

香 港 展 能 藝 術 會
ARTS WITH THE DISABLED ASSOCIATION HONG KONG

EXECUTIVE COMMITTEE'S REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31ST MARCH 2018

F. S. Li & Co.
李福樹會計師事務所
CERTIFIED PUBLIC ACCOUNTANTS
HONG KONG

ARTS WITH THE DISABLED ASSOCIATION HONG KONG

REPORT OF THE EXECUTIVE COMMITTEE

The Executive Committee members have pleasure in presenting their report together with the audited financial statements of Arts with the Disabled Association Hong Kong ("the Association") for the year ended 31st March 2018.

PRINCIPAL ACTIVITIES

The Association is engaged in the promotion and co-ordination of arts and cultural activities for people with disabilities in Hong Kong and integration of people with disabilities into the community through arts and cultural activities.

ACCOUNTS

Results of the Association for the year ended 31st March 2018 and the state of the Association's affairs at that date are set out in the financial statements on pages 5 to 22.

PERMITTED INDEMNITY PROVISIONS

Permitted indemnity provisions are in force for the benefit of all Executive Committee members of the Association during the year and at the time of approval of this report.

EXECUTIVE COMMITTEE MEMBERS

The Executive Committee members during the year, and changes up to the date of this report, were:

Lam Choi Chu, Ida (Chairperson)
Cheng Sim Yee, Grace (Vice-Chairperson)
Lam Pui Man (Vice-Chairperson)
Leung Wu Kwai Man, Olivia (Vice-Chairperson)
Lee Sau Wai, Cecilia (Hon. Treasurer) (appointed on 14th September 2017)
Choi Lui Yin (Hon. Secretary)
Kwong Lan Heung (Hon. Secretary)
Chang Thomp Kwan
Chau Man Ki, Mabel
Chew Oi Ping
Kuo Chun Chuen
Lam Wai Pong
Tsang Shun Yan, Anita
Tsui Po Yik
Wong Wing Yan, Donna
Wong Yuen Ping, Estella
Wong Kin Wah, Kenneth (resigned on 14th September 2017)
Wong Kam Ling, William (resigned on 6th September 2018)

BUSINESS REVIEW

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

MANAGEMENT CONTRACTS

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

On behalf of the Executive Committee



Lam Choi Chu, Ida
Chairperson

Hong Kong, 13th November 2018.

F. S. Li & Co.

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

ARTS WITH THE DISABLED ASSOCIATION HONG KONG

(incorporated in Hong Kong with liability limited by guarantee)

Opinion

We have audited the financial statements of Arts With The Disabled Association Hong Kong ("the Association") set out on pages 5 to 22, which comprise the statement of financial position as at 31st March 2018, and the income statement, statement of comprehensive income, statement of changes in funds and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Association as at 31st March 2018, and of its financial performance and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standard for Private Entities ("HKFRS for Private Entities") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Association in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other Than the Financial Statements and Auditor's Report Thereon

The Executive Committee members are responsible for the other information. The other information obtained at the date of this auditor's report is information included in the Executive Committee members' report on pages 1 and 2, 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 Executive Committee Members and Those Charged with Governance for the Financial Statements

The Executive Committee members are responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRS for Private Entities issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the Executive Committee members 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 Executive Committee members 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 Executive Committee members either intend to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with Section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 Association's internal control.
- ♦ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Executive Committee members.
- ♦ Conclude on the appropriateness of the Executive Committee members' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Association to cease to continue as a going concern.
- ♦ Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

F.S. Li & Co.

F.S. Li & Co.
Certified Public Accountants

Hong Kong, 13th November 2018.

ARTS WITH THE DISABLED ASSOCIATION HONG KONG

INCOME STATEMENT

FOR THE YEAR ENDED 31ST MARCH 2018

			<u>2018</u>	(Reclassified)
	<u>Note</u>	HK\$	<u>HK\$</u>	<u>2017</u> <u>HK\$</u>
INCOME				
Grant/workshop fee and other income for designated projects			12,765,571	10,214,084
Grant for administration support for designated projects			<u>657,550</u>	<u>221,548</u>
			13,423,121	10,435,632
Grant/donation for support of administration and operation	4		1,933,198	1,907,060
Income from fund-raising activities			2,476,689	1,548,825
Income for Arts Accessibility Sustainability Fund			1,592,039	465,431
Donation for scholarships			-	2,761
Recovery of subsidy from completed designated projects			525,115	-
Arts programme income			199,171	533,283
Other income	5		<u>212,938</u>	<u>124,190</u>
			<u>20,362,271</u>	<u>15,017,182</u>
EXPENDITURE				
Designated Projects				
- staff costs	6	5,706,083		5,209,139
- programme costs		<u>7,059,488</u>		<u>5,004,945</u>
			12,765,571	10,214,084
Scholarships for artist development			6,705	59,404
Staff costs			2,939,638	2,789,256
Expenses for fund-raising activities			482,143	586,241
Other programme expenses			196,201	520,734
Marketing expenses			40,220	94,276
Support to ADAM Arts Creation Ltd.			200,000	-
Lab rental expenses			-	6,632
Loss on foreign exchange			-	19,410
Auditor's remuneration			56,900	44,600
Depreciation on property, plant and equipment			47,584	60,818
Other administrative expenses			<u>438,212</u>	<u>388,621</u>
			<u>17,173,174</u>	<u>14,784,076</u>
SURPLUS FOR THE YEAR			<u>3,189,097</u>	<u>233,106</u>

