

香港愛思德美成長之音有限公司
EL SISTEMA HONG KONG LIMITED

REPORT OF THE DIRECTORS

The directors have pleasure in presenting their annual report and the audited financial statements for the year ended 30th June 2020.

PRINCIPAL ACTIVITY

The principal activity of the Company during the year was the advancement of music education for children living in poverty, and contributing to their intellectual and social development.

RESULTS

The results of the Company for the year ended 30th June 2020 and the statement of financial position of the Company at that date are set out in the financial statements on pages 1 to 8.

DIRECTORS

The directors who held office during the year and up to the date of this report are :-

- Darwin CHEN
- William David LANE
- Jo Win Joanne CHAN
- Wing Wah CHAN
- Kwok Lit YU (appointed on 5/2/2021)
- Oi Shum NG (appointed on 5/2/2021)

In accordance with the Company’s Articles of Association, all the directors retire from the board at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

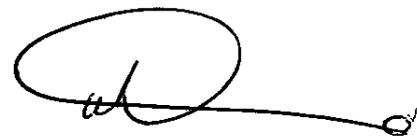
BUSINESS REVIEW

The Company is an exempted entity under section 388(3) of the Companies Ordinance from preparing a business review.

AUDITORS

The financial statements have been audited by Messrs. W. S. Wong & Co. who shall retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board



William David LANE
Director



Hong Kong, 27th May 2021

黃永善會計師行
W. S. Wong & Co.

CERTIFIED PUBLIC ACCOUNTANTS

PARTNERS

STEVEN Y. M. LEUNG (梁宇銘會計師)
B Soc Sc, M Acc, CPA(AUST), ACA, FCCA, FTIHK, FCPA(Practising)

FRANCIS S. T. LEUNG (梁紹棠會計師)
B Com, ACA, FCCA, ASA, FCPA(Practising)

ASSOCIATES

PAUL K. F. TAM (譚國輝會計師)
BBA, ACA, FCCA, FCPA(Practising)

Independent Auditor's Report

To The Members Of

El Sistema Hong Kong Limited 香港愛思德美成長之音有限公司
(incorporated in Hong Kong with limited liability)

Opinion

We have audited the financial statements of El Sistema Hong Kong Limited 香港愛思德美成長之音有限公司 ("the Company") set out on pages 1 to 8, which comprise the statement of financial position as at 30th June 2020, and the income statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements of the Company are prepared, in all material respects, in accordance with the Hong Kong Small and Medium-sized Entity Financial Reporting Standard ("SME-FRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") and with reference to Practice Note 900 (Revised) Audit of Financial Statements Prepared in Accordance with the Small and Medium-sized Entity Financial Reporting Standard issued by the HKICPA. Our responsibilities under those standards are further described in the Auditors' 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.

Emphasis of matter

We draw attention to the Company's statement of financial position on page 2 of the financial statements that the Company has a net current liabilities and net deficit of \$386,327 at 30th June 2020. As indicated in note 2(a) to the financial statements, the directors have agreed to provide adequate funds for the Company to meet its liabilities as and when they fall due. On the strength of this assurance, the financial statements have been prepared under the going concern basis and did not include any adjustments that would be necessary if such assurance was not valid. We consider that appropriate disclosures have been made and our opinion is not qualified in this respect.

Independent Auditor's Report (Cont'd)**To The Members Of****El Sistema Hong Kong Limited 香港愛思德美成長之音有限公司**

(incorporated in Hong Kong with limited liability)

Other Information

The directors are responsible for the other information. The other information comprises the information included in the directors' report and the detailed income statement but does not include the financial statements and our auditors' 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.

Responsibilities of Directors and Those Charged with Governance for the Financial Statements

The directors are responsible for the preparation of financial statements in accordance with the SME-FRS issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors 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 directors 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 directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' 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 auditors' report that includes our opinion. This report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purposes. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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

Independent Auditor's Report (Cont'd)**To The Members Of****El Sistema Hong Kong Limited 香港愛思德美成長之音有限公司**

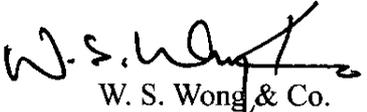
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Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

As part of an audit in accordance with HKSAs, 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.
- 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 directors.
- Conclude on the appropriateness of the directors' 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 auditors' 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

We communicate with those charged with governance 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.


