

CHA DUK CHANG CHILDREN'S CANTONESE OPERA ASSOCIATION LIMITED

REPORTS AND FINANCIAL STATEMENTS

31ST DECEMBER, 2020

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Certified True and Correct



Director



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CHA DUK CHANG CHILDREN'S CANTONESE OPERA ASSOCIATION LIMITED

REPORT OF THE DIRECTORS

The directors present their annual report together with the audited financial statements of the company for the year ended 31st December, 2020.

PRINCIPAL ACTIVITIES

The principal activities of the company have not changed during the year and consisted of providing training courses in Cantonese opera for schools and community centres, and of promoting Cantonese opera amongst children.

RESULTS AND APPROPRIATIONS

The results for the year ended 31st December, 2020 are set out in the income statement on page 4.

In accordance with clause 4 of the company's memorandum of association, the company is forbidden to distribute any dividend.

DIRECTORS

The directors of the company during the year and at the date of this report are as follows:-

Tsang Kin Ching	(Resigned on 29th February, 2020)
Au-Yeung Sau Kam	(Appointed on 1st March, 2020)
Shek Wing Kam, Grace	

In accordance with clause 35 of the company's articles of association, all directors shall retire and, being eligible, offer themselves for re-election.

The company did not enter into any contract, other than the contracts of service with the directors or any person engaged in the full-time employment of the company, whereby any individual, firm or body corporate undertakes the management and administration of the whole, or any substantial part of any business of the company.

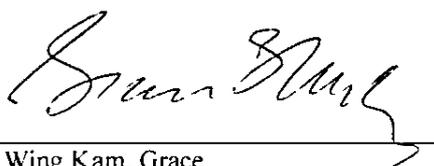
PERMITTED INDEMNITY PROVISION

At no time during the year and up to the date of this report, there was any permitted indemnity provision being in force for the benefit of any of the directors of the company.

AUDITOR

The financial statements have been audited by Messrs. Andy T. H. Yuen & Co., Certified Public Accountants who retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board



Shek Wing Kam, Grace
Chairman

Hong Kong, 28th May, 2021



ANDY T. H. YUEN & CO.

Certified Public Accountants

Sole proprietor 會計師

Andy Yuen 袁子軒

LL.B. (Hons) K.C.P.A. Practising in H.K.

發覺法律學士 (英國) · 香港執業會計師

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REPORT OF INDEPENDENT AUDITOR

TO THE MEMBERS OF CHA DUK CHANG CHILDREN'S CANTONESE OPERA ASSOCIATION LIMITED (Incorporated in Hong Kong with liability limited by guarantee)

Opinion

We have audited the financial statements of Cha Duk Chang Children's Cantonese Opera Association Limited ("the company") set out on pages 4 to 10, which comprise the statement of financial position as at 31st December, 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 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 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 directors are responsible for the other information. The other information comprises the information included in the report of the directors, 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 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.



ANDY T. H. YUEN & CO.

Certified Public Accountants

Sole proprietor 查子軒

Andy Yuen 查子軒

LL.B. (Hons.), K.U.C.P.A. (Practising), F.R.C.S.

榮譽法律學士(英國) · 香港執業會計師

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REPORT OF INDEPENDENT AUDITOR (Continued)

TO THE MEMBERS OF CHA DUK CHANG CHILDREN'S CANTONESE OPERA ASSOCIATION LIMITED (Incorporated in Hong Kong with liability limited by guarantee)

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 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 in any circumstances. 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 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 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.

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.

