

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 2020

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 2020.

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 2020 and the state of the Association's affairs at that date are set out in the financial statements on pages 5 to 23.

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 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)
Kwong Lan Heung (Hon. Secretary)
Chang Thomp Kwan
Chew Oi Ping
Kuo Chun Chuen (resigned on 15th September 2020)
Lam Wai Pong
Tsang Shun Yan, Anita
Tsui Po Yik
Wong Wing Yan, Donna
Wong Yuen Ping, Estella (resigned on 7th December 2019)

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, 6th November 2020.

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 23, which comprise the statement of financial position as at 31st March 2020, 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 2020, 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 ("HKSA") 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.

FSC & Co.

F.S. Li & Co.
Certified Public Accountants

Hong Kong, 6th November 2020.

ARTS WITH THE DISABLED ASSOCIATION HONG KONG

INCOME STATEMENT

FOR THE YEAR ENDED 31ST MARCH 2020

	<u>Note</u>	HK\$	<u>2020</u> HK\$	<u>2019</u> HK\$
INCOME				
Grant/workshop fee and other income for designated projects			13,941,448	13,352,595
Grant for administration support for designated projects			551,348	395,642
			14,492,796	13,748,237
Grant/donation for support of administration and operation	4		3,643,403	2,772,415
Income from fund-raising activities			296,334	1,447,381
Income for arts accessibility sustainability fund			1,325,917	1,809,709
Arts programme income			1,108,022	268,760
Other income	5		574,126	422,172
			21,440,598	20,468,674
EXPENDITURE				
Designated Projects				
- staff costs	6	4,980,624		6,250,808
- programme costs		8,960,824		7,101,787
			13,941,448	13,352,595
Expenses for scholarships fund		-		5,000
Expenses for staff development fund		-		23,828
Expenses for arts accessibility sustainability fund		447,341		-
Expenses for fund-raising activities		14,660		150,186
Staff costs - other than designated project costs	6	4,285,177		2,752,579
Other programme expenses		1,065,185		522,625
Marketing expenses		27,099		39,028
Loss on foreign exchange		223		257
Auditor's remuneration		51,500		58,900
Depreciation on property, plant and equipment		45,066		42,560
Other administrative expenses		382,649		357,024
			20,260,348	17,304,582
SURPLUS FOR THE YEAR			<u>1,180,250</u>	<u>3,164,092</u>

ARTS WITH THE DISABLED ASSOCIATION HONG KONG

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31ST MARCH 2020

	<u>Note</u>	<u>2020</u> HK\$	<u>2019</u> HK\$
SURPLUS FOR THE YEAR		1,180,250	3,164,092
OTHER COMPREHENSIVE EXPENSE			
<i>Items that will not be reclassified to surplus or deficit:</i>			
Decrease in fair value of equity investments at fair value through other comprehensive income	17	<u>(148,179)</u>	<u>(67,344)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>1,032,071</u>	<u>3,096,748</u>
 TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Accumulated fund		396,957	1,383,211
Other Funds and Reserves		<u>635,114</u>	<u>1,713,537</u>
		<u>1,032,071</u>	<u>3,096,748</u>


ARTS WITH THE DISABLED ASSOCIATION HONG KONG

STATEMENT OF FINANCIAL POSITION AT 31ST MARCH 2020

	<u>Note</u>	<u>HK\$</u>	<u>2020</u> <u>HK\$</u>	<u>2019</u> <u>HK\$</u>
NON-CURRENT ASSETS				
Property, plant and equipment	10		56,837	57,156
Equity investments at fair value through other comprehensive income	11		1,931,833	2,028,321
			1,988,670	2,085,477
CURRENT ASSETS				
Accounts receivable, deposits and prepayments		4,072,322		1,386,016
Loan to an affiliated company	12	568,767		-
Amount due from an affiliated company	13	111,957		794,321
Cash and bank balances		13,715,181		13,045,661
		18,468,227		15,225,998
Less: CURRENT LIABILITIES				
Accounts payable and accrued charges		667,507		1,224,513
Receipt in advance for designated funds		7,360,967		4,641,358
Receipt in advance for purchase of property, plant and equipment		-		49,252
		8,028,474		5,915,123
NET CURRENT ASSETS			10,439,753	9,310,875
NET ASSETS			12,428,423	11,396,352
<i>represented by:</i>				
FUNDS AND RESERVE				
Accumulated fund	14		7,359,693	6,962,736
Other reserves	15		5,270,310	4,487,017
Designated funds	16		-	-
			12,630,003	11,449,753
Investment revaluation reserve	17		(201,580)	(53,401)
			12,428,423	11,396,352

These financial statements on pages 5 to 23 were approved and authorised for issue by the Executive Committee on 6th November 2020.


