



Hong Kong schools,
a world of opportunity
植根香江 機遇無限



ENGLISH SCHOOLS FOUNDATION

Annual Report

2013 - 2014

Vision

To be respected in Hong Kong and worldwide for the quality of the education we offer; and to be celebrated by students and parents for the joy we bring to young people's learning.

Mission

ESF offers a personalised and inclusive approach to learning for students of all abilities, with programmes based mainly on the values of the International Baccalaureate. We achieve excellence through recruiting and developing principals, teachers and support staff of the highest calibre and providing high quality facilities to support their work. We build partnerships with parents, alumni and our local communities. Chinese language and culture form a critical component of our curriculum and we are deeply committed to our origins and development in Hong Kong.

Values

ESF achieves its mission by :

- being passionate about learning and teaching;
- having high expectations for every student;
- empowering the people we work with;
- discovering and building talent;
- respecting the needs and rights of others;
- fostering cultural understanding;
- building trust through demonstrating integrity;
- being accountable for what we do and the resources we use;
- taking care of our environment to help ensure the future of our world;
- continually improving our practice.



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Message from the Chairman

A handwritten signature in black ink that reads "Carlson Tong". The signature is fluid and cursive, with a long, sweeping tail on the letter 'g'.

Carlson Tong
Chairman
English Schools Foundation

Towards a new ESF

ESF is moving towards a new era. The government subvention will gradually be phased out from 2016-17 and the time has come for us to revisit ESF's vision and mission as we set our sights on the future. With 47 years' history, ESF is the largest provider of international education in Hong Kong. We now have over 17,500 students from pre-school to secondary and will open another kindergarten bringing the total number of schools to 22. We are proud of our dedicated staff and our success in providing an excellent education through the medium of English.

All of us in the ESF community will have a part to play in shaping future development. In the coming months, steering committees will be formed in areas that include education, quality management, finance, growth and communications and public relations. I look forward to presenting the ESF strategic plan for 2015-2020 before the end of this academic year.

I would like to take this opportunity to convey heartfelt thanks to a number of long-serving Board members and

School Council Chairmen who are stepping down after two three-year terms. Malcolm Gibson, Gordon Lamb, Kim Mak, Benny Ng, Michael Tanner, Paul Varty and Virginia Wilson have all played a significant role since 2008 and have contributed to important decision-making whilst giving so much of their personal time to ESF. We wish them all the best in their future endeavours.

This is the last annual report I will present to you. It has been a privilege to have the opportunity to be Chairman of the English Schools Foundation. I am deeply impressed by the commitment and passion of many of you in working towards the common goal of providing the best education for our children. As a result of all your efforts we have built a strong foundation for future success.

I feel very much part of the ESF family with two of my children graduating from ESF secondary school and I am hoping that my grandchildren will follow their path. My strong connection with ESF will therefore continue after I step down as Chairman in May and I will be following ESF's continued success into the future.

Message from the **Chief Executive Officer**



Belinda Greer

Belinda Greer
Chief Executive Officer
English Schools Foundation



2013-14 was another remarkable year for ESF. I am very proud of the outstanding examination results achieved by ESF secondary school students and delighted that so many of them have secured places at prestigious universities in Hong Kong and overseas.

Strong leadership and great teaching are key to providing students with excellent learning experiences and to the success of ESF. Our high quality continuous professional development (CPD) ensures that ESF teachers and staff develop deep professional thinking and practice of the highest calibre. The advisers in the Education team have worked with principals to develop and deliver a comprehensive CPD programme over the year.

Addressing the long term financial sustainability of ESF has been a priority. The Board approved the introduction of a Non-refundable Capital Levy for parents of new students joining ESF as part of the long term capital funding strategy. Our next priority will be the redevelopment of Island School. The Board, the Island School community and staff at ESF Centre are

working together to ensure that the school spirit is kept alive during the period of rebuild. The new Island School design will offer world-class facilities and a learning environment to support learning in the future.

This year, I have worked very closely with the Board, school councils, principals, teachers, staff and parents in thinking about the long term future of ESF. We have reviewed ESF's vision, mission and core values. It is time for us to set the strategic objectives for the next five years (2015-2020).

Finally, my thanks go to all our principals, teachers and support staff in schools and teams at ESF Centre for their dedication and hard work. Their high professional standards, loyalty and commitment form the basis of our success.

Governance

Overview

The ESF Ordinance (Amendment) Bill, passed by the Legislative Council in 2008, led to extensive changes in ESF's governance structure. The previous structure, consisting of an Executive Committee and a 130-member Foundation, was replaced by a 26-member Board of Governors. ESF now has a strong and balanced management structure that effectively enables a variety of stakeholders to participate in the decision-making process.

The Board of Governors has overall responsibility for managing ESF's affairs, maintaining its educational standards and administering its property portfolio. Its principal functions include working with the Chief Executive Officer to establish strategic direction, reviewing the overall curriculum strategy for all schools and ensuring the efficient use of resources.

The Board is responsible for ensuring effective communication between parents and staff and for maintaining procedures for the recruitment, retention, management, development and support of all employees. Its responsibilities also include selecting the Chief Executive Officer, appraising the

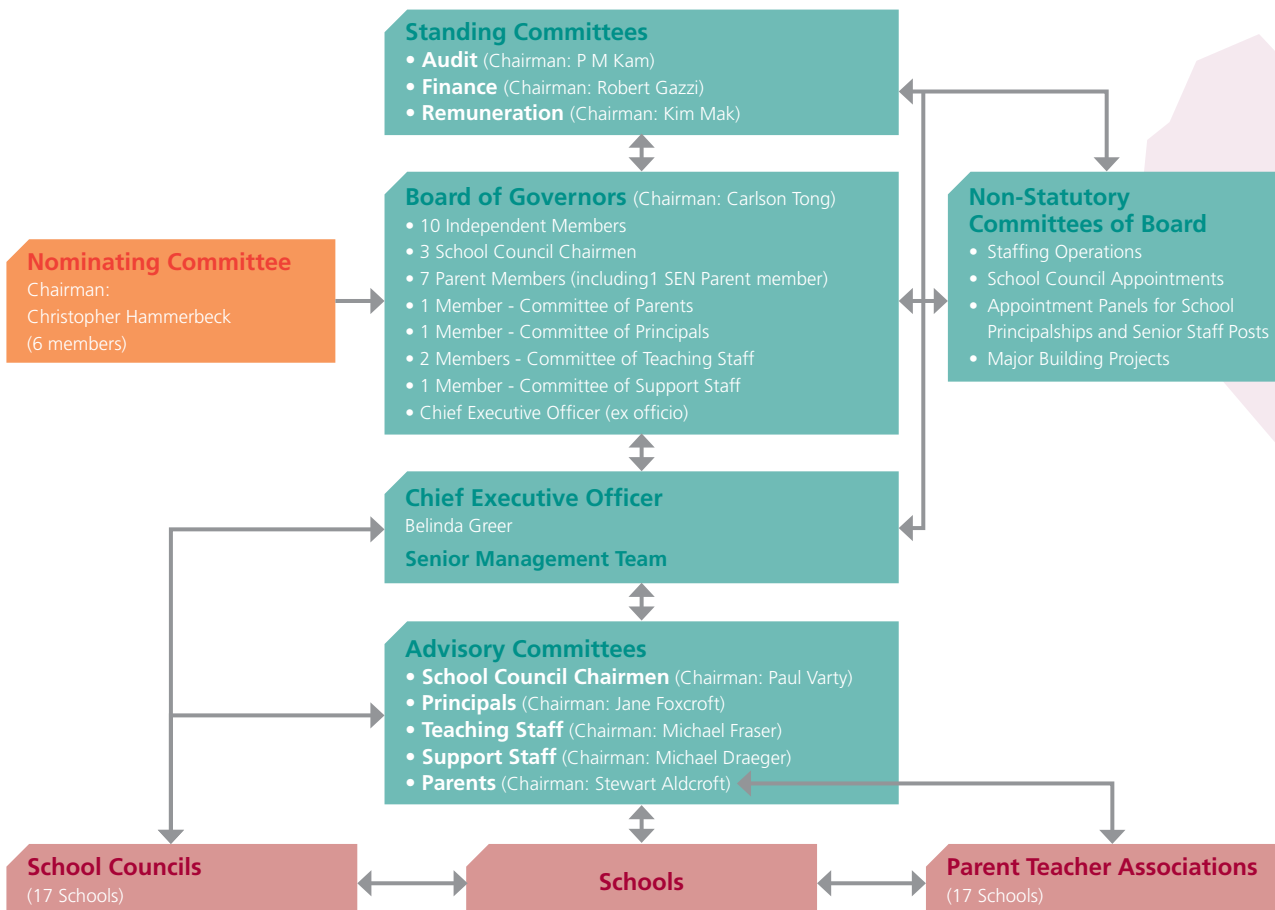
performance of the Chief Executive Officer and approving the appointment of all senior staff.

The Board of Governors is broadly constituted and includes ten independent governors, seven directly elected parent governors, one committee of parents' governor, three school council chairmen, four members of staff (including a principal) and the Chief Executive Officer (ex officio).

The Board is supported by a number of committees, including standing committees for remuneration, audit and finance.

Each ESF primary and secondary school has a school council in accordance with the resolutions of the Board of Governors. Within this framework, the main responsibilities include working with the principal to establish a strategic direction, approving the curriculum, ensuring that the needs of students are met and approving the annual budget. School councils are also responsible for approving senior appointments, implementing effective procedures for staff management and development and, most importantly, appraising the performance of the principal.

Governance Structure (2013-14)



The ESF Board of Governors' Report

Board Composition

The membership of the ESF Board of Governors in 2013-14 was as follows:

Independent Members



Chairman

Mr Carlson Tong, JP



Vice Chairman

Mrs Elizabeth Boshier



**Treasurer and
Chairman of the
Finance Committee**

Mr Robert Gazzi



**Chairman of the
Audit Committee**

Dr P M Kam



**Chairman of the
Remuneration Committee**

Dr Kim Mak, JP

Independent Members



Mr Alexandar Chan



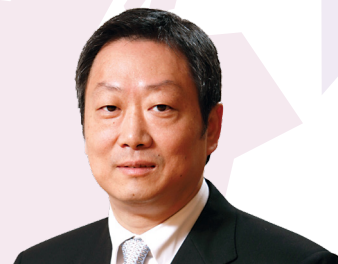
Mr Michael Dowie
(until 27 Nov 2013)



Ms Pauline Ng, SBS



Prof Nirmala Rao
(since 17 Jan 2014)



Dr Kelvin Wong
(since 17 Jan 2014)



Mr Kyran Sze
(until 14 Dec 2013)



Ms Judy Woo

School Council Chairmen



Mr Gordon Lamb



Ms Virginia Wilson
(until 31 Dec 2013)

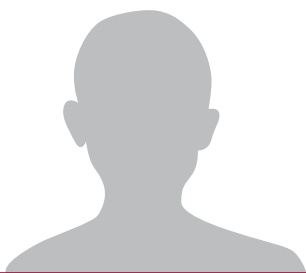


Ms Elaine Leung
(since 2 Jan 2014)



Mr Paul Varty

Elected Parent Members



Mr Francis Carroll
(since 26 Nov 2013)



Dr Vincent Ho
(until 19 Apr 2014)



Mr Simon Joyce
(until Mar 2014)



Dr Connie Liu
(since 26 Nov 2013)



Dr Andrea Lowe



Mr Simon Osborne
(until 26 Mar 2014)



Ms Amy Wong
(until 23 Oct 2013)

Elected SEN Parent Member



Ms Kim Anderson

Committee of Parents Member



Mr Marc Castagnet

Committee of Principals Member



Ms Jane Foxcroft

Committee of Teaching Staff Members



Mr Matthew Caplin



Mr Paul Clarke

Committee of Support Staff Member



Mr Mike Draeger

Chief Executive Officer (ex officio)



Mrs Belinda Greer

ESF Board of Governors' Report

In 2013-14, the Board met eight times, with an average attendance rate of 75.3%. Attendance records of individual members are on page 10.

Finances

The Board approved the audited accounts of ESF and ESF Educational Services Ltd. (ESL) for the year 2012-13, and reviewed the monthly financial reports for the current year.

The Board approved the budget for the 2014-15 academic year and set an average fee increase of 4.9% for ESF schools, 7.3% for Renaissance College and 6.6% for Discovery College. After an analysis of economic factors and trends in pay scales, a 3.5% salary increase for all staff was agreed.

Long term capital funding

The Board discussed the need for ESF to raise a total of HK\$10 billion over the next 50 years to achieve the highest possible standard of learning environment. ESF manages a portfolio of 15 schools that needs to be maintained, improved and in time replaced. This requires that management put in place a robust financial strategy to meet the future capital funding requirements.

To address this issue, a Refundable Capital Levy (RCL) scheme was introduced for all students entering ESF schools on or after August 2011. A rigorous analysis of the Foundation's projected capital requirements, following the confirmation of no further capital subvention, shows that the amount of funding that can be raised through this means will now be inadequate.

Following months of deliberation on different funding options and consultations with stakeholder groups including the Committee of Parents, the Board decided that the preferred approach was to replace the existing RCL with a Non-refundable Capital Levy (NCL) to be introduced for students entering ESF schools from August 2015. Students who are already in the ESF system and those who will be joining in August 2014 are not affected by the NCL and will remain on the current RCL scheme.

Under the new scheme, parents of students who are joining an ESF school from August 2015 will be required to pay a one-off NCL when they accept an offer of a school place. The cost of the NCL will be HK\$38,000 for students entering Year 1 and will be reduced, on a sliding scale, for students who join the system at later year groups.

A letter was issued to parents explaining the NCL. A press conference was held and a press release was distributed to the media which resulted in positive and factual coverage. The NCL is a long-term strategy and is necessary to ensure the financial sustainability of ESF in order to provide a quality education in Hong Kong. Students joining ESF benefit from

the well-established education system in place regardless of the time they remain with ESF.

Review of Year 1 admissions policy

A decision was made in 2012-13 that children entering K1 of ESF International Kindergartens in 2014-15 will not receive priority for an interview when they apply for a Year 1 place in ESF primary schools. However, following the conclusion of the ESF subvention review, the Board reviewed again whether removing the kindergarten priority for interview is still the best option for ESF.

A range of views from the advisory committees on the subject were discussed. It was concluded that the educational benefits enjoyed by children going through the International Baccalaureate Primary Years Programme from ESF kindergarten to Year 1 should be the prime consideration. Therefore, the Board chose to reinstate the interview priority for ESF kindergarten children when they apply for ESF Year 1 places.

Board Away-Day

A Board Away-Day on ESF core values for the future direction and strategy of ESF was held on 18 January 2014.

ESF towards a new direction

To set the new direction for ESF from 2015 to 2020, a strategic taskforce will be formed. Objectives will be set in four areas: education, finance, communications & public relations and ESL/ESF growth and expansion. Each area will have a steering group.

Principals' appointments

Confirmation was given on the appointment of new principals Mr John Brewster at Kennedy School, Ms Karin Wetselaar at Jockey Club Sarah Roe School, Mr James Harrison at Beacon Hill School and Ms Sandra Hite at Tung Chung Kindergarten.

Chairman's term of office

The nomination committee has approved the Chairman's extension for a further year. He will therefore remain in post until May 2015.

Meeting Attendance

(1 September 2013 to 31 August 2014)

Kim Anderson	8/8
Elizabeth Boshier	7/8
Matthew Caplin	4/8
Francis Carroll	5/6
Marc Castagnet	5/8
Alexander Chan	6/8
Paul Clarke	6/8
Mike Draeger	7/8
Michael Dowie	3/3
Jane Foxcroft	6/8
Robert Gazzi	6/8
Belinda Greer	8/8
Vincent Ho	3/6
Simon Joyce	2/6
P M Kam	7/8
Gordon Lamb	5/8
Elaine Leung	4/4
Connie Liu	5/6
Andrea Lowe	8/8
Kim Mak	2/8
Pauline Ng	7/8
Simon Osborne	5/5
Nirmala Rao	2/4
Kyran Sze	2/4
Carlson Tong	8/8
Kelvin Wong	2/4
Virginia Wilson	2/4
Amy Wong	2/2
Judy Woo	6/8
Paul Varty	6/8

Standing Committees

The Board of Governors is supported by Committees for Audit, Finance and Remuneration. Each committee advises on matters relating to the auditing of ESF's business, the management of finances, staff remuneration and terms and conditions of service.

