

**藝鶴有限公司**  
**ART AND CULTURE OUTREACH LIMITED**

**REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**31ST MARCH 2020**

Certified true copy



FUNG Mei-Wah  
Director

**F. S. Li & Co.**

李福樹會計師事務所

CERTIFIED PUBLIC ACCOUNTANTS  
HONG KONG



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# **ART AND CULTURE OUTREACH LIMITED**

## **REPORT OF THE DIRECTORS**

The directors have pleasure in presenting their report together with the audited financial statements of Art and Culture Outreach Limited ("the Association") for the year ended 31st March 2020.

### **PRINCIPAL ACTIVITIES**

The Association is engaged to promote and foster the cultural exchange between Hong Kong and the rest of the world.

### **RESULTS**

The results of the Association for the year ended 31st March 2020 and the state of the Association's affairs at that date are set out in the financial statements on pages 5 to 12.

### **PERMITTED INDEMNITY PROVISION**

In accordance with the Association's articles of association, there is a permitted indemnity provision (as defined in section 469 of the Hong Kong Companies Ordinance) in force for the benefit of the directors of the Association during the year and at the time of approval of this report.

### **DIRECTORS**

The directors of the Association during the year, and changes up to the date of this report, were:

Fung Mei Wah  
Shum Long Tin  
Siu King Chung  
Yim Wai Ying  
Yim Wai Wai, Florence  
Fung Wing Kwun Vivian (Resigned on 13th August 2020)

**BUSINESS REVIEW**

The Association qualifies for reporting exemption as a small guarantee company and exempts from preparation of the business review.

**MANAGEMENT CONTRACTS**

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

On behalf of the Board



Fung Mei Wah  
Chairman

Hong Kong, 6th February 2021.

# F. S. Li & Co.

CERTIFIED PUBLIC ACCOUNTANTS

1001 Admiralty Centre Tower 1, 18 Harcourt Road, Hong Kong.  
Tel : 2861 1717 Fax : 2865 6828 Email : mail@fslico.com

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF**

### **ART AND CULTURE OUTREACH LIMITED**

*(incorporated in Hong Kong with liability limited by guarantee)*

#### ***Opinion***

We have audited the financial statements of Art and Culture Outreach Limited ("the Association") set out on pages 5 to 12, which comprise the statement of financial position as at 31st March 2020, and the statement of income and accumulated surplus and 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 Association as at 31st March 2020, 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 Association 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 audit opinion.

#### ***Information other than the financial statements and auditor's report thereon***

The directors are responsible for the other information. The other information comprises all the information included in the directors' report on pages 1 and 2 and administrative and other expenses on page 13 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.

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

The directors are responsible for the preparation of the 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 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 Association'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 Association or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association'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. 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 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.

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 Association'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 Association'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 Association 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 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.

*F.S. Li & Co.*

F.S. Li & Co.  
Certified Public Accountants

Hong Kong, 6th February 2021.

**ART AND CULTURE OUTREACH LIMITED**

**STATEMENT OF INCOME AND ACCUMULATED SURPLUS**

**FOR THE YEAR ENDED 31ST MARCH 2020**

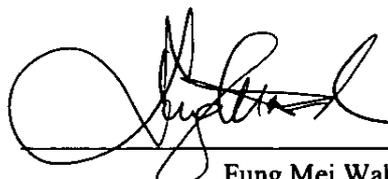
	<u>2020</u> HK\$	<u>2019</u> HK\$
<b>INCOME</b>		
Gross rental income from investment properties	1,757,279	1,741,728
Venue income	132,584	138,765
Venue donation	131,116	453,458
Exhibition and project income	446,432	90,400
Commission	60,180	790
Interest income	22	4
Other income	8,744	2,346
	<u>2,536,357</u>	<u>2,427,491</u>
<b>PROFIT ON BOOK SALES</b>	<u>1,361</u>	<u>318,813</u>
	2,537,718	2,746,304
<b>ADMINISTRATIVE AND OTHER EXPENSES</b>	<u>(2,054,399)</u>	<u>(1,954,683)</u>
<b>SURPLUS FOR THE YEAR (Note 5)</b>	483,319	791,621
<b>ACCUMULATED SURPLUS BROUGHT FORWARD</b>	<u>3,127,411</u>	<u>2,335,790</u>
<b>ACCUMULATED SURPLUS CARRIED FORWARD</b>	<u><u>3,610,730</u></u>	<u><u>3,127,411</u></u>