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 2020

	Other Reserves								
			Dr. Marion Fang arts with the disabled	Arts accessibility			Investment revaluation		
	Accumulated fund	Scholarship fund	Staff development fund	memorial fund	sustainability fund	Designated funds	Total funds	reserve	
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	
Balance at 1st April 2019	6,962,736	177,791	364,084	77,963	3,867,179	-	11,449,753	(53,401)	11,396,352
Increase for the year	396,957	-	-	-	783,293	-	1,180,250	-	1,180,250
Decrease in fair value of equity investments for the year	-	-	-	-	-	-	-	(148,179)	(148,179)
Total comprehensive income for the the year ended 31st March 2020	396,957	-	-	-	783,293	-	1,180,250	(148,179)	1,032,071
Balance at 31st March 2020	7,359,693	177,791	364,084	77,963	4,650,472	-	12,630,003	(201,580)	12,428,423
Balance at 1st April 2018	5,579,525	182,791	387,912	77,963	2,057,470	-	8,285,661	13,943	8,299,604
Increase/(Decrease) for the year	1,383,211	(5,000)	(23,828)	-	1,809,709	-	3,164,092	-	3,164,092
Decrease in fair value of equity investments for the year	-	-	-	-	-	-	-	(67,344)	(67,344)
Total comprehensive income for the year ended 31st March 2019	1,383,211	(5,000)	(23,828)	-	1,809,709	-	3,164,092	(67,344)	3,096,748
Balance at 31st March 2019	6,962,736	177,791	364,084	77,963	3,867,179	-	11,449,753	(53,401)	11,396,352

ARTS WITH THE DISABLED ASSOCIATION HONG KONG

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31ST MARCH 2020

	HK\$	<u>2020</u> HK\$	HK\$	<u>2019</u> HK\$
CASH FLOWS FROM OPERATING ACTIVITIES				
Surplus for the year		1,180,250		3,164,092
Adjustments for:				
Interest income		(11,182)		(5,517)
Dividend income		(90,701)		(111,746)
Gain on disposal of property-plant and equipment included in other income		-		(528)
Depreciation on property, plant and equipment		<u>45,066</u>		<u>42,560</u>
Operating surplus before working capital changes		1,123,433		3,088,861
Increase in accounts receivable, deposits and prepayments		(2,686,306)		(60,914)
Increase in loan to an affiliated company		(568,767)		-
Decrease in amount due from an affiliated company		682,364		154,919
(Decrease)/Increase in accounts payable and accruals		(557,006)		555,573
Increase/(Decrease) in receipt in advance for designated funds		2,719,609		(1,621,481)
Decrease in other receipt in advance		<u>(49,252)</u>		<u>(112,228)</u>
NET CASH FROM OPERATING ACTIVITIES		664,075		2,004,730
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	11,182		5,517	
Dividend received	90,701		111,746	
Sales proceed of property, plant and equipment	-		2,640	
Purchase of equity investments at fair value through other comprehensive income	(51,691)		(57,462)	
Purchase of property, plant and equipment	<u>(44,747)</u>		<u>(13,618)</u>	
NET CASH FROM INVESTING ACTIVITIES		<u>5,445</u>		<u>48,823</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS		669,520		2,053,553
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		<u>13,045,661</u>		<u>10,992,108</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR		<u><u>13,715,181</u></u>		<u><u>13,045,661</u></u>
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS				
Cash and bank balances		<u><u>13,715,181</u></u>		<u><u>13,045,661</u></u>

ARTS WITH THE DISABLED ASSOCIATION HONG KONG

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2020

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.

(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.

(c) Basis of measurement

The measurement basis used in the preparation of these financial statements is the historical cost basis except that equity investments at fair value through other comprehensive income are stated at fair value as explained in the accounting policies as set out in note 3 to the financial statements.