Audit Committee

The Audit Committee is elected by the ESF Board of Governors and has three core members. In 2013-14 they were the Chairman Dr P M Kam and Committee Members Ms Judy Woo and Ms Pauline Ng. The primary responsibilities of the Audit Committee as laid down in The English Schools Foundation (General) Regulation are to:

- review all financial reporting processes and internal controls;
- recommend persons for appointment as external auditors;
- advise on the scope of the audit to be carried out by external auditors and monitor the implementation of any recommendations made;
- monitor and review the work of the internal audit service;
- review annual financial statements;
- consider any audit-related matters arising from the reports of external bodies; and
- make such recommendations to the Board as it thinks necessary to secure good corporate governance. The Committee may investigate any activity and request information from any employee and obtain outside professional advice in carrying out its responsibilities.

The Audit Committee met three times during the 2013-14 academic year. During the year, the Committee received the annual compliance review which was conducted by evaluating the inherent risks involved in running ESF against the effectiveness of the controls in place to assess the residual risks. The review found that these risks were being managed at either a low or medium level across a range of areas. A number of initiatives have been taken to strengthen compliance. These include the review and update of various policies relating to school and organisational operations with a focus on Health and Safety and Data Privacy; briefing to staff and school council members on compliance related matters, including procurement. The review was delivered by the Independent Commission Against Corruption (ICAC).

Based on information received from management and external and internal auditors, the Committee concluded that the overall financial and operating controls for ESF during 2013-14 were effective. Issues raised by the auditors were satisfactorily addressed by management.

Finance Committee

The Finance Committee is elected by the ESF Board of Governors and has six members. In 2013-14, they were: the Treasurer of ESF, Mr Robert Gazzi (Chairman); two Independent Members of the ESF Board, Mrs Elizabeth Boshier and Mr Alexander Chan; a School Council Chairman, Mr Charles Grieve, and two members appointed by the Committee, Mr Sam Houston and Mr Paul Varty.

The primary responsibilities of the Finance Committee are to:

- prepare recommendations on long and medium-term financial strategy including investments;
- recommend an annual budget;
- recommend a set of accounts;
- recommend and keep under review a programme of capital expenditure;
- receive regular monitoring reports on income and expenditure; and
- review and recommend annual fee levels.

The Finance Committee met five times in 2013-14. In addition to fulfilling its primary responsibilities, the Committee also reviewed a number of issues and where appropriate made recommendations to the Board. The Finance Committee continues to review the long term capital funding strategy, taking into consideration the operating cash flow and future capital project needs, most notably the Island School rebuild project. The Committee proposed the implementation of a Non-refundable Capital Levy programme which was approved by the Board during the year.

The Committee continues to monitor the progress of the Nomination Rights Schemes and the implementation of the residential property portfolio yield enhancement strategy, with a view to ensuring the long term financial sustainability of ESF. Furthermore, the financial position of ESF Educational Services Limited was reviewed with a strong focus on Discovery College.

Remuneration Committee

The Remuneration Committee is elected by the ESF Board of Governors and comprises three members. In 2013-14, these members were Dr Kim Mak (Chairman), Ms Pauline Ng and a School Council Chairman, Mr Mike Tanner.

The main responsibilities of the Remuneration Committee are to review the salaries and benefits of ESF employees and appraise the financial implications of any proposed revisions. The Committee also advises the Board on amendments to its remuneration policy and employee benefits and ensures the appropriate arrangements are made for consulting employees at each stage of the process.

The Remuneration Committee met seven times in 2013-14 and also held a joint meeting with the Finance Committee. Topics of discussion included employee salaries. A follow-up compensation and benefits survey was conducted, to the original groundbreaking 2012 study, by an external consultant to review effectiveness of implementation of new salary scales for new teachers. In addition, the Committee also monitored and supported projects related to the medical and dental insurance scheme, support staff pay and the best use of resources to make ESF an employer of choice.

Advisory Committees

The Chief Executive Officer and the Board are supported by five advisory committees, representing principals, school council chairmen, parents, teaching staff and support staff.

Committee of Principals

The Committee of Principals comprises the principals of all ESF schools, PI Schools and the four kindergartens; the Director of Education and the school development advisers for secondary and primary.

Secondary Schools	
Island School	: Chris Binge
King George V School	: Ed Wickins
Sha Tin College	: Marc Morris
South Island School	: Graham Silverthorne
West Island School	: Jane Foxcroft (Chairman)
Primary Schools	
Beacon Hill School	: John Brewster
Bradbury School	: Sandra Webster
Clearwater Bay School	: Chris Hamilton
Glenealy School	: Brenda Cook
Kennedy School	: Paul Hay
Kowloon Junior School	: Mark Cripps
Peak School	: Bill Garnett
Quarry Bay School	: Mina Dunstan
Sha Tin Junior School	: Perry Tunesi
ESF International Kindergartens	
Abacus	: Frances Wilkinson
Hillside	: Christopher Duncan
Tsing Yi	: Victoria Bewsey
Wu Kai Sha	: Christopher Coyle
Private Independent Schools	
Discovery College	: Mark Beach
Renaissance College	: Harry Brown
Special School	
Jockey Club Sarah Roe School	: Susan Chung
ESF Centre	
Chief Executive Officer	: Belinda Greer
Director, Education	: Pam Ryan
School Development Adviser (Primary)	: David Fitzgerald
School Development Adviser (Secondary)	: Chris Durbin
School Development Adviser (Special Educational Needs)	: Allan Howells

In 2013-14, the Committee of Principals met seven times. Teaching and learning was a focus of all meetings, as well as a number of issues that were common to all schools.

Topics included:

- *Cherish and Change* — the core values of ESF and shaping the future;
- the Education Plan and directions for the year — empowering professional practice; through collaboration and innovation;
- senior leaders' and emerging leaders' conference;
- continuous professional development strategy;
- the Leadership Capability Framework;
- issues about the emotional well-being of students, including progress of the Primary and Secondary steering groups, FRIENDS programme and social thinking workshops;
- evaluations on the Learning Support Classes (LSCs);
- capital funding for schools;
- Health and Safety policy;
- environmental education.

Committee of School Council Chairmen

The Committee of School Council Chairmen comprises the Chairmen of all the school councils.

Primary Schools	
Beacon Hill School	Michael Tanner
Bradbury School	Eleni Istavridis
Clearwater Bay School	Mike Hudson (until 31 Mar 2014) Geoff Daniel (since 1 Apr 2014)
Glenealy School	Charles Grieve
Kennedy School	Carmel Sharp
Kowloon Junior School	Geoff Daniel (until 31 Mar 2014) Mike Hudson (since 1 Apr 2014)
Peak School	Duncan Pescod (since 13 May 2014)
Quarry Bay School	Gordon Lamb
Sha Tin Junior School	Norman Martel (until 1 May 2014) B J Gran (since 2 May 2014)
Secondary Schools	
Island School	Malcolm Gibson
King George V School	Paul Varty (Chairman)
Sha Tin College	Elaine Leung
South Island School	Paul Brough
West Island School	Sarah Rigby
Private Independent Schools	
Discovery College	Charles Wong
Renaissance College	Benny C K Ng
Special School	
Jockey Club Sarah Roe School	Virginia Wilson (until 31 Dec 2013) Virginia Morris (since 1 Jan 2014)
ESF Centre	
Chief Executive Officer	Belinda Greer

In 2013-14, the Committee of School Council Chairmen met five times. A ComChair Away-Day on the future directions for ESF was held on 8 March 2014.

Items discussed by the Committee included:

- *Cherish and Change* — the core values of ESF and shaping the future;
- exit interviews of teaching staff;
- the secondary and primary students' examination and test results;
- the report on university destinations;
- ESF and ESL partnership policies;
- ESF Therapy Centre;
- ESF's capital funding strategy;
- Finances and budget for 2014-17 and initiatives
- schools' internal audit issues;
- special educational needs strategy;
- alumni relations and development;
- review of Year 1 Admissions Policy;



From left to right: Michael Tanner, Gordon Lamb, Belinda Greer, Paul Varty and Benny Ng. The four School Council Chairmen are stepping down after two three-year terms.

Committee of Parents

The Committee of Parents comprises the Chairman of each of the parent teacher associations (PTAs), one elected parent member of each school council and the parent members of the Board of Governors.

Primary Schools	
Beacon Hill School	: Sze Chan : Chris Lee
Bradbury School	: Cassie Jullienne
Clearwater Bay School	: Marisa Flores : Donna Warren
Glenealy School	: Christine Meaney : Nick Phillips
Kennedy School	: Tess Lyons : Laurel Dillon
Kowloon Junior School	: Sheila Gridley
Peak School	: Chris Cosgrove : Liselle Carey
Quarry Bay School	: Fiona Bishop : Angela Schael
Sha Tin Junior School	: Thomas Chan : Warren Linger

Secondary Schools

Island School	: Amani Sue : Toni Marie Flynn : Shalini Sujjanani : Susan Finder
King George V School	: Marc Castagnet : Lena Chan : Jacqueline Powers : Elke Wiedemann
Sha Tin College	: Mimi Hsiao
South Island School	: Breaca Moger
West Island School	: Stewart Aldcroft (Chairman) : Terri Donlon

Private Independent Schools

Discovery College	: Sue Meldrum : Elspeth Shaw
Renaissance College	: Peter Halliday : Nikita Mehta : Amy Wong

Special School

Jockey Club Sarah Roe School	: John Greene : Vincent Ho
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Parent Members of the Board

: Francis Carroll	: (since 26 Nov 2013)
: Vincent Ho	: (until 19 Apr 2014)
: Simon Joyce	: (until Mar 2014)
: Connie Liu	: (since 26 Nov 2013)
: Andrea Lowe	:
: Simon Osborne	: (until 26 Mar 2014)
: Amy Wong	: (until 23 Oct 2013)

In 2013-14, the Committee of Parents met six times. Topics discussed included:

- revisiting ESF's vision, mission and values;
- *Cherish and Change* – the core values of ESF and shaping the future;
- the outcomes of the Government subvention review;
- secondary students' examination results and higher education destinations;
- the Nomination Rights Schemes for student admissions, including the introduction of Corporate Nomination Rights;
- emotional well-being in schools; ESF Therapy Centre Services;
- the impact on ESF of recent changes to the Data Privacy Ordinance and the actions being undertaken as a result;
- study leave at secondary school;
- Alumni Development Plan;
- ESF capital funding strategy and capital levy;
- ESF accounts;
- horizon scanning for fees and pay;
- interview priority for children attending an ESF International Kindergarten; and,
- issues shared by all PTAs, including setting and payment of membership fees, weight of students' school bags and student admissions.

Committee of Teachers

The Committee of Teaching Staff comprises elected representatives from each school; the Director of Education and the School Development Advisers for Secondary and Primary.

Primary School	
Beacon Hill School	Frances Burley
Bradbury School	Grant Anderson Susanne Allan
Clearwater Bay School	Heidi Jones
Glenealy School	Christopher Angelosante
Kennedy School	Karen Ormerod
Kowloon Junior School	Matthew Caplin
Peak School	Mark Evans
Quarry Bay School	Colin Young
Sha Tin Junior School	Komal Daswani

Secondary Schools	
Island School	Kate Sommerville Angela Worthington
King George V School	Amanda Barton Kate Wilson
Sha Tin College	Paul Clarke Laura Ryan
South Island School	Andy Llewellyn
West Island School	Tarne Bay Charlotte Luck
Private Independent Schools	
Discovery College	Andy Kai-Fong Michael Fraser (Chairman) Rick Smith
Renaissance College	David Harvey
Special School	
Jockey Club Sarah Roe School	Lorna Banfield
ESF International Kindergartens	
Tsing Yi	Suzannah Large
Principal representative	
Kowloon Junior School	Mark Cripps
ESF Centre	
Chief Executive Officer	Belinda Greer
Director, Education	Pam Ryan
School Development Adviser (Primary)	David Fitzgerald
School Development Adviser (Secondary)	Chris Durbin

In 2013-14, the Committee of Teaching Staff met on six occasions and discussed a number of issues including:

- *Cherish and Change* – the core values of ESF and shaping the future;
- performance management review;
- emotional well-being in schools; ESF Therapy Centre Services; and
- curriculum review.

Committee of Support Staff

The Committee of Support Staff comprises elected representatives from each school and the Human Resources Director.

Primary Schools	
Beacon Hill School	Barbara Woo
Bradbury School	Ruth Haslett
Clearwater Bay School	Caroline Glen
Glenealy School	Pam Stanley
Kennedy School	Hana Hesova
Kowloon Junior School	Fion Sze
Peak School	Miranda Rauis
Quarry Bay School	Noami De Alwis Delia Guastella-Monti
Sha Tin Junior School	Monica Chan Hazel Chan
Secondary Schools	
Island School	Susan Cooper Gina Yung
King George V School	Mike Draeger (Chairman)
Sha Tin College	Kelly Lane
South Island School	Amy Lai Vivian Lee
West Island School	Debbie Picket Joanne Bowers
Private Independent Schools	
Discovery College	Clement Tam Bob Priest
Renaissance College	Jerome Yau
Special School	
Jockey Club Sarah Roe School	Wai Wong
ESF Centre	
Human Resources Director	Charles Caldwell

In 2013-14, the Committee of Support Staff met six times. Members discussed matters relating to:

- pay review;
- updates on the Personal Information Collection Statements;
- medical benefits;
- review on performance management system;
- review of the Higher Education Fund; and
- Employee Assistance Programme – Open Door.

The ESF Profile



The 12,968 students in ESF schools and 4,597 in Private Independent Schools (PIS) and kindergartens include a diverse range of ethnicities, languages and over 70 nationalities. Almost 70% of ESF parents are permanent residents of Hong Kong. This section gives an overview of the student population and ESF schools.

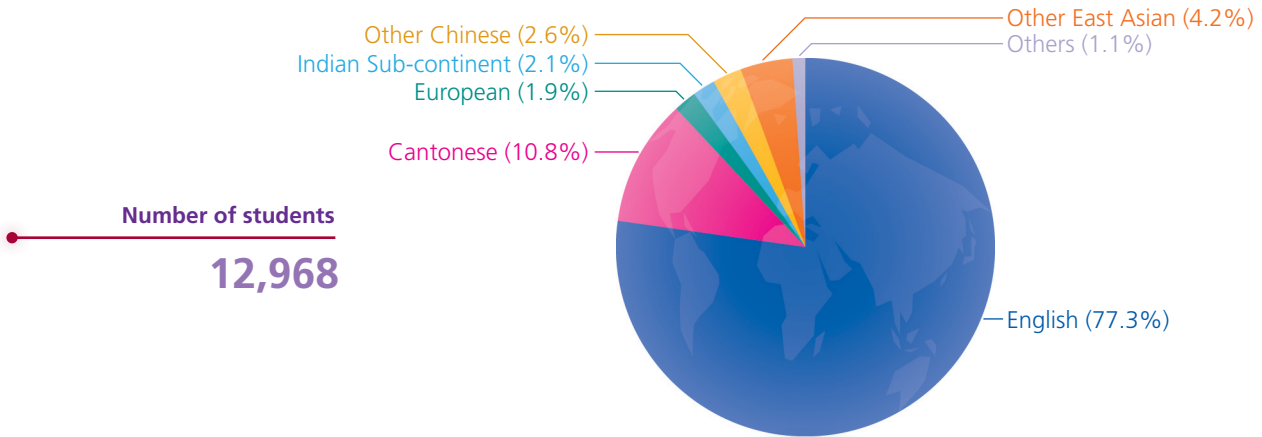
First language of students

According to the information provided by parents, English is the first language of a significant majority of students (77.3%) in ESF schools. At PI Schools, the percentage was 60.0% and in kindergartens it was 84.1%. Native Cantonese speakers account for 10.8% at ESF schools, 25.5% in PI Schools and 6.7% in kindergartens.