ARTS WITH THE DISABLED ASSOCIATION HONG KONG

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31ST MARCH 2018

	<u>Note</u>	<u>2018</u> HK\$	<u>2017</u> HK\$
SURPLUS FOR THE YEAR		3,189,097	233,106
OTHER COMPREHENSIVE (EXPENSE)/INCOME			
(Decrease)/Increase in fair value of available-for-sale investments during the year	14	<u>(25,931)</u>	<u>65,297</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>3,163,166</u>	<u>298,403</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Accumulated Fund		1,603,763	(175,681)
Other Funds and Reserves		<u>1,559,403</u>	<u>474,084</u>
		<u>3,163,166</u>	<u>298,403</u>

ARTS WITH THE DISABLED ASSOCIATION HONG KONG

STATEMENT OF FINANCIAL POSITION AT 31ST MARCH 2018

	<u>Note</u>	HK\$	<u>2018</u> HK\$	<u>2017</u> HK\$
NON-CURRENT ASSETS				
Property, plant and equipment	10		88,210	115,086
Available-for-sale investments	11		<u>2,038,203</u>	<u>2,018,966</u>
			<u>2,126,413</u>	<u>2,134,052</u>
CURRENT ASSETS				
Accounts receivable, deposits and prepayments		1,325,102		2,415,597
Amount due from an affiliated company	12	949,240		360,333
Cash and bank balances		<u>10,992,108</u>		<u>4,398,301</u>
		<u>13,266,450</u>		<u>7,174,231</u>
Less: CURRENT LIABILITIES				
Accounts payable and accrued charges		668,940		210,645
Receipt in advance for designated funds		6,262,839		3,961,200
Receipt in advance for purchase of property, plant and equipment		<u>161,480</u>		<u>-</u>
		<u>7,093,259</u>		<u>4,171,845</u>
NET CURRENT ASSETS			<u>6,173,191</u>	<u>3,002,386</u>
NET ASSETS			<u>8,299,604</u>	<u>5,136,438</u>
<i>represented by:</i>				
FUNDS AND RESERVE				
Accumulated fund	13		5,579,525	3,985,180
Other reserves	15		2,706,136	1,111,384
Designated funds	16		<u>-</u>	<u>-</u>
			8,285,661	5,096,564
Investment revaluation reserve	14		<u>13,943</u>	<u>39,874</u>
			<u>8,299,604</u>	<u>5,136,438</u>

These financial statements on pages 5 to 22 were approved and authorised for issue by the Executive Committee on 13th November 2018.



Lam Choi Chu, Ida
Executive Committee member



Lee Sau Wai, Cecilia
Executive Committee member

ARTS WITH THE DISABLED ASSOCIATION HONG KONG

STATEMENT OF CHANGES IN FUNDS

FOR THE YEAR ENDED 31ST MARCH 2018

	Other Reserves							
	Accumulated	Scholarship	Staff	Dr. Marion	Arts	Designated	Investment	Total
	Fund	Fund	Development	Fang Arts with	Accessibility	funds	Revaluation	Total
	HK\$	HK\$	Fund	the Disabled	Sustainability	HK\$	Reserve	HK\$
	HK\$	HK\$	HK\$	Memorial	Fund	HK\$	HK\$	HK\$
Balance at 31st March 2016	4,182,929	238,733	356,426	85,370	-	-	(25,423)	4,838,035
(Decrease)/Increase for the year	(175,681)	(53,437)	-	(3,207)	465,431	-	-	233,106
Increase in fair value of available-for-sale investments for the year	-	-	-	-	-	-	65,297	65,297
Total comprehensive income for the year ended 31st March 2017	(175,681)	(53,437)	-	(3,207)	465,431	-	65,297	298,403
Fund transfer	(22,068)	-	22,068	-	-	-	-	-
Balance at 31st March 2017	3,985,180	185,296	378,494	82,163	465,431	-	39,874	5,136,438
Increase/(Decrease) for the year	1,603,763	(2,505)	-	(4,200)	1,592,039	-	-	3,189,097
Decrease in fair value of available-for-sale investments for the year	-	-	-	-	-	-	(25,931)	(25,931)
Total comprehensive income for the the year ended 31st March 2018	1,603,763	(2,505)	-	(4,200)	1,592,039	-	(25,931)	3,163,166
Fund transfer	(9,418)	-	9,418	-	-	-	-	-
Balance at 31st March 2018	5,579,525	182,791	387,912	77,963	2,057,470	-	13,943	8,299,604

