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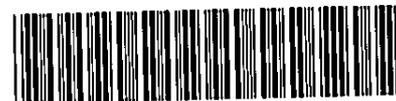
香港弦樂團有限公司  
Hong Kong String Orchestra Limited

財務報告  
*Financial Statements*

二零二一年三月三十一日

31st March 2021

羅思雲羅君美會計師事務所有限公司  
*Law & Partners CPA Limited*  
CERTIFIED PUBLIC ACCOUNTANTS



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# HONG KONG STRING ORCHESTRA LIMITED

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香港弦樂團有限公司  
**HONG KONG STRING ORCHESTRA LIMITED**  
**REPORT OF THE GOVERNORS**

The governors have pleasure in submitting their annual report together with the audited financial statements for the year ended 31st March 2021.

**REPORTING ENTITY**

Hong Kong String Orchestra Limited (the "Orchestra") was incorporated on 16th July 2013 under the Hong Kong Companies Ordinance as a company limited by guarantee without a share capital. The registered office of the Orchestra is located at Room 503, 5th Floor, Park Commercial Centre, 180 Tung Lo Wan Road, Hong Kong.

The Orchestra's principal activities are to establish, organize, develop, train, manage, promote and present one or more symphony orchestras, concerts, chamber music, operas, musicals, bands or other musical groups, in Hong Kong and elsewhere.

**RESULT AND STATE OF AFFAIRS**

The Orchestra's results for the year ended 31st March 2021 and its state of affairs as at that date are set out in the attached financial statements.

**BUSINESS REVIEW**

The Orchestra falls within reporting exemption for the financial year. Accordingly, the Orchestra is exempted from preparing a business review.

**GOVERNORS**

The governors of the Orchestra during the year and up to the date of this report were:

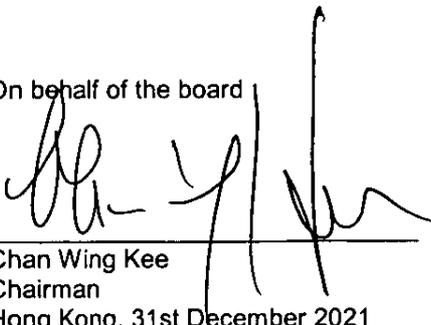
Chan Wing Kee  
Leung Wang Ching Clarence

There being no provision in Orchestra's articles of association, for retirement by rotation, the governors continues in office.

**AUDITOR**

The financial statements have been audited by Law & Partners CPA Limited, Certified Public Accountants, who retire and, being eligible, offer itself for re-appointment.

On behalf of the board

  
Chan Wing Kee  
Chairman  
Hong Kong, 31st December 2021

## INDEPENDENT AUDITOR'S REPORT

To the Members of Hong Kong String Orchestra Limited  
(incorporated in Hong Kong and limited by guarantee)

### Opinion

We have audited the financial statements of Hong Kong String Orchestra Limited ("the Orchestra") set out on pages 4 to 11, which comprise the statement of financial position as at 31st March 2021, and the income statement and statement of changes in funds 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 Orchestra 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 Auditor's Responsibilities for the *Audit of the Financial Statements* section of our report. We are independent of the Orchestra 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 governors are responsible for the other information. The other information comprises the information included in the report of the governors, 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 Governors for the Financial Statements

The governors are responsible for the preparation of the 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 governors 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 governors are responsible for assessing the Orchestra'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 governors either intend to liquidate the Orchestra or to cease operations, or have no realistic alternative but to do so.

**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 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.
- 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 Orchestra's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the governors.
- Conclude on the appropriateness of the governors' 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 Orchestra'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 Orchestra to cease to continue as a going concern.

We communicate with the governors 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.



**LAW & PARTNERS CPA LIMITED**  
Certified Public Accountants  
Hong Kong, 31st December 2021

Elizabeth Law  
Practising Certificate Number P01024

香港弦樂團有限公司  
**HONG KONG STRING ORCHESTRA LIMITED**

**INCOME STATEMENT**

*For the year ended 31st March 2021*

*(Expressed in Hong Kong Dollars)*

|                                       | <u>Note</u> | <u>2021</u>        | <u>2020</u>        |
|---------------------------------------|-------------|--------------------|--------------------|
| Revenue                               | 2           | 5,655,085          | 8,038,134          |
| Other income                          | 3           | <u>305,665</u>     | <u>227,007</u>     |
|                                       |             | 5,960,750          | 8,265,141          |
| Operating and administrative expenses | 4           | <u>(5,950,278)</u> | <u>(7,979,344)</u> |
| Surplus for the year                  | 7           | <u>10,472</u>      | <u>285,797</u>     |

The accompanying Accounting Policies and Explanatory Notes form an integral part of, and should be read in conjunction with, these financial statements.

