

**DISCOVERY COLLEGE PTA LIMITED**

(Incorporated in Hong Kong with limited by guarantee)

Reports and Financial Statements

For the year ended 31 July 2014

**DISCOVERY COLLEGE PTA LIMITED**

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**31 JULY 2014**

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**DISCOVERY COLLEGE PTA LIMITED**  
**REPORT OF THE COMMITTEE FOR YEAR ENDED 31 JULY 2014**

The committee presents its report together with the audited financial statements of the company for the year ended 31 July 2014.

**PRINCIPAL ACTIVITIES**

The principal activities during the year were to strengthen communication between Discovery College and the parents of its students, to promote co-operation between the parents and teachers of the college for the promotion of education and to support the college to improve the educational environment of the college for the benefit of the students.

**RESULTS AND APPROPRIATIONS**

The results of the company for the year ended 31 July 2014 and the state of the company's affairs at that date are set out in the financial statements on pages 5 to 15.

**PROPERTY, PLANT AND EQUIPMENT**

Movements in property, plant and equipment during the year are set out in note 16 to the financial statements.

**MEMBERS OF THE COMMITTEE**

The members of the committee who held office during the year, and up to the date of this report were:

Suzanne Elizabeth MELDRUM	
Tessa Rosemary WEINRATH	
Suzanne Louise PANONS	-appointed on 29 November 2013
Susan Kathleen BLOMGREN	-appointed on 22 November 2013
Sihui SYMONDS	-appointed on 22 November 2013
Stephen John PEAKER	-appointed on 29 November 2013
Hai Ka Elaine LEUNG	-appointed on 9 January 2013
Michael Graham ALLARDICE	
Suzanne Ruth THOMAS	
Jane Meryl ROBBINS	
Pasquale ROMANO	
Joseph Leon LEITHHEAD	
Rachel Claudia BOURRACHOT-LEONARD	
Mark William BEACH	
Nicholas Sean WADE	
Koren Renee THOMAS	
Elsbeth Ann COLLINS-TAYLOR	
Samantha KYNASTON	
Olili Truth OMOLE	
Thilegi NARAYANAN	-resigned on 22 November 2013
Emma Jane CAMERON	-resigned on 22 November 2013
Neal MCGRATH	-resigned on 22 November 2013
Ming Keung CHENG	-resigned on 22 November 2013
Patrick David DESLOGE	-resigned on 22 November 2013
Martin Andrew SHOCK	-resigned on 22 November 2013

**DISCOVERY COLLEGE PTA LIMITED**  
**REPORT OF THE COMMITTEE FOR YEAR ENDED 31 JULY 2014**

**MEMBERS OF THE COMMITTEE (Con't)**

In accordance with article 35 of the Articles of the company, all the committee members will retire at the Annual General Meeting at which meeting a new committee will be elected. A retiring member shall be eligible for re-election.

No contract of significance to which the company was a party subsisted at the end of the year or at any time during the year in which any committee member had a material interest.

**AUDITORS**

A resolution to re-appoint the retiring auditor, Ian Hasell & Co, will be put at the forthcoming annual general meeting.

On behalf of the Committee



Member

Date: 9 October 2014

# Ian Hasell & Co.

*Certified Public Accountants (Practicing)*

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DISCOVERY COLLEGE PTA LIMITED**

**(Incorporated in Hong Kong with limited by guarantee)**

We have audited the financial statements of Discovery College PTA Limited set out on pages 5 to 15, which comprise the statement of financial position at 31 July 2014, and the statement of income and general fund and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Committee members' responsibility for the financial statements**

The committee members of the company are responsible for the preparation and the true and fair presentation of these financial statements in accordance with Hong Kong Financial Reporting Standards for Private Entities issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances

### **Auditor's responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with section 141 of the 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.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to 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 and true and fair presentation of the financial statements 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Certified Public Accountants (Practising)*

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF DISCOVERY COLLEGE PTA LIMITED  
(Incorporated in Hong Kong with limited by guarantee)**

**Opinion**

In our opinion, the financial statements give a true and fair view of the state of the company's affairs as at 31 July 2014 and of its surplus and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards for Private Entities and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

*Ian Hasell + Co*

Ian Hasell & Co.  
Certified Public Accountants (Practising)