ARTS WITH THE DISABLED ASSOCIATION HONG KONG

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31ST MARCH 2018

	HK\$	<u>2018</u> HK\$	HK\$	<u>2017</u> HK\$
CASH FLOWS FROM OPERATING ACTIVITIES				
Surplus for the year		3,189,097		233,106
Adjustments for:				
Interest income		(95)		(687)
Dividend income		(93,629)		(86,687)
Depreciation on property, plant and equipment		<u>47,584</u>		<u>60,818</u>
Operating surplus before working capital changes		3,142,957		206,550
Decrease in accounts receivable, deposits and prepayments		1,090,495		1,706,591
(Increase)/Decrease in amount due from an affiliated company		(588,907)		77,029
Increase/(Decrease) in accounts payable and accruals		458,295		(525,993)
Increase in receipt in advance for designated funds		2,301,639		391,055
Increase in other receipt in advance		<u>161,480</u>		<u>-</u>
NET CASH FROM OPERATING ACTIVITIES		6,565,959		1,855,232
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	95		687	
Dividend received	93,629		86,396	
Purchase of available-for-sale investments	(45,168)		(44,764)	
Purchase of property, plant and equipment	<u>(20,708)</u>		<u>(39,048)</u>	
NET CASH FROM INVESTING ACTIVITIES		<u>27,848</u>		<u>3,271</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS		6,593,807		1,858,503
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		<u>4,398,301</u>		<u>2,539,798</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR		<u><u>10,992,108</u></u>		<u><u>4,398,301</u></u>
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS				
Cash and bank balances		<u><u>10,992,108</u></u>		<u><u>4,398,301</u></u>

ARTS WITH THE DISABLED ASSOCIATION HONG KONG

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2018

1. General

The Association is a company incorporated in Hong Kong under the Companies Ordinance and is limited by guarantee. The liability of each member is limited to the extent of an amount not exceeding the sum of HK\$10. The Association's registered office is at 4/F., Causeway Bay Community Centre, 7 Fook Yum Road, Causeway Bay, Hong Kong. The Association is engaged in the promotion and co-ordination of arts and cultural activities for people with disabilities in Hong Kong and integration of people with disabilities into the community through arts and cultural activities.

2. Basis of preparation

(a) Statement of compliance

These financial statements comply with all applicable sections of the Hong Kong Financial Reporting Standard for Private Entities ("HKFRSPE") issued by Hong Kong Institute of Certified Public Accountants and have been prepared under the accrual basis of accounting and on the basis that the Association is a going concern. In addition, the financial statements have been prepared under historical cost convention except that marketable available-for-sale investments are stated at fair value.

(b) Reporting exemption

The Association qualifies for the reporting exemption as a small guarantee company under sections 359(1)(a) and 363 of the Hong Kong Companies Ordinance.

3. Summary of significant accounting policies

The following policies 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 Association and when the revenue can be measured reliably, on the following bases:

- (i) Membership subscriptions, venue charges income, workshop income, art programme income, income from fund-raising activities, income for Arts Accessibility Sustainability Fund, and grants/donations that does not impose specified future performance conditions and receipts from programmes are recognised when the right to receive the income is established.
- (ii) Grants and donations that impose specified future performance conditions are recognised in income only when the performance conditions are met.
- (iii) Subsidies or donations relating to purchase of property, plant and equipment are set off against the acquisition cost of the assets.
- (iv) Administration fee is recognised upon provision of services.
- (v) Dividend income is recognised when the shareholder's right to receive payment is established.
- (vi) Interest income is recognised as it accrues using the effective interest method.

3. Summary of significant accounting policies (continued)

(b) Cash and cash equivalents

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

(c) Functional and presentation currency

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

(d) Property, plant and equipment

Property, plant and equipment are stated at cost less any government grant or private donation related to assets, less any accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated to write off the cost of property, plant and equipment over their estimated useful lives using a straight line method at 20 per cent per annum.

(e) Provisions

Provisions are recognised for liabilities of uncertain timing or amount when the Association has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

(f) Available-for-sale investments

Available-for-sale investments are non-derivatives that are intended to be held for long term purpose and are included in non-current assets unless management intends to dispose of the investment within 12 months of the end of reporting period. Available-for-sale investments are initially recognised at fair value plus transaction costs. Gains and losses arise from changes in fair value are recognised directly in investment revaluation reserve, until the investment is derecognised or impaired at which time the cumulative gain or loss previously recognised in investment revaluation reserve is recognised in surplus or deficit. Available-for-sale investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are recognised in the statement of financial position at cost less any impairment losses. Any impairment losses on available-for-sale investments are recognised in surplus or deficit. Impairment losses on available-for-sale investments will not be reversed in subsequent periods.