W. S. Wong & Co.
Certified Public Accountants

Hong Kong, 27th May 2021

香港愛思德美成長之音有限公司
EL SISTEMA HONG KONG LIMITED

INCOME STATEMENT

FOR THE YEAR ENDED 30TH JUNE 2020

(Expressed in Hong Kong Dollars)

	<u>Note</u>	<u>2020</u>	<u>2019</u>
		\$	\$
Revenue	3	498,941	343,674
Project costs	4	<u>(349,538)</u>	<u>-</u>
		<u>149,403</u>	<u>343,674</u>
Expenses			
Administrative expenses		(19,400)	(19,400)
Other operating expenses		<u>(264,678)</u>	<u>(280,672)</u>
		<u>(284,078)</u>	<u>(300,072)</u>
(Deficit) / surplus before taxation	5	(134,675)	43,602
Income tax expenses	6	<u>-</u>	<u>-</u>
(Deficit) / surplus for the year	9	<u>(134,675)</u>	<u>43,602</u>

The accompanying notes form an integral part of the financial statements.

香港愛思德美成長之音有限公司
EL SISTEMA HONG KONG LIMITED

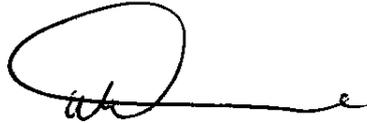
STATEMENT OF FINANCIAL POSITION

AS AT 30TH JUNE 2020

(Expressed in Hong Kong Dollars)

	<u>Note</u>	<u>2020</u>	<u>2019</u>
		\$	\$
NON-CURRENT ASSETS			
Plant and equipment	7	-	<u>1,180</u>
TOTAL NON-CURRENT ASSETS		-	<u>1,180</u>
CURRENT ASSETS			
Rental deposits		21,000	21,000
Bank balances		<u>3,117</u>	<u>52,846</u>
TOTAL CURRENT ASSETS		<u>24,117</u>	<u>73,846</u>
CURRENT LIABILITIES			
Accounts payable and accruals		(124,465)	(45,678)
Amount due to directors	8	<u>(285,979)</u>	<u>(281,000)</u>
TOTAL CURRENT LIABILITIES		<u>(410,444)</u>	<u>(326,678)</u>
NET CURRENT LIABILITIES		<u>(386,327)</u>	<u>(252,832)</u>
NET LIABILITIES		<u>(386,327)</u>	<u>(251,652)</u>
RESERVES			
General funds	9	<u>(386,327)</u>	<u>(251,652)</u>
NET DEFICIT		<u>(386,327)</u>	<u>(251,652)</u>


 Darwin CHEN
 (Director)


 William David LANE
 (Director)

The accompanying notes form an integral part of the financial statements.

香港愛思德美成長之音有限公司
EL SISTEMA HONG KONG LIMITED

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong Dollars)

1. General

The Company is a limited company incorporated in Hong Kong with its registered office address at Room 1202, 12/F., Singa Commercial Centre, 148 Connaught Road West, Hong Kong. The Company is limited by guarantee and does not have a share capital. The liability of each member is limited to \$100.

The Company is a charitable institution exempted from tax under section 88 of the Inland Revenue Ordinance.

The principal activity of the Company during the year was the advancement of music education for children living in poverty, and contributing to their intellectual and social development.

2. Principal accounting policies

The Company qualifies for the reporting exemption as a small guarantee company under section 359(1)(a) of the Hong Kong Companies Ordinance and is therefore entitled to prepare and present its financial statements in accordance with the Small and Medium-sized Entity Financial Reporting Standard (“SME-FRS”) issued by the Hong Kong Institute of Certified Public Accountants.

These financial statements comply with the SME-FRS and have been prepared under the accrual basis of accounting and on the basis that the Company is a going concern. The measurement base adopted is the historical cost convention.

The followings are the specific accounting policies that are necessary for a proper understanding of the financial statements :-

(a) Basis of preparation of financial statements

The financial statements have been prepared under the going concern basis as the Company’s directors have agreed to provide adequate funds for the Company to meet its liabilities as and when they fall due.

香港愛思德美成長之音有限公司
EL SISTEMA HONG KONG LIMITED

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong Dollars)

2. Principal accounting policies (cont'd)

(b) Plant and equipment

Plant and equipment are stated at cost less aggregate depreciation and impairment losses.

Depreciation is provided on the cost of plant and equipment on a straight line basis over their estimated useful lives. The annual rates of depreciation used are as follows :-

Musical instruments	20%
Office equipment	25%

The gain or loss arising on the disposal or retirement of an item of plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of profit or loss.

