

HONG KONG REPERTORY THEATRE LIMITED
(LIMITED BY GUARANTEE)

REPORTS AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

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 2024.

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 2024 and the state of the Company’s affairs as at that date are set out in the financial statements on pages 5 to 27.

Property, plant and equipment

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

Council members

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

Mr. SIU Chor Kee, SBS, BBS, MH, JP
Mr. CHAN Cheuk Chi
Ms. TSUI Li, BBS, JP
Ms. AU Chor Kwan, JP
Mr. CHAN Kin Ping, BBS, JP
Ms. CHAN Yuen Sau, Kelly, JP
Mr. FUNG Chi Ho
Ms. HUANG Wenxi (appointed on 26 September 2023)
Mr. KWAN Chor Chung
Mr. LAU Hing Wah, BBS, MH, JP
Ms. NG Chau Yuk Helen
Mr. SZE Irons, BBS, JP
Hon. TSE Wai Chuen Tony, BBS, JP
Mr. WONG Ivan Siu Kei, JP
Ms. WONG Sok Man, MH

**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, Mr. SIU Chor Kee, SBS, BBS, MH, JP, Mr. CHAN Cheuk Chi, Ms. AU Chor Kwan, JP, Mr. KWAN Chor Chung, Mr. LAU Hing Wah, BBS, MH, JP, Ms. NG Chau Yuk Helen and Ms. WONG Sok Man, MH will retire by rotation, and Ms. CHAN Yuen Sau, Kelly, JP, Mr. FUNG Chi Ho, Mr SZE Irons, BBS, JP and Mr. WONG Ivan Siu Kei, 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
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REPORT OF THE COUNCIL MEMBERS

Business review

Our Business

Established in 1977 and incorporated in 2001, being a non-profit-making organisation and financially supported by the Hong Kong Government, the Hong Kong Repertory Theatre Limited is the city's longest-standing and largest professional theatre company.

From its founding, the Company presents "balanced repertory", providing wide-ranging, diverse theatrical approaches to serve the city's population at large. Since its establishment, the Company has produced nearly 500 works, many becoming classics of the local dramatic canon, consolidating its influence as Hong Kong's flagship theatre company.

The HKRep's mission is to elevate the city's overall cultural life, strengthen its humanistic spirit, exert Hong Kong's advantage at the crossroad of cultures East and West, and develop a unique Hong Kong theatre aesthetic. Its areas of activities are:

Balance repertoire

Devising a season comprised of local original works, translations and adaptations of classic and contemporary plays from the Mainland and abroad. The Company collaborates with playwrights, directors, actors, designers and other talents within and outside of the Company to create artistically excellent mainstream and contemporary theatre productions.

Black box theatre

Embodying flexibility and creativity, the Black Box Theatre provides a practical platform for up-and-coming theatrical talents to explore new areas and develop different means and modes of performance and narratives, fostering the long-term development of Hong Kong's theatrical arts.

Theatre education

Through the operation of the HKRep Education Hub, the Company proactively organises outreach and theatre education programmes to help theatre become part of life. It also utilises the diverse potential of theatrical arts in providing adult and student drama and technical training. The HKRep tours regularly among schools and communities in developing young audiences, nurturing positive social values and attitudes.

International exchange

The Company strengthens ties internationally and with the Mainland by touring programmes that in turn promote Hong Kong's theatrical culture. The Company also endeavours to develop collaborations to expand potential markets beyond Hong Kong.

HONG KONG REPERTORY THEATRE LIMITED
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REPORT OF THE COUNCIL MEMBERS

Business review (continued)

Our Business (continued)

Theatre literature

Through such platforms as play development, Reader's Theatre, seminars, reviews and publications of theatre literature, the HKRep is committed to documenting, preserving and extending research in the dramatic arts.

Dramaturgy

In response to the needs of specific productions or creative projects, the HKRep has instituted the position of Dramaturg to elevate the artistic quality and socio-cultural content of contemporary theatre.

Text Testing Zone

The HKRep provides up-and-coming playwrights with potential opportunities to put on new works with simple staging and technical support, thus testing the quality of their creations as they continue to revise and refine their scripts.