香港弦樂團有限公司  
**HONG KONG STRING ORCHESTRA LIMITED**

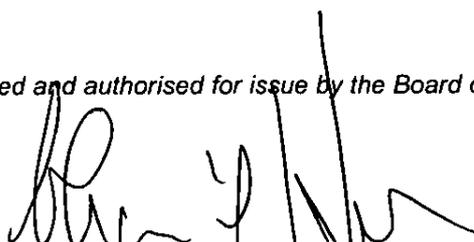
**STATEMENT OF FINANCIAL POSITION**

*As at 31st March 2021*

*(Expressed in Hong Kong Dollars)*

|                                     | <u>Note</u> | <u>2021</u>       | <u>2020</u>       |
|-------------------------------------|-------------|-------------------|-------------------|
| <b>NON-CURRENT ASSETS</b>           |             |                   |                   |
| Property, plant and equipment       | 11          | <u>34,015</u>     | <u>44,746</u>     |
| <b>CURRENT ASSETS</b>               |             |                   |                   |
| Account receivable                  |             | 14,996            | 5,016             |
| Project costs receivable            | 12          | 3,597,600         | 3,343,390         |
| Deposits and prepayments            |             | 89,147            | 49,154            |
| Cash and cash equivalents           | 13          | <u>7,025,686</u>  | <u>6,622,433</u>  |
|                                     |             | <u>10,727,429</u> | <u>10,019,993</u> |
| <b>CURRENT LIABILITIES</b>          |             |                   |                   |
| Receipt in advance                  |             | 4,488,676         | 3,104,696         |
| Account payable and accrued charges |             | 159,561           | 653,843           |
| Bank overdraft                      |             | -                 | 203,465           |
| Current tax payable                 |             | <u>4,811</u>      | <u>4,811</u>      |
|                                     |             | <u>4,653,048</u>  | <u>3,966,815</u>  |
| <b>Net current assets</b>           |             | <u>6,074,381</u>  | <u>6,053,178</u>  |
| <b>NET ASSETS</b>                   |             | <u>6,108,396</u>  | <u>6,097,924</u>  |
| <b>ACCUMULATED FUND</b>             |             | <u>6,108,396</u>  | <u>6,097,924</u>  |

*Approved and authorised for issue by the Board of Governors on 31st December 2021*

  
 \_\_\_\_\_  
 Chan Wing Kee  
 Governor

  
 \_\_\_\_\_  
 Leung Wang Ching Clarence  
 Governor

The accompanying Accounting Policies and Explanatory Notes form an integral part of, and should be read in conjunction with, these financial statements.

香港弦樂團有限公司  
**HONG KONG STRING ORCHESTRA LIMITED**

**STATEMENT OF CHANGES IN FUNDS**

*For the year ended 31st March 2021*

*(Expressed in Hong Kong Dollars)*

|  | <u>Accumulated fund</u> |
|--|-------------------------|
| <b>At 1st April 2019</b>                     | 5,812,127               |
| Surplus for the year                         | <u>285,797</u>          |
| <b>At 31st March 2020 and 1st April 2019</b> | 6,097,924               |
| Surplus for the year                         | <u>10,472</u>           |
| <b>At 31st March 2021</b>                    | <u><u>6,108,396</u></u> |

The accompanying Accounting Policies and Explanatory Notes form an integral part of, and should be read in conjunction with, these financial statements.

香港弦樂團有限公司  
**HONG KONG STRING ORCHESTRA LIMITED**

**ACCOUNTING POLICIES AND EXPLANATORY  
NOTES TO THE FINANCIAL STATEMENTS**

*For the year ended 31st March 2021*

*(Expressed in Hong Kong Dollars)*

**1. BASIS OF PREPARATION AND ACCOUNTING POLICIES**

The Orchestra 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 Orchestra is a going concern.

The measurement base adopted is the historical cost convention.

**a. Revenue recognition**

Revenue is recognised when it is probable that the economic benefits will flow to the Orchestra and when the revenue can be measured reliably, on the following bases:

- (i) grant and project fund income are recognised on the basis as set out in note 1b;
- (ii) income from donations is recognised when cash is received;
- (iii) sponsorship and performance incomes are recognised when cash is received; and
- (iv) interests income is recognised on a time proportion basis taking into account the principal outstanding and the interest applicable.