(c) Impairment assets

An assessment is made at the end of each reporting period to determine whether there is any indication of impairment or reversal of previous impairment. In the event that an asset's carrying amount exceeds its recoverable amount, the carrying amount is reduced to recoverable amount and an impairment loss is recognised in the income statement. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount, however not to an amount higher than the carrying amount that would have been determined has no impairment losses been recognised for the asset in prior years.

(d) Foreign exchange

The reporting currency of the Company is Hong Kong Dollars, which is the currency of the primary economic environment in which the company operates.

Foreign currency transactions are converted at the exchange rate applicable at the transaction date. Foreign currency monetary items are translated into Hong Kong Dollars using exchange rates applicable at the end of the reporting period. Gains and losses on foreign exchange are recognised in the income statement.

香港愛思德美成長之音有限公司
EL SISTEMA HONG KONG LIMITED

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong Dollars)

2. Principal accounting policies (cont'd)

(e) Receivables

Receivables are stated at estimated realisable value after each debt has been considered individually. Where the payment of a debt becomes doubtful, a provision is made and charged to the income statement.

(f) Revenue recognition

Revenue is recognised when the economic benefits will flow to the Company and when the revenue can be measured reliably on the following bases :-

- (i) Donation is recognised when cash is received and receivable;
- (ii) Project income is recognised when the related activities are carried out; and
- (iii) Sundry incomes are recognised on accrual basis.

3. Revenue

	<u>2020</u>	<u>2019</u>
	\$	\$
Donation income	120,000	294,770
Funding from Hong Kong Children In Need Foundation for the project "Transforming Lives Through Music"	349,538	-
Interest income	3	4
Sundry income	<u>29,400</u>	<u>48,900</u>
	498,941	343,674
	=====	=====

香港愛思德美成長之音有限公司
EL SISTEMA HONG KONG LIMITED

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong Dollars)

4. Project costs

	<u>2020</u>	<u>2019</u>
	\$	\$
“Transforming Lives Through Music” project costs		
Administrative overheads	10,688	-
Programme expenses	154,474	-
Staffing and professional costs	<u>184,376</u>	<u>-</u>
	<u>349,538</u>	<u>-</u>

5. (Deficit) / surplus before taxation

	<u>2020</u>	<u>2019</u>
	\$	\$
(Deficit) / surplus before taxation has been arrived at after charging :-		
Depreciation	1,180	1,408
Directors’ remuneration	-	-
Staff costs		
- Salaries and allowance	241,600	244,000
- Mandatory provident fund	<u>17,190</u>	<u>12,100</u>

6. Income tax expenses

Provision for Hong Kong profits tax has not been considered as the Company is a charitable institution exempted from profits tax under section 88 of the Inland Revenue Ordinance.

香港愛思德美成長之音有限公司
EL SISTEMA HONG KONG LIMITED

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong Dollars)

7. Plant and equipment

	<u>Musical instruments</u>	<u>Office equipment</u>	<u>Total</u>
	\$	\$	\$
Costs			
At 1/7/2019 and 30/6/2020	<u>87,540</u>	<u>12,000</u>	<u>99,540</u>
Aggregate depreciation			
At 1/7/2019	86,360	12,000	98,360
Depreciation for the year	<u>1,180</u>	<u>-</u>	<u>1,180</u>
At 30/6/2020	<u>87,540</u>	<u>12,000</u>	<u>99,540</u>
Net book value			
At 30/6/2020	- =====	- =====	- =====
At 30/06/2019	1,180 =====	- =====	1,180 =====

8. Amount due to directors

	<u>2020</u>	<u>2019</u>
	\$	\$
Darwin Chen	265,250	265,250
William David Lane	<u>20,729</u>	<u>15,750</u>
	<u>285,979</u>	<u>281,000</u>

Subsequent to the accounts closing date, Mr. Darwin CHEN and Mr. William David LANE donated the amount due to them of \$265,250 and \$15,750 respectively to the Company. The two donations were recognised as the Company's income on 1st March 2021.

香港愛思德美成長之音有限公司
EL SISTEMA HONG KONG LIMITED

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong Dollars)

9. General funds

	\$
Balance at 1/7/2018	(295,254)
Surplus for the year	<u>43,602</u>
Balance at 30/6/2019	(251,652)
Deficit for the year	<u>(134,675)</u>
Balance at 30/6/2020	<u>(386,327)</u> =====

10. Approval of financial statements

These financial statements were approved by the board of directors and authorised for issue on 27th May 2021.