

HONG KONG REPERTORY THEATRE LIMITED
(LIMITED BY GUARANTEE)

REPORTS AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

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 2022.

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 2022 and the state of the Company’s affairs as at that date are set out in the financial statements on pages 5 to 29.

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
Mr. KWAN Chor Chung
Mr. SZE Irons, BBS, JP
Dr. TING Heather Ruth
Hon. TSE Wai Chuen Tony, BBS, JP
Ms. TSUI Li, BBS, JP

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

Council members (continued)

In accordance with Articles 39 to 40 of Part B of the Company's Articles of Association, Dr. MONG Tak Yeung, David, Mr. SIU Chor Kee, BBS, MH, JP, Mr. CHAN Cheuk Chi, Mr. CHEUK Sin Cheong, Clement, Ms. HUANG Wenxi, Mr. KWAN Chor Chung and Dr. TING Heather Ruth will retire by rotation, and Ms. AU Chor Kwan, Ms. CHAN Yuen Sau, Kelly, JP, Mr. SZE Irons, BBS, JP, being appointed by Government will retire in the forthcoming annual general meeting.

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

Council members' interests in transactions, arrangements or contracts

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

Arrangements to acquire shares or debentures

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

Management contracts

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

Equity-linked agreements

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

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

Business review

Our Business

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

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

A balance repertoire

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

Black box theatre production

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

Outreach and education

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

International exchange

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

Theatre literature

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

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

Business review (continued)

Financial Highlights

Total income

The total income of the Company of the year is HK\$71.15 million (2021: HK\$77.49 million), of which HK\$53.66 million (2021: HK\$64.33 million) were subventions received from the Government, accounted for 75.4% (2021: 83.0%) 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 2021, plus additional funding of HK\$2.69 million (2021: HK\$2.56 million) from the Home Affairs Bureau, HK\$6.59 million from the Arts Development Matching Grant Scheme (2021: HK\$9.93 million), HK\$0.62 million (2021: HK\$0.49 million) from the Leisure and Cultural Services Department funding for the Arts Administrator Trainee Programme, as well as HK\$0.12 million (2021: HK\$3.28 million) from the Arts and Culture Sector Subsidy Scheme under the Anti-epidemic Fund.

Regardless of the Employment Support Scheme provided a subsidy of HK\$4.43 million to the Company in 2021, no such Government subsidy was available in 2022.

Earned income

Total earned income of the Company increased from HK\$13.16 million in 2021 to HK\$17.49 million in 2022, representing a growth of 32.9%. The rise in earned income is mainly attributable to the increase in no. of performances/activities in 2022 resulted from the decline in cancellation/postponement of performances/activities necessitated by the strategy of social distancing in combating the spread of COVID-19 epidemic in 2022 (305 in 2022 vs 1,104 in 2021).

Expenditure

Total expenditure dropped from HK\$67.05 million in 2021 to HK\$64.69 million in 2022. The fall in total expenditure is mainly due to less compensation for cancellation/postponement of performances/activities was required to be paid to freelanced artists (HK\$2.20 million in 2022 vs HK\$5.87 million in 2021) as a result of the reduction in no. of cancellation and postponement in the year.

Net result of the year

Despite the decline in Government subvention in the year, with the increase in earned income and savings in expenditures, the Company ends up with a surplus of HK\$6.46 million in 2022 (2021: HK\$10.44 million).

HONG KONG REPERTORY THEATRE LIMITED
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REPORT OF THE COUNCIL MEMBERS

Business review (continued)

Financial Highlights (continued)

Liquidity

The Company regularly monitors its current and expected liquidity requirements to ensure that it maintains sufficient reserves and bank balances to meet its liquidity requirement in the short and longer term. As at 31 March 2022, the total cash and bank deposits of the Company is HK\$55.28 million (2021: HK\$51.11 million) and its current ratio (current assets/current liabilities) is 6.1 (2021: 7.2).

Key Performance Indicators

No. of performances/activities and audience/participants

With the COVID-19 epidemic continued to evolve during the year, there were 93 performances and 212 activities, estimated audience and participants 33,206 and 1,913 respectively, required to be cancelled/postponed (2021: 217 performances and 887 activities cancelled/postponed, estimated audience and participants 78,817 and 5,929 respectively).