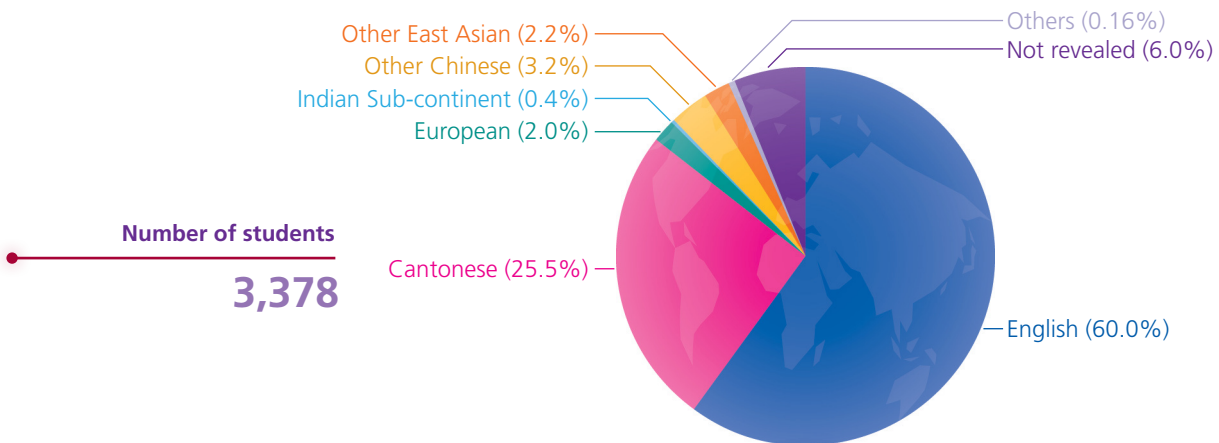


First Language of students

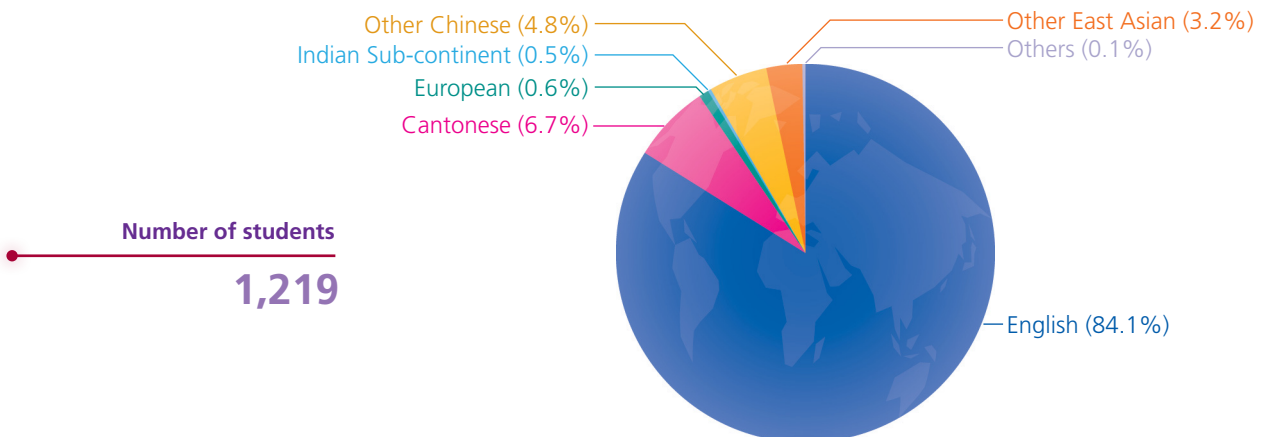
ESF students



Discovery and Renaissance College students



ESF kindergarten students



Nationality of students

Over 70 nationalities were represented in our schools in 2013-14. Just under one quarter (24.6%) of students held a British passport, 25.2% held a Hong Kong or Chinese passport and a further 10.2% held a passport from another East Asian country.

33.9% of PI School students held a Hong Kong passport, 16.8% held a British passport and 7.3% held a Chinese

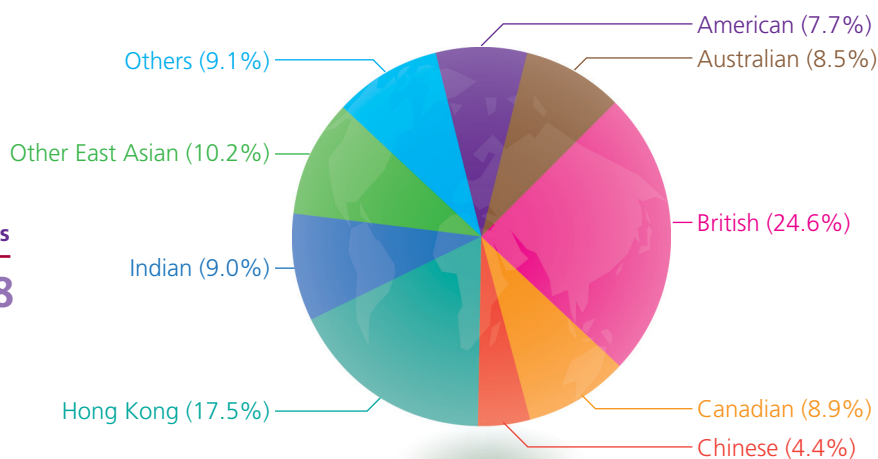
passport. 30.0% of kindergarten students held a Hong Kong passport, 20.0% held a British passport, 11.0% held an Australian passport and 12.0% held a Canadian passport.

Of the 12,968 students in ESF schools, 8,809 (68.1%) were permanent residents of Hong Kong. Of the 3,288 students in the PI Schools, 2,531 (74.9%) were permanent residents of Hong Kong.

Nationality of students

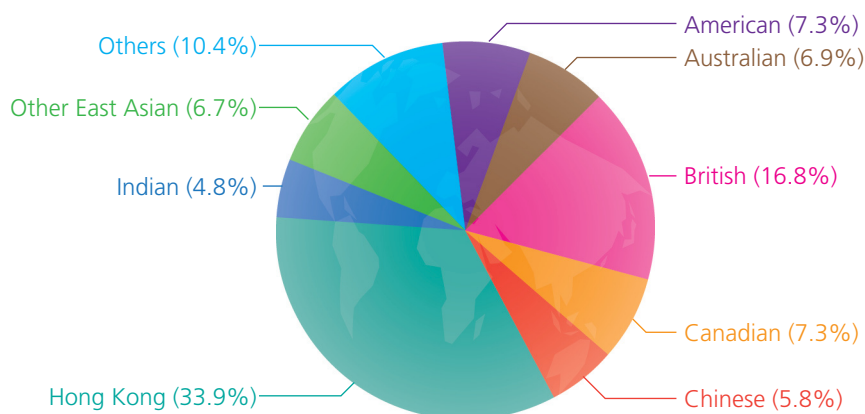
ESF students

Number of students
12,968



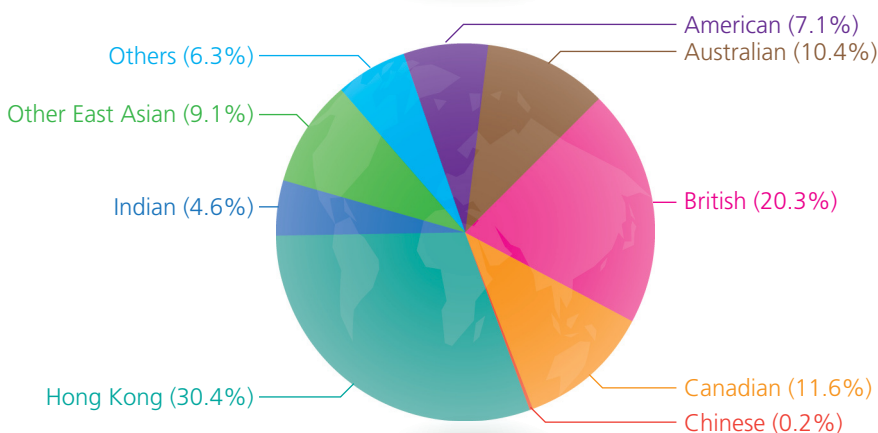
Discovery and Renaissance College students

Number of students
3,378



ESF kindergarten students

Number of students
1,219



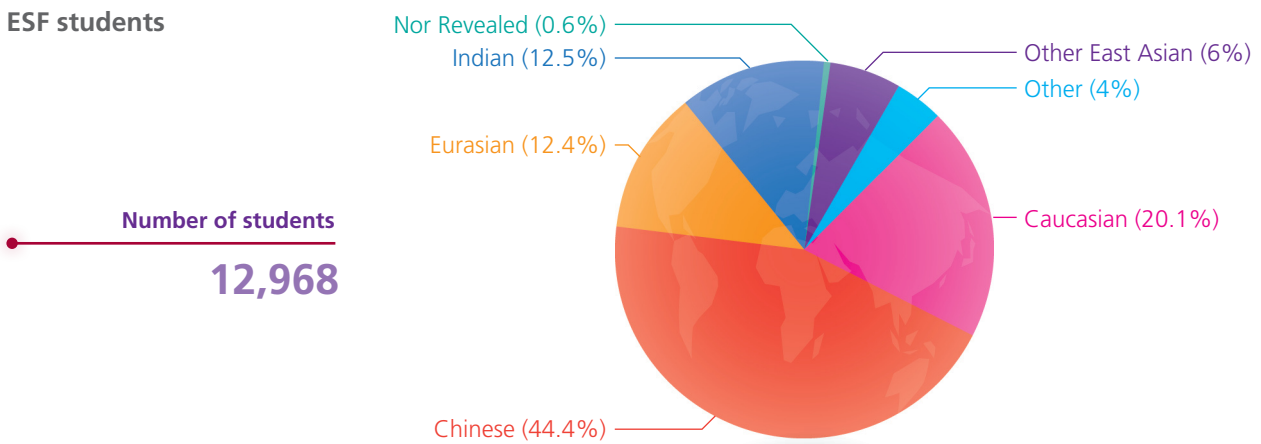
Ethnicity of students

The largest ethnic group in ESF schools was Chinese (44.4%) followed by Caucasian (20.1%) and Eurasian (12.4%).

Information about the ethnicity of the PIS and kindergarten students was not available.



ESF students



Education

The Education offered by ESF schools is underpinned by a broad and deep curriculum aligned to our core values and to those of the International Baccalaureate Organisation (IBO). Our aim is for students to grow as inquiring, thinking and caring citizens who demonstrate intercultural understanding and respect. Through academic results, cultural pursuits, sporting endeavours and a strong commitment to the local and global community, our students make their learning real and visible.

Our programmes reflect our character as IB World Schools:

- creating educational opportunities that encourage healthy relationships, individual and shared responsibility and effective teamwork and collaboration;
- helping students make informed, reasoned, ethical judgments and develop flexibility;
- developing the perseverance and confidence they need in order to bring about meaningful change;
- inspiring students to ask questions, to pursue personal aspirations, to set challenging goals and to develop the persistence to achieve them; and
- encouraging the creation of rich personal and cultural identities.

Adapted from What is an IB Education? (August 2012)

Over HK\$1 million raised by ESF schools for Haiyan victims

December 2013



ESF schools raised more than HK\$1 million to help victims in the Philippines who were affected by Typhoon Haiyan in December 2013. Relief items such as food, clothes and hygiene kits as well as cash donations were collected by students, staff and parents and sent to those in need.

School performance and development

In order to maintain high educational standards, ESF places a strong emphasis on the performance and development of our schools and staff. There are a number of quality assurance processes schools undertake, including accreditation by the Council for International Schools (CIS) and Western Association of Schools and Colleges (WASC), and authorisation by the International Baccalaureate Organisation. 2013-14 saw the first five-year reviews of this accreditation cycle being carried out in Peak and Glenealy Schools. Both schools received positive reports. In 2014-15, the five-year review will be carried out in Sha Tin College, South Island School and King George V School.

All ESF kindergartens, primary and secondary schools are now authorised IB World Schools and all primary and secondary schools are accredited by CIS. Jockey Club Sarah Roe School has been preparing for accreditation and will go forward for evaluation in 2014-15.

In 2013-14 a school review was carried out in ESF International Kindergarten, Wu Kai Sha. All schools and kindergartens were involved in an ESF-wide mathematics review. Island and West Island Schools underwent reviews of the Year 7 and 8 curriculum with two more secondary schools due to be similarly evaluated during 2014-15. This will lead to a revision of the ESF Curriculum Years 7 to 11 in 2015.

The recommendations of both external and internal evaluation processes inform the priorities for school development planning and for the ESF Education Department.

The *ESF Teaching Capability Framework* and the *ESF Leadership Capability Framework* were launched in September 2012. They form the basis of teachers' professional development programmes and performance management processes. ESF is committed to ensuring high quality staff performance and development.



Marketing competition sees great ideas for Save Hoi Ha campaign

April 2014

The 8th annual ESF Marketing Competition, sponsored by Surf HK, was held in March 2014 at Island School. Year 12 students from seven ESF schools presented promotional campaigns for the sponsor and were required to think of creative ways to gain support for the Save Hoi Ha campaign on its Facebook page. A group of students from Renaissance College won the competition.



Kindergarten and primary curriculum developments

English

An important part of the work of the Language Group this year has been on planning units of language study that incorporate the knowledge and understandings outlined in the new ESF Scope and Sequence document. This has involved language coordinators working alongside teams and the Primary Language Adviser. Schools have developed language planners that support learning through language and about language. Several completed units have been shared across ESF schools as part of professional development days; through the Teacher's Hub and through the 'snapshots across the Foundation' action research group which focused on collecting writing samples in the form of student case studies to support writing moderation.

Mathematics

A significant area of focus for the Mathematics Curriculum group this year has been the refining and embedding of the ESF Mathematics Scope and Sequence documentation ensuring a smooth and developmentally appropriate continuum for mathematics from K1 to Year 6. To supplement the scope and sequence the group has created a series of progression rubrics that provide further indicators on each of the learning outcomes. These rubrics cover place value, the four operations of number, fractions and ratio, measurement and pattern and function. These have provided teachers with a useful and practical tool for both planning and assessing student learning and to support a differentiated approach to the teaching of mathematics.

In the later part of the year the group focused on gathering examples of learning tasks that illustrate the outcomes from the scope and sequence. This will continue to be the focus throughout 2014-15.

Science and Social Studies

In an effort to further strengthen connections between kindergarten, primary and secondary colleagues, a number of teachers and leaders from across ESF collaborated in the development of continuums for both science and social studies through the ESF Curriculum Continuum Project. Through in-depth discussion and dialogue, the groups were able to capture and articulate connections between and across learning in kindergarten, primary and secondary schools.

Physical Education

The PE Curriculum Group further developed and strengthened the PE curriculum through ESF-wide collaboration opportunities. The team shared examples of assessment and other ways to capture student achievement. Working groups reviewed the new Health and Safety document and discussed its impact on primary PE programmes across all schools.

Chinese

The Chinese writing curriculum has been further developed to include a Language Scope and Sequence document aligned to the English scope and sequence. It has three strands: listening and speaking, writing and reading. Each strand is further divided into four aspects: use of texts, contextual understanding, conventions and processes and strategies.



