

Eric K.H. Tang *Certified Public Accountant (Practising)*

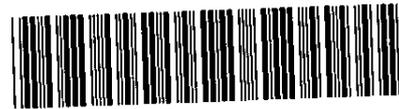
EDWARD LAM DANCE THEATRE LIMITED

非常林奕華有限公司

(Limited by Guarantee)

REPORTS AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE, 2020



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EDWARD LAM DANCE THEATRE LIMITED
(Limited by Guarantee)

REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2020

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EDWARD LAM DANCE THEATRE LIMITED
(Limited by Guarantee)

REPORT OF THE DIRECTORS

On behalf of the Board of Directors, I have the pleasure of submitting its annual report together with the audited financial statements of the Association for the year ended 30 June, 2020.

PRINCIPAL ACTIVITIES

The Association is a non-profit making organization and its principal activities are organizing cultural activities and stage performances.

FINANCIAL RESULTS

The results of the Association for the year ended 30 June, 2020 and the state of the Association's affairs at 30 June, 2020 are set out in the annexed financial statements.

PROJECTS

Details of movements in projects during the year are set out in note 7 to the financial statements.

PROPERTY, PLANT AND EQUIPMENT

Movement of property, plant and equipment during the year are set out in note 5 to the financial statements.

DIRECTORS

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

Au Suet Yee Susie
Lau Hiu Fai
Ng Yue Lit Yuri
Wu Tsan Sum Roger
Yip Ching Ho
Chan Wai Ming (Resigned on 23 March, 2020)

In accordance with the Association's Articles of Association, all directors retire and being eligible, offer themselves for re-election.

No contract of significance to which the Association was a party and in which a director of the Association had a material interest, subsisted at the end of the year or at any time during the year.

AUDITORS

The financial statements have been audited by Messrs. Eric K.H. Tang, Certified Public Accountant (Practising) who retire and, being eligible, offer themselves for re-appointment at the forthcoming annual general meeting.

For and on behalf of the Board,


Chairman
Hong Kong, 25 JUN 2021

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
EDWARD LAM DANCE THEATRE LIMITED**
(Incorporated in Hong Kong with liabilities limited by guarantee)

Report on the financial statements

Opinion

We have audited the financial statements of EDWARD LAM DANCE THEATRE LIMITED ("the Company") set out on pages 4 to 12, which comprise the statement of financial position as at 30 June, 2020, and the statement of comprehensive income and retained earnings for the year and statement of cash flows 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 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") and with the Hong Kong Financial Reporting Standard for Private Entities (HKFRS for Private Entities) 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 Hong Kong Financial Reporting Standard for Private Entities (HKFRS for Private Entities) issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the director determines 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.

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. 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 director.
- Conclude on the appropriateness of the director's 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the company audit. We remain solely responsible for our audit opinion.

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.



Eric K.H. Tang
Certified Public Accountant (Practising)
Practising Certificate No.: P06475
Hong Kong, 25 JUN 2021

EDWARD LAM DANCE THEATRE LIMITED
(Limited by Guarantee)

