

**PEAK SCHOOL PARENT TEACHERS
ASSOCIATION LIMITED
(LIMITED BY GUARANTEE)**

REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2013

PEAK SCHOOL PARENT TEACHERS ASSOCIATION LIMITED
REPORT OF COMMITTEE MEMBERS

The Executive Committee of the Association has pleasure in submitting the annual report together with the audited financial statements for the year ended 31 July 2013.

PRINCIPAL ACTIVITIES

The Association is a non-profit making and approved trust of a public character. It engaged in promoting co-operation between the Parents of the students of Peak School and the Teachers for the promotion of education.

FINANCIAL RESULTS

The results of the Association for the year ended 31 July 2013 and the state of its affairs at that date are set out in the financial statements on pages 6 to 15.

COMMITTEE MEMBERS

The committee members during the year and up to the date of this report were:

| | |
|---------------------------------|---|
| Naomi Weir | (appointed on 16 October 2012) |
| Simon Cook | (appointed on 16 October 2012) |
| Fabiani, Lara | |
| Jackson, Katherine Judith Holly | |
| Hughes, Caron Margaret | (resigned on 16 October 2012) |
| Mary Buchanan, Nieto | (resigned on 16 October 2012) |
| Raja, Sejal | (resigned on 16 October 2012) |
| Ellis, Kelly | (resigned on 21 December 2012) |
| Corrado, Nichola | |
| Carey, Liselle | |
| Andrew Basham | (appointed on 16 October 2012) |
| Emma Gardner | (appointed on 16 October 2012) |
| Chris Cosgrove | (appointed on 16 October 2012) |
| Isabel Margaret Hamp | (appointed on 16 October 2012 and resigned on 12 April 2013) |
| Kate Phipps | (appointed on 16 October 2012 and resigned on 8 January 2013) |

In accordance with the Association's Articles of Association, all committee members retire in the forthcoming annual general meeting, and being eligible, offer themselves for re-election.

PEAK SCHOOL PARENT TEACHERS ASSOCIATION LIMITED
REPORT OF COMMITTEE MEMBERS (CONTINUED)

COMMITTEE MEMBERS' INTERESTS IN CONTRACTS

No contracts of significance to which the Association was a party and in which a committee member of the Association had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

MANAGEMENT CONTRACT

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

AUDITORS

A resolution for the reappointment of Messrs. H. H. Liu & Co. as auditors of the Association is to be proposed at the forthcoming annual general meeting.

FOR AND ON BEHALF OF
THE EXECUTIVE COMMITTEE

CHAIRMAN
HONG KONG

廖慶雄會計師事務所

H. H. LIU & CO., *Certified Public Accountants*

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
PEAK SCHOOL PARENT TEACHERS ASSOCIATION LIMITED
(Incorporated in Hong Kong with limited by guarantee)

Report on the Financial Statements

We have audited the financial statements of Peak School Parent Teachers Association Limited (The Association) set out on pages 6 to 15, which comprise the statement of financial position as at 31 July 2013, and the income and expenditure account and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Committee Members' Responsibility for the Financial Statements

The committee members are responsible for the preparation of financial statements that give a true and fair view in accordance with the Hong Kong Financial Reporting Standard for Private Entities issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance, and for such internal control as the committee members 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

Our responsibility is to express an opinion on these financial statements based on our audit. 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 about whether the financial statements are free from material misstatement.

廖慶雄會計師事務所

H. H. LIU & CO., *Certified Public Accountants*

INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE MEMBERS OF
PEAK SCHOOL PARENT TEACHERS ASSOCIATION LIMITED
(Incorporated in Hong Kong with limited by guarantee)

Auditor's Responsibility (Continued)

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 committee members, 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.

Basis for Qualified Opinion

The Association, in common with many others of similar size and organization, derives a substantial proportion of its income from various sources, the completeness of which is not susceptible to independent audit verification. Accordingly, verification of these sources of income was limited to the amounts recorded in the Association's records. There were no other satisfactory audit procedures that we could adopt to satisfy ourselves that the recorded income was free from material misstatement.