(g) Financial instruments

To account for financial instruments (financial assets and liabilities), the Company chooses to apply the recognition and measurement provision of Hong Kong Accounting Standard 39 "Financial Instruments: Recognition and Measurement" of Hong Kong Financial Reporting Standards and the disclosure requirements of Section 11 "Basic Financial Instruments" and Section 12 "Other Financial Instruments Issues" of HKFRSPE.

3. Summary of significant accounting policies (continued)

(h) Accounts receivable and deposits

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

(i) Accounts payable and accruals

Accounts payable and accruals are initially recognised at fair value and thereafter are stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(j) Assets held under operating leases

Leases where substantially all the risks and rewards of ownership of assets remain with the lessor are accounted for as operating leases. Payments made under operating leases are charged to surplus or deficit on a straight line basis over the lease periods.

(k) Impairment losses

At each end of reporting period, property, plant and equipment are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in surplus or deficit.

(l) Retirement benefits schemes

The Association joins a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance, for those employees who are eligible to participate in the scheme. Contributions are made based on percentage of the employees' basic salaries and are charged to expenditure 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 employer's contributions vest fully with the employees when contributed into the MPF Scheme.

**ARTS WITH THE DISABLED
ASSOCIATION HONG KONG**

*Notes to the financial statements
For the year ended 31st March 2018*

4. Grant/donation for support of administration and operation

	<u>2018</u> HK\$	<u>2017</u> HK\$
Hong Kong Arts Development Council	300,000	300,000
The Swire Group Charitable Trust	1,500,000	1,500,000
Others	133,198	107,060
	<u>1,933,198</u>	<u>1,907,060</u>

5. Other income

	<u>2018</u> HK\$	<u>2017</u> HK\$
Venue charges	26,640	9,453
Dividend income	93,629	86,687
Interest income	95	687
Membership subscriptions	6,600	11,400
Gain on foreign exchange	363	-
Administration fee from an affiliated company	40,000	-
Others	45,611	15,963
	<u>212,938</u>	<u>124,190</u>

6. Total staff costs

	<u>2018</u> HK\$	<u>2017</u> HK\$
Staff costs included in designated projects		
- Salaries and allowances	5,446,937	4,979,266
- Mandatory provident fund contributions	259,146	229,873
	<u>5,706,083</u>	<u>5,209,139</u>
Staff costs in non-designated projects		
- Salaries and allowances	728,006	615,111
- Mandatory provident fund contributions	30,743	29,758
	<u>758,749</u>	<u>644,869</u>
Staff costs in administration, account, marketing and fund-raising		
- Salaries and allowances	2,053,927	2,025,086
- Mandatory provident fund contributions	83,735	84,140
	<u>2,137,662</u>	<u>2,109,226</u>
Staff benefits	<u>43,227</u>	<u>35,161</u>
	<u>8,645,721</u>	<u>7,998,395</u>

7. Rental expenses paid under operating leases

	<u>2018</u> HK\$	<u>2017</u> HK\$
Rental expenses paid under operating leases during the year (included in Designated Projects expenditure)	<u>400,923</u>	<u>366,086</u>

8. Executive Committee members' remuneration

The Executive Committee members during the year did not receive and would not receive any benefits and they did not have an interest in respect of the items as mentioned in Section 383(1)(a), (b), (c) and (d) of the Hong Kong Companies Ordinance (2017 - Same).

No consideration was provided to or receivable by third parties for making available the services of a person as Executive Committee member or in any other capacity as Executive Committee members (2017 - Same).

9. Taxation

The Association is a charitable institution and is exempt from Hong Kong profits tax under Section 88 of the Inland Revenue Ordinance (2017 - Same).

10. Property, plant and equipment

	<u>Furniture and fixtures</u> HK\$	<u>Office equipment</u> HK\$	<u>Total</u> HK\$
Cost			
At 31st March 2016	739,861	466,837	1,206,698
Additions	1,198	26,850	28,048
At 31st March 2017	741,059	493,687	1,234,746
Additions	4,298	77,930	82,228
At 31st March 2018	745,357	571,617	1,316,974
<u>Less: Amount financed donations/subsidies</u>			
At 31st March 2016 and 31st March 2017	(472,377)	-	(472,377)
Additions	-	(61,520)	(61,520)
At 31st March 2018	(472,377)	(61,520)	(533,897)
Carrying value at 31st March 2018	272,980	510,097	783,077
Accumulated depreciation			
At 31st March 2016	232,026	354,439	586,465
Charge for the year	13,443	47,375	60,818
At 31st March 2017	245,469	401,814	647,283
Charge for the year	12,100	35,484	47,584
At 31st March 2018	257,569	437,298	694,867
Net book value			
At 31st March 2018	15,411	72,799	88,210
At 31st March 2017	23,213	91,873	115,086

