

**SOUNDPOCKET LIMITED  
(LIMITED BY GUARANTEE)**

COUNCILLORS' REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
30TH JUNE 2020



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SOUNDPOCKET LIMITED  
(LIMITED BY GUARANTEE)

REPORT OF THE COUNCILLORS

The councillors submit their report together with the audited financial statements for the year ended 30th June 2020.

PRINCIPAL ACTIVITIES

The principal activities of the association consist, primarily, of promotion of sound arts for the benefit of the public.

RESULTS

The results of the association for the year ended 30th June 2020 are set out in the income statement on page 6 of the financial statements.

PLANT AND EQUIPMENT

Details of the movements in plant and equipment are shown in Note 8 to the financial statements.

COUNCILLORS

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

Ms. Yeung Yang	
Mr. Wong Hon Kei Billy	
Mr. Wong Chung Fai	(appointed on 1st April 2021)
Mr. Lo Keng Chi	(appointed on 1st April 2021)
Ms. Choi Tsz Kwan	(appointed on 1st April 2021)
Mr. Johns Christopher David	(resigned on 30th July 2019)
Ms. Chan Yuk Yue	(resigned on 31st March 2021)
Mr. Fong Ho Yin	(resigned on 31st March 2021)
Mr. Delannoy Eric Alfred Claude	(resigned on 31st March 2021)
Ms. Tam Parry Chee Wei	(resigned on 31st March 2021)

In accordance with Article 36 of the association's Articles of Association, the remaining councillors retire at the forthcoming annual general meeting but, being eligible, offer themselves for re-election.

The association falls within reporting exemption for the financial year. Accordingly, the association is exempted from disclosing the reason for directors resigning.

COUNCILLORS' INTERESTS

No contracts of significance in relation to the association's business to which the association was a party and in which a councillor of the association had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

At no time during the year was the association a party to any arrangements to enable the councillors of the association to acquire benefits by means of admission of membership in the association or any other body corporate.

## PERMITTED INDEMNITY PROVISIONS

At any time during the year and up to the date of this report, there were no permitted indemnity provisions in force for the benefit of any of the councillors of the association.

## MANAGEMENT CONTRACTS

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

## BUSINESS REVIEW

The association qualifies for reporting exemption under section 359(1)(a) of the Hong Kong Companies Ordinance (Cap. 622), therefore it is exempted from including a business review in this report.

## AUDITORS

The financial statements have been audited by Vincent Kwok & Co. who retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board



Mr. Wong Chung Fai  
Chairman

HONG KONG, 10 MAY 2021



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**INDEPENDENT AUDITORS' REPORT  
TO THE MEMBERS OF  
SOUNDPOCKET LIMITED  
(Incorporated in Hong Kong with limited by guarantee)**

**Opinion**

We have audited the financial statements of Soundpocket Limited set out on pages 6 to 13, which comprise the statement of financial position as at 30th June 2020, 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 company are prepared, in all material respects, in accordance with Hong Kong Small and Medium-sized Entity Financial Reporting Standard ("SME-FRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

**Basis for Opinion**

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") and with reference to Practice Note 900 (Revised), Audit of Financial Statements Prepared in Accordance with the Small and Medium-sized Entity Financial Reporting Standard issued by the HKICPA. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the company in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Other Information**

The councillors are responsible for the other information. The other information comprises the information included in the councillors' report, other than the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

The councillors 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 councillors 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 councillors 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 councillors 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 associations financial reporting process.

## **Auditors' Responsibilities for the Audit of the Financial Statements**

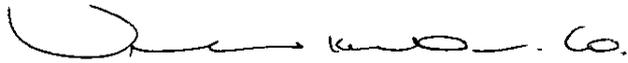
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee 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 judgement and maintain professional scepticism 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 internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the councillors.
- Conclude on the appropriateness of the councillors' 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 auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the association's to cease to continue as a going concern.

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

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.



Vincent Kwok & Co.

