

PEAK SCHOOL PARENT TEACHERS ASSOCIATION LIMITED

REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2018

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PEAK SCHOOL PARENT TEACHERS ASSOCIATION LIMITED

REPORT OF THE COMMITTEE MEMBERS

The Executive Committee submit herewith their report together with the audited financial statements of PEAK SCHOOL PARENT TEACHERS ASSOCIATION LIMITED (the "Association") for the year ended 31 July 2018.

PRINCIPAL ACTIVITIES

The principal activities of the Association are to improve educational outcomes by raising funds and facilitating relationships between the school teachers and the parents of students. There are no significant changes compared with the activities conducted in previous year.

FINANCIAL STATEMENTS

The result of the Association for the year ended 31 July 2018 and the Association's financial position as at that date are exhibited in the annexed audited financial statements.

FUND

Details of movements in reserves during the year are set out in the statement of changes in funds on page 8.

SHARE CAPITAL

The Association is limited by guarantee and does not have share capital. The liability of each of its members is limited to the extent of an amount not exceeding HK\$1.

COMMITTEE MEMBERS

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

Ildiko Franciska FECSER	Chairperson	
Victoria Arianeh FOULADI	Co-Chair	(Resigned on 30 November 2017)
Jennifer ANDREWS	Vice Chairperson	
Richard John WILMOT	Honorary Secretary	(Resigned on 20 August 2018)
Joanne Kristy KINGSBURY	Honorary Secretary	(Appointed on 8 October 2018)
Andrew Roger BASHAM	Honorary Treasurer	(Resigned on 13 January 2018)
Clara Sin Yee LEUNG	Honorary Treasurer	(Appointed on 8 October 2018)
Christopher James HATTAM		
LIU Kwun Shing Christopher		(Resigned on 30 November 2017)
Erica Marie SAVINI		(Resigned on 25 June 2018)
Joyce Chapman WILMOT		
Allyson PARRY		(Appointed on 30 November 2017)
Bridget PIGOTT		(Appointed on 30 November 2017)
Barbara ENGO-ARANHA		(Appointed on 30 November 2017)
Abbie KEY		(Appointed on 30 November 2017)
William Christopher GARNETT		(Appointed on 5 March 2018)
Susan Elizabeth RICHARDS		(Appointed on 5 March 2018)
Loraine Ellen FAY		(Appointed on 5 March 2018)
David Hauser CAMERON		(Appointed on 8 October 2018)
Paul SAVINI		(Appointed on 30 November 2017 and resigned on 24 April 2018)

In accordance with Article 35 of the Association's Articles of Association, all existing committee members shall retire at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

PEAK SCHOOL PARENT TEACHERS ASSOCIATION LIMITED

REPORT OF THE COMMITTEE MEMBERS (Continued)

REPORTING EXEMPTION

Since the Association falls within reporting exemption for the financial year in accordance with the Companies Ordinance, it has been exempted from certain disclosures in the report of the committee members and in the financial statements.

AUDITOR

The financial statements for the year were audited by Messrs. CHENG & CHENG LIMITED who retire and, being eligible, offer themselves for re-appointment.

On behalf of the Executive Committee

Ildiko Franciska FECSER
Chairperson

Hong Kong, <Date of approval>

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF PEAK SCHOOL PARENT TEACHERS ASSOCIATION LIMITED

(Incorporated in Hong Kong with liability limited by guarantee)

Opinion

We have audited the financial statements of PEAK SCHOOL PARENT TEACHERS ASSOCIATION LIMITED (the "Association") set out on pages 6 to 14, which comprise the statement of financial position as at 31 July 2018, and the statement of comprehensive income and expenditure, statement of changes in funds and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Association as at 31 July 2018, and of its financial performance and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standard for Private Entities ("HKFRS for Private Entities") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Association in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information other than the financial statements and auditor's report thereon

The committee members are responsible for the other information. The other information comprises the information included in the report of the committee members, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT (Continued)

TO THE MEMBERS OF PEAK SCHOOL PARENT TEACHERS ASSOCIATION LIMITED

(Incorporated in Hong Kong with liability limited by guarantee)

Responsibilities of committee members for the financial statements

The committee members are responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRS for Private Entities issued by the HKICPA 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.

In preparing the financial statements, the committee members are responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the committee members either intend to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the committee members.