**ART AND CULTURE OUTREACH LIMITED**

**STATEMENT OF FINANCIAL POSITION AT 31ST MARCH 2020**

	<u>Note</u>	HK\$	<u>2020</u> HK\$	<u>2019</u> HK\$
<b>NON-CURRENT ASSETS</b>				
Property, plant and equipment	8		1,313,000	1,055,831
Investment properties carried at nominal value	9		<u>19</u>	<u>19</u>
			1,313,019	<u>1,055,850</u>
<b>CURRENT ASSETS</b>				
Inventories - Goods for resale		171,852		125,918
Accounts receivable		15,355		9,246
Deposits		116,410		42,600
Cash and bank balances		<u>3,073,754</u>		<u>3,066,158</u>
		3,377,371		<u>3,243,922</u>
<b>Less: CURRENT LIABILITIES</b>				
Amount due to a director	10	400,000		400,000
Deposit received		170,000		398,000
Advance received		42,234		311,861
Accounts payable and accruals		<u>467,426</u>		<u>62,500</u>
		1,079,660		<u>1,172,361</u>
<b>NET CURRENT ASSETS</b>			<u>2,297,711</u>	<u>2,071,561</u>
<b>NET ASSETS</b>			<u>3,610,730</u>	<u>3,127,411</u>
 <i>financed by:</i>				
<b>RESERVES</b>				
Accumulated surplus			<u>3,610,730</u>	<u>3,127,411</u>

These financial statements on pages 5 to 12 were approved and authorised for issue by the Board of Directors on 6th February 2021.

  
  
 Fung Mei Wah  
 Director

  
  
 Yim Wai Ying  
 Director

**ART AND CULTURE OUTREACH LIMITED**

**STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED 31ST MARCH 2020**

	2020		2019
	HK\$	HK\$	HK\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Surplus for the year	483,319		791,621
Adjustments for:			
Interest income	(22)		(4)
Depreciation on property, plant and equipment	<u>100,511</u>		<u>142,373</u>
Operating surplus before working capital changes	583,808		933,990
Increase in inventories	(45,934)		(125,918)
Increase in accounts receivable	(6,109)		(9,246)
Increase in deposits	(73,810)		(1,200)
Decrease in amount due to a director	-		(59,849)
Decrease in deposit received	(228,000)		(50,000)
(Decrease)/Increase in advance received	(269,627)		124,463
Increase/(Decrease) in accounts payable and accruals	<u>404,926</u>		<u>(26,500)</u>
<b>NET CASH FROM OPERATING ACTIVITIES</b>	365,254		785,740
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received	22		4
Purchase of property, plant and equipment	<u>(357,680)</u>		<u>(356,428)</u>
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<u>(357,658)</u>		<u>(356,424)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	7,596		429,316
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>3,066,158</u>		<u>2,636,842</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u><u>3,073,754</u></u>		<u><u>3,066,158</u></u>
<b>ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS</b>			
Cash and bank balances	<u><u>3,073,754</u></u>		<u><u>3,066,158</u></u>

**ART AND CULTURE OUTREACH LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31ST MARCH 2020**

1. Corporate information

Art and Culture Outreach Limited ("the Association") is a company incorporated in Hong Kong under the Companies Ordinance and is limited by guarantee. The liability of each member is limited to the extent of an amount not exceeding the sum of HK\$1. The address of its registered office and principal place of business is 14/F, Foo Tak Building 365 Hennessy Road, Wan Chai, Hong Kong. The Association is engaged in promotion and fostering the culture exchange between Hong Kong and the rest of the world.

