

THE HONG KONG PHILHARMONIC SOCIETY LIMITED
REPORT OF THE GENERAL COMMITTEE
AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31ST MARCH 2006

THE HONG KONG PHILHARMONIC SOCIETY LIMITED

REPORT OF THE GENERAL COMMITTEE

The General Committee submits its report together with the audited financial statements for the year ended 31st March 2006.

Legal status and principal activities

The Hong Kong Philharmonic Society Limited (the "Society") is incorporated under the Hong Kong Companies Ordinance and is limited by guarantee. Its principal activities are the conducting and managing of concerts.

Results

The results of the Society for the year ended 31st March 2006 are set out in the statement of income and expenditure on page 5 of the financial statements.

Property, plant and equipment

Details of movements in the property, plant and equipment of the Society are set out in note 4 for the financial statements.

Reserves

Movements in the reserves of the Society during the year are set out in note 7 to the financial statements.

General Committee members

Appointed by the Board of Governors

Prof David Gwilt , MBE
Mr Nathan Ma Ning-hei, MBE, JP
Mr Daniel Ng Yat-chiu (appointed on 18th May 2006)
Dr Philip Kwok Chi-kuen, SBS, JP (resigned on 19th December 2005)

Appointed by the Chief Executive of Hong Kong

Mr Edward Ho Sing-tin, SBS, OBE, JP
Ms Brenda Chow Kam-wah
Dr Geoffrey Yeh Meou-tsen, SBS, MBE, JP
Prof Chan Wing-wah, JP
Mrs Janice Choi
Ms Pansy Ho Chiu-king
Mr So Hau-leung
Mr Chung Shui-ming, GBS, JP (appointed on 1st November 2005)
Ms Kathy Chiu Kam-hing, JP (appointed on 1st November 2005)
Mr Rafael Hui Si-yan, GBS, JP (resigned on 30th June 2005)
Dr Tai Tak-fung, SBS, JP (retired 1st November 2005)

Co-opted by the General Committee

Mr Stephan G Spurr (with effect from 18th May 2006)

In accordance with Article 21 (C), the appointment of each General Committee member under this Article shall be valid for one year only and appointments shall be made annually.

General Committee members' interests

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

At no time during the year was the Society a party to any arrangement to enable the General Committee members of the Society to acquire benefits by means of the acquisition of shares in, or debentures of, the Society or any other body corporate.

Management contracts

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

Auditors

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

On behalf of the General Committee



Chairman

Hong Kong, 5th September 2006

**AUDITORS' REPORT TO THE MEMBERS OF
THE HONG KONG PHILHARMONIC SOCIETY LIMITED**
(incorporated in Hong Kong and limited by guarantee)

We have audited the financial statements on pages 4 to 18 which have been prepared in accordance with accounting principles generally accepted in Hong Kong.

Respective responsibilities of the General Committee and auditors

The Hong Kong Companies Ordinance requires the General Committee to prepare financial statements which give a true and fair view. In preparing financial statements which give a true and fair view it is fundamental that appropriate accounting policies are selected and applied consistently.

It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion solely to you, as a body, in accordance with section 141 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.

Basis of opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the General Committee in the preparation of the financial statements, and of whether the accounting policies are appropriate to the circumstances of the Society, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the financial statements are free from material misstatement. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements. We believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Society as at 31st March 2006 and of its results and cash flows for the year then ended and have been properly prepared in accordance with the Hong Kong Companies Ordinance.



PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 5th September 2006

THE HONG KONG PHILHARMONIC SOCIETY LIMITED
(All amounts in Hong Kong dollars unless otherwise stated)

BALANCE SHEET

		<u>As at 31st March</u>	
	Note	2006	2005
ASSETS			
Non-current assets			
Property, plant and equipment	4	323,955	-
Current assets			
Net assets held with the Ladies Committee	5	4,255,837	5,456,250
Accounts receivable and prepayments		7,810,377	7,792,670
Cash and cash equivalents	6	626,565	316,423
		<u>12,692,779</u>	<u>13,565,343</u>
Total assets		<u><u>13,016,734</u></u>	<u><u>13,565,343</u></u>
FUNDS AND RESERVES			
Reserves	7	5,562,971	7,614,303
Young Audience Fund	8	211,275	392,399
		<u>5,774,246</u>	<u>8,006,702</u>
LIABILITIES			
Current-liabilities			
Sundry creditors and accruals		3,997,179	4,456,378
Receipts in advance		2,267,859	1,102,263
Amount due to the Hong Kong Philharmonic Endowment Trust	9	977,450	-
Total liabilities		<u>7,242,488</u>	<u>5,558,641</u>
Total funds and liabilities		<u><u>13,016,734</u></u>	<u><u>13,565,343</u></u>


.....
Chairman


.....
Chief Executive


.....
Member of General Committee

The notes on pages 8 to 18 are an integral part of these financial statements.