**ARTS WITH THE DISABLED
ASSOCIATION HONG KONG**

*Notes to the financial statements
For the year ended 31st March 2018*

11. Available-for-sale investments

	<u>2018</u> HK\$	<u>2017</u> HK\$
Unit trust fund, at fair value	1,841,621	1,855,132
Hong Kong listed shares, at fair value	<u>196,582</u>	<u>163,834</u>
	<u>2,038,203</u>	<u>2,018,966</u>

12. Amount due from an affiliated company

	<u>Adam Arts Creation Limited</u>	
	<u>2018</u> HK\$	<u>2017</u> HK\$
Balance at end of the year	<u>949,240</u>	<u>360,333</u>
Maximum amount outstanding during the year	<u>1,024,388</u>	<u>852,281</u>
Income received from affiliated company for provision of administration services	<u>40,000</u>	<u>-</u>

ADAM Arts Creation Limited is established to promote and co-ordinate arts and cultural activities for people with disabilities in Hong Kong and integration of people with disabilities into the community through arts and cultural activities.

The amount due from the affiliated company is unsecured and interest free, and there is no fixed repayment term.

The affiliated company is a company of which Mr. Lam Wai Pong and Messrs. Lam Choi Chu, Ida, Leung Wu Kwai Man, Olivia, Tsang Shun Yan, Anita, Lee Sau Wai, Cecilia are directors at the date of this report.

13. Accumulated fund

	<u>2018</u> HK\$	<u>2017</u> HK\$
Balance at beginning of year	3,985,180	4,182,929
Surplus/(Deficit) for the year	1,603,763	(175,681)
<u>Less:</u> Amount transferred to: Staff Development Fund (Note 15)	<u>(9,418)</u>	<u>(22,068)</u>
Balance at end of year	<u>5,579,525</u>	<u>3,985,180</u>

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14. Investment revaluation reserve

	2018 HK\$	2017 HK\$
Balance at beginning of year	39,874	(25,423)
(Decrease)/Increase in fair value of available-for-sale investments for the year	(25,931)	65,297
Balance at end of year	<u>13,943</u>	<u>39,874</u>

Investment revaluation reserve represents the cumulative net change in the fair value of available-for-sale investments until the investments are derecognised or impaired.

15. Other reserves

	Scholarship fund HK\$	Staff Development fund HK\$	Dr. Marion Fang Arts with the Disabled Memorial fund HK\$	Arts Accessibility Sustainability fund HK\$	Total HK\$
Balance at 31st March 2016	238,733	356,426	85,370	-	680,529
Donation received	-	-	2,761	-	2,761
Service fee received	-	-	-	465,431	465,431
Less: Expenditure	(53,437)	-	(5,968)	-	(59,405)
Amount transferred from Accumulated Fund	-	22,068	-	-	22,068
Balance at 31st March 2017	185,296	378,494	82,163	465,431	1,111,384
Service fee received	-	-	-	1,592,039	1,592,039
Less: Expenditure	(2,505)	-	(4,200)	-	(6,705)
Amount transferred from Accumulated Fund	-	9,418	-	-	9,418
Balance at 31st March 2018	<u>182,791</u>	<u>387,912</u>	<u>77,963</u>	<u>2,057,470</u>	<u>2,706,136</u>

Scholarship fund was established to account for an one-off donation from Ms. Ho Suet-mui and other income earned for distribution of scholarship to disabled artists/trainers of the Association.

Staff development fund was established to account for donations received and other income earned for payment of staff training development expenses incurred by the Association.

The objectives of Dr. Marion Fang Arts With The Disabled Memorial Fund are:

- to promote the power of creativity and access to arts opportunities for people with disabilities;
- to develop potentials of people with disabilities and provide training and assistance as appropriate and desired by artists with disabilities in their endeavour to grow artistically; and
- to promote the creative power of people with disabilities through a vision of an inclusive

Arts Accessibility Sustainability Fund was established to develop arts accessibility service for people with disabilities and elderly to access and experience arts programmes equally.

