

TANGOTANG, THE HONG KONG TANGO CLUB LIMITED

REPORTS AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

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TANGOTANG, THE HONG KONG TANGO CLUB LIMITED

REPORT OF THE DIRECTORS

The directors have pleasure in presenting their annual report and the audited financial statements for the year ended 31 December 2014

Principal activities

The principal activities of the Club are organizing practicas, milonguitas and milongas, and programmes bringing international renowned tango artistes and teachers to Hong Kong to classes, run workshops and perform in milongas.

Results and appropriations

The results of the Club for the year ended 31 December 2014 and the state of the Club's affairs as at 31 December 2014 are set out in the Club's financial statements on pages 4 to 11.

Fund

Movements in the fund of the Club are set out on page 4 to the financial statements.

Directors

The directors of the Club during the year and up to the date of this report were:-

Simon Richard CARTLEDGE

Cara STEENSTRA

LEUNG Chung Yee, Kitty

In accordance with the Club's Articles of Association, all the directors shall retire from office and shall be eligible for re-election.

Arrangement to purchase shares or debentures

No contracts of significance in relation to the Club's business to which the Club was a party and in which a director of the Club 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 Club a party to any arrangements to enable the directors of the Club to hold any interests or short positions in the shares or underlying shares in, or debentures of, the Club or its associated corporations.

Management contracts

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

Auditor

The auditor Tsang Wan Man, Certified Public Accountant is appointed, retires and being eligible, offers herself for re-appointment.

On behalf of the Board

Director

Hong Kong:



曾 韻 雯 會 計 師

TSANG WAN MAN Certified Public Accountant
Chartered Accountant (England and Wales)

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF TANGOTANG, THE HONG KONG TANGO CLUB LIMITED

(incorporated in Hong Kong and limited by guarantee)

I have audited the financial statements of TangoTang, The Hong Kong Tango Club Limited set out on pages 4 to 11, which comprise the balance sheet as at 31 December 2014, the income and expenditure statement and the statement of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the financial statements

The directors of the Club are responsible for the preparation of financial statements that give a true and fair view in accordance with the Hong Kong Financial Reporting Standard issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

My responsibility is to express an opinion on these financial statements based on my audit and to report my opinion solely to you, as a body, in accordance with section 141 of the Hong Kong Companies Ordinance, and for no other purpose. I do not assume responsibility towards or accept liability to any other person for the contents of this report. I conducted my audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements give a true and fair view of the state of the Club's affairs as at 31 December 2014 and its deficit and cash flows for the year ended 31 December 2014 in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

TSANG WAN MAN

Certified Public Accountant

6th Floor, Yue's House,

No. 306 Des Voeux Road Central, Hong Kong

Hong Kong:

TANGOTANG, THE HONG KONG TANGO CLUB LIMITED

STATEMENT OF INCOME AND RETAINED EARNINGS

FOR THE YEAR ENDED 31 DECEMBER 2014

	<u>Notes</u>	2014 <u>HK\$</u>	2013 <u>HK\$</u>
Operating income	4	2,240	54,879
Operating expenses	5	<u>(4,121)</u>	<u>(86,136)</u>
Operating (deficit)/surplus		(1,881)	(31,257)
Other income	4	1	20,241
Administrative expenses		<u>(20,397)</u>	<u>(39,919)</u>
Deficit before income tax		(22,277)	(50,935)
Income tax refund	6	<u>-</u>	<u>24,750</u>
Deficit for the year		(22,277)	(26,185)
Surplus at beginning of the year		<u>116,437</u>	<u>142,622</u>
Surplus at end of the year		<u><u>94,160</u></u>	<u><u>116,437</u></u>

The notes on pages 7 to 11 form an integral part of these financial statements.

TANGOTANG, THE HONG KONG TANGO CLUB LIMITED

STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2014

	2014		2013	
	<u>HK\$</u>	<u>HK\$</u>	<u>HK\$</u>	<u>HK\$</u>
ASSETS				
Current assets				
Other receivables	2,540		300	
Cash and bank balances	<u>103,169</u>		<u>131,637</u>	
		<u>105,709</u>		<u>131,937</u>
Total assets		<u><u>105,709</u></u>		<u><u>131,937</u></u>
LIABILITIES AND FUND				
Current liabilities				
Tax payable	-		-	
Trade and other payables	<u>11,549</u>		<u>15,500</u>	
		<u>11,549</u>		<u>15,500</u>
Total liabilities		<u>11,549</u>		<u>15,500</u>
Fund				
Accumulated fund		<u>94,160</u>		<u>116,437</u>
Total fund		<u>94,160</u>		<u>116,437</u>
Total liabilities and fund		<u><u>105,709</u></u>		<u><u>131,937</u></u>

The financial statements on pages 4 to 11 were approved and authorised for issue by the board of directors on _____ and are signed by:

Director

Director

The notes on pages 7 to 11 form an integral part of these financial statements.