THE HONG KONG PHILHARMONIC SOCIETY LIMITED
(All amounts in Hong Kong dollars unless otherwise stated)

STATEMENT OF INCOME AND EXPENDITURE

	Note	Year ended 31st March	
		2006	2005
Income			
The Leisure and Cultural Services Department subvention		56,538,000	59,077,999
Revenue from musical events	(a)	19,283,244	16,913,471
Fund raising and sponsors' contributions		12,627,955	8,329,453
Interest income		3,014	-
Advertisements		637,330	485,405
Income from recordings		525,440	277,935
Miscellaneous income		168,476	148,702
Shanghai tour		-	885,706
Contribution from the Ladies Committee		1,156,288	500,000
		<u>90,939,747</u>	<u>86,618,671</u>
Expenditure			
Concert expenses	12	71,298,332	74,668,979
Marketing and audience development expenses	13	6,096,580	8,059,122
Sponsorship for fund raising activities		1,858,479	569,865
Administrative and general expenses	14	12,537,275	12,776,347
Shanghai tour		-	732,905
		<u>91,790,666</u>	<u>96,807,218</u>
Operating deficit		(850,919)	(10,188,547)
Results of the Ladies Committee	5, 15	<u>(1,200,413)</u>	<u>(591,281)</u>
Results for the year		<u><u>(2,051,332)</u></u>	<u><u>(10,779,828)</u></u>

Note:

- (a) The notional value of complimentary tickets amounting to HK\$1,935,940 (2005: HK\$3,226,020) has not been included in the above figures.

The notes on pages 8 to 18 are an integral part of these financial statements.

THE HONG KONG PHILHARMONIC SOCIETY LIMITED
(All amounts in Hong Kong dollars unless otherwise stated)

STATEMENT OF CHANGES IN RESERVES

	Reserves
Balance at 1st April 2004	18,394,131
Deficit for the year	(10,779,828)
Balance at 31st March 2005	<u>7,614,303</u>
Balance at 1st April 2005 as per above	7,614,303
Deficit the year	(2,051,332)
Balance at 31st March 2006	<u>5,562,971</u>

The notes on pages 8 to 18 are an integral part of these financial statements.

THE HONG KONG PHILHARMONIC SOCIETY LIMITED
 (All amounts in Hong Kong dollars unless otherwise stated)

CASH FLOW STATEMENT

	Note	<u>Year ended 31st December</u>	
		2006	2005
Cash flows from operating activities			
Net cash generated from/(used in) operations	16	582,072	(8,850,962)
Cash flows from investing activities			
Interest received		3,014	-
Purchases of property, plant and equipment	4	(274,944)	(381,157)
Net cash used in investing activities		(271,930)	(381,157)
Net increase/(decrease) in cash and cash equivalents		310,142	(9,232,119)
Cash and cash equivalents at beginning of the year		316,423	9,548,542
Cash and cash equivalents at end of the year	6	<u>626,565</u>	<u>316,423</u>

The notes on pages 8 to 18 are an integral part of these financial statements.

THE HONG KONG PHILHARMONIC SOCIETY LIMITED
(All amounts in Hong Kong dollars unless otherwise stated)

NOTES TO THE FINANCIAL STATEMENTS

1 General information

The Hong Kong Philharmonic Society Limited (the "Society") is engaged in the conducting and managing of concerts.

The Society is incorporated in Hong Kong under the Hong Kong Companies Ordinance and is limited by guarantee. The address of its registered office is Level 8, Administration Building, Hong Kong Cultural Centre, 10 Salisbury Road, Tsim Sha Tsui, Kowloon.

Under the provisions of the Society's Memorandum and Articles of Association, every voting member shall, in the event of the Society being wound up, contribute to the assets of the Society to the extent of HK\$10. At 31st March 2006 the Society had 22 members (2005: 12) members.

These financial statements are presented in Hong Kong dollars unless otherwise stated. These financial statements have been approved for issue by the General Committee on 5th September 2006.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The financial statements of the Society have been prepared in accordance with the new/revised Hong Kong Financial Reporting Standards ("HKFRS") and Hong Kong Accounting Standards ("HKAS") (collectively referred to as the "new HKFRSs") which are effective for accounting periods commencing on or after 1st January 2005. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities which are carried at fair value.