Financial Highlights

Total income

In 2024, the Company reported a total income of HK\$133.74 million, up from HK\$81.13 million in 2023, primarily due to a significant government subvention of HK\$55.65 million from the Development Bureau in support of the HKRep Education Hub project under the Funding Scheme to support the use of Vacant Government Sites by Non-government Organisation in the year.

Government subsidies

Government subvention this year totalled HK\$109.40 million, accounting for 81.8% of the Company's total income (2023: HK\$56.19 million, 69.3%). Government subvention comprises recurrent subvention of HK\$43.64 million plus additional funding of HK\$1.51 million, both are at the same level of 2023, from the Culture, Sports and Tourism Bureau, HK\$8.10 million from the Arts Development Matching Grant Scheme (2023: HK\$8.62 million), HK\$55.65 million from Development Bureau for the HKRep Education Hub project (2023: nil) as well as HK\$0.50 million (2023: HK\$0.55 million) from the Leisure and Cultural Services Department funding for the Arts Administrator Trainee Programme. Regardless of the Anti-epidemic Fund provided a subsidy of HK\$1.87 million to the Company in 2023, no such subsidy was available in 2024 subsequent to Hong Kong returned to normalcy after the pandemic.

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REPORT OF THE COUNCIL MEMBERS

Business review (continued)

Financial Highlights (continued)

Earned income

Overall earned income of the Company decreased slightly from HK\$24.94 million in 2023 to HK\$24.34 million this year (decreased 2.4%). The drop is mainly caused by the shrinkage in donation and sponsorship income subsequent to pandemic (HK\$2.16 million in 2024 vs HK\$6.28 million in 2023), notwithstanding the upturn of box office and performance income from HK\$12.85 million in 2023 to HK\$15.60 million this year resulted from a strong audience attendance rate during the year, with 2 main theatre productions: *The Impossible Trial - a musical* and *The Doctor*, as well as a few Black Box productions reach 100% full house.

Expenditure

Total expenditure increased from HK\$77.50 million in 2023 to HK\$80.31 million in 2024. The rise is primarily due to the expansion in other operating expenses in regard to the additional depreciation charge (HK\$3.60 million) of the leasehold improvements of the HKRep Education Hub completed in the year.

Net result of the year

The Company achieved a surplus of HK\$53.43 million in 2024, compared to HK\$3.63 million in 2023. The significant rise in net surplus is resulted from the extra subvention from Development Bureau, which produced a surplus of HK\$52.05 million for the HKRep Education Hub project in the year. This project surplus has been reserved in a separate fund designated for meeting the coming years' depreciation charges in respect of the leasehold improvement costs of the Education Hub recognised in the year.

Liquidity

The Company regularly monitors its 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 2024, its current ratio (current assets/current liabilities) grew from 2.6 in last year to 4.0, which is mainly attributed to the increase in government grant receivable for the Education Hub project.

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Business review (continued)

Key Performance Indicators

No. of performances/activities and audience/participants

The Company presented 6 main stage productions and 4 black box productions, in all with 159 performances in aggregate (2023: 6 main stage productions and 5 black box productions, totalling 151 performances).

Total no. of audience raised from 50,554 in 2023 to 53,418 in 2024.

As pandemic has been over, the Company brought 13 productions to 5 Mainland cities and 1 overseas city, with total 39 performances attracting 4,346 audiences in the year, compared to 4 productions, 3 cities, 4 performances and 457 audiences in 2023.

In this year, the Company conducted 980 sessions of education and outreach activities with 89,776 participants, falling from 1,276 sessions and 115,671 participants in 2023. The drop during the year is mainly because of:

- (i) Decline in community activities (78 sessions, 4,491 participants in 2024 vs 180 sessions 24,395 participants in 2023) as subsequent to the completion of the project: *Dunhuang: Enchanting Tales of Millennium*, with 80 sessions and 24,111 participants in 2023, no such large-scale project was in place in 2024; and
- (ii) Contraction of drama-in-education activities in schools subsequent to pandemic (38 sessions, 706 participants in 2024 vs 154 sessions 753 participants in 2023).