INDEPENDENT AUDITOR'S REPORT (Continued)

TO THE MEMBERS OF PEAK SCHOOL PARENT TEACHERS ASSOCIATION LIMITED

(Incorporated in Hong Kong with liability limited by guarantee)

Auditor's responsibilities for the audit of the financial statements (Continued)

- Conclude on the appropriateness of the committee members' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Association to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the committee members regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

CHENG & CHENG LIMITED
Certified Public Accountants

Hong Kong, <Date of approval>

Y.Y. Li, Alice
Practising Certificate number P03373

PEAK SCHOOL PARENT TEACHERS ASSOCIATION LIMITED**STATEMENT OF FINANCIAL POSITION***As at 31 July 2018*

	Note	2018 HK\$	2017 HK\$
Current assets			
Inventories	3	353,240	309,468
Prepayment		28,456	49,060
Sundry debtors		7,500	16,251
Cash at bank and on hand		3,534,057	2,693,705
		<u>3,923,253</u>	<u>3,068,484</u>
Current liabilities			
Accruals		526,770	417,930
Receipts in advance		1,236,375	82,400
		<u>1,763,145</u>	<u>500,330</u>
Net current assets		<u>2,160,108</u>	<u>2,568,154</u>
Funds			
Bus Fund		686,776	797,875
Centenary Fund		-	76,686
General Administration Fund		1,473,332	1,693,593
	4	<u>2,160,108</u>	<u>2,568,154</u>

Signed on behalf of the Executive Committee by:-

Ildiko Franciska FECSER
Chairperson

Clara Sin Yee LEUNG
Honorary Treasurer

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

PEAK SCHOOL PARENT TEACHERS ASSOCIATION LIMITED**STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE***For the year ended 31 July 2018*

	Note	2018 HK\$	2017 HK\$
Income			
Annual subscriptions		159,000	160,000
Bus service income		3,793,964	3,700,220
Donation income		50,210	76,040
Peak school uniform		402,005	416,815
Fund raising income	5	410,922	617,574
		<u>4,816,101</u>	<u>4,970,649</u>
Expenditures			
Hire of buses		(3,675,000)	(3,577,022)
Coordinator and helpers' expenses		(230,063)	(215,180)
Cost of uniform sold		(454,754)	(365,936)
Fund raising expenses	5	(292,921)	(237,263)
School funding	6	(547,287)	(360,826)
Administrative expenses	7	(24,122)	(23,196)
		<u>(5,224,147)</u>	<u>(4,779,423)</u>
(Deficit)/surplus for the year		<u>(408,046)</u>	<u>191,226</u>

There was no other comprehensive income or expenditure during the year.

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

PEAK SCHOOL PARENT TEACHERS ASSOCIATION LIMITED**STATEMENT OF CHANGES IN FUNDS***For the year ended 31 July 2018*

	Bus Fund HK\$	Centenary Fund HK\$	General Administration Fund HK\$	Total HK\$
Balance at 1 August 2016	889,857	101,686	1,385,385	2,376,928
Total comprehensive income/(loss)	(91,982)	(25,000)	308,208	191,226
Balance at 31 July 2017 and at 1 August 2017	797,875	76,686	1,693,593	2,568,154
Total comprehensive loss	(111,099)	(76,686)	(220,261)	(408,046)
Balance at 31 July 2018	686,776	-	1,473,332	2,160,108

The attached 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 2018*

	Note	2018 HK\$	2017 HK\$
Operating activities			
(Deficit)/surplus for the year		(408,046)	191,226
(Increase)/decrease in inventories		(43,772)	9,017
Decrease/(increase) in prepayment		20,604	(31,880)
Decrease/(increase) in sundry debtors		8,751	(3,561)
Increase in accruals		108,840	262,139
Increase in receipts in advance		1,153,975	25,330
Net cash from operating activities		840,352	452,271
Net cash from investing activities		-	-
Net cash from financing activities		-	-
Cash and cash equivalents at beginning of the year		2,693,705	2,241,434
Cash and cash equivalents at end of the year	8	3,534,057	2,693,705

The attached 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 2018

1. CORPORATE INFORMATION

PEAK SCHOOL PARENT TEACHERS ASSOCIATION LIMITED (the "Association") is an association limited by guarantee, incorporated and domiciled in Hong Kong. The address of its registered office and principal place of operation is 20 Plunkett's Road, The Peak, Hong Kong.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with the Hong Kong Financial Reporting Standard for Private Entities ("HKFRS for Private Entities") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the requirements of the Hong Kong Companies Ordinance. 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.

(a) BASIS OF PREPARATION

These financial statements have been prepared under the historical cost convention. These financial statements are presented in Hong Kong Dollars and all values are rounded to the nearest dollar unless otherwise stated.

The preparation of financial statements in conformity with the HKFRS for Private Entities requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Association's accounting policies.

(b) FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognized on the Association's statement of financial position when the Association becomes a party to the contractual provisions of the instrument. The following financial instruments are classified according to the management's intention on acquisition:

Receivables

Receivables are recognized initially at the transaction price. They are subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of receivables is established when there is objective evidence that the Association will not be able to collect all amounts due according to the original terms of the receivables.

Payables

Payables are recognized initially at the transaction price and subsequently measured at amortized cost using the effective interest method.

