

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

**REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2019**

**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 2019.

**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 2019 and the state of the Company’s affairs as at that date are set out in the financial statements on pages 5 to 31.

**Property, plant and equipment**

Details of the movements in property, plant and equipment are set out in note 8 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

Hon. YICK Chi Ming, Frankie, SBS, JP

Mr. CHAN Cheuk Chi

Ms. AU Chor Kwan

Mr. CHEUK Sin Cheong, Clement

Mr. CHEUNG Chi Chung

Mr. CHU Man Chung

Prof. LUK Yun Tong

Dr. Heather Ruth TING

Ms. TSUI Li, JP

Ms. CHAN Yuen Sau Kelly (appointed on 28 September 2018)

Dr. CHUNG Shui Ming, Timpson, GBS, JP (retired on 28 September 2018)

Mr. MA Ching Cheng (retired on 28 September 2018)

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

**Council members (continued)**

In accordance with Articles 39 to 40 of the Company's Articles of Association, Dr. MONG Tak Yeung, David, Mr. CHEUNG Chi Chung and Ms. TSUI Li, JP will retire by rotation but eligible for re-election in the forthcoming annual general meeting.

In accordance with Article 39 of the Company's Articles of Association, the Council members retired on the date as indicated as it has not offered itself for re-election. The Company has not received any notice in writing from these retired Council members specifying that their resignations or its retirement 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 organization and financially supported by the Government of the Hong Kong Special Administrative Region, the Company has presented more than 300 productions, many of which have become classics of the local theatre canon since its establishment.

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

*A balance repertoire*

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

*Black box theatre production*

Flexible in approach, the Black Box Theatre provides a space where writers and practitioners can explore, take risks and experiment to create new material and modes of performances, in order to cultivate and stretch the boundaries of theatre arts. An International Black Box Festival is held on a biennial basis.

*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.

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

**Business review (continued)**

**Our Business (continued)**

*Theatre literature*

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

**Financial Highlights**

*Total income*

The total income of the Company of the year is HK\$88.59 million (2018: HK\$69.31 million), of which HK\$50.83 million (2018: HK\$40.28 million) were subventions received from the Government, accounted for 57.4% (2018: 58.1%) of its total income.

*Government subsidies*

Total Government subvention income comprises recurrent subvention of HK\$40.04 million, an increase of 8% over 2018 level of HK\$37.07 million, plus an additional funding of HK\$2.27 million (2018: nil) from the Home Affairs Bureau, HK\$1.09 million from the Contestable Funding Pilot Scheme (2018: HK\$1.11 million), HK\$7.10 million from the Arts Development Matching Grant Pilot Scheme (2018: HK\$1.80 million), and from the Leisure and Cultural Services Department funding for the Arts Administrator Trainee Programmes HK\$0.33 million (2018: HK\$0.30 million).

*Earned income*

Total earned income of the year is HK\$37.76 million (2018: HK\$29.03 million). The increase in earned income in the year is mainly attributed to:

- i. the rise in box and performance income (HK\$14.78 million in 2019 vs HK\$13.19 million in 2018) resulted from the increase in number of outbound tour performances and audience (37 and 22,441 in 2019 vs 30 and 12,815 in 2018);
- ii. the increase in outreach, education and other activities income (HK\$8.46 million in 2019 vs HK\$5.74 million in 2018) due to the expended number of school tour performances in the year 2019 (401 in 2019 vs 257 in 2018); and
- iii. higher donation and sponsorship income (HK\$14.00 million in 2019 vs HK\$9.80 million in 2018). The significant growth in donation and sponsorship income is mainly owing to the additional sponsorship obtained for conducting the *Hang Seng Call for Young Talent in Theatre* project in Guangzhou in addition to Hong Kong in the year (HK\$7.97 million in 2019 vs HK\$4.90 million in 2018), and the rise in sponsorship solicited from The D.H. Chen Foundation in support of the *Playful Learning Programme* (HK\$2.38 million in 2019 vs HK\$0.634 million in 2018).

