

**CANADIAN INTERNATIONAL SCHOOL  
OF HONG KONG LIMITED**  
(incorporated in Hong Kong as a company limited by guarantee)

**Report of the Governors and  
Audited Financial Statements  
For year ended July 31, 2014**



23600870584  
AC  
31/12/2014

0301897



## **CANADIAN INTERNATIONAL SCHOOL OF HONG KONG LIMITED**

### **REPORT OF THE GOVERNORS**

The Governors submit to Members its annual report together with the audited financial statements of Canadian International School of Hong Kong Limited (the "School") for the year ended July 31, 2014 (the comparative period being from September 1, 2012 to July 31, 2013).

#### **PRINCIPAL ACTIVITIES**

The principal activity of the School is the operation of the Canadian International School of Hong Kong, which is a community supported, non-denominational, non-profit-making school using the Ontario Canada and International Baccalaureate curricula in Hong Kong.

#### **LIABILITY OF MEMBERS**

The School is a non-profit-making organisation incorporated under the Hong Kong Companies Ordinance as a company limited by guarantee and, accordingly, has no issued share capital. The liability of each of the individual member is limited to HK\$100.

#### **RESULTS**

The results of the School for the year ended July 31, 2014 and the state of affairs of the School as at that date are set out in the financial statements on pages 7 to 34.

#### **FUNDS**

Details of the movements in funds of the School are set out in the statement of changes in funds.

#### **PROPERTY, PLANT AND EQUIPMENT**

Details of the movements in property, plant and equipment of the School are set out in note 9 to the financial statements.

## CANADIAN INTERNATIONAL SCHOOL OF HONG KONG LIMITED

### REPORT OF THE GOVERNORS

#### GOVERNORS

In accordance with the School's Articles of Association, not less than one-third of the longest serving Governors retire by rotation at annual general meeting and, if eligible, may offer themselves for re-election. Governors are only eligible to serve up to six consecutive years on the Board. Governors who have served for six consecutive years are eligible to serve again, if elected, after a year absence.

The Governors of the School during the year and up to the date of this report were as follows:

#### Elected Governors

Kennedy Liu Tat Yin	(Chairman)
Philip Lam	(Vice Chairman) (Appointed as Vice Chairman on August 1, 2014)
Janet Marie De Silva	(Vice Chairman) (Retired on October 31, 2013)
Godwin Hwa Guo Wai	(Vice Chairman)
Li Ho Kin *	(Retired as Vice Chairman on July 31, 2014)
George Chan	
Paul Chong Kin Lit	
George Hongchoy	
Frederick Kan Ka Chong	
Arnold Luntz	
Michael Chan Yue Kwong	(Appointed on August 1, 2013)
Michael Lee Tze Hau	(Appointed on August 1, 2013)
Belinda Lui	(Appointed on August 1, 2013)
Derek Charles Mackay	(Appointed on August 1, 2013)
Jeffrey Ng Hey Wah	(Appointed on August 1, 2013)

\* Also Member of the School.

**CANADIAN INTERNATIONAL SCHOOL OF HONG KONG LIMITED**

**REPORT OF THE GOVERNORS**

**GOVERNORS - Continued**

**Ex-officio/Representative(s)**

Past Chairman of the Board Anthony Chow Wing Kin *	(Retired on July 31, 2014)
Consulate General of Canada Shalini Anand	(Appointed on September 2, 2014)
Jean-Christian Brilliant	(Retired on July 31, 2014)
Chinese-Canadian Association of Hong Kong Steve Sung Din Ching	
Canadian Chamber of Commerce David Mulvenna	(Retired on July 31, 2014)
Canadian Club of Hong Kong Alex Tam Kin Chung	(Retired on May 20, 2014)
Members representative Li Kwan In *	

\* Also Member of the School.

**GOVERNORS' INTERESTS**

Name of Governor	Capacity of the interest	Debenture type	Face values of debentures HK\$
Steve Sung Din Ching	Through spouse	Unsecured capital debenture	150,000
Godwin Hwa Guo Wai	Through a controlled corporation	Unsecured capital debenture	250,000
Michael Chan Yue Kwong	Through a controlled corporation	Unsecured capital debenture	<u>150,000</u>
			<u><u>550,000</u></u>

Except as disclosed above, no contracts of significance to which the School was a party and in which a Governor of the School had material interest, whether directly or indirectly, subsisted at the end of the period or at any time during the period.

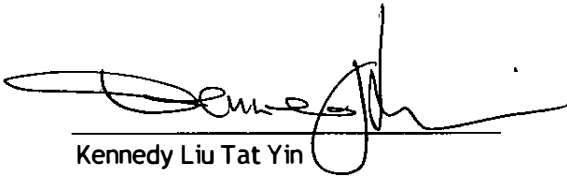
**CANADIAN INTERNATIONAL SCHOOL OF HONG KONG LIMITED**

**REPORT OF THE GOVERNORS**

**AUDITOR**

The accompanying financial statements have been audited by BDO Limited who will retire and, being eligible, offer themselves for re-appointment. A resolution will be proposed at the forthcoming annual general meeting of the School to re-appoint BDO Limited as auditor of the School.

On behalf of the Board of Governors

A handwritten signature in black ink, appearing to read 'Kennedy Liu Tat Yin', written over a horizontal line.

Kennedy Liu Tat Yin  
Chairman

Hong Kong, November 4, 2014

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF  
CANADIAN INTERNATIONAL SCHOOL OF HONG KONG LIMITED**

(incorporated in Hong Kong as a company limited by guarantee)

We have audited the financial statements of Canadian International School of Hong Kong Limited (the "School") set out on pages 7 to 34, which comprise the balance sheet as at July 31, 2014, and income and expenditure statement, statement of changes in funds and statement of cash flows for the year ended July 31, 2014, and a summary of significant accounting policies and other explanatory information.

***Governors' responsibility for the financial statements***

The Governors are responsible for the preparation of financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance, Cap.32 by operation of the transitional and saving provisions in Schedule 11 to the Hong Kong Companies Ordinance, Cap.622, and for such internal control as the Governors 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. This report is made solely to you, as a body, in accordance with Section 141 of the Hong Kong Companies Ordinance, Cap.32 by operation of the transitional and saving provisions set out in section 80 of Schedule 11 to the Hong Kong Companies Ordinance, Cap.622, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the content 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 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 School'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 School's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Governors, 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  
CANADIAN INTERNATIONAL SCHOOL OF HONG KONG LIMITED**

(incorporated in Hong Kong as a company limited by guarantee)

***Opinion***

In our opinion, the financial statements give a true and fair view of the state of affairs of the School as at July 31, 2014 and of its surplus and cash flows for the year ended July 31, 2014 in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance, Cap.32.

A handwritten signature in black ink, appearing to read 'BDO' followed by a long horizontal line.