In 2022, the Company successfully presented 4 main stage productions and 2 black box productions totaling 6 productions in all with 90 performances in aggregate (2021: 3 main stage productions and 3 black box productions, totaling 62 performances).

Total no. of audience raised from 9,373 in 2021 to 21,615 in 2022. Average attendance of the year is at 93% (2021: 98%).

In 2022, the Company brought 2 productions to 7 mainland cities, with total 34 performances attracting 8,520 audiences (2021: 1 production, 3 cities, 11 performances and 12,900 audiences).

The Company conducted a total of 1,447 sessions of education, outreach and other activities with 65,921 participants during the year (1,291 sessions and 288,946 participants in 2021). The no. of participants dropped significantly during the year is mainly due to the fact that during the temporary closure of performance venues in view of the pandemics in last year, in order to keep in touch with its audience, the Company streamlined its selected classic works, short videos and special MV on its Facebook, attracted more than 220,000 viewers. In contrast, as temporary closure of performance venues only happened towards the end of the year, only a few sessions of on-line activities were produced.

HONG KONG REPERTORY THEATRE LIMITED
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REPORT OF THE COUNCIL MEMBERS

Business review (continued)

Awards and Honours

Local Accolades

At the 30th Hong Kong Drama Awards, the Company received 11 nominations and 8 award honours:

- *Principle*
Best Leading Actress (Tragedy/Drama)
- *Winter Funeral*
Best Original Music (Drama), Outstanding Production of the Year
- *Road to Damascus*
Best Stage Design, Best Lighting Design, Outstanding Production of the Year
- *Ambiguous*
Best Script (Tragedy/Drama), Outstanding Production of the Year

In addition, the Company received 3 nominations and the Black Box production *Winter* was awarded “Best Leading Actor” from the 13th Hong Kong Theatre Libre Awards.

The Company’s Artistic Director, Mr. Anthony CHAN, was listed as one of the “Asia’s Most Influential 2021” by Tatler Asia.

Mainland Accolades

At the 5th Chinese Theatre Awards (第五屆華語戲劇盛典), our Executive Director, Mr. Marble LEUNG, was awarded “Best Producer of Chinese Theatre”.

At The 1st (2021) International Theatre Academy Award (Directing Award 2021 (首屆 (2021) 國際戲劇“學院獎” (導演獎))), *Deling and Cixi* won “Best Director” award.

The Last Supper became the only Hong Kong original play listed in “The 40 Most Influential Experimental Theatre in Contemporary China” (中國當代小劇場戲劇 40 年影響力榜單).

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.

HONG KONG REPERTORY THEATRE LIMITED
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REPORT OF THE COUNCIL MEMBERS

Business review (continued)

Environmental Policies and Performances

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

Key Relationship with Stakeholders

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

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

To facilitate the Company to improve and enhance its productions, as well as to review and further refine its marketing strategy, the Company collects views and comments from its 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 years has severely affected the world as well as the Company. Whether the Company could resume its normal level of activities all depends on if the pandemic could be under control or even diminished, as well as the Government policy and measures taken to combat the virus.

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 forms, in a view to develop the audiences' interest and appreciation of life theatre for enriching the city's cultural life. In addition, the Company will continue to organise arts education programme for schools as well as holding regular and structured courses for different levels of learners. The Company will further explore cross-border cultural exchanges and sourcing more performance opportunities in the Mainland as well as other territories to ultimately forge a stronger, more distinctive and truly world-class identity.

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

Permitted indemnity and council members' and officers' liability insurance

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

Auditors

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

On behalf of the Council

Dr. MONG Tak Yeung, David
Chairman

Hong Kong, 26 JUL 2022

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 29, which comprise the statement of financial position as at 31 March 2022, 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 2022, and of its financial performance and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standard for Private Entities ("HKFRS for Private Entities") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Companies Ordinance.

Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The council members are responsible for the other information. The other information comprises information included in the report of the council members and the detailed income statement as shown in the Appendix to the financial statements, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

Other information (continued)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of council members for the financial statements

The council members are responsible for the preparation of financial statements that give a true and fair view in accordance with HKFRS for Private Entities issued by the HKICPA and the Companies Ordinance, and for such internal control as the council members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the council members are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the council members either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The council members are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, in accordance with section 405 of the Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAAs 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 13 April 2021 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 14 February 2022 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, 26 JUL 2022

HONG KONG REPERTORY THEATRE LIMITED
(LIMITED BY GUARANTEE)
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2022

	Notes	2022 HK\$	2021 HK\$
Income			
Government subvention		53,665,974	64,327,558
Box office and performance income		5,884,684	2,195,686
Outreach, education and other activities income		3,854,916	2,822,040
Donation and sponsorship		7,338,838	6,690,163
Other income and gain	3	406,376	1,452,848
		<u>71,150,788</u>	<u>77,488,295</u>
Expenditures			
Production costs		15,468,881	17,290,532
Marketing and promotion expenses		4,497,799	3,996,914
Personal emoluments		34,145,438	35,386,212
Other operating expenses		10,578,763	10,376,796
		<u>64,690,881</u>	<u>67,050,454</u>
Surplus for the year and total comprehensive surplus for the year	4	<u>6,459,907</u>	<u>10,437,841</u>
Total comprehensive surplus for the year allocated to			
General activities	11	(790,441)	943,190
Art Development Matching Grants Scheme	12	6,531,114	9,957,542
Arts and Culture Sector Subsidy Scheme under the Anti-epidemic Fund	13	-	(887,958)
The Hong Kong Jockey Club Charities Trust: Musical Theatre Project - Sing out in Schools	14	(177,132)	(308,262)
The D. H. Chen Foundation project: Playful Learning: Ploughing drama education for innovating the preschool curriculum and pedagogy in Hong Kong Program	15	505,151	-
Development fund	16	391,215	733,329
		<u>6,459,907</u>	<u>10,437,841</u>

The notes on pages 9 to 29 are an integral part of these financial statements.

HONG KONG REPERTORY THEATRE LIMITED
(LIMITED BY GUARANTEE)
STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2022

	Notes	2022 HK\$	2021 HK\$
Non-current assets			
Property, plant and equipment	7	5,990,195	2,133,183
Current assets			
Deposits, prepayment and accounts receivable	8	6,962,216	6,380,097
Cash and bank balances	9	55,280,880	51,108,411
		<u>62,243,096</u>	<u>57,488,508</u>
Current liabilities			
Box office and performance income and others received in advance	10	5,087,050	3,050,123
Accounts payable and accruals	10	5,075,535	4,960,769
		<u>10,162,585</u>	<u>8,010,892</u>
Net current assets		<u>52,080,511</u>	<u>49,477,616</u>
Net assets		<u>58,070,706</u>	<u>51,610,799</u>
Reserves			
General activities	11	11,775,703	13,396,387
Art Development Matching Grants Scheme	12	33,744,506	27,213,392
The Hong Kong Jockey Club Charities Trust: Musical Theatre Project - Sing out in Schools	14	-	(653,111)
The D. H. Chen Foundation project: Playful Learning: Ploughing drama education for innovating the preschool curriculum and pedagogy in Hong Kong Program	15	505,151	-
Development fund	16	12,045,346	11,654,131
Total reserves		<u>58,070,706</u>	<u>51,610,799</u>

The financial statements were approved and authorised for issue by the Council on 26 JUL 2022 and are signed on its behalf by:

Dr. MONG Tak Yeung, David
CHAIRMAN

Ms. AU Chor Kwan
TREASURER

The notes on pages 9 to 29 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 2022

	General activities (note 11)	Art Development Matching Grants Scheme (note 12)	Arts and Culture Sector Subsidy Scheme under the Anti- epidemic Fund (note 13)	The Hong Kong Jockey Club Charities Trust: Musical Theatre Project - Sing out in Schools (note 14)	The D. H. Chen Foundation project: Playful Learning: Ploughing drama education for innovating the preschool curriculum and pedagogy in Hong Kong Program (note 15)	Development fund (note 16)	Total
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
Total reserves at 1 April 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
Total comprehensive surplus/(deficit) for the year	(790,441)	6,531,114	-	(177,132)	505,151	391,215	6,459,907
Fund transfer	(830,243)	-	-	830,243	-	-	-
Total reserves at 31 March 2022	11,775,703	33,744,506	-	-	505,151	12,045,346	58,070,706

The notes on pages 9 to 29 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 2022