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

**Business review (continued)**

Financial Highlights (continued)

*Expenditure*

Total expenditure of the year is HK\$75.50 million (2018: HK\$68.33 million). The rise in expenditure is mainly due to: the increase in production cost of outreach and education activities resulted from the increase in number of school tour performances; the extension of the *Hang Seng Call for Young Talent in Theatre* project to Guangzhou; and the rise in level of activities of *Playful Learning Programme* in the year. The higher production cost in 2019 is also caused by the increase in number of outbound tour performances.

*Net result of the year*

As a result of increased Government subvention and higher earned income this year, the Company ends up with a surplus of HK\$13.09 million in 2019 (2018: HK\$0.99 million).

*Liquidity*

The Company regularly monitors its current and expected liquidity requirements to ensure that it maintains sufficient reserves and bank balances to meet its liquidity requirement in the short and longer term. As at 31 March 2019, the total cash and bank deposits of the Company is HK\$30.02 million (2018: HK\$19.47 million) and its current ratio (current assets/current liabilities) is 4.1 (2018: 2.6).

Key Performance Indicators

*Number of performances/activities and audience/participants*

During the year, the Company presented 9 main stage productions, 7 black box productions and 4 co-productions, totaling 20 productions in all with 191 performances in aggregate (2018: 8 main stage productions, 5 black box productions, 9 co-productions, totaling 226 performances). The drop in number of local productions and performances is mainly to cope with schedule of more outbound tour performances and the presentation of *the International Black Box Festival 2018* in the year. As a result, total number of audience decreases from 63,702 in 2018 to 56,861 in 2019. Average attendance of the year is at 84% (2018: 85%)

In year 2019, the Company organised 14 outbound tours with total 61 performances and activities, attracting 26,030 audiences/participants (2018: 7 tours, 39 performances and activities, 14,569 audiences/participants).

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

**Business review (continued)**

Key Performance Indicators (continued)

*Number of performances/activities and audience/participants (continued)*

The Company conducted a total of 2,688 sessions of outreach and educational activities with 113,332 participants during the year (2,220 sessions and 71,905 participants in 2018). The rise in the 2 figures is mainly attributable to the increase in school tour performances resulted from the presentation of 2 new school tour projects - the “*Tales of Heaven and Earth - A Journey through Dunhuang Culture*” and “*Traversing the Forbidden City Series*” involving a total of 126 sessions and 33,269 participants, additions drama workshop performances of the *Hang Seng Call for Young Talent* project in the year (19 performances and 9,755 participants in 2019 vs 13 performances and 4,880 participants in 2018), and also the expansion in number of activities of the *Playful Learning Programme* in the year (452 sessions in 2019 vs 123 sessions in 2018).

*Awards and Honours*

*Local Accolades*

At the 28th Hong Kong Drama Awards, the Company received 24 nominations and 7 award honours:

- *An Unjust Good Fellow*  
Best Supporting Actor (Tragedy/Drama), Best Supporting Actress (Tragedy/Drama)
- *Three Impaired Monkeys*  
Best Actor (Tragedy/Drama)
- *Hu Xueyan, My Dear (2018)*  
Best Stage Design
- *Auspicious Day, The Big Meal and Principle (2018)*  
Outstanding Production of the Year

In addition, the Company received 6 nominations and the Black Box production *Castle of Glass* was awarded Best Director and Outstanding Actor from the 11th Hong Kong Theatre Libre Awards.

At the 2018 IATC (HK) Critics’ Award, - *Hu Xueyan, My Dear (2018)* won Director of the Year and Performance of the Year awards.

*Mainland Accolades*

*Hu Xueyan, My Dear (2018)* was voted as one of the 10 Best Drama Productions of the Year by the readers of *The Beijing News* 《新京報》.

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

**Business review (continued)**

Key Performance Indicators (continued)

*Awards and Honours (continued)*

*Mainland Accolades (continued)*

At the 2nd Chinese Theatre Awards (第二屆華語戲劇盛典) held in Guangzhou, *Hu Xueyan, My Dear (2018)* received 10 nominations and won 6 awards - Best Production of the Year, Best Playwright, Best Director, Best Actress, Best Supporting Actor and Best Producer. The Company was also awarded the Guangdong-Hong Kong-Macao Greater Bay Area Drama Development Special Contribution Award at the same event.

At the 10th Shanghai Jing'an Modern Drama Valley One Drama Awards, *Principle(2018)* received 4 nominations and won the Best Actor of the Year Award.