Hong Kong, 9 October 2014

**DISCOVERY COLLEGE PTA LIMITED**  
**STATEMENT OF INCOME AND GENERAL FUND**  
**FOR THE YEAR ENDED 31 JULY 2014**

	<u>Note</u>	<u>2014</u> HK\$	<u>2013</u> HK\$
<b>INCOME</b>			
Membership dues		153,800	277,750
Campaign income	4	686,235	448,858
Income from PTA shop	5	231,357	314
Net bus services income	6	28,431	227,663
Grants	7	24,811	24,626
Net music lessons income	8	49,595	29,808
Bank interest income		40	39
Donation		8,055	-
Other income		<u>31,164</u>	<u>11,855</u>
<b>NET INCOME</b>		<u>1,213,488</u>	<u>1,020,913</u>
<b>LESS: EXPENSES</b>			
Operating expenses	9	347,854	296,493
Donation to Discovery College		91,514	238,173
Administrative expenses	10	<u>97,147</u>	<u>73,209</u>
Surplus for the year		676,973	413,038
<b>GENERAL FUND BROUGHT FORWARD</b>		<u>2,264,528</u>	<u>1,851,490</u>
<b>GENERAL FUND CARRIED FORWARD</b>		<u>2,941,501</u>	<u>2,264,528</u>

The notes on pages 8 to 15 form an integral part of these financial statements.

**DISCOVERY COLLEGE PTA LIMITED**  
**STATEMENT OF FINANCIAL POSITION**

**AS AT 31 JULY 2014**

	Note	2014 HK\$	2013 HK\$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and bank balances	13	3,236,637	2,919,400
Other receivables and prepayments	14	16,560	51,332
Inventories	15	<u>1,595,827</u>	<u>947,100</u>
		<u>4,849,024</u>	<u>3,917,832</u>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	16	<u>14,291</u>	<u>32,493</u>
<b>TOTAL ASSETS</b>		<u><u>4,863,315</u></u>	<u><u>3,950,325</u></u>
<b>LIABILITIES AND RESERVES</b>			
<b>CURRENT LIABILITIES</b>			
Account and other payables	17	1,588,269	1,394,452
Bus deposits		<u>333,545</u>	<u>291,345</u>
		<u>1,921,814</u>	<u>1,685,797</u>
<b>RESERVES</b>			
General funds		<u>2,941,501</u>	<u>2,264,528</u>
<b>TOTAL LIABILITIES AND RESERVES</b>		<u><u>4,863,315</u></u>	<u><u>3,950,325</u></u>

  
 Committee Member

  
 Committee Member

The notes on pages 8 to 15 form an integral part of these financial statements.



**DISCOVERY COLLEGE PTA LIMITED****STATEMENT OF CASH FLOWS****FOR THE YEAR ENDED 31 JULY 2014**

	<u>Note</u>	<u>2014</u>	<u>2013</u>
		HK\$	HK\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Surplus for the year		676,973	413,038
Adjustments for:			
Bank interest income		(40)	(39)
Depreciation		18,202	18,202
<b>OPERATING SUPPLUS BEFORE</b>			
<b>WORKING CAPITAL CHANGES</b>		695,135	431,201
(Increase) in inventories		(648,727)	(37,091)
Decrease/ (increase) in other receivables and prepayments		34,772	(23,540)
Increase in other payables and accruals		193,817	2,061
Increase in bus deposits		42,200	52,170
<b>CASH GENERATED FROM OPERATIONS</b>		<u>317,197</u>	<u>424,801</u>
<b>NET CASH GENERATED FROM OPERATING ACTIVITIES</b>		<u>317,197</u>	<u>424,801</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		-	(5,012)
Bank interest income		40	39
<b>NET CASH USED IN</b>			
<b>INVESTING ACTIVITIES</b>		<u>40</u>	<u>(4,973)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		317,237	419,828
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR</b>		<u>2,919,400</u>	<u>2,499,572</u>
<b>CASH AND CASH EQUIVALENTS AT</b>			
<b>END OF THE YEAR</b>	13	<u><u>3,236,637</u></u>	<u><u>2,919,400</u></u>

The notes on pages 8 to 15 form an integral part of these financial statements.

**DISCOVERY COLLEGE PTA LIMITED****NOTES TO THE FINANCIAL STATEMENTS****31 JULY 2014****1. GENERAL INFORMATION**

The company is an approved charitable institution incorporated in Hong Kong with liability limited by guarantee. The address of its registered office is 38 Siena Avenue, Discovery Bay, Lantau, New Territories, Hong Kong.

The company is established to strengthen communication between Discovery College and the parents of its students, to promote co-operation between the parents and teacher of the college for the promotion of education and to support the college to improve the educational environment of the college for the benefits of the students.