	Notes	2022 HK\$	2021 HK\$
Operating activities			
Surplus for the year		6,459,907	10,437,841
Adjustments for:			
Interest income	3	(63,657)	(299,051)
Depreciation	4	1,585,220	1,329,216
Gain on disposal of property, plant and equipment		-	(11,000)
Operating cash flows before changes in working capital		<u>7,981,470</u>	<u>11,457,006</u>
Deposits, prepayment and accounts receivable		(582,119)	988,355
Box office and performance income and others received in advance		2,036,927	(1,700,469)
Accounts payable and accruals		114,766	723,677
Net cash generated from operating activities		<u>9,551,044</u>	<u>11,468,569</u>
Investing activities			
Payment for purchase of property, plant and equipment and assets under construction		(5,442,232)	(1,639,686)
Proceeds for sale of property, plant and equipment		-	11,000
Bank deposits		(3,333,662)	(7,197,754)
Interest received		63,657	299,051
Net cash used in investing activities		<u>(8,712,237)</u>	<u>(8,527,389)</u>
Net increase in cash and cash equivalents		838,807	2,941,180
Cash and cash equivalents at the beginning of the year		<u>21,827,846</u>	<u>18,886,666</u>
Cash and cash equivalents at the end of the year	9	<u>22,666,653</u>	<u>21,827,846</u>

The notes on pages 9 to 29 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 2022

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 2022 in accordance with the Hong Kong Financial Reporting Standard for Private Entities (“HKFRS for Private Entities”) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the requirements of the Companies Ordinance.

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

(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 capitalised borrowing costs on related borrowed funds during the period of construction or installation. Assets under construction are reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

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

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2 Basis of preparation and accounting policies (Continued)

(e) Provisions and contingent liabilities

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

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

(f) Income tax

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

(g) Government grant

Government 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.

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2 Basis of preparation and accounting policies (Continued)

(h) Revenue recognition

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

Provided it is probable that the economic benefits will flow to the Company and the revenue and the costs, if applicable, can be measured reliably, revenue is recognised in 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-subvented 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.

HONG KONG REPERTORY THEATRE LIMITED
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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

	2022 HK\$	2021 HK\$
Advertisement income	30,800	-
Anti-epidemic compensation subsidy shared by project partners	-	1,061,371
Bank interest income	63,657	299,051
Gain on disposal of property, plant and equipment	-	11,000
Membership income	11,200	7,200
Rental of props, costume and equipment	21,280	28,184
Souvenirs sales and royalty income	49,770	22,678
Sundry income	229,669	23,364
	<u>406,376</u>	<u>1,452,848</u>

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4 Surplus for the year

	2022	2021
	HK\$	HK\$
Surplus for the year is arrived at after charging:		
Auditors' remuneration	63,000	99,500
Compensation	-	5,868,332
Depreciation	1,585,220	1,329,216
Operating leases:		
- Office premises rental	4,915,856	4,820,406
- Venue rental	461,682	623,413
Staff costs:		
- Salaries and allowances	33,016,750	34,169,806
- MPF contributions	1,128,688	1,216,406
- Temporary and part-time staff	19,939	35,241
- Training and welfare	179,241	313,817

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 (2021: 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 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
Additions	4,319,434	928,836	43,680	150,282	5,442,232
Disposals	-	(93,098)	-	-	(93,098)
At 31 March 2022	4,882,934	3,716,023	1,987,133	9,174,049	19,760,139
Accumulated depreciation					
At 1 April 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
Charge for the year	-	434,556	304,737	845,927	1,585,220
Written back on disposals	-	(93,098)	-	-	(93,098)
At 31 March 2022	-	2,988,517	1,833,263	8,948,164	13,769,944
Net book value					
At 31 March 2022	4,882,934	727,506	153,870	225,885	5,990,195
At 31 March 2021	563,500	233,226	414,927	921,530	2,133,183

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8 Deposits, prepayment and accounts receivable

Apart from the deposits amounted to HK\$497,534 (2021: HK\$555,574), all the remaining balances are expected to be recovered or recognised as expenses within one year.