Compliance with Relevant Laws and Regulations

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

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

Environmental Policies and Performances

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

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.



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

**Business review (continued)**

**Key Relationship with Stakeholders (continued)**

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.

**Principal Risks and Uncertainties**

The general outlook 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.

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

**Business review (continued)**

**Subsequent Events**

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

**Future Development**

As the city's flagship theatre company, the Hong Kong Repertory Theatre will continue to adhere to the mainstream works, lay stress on dramatic text, and explore new materials and modes, in a view to develop the audiences' interest and appreciation of life theatre for enriching the city's cultural life. In addition, the Company will continue to 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 Hong Kong Companies Ordinance, the Company has not arranged appropriate liability insurance cover for the council members and officers of the Company during the year.

**Auditors**

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

On behalf of the Council

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Dr. MONG Tak Yeung, David  
Chairman

Hong Kong, 23 JUL 2019

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

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

**Opinion**

We have audited the financial statements of Hong Kong Repertory Theatre Limited (the "Company") set out on pages 5 to 31, which comprise the statement of financial position as at 31 March 2019, 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 2019, and of its financial performance and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standard for Private Entities ("HKFRS for Private Entities") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

**Basis for opinion**

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

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.

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

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

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

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

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

**Auditor's responsibilities for the audit of the financial statements**

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

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's 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.

As part of an audit in accordance with HKSA's, we exercise professional judgment 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.

**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)**

- 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.

**Report on other matters under the Agreement made on 9 April 2018 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.

**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 Letter for the Art Development Matching Grants Pilot Scheme made on 22 January 2019 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, 23 JUL 2019

**HONG KONG REPERTORY THEATRE LIMITED**  
**(LIMITED BY GUARANTEE)**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 MARCH 2019**

	Notes	2019 HK\$	2018 HK\$
<b>Income</b>			
Government subvention		50,832,995	40,284,580
Box office and performance income		14,779,619	13,193,204
Outreach, education and other activities income		8,464,649	5,740,468
Donation and sponsorship		14,001,977	9,804,887
Other income	4	515,572	290,894
		<u>88,594,812</u>	<u>69,314,033</u>
<b>Expenditures</b>			
Production costs		29,820,169	24,950,904
Marketing and promotion expenses		5,562,696	5,102,668
Personal emoluments		30,170,430	29,153,810
Other operating expenses		9,949,161	9,119,599
		<u>75,502,456</u>	<u>68,326,981</u>
<b>Surplus for the year</b>	5	13,092,356	987,052
Other comprehensive income		-	-
<b>Total comprehensive surplus for the year</b>		<u>13,092,356</u>	<u>987,052</u>
<b>Total comprehensive surplus for the year allocated to</b>			
General activities	12	2,585,457	(2,262,249)
Art Development Matching Grants Pilot Scheme	13	7,112,376	-
Contestable funding pilot Scheme	14	(19,573)	(26,162)
The Hong Kong Jockey Club Charities Trust: Musical Theatre Project - Sing out in Schools	15	(142,847)	-
Playful Learning: Ploughing drama education for innovating the preschool curriculum and pedagogy in Hong Kong Program	16	-	-
Development fund	17	3,556,943	3,275,463
		<u>13,092,356</u>	<u>987,052</u>

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

**HONG KONG REPERTORY THEATRE LIMITED**  
**(LIMITED BY GUARANTEE)**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2019**

	Notes	2019 HK\$	2018 HK\$
<b>Non-current assets</b>			
Property, plant and equipment	8	<u>250,403</u>	<u>282,232</u>
<b>Current assets</b>			
Prepayments	9	2,600,191	1,696,120
Deposits and accounts receivable	9	4,660,191	3,172,025
Bank term deposits	10	3,216,324	6,839,657
Cash and cash equivalents	10	<u>26,801,815</u>	<u>12,635,075</u>
		<u>37,278,521</u>	<u>24,342,877</u>
<b>Current liabilities</b>			
Box office and performance income and others received in advance	11	4,757,056	5,281,546
Accounts payable and accruals	11	<u>4,336,751</u>	<u>4,000,802</u>
		<u>9,093,807</u>	<u>9,282,348</u>
<b>Net current assets</b>		<u>28,184,714</u>	<u>15,060,529</u>
<b>Net assets</b>		<u>28,435,117</u>	<u>15,342,761</u>