BDO Limited  
Certified Public Accountants  
Tam Kwok Yiu  
Practising Certificate Number P02575

Hong Kong, November 4, 2014

**CANADIAN INTERNATIONAL SCHOOL OF HONG KONG LIMITED**

**INCOME AND EXPENDITURE STATEMENT  
FOR THE YEAR ENDED JULY 31, 2014**

	Note	Year ended 07/31/2014 HK\$	11 months from 09/01/2012 to 07/31/2013 HK\$
<b>Income</b>			
<b>School fees:</b>			
Tuition fees		220,635,639	202,179,364
Application and entry fees		12,162,707	10,792,476
After-school activities and summer school		9,847,264	9,544,388
Others		<u>1,453,410</u>	<u>1,391,914</u>
		244,099,020	223,908,142
Capital levies		33,270,000	29,400,000
Debenture transfer fees		9,585,000	8,527,000
Sales of debentures		-	3,000,000
Donations	16	18,000,800	3,026,767
Interest income from bank deposits		3,009,538	1,944,184
Fair value gain on investments at fair value through profit or loss		5,369,646	3,057,038
Government reimbursements		2,480,400	2,054,567
Miscellaneous income		<u>2,012,946</u>	<u>1,810,207</u>
		<u>317,827,350</u>	<u>276,727,905</u>
<b>Expenditure</b>			
Staff costs	6	194,709,737	177,729,729
School facilities		19,152,839	17,602,219
Educational services		20,541,188	18,342,813
After-school activities and summer school		9,359,861	7,755,621
General and administration		8,215,051	4,984,114
Depreciation on property, plant and equipment		22,235,315	19,748,645
Tuition fees and scholarship awarded		<u>1,801,330</u>	<u>984,888</u>
		<u>276,015,321</u>	<u>247,148,029</u>
<b>Surplus and total comprehensive income for the year</b>	5	<u>41,812,029</u>	<u>29,579,876</u>
<b>Representing:</b>			
Operating Fund / Annual Fund		10,454,450	1,615,596
Capital Fund		32,122,592	26,700,772
Scholarship Fund		(868,800)	1,213,731
Endowment Fund		<u>103,787</u>	<u>49,777</u>
		<u>41,812,029</u>	<u>29,579,876</u>

Refer to note 5 for an analysis of income, expenditure and surplus among the different funds of the School.

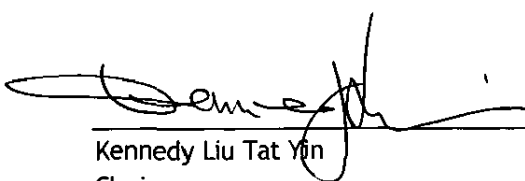



**CANADIAN INTERNATIONAL SCHOOL OF HONG KONG LIMITED**

**BALANCE SHEET  
AS AT JULY 31, 2014**

	Note	07/31/2014 HK\$	07/31/2013 HK\$
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	9	<u>429,844,597</u>	<u>417,684,267</u>
Total non-current assets		<u>429,844,597</u>	<u>417,684,267</u>
<b>Current assets</b>			
Prepayments, deposits and receivables	10	19,905,880	60,071,012
Financial assets at fair value through profit or loss	11	85,110,718	79,741,072
Time deposits with original maturities of three months and longer when acquired	12	101,124,654	59,070,000
Cash and bank balances	13	<u>264,329,868</u>	<u>224,847,981</u>
Total current assets		<u>470,471,120</u>	<u>423,730,065</u>
<b>Total assets</b>		<u>900,315,717</u>	<u>841,414,332</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accruals and other payables	14	41,023,994	30,270,500
Tuition and entry fees received in advance		121,502,529	115,675,667
Capital levies received in advance		<u>32,643,000</u>	<u>32,134,000</u>
Total current liabilities		<u>195,169,523</u>	<u>178,080,167</u>
<b>Total liabilities</b>		<u>195,169,523</u>	<u>178,080,167</u>
<b>Net assets</b>		<u>705,146,194</u>	<u>663,334,165</u>
 Representing :			
Operating Fund / Annual Fund	16	92,991,629	82,958,179
Capital Fund	16	577,182,767	551,660,175
Scholarship Fund	16	5,392,230	5,840,030
Endowment Fund	16	<u>29,579,568</u>	<u>22,875,781</u>
<b>Total funds</b>		<u>705,146,194</u>	<u>663,334,165</u>

On behalf of the Board of Governors

  
Kennedy Liu Tat Yin  
Chairman

  
Godwin Hwa Guo Wai  
Vice-Chairman  
Chairman, Finance and Administration Committee

**CANADIAN INTERNATIONAL SCHOOL OF HONG KONG LIMITED**

**STATEMENT OF CHANGES IN FUNDS  
FOR THE YEAR ENDED JULY 31, 2014**

	Note	Operating Fund / Annual Fund HK\$	Capital Fund HK\$	Scholarship Fund HK\$	Endowment Fund HK\$	Total HK\$
At September 1, 2012		81,746,983	531,559,403	4,221,899	16,226,004	633,754,289
Total comprehensive income for the period from September 1, 2012 to July 31, 2013	5	1,615,596	26,700,772	1,213,731	49,777	29,579,876
Transfer to Endowment Fund		-	(6,600,000)	-	6,600,000	-
Transfer to Scholarship Fund		<u>(404,400)</u>	<u>-</u>	<u>404,400</u>	<u>-</u>	<u>-</u>
At July 31, 2013 and August 1, 2013		82,958,179	551,660,175	5,840,030	22,875,781	663,334,165
Total comprehensive income for the year from August 1, 2013 to July 31, 2014	5	10,454,450	32,122,592	(868,800)	103,787	41,812,029
Transfer to Endowment Fund		-	(6,600,000)	-	6,600,000	-
Transfer to Scholarship Fund		<u>(421,000)</u>	<u>-</u>	<u>421,000</u>	<u>-</u>	<u>-</u>
At July 31, 2014		<u>92,991,629</u>	<u>577,182,767</u>	<u>5,392,230</u>	<u>29,579,568</u>	<u>705,146,194</u>

**Notes:**

- (i) The transfer from Operating Fund / Annual Fund to Scholarship Fund represented scholarship granted to and tuition fees paid on behalf of students of the School.
- (ii) The transfer from Capital Fund to Endowment Fund represented designated appropriation approved by the Board.
- (iii) Refer to note 16 for the designated uses of Capital Fund, Scholarship Fund and Endowment Fund.

**CANADIAN INTERNATIONAL SCHOOL OF HONG KONG LIMITED**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JULY 31, 2014**

	<b>Note</b>	<b>Year ended 07/31/2014 HK\$</b>	<b>11 months from 09/01/2012 to 07/31/2013 HK\$</b>
<b>Cash flows from operating activities</b>			
Surplus for the year		41,812,029	29,579,876
Adjustments for:			
Interest income from bank deposits		(3,009,538)	(1,944,184)
Depreciation on property, plant and equipment		22,235,315	19,748,645
Loss on disposal of property, plant and equipment		6,929	2,322
Fair value gain on investments at fair value through profit or loss		<u>(5,369,646)</u>	<u>(3,057,038)</u>
<b>Operating surplus before working capital changes</b>		<b>55,675,089</b>	<b>44,329,621</b>
Decrease/(increase) in prepayments, deposits and receivables		40,165,132	(41,712,368)
Increase in accruals and other payables		10,753,494	11,733,957
Increase in tuition and entry fees received in advance		5,826,862	11,372,620
Increase in capital levies received in advance		<u>509,000</u>	<u>5,177,985</u>
<b>Net cash flows from operating activities</b>		<b><u>112,929,577</u></b>	<b><u>30,901,815</u></b>
<b>Cash flows from investing activities</b>			
Purchase of items of property, plant and equipment		(34,443,923)	(20,166,573)
Proceeds from disposal of property, plant and equipment		41,349	3,627
Purchase of investments at fair value through profit of loss		-	(5,000,000)
(Increase)/decrease in time deposits with original maturities of three months and longer when acquired		(42,054,654)	32,784,416
Interest received from bank deposits		<u>3,009,538</u>	<u>1,944,184</u>
<b>Net cash flows (used in)/generated from investing activities</b>		<b><u>(73,447,690)</u></b>	<b><u>9,565,654</u></b>
<b>Net increase in cash and cash equivalents</b>		<b>39,481,887</b>	<b>40,467,469</b>
<b>Cash and cash equivalents at beginning of year</b>		<b><u>224,847,981</u></b>	<b><u>184,380,512</u></b>
<b>Cash and cash equivalents at end of year</b>	13	<b><u><u>264,329,868</u></u></b>	<b><u><u>224,847,981</u></u></b>

# CANADIAN INTERNATIONAL SCHOOL OF HONG KONG LIMITED

## NOTES TO FINANCIAL STATEMENTS JULY 31, 2014

### 1. GENERAL

Canadian International School of Hong Kong Limited (the "School") is a non-profit-making organisation limited by guarantee incorporated under the Hong Kong Companies Ordinance. The liability of each of the individual members is limited to HK\$100 (see note 17).