Awards and Honours

Local Accolades

At the 32nd Hong Kong Drama Awards, the Company received 20 nominations and 13 award honours:

- *The Isle*
 - Best Original Music (Drama)

- *Scapin in Jiānghú, Chap. 2023*
 - Best Production
 - Best Director (Comedy/Farce)
 - Best Leading Actor (Comedy/Farce)
 - Best Supporting Actor (Comedy/Farce)
 - Best Image Design
 - Outstanding Production of the Year

HONG KONG REPERTORY THEATRE LIMITED
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REPORT OF THE COUNCIL MEMBERS

Business review (continued)

Awards and Honours (continued)

Local Accolades (continued)

- *Liu Russhi, my Dear*
Best Costume Design

- *Moscow Express*
Best Supporting Actress (Comedy/Farce)
Best Stage Design
Best Lighting Design
Outstanding Production of the Year

- *February 14 – a musical*
Best Lyricist

In addition, the Company received 7 nominations at the 15th Hong Kong Theatre Libre Awards and Black Box production *The Bucket* won 3 honors: Best Play, Best Director and Best Performance.

At the IATC(HK) Critics Awards 2023, the Company received 3 nominations.

Mainland Accolades

At The 7th China Theatre Awards, *The Top Restaurant* received 7 nominations and was awarded Best Director, Best Actor and Best Supporting Actor.

At the 2024 Shanghai One Drama Awards, the Company received 2 nominations and *Moscow Express* won Best Adaptation of the Year. In addition, the Company was award Media Attention of the Year.

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 was no major legal issue concerning the Company.

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

Business review (continued)

Environmental Policies and Performances

Hong Kong Repertory Theatre is committed to being an environmentally friendly company. The Company adheres to all environmental principles such as energy conservation and waste minimization. It collaborates with employees, directors, designers and other partners consciously making sure that all items produced for performances and activities like sets, props and costumes, are in the manner of resources conservation and waste reduction.

Key Relationship with Stakeholders

Being a Government subvented non-profit-making organisation, the Company complies with all regulations and requirements specified by the Government. As its application of funds are accountable to stakeholders including the Government and sponsors, the Company seeks to operate in a transparency manner, communicates information through various channels allowing stakeholders as well as the public to have a clear and through picture of its work and results.

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 enhance its productions, as well as to review and further refine its marketing strategy, the Company collects views and comments from audiences through completing survey questionnaires distributed during performances.

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

Principal Risks and Uncertainties

While financially sound, the Company faces risks such as fluctuating government funding and economic conditions, which could impact future operations.

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

Business review (continued)

Subsequent Events

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

Future Development

As the city's flagship theatre company, the Hong Kong Repertory Theatre will continue to adhere to the mainstream works, lay stress on dramatic text, and explore new materials and forms, in a view to develop the audiences' interest and appreciation of life theatre for enriching the city's cultural life. In addition, the Company will continue to organize 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.

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 enforced any permitted indemnity arrangements or 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

Mr. SIU Chor Kee
Chairman

Hong Kong, 30 JUL 2024

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 27, which comprise the statement of financial position as at 31 March 2024, and the income statement, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 March 2024, and of its financial performance and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standard for Private Entities ("HKFRS for Private Entities") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Companies Ordinance.

Basis for opinion

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

Other information

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

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

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

Other information (continued)

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

Responsibilities of council members for the financial statements

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

As part of an audit in accordance with 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 6 April 2023 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 26 February 2024 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, 30 JUL 2024