**HONG KONG REPERTORY THEATRE LIMITED**  
**(LIMITED BY GUARANTEE)**  
**STATEMENT OF FINANCIAL POSITION (CONTINUED)**  
**AS AT 31 MARCH 2019**

	Notes	2019 HK\$	2018 HK\$
<b>RESERVES</b>			
General activities	12	10,722,051	8,168,390
Art Development Matching Grants Pilot Scheme	13	7,112,376	-
Contestable funding pilot scheme	14	15,832	3,609
The Hong Kong Jockey Club Charities Trust: Musical Theatre Project - Sing out in Schools	15	(142,847)	-
Playful Learning: Ploughing drama education for innovating the preschool curriculum and pedagogy in Hong Kong Program	16	-	-
Development fund	17	10,727,705	7,170,762
<b>Total reserves</b>		<b>28,435,117</b>	<b>15,342,761</b>

The financial statements were approved and authorised for issue by the Council on 23 JUL 2019  
and are signed on its behalf by:

\_\_\_\_\_  
Dr. MONG Tak Yeung, David  
CHAIRMAN

\_\_\_\_\_  
Mr. CHAN Cheuk Chi  
TREASURER

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

**HONG KONG REPERTORY THEATRE LIMITED**  
**(LIMITED BY GUARANTEE)**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 MARCH 2019**

	General activities (note 12) HK\$	Art Development Matching Grants Pilot Scheme (note 13) HK\$	Contestable funding pilot scheme (note 14) HK\$	The Hong Kong Jockey Club Charities Trust: Musical Theatre Project - Sing out in Schools (note 15) HK\$	Playful Learning: Ploughing drama education for innovating the Preschool curriculum and Pedagogy in Hong Kong Program (note 16) HK\$	Development fund (note 17) HK\$	Total HK\$
Total reserves at 1 April 2017	10,460,033	-	377	-	-	3,895,299	14,355,709
Total comprehensive surplus/(deficit) for the year	(2,262,249)	-	(26,162)	-	-	3,275,463	987,052
Fund transfer	(29,394)	-	29,394	-	-	-	-
Total reserves at 31 March 2018	8,168,390	-	3,609	-	-	7,170,762	15,342,761
Total comprehensive surplus/(deficit) for the year	2,585,457	7,112,376	(19,573)	(142,847)	-	3,556,943	13,092,356
Fund transfer	(31,796)	-	31,796	-	-	-	-
Total reserves at 31 March 2019	<u>10,722,051</u>	<u>7,112,376</u>	<u>15,832</u>	<u>(142,847)</u>	<u>-</u>	<u>10,727,705</u>	<u>28,435,117</u>

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

**HONG KONG REPERTORY THEATRE LIMITED**  
**(LIMITED BY GUARANTEE)**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 MARCH 2019**

	2019 HK\$	2018 HK\$
<b>Operating activities</b>		
Surplus for the year	13,092,356	987,052
Adjustments for:		
Interest income	(219,924)	(74,402)
Depreciation	386,591	460,334
Gain on disposal of property, plant and equipment	-	(5,000)
<b>Operating cash flows before changes in working capital</b>	<u>13,259,023</u>	<u>1,367,984</u>
Prepayments	(904,071)	1,294,436
Deposits and accounts receivable	(1,488,166)	(243,120)
Bank term deposits	3,623,333	6,084,772
Box office and performance income and others received in advance	(524,490)	(1,512,968)
Accounts payable and accruals	335,949	44,932
<b>Net cash generated from operating activities</b>	<u>14,301,578</u>	<u>7,036,036</u>
<b>Investing activities</b>		
Payment for the purchase of property, plant and equipment, net (note 8)	(354,762)	(41,690)
Proceeds for disposal of property, plant and equipment	-	5,000
Interest received	219,924	74,402
<b>Net cash (used in)/generated from investing activities</b>	<u>(134,838)</u>	<u>37,712</u>
<b>Net increase in cash and cash equivalents</b>	14,166,740	7,073,748
<b>Cash and cash equivalents at the beginning of the year</b>	<u>12,635,075</u>	<u>5,561,327</u>
<b>Cash and cash equivalents at the end of the year (note 10)</b>	<u>26,801,815</u>	<u>12,635,075</u>

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

**HONG KONG REPERTORY THEATRE LIMITED**  
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**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 2019 in accordance with the Hong Kong Financial Reporting Standard for Private Entities (“HKFRS for Private Entities”) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance.