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 basis:

- (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.**

3. Summary of significant accounting policies (continued)

(a) Revenue recognition (continued)

- (ii) Grants and donations that impose specified future performance conditions are recognised in income only when the performance conditions are met.
- (iii) Donations or subsidies relating to purchase of property, plant and equipment are set off against the acquisition cost of the assets.
- (iv) Administration fee and artist management fee are 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.

(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) Financial instruments

To account for financial instruments (financial assets and liabilities), the Association choose to apply the recognition and measurement provision of Hong Kong Financial Reporting Standard 9 ("HKFRS 9") "Financial Instruments" 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)

(g) Equity investments at fair value through other comprehensive income

Equity investments at fair value through other comprehensive income are those equity investments not held for trading. Amounts presented in other comprehensive income for such investments are not be subsequently transferred to surplus or deficit. At the time of disposal of an equity investment, the cumulative gain or loss of the investment is transferred from investment revaluation reserve to accumulated fund.

(h) Accounts receivable and deposits

Accounts receivable and deposits are initially recognised at transaction price and at the end of financial period 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 receivables' carrying amount and the present value of estimated future cash flows, discounted at the receivable's 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.

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount (selling price less costs to complete and sell, in the case of inventories), but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset (group of related assets) in prior years. A reversal of an impairment loss is recognised immediately in surplus or deficit.

3. Summary of significant accounting policies (continued)

(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.

4. Grant/donation for support of administration and operation

	<u>2020</u> HK\$	<u>2019</u> HK\$
Hong Kong Arts Development Council	347,300	318,000
The Lee Hysan Foundation	1,500,000	-
The Swire Group Charitable Trust	1,500,000	1,500,000
Others	296,103	954,415
	<u>3,643,403</u>	<u>2,772,415</u>

5. Other income

	<u>2020</u> HK\$	<u>2019</u> HK\$
Venue charges income	9,420	9,060
Dividend income	90,701	111,746
Interest income	11,182	5,517
Membership subscriptions	1,300	4,500
Administration fee from an affiliated company	2,190	43,333
Artists management fee from an affiliated company	-	243,000
Surplus of completed designated fund projects not subject to claw back by fund providers	91,739	-
Refund from insurance in respect of injury compensation	365,504	-
Others	2,090	5,016
	<u>574,126</u>	<u>422,172</u>

**ARTS WITH THE DISABLED
ASSOCIATION HONG KONG**

*Notes to the financial statements
For the year ended 31st March 2020*

6. Total staff costs

	<u>2020</u> HK\$	<u>2019</u> HK\$
Staff cost - other than designated project costs		
Staff costs in non-designated projects		
- Salaries and allowances	930,964	1,015,590
- Mandatory provident fund contributions	<u>42,681</u>	<u>47,507</u>
	<u>973,645</u>	<u>1,063,097</u>
Staff costs in administration, account, marketing and fund-raising		
- Salaries and allowances	3,146,291	1,595,242
- Mandatory provident fund contributions	<u>131,786</u>	<u>62,876</u>
	<u>3,278,077</u>	<u>1,658,118</u>
Staff benefits	<u>33,455</u>	<u>31,364</u>
	<u>4,285,177</u>	<u>2,752,579</u>
Staff costs included in designated projects		
- Salaries and allowances	4,759,232	5,972,459
- Mandatory provident fund contributions	<u>221,392</u>	<u>278,349</u>
	<u>4,980,624</u>	<u>6,250,808</u>
	<u>9,265,801</u>	<u>9,003,387</u>

7. Rental expenses paid under operating leases

	<u>2020</u> HK\$	<u>2019</u> HK\$
Rental expenses paid under operating leases during the year (included in Designated Projects expenditure)	<u>365,762</u>	<u>420,585</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 (2019 - 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 (2019 - Same).

**ARTS WITH THE DISABLED
ASSOCIATION HONG KONG**

*Notes to the financial statements
For the year ended 31st March 2020*

9. Taxation

The Association is a charitable institution and is exempt from Hong Kong profits tax under Section 88 of the Inland Revenue Ordinance (2019 - Same).