**2. BASIS OF PREPARATION AND ACCOUNTING POLICIES**

The basis of preparation and 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.

**a) Basis of preparation**

The financial statements of the company have been prepared in accordance with Hong Kong Financial Reporting Standards for Private Entities (HKFRS for Private Entities). The financial statements have been prepared under the historical cost convention.

Certain new standards, interpretations and amendments to existing accounting standards have been issued by the Hong Kong Institute of Certified Public Accountants that are relevant to the company businesses and are mandatory for the company's accounting periods beginning on or after 1 August 2014. The company has not early adopted these new standards, amendments and interpretations for the year ended 31 July 2014. The company has already commenced an assessment of the impact of these new standards, interpretations and amendments but is not yet in a position to quantify the impact of these new standards, amendments and interpretations on its results of operations and financial position.

**b) Foreign currency translation****(i) Functional and presentation currency**

Items included in the financial statements of the company 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 company'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 and loss.

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

**DISCOVERY COLLEGE PTA LIMITED****NOTES TO THE FINANCIAL STATEMENTS****31 JULY 2014****2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (Con't)****c) Cash and cash equivalents**

Cash and cash equivalents include cash on hand, demand deposits and other short-term highly liquid investments with original maturities of three months or less. Bank overdraft is shown within borrowings in current liabilities on the statement of financial position.

**d) Other receivables and prepayment**

Other receivables and prepayment are recognised initially at the transactions price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade and other receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of receivables.

**e) Inventories**

Inventories are stated at the lower of cost and selling prices less costs to complete and sell. Cost is calculated using the first-in, first-out (FIFO) method. The cost of finished goods comprises other direct cost. At each reporting date, inventories are assessed for impairment and the carrying amount is reduced to its selling prices less cost to complete and sell with the impairment loss recognised immediately in profit and loss.

**f) Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and any identified impairment loss.

Depreciation is calculated at rates sufficient to write off their cost less their residual values over their estimated useful lives on a straight-line basis, at a rate of 20% per annum.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of comprehensive income.

**DISCOVERY COLLEGE PTA LIMITED****NOTES TO THE FINANCIAL STATEMENTS****31 JULY 2014****2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (Con't)****g) Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable and is recognized when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably.

- (1) Membership fees are recognized over the membership period and no significant uncertainty as to its collectability exists;
- (2) Donations and grants are accounted for on the date of receipt;
- (3) Revenues from campaigns, PTA shop sales and other activities are recognized upon completion of services provided or transfer of the ownership of the inventory;
- (4) Interest income from financial asset is recognized on a time apportionment basis using effective interest method.

**h) Impairment of non-financial assets, other than inventories**

At each reporting date, 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 assets is estimated and compared with its carrying amount. If an estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carrying amounts of the asset is increased to the revised estimated of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit and loss.

**i) Provisions and contingent liabilities**

Provisions are recognized for liabilities of uncertain timing or amount when the Company has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow is remote.

## DISCOVERY COLLEGE PTA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

31 JULY 2014

## 3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. There are no estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

## 4. CAMPAIGN INCOME

	2014	2013
	HK\$	HK\$
Auction	6,460	14,800
Art Festival	3,555	8,750
Dragon Boat	13,800	4,660
Event Tickets	196,253	131,162
Easter Egg Campaign	12,520	14,480
Programs and Publications	13,550	8,700
Family fun day	227,507	116,120
Refreshments	24,506	30,216
Sponsorship	149,500	54,500
Used uniforms	36,134	28,075
Sundries	2,450	37,395
	<u>686,235</u>	<u>448,858</u>

## 5. NET INCOME FROM PTA SHOP

	2014	2013
	HK\$	HK\$
Sales of goods		
Accessories	368	818
Stationery and textbooks	364,333	540,000
Uniforms	852,986	781,986
	<u>1,217,687</u>	<u>1,322,804</u>
Less: cost of goods sold	883,691	970,334
Gross Profit	333,996	352,470
Less: revaluation of inventories	(174,111)	164,393
direct salaries to operate shop	276,750	187,763
	<u>231,357</u>	<u>314</u>

## DISCOVERY COLLEGE PTA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

31 JULY 2014

## 6. NET BUS SERVICES INCOME

	<u>2014</u> HK\$	<u>2013</u> HK\$
Bus services income	2,644,431	2,373,663
Less: bus services expenses	<u>2,520,000</u>	<u>2,070,000</u>
	124,431	303,663
Less: direct salaries to operate buses	<u>96,000</u>	<u>76,000</u>
	<u>28,431</u>	<u>227,663</u>