The adoption of new/revised HKFRS

In 2006, the Society adopted the new/revised HKFRS which are relevant to its operations. The 2005 comparatives have been amended as required, in accordance with the relevant requirements.

- (i) The adoption of new/revised HKFRSs did not result in substantial changes to the Society's accounting policies. In summary:
- HKAS 1 "Presentation of Financial Statements" has affected the presentation of certain disclosures.
 - Based on the guidance to HKAS 21 "The Effect of Changes in Foreign Exchange Rates", the General Committee consider that the Hong Kong dollar is the Society's functional and presentation currency.

THE HONG KONG PHILHARMONIC SOCIETY LIMITED
(All amounts in Hong Kong dollars unless otherwise stated)

NOTES TO THE FINANCIAL STATEMENTS

2 Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

- (ii) In prior years, the Society, being a not-for-profit organization, has taken advantage of the exemption under the previous Statement of Standard Accounting Practice ("SSAP") No.17 "Property, Plant and Equipment". Upon the adoption of HKAS 16, the Society has applied the transitional provision as set out in paragraph 80B of HKAS 16 which permits the Society to deem the carrying amount of an item of property, plant and equipment immediately before applying HKAS 16 as the cost of that item. Depreciation on the deemed cost of an item of property, plant and equipment commences on 1st April 2005.
- (iii) The adoption of HKASs 32 "Financial Instruments: Disclosure and Presentation" and 39 "Financial Instruments: Recognition and Measurement" has resulted in a change in the accounting policies relating to the recognition, measurement, derecognition and disclosure of financial assets and liabilities. However, the effects of adopting HKASs 32 and 39 are insignificant as the fair value of the Society's financial assets and liabilities approximates to its carrying value.

Standards, interpretations and amendments to published standards that are not yet effective

Certain new standards, amendments and interpretations to existing standards (collectively, the "Amendments") have been published which are effective for accounting periods beginning on or after 1st January 2006. Some of the Amendments are relevant and applicable to the Society, however, they have not been early adopted in these financial statements. The Society has commenced, but not yet completed, an assessment of the impact of the applicable Amendments on its results of operations and financial position. The General Committee is of the view that the impact on the financial statements would not be significant other than certain additional disclosures.

2.2 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of the Society are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in Hong Kong dollars, which is the Society's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of income and expenditure.

THE HONG KONG PHILHARMONIC SOCIETY LIMITED
(All amounts in Hong Kong dollars unless otherwise stated)

NOTES TO THE FINANCIAL STATEMENTS

2 Summary of significant accounting policies (Continued)

2.3 Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate cost to their residual value over their estimated useful lives of 5 years.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

2.4 Impairment of non-financial assets

Assets that are subject to amortisation or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

2.5 Accounts and other receivables

Accounts and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of accounts and other receivables is established when there is objective evidence that the Society will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the statement of income and expenditure.

2.6 Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held at call with banks with original maturities of three months or less.

2.7 Employee benefits

(a) Pension obligations

The Society operates a defined contribution scheme in Hong Kong, the assets of which are held in separate trustee-administered funds. The pension plan is funded by payments from employees and by the Society. The Society's contributions to the scheme are expensed as incurred and are reduced by contributions forfeited by those employees who leave the scheme prior to vesting fully in the contributions.

THE HONG KONG PHILHARMONIC SOCIETY LIMITED
(All amounts in Hong Kong dollars unless otherwise stated)

NOTES TO THE FINANCIAL STATEMENTS

2 Summary of significant accounting policies (Continued)

2.7 Employee benefits (Continued)

(a) Pension obligations (Continued)

The Society has also established a mandatory provident fund scheme ("MPF scheme") in Hong Kong. The assets of the MPF scheme are held in separate trustee-administered funds. Both the Society and the employees are required to contribute 5% of the employees' relevant income up to a maximum of HK\$1,000 per employee per month. The Society's contributions to the MPF scheme are expensed as incurred.

The Society has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(b) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

Employee entitlements to sick leave are not recognised until the time of leave.

2.8 Provisions

Provisions are recognised when the Society has a present legal or constructive obligation where, as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligations, and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

2.9 Income recognition

Government subvention is recognised, when there is a reasonable assurance that the Society will comply with the conditions attaching with it and that the grant will be received.

Donation income is recognised when the right to receive is established.

Income from fund raising activities, box office income and all other income are recognised on an accruals basis. Fees relating to future years are classified as deferred income in the balance sheet.

Interest income is recognised on a time proportion basis using the effective interest rate method.