Certified Public Accountants

HONG KONG, 10 MAY 2021

SOUNDPOCKET LIMITED  
(LIMITED BY GUARANTEE)

INCOME STATEMENT  
FOR THE YEAR ENDED 30TH JUNE 2020

	Note	2020 HK\$	2019 HK\$
REVENUE	3	1,854,011	1,624,126
COST OF PROJECTS/ ACTIVITIES		(1,517,425)	(1,244,814)
GROSS SURPLUS		336,586	379,312
OTHER INCOME AND GAIN	3	39,936	58,027
DEPRECIATION		(3,501)	(3,396)
ADMINISTRATIVE AND OTHER OPERATING EXPENSES		(184,398)	(190,796)
		(147,963)	(136,165)
OPERATING SURPLUS	4	188,623	243,147
FINANCE COST	5	-	(1)
SURPLUS FOR THE YEAR		188,623	243,146
ACCUMULATED SURPLUS/ (DEFICIT) BROUGHT FORWARD		173,845	(69,301)
ACCUMULATED SURPLUS CARRIED FORWARD		362,468	173,845

SOUNDPOCKET LIMITED  
(LIMITED BY GUARANTEE)

STATEMENT OF FINANCIAL POSITION  
AS AT 30TH JUNE 2020

	Note	2020 HK\$	2019 HK\$
<b>NON-CURRENT ASSETS</b>			
Plant and equipment	8	1,567	4,540
<b>CURRENT ASSETS</b>			
Grants receivable		211,515	228,231
Other receivable		-	3,640
Rental deposits and prepayments		20,000	29,001
Bank balance and cash		598,433	233,908
		829,948	494,780
<b>CURRENT LIABILITIES</b>			
Other payable and accruals		274,270	119,015
Amount due to a councillor	9	194,777	206,460
		469,047	325,475
<b>NET CURRENT ASSETS</b>			
		360,901	169,305
<b>NET ASSETS</b>			
		362,468	173,845
Represented by:			
<b>ACCUMULATED SUPLUS</b>			
		362,468	173,845

Approved on behalf of the Board by:



Mr. Wong Chung Fai  
Councillor



Ms. Yeung Yang  
Councillor

SOUNDPOCKET LIMITED  
(LIMITED BY GUARANTEE)

STATEMENT OF CHANGES IN FUNDS  
FOR THE YEAR ENDED 30TH JUNE 2020

	Accumulated surplus/ (deficit) HK\$
At 1st July 2018	(69,301)
Surplus for the year	243,146
At 30th June 2019	<u>173,845</u>
Surplus for the year	188,623
At 30th June 2020	<u><u>362,468</u></u>

SOUNDPOCKET LIMITED  
(LIMITED BY GUARANTEE)

ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

1 REPORTING ENTITY

Soundpocket Limited is a non-profit making association incorporated in Hong Kong with limited by guarantee and not having share capital. The association's registered office is located at B3, 15/F., Lee Chung Industrial Building, 11 Pat Tat Street, San Po Kong, Kowloon, Hong Kong.

The principal activities of the association consist, primarily, of promotion of sound arts for the benefit of the public.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

(a) Basis of preparation

The association qualifies for the reporting exemption as small private companies under section 359(1)(a) of the Hong Kong Companies Ordinance (Cap. 622) 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 basis adopted is the historical cost convention.

(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 basis:

- (i) government subventions are recognised on an accrual basis as according to the agreement with the relevant council;
- (ii) workshop and book sales are income recognised on a cash basis; and
- (iii) sub-rental income and sundry income are recognised when received.

(c) Plant and equipment

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

The depreciable amounts of items of plant and equipment are allocated on a systematic basis over their estimated useful lives using the straight-line method. The principal annual rates used for depreciation are as follows:

Office furniture	20%
Computer equipment	30%

## 2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONT'D)

### (d) Employee benefits

The association operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") under the Mandatory Provident Fund Scheme Ordinance, for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to the income statement as they become payable in accordance with the rules of the MPF scheme. The assets of the MPF Scheme are held separately from those of the association in an independently administered fund. The association's employer contributions vest fully with the employees when contributed into the MPF Scheme, except for the association's employer voluntary contributions, which are refunded to the association when the employee leaves employment prior to the contributions vesting fully, in accordance with the rules of the MPF Scheme.

