activities of the Company. Any unspent portion of the earmarked grant should be carried forward to the next year for the same use.



**HONG KONG REPERTORY THEATRE LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS - 31ST MARCH, 2009**

**6 Surplus for the year - continued**

(c) Venue Partnership Scheme Activities

	2009 HK\$	2008 HK\$
<b>Income:</b>		
Government subvention	1,008,190	-
Box office income	5,481	-
Bank interest income	3,753	-
	<u>1,017,424</u>	<u>-</u>
<b>Expenditure:</b>		
Production costs	202,586	-
Marketing and promotion expenses	45,885	-
Personal emoluments	207,169	-
Other operating expenses	8,809	-
	<u>464,449</u>	<u>-</u>
Surplus for the year and balance at 31st March	<u>552,975</u>	<u>-</u>

The Company is appointed by the Government acting through the Director of Leisure and Cultural Services to be the venue partner at the Hong Kong City Hall under the Venue Partnership Scheme in a view to foster Hong Kong City Hall to become a destination for the theatergoing public. A supplementary Government subvention of HK\$1,008,190 was granted to the Company in support of the scheme activities.

**7 Taxation**

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

**8 Council members' remuneration**

None of the Council members received or will receive any fees or emoluments in respect of their services to the Company for the year (2008: Nil).

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

**NOTES TO THE FINANCIAL STATEMENTS - 31ST MARCH, 2009**

**9 Property, plant and equipment**

	<b>Furniture and fixtures HK\$</b>	<b>Office and Computer equipment HK\$</b>	<b>Audio and Stage equipment HK\$</b>	<b>Total HK\$</b>
<b>Cost</b>				
At 1st April, 2007	142,885	477,449	712,726	1,333,060
Additions	157,950	83,310	432,530	673,790
At 31st March, 2008	300,835	560,759	1,145,256	2,006,850
Additions	11,729	64,200	50,672	126,601
At 31st March, 2009	312,564	624,959	1,195,928	2,133,451
<b>Accumulated depreciation</b>				
At 1st April, 2007	65,204	263,136	388,284	716,624
Charge for the year	100,296	186,965	381,791	669,052
At 31st March, 2008	165,500	450,101	770,075	1,385,676
Charge for the year	86,595	104,287	247,896	438,778
At 31st March, 2009	252,095	554,388	1,017,971	1,824,454
<b>Net book value</b>				
At 31st March, 2009	60,469	70,571	177,957	308,997
At 31st March, 2008	135,335	110,658	375,181	621,174

**10 Prepayments and deposits/accounts receivables**

Apart from the utility deposits amounted to HK\$78,000, they are expected to be recovered or recognised as expenses within one year and are neither past due nor impaired. The maximum exposure to credit risk at the balance sheet date is the carrying value as mentioned in the financial statements. The Company does not hold any collateral as security.

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

**NOTES TO THE FINANCIAL STATEMENTS - 31ST MARCH, 2009**

**11 Cash and cash equivalents**

	<b>2009</b>	<b>2008</b>
	HK\$	HK\$
Cash at bank and in hand	2,002,961	488,751
Short-term bank deposits	6,591,252	8,179,164
	<u>8,594,213</u>	<u>8,667,915</u>

The effective interest rates on short term deposits were ranged from 0.01% to 0.85% per annum (2008: 1.03% to 2.90% per annum).

**12 Development fund**

	<b>2009</b>	<b>2008</b>
	HK\$	HK\$
Balance at 1st April	<u>1,504,520</u>	<u>1,205,933</u>
<b>Income:</b>		
Donation and sponsorship received	159,280	241,750
Programme fee income	-	211,000
Bank interest income	24,072	45,012
	<u>183,352</u>	<u>497,762</u>
<b>Expenditure:</b>		
Performance tours and audience development	32,475	183,175
Staff welfare	34,761	16,000
	<u>67,236</u>	<u>199,175</u>
Surplus for the year	<u>116,116</u>	<u>298,587</u>
Balance at 31st March	<u>1,620,636</u>	<u>1,504,520</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 income statement 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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**13 Box office income and others received in advance/accounts payable and accruals**

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

**14 Lease commitments**

At 31st March, 2009, the Company's total future minimum lease payments under non-cancellable operating lease is payable as follows:

	<b>2009</b>	<b>2008</b>
	HK\$	HK\$
Land and buildings		
Within one year	2,196,000	2,196,000
After one and within five years	-	2,196,000
	<u>2,196,000</u>	<u>4,392,000</u>

The Company leases certain office premises under a licence agreement for a term of 3 years commencing from 1st April, 2007 for fixed monthly rental from the Leisure and Cultural Services Department. The licence agreement does not include contingent rentals.