THE HONG KONG PHILHARMONIC SOCIETY LIMITED
(All amounts in Hong Kong dollars unless otherwise stated)

NOTES TO THE FINANCIAL STATEMENTS

5 Net assets held with the Ladies Committee

	2006	2005
Current assets		
Merchandise - compact discs	-	1,642
Cash and cash equivalents		
- bank balances and cash	143,926	762,094
- fixed and call deposits (note)	4,298,658	4,713,348
	<u>4,442,584</u>	<u>5,477,084</u>
Current liabilities		
Sundry creditors and accruals	(186,747)	(20,834)
	<u>4,255,837</u>	<u>5,456,250</u>

Note The effective interest rate on fixed and call deposits was 3.80% (2005: 0.86%), these deposits have an average maturity of 13 days.

6 Cash and cash equivalents

	2006	2005
Bank balances and cash	<u>626,565</u>	<u>316,423</u>

7 Reserves

	The Ladies Committee	The Society	Total
At 1st April 2004	6,047,531	12,346,600	18,394,131
Results for the year	(591,281)	(10,188,547)	(10,779,828)
	<u>5,456,250</u>	<u>2,158,053</u>	<u>7,614,303</u>
At 31st March 2005 and 1st April 2005	5,456,250	2,158,053	7,614,303
Results for the year	(1,200,413)	(850,919)	(2,051,332)
	<u>4,255,837</u>	<u>1,307,134</u>	<u>5,562,971</u>
At 31st March 2006	<u>4,255,837</u>	<u>1,307,134</u>	<u>5,562,971</u>

THE HONG KONG PHILHARMONIC SOCIETY LIMITED
(All amounts in Hong Kong dollars unless otherwise stated)

NOTES TO THE FINANCIAL STATEMENTS

8 Young Audience Fund

	2006	2005
At 1st April	392,399	560,565
Income	106,457	151,941
Expenditure	(287,581)	(320,107)
	<u>211,275</u>	<u>392,399</u>
At 31st March	<u>211,275</u>	<u>392,399</u>
Represented by:		
Bank balances and cash	<u>211,275</u>	<u>392,399</u>

The Young Audience Fund is a programme to enhance and develop musical interest and talent of the youth. It is funded by the income received from the youth musical activities and miscellaneous income such as membership fees and souvenirs sold during the year. There were daily operating expenses such as salaries for Young Audience Fund assistants, newsletter printing and postage expenses etc.

9 Amount due to The Hong Kong Philharmonic Endowment Trust

The Hong Kong Philharmonic Endowment Trust (the "Trust") was established by the Society on 2nd June 1984 under a Trust Deed dated 2nd June 1984, as amended. The objectives of the Trust are to foster and promote the maintenance and improvement of artistic taste, talent, knowledge, understanding and appreciation of the arts, and in particular music in Hong Kong.

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

The summary of the balance sheet of the Trust as at 31st March is as follows:

	2006	2005
Investments	15,480,188	23,671,329
Other assets less liabilities	9,777,320	748,844
	<u>25,257,508</u>	<u>24,420,172</u>
Financed by:		
Trust fund	<u>25,257,508</u>	<u>24,420,172</u>

10 Taxation

The Society is exempt from Hong Kong profits tax under Section 88 of the Hong Kong Inland Revenue Ordinance.

THE HONG KONG PHILHARMONIC SOCIETY LIMITED
(All amounts in Hong Kong dollars unless otherwise stated)

NOTES TO THE FINANCIAL STATEMENTS

11 General Committee members' emoluments

None of the General Committee members, who are considered as key management of the Society, received or will receive any fees or other emoluments in respect of their services to the Society during the year (2005: Nil).

12 Concert expenses

	2006	2005
Salaries and allowances of musicians	39,612,724	39,851,951
Provident fund for musicians	887,724	1,020,564
Benefits for musicians (medical and musical instruments insurance)	659,956	613,856
Insurance (employee compensation and lorry)	32,272	48,014
Passages (airfares for overseas players)	827,216	833,328
Hotel accommodation for new overseas players	35,924	43,950
Auditioning and recruitment	448,173	469,141
Broadcasting	214,922	246,526
Salaries, allowances and benefits for		
- music director/artistic director/principal conductor/resident conductor	9,560,334	6,670,508
- guest artists	8,602,709	12,295,602
- artistic consultant	-	630,468
Fees of freelance players	1,336,063	1,276,616
Hire of halls	6,178,283	4,804,706
Transportation of players	45,576	43,400
Transportation of instruments	52,575	66,981
Transportation of artists	19,176	28,099
Hire/repairs/maintenance of instruments	326,276	290,796
Hire of music score	693,448	365,887
Entertainment	14,757	19,801
Sundries for orchestra	181,233	19,033
Pop concerts	-	3,710,263
Musical instruments and scores	85,092	80,607
Ticketing costs	-	746,420
Concert production fees - Potemkin	-	415,242
Concert production fees - Salome	-	77,220
Stage design and setting fee	850,000	-
Sound	170,572	-
Fee paid to CASH	135,752	-
Commercial recording	49,879	-
Hired out expenses	277,696	-
	71,298,332	74,668,979
	71,298,332	74,668,979

