

DISCOVERY COLLEGE PTA LIMITED

(Incorporated in Hong Kong with liability limited by guarantee)

Reports and Financial Statements

For the year ended 31 July 2016

DISCOVERY COLLEGE PTA LIMITED

CONTENTS

31 JULY 2016

	<u>Page</u>
Report of the Committee	1 - 2
Independent Auditor's Report	3 - 4
Statement of Income and General Fund	5
Statement of Financial Position	6
Statement of Cash Flows	7
Notes to the Financial Statements	8-15

DISCOVERY COLLEGE PTA LIMITED
REPORT OF THE COMMITTEE FOR YEAR ENDED 31 JULY 2016

The committee presents its report together with the audited financial statements of the company for the year ended 31 July 2016.

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 2016 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:

Elizabeth HEMMINGS	- appointed on 03 November 2015
Jacqueline Alexandra Marie Josephe TILBERIS	- appointed on 03 November 2015
Sapna HARRIS	- appointed on 03 November 2015
Xiaowen FAN	- appointed on 03 November 2015
Jennifer Keenan MANGEL	- appointed on 03 November 2015
Hai Ka Elaine LEUNG	- resigned on 20 October 2015
Margaret Johnson KENNEDY	- resigned on 20 October 2015
Elsbeth Ann COLLINS-TAYLOR	
Jane Meryl ROBBINS	
Michael Graham ALLARDICE	
Ahmad FAHIMA	
Susan Kathleen BLOMGREN	

DISCOVERY COLLEGE PTA LIMITED
REPORT OF THE COMMITTEE FOR YEAR ENDED 31 JULY 2016

MEMBERS OF THE COMMITTEE (Con't)

Suzanne Louise PANONS

Stephen John PEAKER

Pasquale ROMANO

Suzanne Ruth THOMAS

Nicholas Sean WADE

Mark William BEACH

Qi WANG

Terry Frances EVANS

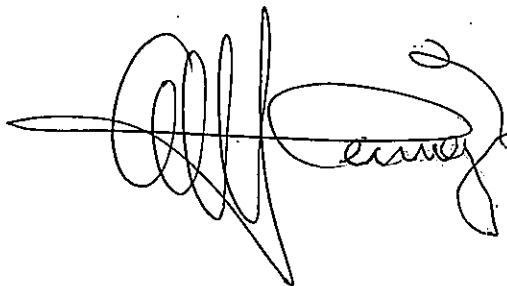
In accordance with article 35 of the Articles of the company, all the committee members will retire at the Annual General Meeting at which meeting a new committee will be elected. A retiring member shall be eligible for re-election.

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: 5 October 2016

Ian Hasell & Co.

Certified Public Accountants (Practicing)

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

(Incorporated in Hong Kong with liability 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 2016, 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 405 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.

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

(Incorporated in Hong Kong with liability 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 2016 and of its financial performance 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 compliance with the Hong Kong Companies Ordinance.

Ian Hasell + Co

Ian Hasell & Co.
Certified Public Accountants (Practising)

Hong Kong, 5 October 2016

DISCOVERY COLLEGE PTA LIMITED
STATEMENT OF INCOME AND GENERAL FUND
FOR THE YEAR ENDED 31 JULY 2016

	<u>Note</u>	<u>2016</u> HK\$	<u>2015</u> HK\$
INCOME			
Membership dues		325,850	309,105
Campaign income	4	493,508	502,649
Income from PTA shop	5	(286,680)	(521,203)
Net bus services income	6	236,915	(110,932)
Grants	7	19,629	24,989
Net music lessons income	8	31,673	23,245
Bank interest income		57	47
Donation		189,149	117,693
Other income		<u>1,290</u>	<u>6,828</u>
NET INCOME		<u>1,011,390</u>	<u>352,421</u>
LESS: EXPENSES			
Operating expenses	9	323,102	285,511
Donation to Discovery College		162,560	642,227
Administrative expenses	10	<u>104,131</u>	<u>95,818</u>
Surplus/(deficit) for the year		421,598	(671,135)
GENERAL FUND BROUGHT FORWARD		<u>2,270,366</u>	<u>2,941,501</u>
GENERAL FUND CARRIED FORWARD		<u>2,691,964</u>	<u>2,270,366</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 2016