TANGOTANG, THE HONG KONG TANGO CLUB LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2014

	2014 HK\$	2013 HK\$
Operating activities		
Deficit before income tax	(22,277)	(50,935)
Adjustment for Interest income	(1)	(1)
Adjustment for Income tax expenses		24,750
	<u>(22,278)</u>	<u>(26,186)</u>
(Increase)/Decrease in other receivables	2,240	150
(Decrease) in trade and other payables	(3,951)	(24,000)
(Decrease)/increase in tax payables		(13,200)
	<u>(23,989)</u>	<u>(63,236)</u>
Investing activities		
Interest received	<u>1</u>	<u>1</u>
<i>Net cash generated from investing activities</i>	<u>1</u>	<u>1</u>
Net (decrease) in cash and cash equivalents	(23,988)	(63,235)
Cash and cash equivalents at the beginning of year	<u>131,637</u>	<u>194,872</u>
Cash and cash equivalents at the end of year	<u><u>107,649</u></u>	<u><u>131,637</u></u>
Analysis of balances of cash and cash equivalent:		
Cash and bank balances	<u><u>103,169</u></u>	<u><u>131,637</u></u>

The notes on pages 7 to 11 form an integral part of these financial statements.

TANGOTANG, THE HONG KONG TANGO CLUB LIMITED
ACCOUNTING POLICIES AND EXPLANATORY NOTES
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

1 General information

TangoTang, The Hong Kong Tango Club Limited (the "Club") is incorporated under the Hong Kong Companies Ordinance and is limited by guarantee. The Club's registered office is located at 6A, Hilltop Plaza, 49 Hollywood Road, Central, Hong Kong.

The principal activities of the Club are organizing practicas, milonguitas and milongas, and programmes bringing international renowned tango artistes and teachers to Hong Kong to classes, run workshops and perform in milongas.

The financial statements are presented to the nearest Hong Kong Dollars, which is the Club's functional and presentation currency.

Every member of the Club undertakes to contribute to the assets of the Club in the event of its being wound up while he/she is a member, or within one year after he/she ceased to be a member for payment of the debts and liabilities of the Club contracted before he/she ceased to be a member, and of the costs, charges and expenses of winding up, and for the adjustment of the rights of the contributories among themselves, such amount as may be required not exceeding HK\$25.

2 Basis of preparation and accounting policies

The financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). They have been prepared under the historical cost convention.

a) Adoption of new and revised HKFRS

Standards and interpretation not yet effective

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments, new standards and interpretations which are not yet effective for the current accounting year of the Club and have not been adopted in these financial statements. The directors anticipate that the adoption of these amendments, new standards and interpretations in future year's is unlikely to have a significant impact on the Club's results of operations and financial position.

b) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of the Club are measured using the currency of the primary environment in which the Club operates (the functional currency). These financial statements are presented in Hong Kong Dollars, which is the Club's functional and presentation currency.

(ii) 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 profit or loss.

2 Basis of preparation and accounting policies (continued)

b) Foreign currency translation (continued)

(ii) Transactions and balances (continued)

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in profit or loss within "finance costs." All other foreign exchange gains and losses are presented in profit or loss within "other income" or "other expenses".

c) Impairment

At each balance sheet date, the Club reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. 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 cost to sell and value in use.

Assets that have an indefinite useful life are not subject to amortisation, which are at least tested annually for impairment and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is reversed if there has been a favorable change in the estimates used to determine the recoverable amount. A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

d) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits at banks, net of short-term bank loans and bank overdrafts which are repayable on demand.

e) Trade and other receivables

Trade and other receivables are stated at estimated realisable value after each debt has been considered individually. Where the payment of a debt becomes doubtful, a provision is made and charged to the income statement.

f) Accruals and other payables

Accruals and other payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

g) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from surplus as reported in the statement of income and retained earnings because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Club's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting year.

2 Basis of preparation and accounting policies (continued)

g) Taxation (continued)

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases using in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Club expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is recognised in profit or loss, except when it relates to items that are recognised directly in equity, in which case the deferred tax is also recognised directly in equity.

h) Revenue recognition

Operating and other income is recognised when it is probable that the economic benefits will flow to the Club and when the income can be measured reliably, on the following bases:-

- i) Membership fee income mainly comprises subscription fee. Subscription fees are recognised on an accrual basis.
- ii) Tuition and Function income, Sponsorship and Donation income are recognised on an accrual basis.
- iii) Interest income is recognised on a time proportion basis taking into account the principal outstanding and the interest applicable.