The School operates the Canadian International School of Hong Kong, which is a community supported, non-denominational, non-profit-making school using the Ontario Canada and International Baccalaureate curricula in Hong Kong. The Canadian International School of Hong Kong is located at 36 Nam Long Shan Road, Aberdeen, Hong Kong. The School's registered office is at 13/F Gloucester Tower, The Landmark, 15 Queen's Road Central, Hong Kong.

The financial year end date of the School has been changed from August 31 to July 31 to better reflect the operating cycle of the School since the financial year 2013. The comparative figures in the income and expenditure statement, statement of change in funds and statement of cash flows and related notes cover a period of 11 months from September 1, 2012 to July 31, 2013, and therefore are not entirely comparable to the current year financial statements which cover a period of 12 months.

### 2. BASIS OF PREPARATION

#### (a) Statement of compliance

The financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs") and the disclosure requirements of the Hong Kong Companies Ordinance which concern the preparation of financial statements, which for this financial year and the comparative period continue to be those of the Hong Kong Companies Ordinance, Cap.32 in accordance with the transitional and saving arrangements for Part 9 of the Hong Kong Companies Ordinance, Cap.622 "Accounts and Audit" which are set out in sections 76 to 87 of Schedule 11 to that Ordinance.

#### (b) Basis of measurement

The financial statements have been prepared under historical cost basis, as modified by stating financial assets at fair value through profit or loss.

#### (c) Functional and presentation currency

The financial statements are presented in Hong Kong dollar ("HK\$"), which is same as the functional currency of the School.

CANADIAN INTERNATIONAL SCHOOL OF HONG KONG LIMITED

NOTES TO FINANCIAL STATEMENTS  
JULY 31, 2014

3. ADOPTION OF NEW HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

The School has not yet adopted the following applicable amendments, revised or new HKFRSs that have been issued but are not yet effective.

Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities <sup>1</sup>
Amendments to HKAS 36	Recoverable Amount Disclosures <sup>1</sup>
HK(IFRIC) 21	Levies <sup>1</sup>
HKFRSs (Amendments)	Annual Improvements 2011-2013 Cycle <sup>2</sup>
Amendments to HKAS19 (2011)	Defined Benefit Plans: Employee Contributions <sup>2</sup>
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures <sup>3</sup>
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation <sup>4</sup>
HKFRS 9 (2014)	Financial Instruments <sup>5</sup>
HKFRS 14	Regulatory Deferral Accounts <sup>5</sup>
HKFRS 15	Revenue from Contracts with Customers <sup>6</sup>

<sup>1</sup> Effective for annual periods beginning on or after January 1, 2014

<sup>2</sup> Effective for annual periods beginning on or after 1 July 2014

<sup>3</sup> Effective for annual periods beginning on or after January 1, 2015

<sup>4</sup> Effective for annual periods beginning on or after January 1, 2016

<sup>5</sup> Effective for annual periods beginning on or after January 1, 2017

<sup>6</sup> Effective for annual periods beginning on or after January 1, 2018

The School is in the process of making an assessment of the potential impact of these amendments or revised HKFRSs and has so far concluded that the application of these amendments or revised HKFRSs will have no material impact on the results and financial position of the School.

4. PRINCIPAL ACCOUNTING POLICIES

(a) Property, plant and equipment

Property, plant and equipment, other than construction-in-progress, are stated at cost less accumulated depreciation and accumulated impairment losses.

The cost of property, plant and equipment includes its purchase price and the costs directly attributable to the acquisition of the items.

Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the School and the cost of the item can be measured reliably. The carrying amount of a replaced part is derecognised. All repairs and maintenance are recognised as an expense in the income and expenditure statement during the period in which they are incurred.

0030

CANADIAN INTERNATIONAL SCHOOL OF HONG KONG LIMITED

NOTES TO FINANCIAL STATEMENTS  
JULY 31, 2014

4. PRINCIPAL ACCOUNTING POLICIES - Continued

(a) Property, plant and equipment - Continued

Property, plant and equipment are depreciated so as to write off their cost net of expected residual value over their estimated useful lives on a straight-line basis. The useful lives, residual value and depreciation method are reviewed, and adjusted if appropriate, at each balance sheet date. The principal annual rates of depreciation are as follows:

School properties	2 <sup>1</sup> / <sub>4</sub> % or the remaining life of the School Properties
Motor vehicles	20%
Furniture, fixtures and equipment	10% - 20%
Computer equipment and software	20% - 33 <sup>1</sup> / <sub>3</sub> %

An asset is written down immediately to its recoverable amount if its carrying amount is higher than the asset's estimated recoverable amount.

The gain or loss on disposal of an item of property, plant and equipment is the difference between the net sale proceeds and its carrying amount, and is recognised in the income and expenditure statement on disposal.

Construction-in-progress represents buildings and/or related facilities under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction during the period of construction. Construction-in-progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

(b) Leasing

Leases other than those transferring substantially all the risks and rewards of ownership to the lessee are classified as operating leases.

The total rentals payable under operating leases are recognised in the income and expenditure statement on a straight-line basis over the lease term. Lease incentives received are recognised as an integrated part of the total rental expense, over the lease term.

CANADIAN INTERNATIONAL SCHOOL OF HONG KONG LIMITED

NOTES TO FINANCIAL STATEMENTS  
JULY 31, 2014

4. PRINCIPAL ACCOUNTING POLICIES - Continued

(c) Financial instruments

(i) Financial assets

The School classifies its financial assets into one of the following categories, depending on the purpose for which a financial asset was acquired.

*Loans and receivables*

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally in the operation of the School, and also incorporate other types of contractual monetary assets. Loans and receivables are initially recognised at fair value plus transaction costs. Subsequent to initial recognition, they are carried at amortised cost using the effective interest method, less any identified impairment losses.

*Financial assets at fair value through profit or loss*

Financial assets are designated upon initial recognition as at fair value through profit or loss if the following criteria are met: (i) the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or recognising gains or loss on them on a different basis; (ii) the assets are part of a group of financial assets which is managed and its performance evaluated on a fair value basis according to a documented management strategy; or (iii) the financial asset contains an embedded derivative that would need to be separately recorded.

Financial assets at fair value through profit or loss are initially recognised at fair value plus transaction costs. Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value, with changes in fair value recognised in the income and expenditure statement in the period in which they arise.

Gains or losses on these financial assets are recognised in the income and expenditure statement.

CANADIAN INTERNATIONAL SCHOOL OF HONG KONG LIMITED

NOTES TO FINANCIAL STATEMENTS  
JULY 31, 2014

4. PRINCIPAL ACCOUNTING POLICIES - Continued

(c) Financial instruments - Continued

(ii) Impairment loss on financial assets

*For loans and receivables*

Objective evidence that a financial asset is impaired includes observable data that comes to the attention of the School about the following loss events:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- granting concession to a debtor because of the debtor's financial difficulty; or
- it becoming probable that the debtor will enter bankruptcy or other financial reorganisation.