STATEMENT OF INCOME AND RETAINED SURPLUSES
FOR THE YEAR ENDED 30 JUNE, 2020

	<u>Note</u>	<u>2020</u> HK\$	<u>2019</u> HK\$
REVENUE			
Administration grant from HK Arts Development Council		2,200,000	1,573,000
Donation received		2,600,000	2,000,000
		<u>4,800,000</u>	<u>3,573,000</u>
OTHER REVENUE			
Miscellaneous income		59,545	90,000
		<u>4,859,545</u>	<u>3,663,000</u>
EXPENDITURE			
Accounting fee		83,000	68,000
Audit fee		40,000	35,000
Bank charges		975	455
Building management fee		-	18,375
Company secretarial fee		16,900	16,200
Consumable equipment		64,452	-
Depreciation		34,969	25,864
Insurance		36,713	17,548
MPF company contributions		56,850	45,075
Office expenses		112,450	69,500
Printing stationery and books		27,188	24,804
Promotion		120,000	-
Rent and rates		483,750	483,687
Staff salaries		1,137,000	901,500
Staff allowance - housing		-	156,000
Storage charges		90,000	87,000
Telephone, fax and internet		12,869	12,291
Travelling and transportation		35,483	10,800
Water and electricity		6,222	6,779
		<u>2,358,821</u>	<u>1,978,878</u>
SURPLUS FOR THE YEAR	4	2,500,724	1,684,122
GENERAL FUND BROUGHT FORWARD		67,753	(1,773,087)
TRANSFER (TO) / FROM PROJECT RESERVES		(1,424,618)	156,718
GENERAL FUND CARRIED FORWARD		<u>1,143,859</u>	<u>67,753</u>

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

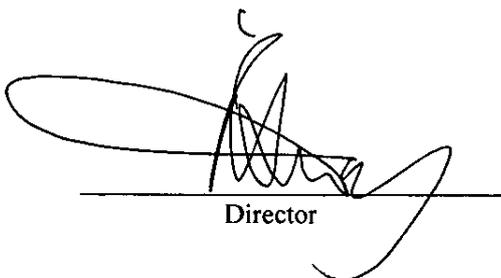
EDWARD LAM DANCE THEATRE LIMITED
(Limited by Guarantee)

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE, 2020

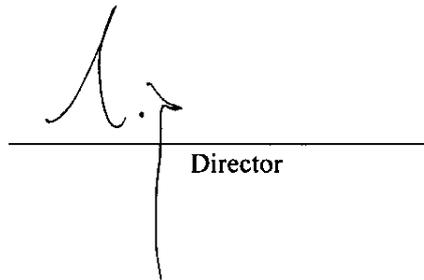
	<u>Notes</u>	<u>2020</u> HK\$	<u>2019</u> HK\$
NON-CURRENT ASSETS			
Property, plant and equipment	5	36,959	35,513
CURRENT ASSETS			
Rental and utility deposits		150,700	150,700
Prepayment		134,500	-
Account receivables		1,558,800	1,489,400
Cash and bank balances		531,844	888,509
		<u>2,375,844</u>	<u>2,528,609</u>
CURRENT LIABILITIES			
Accrued expenses		303,980	257,500
Receipt in advance		913,000	-
Amount due to a director	6	-	4,079,452
		<u>1,216,980</u>	<u>4,336,952</u>
NET CURRENT ASSETS / (LIABILITIES)		<u>1,158,864</u>	<u>(1,808,343)</u>
NET ASSETS / (LIABILITIES)		<u>1,195,823</u>	<u>(1,772,830)</u>
RESERVES			
General fund		1,143,859	67,753
Projects	7	51,964	(1,840,583)
		<u>1,195,823</u>	<u>(1,772,830)</u>

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

The financial statements on pages 4 to 12 have been approved by Board of the Directors on **25 JUN 2021** and are signed on its behalf by:



 Director



 Director

EDWARD LAM DANCE THEATRE LIMITED
(Limited by Guarantee)

CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE, 2020

	<u>2020</u>	<u>2019</u>
	HK\$	HK\$
OPERATING ACTIVITIES		
Surplus for the year	2,500,724	1,684,122
Add: Depreciation	34,969	25,864
Net surplus before cash flow movements	<u>2,535,693</u>	<u>1,709,986</u>
Decrease / (Increase) in rental and utility deposits	-	(9,050)
(Increase) / Decrease in account receivables	(69,400)	271,148
(Increase) in prepayment	(134,500)	-
Increase in accrued expenses	46,480	33,800
Increase / (Decrease) in receipt in advance	913,000	(1,720,000)
(Decrease) / Increase in amount due to a director	(4,079,452)	1,979,232
CASH (OUTFLOW) / INFLOW FROM OPERATIONS	<u>(788,179)</u>	<u>2,265,116</u>
INVESTING ACTIVITIES		
Purchase of Fixed assets	(36,415)	(22,192)
CASH OUTFLOW FROM INVESTING ACTIVITIES	<u>(36,415)</u>	<u>(22,192)</u>
PROJECTS ACTIVITES		
Surplus / (Deficit) in the projects	467,929	(1,424,618)
NET CASH INFLOW / (OUTFLOW) FROM PROJECTS ACTIVITES	<u>467,929</u>	<u>(1,424,618)</u>
NET (DECREASE) / INCREASE IN BANK BALANCES AND CASH	(356,665)	818,306
BANK BALANCES AND CASH AT BEGINNING OF THE YEAR	888,509	70,203
BANK BALANCES AND CASH AT END OF THE YEAR	<u>531,844</u>	<u>888,509</u>

EDWARD LAM DANCE THEATRE LIMITED
(Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2020

1. GENERAL

Edward Lam Dance Theatre Limited is a company incorporated in Hong Kong with Limited liability by guarantee. Under the provision of the Association's Memorandum and Articles of Association, every member shall, in the event of the Association being wound up, contribute such amount as may be required to meet the liabilities of the Association but not exceeding the sum of HK\$10 each. The Association's registered office is located at Room 901, 9/F., Beverly House, 93-107 Lockhart Road, Wan Chai, Hong Kong.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared in accordance with the Hong Kong Financial Reporting Standard for Private Entities issued by the Hong Kong Institute of Certified Public Accountants (HKICPA) and have been prepared under the accrual basis of accounting.

The financial statements have been prepared on a going concern basis.

3. PRINCIPAL ACCOUNTING POLICIES

a. Basis of accounting

The financial statements have been prepared under the historical cost basis.

b. Revenue recognition

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

- (i) Project income is recognized when the relevant services are rendered.
- (ii) Grants from government and public authorities are recognized on accrual basis.
- (ii) Miscellaneous income and donation received are recognized on receipt basis.

c. Revenue recognition

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is provided to write off the cost of property, plant and equipment over their estimated useful lives, using the straight-line basis, at the following rates per annum:

Computer equipment	50%
Furniture and equipment	25%

If there is an indication that there has been a significant change in the depreciation rate, useful life or residual value of an assets, 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.

EDWARD LAM DANCE THEATRE LIMITED
(Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2020

3. PRINCIPAL ACCOUNTING POLICIES - CONTINUED

d. Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating lease.

Rentals payable under operating leases are charged to the statement of income and retained surpluses on a straight line basis over the term of the relevant lease.

e. Bank balances and cash

Bank balances and cash include cash on hand, demand deposits and other short-term highly liquid investments with original maturities of three months or less.

f. Other receivables

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 statement of income and retained surpluses.

g. Related parties

For the purpose of these financial statements, related party includes a person and entity as defined below:

(a) A person or a close member of that person's family is related to the Association if that person:

- (i) is a member of the key management personnel of the Association or of a parent of the Association;
- (ii) has control over the Association; or
- (iii) has joint control or significant influence over the reporting entity or has significant voting power in it.

(b) An entity is related to the Association if any of the following conditions applies:

- (i) the entity and the Association are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) either entity is an associate or joint venture of the other entity (or of a member of a group of which the other entity is a member).
- (iii) both entities are joint ventures of a third entity.
- (iv) either entity is a joint venture of a third entity and the other entity is an associate of the third entity.

EDWARD LAM DANCE THEATRE LIMITED
(Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2020

3. PRINCIPAL ACCOUNTING POLICIES - CONTINUED

f. Related parties - continued

(b) An entity is related to the Association if any of the following conditions applies: - continued

(v) the entity is a post-employment benefit plan for the benefit of employees of the Association or an entity related to the Association. If the reporting entity is itself such a plan, the sponsoring employers are also related to the plan.