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the end of reporting period. Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

### (e) Related parties

A party is considered to be related if the association and/ or the party are subjected to common control or significant influence. Related parties may be individuals or other entities.

### (f) Operating leases

Leases where substantially all the rewards and risks of ownership of assets remain with the leasing company are accounted for as operating leases. Rentals applicable to such operating leases are charged to the income statement on a straight-line basis over the lease term.

### 3 REVENUE, OTHER INCOME AND GAIN

The principal activities of the association consist, primarily, of promotion of sound arts for the benefit of the public. Total amounts of revenue, other income and gain recognised during the year are as follows:

	2020 HK\$	2019 HK\$
Revenue		
Government subventions		
- From Hong Kong Arts Development Council	1,782,160	1,236,200
- From others	20,000	265,066
Income from workshop	40,500	107,250
Income from book sales	11,351	5,634
Other projects income	-	9,976
	-----	-----
	1,854,011	1,624,126
	-----	-----
Other income and gain		
Exchange gain	-	561
Sub-rental income	39,936	39,360
Sundry income	-	18,106
	-----	-----
	39,936	58,027
	=====	=====
Revenue, other income and gain	1,893,947	1,682,153
	=====	=====

### 4 OPERATING SURPLUS

	2020 HK\$	2019 HK\$
Operating surplus is stated after charging the following:		
Auditors' remuneration	8,000	8,000
Depreciation	3,501	3,396
Exchange loss	562	-
Office premises rent under an operating lease	96,000	96,000
Staff costs under cost of projects/ activities		
Salaries and allowances	871,404	689,181
Mandatory provident fund contributions (Note)	42,939	33,633
Written off of other receivable	3,640	-
	=====	=====

#### Note

Contributions totalling HK\$7,990 (2019: HK\$3,800) were payable to a defined contribution mandatory provident fund scheme at the end of the year and are included in other payable and accruals.

5 FINANCE COST

	2020 HK\$	2019 HK\$
Bank overdraft interest	-	1
	=====	=====

6 INCOME TAX EXPENSE

Hong Kong profits tax has not been provided as the association is exempted from Hong Kong profits tax under the provisions of section 88 of the Hong Kong Inland Revenue Ordinance (2019: Same).

7 COUNCILLORS' EMOLUMENTS

Councillors' remuneration disclosed pursuant to section 383 of the Hong Kong Companies Ordinance (Cap. 622) and Companies (Disclosure of Information about Benefits of Directors) Regulation (Cap. 622G) for the year is HK\$Nil (2019: HK\$Nil).

8 PLANT AND EQUIPMENT

	Office equipment HK\$	Computer equipment HK\$	Total HK\$
Cost			
At 1st July 2019	16,976	19,772	36,748
Addition	528	-	528
	-----	-----	-----
At 30th June 2020	17,504	19,772	37,276
	-----	-----	-----
Accumulated depreciation			
At 1st July 2019	12,436	19,772	32,208
Charge for the year	3,501	-	3,501
	-----	-----	-----
At 30th June 2020	15,937	19,772	35,709
	=====	=====	=====
Net book value			
At 30th June 2020	1,567	-	1,567
	=====	=====	=====
At 30th June 2019	4,540	-	4,540
	=====	=====	=====

9 AMOUNT DUE TO A COUNCILLOR

The amount due to a councillor is unsecured, interest free and repayable on demand.

10 LEASING ARRANGEMENTS

The association is a lessee under an operating lease. Details of the association's commitments under the non-cancellable operating lease are set out as follows:

The association leases its office premises under an operating lease.