9 Cash and bank balances

	2022	2021
	HK\$	HK\$
Cash at banks and in hand	10,247,556	5,971,340
Bank deposits	45,033,324	45,137,071
Cash and bank balances	<u>55,280,880</u>	<u>51,108,411</u>
Less: Bank deposits with maturity over 3 months	32,614,227	29,280,565
Cash and cash equivalents in the statement of cash flows	<u>22,666,653</u>	<u>21,827,846</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 2022 HK\$	Art development matching grants scheme (note 12) 2022 HK\$	Total 2022 HK\$	Total 2021 HK\$
Income:				
Government subvention	47,076,080 *	6,589,894	53,665,974	61,050,994
Box office and performance income	5,884,684	-	5,884,684	2,195,686
Outreach, education and other activities income	3,854,916	-	3,854,916	2,822,040
Donation and sponsorship income	1,527,007	-	1,527,007	1,617,157
Other income	345,932	45,913	391,845	811,304
	<u>58,688,619</u>	<u>6,635,807</u>	<u>65,324,426</u>	<u>68,497,181</u>
Expenditures:				
Production cost	11,880,977 *	-	11,880,977	9,982,176
Marketing and promotion expenses	4,401,574	-	4,401,574	3,929,794
Personal emolument	33,191,293	-	33,191,293	33,746,367
Other operating expenses	10,005,216	104,693	10,109,909	9,938,112
	<u>59,479,060</u>	<u>104,693</u>	<u>59,583,753</u>	<u>57,596,449</u>
(Deficit)/surplus for the year	(790,441)	6,531,114	5,740,673	10,900,732
Balance at the beginning of the financial period	13,396,387	27,213,392	40,609,779	30,597,005
Fund transfer to Arts and Culture Sector Subsidy Scheme under the Anti-epidemic Fund (note 13)	-	-	-	(887,958)
Fund transfer to The Hong Kong Jockey Club Charities Trust (note 14)	(830,243)	-	(830,243)	-
Balance at the end of the financial period	<u>11,775,703</u>	<u>33,744,506</u>	<u>45,520,209</u>	<u>40,609,779</u>

- * During the year, the Company has received one-off subsidies totalling of HK\$120,000 under the Arts and Culture Sector Subsidy Scheme of the Anti-epidemic Fund. The subsidies have fully utilised to compensate to freelance artists and production workers due to the cancellation/postponement of performances/activities necessitated by the strategy of social distancing.

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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 2022 and 2021 are as follows:

	2022 HK\$	2021 HK\$
Reserves		
Accumulated surplus	11,775,703	13,396,387
Art Development Matching Grants Scheme	33,744,506	27,213,392
The Hong Kong Jockey Club Charities Trust:		
Music Theatre Project - Sing out in Schools	-	(653,111)
The D. H. Chen Foundation project:		
Playful Learning: Ploughing drama education for innovating the preschool curriculum and pedagogy in Hong Kong Program	505,151	-
	<u>46,025,360</u>	<u>39,956,668</u>
Less: Net book value of property, plant and equipment (other than assets under construction)	<u>1,107,261</u>	<u>1,569,683</u>
	44,918,099	38,386,985
Less: Accumulated donation and sponsorship income	<u>48,057,665</u>	<u>41,108,855</u>
	<u>(3,139,566)</u>	<u>(2,721,870)</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>63,473,543</u>	<u>63,029,682</u>
Ratio	<u>(4.9%)</u>	<u>(4.3%)</u>

At 31 March 2022 and 2021, 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

	2022	2021
	HK\$	HK\$
Income:		
Government subvention	6,589,894	9,934,165
Other income	45,913	150,276
	<u>6,635,807</u>	<u>10,084,441</u>
Expenditures:		
Other operating expenses	<u>104,693</u>	<u>126,899</u>
Surplus for the year	6,531,114	9,957,542
Balance at the beginning of the financial period	27,213,392	17,255,850
Balance at the end of the financial period	<u>33,744,506</u>	<u>27,213,392</u>

Note:

During the year, Art Development Matching Grants Scheme (the “Scheme”) granted an amount of HK\$6,589,894 (2021: HK\$9,934,165) 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\$6,589,894 (2021: HK\$9,934,165) 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 Arts and Culture Sector Subsidy Scheme under the Anti-epidemic Fund

	2022	2021
	HK\$	HK\$
Income:		
Government subvention	-	3,276,564
Other income	-	574,500
	<u>-</u>	<u>3,851,064</u>
Expenditures:		
Production costs	-	4,726,022
Other operating expenses	-	13,000
	<u>-</u>	<u>4,739,022</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>