10. Property, plant and equipment

	<u>Leasehold improvements</u> HK\$	<u>Furniture and fixtures</u> HK\$	<u>Office equipment</u> HK\$	<u>Total</u> HK\$
Cost				
At 1st April 2018	-	745,357	571,617	1,316,974
Additions	-	2,040	123,806	125,846
Disposals	-	(508,849)	(117,268)	(626,117)
At 31st March and 1st April 2019	-	238,548	578,155	816,703
Additions	1,197,433	15,900	112,426	1,325,759
Disposals	-	-	(444)	(444)
At 31st March 2020	1,197,433	254,448	690,137	2,142,018
<u>Less: Amount financed by donations/subsidies</u>				
At 1st April 2018	-	(472,377)	(61,520)	(533,897)
Additions	-	-	(112,228)	(112,228)
Disposals	-	472,377	-	472,377
At 31st March and 1st April 2019	-	-	(173,748)	(173,748)
Additions	(1,197,433)	(15,900)	(67,679)	(1,281,012)
At 31st March 2020	(1,197,433)	(15,900)	(241,427)	(1,454,760)
Carrying value at 31st March 2020	-	238,548	448,710	687,258
Accumulated depreciation				
At 1st April 2018	-	257,569	437,298	694,867
Charge for the year	-	8,783	33,777	42,560
Written back on disposals	-	(34,360)	(117,268)	(151,628)
At 31st March and 1st April 2019	-	231,992	353,807	585,799
Charge for the year	-	4,397	40,669	45,066
Written back on disposals	-	-	(444)	(444)
At 31st March 2020	-	236,389	394,032	630,421
Net book value				
At 31st March 2020	-	2,159	54,678	56,837
At 31st March 2019	-	6,556	50,600	57,156

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11. Equity investments at fair value through other comprehensive income

	<u>2020</u> HK\$	<u>2019</u> HK\$
Unit trust fund, at fair value	1,805,385	1,853,387
Hong Kong listed shares, at fair value	<u>126,448</u>	<u>174,934</u>
	<u>1,931,833</u>	<u>2,028,321</u>

12. Loan to an affiliated company

	<u>Adam Arts Creation Limited</u>	
	<u>2020</u> HK\$	<u>2019</u> HK\$
Balance at end of the year	<u>568,767</u>	<u>-</u>
Maximum amount outstanding during the year	<u>568,767</u>	<u>-</u>

The loan is unsecured and interest free, and is wholly repayable after 1st March 2021.

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 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. Amount due from an affiliated company

	<u>Adam Arts Creation Limited</u>	
	<u>2020</u> HK\$	<u>2019</u> HK\$
Balance at end of the year	<u>111,957</u>	<u>794,321</u>
Maximum amount outstanding during the year	<u>1,414,399</u>	<u>950,485</u>

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

14. Accumulated fund

	<u>2020</u> HK\$	<u>2019</u> HK\$
Balance at beginning of year	6,962,736	5,579,525
Surplus for the year	<u>396,957</u>	<u>1,383,211</u>
Balance at end of year	<u>7,359,693</u>	<u>6,962,736</u>

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15. Other reserves

	Scholarship fund	Staff development fund	Dr. Marion Fang arts with the disabled memorial fund	Arts accessibility sustainability fund	Total
	HK\$	HK\$	HK\$	HK\$	HK\$
Balance at 1st April 2018	182,791	387,912	77,963	2,057,470	2,706,136
Service fee received	-	-	-	1,809,709	1,809,709
Less: Expenditure	(5,000)	(23,828)	-	-	(28,828)
Balance at 31st March and 1st April 2019	177,791	364,084	77,963	3,867,179	4,487,017
Service fee received	-	-	-	1,325,917	1,325,917
Less: Expenditure	-	-	-	(542,624)	(542,624)
Balance at 31st March 2020	<u>177,791</u>	<u>364,084</u>	<u>77,963</u>	<u>4,650,472</u>	<u>5,270,310</u>

Scholarship fund was established to account for an one-off donation from Ms. Hó 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 community.