We did not attend the physical stocktaking necessary to obtain adequate assurance regarding the quantities and condition of inventories, appearing in the statement of financial position at HK\$276,434. There were no other satisfactory audit procedures that we could adopt to obtain sufficient evidence, regarding the existence, condition and valuation of inventories. Any adjustment to the figure may have a consequential significant effect on the loss for the year and net assets as at 31 July 2013.

廖慶雄會計師事務所

H. H. LIU & CO., *Certified Public Accountants*

INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE MEMBERS OF
PEAK SCHOOL PARENT TEACHERS ASSOCIATION LIMITED
(Incorporated in Hong Kong with limited by guarantee)

Qualified Opinion arising from Limitation of Audit Scope

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to satisfy ourselves as to the completeness of income, the financial statements give a true and fair view of the state of the Association's affairs as at 31 July 2013 and of its surplus and cash flows for the year then ended in accordance with the Hong Kong Financial Reporting Standards For Private Entities and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

Report on matters under sections 141(4) and 141(6) of the Hong Kong Companies Ordinance

In respect alone of the limitation on our work relating to income and inventories:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and
- we were unable to determine whether proper books of account had been kept.

H. H. Liu & Co.
Certified Public Accountants
Hong Kong :

PEAK SCHOOL PARENT TEACHERS ASSOCIATION LIMITED
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 JULY 2013
(Expressed in Hong Kong Dollars)

| | <u>Notes</u> | <u>2013</u> | <u>2012</u> |
|---|--------------|------------------|------------------|
| INCOME | | | |
| Annual subscriptions | | 81,925 | 66,500 |
| Bus fees | | 2,892,602 | 2,289,745 |
| Donations | | 85,300 | 85,820 |
| Fund raising income | 8 | 764,519 | 857,147 |
| Bank interest income | | 7 | 8 |
| Sundries | | 630 | 3,749 |
| | | <u>3,824,983</u> | <u>3,302,969</u> |
| EXPENDITURES | | | |
| Bus hire | | 2,119,758 | 1,620,000 |
| Coordinator and helpers' expenses | | 180,380 | 168,000 |
| Fund raising expenses | 9 | 551,573 | 675,312 |
| School funding | 10 | 644,569 | 874,198 |
| Administrative expenses | 11 | 23,677 | 29,795 |
| | | <u>3,519,957</u> | <u>3,367,305</u> |
| SURPLUS / (DEFICIT) FOR THE YEAR | 7 | <u>305,026</u> | <u>(64,336)</u> |

The accompanying notes form an integral part of these financial statements.

PEAK SCHOOL PARENT TEACHERS ASSOCIATION LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 JULY 2013

(Expressed in Hong Kong Dollars)

| | <u>Notes</u> | <u>2013</u> | <u>2012</u> |
|---|--------------|-------------------------|-------------------------|
| ASSETS | | | |
| CURRENT ASSETS | | | |
| Inventory | | 276,434 | - |
| Prepayment | | 15,080 | - |
| Cash and bank balances | 6 | <u>1,732,895</u> | <u>2,160,333</u> |
| TOTAL CURRENT ASSETS | | <u>2,024,409</u> | <u>2,160,333</u> |
| TOTAL ASSETS | | <u><u>2,024,409</u></u> | <u><u>2,160,333</u></u> |
| LIABILITIES AND GENERAL FUND | | | |
| CURRENT LIABILITIES | | | |
| Accruals | | 367,970 | 821,420 |
| Receipt in advance | | <u>12,500</u> | <u>-</u> |
| TOTAL CURRENT LIABILITIES | | <u>380,470</u> | <u>821,420</u> |
| TOTAL LIABILITIES | | <u>380,470</u> | <u>821,420</u> |
| GENERAL FUND | | | |
| General fund | 7 | <u>1,643,939</u> | <u>1,338,913</u> |
| TOTAL GENERAL FUND | | <u>1,643,939</u> | <u>1,338,913</u> |
| TOTAL LIABILITIES AND GENERAL FUND | | <u><u>2,024,409</u></u> | <u><u>2,160,333</u></u> |

Approved and authorised for issue by
the Executive Committee on:

Committee member

Committee member

The accompanying notes form an integral part of these financial statements.