2. Basis of preparation

(a) Statement of compliance

The Association qualifies for the reporting exemption as a small guarantee company for the year under Sections 359(1)(a) and 363 of the Hong Kong Companies Ordinance. These financial statements comply with all applicable sections of the Hong Kong Financial Reporting Standard for Private Entities ("HKFRSPE") issued by the Hong Kong Institute of Certified Public Accountants. These financial statements have been prepared under the accrual basis of accounting and on the basis that the Association is a going concern.

(b) Basis of measurement

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

3. Summary of significant accounting policies

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

(a) Revenue recognition

- (i) Rental receivable from leasehold land and buildings held for use in operating leases are accounted for, using a straight line method, over the respective periods of the leases.
- (ii) Exhibition and project income are recognised when the right to receive the income is established.
- (iii) Commission is recognised upon provision of services.
- (iv) Book sales are recognised upon delivery of books.
- (v) Venue donations and venue income are recognised on a cash basis.
- (vi) Interest income is recognised as it accrues using the effective interest method.

(b) Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash on hand and deposits with banks and finance companies within 3 months to maturity from date of deposit.

3. Summary of significant accounting policies (continued)

(c) Functional and presentation currency

The Association's functional and presentation currency is Hong Kong dollars.

(d) Impairment losses

At each reporting date, property, plant and equipment and investment properties 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 estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in surplus or deficit.

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 surplus or deficit.

(e) Property, plant and equipment

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

Depreciation is calculated to write off the cost of property, plant and equipment over their estimated useful lives using a straight line method at the following rates:-

Leasehold improvements	4 per cent per annum
Furniture and equipment	20 per cent per annum

No depreciation has been charged on leasehold properties which were donated and stated at nominal value.

(f) Investment properties carried at nominal value

Under the requirement of Section 16 "Investment property" of HKFRSPE which includes land or building that earn rentals should be stated at fair value.

In view that the Association is not a profit making organisation, the directors consider that valuation of investment properties may not be relevant for management decision making and conclude that fair value measurement of investment properties on an ongoing basis would involved undue costs and efforts out of proportion to the value to members of the Association.

No depreciation has been charged on investment properties which were donated and carried at nominal value.

(g) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined on weighted average basis and includes all costs of purchase and other costs incurred in bringing the inventories to the present location and condition. Net realizable value represents estimated selling price less direct selling costs.

3. Summary of significant accounting policies (continued)

(h) Accounts receivables

Accounts receivables are initially recognised at transaction price and at the end of each reporting period are stated at amortised cost less impairment losses for bad and doubtful debts unless the effect of discounting would be immaterial, in which case, the receivables are stated at cost less impairment losses for bad and doubtful debts. A provision for impairment of receivables is made when there is objective evidence that the Association will not be able to collect all amounts due according to the original terms of receivables. The impairment loss is measured as the difference between the receivables' carrying amount and the present value of estimated future cash flows, discounted at the receivables' original effective interest rate where the effect of discounting is material.

(i) Accounts payable and accruals

Accounts payable and accruals are stated at cost as the effect of discounting to present value is immaterial.

4. Directors' remuneration and other interests

The directors during the year did not receive and would not receive any benefits or did not have an interest in respect of the items as mentioned in Section 383(1)(a), (b), (c) and (d) of the Hong Kong Companies Ordinance (2019 - Nil).

No consideration was provided to or receivable by third parties for making available the services of a person as director or in any other capacity while director (2019 - Nil).

5. Surplus for the year

<u>2020</u>	<u>2019</u>
HK\$	HK\$

Surplus for the year is stated after crediting and charging the following:

Book sales	650,200	371,758
Staff costs	854,711	790,214
Depreciation on property, plant and equipment	100,511	142,373
Cost of inventories sold	648,839	52,945
Allowance for inventories (included in cost of inventories sold)	-	53,965
Auditor's remuneration	22,000	37,400
	22,000	37,400

6. Taxation

The Association is a charitable institution and is exempt from Hong Kong profits tax under Section 88 of the Inland Revenue Ordinance (2019 - Same).