**b. Grants and donations from third parties**

Grants or donations from third parties, which are earmarked for specific purposes, are initially recognised as deferred income and then they are recognised in the income statement over the period necessary to match with the related costs which they are intended to compensate.

Grants or donations related to assets are deducted from the cost of the assets at their carrying amount to the extent of the grants received and receivable at the end of the reporting period.

The Foundation applied for wage subsidies from the Employment Support Scheme granted by the Hong Kong Government. Amount totalling to HK\$266,316 was received in November 2020.

**c. Foreign exchange**

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.

**d. Property, plant and equipment**

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

The depreciable amount of an item of property, plant and equipment is allocated on a systematic basis over its estimated useful life using the reducing balance method. The principal annual rates used for depreciation are as follows:

|                          |           |
|--------------------------|-----------|
| Furniture and equipments | 20% - 25% |
|--------------------------|-----------|

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 of items of property, plant and equipment. In the event that an assets'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 (net of depreciation), had no impairment losses been recognised for the asset in prior years.

香港弦樂團有限公司  
**HONG KONG STRING ORCHESTRA LIMITED**

**ACCOUNTING POLICIES AND EXPLANATORY  
NOTES TO THE FINANCIAL STATEMENTS**

*For the year ended 31st March 2021*

*(Expressed in Hong Kong Dollars)*

**1. BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)**

**e. Account and other receivables**

Accounts and other 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. Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank and on hand and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

**g. Employee benefits**

(i) Short term employee benefits and contributions to defined contribution retirement plans  
Salaries, annual bonuses, paid annual leave, contributions to defined contribution plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees.

Employee entitlements to sick leave and maternity leave are recognised when the absences occur.

(ii) Retirement benefits

Obligations for contributions to defined contribution retirement plans, including contributions payable under the Hong Kong Mandatory Provident Fund Schemes Ordinance, are charged to the income statement as incurred.

The Orchestra's net obligation in respect of lump sum long service amounts payable on cessation of employment in certain circumstances under the Hong Kong Employment Ordinance is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated using the projected unit credit method, discounted to its present value, and the fair value of any related plan assets is deducted. The discount rate is the yield at the end of the reporting period on high quality bond issued by Hong Kong Monetary Authority that have maturity date approximating to the terms of the Orchestras obligations.

**2. REVENUE**

The amounts of revenue arising from the principal activities of the Orchestra during the year are as follows:

|   | <u>2021</u>      | <u>2020</u>      |
|---|------------------|------------------|
| Income from "Jockey Club Power of Music" (note 8) | 3,093,813        | 2,676,444        |
| Income from "Cultural Exchange Project" (note 9)  | 31,954           | 1,351,652        |
| Income from "「香港Can Do」青年音樂交流計劃" (note 10)        | 2,417,318        | 3,145,538        |
| Donations received                                | 112,000          | 254,500          |
| Sponsorship income                                | -                | 380,000          |
| Performance income                                | -                | 230,000          |
|   | <u>5,655,085</u> | <u>8,038,134</u> |

香港弦樂團有限公司  
**HONG KONG STRING ORCHESTRA LIMITED**

**ACCOUNTING POLICIES AND EXPLANATORY  
NOTES TO THE FINANCIAL STATEMENTS**

*For the year ended 31st March 2021*

*(Expressed in Hong Kong Dollars)*

**3. OTHER INCOME**

|                      | <u>2021</u>    | <u>2020</u>    |
|----------------------|----------------|----------------|
| Bank interest income | 38             | 877            |
| Government subsidies | 266,316        | -              |
| Sundry income        | 39,311         | 226,130        |
|                      | <u>305,665</u> | <u>227,007</u> |

**4. OPERATING AND ADMINISTRATIVE EXPENSES**

|   | <u>2021</u>      | <u>2020</u>      |
|---|------------------|------------------|
| Expenditure for "Jockey Club Power of Music Programme" (note 8) | 3,093,813        | 2,676,444        |
| Expenditure for "Cultural Exchange Project" (note 9)            | 31,954           | 1,374,123        |
| Expenditure for "「香港Can Do」青年音樂交流計劃" (note 10)                  | 2,417,318        | 3,145,538        |
| Other operating and administrative expenses                     | 407,193          | 783,239          |
|   | <u>5,950,278</u> | <u>7,979,344</u> |

**5. GOVERNORS' REMUNERATION**

The governors received no remuneration for their services to the Orchestra during the year (2020: Nil).