PEAK SCHOOL PARENT TEACHERS ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 July 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) INVENTORIES

Inventories are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the first-in first-out (FIFO) method. The cost of finished goods comprises uniform and stationery. At each reporting date, inventories are assessed for impairment. If inventory is impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment deficit is recognized immediately in surplus or deficit.

(d) CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash at bank and on hand.

(e) INCOME TAX

The Association is a charitable institution and is exempted from all taxes under Section 88 of the Inland Income Ordinance (Cap. 112).

(f) REVENUE RECOGNITION

Revenue is measured at the fair value of the consideration received or receivable and is shown net of discounts and returns.

Revenue is recognized in surplus or deficit provided it is probable that the economic benefits will flow to the Association and the income and costs, if applicable, can be measured reliably, as follows:

(i) Sales of uniform

Revenue is recognised when goods are delivered to the students which is taken to be the point in time when the student has accepted the goods and the related risks and rewards of ownership.

(ii) Bus service income

Bus service income is recognized whenever the services are completed. When the services are partly completed, the Association only recognizes the revenue to the extent of amount representing the proportion of services completed or equals to the amount received, whichever is lower.

(iii) Activities income

Donation income and fund raising income are recognised whenever they are received.

(iv) Subscription

Members' subscriptions are recognised whenever the membership is confirmed.

Any other income not mentioned above is recognized whenever it is received or receivable.

PEAK SCHOOL PARENT TEACHERS ASSOCIATION LIMITED**NOTES TO THE FINANCIAL STATEMENTS (Continued)***For the year ended 31 July 2018*

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**(g) FUNCTIONAL AND PRESENTATION CURRENCY**

Items included in the financial statements of the Association are measured using the currency of the primary economic environment in which the Association operates ("the functional currency"). The financial statements are presented in Hong Kong Dollars ("HK\$"), which is the functional and presentation currency.

3. INVENTORIES

	2018	2017
	HK\$	HK\$
Uniform and stationery	<u>353,240</u>	<u>309,468</u>

The cost of inventories recognised as expense amounted to HK\$454,754 (2017: HK\$365,936).

4. FUNDS

The Association runs the school bus service on a breakeven basis, to keep bus user fees as low as possible. The Bus Fund is retained to pay for any unexpected shortfall in bus income in any given year; the Association aims to keep this fund at HK\$500,000 as a buffer for disruptive events.

The Centenary Fund is the retained surplus from the school's centenary celebrations. This fund is used solely to fund an annual artist in residence.

The General Administration Fund is the retained surplus from normal operation of the Association.

PEAK SCHOOL PARENT TEACHERS ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 July 2018

5. FUND RAISING EVENTS

	2018			2017		
	Income HK\$	Expenditure HK\$	Surplus/ (deficit) HK\$	Income HK\$	Expenditure HK\$	Surplus/ (deficit) HK\$
Fund raising events						
Bingo	45,110	10,133	34,977	34,625	15,311	19,314
Centenary Fund	-	76,686	(76,686)	-	25,000	(25,000)
Talent Show	-	-	-	39,345	550	38,795
Dance-a-thon	45,190	15,640	29,550	30,531	6,808	23,723
Yearbook Sales	93,225	99,300	(6,075)	96,775	99,705	(2,930)
Lantern Festival	145,177	57,878	87,299	129,398	47,705	81,693
Movie Afternoon/Night	41,245	10,930	30,315	47,982	11,193	36,789
Treat Days	5,350	4,100	1,250	5,240	-	5,240
Class T-shirt Sales	22,100	10,600	11,500	26,750	13,890	12,860
Stage Production	13,525	7,654	5,871	-	-	-
Art Auction	-	-	-	206,928	17,101	189,827
Net surplus of fund raising events	410,922	292,921	118,001	617,574	237,263	380,311

6. SCHOOL FUNDING

	2018 HK\$	2017 HK\$
Greening project	150,000	100,000
Carol service	6,784	-
Contribution to school's Mathletics, home readers, language resources and library books	306,000	50,000
Contribution to school's library and classroom enhancement	-	154,800
Mosquito Extractor	22,704	27,466
Discovery Dome	35,100	21,060
Solar panels	-	7,500
Tables	26,699	-
	547,287	360,826

PEAK SCHOOL PARENT TEACHERS ASSOCIATION LIMITED**NOTES TO THE FINANCIAL STATEMENTS (Continued)***For the year ended 31 July 2018***7. ADMINISTRATIVE EXPENSES**

	2018	2017
	HK\$	HK\$
Auditors' remuneration	16,000	14,000
Sundry expenses	8,122	9,196
	<u>24,122</u>	<u>23,196</u>

8. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the statement of cash flows comprise the following item in the statement of financial position:

	2018	2017
	HK\$	HK\$
Cash at bank and on hand	<u>3,534,057</u>	<u>2,693,705</u>

9. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorized for issue by the Executive Committee on <Date of approval>.