Primary: academic achievements

There are three core external assessments taken by ESF primary students. These are:

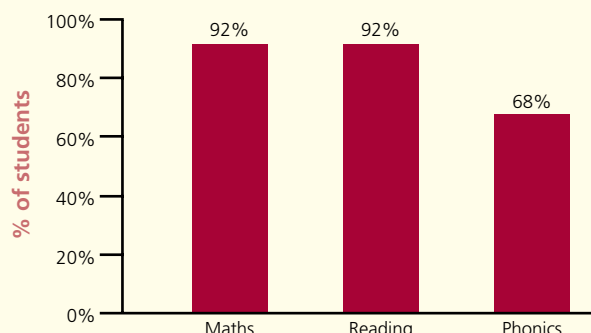
- Years 1 and 2: Performance Indicators in Primary Schools (PIPs)
- Years 4 and 6: International Schools' Assessment (ISA)
- Year 6: The Interactive Computerised Assessment System (InCAS)

PIPs and InCAS are administered by the Centre for Evaluation and Monitoring at Durham University (CEM) and are taken by over 4,000 schools, most of whom are in the UK and following the British curriculum. ISA is administered by the Australian Council for Educational Research (ACER) and taken by over 300 international schools worldwide.

In the PIPs assessment, Year 1 students achieved the highest scores in mathematics and reading (scoring 92% above the CEM cohort average in each subject). While still above average, ESF students were comparatively weaker at the start of Year 1 in phonics (with 68% scoring above the CEM

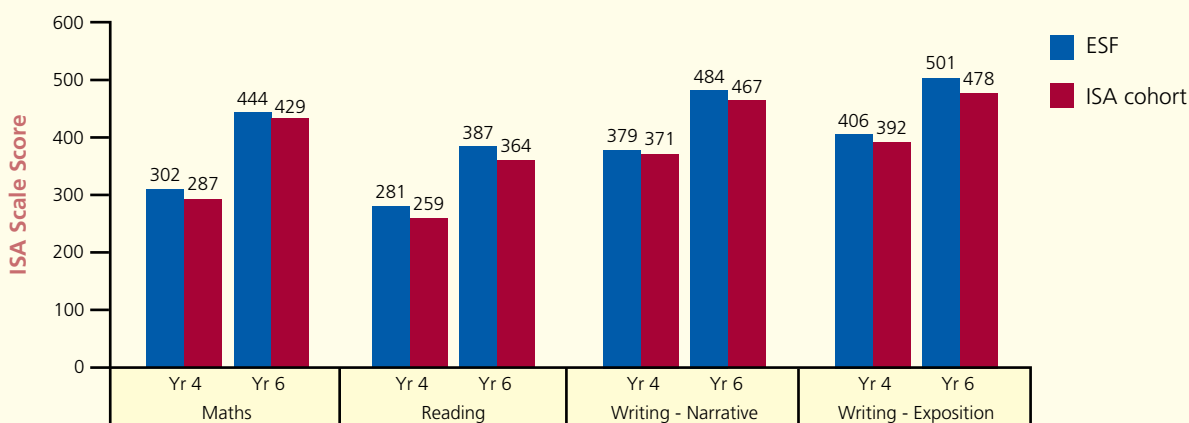
cohort average). The pattern of achievement was similar in Year 2, with mathematics and reading almost identical and phonics still slightly lower.

Percentage of Year 1 students who are above the CEM average for each PIPs component



This was the second year that the full ISA suite covering mathematical literacy, reading and writing was adopted as the core external assessment for Year 4 and 6 students. The ESF student mean score was higher than the ISA cohort student for all components in both Years 4 and 6.

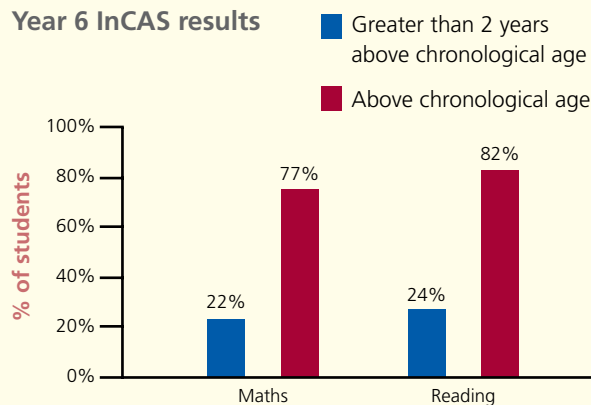
ISA: Mean Scale Score (October 2013)



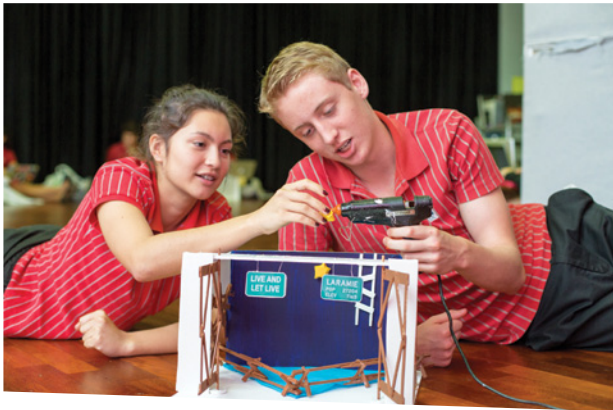
The InCAS assessment taken by Year 6 student compares each student's performance in mathematics and reading with that of an average child of the same age. High scores were achieved in the InCAS tests, as the right chart shows:



Year 6 InCAS results



Secondary curriculum developments



Years 7-8 curriculum

Transition from the IB Primary Years Curriculum continued to be a major focus for ESF secondary schools and the PI Schools, enabling teachers to develop their understanding of concept driven, inquiry led curriculum and progression and continuity from one phase to another. Subject leaders in primary and secondary schools met to define and describe progression across phases. The ESF Curriculum Continuum project has further developed this work through promotion of cross phase discussions in schools. Schools have been defining progression in skills and aptitudes and these are forming the basis of more explicit teaching of skills across subjects.

The IB Approaches to Teaching and Learning, designed to make skills more explicit within IB World Schools, formed the framework around the Continuous Professional Development (CPD) day held in May. Teachers engaged in three levels of training - emerging, embedding and mastering, with the focus on classroom practice. Evaluation of Year 7-8 programmes at Island School and West Island School were completed. Reviews of South Island School and King George V School will take place this coming year. A number of secondary curriculum group leaders focused on the development of their Year 7-8 programmes.

Developing continuity through Years 9-11 curriculum

Schools continue to develop their curriculum from 11-16 to support progression and continuity towards the three pathways post 16. The major focus in ESF schools has been more personalisation and more choice for students whilst maintaining a core of IGCSE and GCSE courses. There has been an increase in programmes beyond these examination courses. These programmes aim to extend opportunities for community service, greater creativity and learning outside the classroom to encourage a broader range of learning experiences beyond the examination course. As a result, students will have a broader portfolio of experiences that will be of benefit when applying for university places and later on.

A new Curriculum Group for Personal and Social Education was established, giving opportunities for pastoral leaders to discuss and design PSE frameworks collaboratively.

Now in the final year of a two-year development plan, each group has a curriculum group leader who consults and works with subject leaders in each school, to create ESF-wide action plans. Next year each curriculum group will be involved in action research within our schools focusing on classroom practice.

Seven ESF students awarded Top in the World in Cambridge exams

March 2014

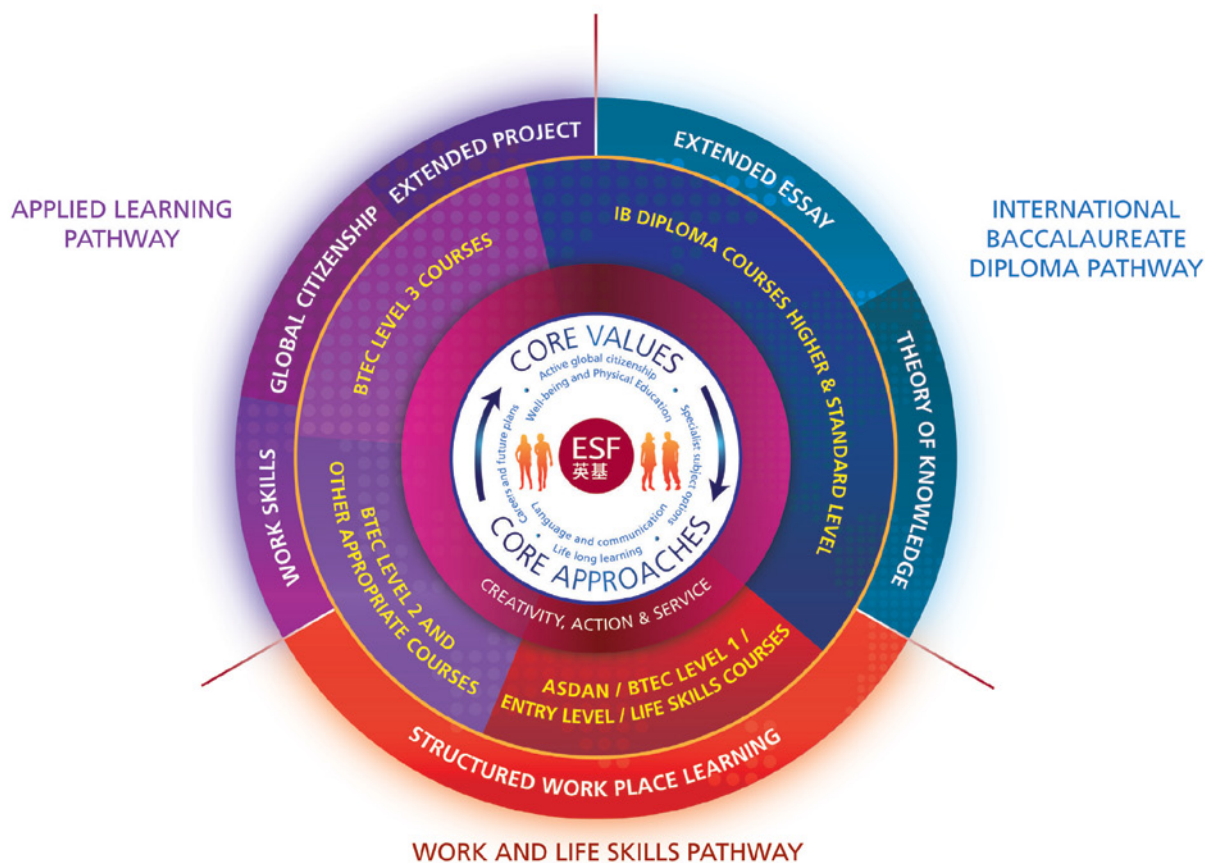


Seven ESF students achieved the Top in the World award in the June 2013 IGCSE examinations. One of them together with another five achieved Top in Hong Kong and two more received High Achievement across a range of subjects. Around 1,000 ESF students took the exams which were held in over 40 countries.

In the photo are KGV awardees (from left to right): Back Row: Timothy, Melanie and Narumi; Front Row: Christina and Kimberly

Years 12-13 curriculum

Inclusive Personalised Education Years 12-13



The ESF-wide curriculum document for Years 12 and 13 formed the basis of developments during 2013-14. Schools reflected on and reviewed offers to students in both the IB Diploma and Applied Learning Pathways. Schools increasingly personalised their approaches with more students taking a combination of qualifications from the two pathways with many schools now offering IB Diploma courses and BTEC Nationals.

To support curriculum development in the IBDP, we welcomed a visit from Kelvin Williams, leader of the IB's Approaches to Teaching and Learning project at Diploma level. IB Diploma coordinators and their teams discussed implications for all IB schools from 2015. Leaders from all IBDP subjects with specification changes scheduled for 2014-15 were given opportunities to plan and prepare for this.

In the Applied Learning Pathway, student numbers continued to grow. The decision was taken to consolidate the Applied Learning Pathway to four schools, the three Hong Kong island schools and King George V School (KGV). KGV will provide a 'centre for excellence' and by doing so maintaining numbers in a broader range of subjects.

The International Baccalaureate Career-related Programme (IBCP) is now established as a fourth IB programme. Renaissance College (RCHK) is the first ESF school authorised to deliver the IBCP. It received approval for its innovative partnership with SCAD Hong Kong that saw students cover the IB elements of the course at RCHK and the career-related elements as SCAD Foundation courses in art and design. This is an innovative curriculum design beginning with a small cohort of students. RCHK is actively seeking partners with other specialist providers to grow its IBCP.

Secondary academic achievements

Our secondary schools continue to achieve outstanding results in public examinations. Over the summer, we celebrated excellent International Baccalaureate (IB) Diploma, Applied Learning, GCSE/IGCSE results and IB Middle Years Programme results.



196 graduates awarded ESF Chairman's Award for Excellence 2014

August 2014

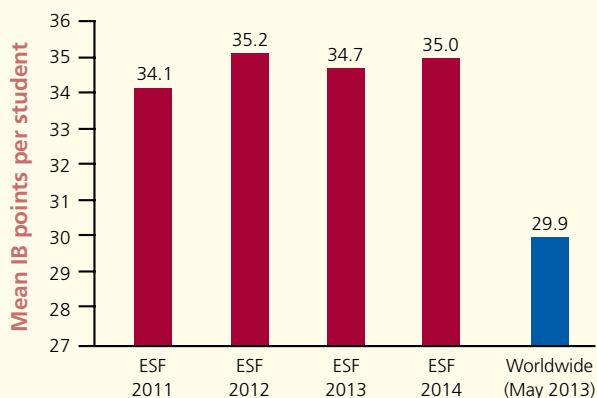
The ESF Chairman's Award for Excellence 2014 Ceremony was held at West Island School in August 2014. (From left to right) Eve Lo and Candace Lau from King George V School, Julian Sewell from South Island School, Lara Gander from West Island School, Clarice Chan from Renaissance College and Victoria Robertson from Sha Tin College are among the 196 ESF graduates honoured at the ceremony.

IB Diploma Pathway

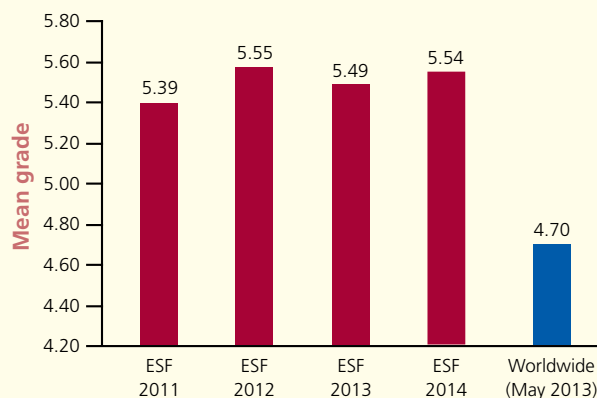
935 Year 13 students from Discovery College (DC), King George V School (KGV), Island School (IS), Sha Tin College (STC), South Island School (SIS), Renaissance College (RCHK) and West Island School (WIS) completed the IB Diploma in May. This was the first cohort of graduating students from Discovery College. 98.0% of students achieved the full IB Diploma, with 55.4% achieving 35 or more IB points and 22.1% achieving 40 or more points. The average score for students was 35.0 total points and the average grade per subject was 5.54 points. Thirteen ESF students achieved the maximum 45 points. The Bilingual Diploma was also achieved by 14.4% of students.