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

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

Items of property, plant and equipment 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

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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.

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 and accounts receivable**

Deposits 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) 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) 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)**

**(g) Revenue recognition (continued)**

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

**(h) 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.

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

**(i) 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.

**(j) 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.



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

**(k) 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)**

**(I) 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 Transitions to the HKFRS for Private Entities**

The Company's financial statements for the year ended 31 March 2019 are its first annual financial statements prepared under accounting policies that comply with the HKFRS for Private Entities. The Company applied full Hong Kong Financial Reporting Standards (HKFRSs) to prepare its financial statements prior to the application of the HKFRS for Private Entities.

The Company's date of transition is 1 April 2017 and the Company prepared its opening statement of financial position in compliance with the HKFRS for Private Entities at that date.

The adoption of HKFRS for Private Entities has no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been made.

There is no material difference between the statement of cash flows prepared under the HKFRS for Private Entities and that under the full HKFRSs.

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**4 Other income**

	<b>2019</b>	<b>2018</b>
	<b>HK\$</b>	<b>HK\$</b>
Advertisement income	12,000	17,850
Bank interest income	219,924	74,402
Gain on disposal of property, plant and equipment	-	5,000
Membership income	24,000	24,990
Rental of props, costume and equipment	12,976	52,042
Souvenirs sales and royalty income	186,054	42,553
Sundry income	60,618	74,057
	<u>515,572</u>	<u>290,894</u>

**5 Surplus for the year**

	<b>2019</b>	<b>2018</b>
	<b>HK\$</b>	<b>HK\$</b>
Surplus for the year is arrived at after charging:		
Auditors' remuneration	98,000	83,500
Depreciation	386,591	460,334
Operating leases:		
- office premises rental	4,585,174	4,443,960
- venue rental	4,333,027	4,151,618
Staff costs:		
- salaries and allowances	29,134,772	28,125,954
- MPF contributions	1,035,658	1,027,856
- temporary and part-time staff	94,595	34,877
- training and welfare	34,709	413,788
	<u>34,709</u>	<u>413,788</u>

**6 Taxation**

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

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**7 Council members' emoluments**

None of the council members received or will receive any fees or emoluments in respect of their services to the Company for the year (2018: Nil).

**8 Property, plant and equipment**

	<b>Furniture and fixtures HK\$</b>	<b>Office and computer equipment HK\$</b>	<b>Audio and stage equipment HK\$</b>	<b>Total HK\$</b>
<b>Cost</b>				
At 1 April 2017	2,468,739	1,529,648	6,452,629	10,451,016
Additions	-	38,630	3,060	41,690
Disposals	-	(43,100)	-	(43,100)
At 31 March 2018	2,468,739	1,525,178	6,455,689	10,449,606
Additions	36,700	64,944	253,118	354,762
At 31 March 2019	2,505,439	1,590,122	6,708,807	10,804,368
<b>Accumulated depreciation</b>				
At 1 April 2017	2,401,619	1,398,477	5,950,044	9,750,140
Charge for the year	62,687	98,535	299,112	460,334
Written back on disposal	-	(43,100)	-	(43,100)
At 31 March 2018	2,464,306	1,453,912	6,249,156	10,167,374
Charge for the year	16,666	80,038	289,887	386,591
At 31 March 2019	2,480,972	1,533,950	6,539,043	10,553,965
<b>Net book value</b>				
At 31 March 2019	24,467	56,172	169,764	250,403
At 31 March 2018	4,433	71,266	206,533	282,232

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**9 Prepayments, deposits and accounts receivable**

Apart from the deposits amounted to HK\$504,636 (2018: HK\$426,570), all the remaining balances are expected to be recovered or recognised as expenses within one year.