	Note	2016 HK\$	2015 HK\$
ASSETS			
CURRENT ASSETS			
Cash and bank balances	13	2,434,259	3,858,416
Other receivables and prepayments	14	23,310	243,275
Inventories	15	995,254	1,059,958
		<u>3,452,823</u>	<u>5,161,649</u>
NON-CURRENT ASSETS			
Property, plant and equipment	16	28,433	13,722
TOTAL ASSETS		<u><u>3,481,256</u></u>	<u><u>5,175,371</u></u>
LIABILITIES AND RESERVES			
CURRENT LIABILITIES			
Account and other payables	17	775,147	2,814,190
Bus deposits		14,145	90,815
		<u>789,292</u>	<u>2,905,005</u>
RESERVES			
General funds		<u>2,691,964</u>	<u>2,270,366</u>
TOTAL LIABILITIES AND RESERVES		<u><u>3,481,256</u></u>	<u><u>5,175,371</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 2016

	Note	2016	2015
		HK\$	HK\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Surplus / (deficit) for the year		421,598	(671,135)
Adjustments for:			
Bank interest income		(57)	(47)
Depreciation		6,981	13,166
OPERATING SUPPLUS/ (DEFICIT) BEFORE WORKING CAPITAL CHANGES		428,522	(658,016)
Decrease in inventories		64,704	535,869
Decrease/(increase) in other receivables and prepayments		219,965	(226,715)
(Decrease)/Increase in other payables and accruals		(2,039,043)	1,225,921
(Decrease) in bus deposits		(76,670)	(242,730)
CASH (USED) IN/GENERATED FROM OPERATIONS		(1,402,522)	634,329
NET CASH (USED IN)/GENERATED FROM OPERATING ACTIVITIES		(1,402,522)	634,329
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(21,692)	(12,597)
Bank interest income		57	47
NET CASH (USED) IN INVESTING ACTIVITIES		(21,635)	(12,550)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(1,424,157)	621,779
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		3,858,416	3,236,637
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	13	2,434,259	3,858,416

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 2016****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 2016. The company has not early adopted these new standards, amendments and interpretations for the year ended 31 July 2016. 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 2016****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 2016****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 2016

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

	<u>2016</u>	<u>2015</u>
	HK\$	HK\$
Auction	-	-
Art Festival	100	160
Dragon Boat	19,530	8,993
Event Tickets	78,535	63,616
Easter Egg Campaign	9,460	10,920
Programs and Publications	-	-
Family fun day	241,348	218,699
Refreshments	10,557	14,699
Sponsorship	107,930	169,900
Used uniforms	25,608	12,868
Sundries	440	2,794
	<u>493,508</u>	<u>502,649</u>

5. NET INCOME FROM PTA SHOP

	<u>2016</u>	<u>2015</u>
	HK\$	HK\$
Sales of goods		
Accessories	8,959	8,390
Stationery and textbooks	527,600	319,791
Uniforms	833,039	824,294
	<u>1,369,598</u>	<u>1,152,475</u>
Less: cost of goods sold	<u>1,160,639</u>	<u>944,020</u>
Gross Profit	208,959	208,455
Less: revaluation of inventories	181,534	414,208
direct salaries to operate shop	<u>314,105</u>	<u>315,450</u>
	<u>(286,680)</u>	<u>(521,203)</u>

DISCOVERY COLLEGE PTA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
31 JULY 2016

6. NET BUS SERVICES INCOME

	<u>2016</u>	<u>2015</u>
	HK\$	HK\$
Bus services income	3,087,915	3,122,218
Less: bus services expenses	<u>2,755,000</u>	<u>3,137,150</u>
	332,915	(14,932)
Less: direct salaries to operate buses	<u>96,000</u>	<u>96,000</u>
	<u>236,915</u>	<u>(110,932)</u>