PEAK SCHOOL PARENT TEACHERS ASSOCIATION LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 JULY 2013
(Expressed in Hong Kong Dollars)

| | <u>2013</u> | <u>2012</u> |
|---|-------------------------|-------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Surplus / (Deficit) for the year | 305,026 | (64,336) |
| Adjustments for: | | |
| Interest income | <u>(7)</u> | <u>-</u> |
| | 305,019 | (64,336) |
| Increase in inventories | (276,434) | - |
| (Increase) / Decrease in prepayment | (15,080) | 89,000 |
| (Decrease) / Increase in accruals | (453,450) | 524,800 |
| Increase in receipt in advance | <u>12,500</u> | <u>-</u> |
| CASH (USE FOR) / GENERATED FROM OPERATIONS | (427,445) | 549,464 |
| Interest received | <u>7</u> | <u>-</u> |
| NET CASH (OUTFLOW) / INFLOW FROM OPERATING ACTIVITIES | <u>(427,438)</u> | <u>549,464</u> |
| NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS | (427,438) | 549,464 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR | <u>2,160,333</u> | <u>1,610,869</u> |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | <u><u>1,732,895</u></u> | <u><u>2,160,333</u></u> |

The accompanying notes form an integral part of these financial statements.

PEAK SCHOOL PARENT TEACHERS ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2013

(Expressed in Hong Kong Dollars)

1. GENERAL

The Association is incorporated in Hong Kong. It is a Company limited by guarantee and not having a share capital.

The address of its registered office is 20 Plunketts Road, The Peak, Hong Kong. The Association is a non-profit making and approved trust of a public character. It engaged in promoting co-operation between the Parents of the students of Peak School and the Teachers for the promotion of education.

The financial statements are presented in Hong Kong dollars (“HK\$”), which is the same as the functional currency of the Company.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

Summary of significant accounting policies

The financial statements have been prepared in accordance with the Hong Kong Financial Reporting Standard for Private Entities (“HKFRSPE”) issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance.

a. Revenue recognition

- (i) Donation is recognised on cash basis;
- (ii) Activities income is recognised on cash basis; and
- (iii) Interest income is recognised on a time proportion basis taking into account the principal outstanding and the interest applicable.

PEAK SCHOOL PARENT TEACHERS ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2013

(Expressed in Hong Kong Dollars)

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

b. Cash and cash equivalents

Cash and cash equivalents represent cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value, having been within three months of maturity, at acquisition.

Bank loans and overdrafts

Interest expense is recognised on the basis of the effective interest method and is included in finance costs.

3. INFORMATION ABOUT KEY SOURCES OF ESTIMATION UNCERTAINTY AND JUDGEMENTS

Estimates and judgements are continually evaluated by the management of the Association. They are based on historical experience and other factors, including expectations of future.

Estimated impairment of receivables

The Association records impairment of receivables based on an assessment of the recoverability of prepayments. The identification of doubtful debts requires the committee members' estimates. Where the expectation is different from the original estimate, such difference will impact the carrying values of the prepayment in the period in which such estimates have been changed.

4. REVENUE

Revenue represents bus fees, fund raising income and donation received during the year.