## 7. GRANTS

	<u>2014</u> HK\$	<u>2013</u> HK\$
Amount from Home-School Co-op Project	<u>24,811</u>	<u>24,626</u>

## 8. NET MUSIC LESSONS INCOME

	<u>2014</u> HK\$	<u>2013</u> HK\$
Music lessons income	790,602	930,825
Less: music lessons expenses	<u>741,007</u>	<u>901,017</u>
	<u>49,595</u>	<u>29,808</u>

## 9. OPERATING EXPENSES

	<u>2014</u> HK\$	<u>2013</u> HK\$
Licenses and permits	13,160	14,110
Printing and reproduction	37,393	48,633
Dues and subscriptions	-	25,635
Professional fee for campaigns	142,396	109,915
Repair	3,960	-
Food and beverage	98,438	47,478
Decoration materials and gift	6,009	-
Suppliers	<u>46,498</u>	<u>50,722</u>
	<u>347,854</u>	<u>296,493</u>

## DISCOVERY COLLEGE PTA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

31 JULY 2014

## 10. ADMINISTRATIVE EXPENSES

	<u>2014</u>	<u>2013</u>
	HK\$	HK\$
Auditors' remuneration	10,500	10,500
Accountancy fee	-	-
Bank Charges	2,158	4,014
Depreciation	18,202	18,202
Insurance	5,560	3,937
Interest expenses	4	1,420
Mandatory provident fund contribution	15,865	10,375
Office supplies	9,658	1,221
Postage and delivery	3,242	1,877
Salary	30,750	20,863
Sundry expenses	1,208	800
	<u>97,147</u>	<u>73,209</u>

## 11. COMMITTEE MEMBERS' REMUNERATION

The committee members served the company on a voluntary basis and were not remunerated.

## 12. TAXATION

The company is exempted from Profits Tax under section 88 of the Inland Revenue Ordinance.

## 13. CASH AND CASH EQUIVALENTS

	<u>2014</u>	<u>2013</u>
	HK\$	HK\$
Balance with banks	3,217,544	2,911,863
Cash in hand	19,093	7,537
	<u>3,236,637</u>	<u>2,919,400</u>

Cash and cash equivalents comprise the following:

HK Dollars	3,234,414	2,917,177
US Dollars	2,223	2,223
	<u>3,236,637</u>	<u>2,919,400</u>

**DISCOVERY COLLEGE PTA LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**31 JULY 2014**

14. OTHERS RECEIVABLE AND PREPAYMENTS

	<u>2014</u>	<u>2013</u>
	HK\$	HK\$
Others receivable	8,560	43,332
Prepayments	<u>8,000</u>	<u>8,000</u>
	<u>16,560</u>	<u>51,332</u>

15. INVENTORIES

	<u>2014</u>	<u>2013</u>
	HK\$	HK\$
The value of inventory in the PTA shop:		
Beanie	14,840	15,400
Hair bands	2,815	2,445
Lice Combs	-	65
Re-usable bags	1,680	6,765
Schoolies	4,796	3,200
Stationery	781,121	404,177
Textbooks	-	280
Uniforms	<u>790,575</u>	<u>514,768</u>
	<u>1,595,827</u>	<u>947,100</u>

16. PROPERTY, PLANT AND EQUIPMENT

	Office equipment HK\$
Cost	
At 1.8.2013	91,010
Additions	<u>-</u>
At 31.07.2014	<u>91,010</u>
Accumulated depreciation	
At 1.8.2013	58,517
Charge for the year	<u>18,202</u>
At 31.07.2014	<u>76,719</u>
Net book value	
At 31.07.2014	<u>14,291</u>
At 31.07.2013	<u>32,493</u>



**DISCOVERY COLLEGE PTA LIMITED****NOTES TO THE FINANCIAL STATEMENTS****31 JULY 2014**

## 17. ACCOUNT AND OTHER PAYABLES

	<u>2014</u>	<u>2013</u>
	HK\$	HK\$
Account payable	282,294	376,327
Accrued expenses	34,010	35,035
Receipts in advance:		
- bus fees	850,100	784,140
- membership fees	204,750	100,000
- stationery fees	217,115	98,950
	<u>1,588,269</u>	<u>1,394,452</u>

## 18. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorized for issue by the committee members on 9 October 2014.