HONG KONG REPERTORY THEATRE LIMITED
(LIMITED BY GUARANTEE)
INCOME STATEMENT
FOR THE YEAR ENDED 31 MARCH 2024

	Notes	2024 HK\$	2023 HK\$
Income			
Government subvention	3	109,402,945	56,191,690
Box office and performance income		15,595,772	12,851,149
Outreach, education and other activities income		4,346,007	4,873,793
Donation and sponsorship		2,164,596	6,277,860
Other income	4	2,231,175	936,077
		<u>133,740,495</u>	<u>81,130,569</u>
Expenditures			
Production costs		18,946,284	23,862,950
Marketing and promotion expenses		6,279,499	5,500,341
Personal emoluments		39,485,099	37,887,194
Other operating expenses		15,602,639	10,252,179
		<u>80,313,521</u>	<u>77,502,664</u>
Surplus for the year	5	<u>53,426,974</u>	<u>3,627,905</u>
Total surplus for the year allocated to			
General fund	12	622,984	(246,235)
Art Development Matching Grants Scheme	13	203,818	3,467,966
The D. H. Chen Foundation project	14	-	27,757
Development fund	15	550,753	378,417
Education Hub building fund	16	52,049,419	-
		<u>53,426,974</u>	<u>3,627,905</u>

The notes on pages 9 to 27 are an integral part of these financial statements.

HONG KONG REPERTORY THEATRE LIMITED
(LIMITED BY GUARANTEE)
STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2024

	Notes	2024 HK\$	2023 HK\$
Non-current assets			
Property, plant and equipment	8	53,561,186	21,840,049
Current assets			
Deposits, prepayment and accounts receivable	9	8,552,927	6,728,820
Government grant receivable		10,076,516	-
Cash and bank balances	10	63,311,970	57,307,734
		<u>81,941,413</u>	<u>64,036,554</u>
Current liabilities			
Box office and performance income and others received in advance	11	822,191	521,000
Accounts payable and accruals	11	19,554,823	8,097,568
Government grant and related income received in advance		-	15,559,424
		<u>20,377,014</u>	<u>24,177,992</u>
Net current assets		<u>61,564,399</u>	<u>39,858,562</u>
Net assets		<u>115,125,585</u>	<u>61,698,611</u>
Reserves			
General fund	12	12,685,360	12,062,376
Art Development Matching Grants Scheme	13	37,416,290	37,212,472
Development fund	15	12,974,516	12,423,763
Education Hub building fund	16	52,049,419	-
Total reserves		<u>115,125,585</u>	<u>61,698,611</u>

The financial statements were approved and authorised for issue by the Council on 30 JUL 2024 and are signed on its behalf by:

Mr. SIU Chor Kee
CHAIRMAN

Ms. AU Chor Kwan
TREASURER

The notes on pages 9 to 27 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 2024

	General fund (note 12) HK\$	Art Development Matching Grants Scheme (note 13) HK\$	The D. H. Chen Foundation project (note 14) HK\$	Development fund (note 15) HK\$	Education Hub building fund (note 16) HK\$	Total HK\$
Total reserves at 1 April 2022	11,775,703	33,744,506	505,151	12,045,346	-	58,070,706
Total surplus/(deficit) for the year	(246,235)	3,467,966	27,757	378,417	-	3,627,905
Fund transfer	532,908	-	(532,908)	-	-	-
Total reserves at 31 March 2023	12,062,376	37,212,472	-	12,423,763	-	61,698,611
Total surplus for the year	622,984	203,818	-	550,753	52,049,419	53,426,974
Total reserves at 31 March 2024	<u>12,685,360</u>	<u>37,416,290</u>	<u>-</u>	<u>12,974,516</u>	<u>52,049,419</u>	<u>115,125,585</u>

The notes on pages 9 to 27 are an integral part of these financial statements.

HONG KONG REPERTORY THEATRE LIMITED
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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2024

	Notes	2024 HK\$	2023 HK\$
Operating activities			
Surplus for the year		53,426,974	3,627,905
Adjustments for:			
Interest income	4	(1,681,025)	(643,368)
Depreciation	5	4,862,209	990,252
Operating cash flows before changes in working capital		<u>56,608,158</u>	<u>3,974,789</u>
Deposits, prepayment and accounts receivable		(1,824,107)	233,396
Government grant receivable		(10,076,516)	-
Box office and performance income and others received in advance		301,191	(1,822,854)
Accounts payable and accruals		11,457,255	3,022,033
Government grant and related income received in advance		(15,559,424)	12,816,228
Net cash generated from operating activities		<u>40,906,557</u>	<u>18,223,592</u>
Investing activities			
Payment for purchase of property, plant and equipment and assets under construction		(36,583,346)	(16,840,106)
Bank deposits		3,080,064	(17,733,983)
Interest received		1,681,025	643,368
Net cash used in investing activities		<u>(31,822,257)</u>	<u>(33,930,721)</u>
Net increase/(decrease) in cash and cash equivalents		9,084,300	(15,707,129)
Cash and cash equivalents at the beginning of the year		<u>6,959,524</u>	<u>22,666,653</u>
Cash and cash equivalents at the end of the year	10	<u>16,043,824</u>	<u>6,959,524</u>