PEAK SCHOOL PARENT TEACHERS ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2013

(Expressed in Hong Kong Dollars)

5. COMMITTEE MEMBERS' REMUNERATION

Committee members' emoluments disclosed pursuant to Section 161 of the Hong Kong Companies Ordinance is as follows :

| | <u>2013</u> | <u>2012</u> |
|---------------------------------|-------------|-------------|
| Committee members' emoluments : | | |
| Fee | - | - |
| Other emoluments | - | - |
| | <u>-</u> | <u>-</u> |

6. CASH AND BANK BALANCES

| | <u>2013</u> | <u>2012</u> |
|--------------|------------------|------------------|
| Cash at bank | <u>1,732,895</u> | <u>2,160,333</u> |

7. GENERAL FUND

| | <u>2013</u> | <u>2012</u> |
|----------------------------------|------------------|------------------|
| Accumulated fund brought forward | 1,338,913 | 1,403,249 |
| Surplus / (Deficit) for the year | <u>305,026</u> | <u>(64,336)</u> |
| Accumulated fund carried forward | <u>1,643,939</u> | <u>1,338,913</u> |

PEAK SCHOOL PARENT TEACHERS ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2013
 (Expressed in Hong Kong Dollars)

8. FUND RAISING INCOME

| | <u>2013</u> | <u>2012</u> |
|--------------------------|-------------|-------------|
| Bingo | 29,565 | 38,895 |
| Centenary Fund | 1,850 | - |
| Talent Show | 45,735 | 28,546 |
| Dance-a-thon | 36,597 | 34,847 |
| Peak School Uniform | 414,719 | 341,519 |
| Yearbook and Photo Sales | 97,945 | 9,050 |
| Lantern Festival | 100,410 | 92,650 |
| Art Auction | - | 12,600 |
| Merchandise Sale | - | 2,760 |
| Gala dinner | - | 276,920 |
| Shirt sponsorship | - | 19,360 |
| Quiz night sales | 37,698 | - |
| | <hr/> | <hr/> |
| | 764,519 | 857,147 |
| | <hr/> <hr/> | <hr/> <hr/> |

PEAK SCHOOL PARENT TEACHERS ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2013
 (Expressed in Hong Kong Dollars)

9. FUND RAISING EXPENSES

| | <u>2013</u> | <u>2012</u> |
|--------------------------|------------------|----------------|
| Peak School Uniform | 520,189 | 375,768 |
| Less : closing inventory | <u>(276,434)</u> | <u>-</u> |
| | 243,755 | 375,768 |
| | | |
| Dance-a-thon | 14,247 | 12,800 |
| Bingo | 15,807 | 6,482 |
| Centenary fund | 23,150 | - |
| Talent Show | 8,642 | 3,263 |
| Lantern Festival | 51,199 | 41,532 |
| Gala dinner | - | 235,467 |
| Year-book purchase | 180,600 | - |
| Quiz night expenses | <u>14,173</u> | <u>-</u> |
| | <u>551,573</u> | <u>675,312</u> |

PEAK SCHOOL PARENT TEACHERS ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2013
(Expressed in Hong Kong Dollars)

10. SCHOOL FUNDING

| | <u>2013</u> | <u>2012</u> |
|-------------------------------------|----------------|----------------|
| Greening Project | 50,400 | 72,800 |
| Artist in residence | - | 83,118 |
| Year 6 Graduation | 10,000 | 10,000 |
| Teaching Resource | 60,000 | 183,956 |
| Carol Service and Christmas Party | 4,473 | 7,620 |
| Summer Works | - | 16,704 |
| Contribution to School's decoration | * | 375,000 |
| Contribution to School's equipment | 144,696 | - |
| | <u>644,569</u> | <u>874,198</u> |

* The Association has been requested by the Peak School to contribute HK\$375,000 for the refurbishment of the school astroturf.