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	01.04.2018 HK\$	income HK\$	other income HK\$	Staff and program costs HK\$	Administrative support HK\$	01.04.2019 HK\$	income HK\$	other income HK\$	Staff and program costs HK\$	Administrative support HK\$	31.03.2020 HK\$	Grant/Donation received during the year 2019/2020 HK\$	2018/2019 HK\$
Social Welfare Department														
Community Based Support Project for People with Disabilities 2018-2020 (Community in Arts)	(i)	-	985,801	204,301	(1,190,102)	-	-	1,364,369	196,665	(1,532,234)	(28,800)	-	1,223,913	1,223,913
Professional Training and Public Education Pilot Scheme for Artists with Disabilities	(ii)	-	-	-	-	-	-	10,470	-	(9,934)	(536)	-	194,768	-
Advanced Arts and Professional Development Workshops	(iii)	-	-	-	-	-	-	39,635	-	(35,885)	(3,750)	-	1,199,572	-
就「嚴重新型傳染性病原體呼吸系統病」加強預防傳染病措 施特別津貼	(iv)	-	-	-	-	-	-	5,000	-	(5,000)	-	-	5,000	-
就「2019冠狀病毒病」加強預防傳染病措施第二次特別津貼	(v)	-	-	-	-	-	-	-	-	-	-	-	6,000	-
Hong Kong Arts Development Council														
Cross All Borders 2017	(vi)	-	-	-	-	-	-	-	-	-	-	-	37,780	56,670
畫作漂流計劃	(vii)	-	177,607	-	(177,607)	-	-	7	-	(7)	-	-	35,840	53,760
Matching Fund Scheme (CAB 2018)	(viii)	-	378,085	-	(378,085)	-	-	-	-	-	-	-	-	180,000
Matching Fund Scheme (Be Inspired! 藝術人才培訓計劃)	(ix)	-	82,225	-	(82,225)	-	-	-	-	-	-	-	-	-
Art Generator - Artist Training Scheme	(x)	-	-	-	-	-	-	-	-	-	-	-	232,400	-
The Hong Kong Jockey Club Charities Trust														
Inclusive Arts Project 2016-2019	(xi)	-	2,592,298	104,882	(2,568,743)	(128,437)	-	-	-	-	-	-	-	2,291,800
Inclusive Arts Project 2019-2022	(xi)	-	-	-	-	-	-	2,000,055	67,030	(1,913,968)	(153,117)	-	2,644,800	-
Renovation Works & IT Infrastructure Project	(xii)	-	-	-	-	-	-	2,215,520	-	(2,215,520)	-	-	-	-
Lee Hysan Foundation														
Artists with Disabilities Ignition Scheme	(xiii)	-	3,215,612	27,000	(3,127,830)	(114,782)	-	1,268,370	7,000	(1,175,535)	(99,835)	-	-	2,960,718
Artists with Disabilities Ignition Scheme 2016-2022	(xiii)	-	-	-	-	-	-	763,228	6,855	(770,083)	-	-	-	-
Scholarship for Mr. Tang Cheuk Him to pursue a 4-year Bachelor of Music (Honours) degree at the Royal College of Music, London	(xiv)	-	-	-	-	-	-	663,778	-	(663,778)	-	-	682,238	-
Lee Hysan Foundation Key Partnership	(xv)	-	-	-	-	-	-	-	-	-	-	-	300,000	-
Shun Hing Education and Charity Fund Ltd														
Be inspired! 藝術人才培訓計劃	(xvi)	-	-	-	-	-	-	8,016	-	(8,016)	-	-	20,000	-
China Construction Bank (Asia)														
Cross All Borders 2017	(xvii)	-	100,650	-	(100,650)	-	-	(40)	-	40	-	-	80,000	-
CAB Sustainable Fund 2016	(xviii)	-	11,200	-	(11,200)	-	-	-	-	-	-	-	-	-
CAB Sustainable Fund 2018	(xviii)	-	58,817	-	(58,817)	-	-	89,617	-	(89,617)	-	-	-	200,000
Jean Ho Foundation														
Artists with Disabilities Ignition Scheme	(xix)	-	679,222	-	(679,222)	-	-	661,223	-	(661,223)	-	-	606,350	1,197,600
Artists with Disabilities Ignition Partnership Scheme 2.0 (2020)	(xx)	-	-	-	-	-	-	66,476	-	(66,476)	-	-	-	-
JK and Ingrid Lee Foundation														
Art Accessibility Service Project 2016-2019	(xxi)	-	3,791,289	-	(3,680,866)	(110,423)	-	768,003	-	(729,063)	(38,940)	-	-	3,069,293
Art Accessibility Service Project 2019-2022	(xxi)	-	-	-	-	-	-	1,261,499	-	(1,168,055)	(93,444)	-	3,686,304	-
The Path Together Re-run	(xxii)	-	625,764	-	(603,764)	(22,000)	-	282,761	-	(282,751)	-	-	-	-
West Kowloon Cultural Authority														
Life Planning Project	(xxiii)	-	317,842	-	(297,842)	(20,000)	-	-	-	-	-	-	-	180,205
Fidelity International Foundation														
Implementation of the Salesforce CRM System	(xxiv)	-	-	-	-	-	-	12,000	-	(12,000)	-	-	-	-
For the database enhancement	(xxv)	-	-	-	-	-	-	-	-	-	-	-	-	125,000
Leisure and Cultural Services Department														
The Hong Kong Jockey Club "Accessible Art @ HKMoA" Pilot Scheme	(xxvi)	-	-	-	-	-	-	1,678,732	-	(1,554,381)	(124,351)	-	1,799,000	-
Arts Capacity Development Funding Scheme														
藝無疆2020：想！敢！做！	(xxvii)	-	-	-	-	-	-	318,302	6,820	(325,122)	-	-	-	-
Vera Ruttonjee Desai Charitable Fund														
Life Enrichment Programme for Elderly with Disabilities	(xxviii)	-	-	-	-	-	-	180,067	-	(171,492)	(8,575)	-	1,194,917	-
		-	13,016,412	336,183	(12,956,953)	(395,642)	-	13,657,078	284,370	(13,390,100)	(551,348)	-	13,948,882	11,538,959