(vi) the entity is controlled or jointly controlled by a person identified in (a).

(vii) a person identified in (a)(i) has significant voting power in the entity.

g. Employee benefits

Obligations for contributions to defined contribution retirement plans, including contributions payable under the Hong Kong Mandatory Provident Fund Schemes Ordinance, are recognized as an expense in the income and expenditure account as incurred.

4. SURPLUS FOR THE YEAR

Surplus for the year has been arrived at after charging:

	<u>2020</u>	<u>2019</u>
	HK\$	HK\$
Auditors' remuneration	40,000	35,000
Depreciation	34,969	25,864
Directors' emoluments		
- Fees	-	-
- Other emoluments	-	-
Rent and rates	483,750	483,687
Staff cost	<u>1,193,850</u>	<u>1,102,575</u>

EDWARD LAM DANCE THEATRE LIMITED
(Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2020

5. PROPERTY, PLANT AND EQUIPMENT

	Computer equipment HK\$	Furniture and equipment HK\$	Total HK\$
<u>Cost</u>			
As at 1 July, 2019	2,901	97,660	100,561
Addition	-	36,415	36,415
As at 30 June, 2020	<u>2,901</u>	<u>134,075</u>	<u>136,976</u>
<u>Accumulated depreciation</u>			
As at 1 July, 2019	1,450	63,598	65,048
Charge for the year	1,450	33,519	34,969
As at 30 June, 2020	<u>2,900</u>	<u>97,117</u>	<u>100,017</u>
<u>Net book value</u>			
As at 30 June, 2020	<u>1</u>	<u>36,958</u>	<u>36,959</u>
As at 30 June, 2019	<u>1,451</u>	<u>34,062</u>	<u>35,513</u>

6. AMOUNT DUE TO A DIRECTOR

The amount is interest free, unsecured and repayable on demand.

7. FUNDS

	Various projects HK\$	ASM-HK HK\$	Matching Fund HK\$	ASY0 HK\$
Balance at 1 July, 2019	(1,424,618)	(415,965)	-	-
Project income received during the year	-	240,000	3,750,000	2,327,072
Expenses for the year	-	(94,040)	(3,793,984)	(1,961,119)
Surplus / (Deficit) for the year	-	145,960	(43,984)	365,953
Transfer	1,424,618	-	-	-
Balance at 30 June, 2020	<u>-</u>	<u>(270,005)</u>	<u>(43,984)</u>	<u>365,953</u>
Balance at 30 June, 2019	<u>(1,424,618)</u>	<u>(415,965)</u>	<u>-</u>	<u>-</u>

EDWARD LAM DANCE THEATRE LIMITED
(Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2020

7. FUNDS - continued

	<u>SPP</u>	<u>General Funding</u>	<u>Total</u>
	HK\$	HK\$	HK\$
Balance at 1 July, 2019	-	67,753	(1,772,830)
Project income received during the year	151,000	4,859,545	11,327,617
Expenses for the year	(151,000)	(2,358,821)	(8,358,964)
Surplus / (Deficit) for the year	-	2,500,724	2,968,653
Transfer	-	(1,424,618)	-
Balance at 30 June, 2020	<u>-</u>	<u>1,143,859</u>	<u>1,195,823</u>
Balance at 30 June, 2019	<u>-</u>	<u>67,753</u>	<u>(1,772,830)</u>

8. TAXATION

No Hong Kong Profits Tax had been provided as the Association is exempt from tax under Section 88 of the Inland Revenue Ordinance (2019: Nil).