THE HONG KONG PHILHARMONIC SOCIETY LIMITED
(All amounts in Hong Kong dollars unless otherwise stated)

NOTES TO THE FINANCIAL STATEMENTS

13 Marketing and audience development expenses

	2006	2005
Posters and pamphlets	672,929	711,105
Programmes	651,113	665,707
Press advertisements	2,642,817	2,613,470
Other publications	-	8,264
Photography	91,269	12,624
Other promotional expenses	88,932	231,912
Subscription costs	469,993	1,015,175
Internet costs of concert promotion	93,413	259,865
Public relations and audience development	165,303	2,236,048
Music with Love Publication	-	304,952
Direct mailing	148,709	-
Ticketing cost	762,172	-
Ticket commission	309,930	-
	<u>6,096,580</u>	<u>8,059,122</u>

14 Administrative and general expenses

	2006	2005
Salaries of office staff	9,777,615	10,237,991
Provident fund for office staff	250,587	181,327
Provision for unused annual leave for office staff	163,553	71,164
Benefits (medical insurance) for office staff	220,229	223,072
Insurance (employee compensation and other general)	49,048	49,770
Rent and rates	1,018,501	969,172
Postage, stationery, fax and telephone	315,510	314,847
Utilities and sundry expenses	255,494	141,580
Repairs and maintenance	5,817	1,510
Local travelling	31,823	35,388
Professional fees	168,228	13,919
Recruitment of staff	34,100	48,309
Entertainment	101,751	55,141
Fixed assets written off	12,030	381,157
Depreciation	80,989	-
Auditors' remuneration	52,000	52,000
	<u>12,537,275</u>	<u>12,776,347</u>

THE HONG KONG PHILHARMONIC SOCIETY LIMITED
(All amounts in Hong Kong dollars unless otherwise stated)

NOTES TO THE FINANCIAL STATEMENTS

15 Results of the Ladies Committee

	2006	2005
Income		
Interest income from bank deposits	94,641	33,273
Other income	1,013	8,020
	<u>95,654</u>	<u>41,293</u>
Expenditure		
Contribution to Hong Kong Philharmonic Orchestra	1,156,288	500,000
Salaries	81,629	93,000
Audit fee	10,000	10,000
Sundries	48,150	29,574
	<u>1,296,067</u>	<u>632,574</u>
Results for the year (note 7)	<u>(1,200,413)</u>	<u>(591,281)</u>

16 Cash generated from/(used in) operations

	2006	2005
Results for the year	(2,051,332)	(10,779,828)
- Interest income	(3,014)	-
- Depreciation	80,989	-
- Property, plant and equipment written off	-	381,157
- Donated in terms of property, plant and equipment	(130,000)	-
- Decrease in bank balances and cash of the Ladies Committee	1,032,858	582,183
Changes in working capital		
- Accounts receivable and prepayments	(16,065)	2,134,200
- Amount due from The Hong Kong Philharmonic Endowment Trust	-	258,286
- Sundry creditors and accruals	(293,286)	1,029,414
- Receipts in advance	984,472	(771,879)
- Amount due to the Hong Kong Philharmonic Endowment Trust	977,450	-
- Operating surplus on subvention repayable to the Leisure and Cultural Services Department	-	(16,936)
- Excess guest artists earmark grant repayable to the Leisure and Cultural Services Department/Home Affairs Bureau	-	(1,667,559)
Cash generated from/(used in) operations	<u>582,072</u>	<u>(8,850,962)</u>

THE HONG KONG PHILHARMONIC SOCIETY LIMITED
 (All amounts in Hong Kong dollars unless otherwise stated)

NOTES TO THE FINANCIAL STATEMENTS

17 Commitments

(a) Capital Commitments

	2006	2005
Property, plant and equipment		
Contracted but not provided for	<u>317,112</u>	<u>-</u>

(b) Operating lease commitments

At 31st March 2006, the Society had future aggregate minimum lease payments under non-cancellable operating leases as follows:

	2006	2005
Office premises and workshop		
Not later than one year	616,686	503,886
Later than one year and not later than five years	63,000	-
Concert venue		
Not later than one year	<u>822,800</u>	<u>1,189,725</u>
	<u>1,502,486</u>	<u>1,693,611</u>