	ESF				World
	2014	2013	2012	2011	2013
% of students achieving the full IB Diploma	98.0%	98.4%	97.7%	98.2%	79.0%
% of students achieving a Bilingual Diploma	14.4%	12.7%	13.5%	13.1%	28.2%
Mean points score for students entered for the IB Diploma	35.0	34.7	35.2	34.1	29.9
% of students achieving 30+ IB Diploma points	84.9%	83.8%	84.6%	80.4%	46.4%
% of students achieving 35+ IB Diploma points	55.4%	53.1%	55.3%	48.0%	24.3%
% of students achieving 40+ IB Diploma points	22.1%	18.9%	25.4%	15.6%	6.4%
Mean grade for all subjects	5.54	5.49	5.55	5.39	4.7
Number of students achieving the maximum 45 points	13	8	12	7	154

Mean number of Diploma points for students entered for the IB Diploma (2011-2014)



Mean grade per subject (2011-2014)



ESF celebrates a record-breaking number of 13 IB full mark scorers July 2014

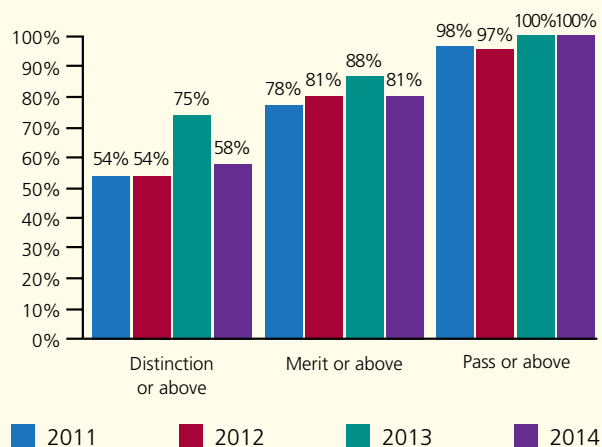
This year, a record-breaking number of 13 ESF students achieved the maximum 45 points in IB Diploma examinations. They include Tiffanie Chan (In picture Right 5) from Island School, Miranda Yeung (Left 3), Cynthia Ha, Candace Lau and Bethany Tang from King George V School, Tristan Lam (R4), Irving Teng and Gordon Yam (L1) from Sha Tin College, Allison Fok (R3) from South Island School, Wan Fung Chui (R1), Timothy Tipoe (R2) and Jai Rane (L2) from West Island School and Jhalak Sunil Shah from Renaissance College. Most have been ESF students since primary school.

Applied Learning Pathway

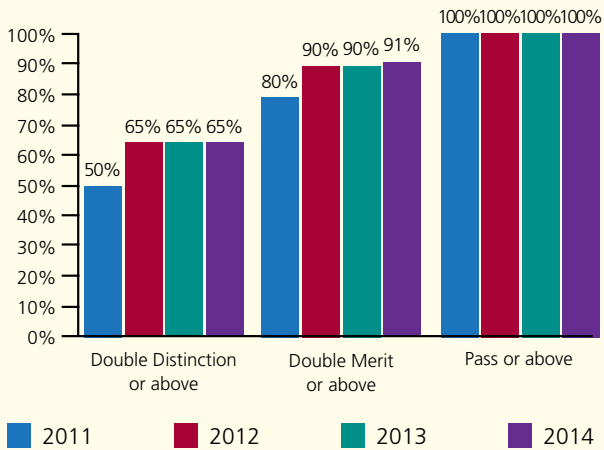
100 Year 13 students from STC, KGV, IS, SIS and WIS successfully completed the Applied Learning Pathway. Students followed personal pathways that involved the Business and Technology Education Council (BTEC) awards with a combination of either IB courses and/or GCE AS-levels. Students also followed a work skills component which, through a course of study allowed them to experience a variety of work placements. The band of BTEC courses offered in our post-16 provision is the Level 3 qualification, with ESF students taking the Level 3 Extended Diploma, Level 3 Diploma and Level 3 Subsidiary Diploma. BTEC subjects studied included Art and Design, Business, Creative Media Production, Media, Music Technology, Performing Arts, Sport and Exercise Sciences, Engineering as well as Travel and Tourism.

Success rates were outstanding as the charts below show:

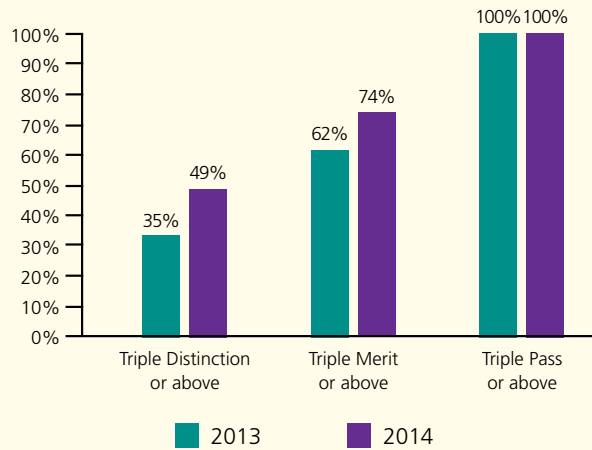
Overview of BTEC Level 3 Subsidiary Diploma Results



Overview of BTEC Level 3 Diploma Results



Overview of BTEC Level 3 Extended Diploma Results



Note: this is the second year that students followed the Extended Diploma

ESF Masterchef final showcases a flair for cooking

June 2014

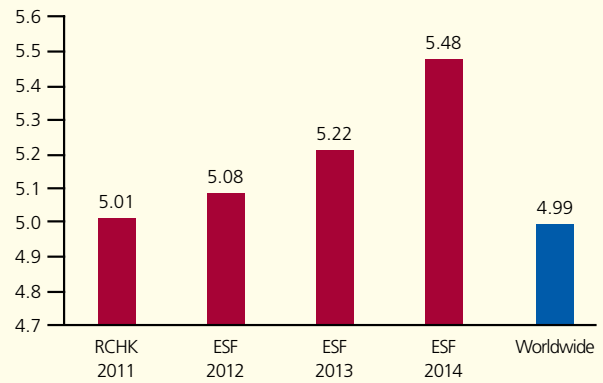
King George V School (KGV) held the annual ESF Masterchef Competition in June 2014 with talented young chefs from Island School, KGV, Sha Tin College (STC) and South Island School. Winners of both the junior and senior competitions were from STC. From left to right : Owen Ford and Fok Jing Chen (both Year 8).



IB Middle Years Programme (MYP)

This is the sixth year that students at Renaissance College have completed the International Baccalaureate Middle Years Programme and the third year for Discovery College students. In total, 237 Year 11 students completed the programme which consists of eight subject groups that are integrated through five areas of interaction. Each subject and a personal project can score up to 7 points giving a maximum total score of 63 points. The mean total points per student is 49.4 points (out of a maximum possible total of 63 points) with 55% of students achieved 50 or more points and 92% achieved 40 or more. The mean grade per examination is 5.48 points, which compares favourably to the worldwide mean of 4.99.

Mean grade per MYP subject



GCSE/IGCSEs

Almost 1,000 Year 11 students from KGV, IS, STC, SIS and WIS participated in the General Certificate of Secondary Education (GCSE) and its international equivalent, the International General Certificate of Secondary Education (IGCSE). 57% of all examinations were awarded either A* or A grades and 93% awarded A* - C grades. This is the sixth consecutive year that more than 50% of examinations were awarded A* or A grades.



	ESF 2014	ESF 2013	ESF 2012	ESF 2011	UK data for GCSE (2014)
A*	29%	28%	28%	29%	7%
A*-A	57%	56%	56%	55%	21%
A*-C	93%	94%	93%	94%	69%

Students attending Learning Support Classes (LSC):

Students in Years 8, 9, 10, 11, 12 and 13 supported by LSC took a range of external qualifications. These include: IGCSEs, GCSEs, Business and Technology Education Council (BTEC) Level 2 awards, Entry Level awards (Edexcel), Functional Skills awards (AQA) and the ASDAN Personal Development Programme awards. Students attending LSC have vastly different learning needs and follow individual pathways. Amongst this year's cohort there are many instances of significant personal success.



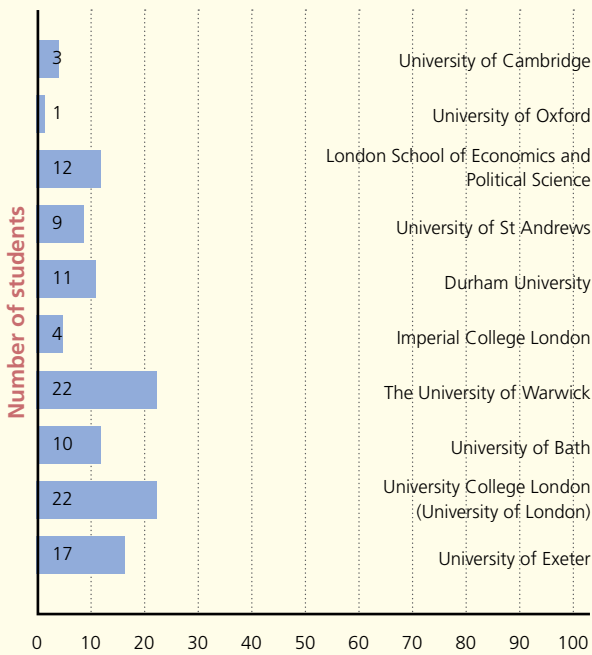
University destinations

Higher education destinations

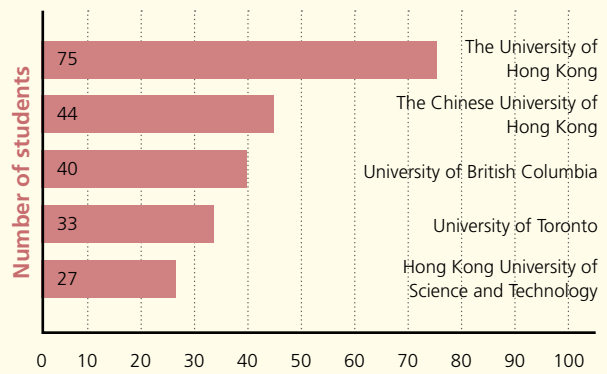
Students from the class of 2014 are attending higher education institutions in 18 different countries around the world; the most popular being the UK (40% of students whose destination is known), Hong Kong (22%), USA (17%), Canada (12%) and Australia (5%). Roughly 10% of students have decided to take either a gap year, start full-time employment or do military service.

The class of 2014 will study at over 250 different higher education institutions, the most popular being the University of Hong Kong, which now accounts for roughly 8% of the ESF cohort (75 students). Some other popular institutions are shown in the table below.

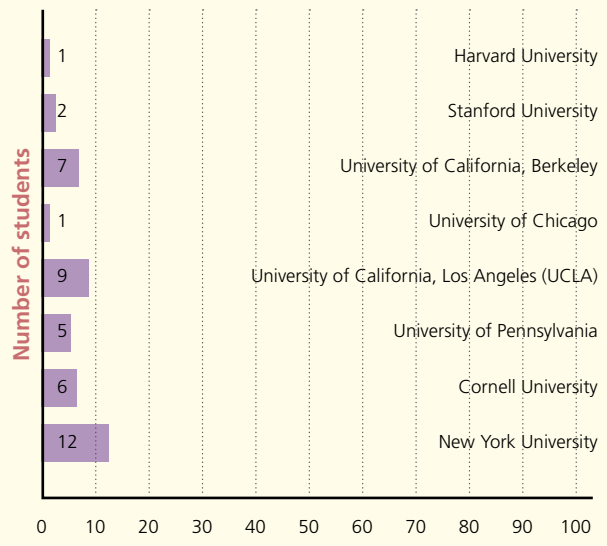
Some of the popular UK university destinations for ESF graduates in 2013-14



Top five university destinations for ESF graduates in 2013-14



Some of the popular US university destinations for ESF graduates in 2013-14



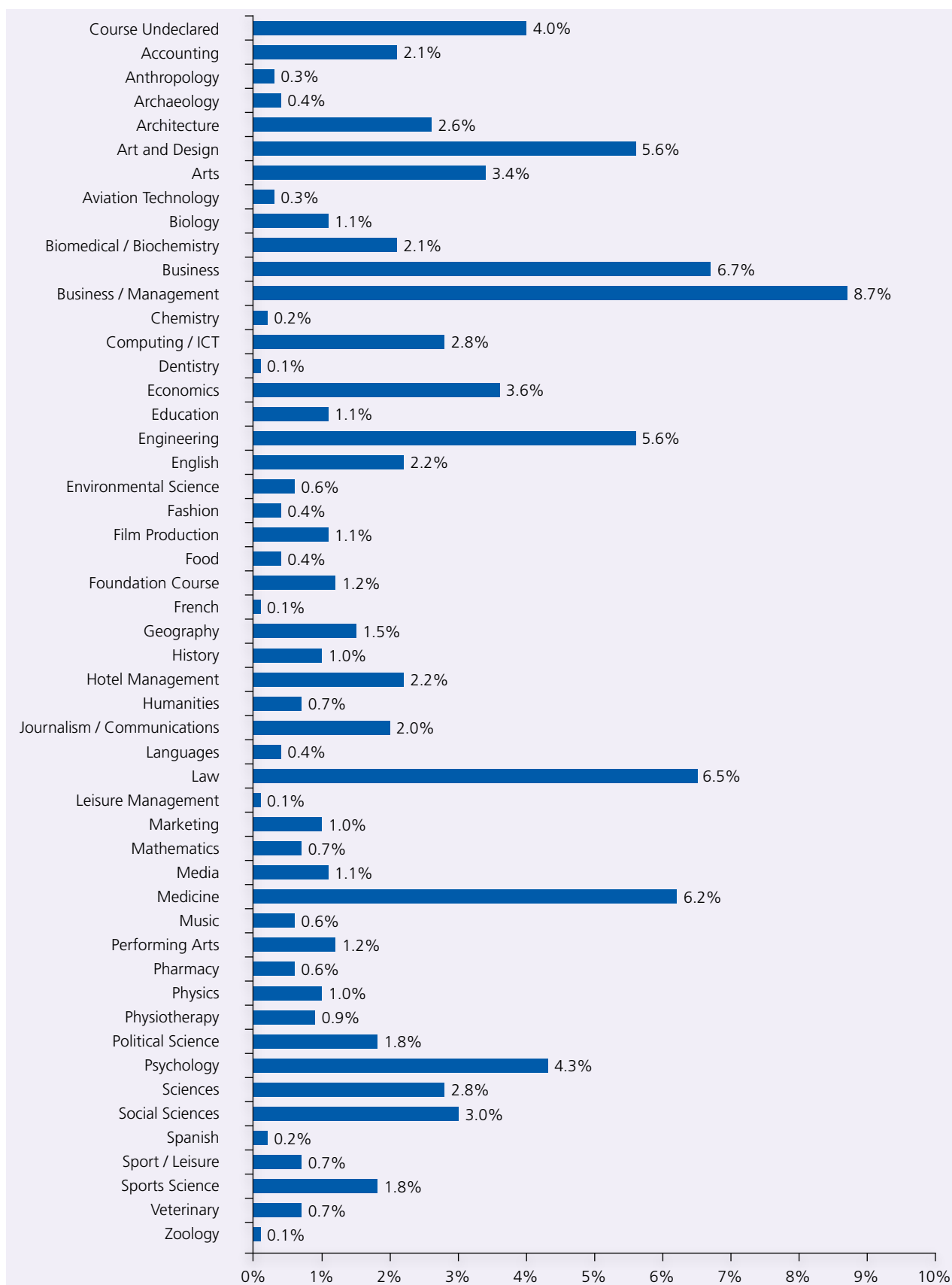
ESF University Fair 2014

January 2014

Over 1,000 Year 12 students attended the ESF University Fair held at Island School in January 2014. The event gave students the chance to talk to university staff members and find out about courses on offer and what life as an undergraduate is really like. Over 130 universities from the UK, USA, Australia, Canada, Hong Kong, Europe and Asia participated. Students, parents, university representatives and ESF higher education counsellors exchanged ideas regarding students' university destinations and study choices.



ESF schools offer students an opportunity to study an array of subjects at university. The most popular courses for the class of 2014 include business/business management (138 students), law (58 students), medicine (55 students), engineering (50 students), art and design (50 students), psychology (38 students) and economics (32 students). The chart below shows the range of courses that students from the class of 2014 will study:



Language programmes

Chinese

Kindergartens

Further development of the Kindergarten Chinese programme took place as staffing structure has stabilised. A scope and sequence has been written and implemented.

The Abacus English-Chinese bilingual programme has seen initial success. An outsourced assessment has been identified to establish baseline and measure progress in the future.

Primary and secondary

Chinese remains a core subject in primary schools, although various course structures have emerged from the three-pathway system initially implemented for daily Chinese. On average, provision time has been decreased slightly and nearly half of the schools implemented a model of three to four lessons per week instead of daily Chinese. Some have introduced 90-minute lessons or regrouped students in two or five pathways. All new models have been created within the framework of the Primary Chinese Essential Agreement of 2012-13.