9. COMMITMENTS UNDER OPERATING LEASE

As at 30 June, 2020, the total future minimum lease payments for land and buildings under operating leases are payable as follows:

	<u>2020</u>	<u>2019</u>
	HK\$	HK\$
Within one year	295,650	514,800
Later than one year but within five years	-	128,700
	<u>295,650</u>	<u>643,500</u>

EDWARD LAM DANCE THEATRE LIMITED
(Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2020

10. MATERIAL RELATED PARTY TRANSACTIONS

During the year, the Association has entered into the transactions with the following parties:

<u>Name of parties</u>	<u>Related directors</u>	<u>30.06.2020</u>	<u>30.06.2019</u>
Donation received	Mr. Chan Wai Ming	2,520,000	1,000,000

11. GOING CONCERN

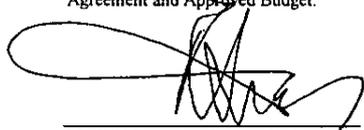
Notwithstanding the existence of a deficiency on accumulated fund at the balance sheet date, the financial statement of the Association has been prepared on a going concern basis. The continuation of the Association's operation depends upon the continuous financial support by a member of the Association at a level sufficient to finance the Company's current activities and such member has indicated his willingness to do so.

Detailed Income & Expenditure Statement for Eminent Arts Group Scheme
Edward Lam Dance Theatre Limited

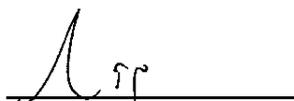
Detailed Income & Expenditure Statement For the period from 1 July 2019 (Commencement of project) to 30 June 2020 (Completion of project)

	Supported by Eminent Arts Group Scheme (EAGS)			Sponsorship of Performance Production (SPP)			Other Items (not supported by EAGS and SPP)	Total
	Actual	Budget	Variance	Actual	Budget	Variance	Actual	Actual
	General Administrative Items							
Income								
HKADC EAGS Grant	2,200,000	2,200,000	-	-	-	-	-	2,200,000
Sponsorship of Performance Production	-	-	-	151,000	1,120,000	(969,000)	-	151,000
Other HKADC Grant	-	-	-	-	-	-	3,750,000	3,750,000
Donation received	-	-	-	-	-	-	2,800,000	2,800,000
Other income	-	-	-	-	-	-	2,426,617	2,426,617
	2,200,000	2,200,000	-	151,000	1,120,000	(969,000)	8,976,617	11,327,617
Expenditure								
Staff's monthly salary, Mandatory Provident Fund and other benefits	1,193,850	1,156,050	37,800	-	-	-	-	1,193,850
Marketing and Promotion	151,408	148,700	2,708	-	-	-	-	151,408
Rent / Rate	589,596	546,000	43,596	-	-	-	-	589,596
Others	423,967	349,250	74,717	-	-	-	-	423,967
Salaries for project staff	-	-	-	16,000	366,000	(350,000)	801,955	817,955
Production cost								
Production materials	-	-	-	-	243,000	(243,000)	761,707	761,707
Production personnels	-	-	-	-	194,000	(194,000)	-	-
Logistic (Rehearsal)	-	-	-	-	242,500	(242,500)	242,984	242,984
Logistic (Performance)	-	-	-	-	21,200	(21,200)	154,473	154,473
Logistic (Post performance)	-	-	-	-	64,400	(64,400)	-	-
Other related expenses	-	-	-	-	-	-	3,775,984	3,775,984
Administration cost	-	-	-	-	65,000	(65,000)	-	-
Project cost							79,040	79,040
Other Expenses				135,000	120,000	15,000		135,000
Accounting and audit fee	-	-	-	-	-	-	33,000	33,000
	2,358,821	2,200,000	158,821	151,000	1,316,100	(1,165,100)	5,849,143	8,358,964
(Deficits) / Surplus	(158,821)	-	(158,821)	-	(196,100)	196,100	3,127,474	2,968,653

We hereby confirmed that the above income and expenditure are recognized or incurred solely for the project within the project period and in accordance with the Agreement and Approved Budget.



Mr. WU Tsan Sum Roger, Chairman
Edward Lam Dance Theatre Limited
Hong Kong, 25 JUN 2021



Mr. YIP Ching Ho, Director
Edward Lam Dance Theatre Limited
Hong Kong, 25 JUN 2021