**15 Capital management**

The Company is a corporation limited by guarantee without having a share capital. Hence the Company's capital comprises of the accumulated surplus which is subject to a specified level allowable to keep under the funding agreement entered with the government and development fund stated on the balance sheet. The Company's objective when managing capital is to safeguard its ability to continue as a going concern, so that it can continue to engage in promotion, maintenance, improvements and advancement of the interest of the public in Hong Kong and elsewhere in drama and various related art forms.

The Company manages capital by regularly monitoring its current and expected liquidity requirements rather than using debt/equity ratio analyses.

The Company is incorporated without any share capital but by guarantee of the members of the Company who undertake to contribute to the assets of the Company, in the event of its being wound up, for payment of the debts and liabilities of the Company up to the amount of HK\$100.

The Company is not subject to either internally or externally imposed capital requirements.

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**16 Financial risk management**

**(A) Financial instruments**

The Company major financial instruments include receivables and prepayments, payable and accruals. Details of these financial instruments are disclosed in the respective notes.

The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below.

**(B) Financial risk factors**

Exposure to foreign currency, credit, liquidity and cash flow interest rate risks arises in the normal course of the Company's business. These risks are limited by the Company's financial management policies and practices described below.

**(i) Foreign currency risk**

The Company has no exposure to foreign currency risk as nearly all the Company's transactions are denominated in Hong Kong dollars.

**(ii) Credit risk**

The main income of the Company is subvention from the Government in which there should not have any credit risk in this respect. The Company has no significant concentration of credit risk, with wide spread of customers for ticket proceeds. The major trade debtors at 31st March, 2009 are mainly government agency which should not have any credit risk.

The credit risk on liquid funds is limited because the counterparties are authorised financial institutions listed in the Hong Kong Stock Exchange and regulated under Hong Kong Banking Ordinance.

**(iii) Liquidity risk**

The Company is exposed to minimal liquidity risk as the Company regularly monitors its current and expected liquidity requirements to ensure that it maintains sufficient reserves of each and bank balances to meet its liquidity requirements in the short and longer term.

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**16 Financial risk management - continued**

**(B) Financial risk factors - continued**

(iii) Liquidity risk - continued

The following table details the remaining contractual maturities at the balance sheet date of the Company's non-derivatives financial liabilities, which are based on contractual undiscounted cash flows (including interest payment computed using contractual rates or, if floating, based on rates current at the balance sheet date) and the earliest the Company can be required to pay.

	2009			2008		
	Carrying amount	Total contractual undiscounted cash flow	Within 1 year or on demand	Carrying amount	Total contractual undiscounted cash flow	Within 1 year or on demand
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
Box office income and others received in advance	2,750	2,750	2,750	50,100	50,100	50,100
Accounts payable and accruals	2,779,313	2,779,313	2,779,313	3,034,830	3,034,830	3,034,830
	<u>2,782,063</u>	<u>2,782,063</u>	<u>2,782,063</u>	<u>3,084,930</u>	<u>3,084,930</u>	<u>3,084,930</u>

(iv) Cash flow interest rate risk

Except the short term bank deposits at interest subject to the changes in market rate at the time of renewal, the Company has no other interest-bearing assets and liabilities. Thus, the Company's income and operating cash flows are substantially independent of changes in market interest rates.

(v) Sensitivity analysis

With 1% changes in interest rates, with all other variable held constant, both the Company's results for the year and its funds would be affected by HK\$65,000 approximately as the Company has interest-bearing assets as at 31st March, 2009 (2008: HK\$81,000).

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**17 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\$20,000. 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.

**18 Transactions and balances with related parties**

There were no significant transactions and balances with related parties of the Company during the year or at the balance sheet date.

**19 Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31st March, 2009**

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments, new standards and interpretations which are not yet effective for the year ended 31st March, 2009 and which have not been early adopted in these financial statements.

The Company is in the process of making an assessment of what the impact of these amendments, new standards and new interpretations is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Company's results of operations and financial position.