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 2018-2020 (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".
(ii) Social Welfare Department - Professional Training and Public Education Pilot Scheme for Artists with Disabilities	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 "Professional Training and Public Education Pilot Scheme for Artists with Disabilities".
(iii) Social Welfare Department - Advanced Arts and Professional Development Workshops	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 "Advanced Arts and Professional Development Workshops".
(iv) Social Welfare Department - 就「嚴重新型傳染性病原體呼吸系統病」 加強預防傳染病措施特別津貼	The fund was established to account for grant received from Social Welfare Department for procuring personal protective equipments and sanitising items in order to combat the novel coronavirus epidemic.
(v) Social Welfare Department - 就「2019冠狀病毒病」加強預防傳染病 措施第二次特別津貼	The fund was established to account for grant received from Social Welfare Department for procuring personal protective equipments and sanitising items in order to combat the novel coronavirus epidemic.
(vi) Hong Kong Arts Development Council - Cross All Borders 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 2017.
(vii) Hong Kong Arts Development Council - 畫作漂流計劃	The fund was established to account for grants received from Hong Kong Arts Development Council for payment of expenses for the project "畫作漂流計劃".
(viii) Hong Kong Arts Development Council - Matching Fund Scheme: Cross All Borders 2018	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 2018".

16. (b) Designated funds (continued)

<u>Name of Designated funds</u>	<u>Purposes</u>
(ix) 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".
(x) Hong Kong Arts Development Council Art Generator - Artist Training Scheme	The fund was established to account for grants received from Hong Kong Arts Development Council for payment of expenses for the project "Art Generator - Artist Training Scheme". The project will commence after year end.
(xi) The Hong Kong Jockey Club Charities Trust - Inclusive Arts Project 2016-2019 - Inclusive Arts Project 2019-2022	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.
(xii) The Hong Kong Jockey Club Charities Trust - Renovation Works & IT Infrastructure Project	The fund was established to account for donations received from the Hong Kong Jockey Club Charities Trust for payment of expenses incurred for the renovations works & IT infrastructure project.
(xiii) Lee Hysan Foundation - Artists with Disabilities Ignition Scheme - Artists with Disabilities Ignition Scheme 2016-2022	The fund was established to account for donation received from Lee Hysan Foundation for payment of expenses incurred for Artists with Disabilities Ignition Scheme.
(xiv) Lee Hysan Foundation Scholarship for Mr. Tang Cheuk Him to pursue a 4-year Bachelor of Music (Honours) degree at the Royal College of Music, London	The fund was established to account for donation received from Lee Hysan Foundation for payment of expenses incurred for the scholarship for Mr. Tang Cheuk Him to pursue a 4-year Bachelor of Music (Honours) degree at the Royal College of Music, London.
(xv) Lee Hysan Foundation Lee Hysan Foundation Key Partnership	The fund was established to account for donation received from Lee Hysan Foundation for payment of expenses incurred for the project "Lee Hysan Foundation Key Partnership". The project will commence after year end.
(xvi) Shun Hing Education and Charity Fund 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 for payment of expenses incurred for the project "Be Inspired! 藝術人才培訓計劃".