16. (a) Designated funds

		Balance at	Grant/ Donation	Workshop and	Expenditure		Balance at	Grant/ Donation	Workshop and	Expenditure		Balance at	For reference under cash basis	
	Reference	31.03.2016 HK\$	income HK\$	other income HK\$	Staff and program costs HK\$	Administrative support HK\$	31.03.2017 HK\$	income HK\$	other income HK\$	Staff and program costs HK\$	Administrative support HK\$	31.03.2018 HK\$	Grant/Donation received during the year 2017/2018 HK\$	2016/2017 HK\$
Social Welfare Department - Community Based Support Project for People with Disabilities														
2015-2017 (Creativity to Independence)	(i)	-	1,210,448	174,236	(1,384,684)	-	-	1,092,726	119,894	(1,212,620)	-	-	917,935	1,223,913
2018-2020 (Community in Arts)	(ii)	-	-	-	-	-	-	182,246	800	(183,046)	-	-	305,978	-
Hong Kong Arts Development Council														
Cross All Borders 2016	(iii)	-	146,596	-	(146,596)	-	-	-	-	-	-	-	-	73,300
Cross All Borders 2017	(iii)	-	11,087	-	(11,087)	-	-	177,813	66,154	(243,967)	-	-	-	94,450
視覺藝術巡迴展覽	(iv)	-	110,000	8,000	(118,000)	-	-	-	-	-	-	-	-	55,000
畫作異地漂流計劃及展覽	(v)	-	-	-	-	-	-	1,218	-	(1,218)	-	-	-	89,600
Matching Fund Scheme (CAB 2017)	(vi)	-	-	-	-	-	-	304,967	-	(304,967)	-	-	320,000	-
Matching Fund Scheme (Be Inspired! 藝術人才培訓計劃)	(vii)	-	-	-	-	-	-	51,470	-	(51,470)	-	-	90,000	-
The Hong Kong Jockey Club Charities Trust - Fitting out works of the Art Accessibility Service Centre	(viii)	-	3,328	-	(3,328)	-	-	-	-	-	-	-	-	62,688
The Hong Kong Jockey Club Charities Trust														
Inclusive Arts Project	(ix)	-	1,994,180	61,371	(1,957,668)	(97,883)	-	2,209,852	96,501	(2,196,527)	(109,826)	-	2,291,800	2,291,800
Art Accessibility Service Centre	(ix)	-	333,730	6,560	(340,290)	-	-	-	-	-	-	-	-	984,073
Home Affairs Department														
Enhancing Self-Reliance Through District Partnership Programme														
Operation	(x)	-	281,468	1,491,811	(1,748,279)	(25,000)	-	64,601	-	(64,601)	-	-	-	307,900
Capital expenditure	(x)	-	44,810	-	(44,810)	-	-	-	-	-	-	-	-	169,972
Lee Hysan Foundation														
Artist with Disability Development Scheme	(xi)	-	244,053	-	(244,053)	-	-	48,159	-	(48,159)	-	-	-	-
Artists with Disabilities Ignition Scheme	(xii)	-	1,565,859	26,000	(1,545,484)	(46,375)	-	2,020,660	29,000	(1,988,669)	(60,991)	-	2,834,875	-
Swire Properties Ltd. - Be a Mentor	(xiii)	-	94,914	-	(94,914)	-	-	-	-	-	-	-	-	-
Shun Hing Education and Charity Fund Ltd														
李世豪深造沙畫計劃	(xiv)	-	28,800	-	(28,800)	-	-	-	-	-	-	-	-	-
Be inspired! 藝術人才培訓計劃	(xv)	-	-	-	-	-	-	51,470	-	(51,470)	-	-	90,000	-
China Construction Bank (Asia)														
Cross All Borders 2016	(xvi)	-	499,972	-	(499,972)	-	-	-	-	-	-	-	-	500,000
Cross All Borders 2017	(xvii)	-	-	-	-	-	-	304,967	-	(304,967)	-	-	600,000	-
CAB Sustainable Fund	(xviii)	-	42,400	-	(42,400)	-	-	36,400	-	(36,400)	-	-	-	100,000
Jean Ho Foundation														
Artists with Disabilities Ignition Scheme	(xix)	-	-	-	-	-	-	721,835	-	(702,103)	(19,732)	-	963,650	372,400
Leisure and Cultural Services Department														
ADA Drama	(xx)	-	260,839	-	(260,839)	-	-	-	-	-	-	-	-	260,839
JK and Ingrid Lee Foundation														
Art Accessibility Service Project	(xxi)	-	1,795,170	-	(1,742,880)	(52,290)	-	2,554,438	-	(2,480,037)	(74,401)	-	2,985,615	2,853,992
The Path Together Re-run	(xxii)	-	-	-	-	-	-	-	-	-	-	-	913,533	-
Hong Kong Museum of Art														
Blossoming Staircase Project	(xxiii)	-	-	-	-	-	-	2,568,000	-	(2,350,400)	(217,600)	-	2,054,400	-
RTHK Celebrating of HKSAR 20th Anniversary														
International Gala Extraordinaire (Stage of Ability)	(xxiv)	-	-	-	-	-	-	714,968	-	(539,968)	(175,000)	-	714,968	-
West Kowloon Cultural Authority														
Life Planning Project	(xxv)	-	-	-	-	-	-	4,982	-	(4,982)	-	-	180,205	-
		-	8,667,654	1,767,978	(10,214,084)	(221,548)	-	13,110,772	312,349	(12,765,571)	(657,550)	-	15,262,959	9,439,927

16. (b) Designated funds (continued)