An impairment loss is recognised in the income and expenditure statement through an allowance account when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.



CANADIAN INTERNATIONAL SCHOOL OF HONG KONG LIMITED

NOTES TO FINANCIAL STATEMENTS  
JULY 31, 2014

4. PRINCIPAL ACCOUNTING POLICIES - Continued

(c) Financial instruments - Continued

(iii) Financial liabilities

Financial liabilities at amortised cost include accounts payable arising in the operations of the School and other short-term monetary liabilities, which are initially measured at fair value plus transaction costs that are directly attributable to the acquisition of the financial liabilities, and subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in the income and expenditure statement.

Gains or losses are recognised in the income and expenditure statement when the liabilities are derecognised as well as through the amortisation process.

(iv) Derecognition

A financial asset is derecognised when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKAS 39.

A financial liability is derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

(d) Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short-term highly liquid investments that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the School's cash management.

**CANADIAN INTERNATIONAL SCHOOL OF HONG KONG LIMITED**

**NOTES TO FINANCIAL STATEMENTS  
JULY 31, 2014**

**4. PRINCIPAL ACCOUNTING POLICIES - Continued**

**(e) Government grants**

Government grants are recognised at their fair value in the period where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the income and expenditure statement over the expected useful life of the relevant asset on a straight line basis.

**(f) Recognition of revenue and income**

Revenue and income are recognised when it is probable that the economic benefits will flow to the School and when the revenue and income can be measured reliably, on the following bases:

- (i) application fees and donations, on a cash receipt basis;
- (ii) tuition fees, capital levies and income from after-school activities and summer school, on an accrual/time proportion basis for which they relate;
- (iii) entry fees, during the academic school year to which they relate;
- (iv) sales of debentures, when the debentures are issued and when the rights of the debenture holders have been established (see note 15 for details of the debentures);
- (v) forfeited deposits, when the deposits are forfeited;
- (vi) debenture transfer fees, when the title of the debentures is transferred; and
- (vii) interest income, on an accrual basis using the effective interest method by applying the rate that discounts the estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.

Entry fees, tuition fees, capital levies and income from after-school activities and summer school received in advance are treated as deferred income under current liabilities.

CANADIAN INTERNATIONAL SCHOOL OF HONG KONG LIMITED

NOTES TO FINANCIAL STATEMENTS  
JULY 31, 2014

4. PRINCIPAL ACCOUNTING POLICIES - Continued

(g) Unsecured debentures

Sales (face value and the related premium) of unsecured non-interest bearing debentures are recognised as income when the debentures are sold, as further explained in the accounting policy for "Recognition of revenue and income" above. Details of the debentures are described in note 15.

(h) Foreign currencies

Transactions entered into by the School in currencies other than the currency of the primary economic environment in which it operates (the "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in the income and expenditure statement in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in the income and expenditure statement for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income, in which case, the exchange differences are also recognised in other comprehensive income.

(i) Employee benefits

(i) Defined contribution retirement plan

Contributions to defined contribution retirement plans are recognised as an expense in the income and expenditure statement when the services are rendered by the employees.

(ii) Employee entitlements

Employee entitlements to annual leave and long service payments are recognised when they accrue to the employees. A provision is made for the estimated liability for long-service payments as a result of services rendered by employees up to the balance sheet date.

CANADIAN INTERNATIONAL SCHOOL OF HONG KONG LIMITED

NOTES TO FINANCIAL STATEMENTS  
JULY 31, 2014

4. PRINCIPAL ACCOUNTING POLICIES - Continued

(j) Impairment of non-financial assets

At each balance sheet date, the School reviews the carrying amounts of property, plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss or an impairment loss previously recognised no longer exists or may have decreased.

If the recoverable amount (i.e. the greater of the fair value less costs to sell and value in use) of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent that the increased carrying amount does not exceed the carrying 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 as income immediately.

(k) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the School has a legal or constructive obligation arising as a result of a past event, which will probably result in an outflow of economic benefits that can be reasonably estimated.

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 of economic benefits is remote. Possible obligations, the existence of which 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 of economic benefits is remote.

**CANADIAN INTERNATIONAL SCHOOL OF HONG KONG LIMITED**

**NOTES TO FINANCIAL STATEMENTS  
JULY 31, 2014**

**4. PRINCIPAL ACCOUNTING POLICIES - Continued**

**(l) Related parties**

Related parties consist of Members, Governors and key management personnel of the School. A party is also considered to be related to the School if:

- (i) the party, directly or indirectly through one or more intermediaries, (1) controls, is controlled by, or is under common control with, the School; (2) has an interest in the School that gives it significant influence over the School; or (3) has joint control over the School;
- (ii) the party is a close member of the family of any individual referred to above; or
- (iii) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to above.

**5. SURPLUS FOR THE YEAR**

Surplus for the year is arrived at after charging:

	<b>Year ended 07/31/2014 HK\$</b>	<b>11 months from 09/01/2012 to 07/31/2013 HK\$</b>
Auditor's remuneration	172,300	150,000
Operating lease rental for equipment	2,191,800	2,040,500
Depreciation on property, plant and equipment	22,235,315	19,748,645
Loss on disposal of plant and equipment	6,929	2,322

**CANADIAN INTERNATIONAL SCHOOL OF HONG KONG LIMITED**

**NOTES TO FINANCIAL STATEMENTS  
JULY 31, 2014**

**5. SURPLUS FOR THE YEAR - Continued**

Income and expenditure analysis (refer to note 16 for the nature of the funds):

	Year ended July 31, 2014				Total HK\$
	Operating Fund / Annual Fund HK\$	Capital fund HK\$	Scholarship fund HK\$	Endowment fund HK\$	
<b>Income</b>					
School fees	244,099,020	-	-	-	244,099,020
Capital levies	-	33,270,000	-	-	33,270,000
Debenture transfer fees	9,585,000	-	-	-	9,585,000
Donations	14,901,934	2,387,999	710,867	-	18,000,800
Interest income from bank deposits	376,380	2,502,875	26,496	103,787	3,009,538
Fair value gain on investments at fair value through profit or loss	-	5,174,479	195,167	-	5,369,646
Government reimbursements	2,480,400	-	-	-	2,480,400
Miscellaneous income	2,012,946	-	-	-	2,012,946
	<u>273,455,680</u>	<u>43,335,353</u>	<u>932,530</u>	<u>103,787</u>	<u>317,827,350</u>
<b>Expenditure</b>					
Staff costs	194,709,737	-	-	-	194,709,737
School facilities	19,152,839	-	-	-	19,152,839
Educational services	20,541,188	-	-	-	20,541,188
After-school activities and summer school	9,359,861	-	-	-	9,359,861
General and administration	8,215,051	-	-	-	8,215,051
Depreciation on property, plant and equipment	11,022,554	11,212,761	-	-	22,235,315
Tuition fees waived and scholarship awarded	-	-	1,380,330	-	1,380,330
Jockey Club Scholarships	-	-	421,000	-	421,000
	<u>263,001,230</u>	<u>11,212,761</u>	<u>1,801,330</u>	<u>-</u>	<u>276,015,321</u>
<b>Surplus/(deficit) for the year</b>	<u>10,454,450</u>	<u>32,122,592</u>	<u>(868,800)</u>	<u>103,787</u>	<u>41,812,029</u>

**CANADIAN INTERNATIONAL SCHOOL OF HONG KONG LIMITED**

**NOTES TO FINANCIAL STATEMENTS  
JULY 31, 2014**

**5. SURPLUS FOR THE YEAR - Continued**

Income and expenditure analysis (refer to note 16 for the nature of the funds) - Continued:

	<u>11 months from September 1, 2012 to July 31, 2013</u>				
	Operating Fund/ Annual Fund HK\$	Capital fund HK\$	Scholarship fund HK\$	Endowment fund HK\$	Total HK\$
<b>Income</b>					
School fees	223,908,142	-	-	-	223,908,142
Capital levies	-	29,400,000	-	-	29,400,000
Sales of debentures	-	3,000,000	-	-	3,000,000
Debenture transfer fees	8,527,000	-	-	-	8,527,000
Donations	955,280	-	2,071,487	-	3,026,767
Interest income from bank deposits	250,777	1,630,678	12,952	49,777	1,944,184
Fair value gain on investments at fair value through profit or loss	-	2,942,858	114,180	-	3,057,038
Government reimbursements	2,054,567	-	-	-	2,054,567
Miscellaneous income	1,810,207	-	-	-	1,810,207
	<u>237,505,973</u>	<u>36,973,536</u>	<u>2,198,619</u>	<u>49,777</u>	<u>276,727,905</u>
<b>Expenditure</b>					
Staff costs	177,729,729	-	-	-	177,729,729
School facilities	17,602,219	-	-	-	17,602,219
Educational services	18,342,813	-	-	-	18,342,813
After-school activities and summer school	7,755,621	-	-	-	7,755,621
General and administration	4,984,114	-	-	-	4,984,114
Depreciation on property, plant and equipment	9,475,881	10,272,764	-	-	19,748,645
Tuition fees waived and scholarship awarded	-	-	601,488	-	601,488
Jockey Club Scholarships	-	-	383,400	-	383,400
	<u>235,890,377</u>	<u>10,272,764</u>	<u>984,888</u>	<u>-</u>	<u>247,148,029</u>
<b>Surplus for the period</b>	<u>1,615,596</u>	<u>26,700,772</u>	<u>1,213,731</u>	<u>49,777</u>	<u>29,579,876</u>

**CANADIAN INTERNATIONAL SCHOOL OF HONG KONG LIMITED**

**NOTES TO FINANCIAL STATEMENTS  
JULY 31, 2014**

**6. STAFF COSTS**

	Year ended 07/31/2014 HK\$	11 months from 09/01/2012 to 07/31/2013 HK\$
Salaries, gratuities and allowances	187,261,450	171,507,726
Contributions to defined contribution retirement benefits scheme	3,607,988	2,943,109
Long service payment	46,819	-
Other benefits	<u>3,793,480</u>	<u>3,278,894</u>
	<u>194,709,737</u>	<u>177,729,729</u>

**Retirement benefits**

The School operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for those employees who are eligible, and are required to participate therein. Contributions are made based on a percentage of an employee's basic salaries and capped at HK\$2,500 per month before June 1, 2014 and HK\$3,000 per month from June 1, 2014 and onwards, and are charged to the income and expenditure statement as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the School in an independently administered fund.

**7. GOVERNORS' EMOLUMENTS**

No fees or other remuneration were paid or payable to the Governors in respect of their services rendered to the School during the year (2013: Nil).

**8. TAXATION**

The School is exempt from Hong Kong profits tax under Section 88 of the Hong Kong Inland Revenue Ordinance as a charitable institution of a public character. Accordingly, no provision for Hong Kong profits tax has been made for the year (2013: Nil).



**CANADIAN INTERNATIONAL SCHOOL OF HONG KONG LIMITED**

**NOTES TO FINANCIAL STATEMENTS  
JULY 31, 2014**

**9. PROPERTY, PLANT AND EQUIPMENT**

	School properties HK\$	Construction- in-progress HK\$	Furniture, fixtures and equipment HK\$	Motor vehicles HK\$	Computer equipment and software HK\$	Total HK\$
<b>Cost</b>						
At August 1, 2013	500,356,808	21,381,854	43,389,514	290,000	42,748,780	608,166,956
Additions	2,133,344	17,766,487	6,207,890	-	8,336,202	34,443,923
Transfers	6,872,343	(26,085,472)	16,839,745	-	2,373,384	-
Disposals	-	(7,000)	(40,888)	-	(15,511)	(63,399)
At July 31, 2014	<u>509,362,495</u>	<u>13,055,869</u>	<u>66,396,261</u>	<u>290,000</u>	<u>53,442,855</u>	<u>642,547,480</u>
<b>Accumulated depreciation</b>						
At August 1, 2013	125,263,889	-	31,658,997	290,000	33,269,803	190,482,689
Charges for the year	11,248,722	-	5,516,247	-	5,470,346	22,235,315
Eliminated upon disposal	-	-	(9,175)	-	(5,946)	(15,121)
At July 31, 2014	<u>136,512,611</u>	<u>-</u>	<u>37,166,069</u>	<u>290,000</u>	<u>38,734,203</u>	<u>212,702,883</u>
<b>Net book value</b>						
At July 31, 2014	<u>372,849,884</u>	<u>13,055,869</u>	<u>29,230,192</u>	<u>-</u>	<u>14,708,652</u>	<u>429,844,597</u>
<b>Cost</b>						
At September 1, 2012	498,137,338	12,995,270	37,924,413	290,000	38,679,496	588,026,517
Additions	2,219,470	12,008,532	2,619,998	-	3,318,573	20,166,573
Transfers	-	(3,621,948)	2,850,991	-	770,957	-
Disposals	-	-	(5,888)	-	(20,246)	(26,134)
At July 31, 2013	<u>500,356,808</u>	<u>21,381,854</u>	<u>43,389,514</u>	<u>290,000</u>	<u>42,748,780</u>	<u>608,166,956</u>
<b>Accumulated depreciation</b>						
At September 1, 2012	115,032,283	-	27,080,448	275,500	28,365,998	170,754,229
Charges for the period	10,231,606	-	4,580,810	14,500	4,921,729	19,748,645
Eliminated upon disposal	-	-	(2,261)	-	(17,924)	(20,185)
At July 31, 2013	<u>125,263,889</u>	<u>-</u>	<u>31,658,997</u>	<u>290,000</u>	<u>33,269,803</u>	<u>190,482,689</u>
<b>Net book value</b>						
At July 31, 2013	<u>375,092,919</u>	<u>21,381,854</u>	<u>11,730,517</u>	<u>-</u>	<u>9,478,977</u>	<u>417,684,267</u>

**CANADIAN INTERNATIONAL SCHOOL OF HONG KONG LIMITED**

**NOTES TO FINANCIAL STATEMENTS  
JULY 31, 2014**

**9. PROPERTY, PLANT AND EQUIPMENT - Continued**

The School properties represent school buildings and related facilities, which are erected on a piece of land in Hong Kong granted at no cost by the Government of the Hong Kong Special Administrative Region (the "Government") solely for school facilities usage for a term from May 26, 1997 to June 30, 2047.

**10. PREPAYMENTS, DEPOSITS AND RECEIVABLES**

	07/31/2014	07/31/2013
	HK\$	HK\$
Tuition fee and capital levy receivables	8,915,924	51,724,998
Salaries in advance and prepaid benefits	1,068,431	544,655
Other prepayments	6,274,714	5,819,382
Utilities deposits	1,103,290	1,125,990
Other receivables	2,543,521	605,403
Other assets	-	250,584
	<u>19,905,880</u>	<u>60,071,012</u>

**11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS**

	07/31/2014	07/31/2013
	HK\$	HK\$
Beginning of reporting period	79,741,072	71,684,034
Purchases	-	5,000,000
Fair value gain	<u>5,369,646</u>	<u>3,057,038</u>
End of reporting period	<u>85,110,718</u>	<u>79,741,072</u>

The School invests in an investment fund which includes short-term investments, fixed income securities, international bonds and geographically diversified equities. The investment fund is managed by an independent fund manager.