Andy T. H. Yuen & Co.
Certified Public Accountants
Hong Kong, 28th May, 2021

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CHA DI K CHANG CHILDREN'S CANTONESE OPERA ASSOCIATION LIMITED

INCOME STATEMENT

FOR THE YEAR ENDED 31ST DECEMBER, 2020

	Notes	2020 HK\$	2019 HK\$
INCOME			
Course		566,215	1,101,833
Donation		212,300	1,226,750
Function and performance		151,926	531,511
Government grant		608,302	-
Other grant		3,207,568	3,660,046
Others		62,428	24,927
Sales of goods		88,336	43,527
Sales of food and beverages		290,883	480,370
		<u>5,187,958</u>	<u>7,068,964</u>
OPERATING EXPENDITURES			
<i>Function, performance and course</i>			
Costumes, props and materials		138,147	155,020
Dinner and beverages for crew		1,920	40,267
Opera make-up for children		2,200	231,911
Printing		38,289	179,987
Purchases of food, beverages and goods for sales		172,230	190,503
Sundry		40,635	25,153
Transportation and travelling		15,884	110,452
Tutor fee		176,085	586,984
Venue, promotion and production		2,531,298	1,827,033
		<u>3,116,688</u>	<u>3,347,310</u>
<i>Administrative and general</i>			
Accountancy fee		36,000	45,000
Advertising		210	8,653
Audit fee		23,000	27,000
Building management fee		148,337	220,019
Computer supplies		51,087	3,151
Consultancy fee		55,125	63,525
Depreciation		603,671	647,079
Electricity and water		14,968	36,591
Insurance		10,174	45,713
Legal and professional fees		25,053	16,000
MPF contributions		60,772	67,023
Office restoration		-	151,000
Office supplies, printing and stationery		11,398	43,833
Postage and courier		46,612	45,032
Rent and rates		7,932	165,041
Staff salary		1,259,283	1,325,666
Staff welfare and messing		4,692	-
Sundry expenses		21,916	11,457
Telephone and fax		37,525	30,933
Transportation and travelling		1,842	18,258
		<u>2,419,597</u>	<u>2,970,974</u>
		<u>5,536,285</u>	<u>6,318,284</u>
(DEFICIT) / SURPLUS BEFORE TAX		(348,327)	750,680
INCOME TAX EXPENSE	3	-	-
(DEFICIT) / SURPLUS FOR THE YEAR		<u>(348,327)</u>	<u>750,680</u>

The accompanying accounting policies and explanatory notes form an integral part of, should be read in conjunction with, these financial statements.

CHA DUK CHANG CHILDREN'S CANTONESE OPERA ASSOCIATION LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31ST DECEMBER, 2020

	<u>Notes</u>	<u>2020 HK\$</u>	<u>2019 HK\$</u>
NON-CURRENT ASSETS			
Plant and equipment	4	<u>543,478</u>	<u>1,147,149</u>
CURRENT ASSETS			
Grant receivables		1,237,694	1,806,335
Accounts receivable		46,191	378,766
Deposits and prepayment		105,936	100,936
Time deposit		51,164	50,907
Bank balances and cash		<u>1,381,448</u>	<u>391,090</u>
		<u>2,822,433</u>	<u>2,728,034</u>
CURRENT LIABILITIES			
Accounts payable and accrued expenses		169,872	206,427
Receipts in advance		24,100	13,000
Deposits received		6,450	4,200
Deferred income		500,668	447,150
Other payable		429,688	579,688
Bank overdraft		<u>-</u>	<u>41,258</u>
		<u>1,130,778</u>	<u>1,291,723</u>
NET CURRENT ASSETS		<u>1,691,655</u>	<u>1,436,311</u>
NET ASSETS		<u>2,235,133</u>	<u>2,583,460</u>

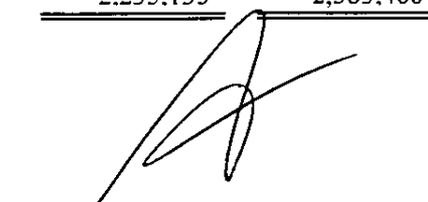
Represented by :

FUNDS

Accumulated surpluses	5	<u>2,235,133</u>	<u>2,583,460</u>
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Shek Wing Kam, Grace
Director



Au-Yeung Sau Kam
Director

The accompanying accounting policies and explanatory notes form an integral part of, should be read in conjunction with, these financial statements.

CHA DUK CHANG CHILDREN'S CANTONESE OPERA ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31ST DECEMBER, 2020

1. GENERAL INFORMATION

Cha Duk Chang Children's Cantonese Opera Association Limited (the company) is a company incorporated in Hong Kong with limited liability. The company's registered office is Shop 123, 1/F., The Mills, 45 Pak Tin Par Street, Tsuen Wan, N. T., Hong Kong.

The principal activities of the company have not changed during the year and consisted of providing training courses in Cantonese opera for schools and community centres, and of promoting Cantonese opera amongst children.

2. BASIS OF PREPARATION AND 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 reporting currency of the company is Hong Kong dollars, which is the currency of the primary economic environment in which the company operates.

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

(a) Revenue recognition

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

- (i) Donation income, when the entitlement to the income is confirmed;
- (ii) Government and other grants, when there is reasonable assurance that the company complies with all attached conditions and the grants are receivable;
- (iii) Course income, when the agreed services are rendered;
- (iv) Function and performance income, when the function and performance take place;
- (v) Sales of food and beverages, when the food and beverages are delivered and the risks and rewards of ownership have passed to customer; and
- (vi) Sales of goods, when the goods are delivered and the risks and rewards of ownership have passed to customer.