16. (b) Designated funds (continued)

<u>Name of Designated funds</u>	<u>Purposes</u>
(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 2016 - CAB Sustainable Fund 2018	The fund was established to account for donation received from China Construction Bank (Asia) for payment of expenses incurred for CAB Sustainable Fund.
(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) Jean Ho Foundation - Artists with Disabilities Ignition Partnership Scheme 2.0 (2020)	The fund was established to account for donation received from Jean Ho Foundation for payment of expenses incurred for Artists with Disability Ignition Partnership Scheme 2.0 (2020).
(xxi) JK and Ingrid Lee Foundation - Art Accessibility Service Project 2016-2019 - Art Accessibility Service Project 2019-2022	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".
(xxiii) 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".
(xxiv) Fidelity International Foundation - Implementation of the Salesforce CRM System	The fund was established to account for grants received from Fidelity International Foundation for payment of expenses incurred for the implementaton of Salesforce CRM System.
(xxv) Fidelity International Foundation - For the database enhancement	The fund was established to account for grants received from Fidelity International Foundation for payment of expenses incurred for the database enhancement.

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16. (b) Designated funds (continued)

<u>Name of Designated funds</u>	<u>Purposes</u>
(xxvi) Leisure and Cultural Services Department - The Hong Kong Jockey Club "Accessible Art @ HKMoA" Pilot Scheme	The fund was established to account for grants received from Leisure and Cultural Services Department for payment of expenses incurred for the Hong Kong Jockey Club "Accessible Art @ HKMoA" Pilot Scheme.
(xxvii) Arts Capacity Development Funding Scheme - 藝無疆2020：想！敢！做！	The fund was established to account for grants received from Arts Capacity Development Funding Scheme for payment of expenses incurred for the project "藝無疆2020：想！敢！做！".
(xxviii) Vera Ruttonjee Desai Charitable Fund - Life Enrichment Programme for Elderly with Disabilities	The fund was established to account for donation received from Vera Ruttonjee Desai Charitable Fund for payment of expenses incurred for the project "Life Enrichment Programme for Elderly with Disabilities".

17. Investment revaluation reserve

	<u>2020</u> HK\$	<u>2019</u> HK\$
Balance at beginning of year	(53,401)	13,943
Decrease in equity investments for the year	(148,179)	(67,344)
Balance at end of year	<u>(201,580)</u>	<u>(53,401)</u>

The reserve comprises the cumulative net change in the fair value of equity investment. Upon disposal of an equity investment, the cumulative gain or loss of the investment is transferred from the reserve to accumulated fund.

18. 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>2020</u> HK\$	<u>2019</u> HK\$
Not later than one year	455,000	385,000
Later than one year but not later than five years	897,000	-
	<u>1,352,000</u>	<u>385,000</u>

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19. Categories of financial assets and liabilities

	<u>2020</u> HK\$	<u>2019</u> HK\$
<u>Financial assets:</u>		
Non-current assets		
Equity investments at fair value through other comprehensive income	1,931,833	2,028,321
Current assets, at amortised cost		
Accounts receivable and deposits (excluding prepayment)	4,015,109	1,334,879
Loan to an affiliated company	568,767	-
Amount due from an affiliated company	111,957	794,321
Cash and bank balances	<u>13,715,181</u>	<u>13,045,661</u>
	<u>20,342,847</u>	<u>17,203,182</u>
<u>Financial liabilities - at amortised cost:</u>		
Current liabilities		
Accounts payable and accrued charges	<u>667,507</u>	<u>1,224,513</u>

20. Pledged of assets

At 31st March 2020, bank and equity investment at fair value through other comprehensive income balances in an aggregate sum of HK\$1,789,148 (2019 - HK\$1,887,953) were pledged to a bank to secure general banking facilities granted to the Association.

21. 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>2020</u> HK\$	<u>2019</u> HK\$
Income received from affiliated company for provision of administration services	2,190	43,333
Income received from affiliated company for provision of artists management services	<u>-</u>	<u>243,000</u>