Extra funding has been provided to schools in proportion to school size for Chinese provision. Bradbury School, Peak School and Clearwater Bay School have provided further funding from their own budget to create an additional Chinese teaching post, either to provide extra support or to implement co-teaching with class teachers.

Primary Chinese Scope and Sequence has been written and trialed in all schools. It provides detailed differentiation at the beginning levels. The document is entirely in English but Chinese content will be written at a later stage. The original ESF Chinese Curriculum is also used as reference in planning, teaching and assessment.

The Youth Chinese Test, a general language proficiency assessment administered by Hanban in Beijing, which is the authority for teaching Chinese overseas, has been trialed at Discovery College and Bradbury School. A plan is being developed and consultation has been sought for full implementation in Year 4 or 5.

2014 saw a healthy increase of 16% in the number of students who were awarded an IB Bilingual Diploma by studying both Chinese and English at a native level. These students, half of whom are from Renaissance College, function competently in both languages, achieving bilingualism, biliteracy and binumeracy. 22% of the first Discovery College cohort was awarded a Chinese-English bilingual diploma.

ESF offers a full range of seven IB Diploma Chinese courses. In 2014 students scored above the world average in three courses.

2014 was the last year that ESF schools offered GCSE Chinese. Concerns that the course was insufficiently challenging led to the conclusion that IGCSE is a more suitable option for ESF students.

107 Year 6 students tour Beijing

June 2014

More than a hundred Year 6 students from eight ESF schools visited Beijing in June 2014. The five-day trip provided an opportunity to practise Mandarin in an authentic context while learning more about Chinese culture.



Professional development for teachers of Chinese

Professional development continues to contribute to pedagogical changes. The ESF Teaching Chinese in an International Context Workshop under the theme of 'understanding the learners for a differentiated pedagogy' is proved to be particularly inspiring. Three bilingual guest speakers addressed the 100-member audience as they described their journey towards fluency in Chinese. Presented in both languages at a native level, their speeches, workshops and panel discussion sent a powerful message that a balanced pedagogy is indispensable for a character-based language.

ESF hosts inaugural Chinese teachers conference

September 2013



ESF hosted the inaugural conference of the Asia-Pacific Chinese Language Teachers Association in September 2013. The two-day symposium featured dozens of presentations and workshops and attracted some 200 educators from international schools and universities in Hong Kong, Macau, Taiwan, Singapore, South Korea, Mongolia and Australia. Participants explored critical issues to define a balanced pedagogy in teaching Chinese as a second language.

Chinese learning beyond class

Cultural performance is a new addition to Chinese New Year celebrations at ESF Centre. This year Chinese folk dance teams from Beacon Hill School, Glenealy School, Peak School, South Island School, Sha Tin College and West Island School entertained an audience which included the CEO, senior management and board members. The event exemplified ongoing efforts to integrate culture into Chinese language education in ESF schools.

In April 2014, ESF performed well at the Asia-Pacific Chinese-English Bilingual Festival in Wuxi, China. The students from ESF displayed unparalleled enthusiasm and capacity in both Chinese and English in debate, speech, storytelling and poem recital. Representatives of Sha Tin College and South Island School won a gold, a silver and a bronze at the event which attracted competitors from a number of international schools.



In the photo (from left to right): Jennifer Yu (Year 9, STC), Christy Kwok (Year 9, STC), Julian Poon (Year 8, STC), Xiao-ke Lu (Year 9, SIS), Velen Wu (Year 8, SIS); not in photo: Emily Liu (Year 10, STC)

Mother tongue development programmes

The ESF Language Centre Primary School Programmes continues to strengthen with steady growth in the Japanese and Korean programmes. The Finnish, French and German language programmes have seen a significant increase in numbers. This is a clear testimony of parents' engagement and contribution.

In collaboration with primary schools, the ESF Language Centre has provided frequent information sessions for parents on the importance and benefits of bilingualism. The sessions have proven successful and are an essential part of the ongoing growth of the ESF Mother Tongue programmes.

Secondary schools now offer French, Japanese and Korean programmes. This year a German programme module was piloted which proved successful. Across ESF, first language students successfully achieved the IB Bilingual Diploma.

In 2014-15, South Island School and West Island School will be the first ESF secondary schools with Year 7 students who have received six years of Japanese first language development.

In partnership with KGV, the Hindi First Language Secondary programme will be piloted from September 2014.

Student support services

Therapy Centre

In 2013-14, the ESF Therapy Centre continued to make a significant contribution to supporting students with special educational needs (SEN).

Online INSET

Online INSET is a high quality web-based training programme supported by expert tutors from the Educational Psychology service. A further 90 educational assistants completed the online INSET training courses in areas such as dyslexia and autistic spectrum disorders.

FRIENDS

FRIENDS is a school-based positive emotional health and well-being programme that promotes emotional resilience and the development of life skills and coping strategies in children and adolescents. In 2013-14, a further 50 facilitators were trained to deliver the programme to small groups and whole classes.

Education psychology

Educational psychologists from the ESF Therapy Centre continue to support the assessment of SEN students. In addition, they have contributed to ESF-wide CPD in areas such as supporting child bereavement, social thinking and attachment. A comprehensive speech and language service is offered to a few schools and kindergartens.

Special educational needs (SEN)

The SEN advisers continue to work closely with schools, embedding policy and practice. The individual needs Gateway was modified and made far more user friendly, the Primary SEN handbook was streamlined and made more accessible to the user. This now forms the template for the secondary and kindergarten handbooks.

The first run of Learning Support Self-Evaluation reviews were carried out in six schools, providing constructive support for future development.

Work on inclusion, structure, strategy, individual support and parental consultations continued throughout the year to ensure the smooth running of the provisions across all schools and that students who urgently needed support received it. The Admission and Review Process (ARP) was revamped in preparation for 2014-15. The team of professionals on the moderation panels was streamlined and a payment system relating to teacher release was introduced.

SEN advisers offered training both centrally and in schools. This included the first SEN CPD day and the inaugural ESF International SEN Conference on Autism.

ESF Career Evening for SEN students

January 2014



The third Career Evening for students with special educational needs was held in January 2014 to explore opportunities for higher education, vocational training and career pathways. Over a dozen organisations including SCAD Hong Kong and Hong Chi Pinehill Integrated Vocational Training Centre participated in the biennial event.

Career development service

In 2013-14, 42 students from King George V School (KGV), South Island School (SIS), West Island School (WIS) and Jockey Club Sarah Roe School participated in structured workplace learning with about 20 organisations in Hong Kong including Marks & Clerk; Kellett School; Mother's Choice; Hebe Haven Yacht Club; Ogilvy One; Teng Hoi; KGV PTA Shop; Northcroft; Cheerland Kindergarten; Jade Dynasty; The Helena May and SENSations.

The work placement programme continues to provide invaluable experience enabling students to develop and strengthen skills that will be essential for future employability. This summer one student was offered a permanent job at an international school and another has been given the opportunity to work on the publication of a comic book.

Vocational placements for Jockey Club Sarah Roe School

Twelve secondary students from Jockey Club Sarah Roe School took part in the Vocational Placement Programme which led to work experience assignments at Crossroads International, Caritas Lok Kan School, Sai Kung District Community Centre, Discovery College and Renaissance College.

Teachers' continuous professional development

CPD report - all events overview in 2013-14

Total number of workshops per phase

Total	Primary/ Early Years	Secondary	Cross Phase
288	76	117	95
	26%	41%	33%



CPD days offer educators something to think about

September 2013 and May 2014

ESF believes that continuous professional development is the key to effective learning and teaching. In 2013-14, two ESF-wide CPD days were held for all kindergarten, primary and secondary school educators.



Primary

Language

Language is a priority and a number of visiting experts delivered language workshops to coordinators and teachers throughout the year. Lee Crockett presented on the CPD day in September on the theme of Fluencies in the Conceptual Age. In Term 2, Kath Murdoch led a workshop on Literacy in the Inquiry Classroom to more than 80 teachers and in Term 3, Lois Lanning worked with over 40 coordinators and teachers on Conceptually Driven Language Planning. In addition to guest presenters, a number of ESF staff have shared their practice by hosting professional development workshops on various topics including First Steps Reading and Writing, The Planning Process, English as a Second Language, Phonics and Supporting Educational Assistants in one-to-one and small group settings.

Arts

In Term 3, the Arts Curriculum group attended an inspiring workshop presented by Ms Sui Ming Chu who is the head of the Hong Kong Dalcroze School. Attendees took part in movement to music exercises that aligned with the PYP philosophy of inquiry into music. Participants learnt how to teach musical phrases and note lengths through active group movement and listening activities.



Emerging leaders course

The Emerging Leaders course has seen over 40 ESF staff members attend a year-long series of leadership modules. Topics included: Understanding Myself as a Leader, Leading Teaching and Learning, Building a Professional Learning Community and Leading Learning, Feedback and Difficult Conversations, and Leading Change. The group has also been fortunate to have renowned international speakers Yong Zhao and Simon Breakspear presented discussions on Global Trends in Education and Design Thinking.

ESF students raise funds through music for SEN

January 2014



Students from Renaissance College, King George V School, West Island School and South Island School showcased their musical talents in January 2014 to raise funds for students with special educational needs. Their performances were followed by the Hong Kong "Jazz Family" Fest 2014 which raised HK\$300,000 for Jockey Club Sarah Roe School's Parent Teacher Association.





Secondary

Curriculum and staff development

Two ESF-wide CPD days were held this year. The first at West Island School focused on curriculum development within subject groups. The second, held at South Island School, used a framework based on five key strands: Concept-based Learning, Inquiry, Assessment for Learning, Differentiation and Well-being. Teachers signed up for full-day workshops to develop skills at three different levels: Emerging, Embedding and Mastering.

Secondary teachers also attended a range of workshops on topics such as Courageous Conversations, Assessment Capable Learners, and Concept based learning, both at ESF Centre and schools. Lois Lanning and Stephen De Silva presented full-day workshops on Concept-based Learning and Well-being, supporting Foundation and School Development plans.

Leadership

A Middle Leaders course ran with participants from the five ESF secondary and the two PIS. Available as an individual module and as a full-year course, the teachers completed 6 sessions, covering topics such as Leading Myself and Others, Leading Teaching and Learning, and Leading Change. Participants heard from experienced middle leaders and ESF advisers as well as world-renowned educational leaders such as Simon Breakspear and Yong Zhao. The programme will be developed and offered next year, both in modular and whole-year form, with a teacher inquiry included.

Learning technology development

The Moodle platform is being upgraded to v2.6 and new tools are being developed. These have greatly enhanced communication between key stakeholders and increased efficiency. Tools include Datahub, the new Moodle theme that incorporates celebration images, banners and a bulletin feature, as well as the homework app.

At the primary and kindergarten level, large-scale movement of applications to Google and Chrome ecosystems has improved collaboration and communication. These changes have also resulted in many primary schools moving to low cost Chromebook laptops, leading to increased access to technology for students at a lower cost. Kowloon Junior School hosted a Google in Education summit which drew educators from across Asia.

There has been a focus at the secondary level on strengthening and aligning cyber safety and digital citizenship approaches. This initiative continues to evolve to keep pace with technological innovation.

Much work has been undertaken to develop the use of learning portfolios and most schools have a well-developed portfolio system now in place. A number of primary schools and kindergartens have implemented new systems that streamline the workload for teachers and provide instant access and immediate updates for parents.

ESF showcases "Innovation Classroom" in Teaching and Learning Expo

December 2013



ESF staff shared their ideas and experience in the use of technology at the three-day Teaching and Learning Expo held in December 2013. A demonstration of the Innovation Classroom saw teachers share creative uses of learning technology including blogs, school-based social networks and Web 2.0 tools with an international audience. A classroom environment was simulated and new school equipment and furniture were showcased.

Student Admissions

The key strategic objectives are to maintain high enrolment numbers; support the development of the Nomination Rights Schemes and uphold a consistent approach to the administration of the admissions process.

A new admissions policy was implemented in August 2013 that saw the removal of the category system. Application forms now require a parent statement and parents are also interviewed as part of the student entry procedure.

ESF-wide, enrolment numbers were maintained throughout the year with the actual enrolment to target figure remaining at 99% or above.



Application numbers

During the central application period in September 2013, 3,220 online applications were received for Year 1 and Year 7 at ESF schools, Discovery College and Renaissance College. A further 1,951 applications were submitted during the rest of the academic year. Including those starting in Year 1, a total of 2,210 students gained admission during the year.

During the central application period for the kindergartens in October 2013, 1,499 applications were received for K1. A further 139 applications were submitted during the academic year.

Nomination Rights

Nomination Rights provide an accelerated entry route for children into ESF schools, provided they meet the admission requirements. An Individual Nomination Rights scheme was launched in October 2012 and supplemented with the introduction of a Corporate Nomination Rights scheme in August 2014. A small number of Corporate Nomination Rights are available each year for purchase by Hong Kong registered companies.



Information Technology



ESF Gateway continues to provide enhanced functionality for students, teachers and parents. Besides newsletters, circulars and documents, the system allows existing parents to complete a range of school forms and annual updates.

The *Information Pack for New Parents* module facilitates two-way communication and the exchange of documents between schools and the parents of new students before the academic year begins. Other new programmes include the *School Bus Module* and the *Student Option Module* that allow students, teachers and parents to work together on International Baccalaureate and GCSE subject options.

Early this year we conducted a Gateway usage survey and received over 3,000 responses. The feedback is invaluable in shaping the ongoing development of our systems.



Estates and Building Infrastructure

The Facilities Development Department (FDD) at ESF Centre is responsible for maintaining, replacing and improving all ESF built assets, planning and implementing new building projects and managing ESF's residential property portfolio. The team is also managing the delivery of a new Health, Safety and Sustainability (HSS) system.

To achieve this, the department's operations cover four main areas: Facilities Management, Major Capital Projects, HSS and Residential Property Management.

Facilities management

The Facilities Management (FM) team comprises eight professional staff, responsible for implementing all the necessary repair, maintenance and improvement works.

In 2013-14, the team completed 680 minor works orders at a total value of HK\$28.7 million. They included:

- annual maintenance works on air-conditioning systems, swimming pool systems and finishes, painting and decorating, drinking fountains and electrical systems;
- general repair and maintenance of schools including work on areas such as windows, plumbing and drainage, joinery works, lighting and slopes and retaining walls; and
- periodic inspections of geotechnical features, electrical systems and sports equipment.

The FM team made good use of the summer holiday to complete health and safety work, major renovations and improvements in all schools.

The value of the summer works undertaken in 2013-14 was HK\$143 million.



A green wall with whiteboard was created in the playground of Quarry Bay School and a new Learning Centre was constructed.



During summer, new acoustic ceiling, air-conditioners, vinyl flooring, work benches and cabinets were installed at West Island School.



All windows facing Victoria Road were installed with acoustic windows which greatly reduces traffic noise while allowing natural ventilation at the same time.

Glenealy's classroom redevelopment transforms learning



Glenealy School's learning environment has been transformed to allow for greater personalised learning after a large-scale classroom renovation project was completed over the summer.

"When redesigning our classrooms, we wanted our learning spaces to be inspiring and stimulating to allow our children flexibility to move, collaborate, and to express themselves in creative ways," said Brenda Cook, Principal of the primary school.

Significant time was spent researching and exploring environments that would best suit 21st century learning and teaching. The renovation design ensured choices around colour, lighting, ergonomic seating, collaborative spaces and soft furnishing – all designed to enable a variety of different learning and teaching approaches.

Major projects

The projects team manages the work of contractors as well as taking an active role in quality control, safety and environmental issues on site.

Island School

The main focus for the team has been concept design work for the Island School project.

Originally intended for 900 to 1,000 students when it opened in 1974 on Borrett Road, Island School now has over 1,200. The campus is in critical need of additional space. In addition, the structural condition of the buildings continues to degrade.