The above investments were, upon recognition, designated as financial assets at fair value through profit or loss.

As at July 31, 2014, financial assets at fair value through profit or loss of HK\$3,093,468 (2013: HK\$2,898,301) were related to specific donations from third parties or specific appropriation for the School's scholarship awards and cannot be used for regular operating purposes.

**CANADIAN INTERNATIONAL SCHOOL OF HONG KONG LIMITED**

**NOTES TO FINANCIAL STATEMENTS  
JULY 31, 2014**

**12. TIME DEPOSITS**

	07/31/2014 HK\$	07/31/2013 HK\$
Time deposits with original maturities of less than three months when acquired (note 13)	145,628,778	142,110,834
Time deposits with original maturities of three months and longer when acquired	<u>101,124,654</u>	<u>59,070,000</u>
	<u><u>246,753,432</u></u>	<u><u>201,180,834</u></u>

As at July 31, 2014, time deposits of HK\$2,298,762 (2013: HK\$2,234,805) were related to specific donations from third parties or specific appropriations relating to the School's scholarship awards and cannot be used for regular operating purposes.

Time deposits are made for varying periods of between one day and six months depending on the cash requirement of the School. Time deposits are deposited with major banks in Hong Kong. The weighted average interest rate at July 31, 2014 was 1.46% (2013: 1.26%) per annum.

**13. CASH AND BANK BALANCES**

	07/31/2014 HK\$	07/31/2013 HK\$
Time deposits with original maturities of less than three months when acquired (note 12)	145,628,778	142,110,834
Cash and bank balances	<u>118,701,090</u>	<u>82,737,147</u>
	<u><u>264,329,868</u></u>	<u><u>224,847,981</u></u>

Cash and bank balances are deposited with major banks in Hong Kong.

**CANADIAN INTERNATIONAL SCHOOL OF HONG KONG LIMITED**

**NOTES TO FINANCIAL STATEMENTS  
JULY 31, 2014**

**14. ACCRUALS AND OTHER PAYABLES**

	07/31/2014	07/31/2013
	HK\$	HK\$
Premises construction and renovation projects	9,977,738	548,100
Staff costs	24,017,155	23,064,160
Student extra-curricular activities	1,538,574	2,066,321
Accounts payable	2,739,678	2,423,446
'Payable to The Canadian International School Parents' Association (CISPA)	514,840	545,126
Other accruals	<u>2,236,009</u>	<u>1,623,347</u>
	<u>41,023,994</u>	<u>30,270,500</u>

The amount payable to The Canadian International School Parents' Association (CISPA) is unsecured, bears interest at approximately bank deposit rate and without pre-determined repayable terms. CISPA is a company incorporated in Hong Kong limited by guarantee and no Members or Governors of the School are company Members or Directors of CISPA.

**15. UNSECURED DEBENTURES**

The School has issued debentures that are labelled as Capital Debentures, Consulate Debentures and Gold Corporate Debentures.

An individual debenture holder is entitled to nominate his/her son or daughter to attend the School while a Gold Corporate and a Consulate debenture holder is entitled to nominate a child of its director or employee to attend the School, in accordance with the terms and conditions of the debentures. Debenture holders are not required to pay annual capital levies for the children so nominated. Capital and Gold Corporate debentures are transferrable upon consent of the School while Consulate Debentures are non-transferrable. Furthermore, Gold Corporate Debentures guarantee the placement of a student in the School subject to the passing of entrance examinations.

The debentures are unsecured and non-interest-bearing. Under the conditions for the issue of the School's debentures, the School is only obliged to pay the debenture holders the face value of the debentures upon an effective resolution for the winding up of the School being made by a court of appropriate jurisdiction. The total face value of the School's outstanding debentures as at July 31, 2014 was HK\$204,478,001 (2013: HK\$204,478,001). As at July 31, 2014, a total of 902 (2013: 902) Capital Debentures, 29 (2013: 29) Gold Corporate Debentures, and 6 Consulate Debentures (2013: 6) were issued.

As at July 31, 2014, certain Governors of the School held certain debentures of the School with an aggregate face value of HK\$550,000 (2013: HK\$675,000).

0045

CANADIAN INTERNATIONAL SCHOOL OF HONG KONG LIMITED

NOTES TO FINANCIAL STATEMENTS  
JULY 31, 2014

16. FUNDS

Funds of the School can be broadly grouped under five categories as follows:

Operating Fund comprises revenue/income and expenditure applicable to the delivery of regular educational programmes offered by the School, including summer programmes, and donation drives to supplement funding needs apart from regular revenue sources. Revenue from transfer of debentures are included under this category.

Annual Fund comprises specific donation income to support six broad areas of development of the School based on stakeholder consultation, which are additional to the delivery of regular education programmes. The School launched its first Annual Fund campaign during the year. Out of the total donations received during the year, HK\$14.7 million, HK\$1.4 million, and HK\$0.4 million were recorded as income of Operating Fund/Annual Fund, Capital Fund, and Scholarship Fund respectively.

Capital Fund comprises income and expenditure applicable to the capital needs of the School for facilities, infrastructure and major equipment and the rebuilding of all School premises as and when needed. This category includes income attributable to the sales of debentures of the School, capital levies and donations specific to capital projects.

Scholarship Fund comprises income and expenditure transferred from Operating Fund and specific donations in respect of scholarships for students, as well as general purpose donations for the benefit of CDNIS. In addition, a School debenture donated by a donor and three School debentures held by Hong Kong Jockey Club Charities Trust allow the School to nominate four scholarship students each year.

Endowment Fund represents appropriation from other funds with a view to build up an Endowment adequate to generate a steady stream of income to support the regular operations of the School that would not otherwise be fundable by regular sources of revenue of the School.

No portion of the Funds or property of the School shall be paid or distributed among Members of the School. In the event of a winding up of the School, the net assets of the School after payment of the face value of the School debentures to their holders (see note 15) shall be given or transferred to some other institutions having objects similar to those of the School, as determined by the Members of the School or to some charitable objects as determined by a judge of the High Court of Hong Kong.

Certain fund balances represent unutilised donations and could only be utilised for designated purposes, as follows:

	07/31/2014	07/31/2013
	HK\$	HK\$
Capital Fund (Green Roof)	2,668,125	2,668,125
Scholarship Fund	<u>5,392,230</u>	<u>5,840,030</u>
	<u>8,060,355</u>	<u>8,508,155</u>

**CANADIAN INTERNATIONAL SCHOOL OF HONG KONG LIMITED**

**NOTES TO FINANCIAL STATEMENTS  
JULY 31, 2014**

**17. MEMBERS' SUBSCRIPTIONS**

Each Member of the School is required to contribute a maximum of HK\$100, representing the limit of their respective liabilities, to the School if required. At July 31, 2014, the School had a total of 17 (2013: 16) members, comprising 10 (2013: 10) Founding Members and 7 (2013: 6) Members.