<u>Name of Designated funds</u>	<u>Purposes</u>
(i) Social Welfare Department - Community Based Support Project for People with Disabilities (Creativity to Independence)	The fund was established to account for grant received from Social Welfare Department and other income earned for payment of expenses incurred for running the project "Creativity to Independence".
(ii) Social Welfare Department - Community Based Support Project for People with Disabilities (Community in Arts)	The fund was established to account for grant received from Social Welfare Department and other income earned for payment of expenses incurred for running the project "Community in Arts"
(iii) Hong Kong Arts Development Council - Cross All Borders 2016 and 2017	The fund was established to account for grants received from Hong Kong Arts Development Council for payment of expenses incurred for the Project Cross All Borders 2016 and 2017.
(iv) Hong Kong Arts Development Council - 視覺藝術巡迴展覽	The fund was established to account for grants received from Hong Kong Arts Development Council for payment of expenses for the project "視覺藝術巡迴展覽".
(v) Hong Kong Arts Development Council - 畫作異地漂流計劃及展覽	The fund was established to account for grants received from Hong Kong Arts Development Council for payment of expenses for the project "畫作異地漂流計劃及展覽".
(vi) Hong Kong Arts Development Council - Matching Fund Scheme: Cross all Borders 2017	The fund was established to account for grants received from Hong Kong Arts Development Council - Matching Fund Scheme for payment of expenses for the project "Cross All Borders 2017".
(vii) Hong Kong Arts Development Council - Matching Fund Scheme: Be Inspired! 藝術人才培訓計劃	The fund was established to account for grants received from Hong Kong Arts Development Council - Matching Fund Scheme for payment of expenses for the project "Be Inspired! 藝術人才培訓計劃".
(viii) The Hong Kong Jockey Club Charities Trust - Fitting out works of Art Accessibility Service Centre	The fund was established to account for donations received from the Hong Kong Jockey Club Charities Trust for payment of expenses incurred for Fitting-out work of Art Accessibility Service Centre.
(ix) The Hong Kong Jockey Club Charities Trust - Inclusive Arts Project - Art Accessibility Service Centre	The fund was established to account for donations received from the Hong Kong Jockey Club Charities Trust for payment of expenses incurred for Inclusive Arts Project and Art Accessibility Service Centre.

16. (b) Designated funds (continued)

<u>Name of Designated funds</u>	<u>Purposes</u>
(x) Home Affairs Department - - Enhancing Self-Reliance Through District Partnership Programme Operation Capital expenditure	The fund was established to account for grants received from Home Affairs Department for payment of expenses incurred for Project-"Enhancing Self-Reliance Through District Partnership Programme".
(xi) Lee Hysan Foundation - Artist with Disability Development Scheme	The fund was established to account for donation received from Lee Hysan Foundation for payment of expenses incurred for Artist with Disability Development Scheme.
(xii) Lee Hysan Foundation - Artists with Disabilities Ignition Scheme	The fund was established to account for donation received from Lee Hysan Foundation for payment of expenses incurred for Artists with Disabilities Ignition Scheme.
(xiii) Swire Properties Ltd. - Be a Mentor	The fund was established to account for donation received from Swire Properties Ltd. for payment of expenses incurred for the "Be A Mentor" project.
(xiv) Shun Hing Education and Charity Fund Ltd - 李世豪深造沙畫計劃	The fund was established to account for donation received from Shun Hing Education and Charity Fund Ltd for payment of expenses incurred for the project "李世豪深造沙畫計劃".
(xv) Shun Hing Education and Charity Fund Ltd Be Inspired! 藝術人才培訓計劃	The fund was established to account for donation received from Shun Hing Education and Charity Fund Ltd for payment of expenses incurred for the project "Be Inspired! 藝術人才培訓計劃".
(xvi) China Construction Bank (Asia) - Cross All Borders 2016	The fund was established to account for donation received from China Construction Bank (Asia) for payment of expenses incurred for the Project Cross All Borders 2016.
(xvii) China Construction Bank (Asia) - Cross All Borders 2017	The fund was established to account for donation received from China Construction Bank (Asia) for payment of expenses incurred for the Project Cross All Borders 2017.
(xviii) China Construction Bank (Asia) - CAB Sustainable Fund	The fund was established to account for donation received from China Construction Bank (Asia) for payment of expenses incurred for CAB Sustainable Fund.