**10 Bank term deposits/cash and cash equivalents**

	2019 HK\$	2018 HK\$
Cash at banks and in hand	2,299,072	4,518,207
Bank deposits	27,719,067	14,956,525
	<u>30,018,139</u>	<u>19,474,732</u>
Less: Bank deposits matured beyond 3 months at acquisition	3,216,324	6,839,657
Cash and cash equivalents in the statement of financial position and the statement of cash flows	<u>26,801,815</u>	<u>12,635,075</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 activities**

	<b>General</b>	<b>Art Development Matching Grants Pilot Scheme (note 13)</b>	<b>Total</b>	<b>Total</b>
	<b>2019</b>	<b>2019</b>	<b>2019</b>	<b>2018</b>
	<b>HK\$</b>	<b>HK\$</b>	<b>HK\$</b>	<b>HK\$</b>
<b>Income:</b>				
Government subvention	42,641,907	7,098,723	49,740,630	39,170,668
Box office and performance income	14,432,798	-	14,432,798	12,879,872
Outreach, education and other activities income	8,457,729	-	8,457,729	5,736,468
Donation and sponsorship income	2,824,136	-	2,824,136	3,229,529
Other income	378,848	13,653	392,501	256,804
	<u>68,735,418</u>	<u>7,112,376</u>	<u>75,847,794</u>	<u>61,273,341</u>
<b>Expenditures:</b>				
Production cost	23,090,645	-	23,090,645	21,971,965
Marketing and promotion expenses	4,681,233	-	4,681,233	4,445,224
Personal emolument	28,974,629	-	28,974,629	28,470,159
Other operating expenses	9,403,454	-	9,403,454	8,648,242
	<u>66,149,961</u>	<u>-</u>	<u>66,149,961</u>	<u>63,535,590</u>
Surplus/(deficit) for the year	2,585,457	7,112,376	9,697,833	(2,262,249)
Balance at the beginning of the financial period	8,168,390	-	8,168,390	10,460,033
Fund transfer to contestable funding pilot scheme (note 14)	<u>(31,796)</u>	<u>-</u>	<u>(31,796)</u>	<u>(29,394)</u>
Balance at the end of the financial period	<u>10,722,051</u>	<u>7,112,376</u>	<u>17,834,427</u>	<u>8,168,390</u>

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 economise 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.

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**12 General activities (Continued)**

The ratio of reserves balance net of accumulated donation and sponsorship income to total expenditures in the subvention period at 31 March 2019 and 2018 are as follows.

	<b>2019</b> HK\$	<b>2018</b> HK\$
Reserves		
Accumulated surplus	10,722,051	8,168,390
Art Development Matching Grants Pilot Scheme	7,112,376	-
	<u>17,834,427</u>	<u>8,168,390</u>
Less: Net book value of property, plant and equipment	250,403	282,232
	<u>17,584,024</u>	<u>7,886,158</u>
Less: Accumulated donation and sponsorship income	27,330,991	21,525,089
	<u>(9,746,967)</u>	<u>(13,638,931)</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>68,946,102</u>	<u>63,484,292</u>
Ratio	<u>(14.1%)</u>	<u>(21.5%)</u>

At 31 March 2019 and 2018, 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 Pilot Scheme**

	2019 HK\$	2018 HK\$
<b>Income:</b>		
Government subvention	7,098,723	1,804,091
Other income	13,653	-
	<u>7,112,376</u>	<u>1,804,091</u>
<b>Expenditures:</b>		
Other operating expenses	-	1,804,091
	<u>-</u>	<u>1,804,091</u>
Surplus for the year	7,112,376	-
Balance at the beginning of the financial period	-	-
Balance at the end of the financial period	<u>7,112,376</u>	<u>-</u>

**Note:**

During the year, Art Development Matching Grants Pilot Scheme (the "Scheme") granted an amount of HK\$7,098,723 to the Company. A bank account for the receipt as required by the Agreement letter has been maintained. The receipt of grant was directly banked-in to the Company's bank account and HK\$7,098,720 of the grant was then made as short term bank deposit.

For the year ended 31 March 2018, Arts Development Matching Grants Pilot Scheme granted an amount of HK\$1,804,091 to the Company. The grant was used to subsidise the office premises rental paid by the Company.