**18. COMMITMENTS**

**(a) Capital commitments**

The School's outstanding commitments not provided for in the financial statements in respect of property, plant and equipment are as follows:

	07/31/2014 HK\$	07/31/2013 HK\$
Contracted for	51,472,687	23,129,341
Authorised, but not contracted for	<u>2,235,500</u>	<u>1,857,780</u>
	<u>53,708,187</u>	<u>24,987,121</u>

**(b) Commitments under operating leases**

The School had future aggregate minimum lease payments under non-cancellable operating leases in respect of equipment and premises, as follows:

	07/31/2014 HK\$	07/31/2013 HK\$
Not later than one year	2,817,000	2,800,000
Later than one year and not later than five years	<u>2,450,150</u>	<u>4,007,150</u>
	<u>5,267,150</u>	<u>6,807,150</u>

**CANADIAN INTERNATIONAL SCHOOL OF HONG KONG LIMITED**

**NOTES TO FINANCIAL STATEMENTS  
JULY 31, 2014**

**19. RELATED PARTY TRANSACTIONS**

In addition to those detailed elsewhere in these financial statements, the School had the following material transactions with related parties:

Compensation of key management personnel of the School (weighted average 2014:11; 2013: 11), comprising Head of School, Principals, Director of Business Administration, Vice Principals, Director of Chinese Studies, Director of Development and Director of Learning was as follows:

	Year ended 07/31/2014 2014 HK\$	11 months from 09/01/2012 to 07/31/2013 2013 HK\$
Salaries, gratuities, allowances and employment benefits	<u>19,451,758</u>	<u>16,540,729</u>

Compensation of close family members of key management personnel of the School (weighted average 2014:6; 2013: 6) was as follows:

	Year ended 07/31/2014 2014 HK\$	11 months from 09/01/2012 to 07/31/2013 2013 HK\$
Salaries, gratuities, allowances and employment benefits	<u>4,449,733</u>	<u>3,296,065</u>

CANADIAN INTERNATIONAL SCHOOL OF HONG KONG LIMITED

NOTES TO FINANCIAL STATEMENTS  
JULY 31, 2014

**20. CONTINGENT LIABILITIES**

During 2013, two employees of a contractor of the School started legal proceedings against the School for injury at the school premises. The total amount claimed amounted to HK\$ 1,099,369 (2013: HK\$ 1,099,369). No provision for the claims has been recognized in these financial statements as the Governors believe that any amounts eventually payable under the claims shall be fully recovered from insurance.

**21. FINANCIAL RISK MANAGEMENT**

The School's principal financial instruments comprise financial assets at fair value through profit or loss, time deposits, cash and bank balances, receivables and payables.

The main risks arising from the School's financial instruments are market risks (including interest rate risk, foreign exchange risk and investment price risk), liquidity risk and credit risk. The policies for managing these risks are summarised below.

**(a) Market risks**

**(i) Interest rate risk**

Interest rate risk is the risk that future cash flows of a financial instrument will fluctuate as a result of changes in the market interest rates.

Time deposits are placed for varying periods of between one day and six months depending on the cash requirements of the School, and earn interest at the respective time deposit rates fixed at the time of placement.

The risk of changes in market interest rates are not expected to have a significant impact on the results of the School as the time deposits are at fixed rates.



CANADIAN INTERNATIONAL SCHOOL OF HONG KONG LIMITED

NOTES TO FINANCIAL STATEMENTS  
JULY 31, 2014

21. FINANCIAL RISK MANAGEMENT - Continued

(a) Market risks - Continued

(i) Foreign exchange risk

Foreign exchange risk arises when the School enters into transactions denominated in currencies other than its functional currency (HK\$).

The School's foreign currency risk arises mainly from time deposits in banks. The carrying amounts of the School's financial assets denominated in foreign currencies at the end of the reporting period were analysed in the table below.

	<u>Assets</u>	
	2014	2013
	HK\$	HK\$
Renminbi time deposits	<u>3,831,613</u>	<u>3,817,928</u>

A reasonably possible change in the exchange rate between Renminbi and Hong Kong Dollar will not have significant impact on the results of the School.

(ii) Investment price risk

The School is exposed to equity and bond price risk on financial assets at fair value through profit or loss. The School has interest in equity and bond investments through an investment fund. The investment fund is diversified to optimise the risk and return (Note 11). The School believes the exposure to investment price risk from the School's investment activities is acceptable in the School's circumstances.

*Sensitivity analysis*

A sensitivity analysis on investment price risk has been performed on the School's investment in unlisted instruments, whose fair value or future cash flows will fluctuate because of changes in their corresponding or underlying asset's price. If the prices of the respective instruments had been 4% (2013: 4%) higher or lower, the surplus for the year would increase or decrease by HK\$3,404,000 (2013: HK\$3,190,000).

**CANADIAN INTERNATIONAL SCHOOL OF HONG KONG LIMITED**

**NOTES TO FINANCIAL STATEMENTS  
JULY 31, 2014**

**21. FINANCIAL RISK MANAGEMENT - Continued**

**(b) Liquidity risk**

Liquidity risk is the risk that the School will encounter difficulties in settling a liability.

The School monitors and maintains a portfolio of cash and bank balances, time deposits and financial assets at fair value through profit or loss, which is appropriate to finance the School's operations and to meet the School's obligations.

The contractual maturities of financial liabilities are shown below:

	07/31/2014 HK\$	07/31/2013 HK\$
On demand	43,700,252	40,896,262
Less than 3 months	2,300,403	290,550
3 months to less than 12 months	47,539,670	6,159,327
Over 1 year	<u>2,640,550</u>	<u>4,557,777</u>
	<u>96,180,875</u>	<u>51,903,916</u>

**(c) Credit risk**

Credit risk is the risk that an issuer or counterparty will be unable or unwilling to pay amounts in full when due.

The major exposure to credit risk of the School's financial assets, which comprise deposits and receivables, time deposits and bank balances, and financial assets at fair value through profit and loss, arises from default of the counterparty, with the maximum exposure equal to the carrying amount of these financial assets on the balance sheet.

The banking policy of the School is to spread the risk by ensuring time deposits are held in no fewer than five major international banks and that no more than 30% of total time deposits is held by a single bank.

The School's investment policy is to maintain investments managed and held by major international fund managers, currently Schroder Investment Management (Hong Kong) Limited, with the underlying investment's credit ratings of Aa2, AA-, AA, AA(high) from Moody's, S&P, Fitch and DBRS, respectively.

CANADIAN INTERNATIONAL SCHOOL OF HONG KONG LIMITED

NOTES TO FINANCIAL STATEMENTS  
JULY 31, 2014

22. FINANCIAL INSTRUMENTS - CARRYING AMOUNT AND FAIR VALUE

The Governors considered that the carrying amounts of the financial assets and financial liabilities of the School approximated to their fair values at the balance sheet date.

The following table shows the carrying amount and fair value of financial assets and liabilities as defined in note 4(c).

	07/31/2014 HK\$	07/31/2013 HK\$
<b>Financial assets</b>		
Investments at fair value through profit or loss	85,110,718	79,741,072
Time deposits with original maturities of three months and longer when acquired	101,124,654	59,070,000
Deposits and receivables	12,562,735	53,456,391
Cash and bank balances	<u>264,329,868</u>	<u>224,847,981</u>
	<u>463,127,975</u>	<u>417,115,444</u>
<b>Financial Liabilities</b>		
Financial liabilities measured at amortised cost	<u>41,023,994</u>	<u>30,270,500</u>

As at July 31, 2014, the School's financial assets (note 11) measured at fair value is determined with reference to quoted prices for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly (i.e. Level 2 fair value hierarchy as defined by HKFRS 13). There were no transfers to and from Level 2 fair value hierarchy during the year.

23. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Governors on November 4, 2014.