3 Key sources of estimation uncertainty

In the application of the Club's accounting policies, which are described in note 2, the directors of the Club are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other source. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

4 Revenue

An analysis of the Club's revenue is as follows:-

	2014 <u>HK\$</u>	2013 <u>HK\$</u>
Operating income		
Membership fee	-	3,600
Tuition and function income	<u>2,240</u>	<u>51,279</u>
	<u>2,240</u>	<u>54,879</u>

An analysis of the Club's other income is as follows:-

	2014 <u>HK\$</u>	2013 <u>HK\$</u>
Other income		
Interest income	1	1
Sponsorship and donations	-	20,000
Sundry income	-	240
Exchange gains, net	-	-
	<u>1</u>	<u>20,241</u>

5 Operating expenses

	2014 <u>HK\$</u>	2013 <u>HK\$</u>
Artists fee and expenses	-	31,486
Venue rental	-	54,650
Miscellaneous	<u>4,121</u>	<u>-</u>
	<u>4,121</u>	<u>86,136</u>

6 Deficit before income tax

Deficit before income tax is arrived at after charging the following:

	2014 <u>HK\$</u>	2013 <u>HK\$</u>
Auditor's remuneration	8,000	9,000
Bank charges	<u>4,266</u>	<u>4,030</u>

7 Income tax expense

Hong Kong profit tax has not been provided as the club did not make any profit in the year (2013: HK\$Nil).

	2014 <u>HK\$</u>	2013 <u>HK\$</u>
Income tax (refundable)/payable	<u>-</u>	<u>(24,750)</u>

8 Directors' remuneration

The directors did not and will not receive any fees or emoluments in respect of their services to the Club during the year (2013: HK\$ Nil).

9 Accrual and other payables

All the accrual and other payables are denominated in HK dollars.

10 Financial risk management

The Club's activities are exposed to a variety of financial risks as summarised below:

(a) Interest rate risk

As the Club has no significant interest-bearing liabilities, it exposes to interest rate risk primarily to the bank deposits. In the opinion of the directors, the interest rate risk is minimal.

(b) Credit risk

The Club's credit risk is primarily attributable to receivables from its members. Given the diversity of receivables from the Club's members, the management considers that the credit risk is low.

(c) Liquidity risk

The Club has policies to maintain continuity of funding to meet its liabilities. In the opinion of the directors, the Club has a solid financial position, and the exposure to liquidity risk is minimal.

(d) Capital management

The Club's primary objectives when managing capital are to safeguard the Club's ability to continue as a going concern, so that it can continue to provide benefits for its members.

The Club regularly reviews and manages its capital structure and makes adjustments to the capital structure in light of changes in economics conditions.

The capital comprises all components of funds and reserves, and the Club's management is of the opinion that they have monitored the capital under satisfactory level for the year.

11 Approval of financial statements

The financial statements were approved by the Board of Directors on

TANGOTANG, THE HONG KONG TANGO CLUB LIMITED

DETAILED INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2014

	2014		2013
	<u>HK\$</u>	<u>HK\$</u>	<u>HK\$</u>
Operating income			
Membership fee	-		3,600
Tuition and function income	<u>2,240</u>		<u>51,279</u>
		2,240	54,879
Operating expenses			
Less: Artists fee and expenses	-		31,486
Venue rental	-		54,650
Miscellaneous	<u>4,121</u>		
		<u>(4,121)</u>	<u>(86,136)</u>
Gross (deficit)/surplus		(1,881)	(31,257)
Other income			
Interest income	1		1
Sponsorship and donations	-		20,000
Sundry income	-		240
Exchange gains, net	<u>-</u>		
		<u>1</u>	<u>20,241</u>
		(1,880)	(11,016)
Less: Administrative expenses			
Accounting fee	2,000		6,000
Administrative fee	196		12,000
Audit fee	8,000		9,000
Bank charges	4,266		4,030
Business registration fee	500		450
Legal and professional	4,955		5,310
Local traveling	-		-
Printing and stationery	-		1,293
Staff messing	-		486
Sundries	-		385
Telephone and fax	<u>480</u>		<u>965</u>
		<u>(20,397)</u>	<u>(39,919)</u>
Deficit before income tax		<u>(22,277)</u>	<u>(50,935)</u>