CHA DUK CHANG CHILDREN'S CANTONESE OPERA ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31ST DECEMBER, 2020

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (Continued)

(b) Leases

Leases where substantially all the rewards and risks of ownership of assets are not transferred to the lessee are accounted for as operating leases. Annual rents applicable to such operating leases are charged to the income statement on a straight-line basis over the lease term.

(c) Plant and equipment

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

The depreciable amount of an item of plant and equipment is allocated on a systematic basis over its estimated useful life using the straight-line method. The principal annual rate used for depreciation is as follows.

Furniture, fixtures and equipment	33-1/3% - 50%
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(d) Impairment of 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, including items of plant and equipment. 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 recognized 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 any depreciation or amortization), had no impairment losses been recognised for the asset in prior years.

(e) Grants and accounts receivables

Grants and accounts 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) Government and other grants

The Government and other grants are recognised as income over the period during which the related costs are intended to compensate. Grants received where the company has yet to comply with all attached conditions are recognised as a liability (and included in deferred income) and released to income when all attached conditions have been complied with.

CHA DUK CHANG CHILDREN'S CANTONESE OPERA ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31ST DECEMBER, 2020

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (Continued)

(g) Related parties

For the purpose of these financial statements, a party is considered to be related to the company if:

- (i) the party, directly or indirectly through one or more intermediaries, (a) controls, is controlled by, or is under common control with, the company; (b) has an interest in the company that gives it significant influence over the company; or (c) has joint control over the company;
- (ii) the party is a member of the key management personnel of the company;
- (iii) the party is a close member of the family of any individual referred to in (i) or (ii) above; and
- (iv) the party is an entity that is controlled, jointly-controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred in (ii) or (iii).

3. INCOME TAX EXPENSE

No Hong Kong profits tax has been provided for both years as the company was granted an exemption from profits tax on 29th January, 2013 from the Inland Revenue Department under section 88 of the Inland Revenue Ordinance as a charitable institution of a public character.

4. PLANT AND EQUIPMENT

	<u>Furniture, fixtures and equipment HK\$</u>
<u>Cost</u>	
As at 1/1/2020 and as at 31/12/2020	<u>2,538,968</u>
<u>Accumulated depreciation</u>	
As at 1/1/2020	1,391,819
Provided for the year	<u>603,671</u>
As at 31/12/2020	<u>1,995,490</u>
<u>Net carrying amount</u>	
As at 31/12/2020	<u>543,478</u>
As at 31/12/2019	<u>1,147,149</u>

As at 31st December, 2020, the plant and equipment with the net carrying amount of HK\$ nil (2019 : HK\$15,819) were held under restriction on title imposed by the Home Affairs Department of the Government of the Hong Kong Special Administrative Region pursuant to an agreement in respect of the grant under the "Enhancing Self-Reliance Through District Partnership Programme" between the company and them.

CHA DUK CHANG CHILDREN'S CANTONESE OPERA ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31ST DECEMBER, 2020

5. CHANGE IN FUNDS

	<u>Accumulated surpluses HK\$</u>
Balance as at 31st December, 2019	2,583,460
Deficit for the year	<u>(348,327)</u>
Balance as at 31st December, 2020	<u>2,235,133</u>

6. DIRECTORS' EMOLUMENTS

During both years, none of the directors of the company received any emoluments in respect of their services rendered to the company.

7. OTHER RELATED PARTY TRANSACTIONS

In addition to the transactions and balances detailed elsewhere in the financial statements, the company had the following transactions with the related parties:

	<u>2020 HK</u>	<u>2019 HK\$</u>
Consultancy and event production fees paid to a member of key management personnel of the company and her controlled company	174,725	63,525
Donation income from a member of key management personnel of the company	-	1,190,000
Accrued expenses and other payable owed to a member of key management personnel of the company (at end of year)*	<u>429,688</u>	<u>590,713</u>

* the amount is unsecured, interest-free and repayable on demand.

8. COMMITMENT UNDER OPERATING LEASE

The company had the following total future minimum lease payments payable under non-cancellable operating lease:

	<u>2020 HK\$</u>	<u>2019 HK\$</u>
Not later than one year	9	12
Later than one year	<u>-</u>	<u>9</u>
	<u>9</u>	<u>21</u>

CHA DUK CHANG CHILDREN'S CANTONESE OPERA ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31ST DECEMBER, 2020

9. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorized for issue by the Board of Directors of the company on 28th May, 2021.