Thomas Chow Architects, a well-known local architect company with a reputation for innovative, efficient designs, together with Danish design house Schmidt Hammer Lassen (SHL), were appointed in January 2014 as lead consultants after a rigorous tender process.

Consultation between the facilities team and the lead consultants have commenced in order to understand the ethos of Island School and how it operates. This process has included meetings with staff, parents and students and is overseen by a core steering group led by the Facilities team.

Governance oversight of the project was achieved via detailed updates to the ESF Major Building Projects Committee, a sub-committee set up by the Board and by regular summary updates to the Board.

Work on the concept design continues.



King George V School

At a cost of HK\$340 million, the King George V School expansion project provides two new academic buildings and much needed teaching and learning space for 150 to 200 extra students (Phase 1), as well as a new learning resources centre and rationalising the existing campus to better suit current teaching and learning needs (Phase 2). The new Fung Learning Resources Centre opened this year and is already proving to be a huge asset to the school. The final works package is expected to be completed within 2015.

Grand Opening of Fung Learning Resources Centre



KGV celebrated the opening of the Fung Learning Resources Centre with an open evening which gave over 100 guests the opportunity to explore the extraordinary new facility. The Fung family who have invested in the Centre were delighted to see what has been achieved in the creation of a light, airy, flexible, attractive and modern space which will support students in their learning. Victor Fung spoke eloquently about his family's commitment to education and the importance he places on investing in KGV students who will be so important in the future of Hong Kong.



Health and safety

FDD has appointed a dedicated resource responsible for implementing a systematic approach to managing Health and Safety (H&S) matters in schools.

The newly established ESF Health and Safety network is comprised of representatives from each school who are responsible for promoting a positive H&S culture and ensuring compliance with statutory and internal requirements.

As part of the launch of the system-wide H&S Management System Framework, key accomplishments for 2014 include:

- an activity mapping exercise to identify significant H&S risk areas and implement controls to manage those risks;
- H&S Network participation in a workshop on safety leadership and hazard identification;
- development of H&S standards and policy for design & technology workshops; and
- establishment of a process to collect H&S incident data to identify trends and areas for focus.

Residential

ESF owns and maintains 202 residential properties across Hong Kong. Approximately 50% are occupied by staff, primarily at Braemar Heights, which has severe restrictions imposed on its use by the Hong Kong Government land lease and is only available for use by ESF staff. Braemar Heights cannot be rented on the open, commercial market but the remainder of the ESF property portfolio can be rented on the open Hong Kong market.

The properties are managed by an independent company, with overall responsibility sits with the FDD.

Over the last 12 months, the Facilities Team has upgraded around 50% of the portfolio of properties. The balance of the works will be completed within the next 24 months.

Human Resources



Our staff members are critical to the success of ESF.

ESF employs more than 3,000 people in a range of roles including teachers, advisers, education assistants, librarians, laboratory and specialist technicians, nurses, and teams of specialists in finance, information technology, facilities development, human resources, communications and development.

There are 1,186 full-time and 65 part-time teachers employed across ESF. In addition, there are 385 full-time and 400 part-time educational assistants (EAs) supporting classroom teaching and learning and more than 720 full-time support staff.

Attracting and retaining talent

The voluntary turnover rate for ESF teachers at the end of the 2013-14 academic year was 6.98%. The rates for the Private Independent Schools (PIS) and the kindergartens were 10.5% and 18.2% respectively. The overall voluntary turnover rate for all teachers was 8%. This represents stable attrition year-on-year.

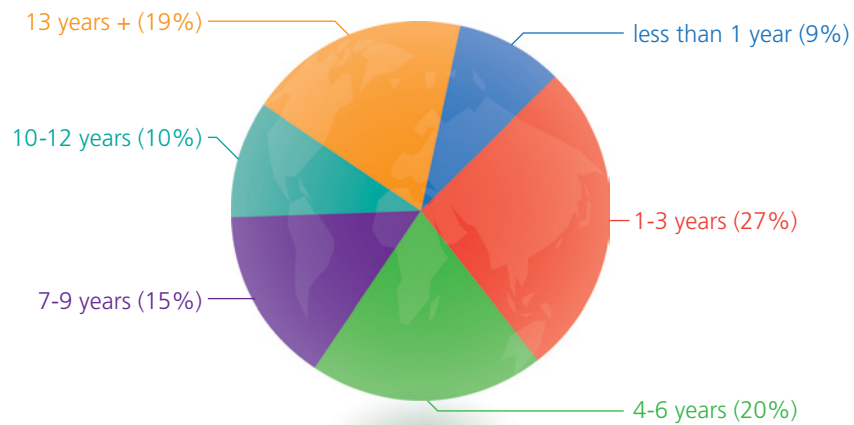
The voluntary turnover rates for support staff across ESF schools, PI Schools and the kindergartens were 17.9%, 16.7% and 29.1% respectively. The overall voluntary turnover rate for all support staff was 16.8%.

For full-time EAs, the overall voluntary turnover rate was 18.4%. The rates for ESF schools, PIS and the kindergartens were 18.1%, 20.3% and 17.3% respectively.

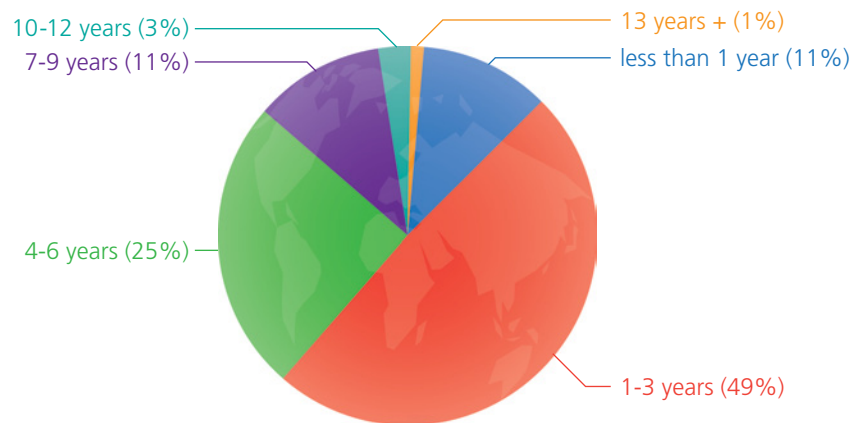


Tenure of teachers as at August 2014

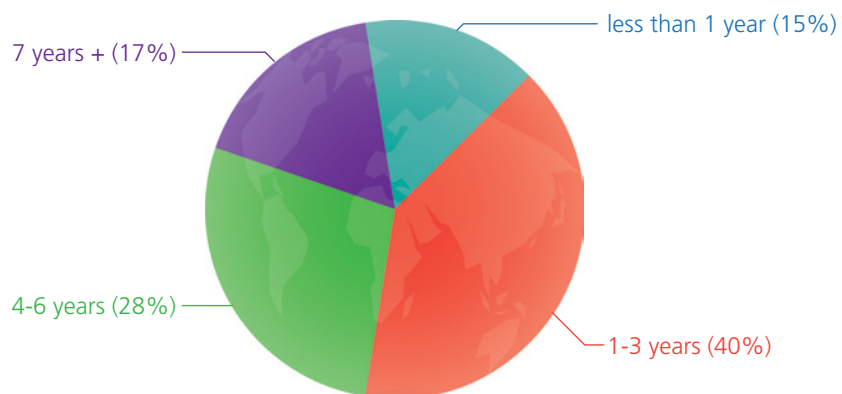
ESF teachers



Discovery and Renaissance College teachers



Kindergarten teachers



In 2013-14 ESF welcomed 122 new teachers, 30 of whom were recruited from schools in Hong Kong. The remaining 92 are from a range of countries that include the United Kingdom, United Arab Emirates, United States, China, Canada, Australia and New Zealand. In addition, 41 teachers already working in ESF took up new posts.

Teachers participated in one of two induction days at ESF Centre and in addition to learning about ESF, they explored

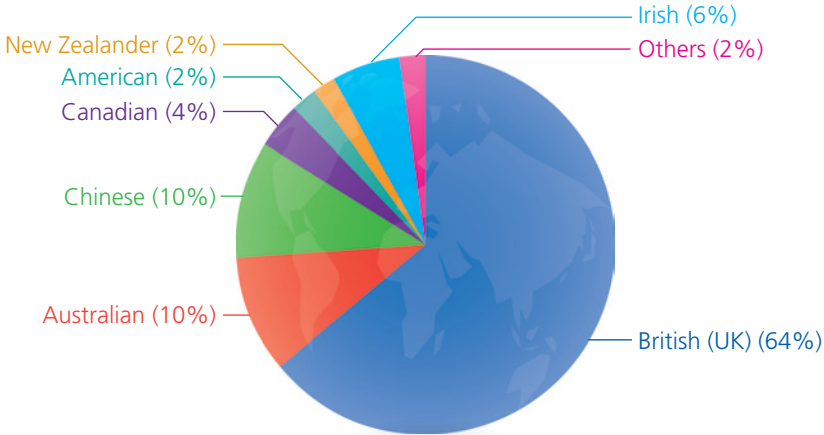
ways of establishing themselves in Hong Kong. Besides learning introductory Cantonese, a 'treasure hunt' was organised that enabled participants to familiarise themselves with public transport and explore popular sightseeing locations. Teachers' spouses are invited to join the induction days and this year an extra spouse-only session was also conducted.

ESF HR has introduced new tools to help teachers prepare for their relocation, learn about Hong Kong and meet future colleagues through online social networking. Resources include a video comparing places to live and an arrival check list. There is also a blog containing information related to working in Hong Kong and a dedicated Facebook group

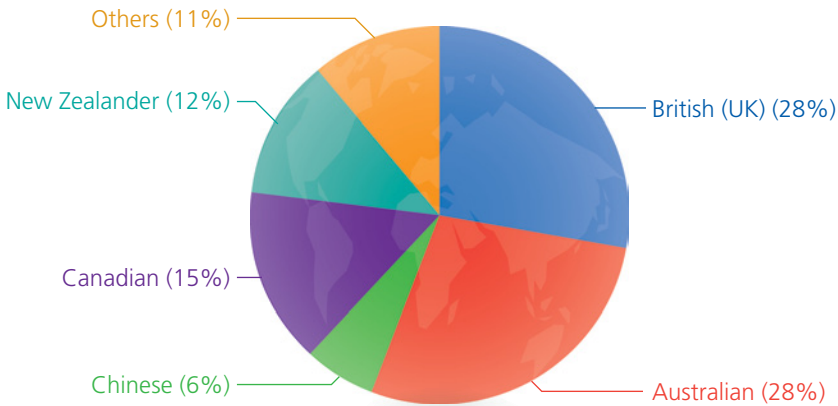
that provides the opportunity for teachers to virtually meet and greet other new colleagues as well as current ESF staff members. To help new teachers settle quickly, advice about living in Hong Kong was made available prior to their arrival. As a result, 80% of teachers were already engaged with estate agents by the time they reached Hong Kong.

Nationality of new teachers starting in August 2014

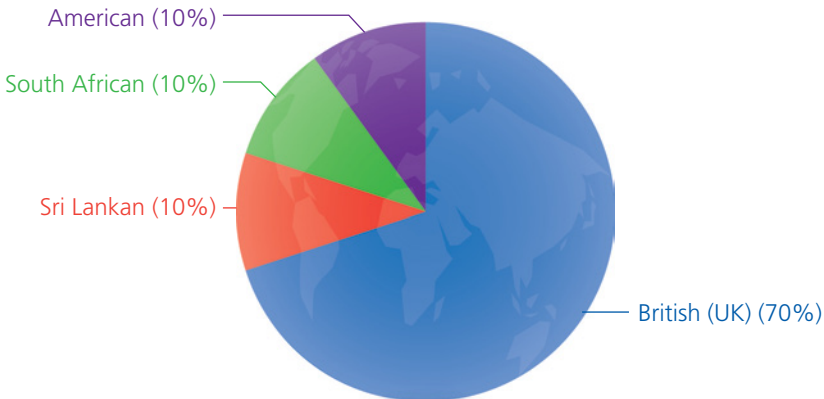
ESF teachers



Discovery and Renaissance College teachers



Kindergarten teachers



OPEN DOOR

ESF 英基

Open Door ESF Employee Assistance Programme

- A confidential counselling service, to assist staff members with personal, professional and/or wellbeing issues that might affect their success.
- All inquiries and sessions are strictly confidential. Staff Members do not need to go through an internal approval system. Counsellors will discuss privacy and confidentiality when a counselling agreement begins.
- ESF Support - All ESF & ESL full-time staff members who are entitled to ESF medical benefits may receive up to six free counselling sessions (50 minutes each) in each academic year.
- If additional sessions are required, staff members may continue on a self-pay scheme at a discounted rate.
- The discounted rate will be extended to family members and other ESF & ESL staff members who are not entitled to ESF medical benefits.

If you need the service

- Call St John directly at 2525 7207/08 or email them at info@sjcshk.com
- Bring your ESF medical card along to verify your status
- More details of Open Door can be found on Gateway - HR folder

St John's Counselling Service

St John's Counselling Service counsellors are either Counsellors, Therapists, Counselling/Clinical Psychologists and/or Clinical Social Workers with numerous years of counselling experience and reputable academic qualifications from Hong Kong and overseas institutions. SJCS counsellors are both male and female with English, Mandarin, Cantonese, German, French, Korean, and Spanish language skills, their qualifications are in art and play therapy, sand and music therapy, CBT, depression, grief, cutting, bullying, self-esteem, pre-marital counselling, anger management, substance abuse, parenting, conflict management, adoption, anxiety-panic attack, HIV - Aids, stress management, relationship counselling, school-job performance, career - life coaching, dealing with difficult people, and work-life balance themes.



Employer of choice

Staff members reported improved service from our medical insurer as we completed the second year with the vendor. An innovative mobile device app enables staff members to quickly and conveniently find doctors participating in the scheme. ESF also introduced Open Door, a confidential counselling service for full-time staff members designed to assist them in coping with personal, professional well-being issues.

This year saw a significant increase in professional training for support staff with over 25 technical, governance and skills workshops provided to over 530 participants. In May, as part of a team building and corporate social responsibility day, approximately 70 ESF support staff made several thousand sticky rice dumplings which were distributed to the homeless and at elderly community centres.



New pay scale for teachers

To monitor the new 15-point pay scale implemented in August 2013, and follow up on the teachers' pay review commissioned by the ESF Board in 2012, a second study took place to ensure the scale remains competitive. Work has also continued to review support staff pay. In May 2014, the Board approved a 3.5% pay increase for all staff members for the school year 2014-15. Further work is underway to address support staff and leaders' compensation.