**6. INCOME TAX**

No provision for Hong Kong profits tax is required as the Orchestra is an approved charitable institution exempted from profits tax under Section 88 of the Hong Kong Inland Revenue Ordinance.

**7. SURPLUS FOR THE YEAR**

|  | <u>2021</u>      | <u>2020</u>      |
|--|------------------|------------------|
| Surplus for the year is arrived at after charging the following items: |                  |                  |
| Staff costs  | 3,763,598        | 3,692,181        |
| Depreciation   | 10,731           | 14,157           |
|  | <u>3,774,329</u> | <u>3,706,338</u> |

**8. JOCKEY CLUB POWER OF MUSIC PROGRAMME**

|  | <u>2021</u> | <u>2020</u> |
|--|-------------|-------------|
| Revenue  |             |             |
| Donation from The Hong Kong Jockey Club Charities Trust recognised during the year | 3,093,813   | 2,676,444   |
| Less: Expenditure recognised for the year  | 3,093,813   | 2,676,444   |
|  | <u>-</u>    | <u>-</u>    |

香港弦樂團有限公司  
**HONG KONG STRING ORCHESTRA LIMITED**

**ACCOUNTING POLICIES AND EXPLANATORY  
NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31st March 2021

(Expressed in Hong Kong Dollars)

**9. CULTURAL EXCHANGE PROJECTS**

|  | <u>2021</u>   | <u>2020</u>      |
|--|---------------|------------------|
| Revenue  |               |                  |
| Sponsorship from Arts Development Fund under Home Affairs Bureau | -             | 400,000          |
| Sponsorship from Leisure and Cultural Services Department        | 31,954        | 427,448          |
| Sponsorship from The Overseas Economic & Trade Office            | -             | 524,204          |
|  | <u>31,954</u> | <u>1,351,652</u> |
| Less: Expenditure for the year                                   | <u>31,954</u> | <u>1,374,123</u> |
| Deficit for the year   | <u>-</u>      | <u>(22,471)</u>  |

**10. 「香港CAN DO」青年音樂交流計劃**

|  | <u>2021</u>      | <u>2020</u>      |
|--|------------------|------------------|
| Revenue  |                  |                  |
| Funding from Matching Fund under The Hong Kong Arts Development Council recognised during the year | 2,417,318        | 3,145,538        |
| Less: Expenditure recognised for the year  | <u>2,417,318</u> | <u>3,145,538</u> |
|  | <u>-</u>         | <u>-</u>         |

**11. PROPERTY, PLANT AND EQUIPMENT**

|   | <u>Furniture and equipments</u> |
|---|---------------------------------|
| <b>Cost</b>   |                                 |
| At 1st April 2020                                     | 88,270                          |
| Additions   | -                               |
| At 31st March 2021                                    | <u>88,270</u>                   |
| <b>Accumulated depreciation and impairment losses</b> |                                 |
| At 1st April 2020                                     | 43,524                          |
| Depreciation for the year                             | 10,731                          |
| At 31st March 2021                                    | <u>54,255</u>                   |
| <b>Net book value</b>                                 |                                 |
| At 31st March 2021                                    | <u>34,015</u>                   |
| At 31st March 2020                                    | <u>44,746</u>                   |

**12. PROJECT COST RECEIVABLE**

|  | <u>2021</u>      | <u>2020</u>      |
|--|------------------|------------------|
| Hong Kong Jockey Club Charitable Trust   | 3,095,547        | 2,850,943        |
| The Hong Kong Arts Development Council   | 450,000          | 315,000          |
| Home Affairs Bureau                      | -                | 138,400          |
| Leisure and Cultural Services Department | 31,953           | 18,947           |
| Others                                   | 20,100           | 20,100           |
|  | <u>3,597,600</u> | <u>3,343,390</u> |

香港弦樂團有限公司  
**HONG KONG STRING ORCHESTRA LIMITED**

**ACCOUNTING POLICIES AND EXPLANATORY  
NOTES TO THE FINANCIAL STATEMENTS**

*For the year ended 31st March 2021*

*(Expressed in Hong Kong Dollars)*

13. **CASH AND CASH EQUIVALENTS**

|                          | <u>2021</u>      | <u>2020</u>      |
|--------------------------|------------------|------------------|
| Cash at bank and in hand | <u>7,025,686</u> | <u>6,622,433</u> |

14. **RELATED PARTY TRANSACTIONS**

The Orchestra has not have material related party transactions during the year (2019: Nil).