During the year, HK\$96,000 (2019: HK\$96,000) was recognised as an expense in the income statement in respect of the leasing of the office premises.

The total future minimum lease payments under the non-cancellable operating lease are payable as follows:

	2020 HK\$	2019 HK\$
- within one year	64,000 =====	72,000 =====

11 STATUS OF ASSOCIATION

The association is a non-profit making association incorporated in Hong Kong which is limited by guarantee and not having a share capital, such that under the provisions of the association's Articles of Association. In the event of this association being wound up, any person being a member or within one year thereafter, should be required to contribute to the deficit of the association for a sum not exceeding HK\$100 each.

12 APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of councillors on 10 MAY 2021 .

SOUNDPOCKET LIMITED  
DETAILED INCOME STATEMENT  
FOR THE YEAR ENDED  
30TH JUNE 2020

This statement does not  
form part of the Audited Financial Statements

The detailed income statement relating to the year ended 30th June 2020 included in the audited financial statements is not the association's statutory annual financial statements for that year. Further information relating to those statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

As the company is a private company, the company is not required to deliver its financial statements to the Registrar of Companies, and has not done so.

The association's auditors have reported on those financial statements. The auditors' report was unqualified; did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance (Cap. 622).

SOUNDPOCKET LIMITED  
(LIMITED BY GUARANTEE)

DETAILED INCOME STATEMENT  
FOR THE YEAR ENDED 30TH JUNE 2020

(For management purposes only)

	2020 HK\$	2019 HK\$
Revenue		
Government subventions		
- From Hong Kong Arts Development Council	1,782,160	1,236,200
- From others	20,000	265,066
Income from workshop	40,500	107,250
Income from book sales	11,351	5,634
Other projects income	-	9,976
	<u>1,854,011</u>	<u>1,624,126</u>
Cost of projects/ activities		
Artists fee	401,520	248,500
Cost of projects/ activities	186,334	240,293
Mandatory provident fund contributions	42,939	33,633
Project materials expenses	-	12,548
Salaries and allowances	871,404	689,181
Writer and translation expenses	15,228	20,659
	<u>1,517,425</u>	<u>1,244,814</u>
Gross surplus	<u>336,586</u>	<u>379,312</u>
Other income and gain		
Exchange gain	-	561
Sub-rental income	39,936	39,360
Sundry income	-	18,106
	<u>39,936</u>	<u>58,027</u>
	<u>376,522</u>	<u>437,339</u>
Depreciation	3,501	3,396
Administrative and other operating expenses	184,398	190,796
Finance cost		
Bank overdraft interest	-	1
	<u>187,899</u>	<u>194,193</u>
Surplus for the year	<u>188,623</u>	<u>243,146</u>

SOUNDPOCKET LIMITED  
(LIMITED BY GUARANTEE)

DETAILED INCOME STATEMENT  
FOR THE YEAR ENDED 30TH JUNE 2020 (CONT'D)

(For management purposes only)

	2020 HK\$	2019 HK\$
<u>Administrative and other operating expenses</u>		
<u>Administrative expenses</u>		
Auditors' remuneration	8,000	8,000
Cleaning	5,950	5,400
Company secretarial fee	3,906	3,205
Computer accessories	1,347	-
Exchange loss	562	-
Insurance	18,975	15,371
Internet and telephone	4,268	4,656
Marketing and promotion	664	1,704
Office premises rent under an operating lease	96,000	96,000
Postage and courier	944	460
Storage cost	8,921	7,862
Utilities	8,659	7,355
Written off of other receivable	3,640	-
	-----	-----
	161,836	150,013
	-----	-----
<u>Other operating expenses</u>		
Bank charges	1,841	1,550
Local travelling	4,122	1,259
Overseas travelling	140	13,757
Printing and stationery	2,551	2,706
Sundries	3,582	3,875
Website expenses	10,326	17,636
	-----	-----
	22,562	40,783
	-----	-----
	184,398	190,796
	=====	=====