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16. (b) Designated funds (continued)

<u>Name of Designated funds</u>	<u>Purposes</u>
(xix) Jean Ho Foundation - Artists with Disabilities Ignition Scheme	The fund was established to account for donation received from Jean Ho Foundation for payment of expenses incurred for Artists with Disabilities Ignition Scheme.
(xx) Leisure and Cultural Services Department - ADA Drama	The fund was established to account for grants received from Leisure and Cultural Services Department for payment of expenses incurred for ADA Drama.
(xxi) JK and Ingrid Lee Foundation - Art Accessibility Service Project	The fund was established to account for donation received from JK and Ingrid Lee Foundation for payment of expenses incurred for Art Accessibility Service Project.
(xxii) JK and Ingrid Lee Foundation - The Path Together Re-run	The fund was established to account for donation received from JK and Ingrid Lee Foundation for payment of expenses incurred for the project "The Path Together Re-run". The project will commence after year end.
(xxiii) Hong Kong Museum of Art - Blossoming Staircase Project	The fund was established to account for grants received from Leisure and Cultural Services Department for payment of expenses incurred for Blossoming Staircase Project.
(xxiv) RTHK Celebrating of HKSAR 20th Anniversary - International Gala Extraordinaire (Stage of Ability)	The fund was established to account for grants received from Radio Telephone Hong Kong for payment of expenses incurred for the project International Gala Extraordinaire (Stage of Ability).
(xxv) West Kowloon Cultural Authority - Life Planning Project	The fund was established to account for grants received from West Kowloon Cultural Authority for payment of expenses incurred for the project "Life Planning Project".

17. Commitments under operating leases

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

	<u>2018</u> HK\$	<u>2017</u> HK\$
Not later than one year	418,568	402,783
Later than one year but not later than five years	385,104	807,561
	<u>803,672</u>	<u>1,210,344</u>

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18. Categories of financial assets and liabilities

	<u>2018</u> HK\$	<u>2017</u> HK\$
<u>Financial assets:</u>		
Non-current assets		
Available-for-sale investments, at fair value	2,038,203	2,018,966
Current assets, at amortised cost		
Accounts receivable and deposits (excluding prepayment)	1,277,474	2,388,562
Amount due from an affiliated company	949,240	360,333
Cash and bank balances	<u>10,992,108</u>	<u>4,398,301</u>
	<u>15,257,025</u>	<u>9,166,162</u>
<u>Financial liabilities - at amortised cost:</u>		
Current liabilities		
Accounts payable and accrued charges	<u>668,940</u>	<u>210,645</u>

19. Pledged of assets

At 31st March 2018, bank and available-for-sale investment balances in an aggregate sum of HK\$12,762,157 (2017 - HK\$6,227,224) were pledged to a bank to secure general banking facilities granted to the Association.

20. Related party transactions

During the year, the Association undertook the following transaction with related parties in the normal course of its business in addition to the transactions and balances detailed elsewhere in these financial statements:

	<u>2018</u> HK\$	<u>2017</u> HK\$
Payment to an affiliated company for supporting the development of social enterprise in SIE Matching Fund	<u>200,000</u>	<u>-</u>

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21. Comparative figures

Certain comparative figures in the income statement have been reclassified to confirm with current year's presentation. Details of re-classification are as follows:

	As previously stated HK\$	Re-classification HK\$	As restated HK\$
Grant/Donations	11,042,906	(11,042,906)	-
Workshop and other income for designated funds	1,767,978	(1,767,978)	-
Grant/workshop fee and other income for designated projects	-	10,214,084	10,214,084
Grant for administration support for designated projects	-	221,548	221,548
Venue charges income	9,453	(9,453)	-
Bank interest income	687	(687)	-
Membership subscriptions	11,400	(11,400)	-
Dividend income - listed shares	86,687	(86,687)	-
Other income	15,963	108,227	124,190
Net administrative fee income	232,871	(232,871)	-
Deficit from Community Development Programmes	(21,262)	21,262	-
Surplus in self financing programmes	141,982	(141,982)	-
Deficit in Signature Programmes	(121,593)	121,593	-
Grant/donation for support of administration and operation	-	1,907,060	1,907,060
Surplus from fund raising activities	962,584	(962,584)	-
Expenses for fund-raising activities	-	(586,241)	(586,241)
Income from fund-raising activities	-	1,548,825	1,548,825
Income for Arts Accessibility Sustainability Fund	-	465,431	465,431
Donation for Scholarships	-	2,761	2,761
Arts programme income	-	533,283	533,283
Expenditure for designated funds and other funds	(10,495,037)	10,495,037	-
Designated Projects			
staff costs	-	(5,209,139)	(5,209,139)
programme costs	-	(5,004,945)	(5,004,945)
Scholarships for artist development	-	(59,404)	(59,404)
Staff costs			
Salaries and allowances	(2,640,198)	2,640,198	-
Mandatory provident fund contributions	(113,898)	113,898	-
Medical expenses	(10,777)	10,777	-
Staff training expenses	(24,384)	24,384	-
Programme staff in non-designated projects	-	(644,869)	(644,869)
Administration, account, marketing and fund-raising staf	-	(2,109,226)	(2,109,226)
Staff benefits	-	(35,161)	(35,161)
Other programme expenses	-	(520,734)	(520,734)
Marketing expenses	-	(94,276)	(94,276)
Other administrative expenses	(480,796)	92,175	(388,621)