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



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**14 Contestable funding pilot scheme**

The summary and movements of Contestable funding pilot scheme during the subvention period at 31 March 2019 and 2018 are as follows.

	<b>Purchase of intelligent moving light system (note 14(a)) HK\$</b>	<b>Open platform (note 14(b)) HK\$</b>	<b>The best HK original musical's China adventure (note 14(c)) HK\$</b>	<b>Total HK\$</b>
Total reserves at 1 April 2017	350	27	-	377
Surplus/(deficit) for the year	(27,704)	(27)	1,569	(26,162)
Fund transfer	29,394	-	-	29,394
Total reserves at 31 March 2018	<u>2,040</u>	<u>-</u>	<u>1,569</u>	<u>3,609</u>
Surplus/(deficit) for the year	-	(33,836)	14,263	(19,573)
Fund transfer from general activities (note 12)	<u>(2,040)</u>	<u>33,836</u>	<u>-</u>	<u>31,796</u>
Total reserves at 31 March 2019	<u>-</u>	<u>-</u>	<u>15,832</u>	<u>15,832</u>

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**14 Contestable funding pilot scheme (Continued)**

**(a) Purchase of intelligent moving light system**

	<b>2019</b>	<b>2018</b>
	<b>HK\$</b>	<b>HK\$</b>
<b>Income:</b>		
Government subvention	-	7,000
Other income	-	116
	<u>-</u>	<u>7,116</u>
<b>Expenditures:</b>		
Other operating expenses	<u>-</u>	<u>34,820</u>
Deficit for the year	-	(27,704)
Balance at the beginning of the financial period	2,040	350
Fund transfer (to)/from general activities (note 12)	<u>(2,040)</u>	<u>29,394</u>
Balance at the end of the financial period	<u>-</u>	<u>2,040</u>

The agreement entered with the Government on 15 January 2016 had been completed and the grant of HK\$3,410,000 was deducted from the carrying amount of the asset and consequently is effectively recognised in profit or loss over the useful life of the asset by way of reduced depreciation expense. Upon the completion and finalisation of the series, during the year, HK\$2,040 remaining balance was transferred to the General Activities Accumulated Surplus of the Company.

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**14 Contestable funding pilot scheme (Continued)**

**(b) Open platform**

	<b>2019</b>	<b>2018</b>
	<b>HK\$</b>	<b>HK\$</b>
<b>Income:</b>		
Government subvention	1,092,365	1,106,912
Box office and performance income	346,821	313,332
Outreach, education and other activities income	6,920	4,000
Other income	10	128
	<u>1,446,116</u>	<u>1,424,372</u>
<b>Expenditures:</b>		
Production cost	1,116,616	1,046,193
Marketing and promotion expenses	135,907	160,929
Personal emolument	160,041	165,927
Other operating expenses	67,388	51,350
	<u>1,479,952</u>	<u>1,424,399</u>
Deficit for the year	(33,836)	(27)
Balance at the beginning of the financial period	-	27
Fund transfer from general activities (note 12)	33,836	-
Balance at the end of the financial period	<u>-</u>	<u>-</u>

The Company has entered agreement with the Government on 18 January 2017, under which a total grant of HK\$2,200,000 would be received from the Government for the same purpose and principle as the first and second agreement of the New-wrighting series. Up to the reporting date, total amount of HK\$1,980,000 was received. During the year, an amount of HK\$1,092,365 (2018: HK\$1,106,912) was recognised as government subvention based on the claimable expenditure spent on the project at break-even basis, balance of HK\$219,277 is remained as a receivable in the statement of financial position as at 31 March 2019. The deficit was then transferred under the General Activities Accumulated Surplus of the Company.