The notes on pages 9 to 27 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 2024

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 2024 in accordance with the Hong Kong Financial Reporting Standard for Private Entities (“HKFRS for Private Entities”) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the requirements of the Companies Ordinance.

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

(a) Property, plant and equipment

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

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

Furniture and fixtures	3 years
Office and computer equipment	3 years
Audio and stage equipment	3 years
Leasehold improvements	Over the unexpired lease term

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

(a) Property, plant and equipment (continued)

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.

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

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

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

(b) Deposits, prepayment and accounts receivable

Deposits, prepayment and accounts receivable are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of accounts receivable is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

(c) Cash and cash equivalents

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

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2 Basis of preparation and accounting policies (Continued)

(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.

(e) Provisions and contingent liabilities

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

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

(f) Income tax

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

(g) Government grant

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

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2 Basis of preparation and accounting policies (Continued)

(h) Revenue recognition

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

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

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

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2 Basis of preparation and accounting policies (Continued)

(i) Employee benefits

(i) Paid leave carried forward

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

(ii) Retirement benefit costs

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

(j) Operating leases

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

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

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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 for Culture, Sports and Tourism. The income and expenditure of the development fund is separated from that for Government Subvention's through the Secretary for Culture, Sports and Tourism. The fund is to be used for matching any recurrent and non-recurrent financial commitments created by acceptance of donation for specific purpose.

(l) Impairment of non-financial assets

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

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

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2 Basis of preparation and accounting policies (Continued)

(m) 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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3 Government subvention

	2024	2023
	HK\$	HK\$
<u>General fund</u>		
Recurrent subvention and one-off funding	45,148,184	45,148,184
Venue Partnership Scheme	502,405	551,971
Anti-epidemic Fund	-	1,870,400
	<u>45,650,589</u>	<u>47,570,555</u>
 <u>Art Development Matching Grants Scheme</u>	 8,099,516	 8,621,135
 <u>Education Hub building fund</u>		
Funding Scheme to support the Use of Vacant Government Sites	55,652,840	-
	<u>109,402,945</u>	<u>56,191,690</u>

4 Other income

	2024	2023
	HK\$	HK\$
Advertisement income	44,350	27,950
Arts talents internship matching programme	102,878	-
Bank interest income	1,681,025	643,368
Membership income	14,200	7,000
Rental of props, costume and equipment	74,010	14,878
Souvenirs sales and royalty income	279,271	93,152
Sundry income	35,441	149,729
	<u>2,231,175</u>	<u>936,077</u>

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8 Property, plant and equipment

	Leasehold improvements HK\$	Assets under construction HK\$	Furniture and fixtures HK\$	Office and computer equipment HK\$	Audio and stage equipment HK\$	Total HK\$
Cost						
At 1 April 2022	-	4,882,934	3,716,023	1,987,133	9,174,049	19,760,139
Additions	-	16,068,333	567,250	74,330	130,193	16,840,106
Disposals	-	-	(23,050)	-	-	(23,050)
At 31 March 2023	-	20,951,267	4,260,223	2,061,463	9,304,242	36,577,195
Additions	-	34,701,573	187,820	952,540	741,413	36,583,346
Reclassification	55,652,840	(55,652,840)	-	-	-	-
Disposals	-	-	(383,986)	(42,180)	-	(426,166)
At 31 March 2024	55,652,840	-	4,064,057	2,971,823	10,045,655	72,734,375
Accumulated depreciation						
At 1 April 2022	-	-	2,988,517	1,833,263	8,948,164	13,769,944
Charge for the year	-	-	606,978	164,086	219,188	990,252
Written back on disposals	-	-	(23,050)	-	-	(23,050)
At 31 March 2023	-	-	3,572,445	1,997,349	9,167,352	14,737,146
Charge for the year	3,603,421	-	561,304	356,852	340,632	4,862,209
Written back on disposals	-	-	(383,986)	(42,180)	-	(426,166)
At 31 March 2024	3,603,421	-	3,749,763	2,312,021	9,507,984	19,173,189
Net book value						
At 31 March 2024	52,049,419	-	314,294	659,802	537,671	53,561,186
At 31 March 2023	-	20,951,267	687,778	64,114	136,890	21,840,049