**THE FOLLOWING STATEMENTS DO NOT FORM PART OF THE  
AUDITED FINANCIAL STATEMENTS**

**CANADIAN INTERNATIONAL SCHOOL OF HONG KONG LIMITED**

**DETAILS OF EXPENDITURE  
FOR THE YEAR ENDED JULY 31, 2014**

	Year ended 07/31/2014 HK\$	11 months from 09/01/2012 to 07/31/2013 HK\$
<b>Staff costs:</b>		
Salaries, gratuities and other allowances	187,308,269	171,507,726
Retirement scheme contributions	3,607,988	2,943,109
Insurance (medical, life, employees' compensation and professional liabilities)	<u>3,793,480</u>	<u>3,278,894</u>
	<u>194,709,737</u>	<u>177,729,729</u>
<b>School facilities:</b>		
Cleaning services and materials	3,652,179	2,953,772
Facilities maintenance fees	520,009	520,984
Government rent and rates	2,480,400	2,054,567
Property maintenance fees	1,643,794	1,402,021
Repairs and maintenance	3,696,892	4,058,242
Security guard services	1,998,334	1,639,971
Utility charges	<u>5,161,231</u>	<u>4,972,662</u>
	<u>19,152,839</u>	<u>17,602,219</u>
<b>Educational services:</b>		
Consultancy fees	217,700	87,475
Consumables for teaching	3,476,638	3,148,552
Curricular field trips	1,929,911	1,825,540
Hall and sports field rentals	64,527	69,907
Membership fees (I.B., EARCOS, ACAMIS, etc.)	896,827	746,889
Educational books/newspapers	2,845,976	3,103,541
Printing and stationery	2,776,107	2,442,661
Staff training	2,189,810	2,585,161
Student activities	<u>6,143,692</u>	<u>4,333,087</u>
	<u>20,541,188</u>	<u>18,342,813</u>
<b>After-school activities and summer school:</b>		
After-school activities	6,784,626	5,937,617
Summer school	<u>2,575,235</u>	<u>1,818,004</u>
	<u>9,359,861</u>	<u>7,755,621</u>

(For Management Purposes Only)

CANADIAN INTERNATIONAL SCHOOL OF HONG KONG LIMITED

DETAILS OF EXPENDITURE - Continued  
FOR THE YEAR ENDED JULY 31, 2014

	Year ended 07/31/2014 HK\$	11 months from 09/01/2012 to 07/31/2013 HK\$
General and administration:		
Auditor's remuneration	172,300	150,000
Internal audit	99,750	186,407
Bank charges	87,711	65,242
Entertainment	79,353	38,718
Events and functions	486,237	171,427
Gain on disposal of plant and equipment	6,929	2,322
Insurance (property damage, public liabilities, business interruption, special contingency, etc.)	748,971	676,476
Legal and professional fees	1,188,748	422,591
Medicines and health care	52,511	31,514
Office supplies	468,190	221,232
Postage	35,121	54,479
Promotion, development, fundraising	939,918	755,228
Recruitment	2,172,132	768,487
Refreshments	815,773	715,043
Telephone and fax	532,833	454,627
Transportation	257,651	223,279
Vehicle expenses	70,923	47,042
	<u>8,215,051</u>	<u>4,984,114</u>
Depreciation on property, plant and equipment	22,235,315	19,748,645
Tuition fees, scholarship awarded and other expenses	<u>1,801,330</u>	<u>984,888</u>
Total expenditure	<u>276,015,321</u>	<u>247,148,029</u>

(For Management Purposes Only)

CANADIAN INTERNATIONAL SCHOOL OF HONG KONG LIMITED

INCOME AND EXPENDITURE - OPERATING FUND / ANNUAL FUND  
FOR THE YEAR ENDED JULY 31, 2014

	Year ended 07/31/2014 HK\$	11 months from 09/01/2012 to 07/31/2013 HK\$
<b>Income</b>		
School fees:		
Tuition fees	219,025,019	201,684,314
Tuition fee deposits forfeited	1,610,620	495,050
Application and entry fees	12,162,707	10,792,476
After-school activities	7,176,520	6,220,748
Summer school fees	2,670,745	3,323,640
Curricular field trips	1,453,409	1,391,914
	<u>244,099,020</u>	<u>223,908,142</u>
Debenture transfer fees		
- Capital Debentures	9,585,000	8,527,000
Donations, Operating Fund	207,901	955,280
Donations, Annual Fund	14,694,033	-
Interest income from bank deposits	376,380	250,777
Government reimbursements	2,480,400	2,054,567
Miscellaneous income	2,012,946	1,810,207
	<u>273,455,680</u>	<u>237,505,973</u>
<b>Expenditure **Note 1</b>		
Staff costs	194,709,737	177,729,729
School facilities	19,152,839	17,602,219
Educational services	20,541,188	18,342,813
After-school activities	6,784,626	5,937,617
Summer school	2,575,235	1,818,004
General and administration	8,215,051	4,984,114
Depreciation on property, plant and equipment	11,022,554	9,475,881
	<u>263,001,230</u>	<u>235,890,377</u>
<b>Surplus for the year **Note 2</b>	<u>10,454,450</u>	<u>1,615,596</u>

\*\*Note 1: Expenditures funded by annual fund amounted to \$1.86M

\*\*Note 2: Net of annual fund donations and expenditures, there is a net deficit of \$2.37M

(For Management Purposes Only)

CANADIAN INTERNATIONAL SCHOOL OF HONG KONG LIMITED

INCOME AND EXPENDITURE - CAPITAL FUND  
FOR THE YEAR ENDED JULY 31, 2014

	Year ended 07/31/2014 HK\$	11 months from 09/01/2012 to 07/31/2013 HK\$
<b>Income</b>		
Sales of debentures	-	3,000,000
Capital levies	33,270,000	29,400,000
Interest income from bank deposits	2,502,875	1,630,678
Donations for Chinese Culture Centre	1,000,000	-
Donations, Annual Fund	1,387,999	
Fair value gain on investments at fair value through profit or loss	<u>5,174,479</u>	<u>2,942,858</u>
	<u>43,335,353</u>	<u>36,973,536</u>
<b>Expenditure</b>		
Depreciation on property, plant and equipment	<u>11,212,761</u>	<u>10,272,764</u>
	<u>11,212,761</u>	<u>10,272,764</u>
<b>Surplus for the year</b>	<u><u>32,122,592</u></u>	<u><u>26,700,772</u></u>



(For Management Purposes Only)

CANADIAN INTERNATIONAL SCHOOL OF HONG KONG LIMITED

INCOME AND EXPENDITURE - SCHOLARSHIP FUND  
FOR THE YEAR ENDED JULY 31, 2014

	Year ended 07/31/2014 HK\$	11 months from 09/01/2012 to 07/31/2013 HK\$
<b>Income</b>		
Donations, Others	235,867	2,071,487
Donations, Annual Fund	475,000	-
Interest income from bank deposits	26,496	12,952
Fair value gain on investments at fair value through profit or loss	<u>195,167</u>	<u>114,180</u>
	932,530	2,198,619
<b>Expenditure</b>		
Jockey Club Scholarships	421,000	450,000
Other awards and scholarships **Note	1,163,451	320,315
Artist-in-Residence	117,991	128,328
Alan Dick Memmorial Walk	<u>98,888</u>	<u>86,245</u>
	<u>1,801,330</u>	<u>984,888</u>
<b>(Deficit)/surplus for the year</b>	<u><u>(868,800)</u></u>	<u><u>1,213,731</u></u>

\*\*Note: Scholarships increased from 36 to 49 programmes. There is a time gap between donations received and the expenditures incurred

(For Management Purposes Only)

CANADIAN INTERNATIONAL SCHOOL OF HONG KONG LIMITED

INCOME AND EXPENDITURE - ENDOWMENT FUND  
FOR THE YEAR ENDED JULY 31, 2014

	Year ended 07/31/2014 HK\$	11 months from 09/01/2012 to 07/31/2013 HK\$
Income		
Interest income from bank deposit	103,787	49,777
Expenditure	-	-
Surplus for the year	<u>103,787</u>	<u>49,777</u>