7. GRANTS

	<u>2016</u>	<u>2015</u>
	HK\$	HK\$
Amount from Home-School Co-op Project	<u>19,629</u>	<u>24,989</u>

8. NET MUSIC LESSONS INCOME

	<u>2016</u>	<u>2015</u>
	HK\$	HK\$
Music lessons income	683,440	737,480
Less: music lessons expenses	<u>651,767</u>	<u>714,235</u>
	<u>31,673</u>	<u>23,245</u>

9. OPERATING EXPENSES

	<u>2016</u>	<u>2015</u>
	HK\$	HK\$
Licenses and permits	15,350	16,500
Printing and reproduction	30,037	34,466
Professional fee for campaigns	141,836	118,365
Repair	-	1,650
Food and beverage	70,649	38,655
Suppliers	<u>65,230</u>	<u>75,875</u>
	<u>323,102</u>	<u>285,511</u>

DISCOVERY COLLEGE PTA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
31 JULY 2016

10. ADMINISTRATIVE EXPENSES

	<u>2016</u>	<u>2015</u>
	HK\$	HK\$
Auditors' remuneration	13,000	11,000
Bad debts written off	5,800	-
Bank Charges	2,646	2,160
Depreciation	6,981	13,166
Insurance	5,872	5,872
Interest expenses	8	8
Mandatory provident fund contribution	16,711	17,525
Office supplies	2,518	2,154
Postage and delivery	5,220	5,518
Salary	44,365	35,050
Sundry expenses	1,010	3,365
	<u>104,131</u>	<u>95,818</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>2016</u>	<u>2015</u>
	HK\$	HK\$
Balance with banks	2,414,503	3,831,238
Cash in hand	19,756	27,178
	<u>2,434,259</u>	<u>3,858,416</u>

Cash and cash equivalents comprise the following:

HK Dollars	2,429,822	3,853,979
US Dollars	4,437	4,437
	<u>2,434,259</u>	<u>3,858,416</u>

DISCOVERY COLLEGE PTA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 JULY 2016

14. OTHERS RECEIVABLE AND PREPAYMENTS

	<u>2016</u>	<u>2015</u>
	HK\$	HK\$
Others receivable	13,140	20,700
Prepayments	<u>11,180</u>	<u>222,575</u>
	<u>24,320</u>	<u>243,275</u>

15. INVENTORIES

	<u>2016</u>	<u>2015</u>
	HK\$	HK\$
The value of inventory in the PTA shop:		
Beanie	12,880	13,800
Cobra scarves	1,920	-
Diary and diary wallet	1,500	-
Hair bands	1,530	1,785
House band	3,092	-
Re-usable bags	665	4,746
Schoolies	3,100	2,225
Stationery	159,792	374,148
Tattoo	12,517	-
Uniforms	<u>799,758</u>	<u>663,254</u>
	<u>995,254</u>	<u>1,059,958</u>

16. PROPERTY, PLANT AND EQUIPMENT

	Office equipment HK\$
Cost	
At 1.8.2015	103,607
Additions	<u>21,692</u>
At 31.07.2016	<u>125,299</u>
Accumulated depreciation	
At 1.8.2015	89,885
Charge for the year	<u>6,981</u>
At 31.07.2016	<u>96,866</u>
Net book value	
At 31.07.2016	<u>28,433</u>
At 31.07.2015	<u>13,722</u>

DISCOVERY COLLEGE PTA LIMITED**NOTES TO THE FINANCIAL STATEMENTS****31 JULY 2016****17. ACCOUNT AND OTHER PAYABLES**

	<u>2016</u>	<u>2015</u>
	HK\$	HK\$
Account payable	250,277	179,595
Accrued expenses	13,000	34,510
Receipts in advance:		
- bus fees	-	2,197,140
- membership fees	284,400	200,200
- stationery fees	<u>227,470</u>	<u>202,745</u>
	<u>775,147</u>	<u>2,814,190</u>

18. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorized for issue by the committee members on 5 October 2016.