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

Apart from the deposits amounted to HK\$559,665 (2023: HK\$502,134), all the remaining balances are expected to be recovered or recognised as expenses within one year.

10 Cash and bank balances

	2024	2023
	HK\$	HK\$
Cash at banks and in hand	7,123,100	3,166,645
Bank deposits	56,188,870	54,141,089
Cash and bank balances	<u>63,311,970</u>	<u>57,307,734</u>
Less: Bank deposits with maturity over 3 months	47,268,146	50,348,210
Cash and cash equivalents in the statement of cash flows	<u>16,043,824</u>	<u>6,959,524</u>

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

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

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12 General fund

	General fund 2024 HK\$	Art Development Matching Grants Scheme (note 13) 2024 HK\$	Total 2024 HK\$	Total 2023 HK\$
Income:				
Government subvention	45,650,589	8,099,516	53,750,105	56,191,690
Box office and performance income	15,595,772	-	15,595,772	12,851,149
Outreach, education and other activities income	4,346,007	-	4,346,007	4,873,793
Donation and sponsorship income	1,792,025	-	1,792,025	5,454,972
Other income	946,941	1,102,186	2,049,127	831,539
	<u>68,331,334</u>	<u>9,201,702</u>	<u>77,533,036</u>	<u>80,203,143</u>
Expenditures:				
Production costs	15,651,449	3,294,835	18,946,284	23,551,140
Marketing and promotion expenses	6,279,499	-	6,279,499	5,443,141
Personal emolument	39,485,099	-	39,485,099	37,745,566
Other operating expenses	6,292,303	5,703,049	11,995,352	10,241,565
	<u>67,708,350</u>	<u>8,997,884</u>	<u>76,706,234</u>	<u>76,981,412</u>
Surplus for the year	622,984	203,818	826,802	3,221,731
Balance at the beginning of the financial period	12,062,376	37,212,472	49,274,848	45,520,209
Fund transfer from The D. H. Chen Foundation project (note 14)	-	-	-	532,908
Balance at the end of the financial period	<u>12,685,360</u>	<u>37,416,290</u>	<u>50,101,650</u>	<u>49,274,848</u>

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12 General fund (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 2024 and 2023 are as follows:

	2024 HK\$	2023 HK\$
Reserves		
Accumulated surplus	12,685,360	12,062,376
Art Development Matching Grants Scheme (note 13)	37,416,290	37,212,472
	<u>50,101,650</u>	<u>49,274,848</u>
Less: Net book value of property, plant and equipment (other than assets under construction and leasehold improvements)	<u>1,511,767</u>	<u>888,782</u>
	48,589,883	48,386,066
Less: Accumulated donation and sponsorship income	<u>55,849,650</u>	<u>54,057,625</u>
	<u>(7,259,767)</u>	<u>(5,671,559)</u>
Total expenditures of the General fund and Art Development Matching Grants Scheme in the subvention period after adjustments to write off property, plant and equipment in the year of purchase and net off the costs met by other Government funds	<u>76,826,814</u>	<u>76,728,193</u>
Ratio	<u>(9.4%)</u>	<u>(7.4%)</u>

At 31 March 2024 and 2023, 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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13 Art Development Matching Grants Scheme