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**14 Contestable funding pilot scheme (Continued)**

**(c) The best HK original musicals' China adventure**

	<b>2019</b>	<b>2018</b>
	<b>HK\$</b>	<b>HK\$</b>
<b>Income:</b>		
Other income	14,263	1,569
Surplus for the year	<u>14,263</u>	<u>1,569</u>
Balance at the beginning of the financial period	1,569	-
Balance at the end of the financial period	<u>15,832</u>	<u>1,569</u>

The Company has entered agreement with the Government on 30 January 2018, under which a total grant of HK\$1,300,000 would be received from the Government for the purpose of promoting musical drama productions. Up to the reporting date, total amount of HK\$1,170,000 was received and credited to "Box office and performance income and others received in advance" account in the statement of financial position as a current liability as the works of the programme was only started shortly and remained at its very beginning stage. The liability would be transferred as government subvention according to the funding requirement of the programmes performed in the following years. The fund received from the Government has been deposited in a separate local bank account with the interest earned from it credited as an income of the programme per above. The Company would bear the excess expenditure, if any, upon the completion and finalisation of the series. However, if there were any unspent portion of the earmarked grant, it should be returned to the Government on the expiry or termination of such agreement.

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

	<b>2019</b>	<b>2018</b>
	HK\$	HK\$
<b>Income:</b>		
Donation and sponsorship income	604,453	-
<b>Expenditures:</b>		
Production cost	146,302	-
Marketing and promotion expenses	95,408	-
Personal emoluments	328,793	-
Other operating expenses	176,797	-
	<u>747,300</u>	<u>-</u>
Deficit for the year	(142,847)	-
Balance at the beginning of the financial period	-	-
Balance at the end of the financial period	<u>(142,847)</u>	<u>-</u>

During the year, 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. On current financial period, the Company received HK\$1,286,000 default advance payment from The Hong Kong Jockey Club Charities Trust and recognised HK\$604,453 as revenue based on the claimable expenditure spent on the project according to approved budget stated in the agreement. The remaining balance is recoded as receipt in advance at the end of this financial period and will be recognised as revenue when expenditures were incurred.

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

	<b>2019</b>	<b>2018</b>
	<b>HK\$</b>	<b>HK\$</b>
<b>Income:</b>		
Donation and sponsorship income	2,377,313	634,433
Other income	1,432	86
	<u>2,378,745</u>	<u>634,519</u>
<b>Expenditures:</b>		
Production cost	2,051,688	364,320
Marketing and promotion expenses	71,000	142,004
Personal emoluments	244,288	113,999
Other operating expenses	11,769	14,196
	<u>2,378,745</u>	<u>634,519</u>
Surplus for the year	-	-
Balance at the beginning of the financial period	-	-
Balance at the end of the financial period	<u>-</u>	<u>-</u>

On 3 July 2017, the Company has entered into an agreement with The D. H. Chen Foundation under which donation from The D. H. Chen Foundation of up to HK\$6,707,948 as a support of the Playful Learning programme: Ploughing drama education for innovating the preschool curriculum and pedagogy in Hong Kong for the period from July 2017 to June 2020. Up to the reporting date, the Company received HK\$4,395,741 from The D. H. Chen Foundation and recognised HK\$2,377,313 (2018: HK\$634,433) as revenue during the year based on the net expenditure spent on the project at break-even basis. The remaining balance 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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**17 Development fund**

	<b>2019</b>	<b>2018</b>
	HK\$	HK\$
<b>Income:</b>		
Donation and sponsorship income	8,196,075	5,940,925
Other income	107,366	32,191
	<u>8,303,441</u>	<u>5,973,116</u>
<b>Expenditures:</b>		
Production cost	3,414,918	1,568,426
Marketing and promotion expenses	579,148	354,511
Personal emoluments	462,679	403,725
Other operating expenses	289,753	370,991
	<u>4,746,498</u>	<u>2,697,653</u>
Surplus for the year	3,556,943	3,275,463
Balance at the beginning of the financial period	7,170,762	3,895,299
Balance at the end of the financial period	<u>10,727,705</u>	<u>7,170,762</u>

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

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**18 Commitments**

Operating lease commitments

At 31 March 2019, the Company's total future minimum lease payments under non-cancellable operating leases is payable as follows:

	2019 HK\$	2018 HK\$
Land and buildings		
Within one year	4,655,948	4,506,175
After one year and within five years	2,215,165	1,470,264
	<u>6,871,113</u>	<u>5,976,439</u>

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

**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.



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**20 Transactions and balances with related parties**

Details of the Company's significant transactions with the following related party during the year ended 31 March 2019, are as follows:

	2019 HK\$	2018 HK\$
A company controlled by a council member		
Donation and sponsorship income	496,612	-

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.