PEAK SCHOOL PARENT TEACHERS ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2013
(Expressed in Hong Kong Dollars)

11. ADMINISTRATIVE EXPENSES

| | <u>2013</u> | <u>2012</u> |
|------------------------|---------------|---------------|
| Auditors' remuneration | 10,000 | 9,000 |
| Bank charges | 400 | 400 |
| Insurance | - | 1,440 |
| Stationery | - | 86 |
| Sundry expenses | 13,277 | 14,133 |
| Telecommunication | - | 3,446 |
| Gifts | - | 1,290 |
| | <u>23,677</u> | <u>29,795</u> |

12. TAXATION

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

13. COMPARATIVE FIGURES

Certain comparative figures have been re-classified to conform with current year's presentation.

PEAK SCHOOL PARENT TEACHERS ASSOCIATION LIMITED
JOURNAL ADJUSTMENTS - INCOME RECONCILIATION
FOR THE YEAR ENDED 31 JULY 2013

(Expressed in Hong Kong Dollars)

| | <u>Dr.</u> | <u>Cr.</u> | <u>Total</u> |
|---|------------|------------|-------------------|
| Deficit as per client's account | | | 17,012.89 |
| 1) Prepayment | 15,080.00 | | |
| Co-ordinator expenses | | 15,080.00 | 15,080.00 |
| Being prepayment for helper cost provide for the year | | | |
| 2) Cash and Bank balance | | | |
| - HKD SIA # 808-507529-838 | 7.40 | | |
| Bank interest income | | 7.40 | 7.40 |
| Being omission of account for the year | | | |
| 3) Inventory | 276,434.00 | | |
| Closing inventory – uniform | | 276,434.00 | 276,434.00 |
| Being understatement of accrued expenses for the year | | | |
| 4) Bus fee income 2013/2014 | 12,500.00 | | (12,500.00) |
| Receipt in advance | | 12,500.00 | |
| Being receipt in advance provide for the year | | | |
| 5) Coordinator helper expenses | 5,220.00 | | (5,220.00) |
| Accrued expenses | | 5,220.00 | |
| Being coordinator expenses under-provide for the year | | | |
| 6) Accrued expenses | 10,000.00 | | |
| Sundry expenses | | 10,000.00 | 10,000.00 |
| Being reallocation of accounts for the year | | | |
| Balance brought forward | | | <u>300,814.29</u> |

PEAK SCHOOL PARENT TEACHERS ASSOCIATION LIMITED
JOURNAL ADJUSTMENTS - INCOME RECONCILIATION
FOR THE YEAR ENDED 31 JULY 2013

(Expressed in Hong Kong Dollars)

| | <u>Dr.</u> | <u>Cr.</u> | <u>Total</u> |
|---|------------|------------|-------------------|
| Balance brought forward | | | 300,814.29 |
| 6) Accrued expenses | 10,000.00 | | |
| Sundry expenses | | 10,000.00 | 10,000.00 |
| Being reallocation of accounts for the year | | | |
| 7) Project expenses | 14,988.00 | | (14,988.00) |
| Accrued expenses | | 14,988.00 | |
| Being reallocation of accounts for the year | | | |
| 8) Accrued expenses | 19,200.00 | | |
| Administrative expenses | | 19,200.00 | 19,200.00 |
| Being reallocation of accounts for the year | | | |
| As per audited account | | | <u>315,026.29</u> |

Confirmed and accepted by :

Committee Member

PEAK SCHOOL PARENT TEACHERS ASSOCIATION LIMITED
JOURNAL ADJUSTMENTS – RECLASSIFICATION
FOR THE YEAR ENDED 31 JULY 2013

(Expressed in Hong Kong Dollars)

| | <u>Dr.</u> | <u>Cr.</u> |
|---|------------|------------|
| 1) Coordinator helper expenses | 190,240.00 | |
| Bus hire expenses | | 190,240.00 |
| Being reallocation of accounts for the year | | |
| 2) Bank charge | 400.00 | |
| Sundry expenses | | 400.00 |
| Being reallocation of accounts for the year | | |
| 3) Year 6 Graduation party | 10,000.00 | |
| Sundry expenses | | 10,000.00 |
| Being reallocation of accounts for the year | | |

Confirmed and accepted by :

Committee Member