	2024	2023
	HK\$	HK\$
Income:		
Government subvention	8,099,516	8,621,135
Other income	1,102,186	403,725
	<u>9,201,702</u>	<u>9,024,860</u>
Expenditures:		
Production costs	3,294,835	1,334,550
Other operating expenses	5,703,049	4,222,344
	<u>8,997,884</u>	<u>5,556,894</u>
Surplus for the year	203,818	3,467,966
Balance at the beginning of the financial period	<u>37,212,472</u>	<u>33,744,506</u>
Balance at the end of the financial period	<u>37,416,290</u>	<u>37,212,472</u>

Note:

The Art Development Matching Grants Scheme was set up by the Government with a view to widening the sources of funding for arts organisations, promoting the community's financial support and inculcating a donation culture in the community for arts and cultural development.

Terms and conditions for the Art Development Matching Grants Scheme (for the Major Performing Arts Groups) have been complied with for the donations/sponsorships in accordance with the Application Guide and Agreement Letter.

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14 The D. H. Chen Foundation project:

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

	2024	2023
	HK\$	HK\$
Income:		
Donation and sponsorship income	-	544,988
Other income	-	-
	<u>-</u>	<u>544,988</u>
Expenditures:		
Production cost	-	311,810
Marketing and promotion expenses	-	57,200
Personal emoluments	-	141,628
Other operating expenses	-	6,593
	<u>-</u>	<u>517,231</u>
Surplus for the year	-	27,757
Balance at the beginning of the financial period	-	505,151
Fund transfer to general fund	-	(532,908)
Balance at the end of the financial period	<u>-</u>	<u>-</u>

The D. H. Chen Foundation project: Playful Learning: Ploughing drama education for innovating the preschool curriculum and pedagogy in Hong Kong Program was completed during year ended 31 March 2023.

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15 Development fund

	2024	2023
	HK\$	HK\$
Income:		
Donation and sponsorship income	372,571	277,900
Other income	182,048	104,538
	<u>554,619</u>	<u>382,438</u>
Expenditures:		
Other operating expenses	3,866	4,021
	<u>3,866</u>	<u>4,021</u>
Surplus for the year	550,753	378,417
Balance at the beginning of the financial period	12,423,763	12,045,346
Balance at the end of the financial period	<u>12,974,516</u>	<u>12,423,763</u>

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

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FOR THE YEAR ENDED 31 MARCH 2024

16 Education Hub building fund

	2024	2023
	HK\$	HK\$
Income:		
Government subvention	55,652,840	-
	<hr/>	<hr/>
Expenditures:		
Other operating expenses	3,603,421	-
	<hr/>	<hr/>
	3,603,421	-
	<hr/>	<hr/>
Surplus for the year	52,049,419	-
Balance at the beginning of the financial period	-	-
Balance at the end of the financial period	<u>52,049,419</u>	<u>-</u>

The Company has successfully applied a project for development a 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 will be used as the HKRep Education Hub for promoting drama and various related art forms.

The Development Bureau has approved a grant up to HK\$59,100,000 for carrying out the detailed design, site investigation and revitalisation works. The grants should be used for the purpose of the project only, and the Company will receive a balance payment equivalent to the sum of the total actual cost.

On 10 January 2024, the project is substantially completed. The Company recognised all the project cost paid and payable as leasehold improvement amounting to HK\$55,652,840. Actual amounts received from the Government up to the reporting date was HK\$45,576,324.

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17 Commitments

(a) Commitments under operating lease

At 31 March 2024, the Company's total future minimum lease payments under non-cancellable operating leases is payable as follows:

	2024	2023
	HK\$	HK\$
Land and buildings		
Within one year	2,129,295	2,048,106
After one year and within five years	224,839	-
	<u>2,354,134</u>	<u>2,048,106</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

	2024	2023
	HK\$	HK\$
Contracted but not provided for	<u>-</u>	<u>35,000,531</u>

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18 Retirement benefit scheme

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

19 Transactions and balances with related parties

Details of the Company's significant transactions with the following related parties during the year ended 31 March 2024, are as follows:

	2024	2023
	HK\$	HK\$
Companies controlled by a council member/council members:		
Donation and sponsorship income	1,200,000	726,000

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

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