7. Properties donations

At the respective dates, 28th February 2014, 12th June 2014, 26th August 2014 and 1st September 2014, assignments were made to transfer 22 properties as donations to the Association by Dawei Charitable Foundation Limited without consideration. With no consideration, each property was stated at nominal value of HK\$1 and assumed total value of HK\$22. The properties are recorded as leasehold land and buildings in sum of HK\$3 and investment properties carried at nominal value in sum of HK\$19 in these financial statements.

8. Property, plant and equipment

	<u>Leasehold land and buildings</u>	<u>Leasehold improvements</u>	<u>Furniture and equipment</u>	<u>Total</u>
	HK\$	HK\$	HK\$	HK\$
Cost				
At 31st March 2019	3	1,614,620	406,535	2,021,158
Additions	-	350,400	7,280	357,680
At 31st March 2020	<u>3</u>	<u>1,965,020</u>	<u>413,815</u>	<u>2,378,838</u>
Accumulated depreciation				
At 31st March 2019	-	611,158	354,169	965,327
Charge for the year	-	75,412	25,099	100,511
At 31st March 2020	<u>-</u>	<u>686,570</u>	<u>379,268</u>	<u>1,065,838</u>
Net book value				
At 31st March 2020	<u>3</u>	<u>1,278,450</u>	<u>34,547</u>	<u>1,313,000</u>
At 31st March 2019	<u>3</u>	<u>1,003,462</u>	<u>52,366</u>	<u>1,055,831</u>

9. Investment properties

	<u>2020</u>	<u>2019</u>
	HK\$	HK\$
At nominal value		
At 31st March 2019 and 2020	<u>19</u>	<u>19</u>

10. Amount due to a director

The amount due to a director is unsecured, interest-free and there is no fixed repayment term.

11. Future aggregate minimum lease payments to be received

At the end of reporting period, the Association had the following future aggregate minimum lease payments to be received under non-cancellable operating leases in respect of land and buildings:

	<u>2020</u> HK\$	<u>2019</u> HK\$
Not later than one year	-	1,104,000
Later than one year and not later than five years	-	1,065,419
	<u>-</u>	<u>2,169,419</u>

12. Categories of financial assets and liabilities

	<u>2020</u> HK\$	<u>2019</u> HK\$
<u>Financial assets</u>		
Current assets - at amortised cost:		
Accounts receivable	15,355	9,246
Deposits	116,410	42,600
Cash and bank balances	3,073,754	3,066,158
	<u>3,205,519</u>	<u>3,118,004</u>
<u>Financial liabilities</u>		
Current liabilities - at amortised cost:		
Amount due to a director	400,000	400,000
Deposit received	170,000	398,000
Accounts payable and accruals	467,426	62,500
	<u>1,037,426</u>	<u>860,500</u>

FOR MANAGEMENT INFORMATION PURPOSES ONLY

ART AND CULTURE OUTREACH LIMITED

ADMINISTRATIVE AND OTHER EXPENSES

FOR THE YEAR ENDED 31ST MARCH 2020

	<u>2020</u>	<u>2019</u>
	HK\$	HK\$
Staff costs		
Salaries and allowances	785,033	733,000
Part time assistant	30,639	18,950
Mandatory provident fund contributions	39,039	38,264
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	854,711	790,214
Supplies and consumable	28,866	28,328
Donations	362,000	274,015
Depreciation on property, plant and equipment	100,511	142,373
Auditor's remuneration	22,000	37,400
Accounting fee	35,994	30,360
Project costs	-	41,286
Advertising fee	200	4,140
Bank charge	4,623	375
Building management fee	229,292	101,414
Cleaning	28,420	25,071
Electricity and water	48,016	46,426
Entertainment	2,004	11,300
Exhibition	13,414	5,733
Insurance	27,191	26,138
Internet and web fee	6,969	8,054
Legal and professional fee	(800)	16,600
Rates	108,725	43,400
Rental commission	7,730	67,222
Repairs and maintenance	145,246	131,964
Speaker fee	7,200	88,497
Staff benefit and development	8,683	8,961
Subscription fee	6,193	417
Telephone and fax	3,960	4,976
Transportation	3,251	20,019
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	2,054,399	1,954,683
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