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

	2022 HK\$	2021 HK\$
Income:		
Donation and sponsorship income	4,710,198	3,390,308
Expenditures:		
Production cost	3,491,076	1,817,637
Marketing and promotion expenses	62,910	8,381
Personal emoluments	865,818	1,472,135
Other operating expenses	467,526	400,417
	<u>4,887,330</u>	<u>3,698,570</u>
Deficit for the year	(177,132)	(308,262)
Balance at the beginning of the financial period	(653,111)	(344,849)
Fund transfer from general activities (note 11)	830,243	-
Balance at the end of the financial period	<u>-</u>	<u>(653,111)</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\$9,063,331 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\$11,922,833 in total was recognised as revenue from inception of the project. The balance of HK\$2,859,502 is recorded as receivable at the end of this financial period.

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15 The D. H. Chen Foundation project:

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

	2022	2021
	HK\$	HK\$
Income:		
Donation and sponsorship income	711,605	1,010,557
Other income	185	3,788
	<u>711,790</u>	<u>1,014,345</u>
Expenditures:		
Production cost	96,828	764,697
Marketing and promotion expenses	21,400	58,739
Personal emoluments	88,327	167,710
Other operating expenses	84	23,199
	<u>206,639</u>	<u>1,014,345</u>
Surplus for the year	505,151	-
Balance at the beginning of the financial period	-	-
Balance at the end of the financial period	<u>505,151</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 ongoing. Up to the reporting date, the Company received HK\$6,701,941 (2021: HK\$6,002,497) totally from The D. H. Chen Foundation and recognised HK\$711,605 (2021: HK\$1,010,557) as revenue during the year based on the notional/actual expenditures spent on the project according to the approved budget. As a result of certain of job duties of the project executed by freelancers artists have been shouldered by the Company's staff, cost saving arise and the project ends with surplus at the end of the year.

HK\$6,156,953 (2021: HK\$5,445,348) in total was recognised as revenue from inception of the programme. The remaining balance HK\$544,988 (2021: HK\$557,149) is recorded 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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16 Development fund

	2022 HK\$	2021 HK\$
Income:		
Donation and sponsorship income	390,028	672,141
Other income	14,346	63,256
	<u>404,374</u>	<u>735,397</u>
Expenditures:		
Marketing and promotion expenses	11,915	-
Other operating expenses	1,244	2,068
	<u>13,159</u>	<u>2,068</u>
Surplus for the year	391,215	733,329
Balance at the beginning of the financial period	11,654,131	10,920,802
Balance at the end of the financial period	<u>12,045,346</u>	<u>11,654,131</u>

The development fund is used for non-subsented 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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17 Development Bureau Funding Scheme

	2022 HK\$	2021 HK\$
Non-current assets:		
Assets under construction	<u>4,882,934</u>	<u>563,500</u>

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 has initially signed 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 to 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 and HK\$50,800,000 for the stage 2 for revitalisation works. 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.

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18 Commitments

(a) Commitments under operating lease

At 31 March 2022, the Company's total future minimum lease payments under non-cancellable operating leases is payable as follows:

	2022 HK\$	2021 HK\$
Land and buildings		
Within one year	4,654,056	2,821,856
After one year and within five years	2,048,106	1,227,323
	<u>6,702,162</u>	<u>4,049,179</u>

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

(b) Capital commitment

	2022 HK\$	2021 HK\$
(a) Authorised but not contracted for	-	-
(b) Contracted but not provided for	49,598,657	2,424,500
	<u>49,598,657</u>	<u>2,424,500</u>

19 Retirement benefit scheme

The Company contributes to the MPF Scheme for all qualifying employees employed under the jurisdiction of the Hong Kong Employment Ordinance. Contributions to the scheme by the Company and the employees are calculated as a percentage of employee's relevant income, subject to a cap of monthly relevant income of HK\$30,000. The retirement benefit scheme costs charged to the 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.

HONG KONG REPERTORY THEATRE LIMITED
(LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

20 Transactions and balances with related parties

Details of the Company's significant transactions with the following related parties during the year ended 31 March 2022, are as follows:

	2022	2021
	HK\$	HK\$
Companies controlled by a council member/council members:		
Donation and sponsorship income	780,000	675,000
Office rent paid	-	213,869

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.