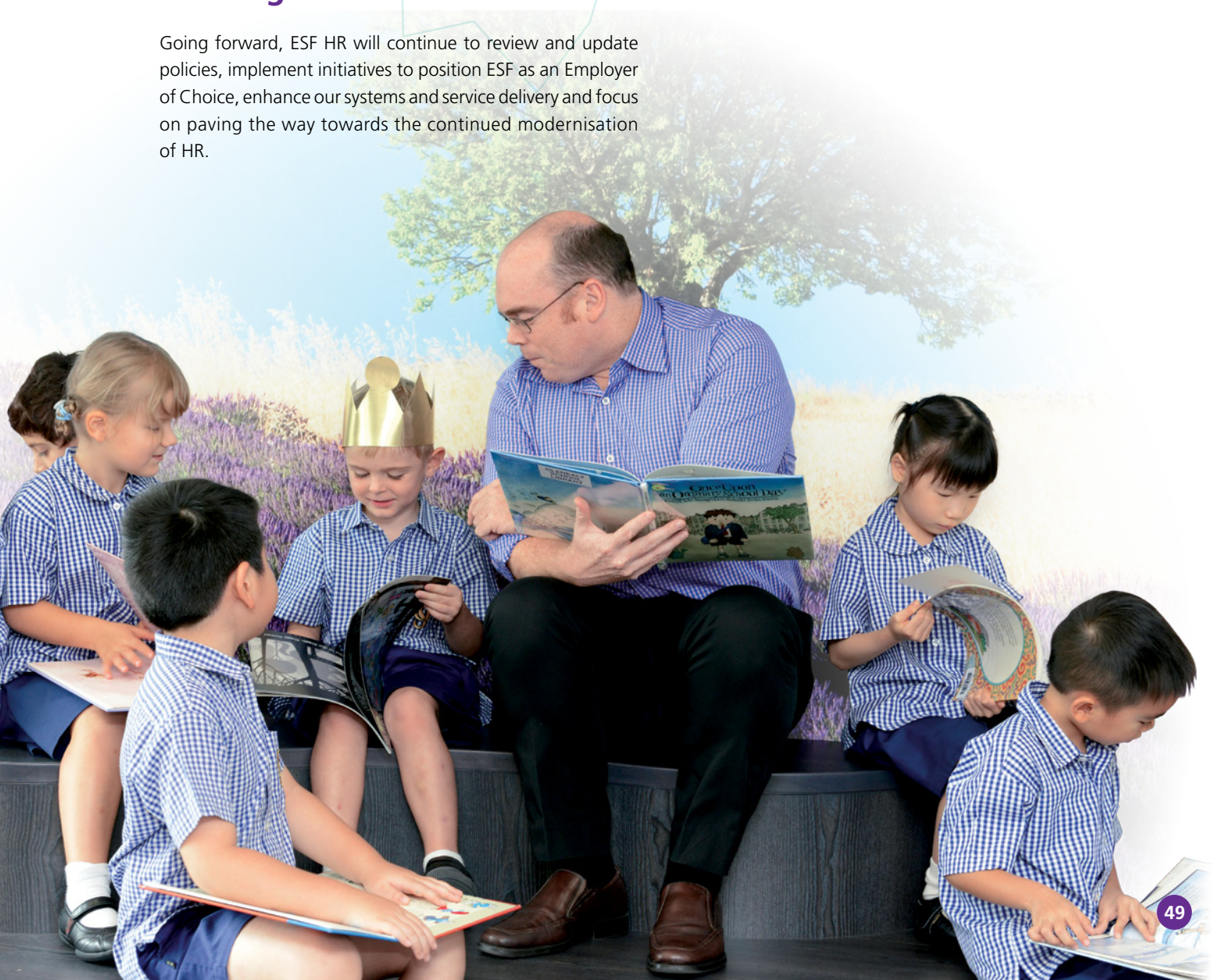


Recruitment systems

In response to the growing use of social media and technology for recruitment, ESF HR are now using LinkedIn to target and attract both teachers and support staff. Systems are 'mobile device optimised' to make the job opportunities in ESF more accessible to potential candidates. More than 5,300 applications were received for approximately 140 teaching positions.

Looking ahead

Going forward, ESF HR will continue to review and update policies, implement initiatives to position ESF as an Employer of Choice, enhance our systems and service delivery and focus on paving the way towards the continued modernisation of HR.



Programmes from ESF Educational Services Ltd.



ESF Educational Services (ESL) is a non-profit making, wholly owned subsidiary of ESF. It operates Discovery College, Renaissance College and four kindergartens. In addition, it delivers after-school sports, language and other enrichment programmes. 2013/14 was the strongest year yet for participation in after-school sports and language term-time activities. It also saw record numbers of students join holiday camps and courses.



ESF Sports

ESF Sports is Hong Kong's premier youth sports provider with more than 3,000 participants attending programmes each week throughout the year. There are clear pathways for athlete development with academies for each major sport and a coach development programme. ESF Sports welcomed the reopening of the KGV sports field in April as the home of the ESF Lions football programme. The pitch is used for after-school classes, as well as for the Player Development Programme, academy training and matches on Saturdays. Ever-improving performances by the Lions in the Hong Kong Junior Football League were rewarded with entry into the prestigious Henderson League. The swimming programme has been successfully expanded with the addition of the Australian International School (AIS) as a new venue. ESF Sports also took over the AIS school swimming programme, adding to those it already delivers in ESF schools.



ESF Language and Learning

New courses including drama, cookery and science were added to term time and holiday programmes, thus extending the range of learning opportunities available. ESF Language and Learning worked with Vision First on a community project offering English lessons to refugees in Hong Kong. The initiative has dual benefit as IB Diploma students were able to contribute to their CAS requirements by volunteering as teachers. As an authorised centre for Cambridge English examinations, ESF Language and Learning expanded its suite of examinations and embraced more language schools into its programmes.



Fundraising



JCSRS organises first Jazz Fest

The Hong Kong Jazz Family Fest 2014, a fundraising event organised by Jockey Club Sarah Roe School (JCSRS) at Grappa's Cellar on 10 and 11 January 2014, was a great success. The school raised HK\$300,000 for the development of an independent life skills room and an expressive arts space to meet the needs of children at JCSRS. The event, which included auctions and lucky draws, featured leading figures on the Hong Kong jazz music scene, including performances of Howard McCrary, Eugene Pao and Fusion 5.

KGV Lion Fund

KGV launched the Lion Fund in 2014 to raise money for a number of school enhancement projects. The donation period runs from 29 September 2014 for six weeks.

ESF schools form partnership with Hong Kong Rugby Football Union (HKRFU)

In October 2013, King George V School (KGV) and South Island School (SIS) announced partnerships with the HKRFU. As part of a significant financial investment, support was made available for the development of sports facilities. The schools were given a total of HK\$12 million, with the money earmarked for the refurbishment of the KGV school field and the installation of a high quality artificial playing surface and new sports seminar room at SIS.



Alumni Relations

ESF Alumni News

ESF Alumni News features interviews and alumni updates. In 2014, the magazine included stories and information of interest to former students such as major ESF building projects and news of forthcoming events. The magazine can be obtained at school offices or downloaded online at: www.esf.edu.hk/alumni



Alumni networking meetings

ESF school principals and business managers meet regularly to share their experience and ideas with a view to building and strengthening alumni networks.

Alumni gatherings

ESF schools organise regular alumni gatherings in Hong Kong and overseas. Besides lunch and dinner reunions, schools arrange sports events for alumni to take part in. This year Sha Tin College entered a Dragon Boat alumni team for the first time, finishing a creditable fifth in the Hong Kong Dragon Boat Short Race.



Renaissance College alumni gathering in London



Renaissance College alumni gathering in Hong Kong

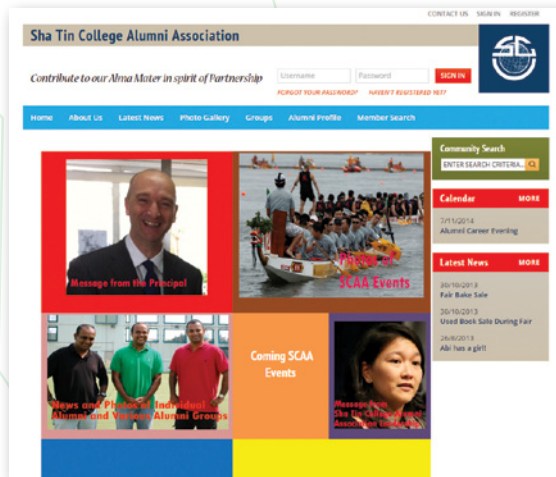
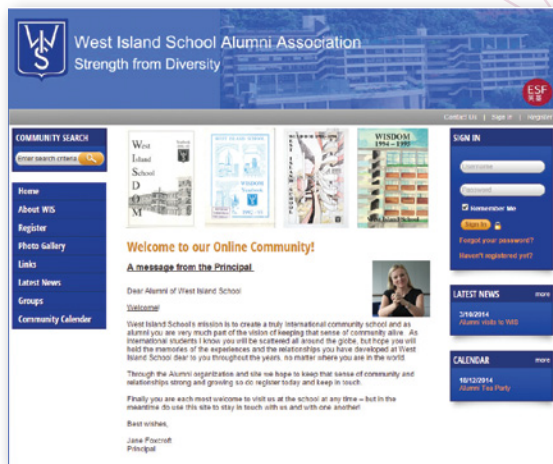
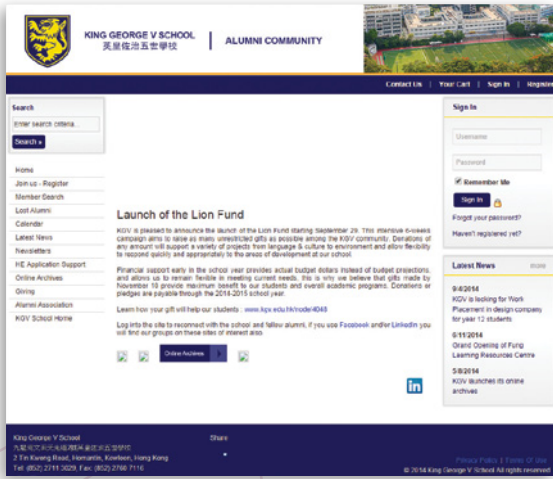
Sha Tin College Alumni Dragon Boat team



South Island School alumni gathering in London

Alumni websites

ESF schools have established alumni websites for former students. Members receive school updates and invitations to upcoming events.



Finances

Results of the English Schools Foundation (ESF) and its subsidiary, ESF Educational Services Limited (ESL) for the year ended 31 August 2014

(In HK\$ million)	ESF 2013-14	ESF 2012-13 (restated)	±%	ESL 2013-14	ESL 2012-13	±%	Group* 2013-14	Group* 2012-13 (restated)	±%
Financial results									
Operating income	1,528	1,475	3.6%	491	449	9.4%	1,978	1,884	5.0%
Non-operating income	30	50	-40%	34	32	6.3%	64	82	-22.0%
Total expenses	1,460	1,376	6.1%	514	466	10.3%	1,933	1,802	7.3%
Staff expenses	1,171	1,123	4.3%	368	332	10.8%	1,538	1,454	5.8%
Depreciation on schools and offices	102	82	24.4%	7	3	133.3%	109	85	28.2%
Repairs and maintenance	72	60	20.0%	13	12	8.3%	85	72	18.1%
Other operating expenses	115	111	3.6%	92	89	3.4%	167	161	3.7%
Scholarship fund & hardship allowance	-	-	-	34	30	13.3%	34	30	13.3%
Surplus for the year	98	149	-34.2%	11	15	-26.7%	109	164	-33.5%
Other comprehensive income	9	24	-62.5%	-	-	-	9	24	-62.5%
Total comprehensive income	107	173	-38.2%	11	15	-26.7%	118	188	-37.2%
Represented by:									
Operating surplus/(deficit)	77	123 [#]	-37.4%	-23	-17	35.3%	54	106 [#]	-49.1%
Capital fund surplus	30	50	-40%	34	32	6.3%	64	82	-22.0%
	107	173	-38.2%	11	15	-26.7%	118	188	-37.2%
Financial position									
Total assets	2,058	1,876	9.7%	201	183	9.8%	2,224	2,031	9.5%
Properties, plant and equipment	1,551	1,404	10.5%	59	51	15.7%	1,610	1,455	10.7%
Cash and deposits	426	369	15.4%	95	88	6.8%	521	457	14.0%
Total liabilities	777	702	10.7%	177	170	4.1%	919	844	8.9%
Refundable Capital Levy	219	173	26.6%	-	-	-	219	173	26.6%
Refundable debenture	-	-	-	8	4	100.0%	8	4	100%
Corporate Nomination Rights	25	-	100%	-	-	-	25	-	100%
Reserves [^]	1,281	1,174	9.1%	24	13	84.6%	1,305	1,187	9.9%
Average student enrolment									
Primary schools	6,120	6,112	0.1%	-	-	-	6,120	6,112	0.1%
Secondary schools	6,812	6,794	0.3%	-	-	-	6,812	6,794	0.3%
Private Independent Schools	-	-	-	3,284	3,116	5.4%	3,284	3,116	5.4%
Kindergartens	-	-	-	1,214	1,198	1.3%	1,214	1,198	1.3%
Other programmes	-	-	-	4,908	4,316	13.7%	4,908	4,316	13.7%
Total	12,932	12,906	0.2%	9,406	8,630	9.0%	22,338	21,536	3.7%

* Consolidated amounts which may not be equal to the sum of ESF and ESL due to intra-group eliminations.

[#] HK\$40 million arising from change of estimated useful lives of buildings and building improvements.

[^] Reserves represent the excess of assets over liabilities.

The restatements are related to the revised Hong Kong Accounting Standard 19, Employee benefit. Please refer to note 2(c) of the audited financial statements (page 16-17) for details.

Finances of ESF

Income

ESF operating income increased by 3.6% to HK\$1,528m (2012-13: HK\$1,475m) as a result of the revenue from higher tuition fees, which represented 74.0% of the total operating income, higher income from admissions and the Development and Operating Agreement with ESL. In 2013-14, tuition fees increased by 4.5% on average in order to cover pay rises and various educational enhancements. The number of students increased slightly by 0.2% compared with 2012-13.

The subvention remained frozen. Total receipts during the year were HK\$288.0m (2012-13: HK\$287.4m). This includes basic grants, hardship allowance and a refund of rent and rates from the Government.

Income from the leasing of school premises increased slightly to HK\$22.4m (2012-13: HK\$20.6m). Rental income derived from residential properties decreased by 4.4% to HK\$54.7m (2012-13: HK\$57.2m) due to apartments being taken off the market as part of the major interior upgrade project which commenced during the year.

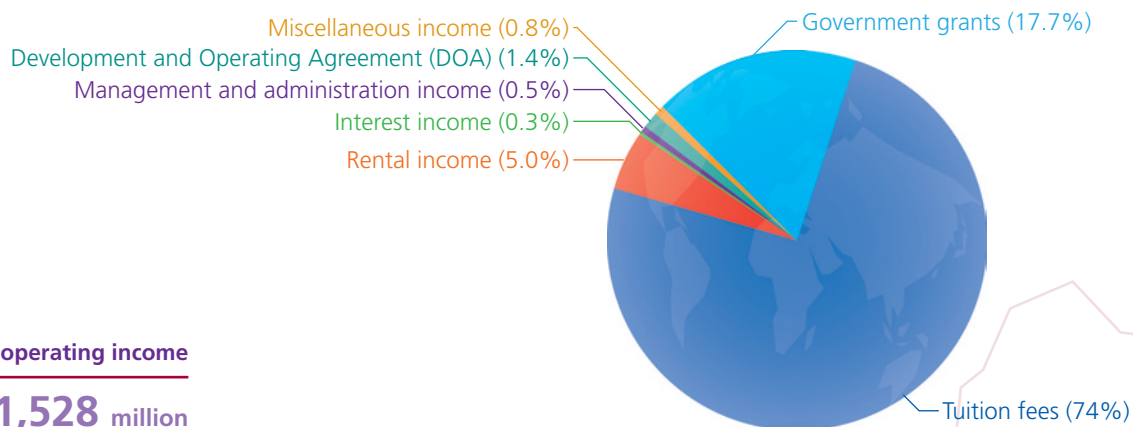
Total income received from ESL amounted to HK\$40.4m, an increase of 3.6% (2012-13: HK\$39.0m), primarily due to an increase in income from the Development and Operating Agreement with ESL.



Interest income decreased by 28.4% to HK\$4.8m (2012-13: HK\$6.7m) as Kowloon Junior School and King George V School redevelopment project bills are paid off. Miscellaneous income mainly derived from therapy services, application fees, forfeited deposits and other income from schools.

ESF introduced the Individual and Corporate Nomination Rights Schemes during the last two years. This year, the schemes generated an income of HK\$30m (2012-13: HK\$50m). This revenue is designated solely to finance redevelopment projects and hence is included in the capital fund.

Total operating income by source for the year ended 31 August 2014



Total operating income

HK\$1,528 million

Expenditure

Staff expenses, depreciation on schools and offices, as well as repairs and maintenance continued to be the major expenditure items. Major categories of other operating expenses were information technology (IT), staff recruitment, office and general administration, training and curriculum development, utilities, teaching materials and rental costs.

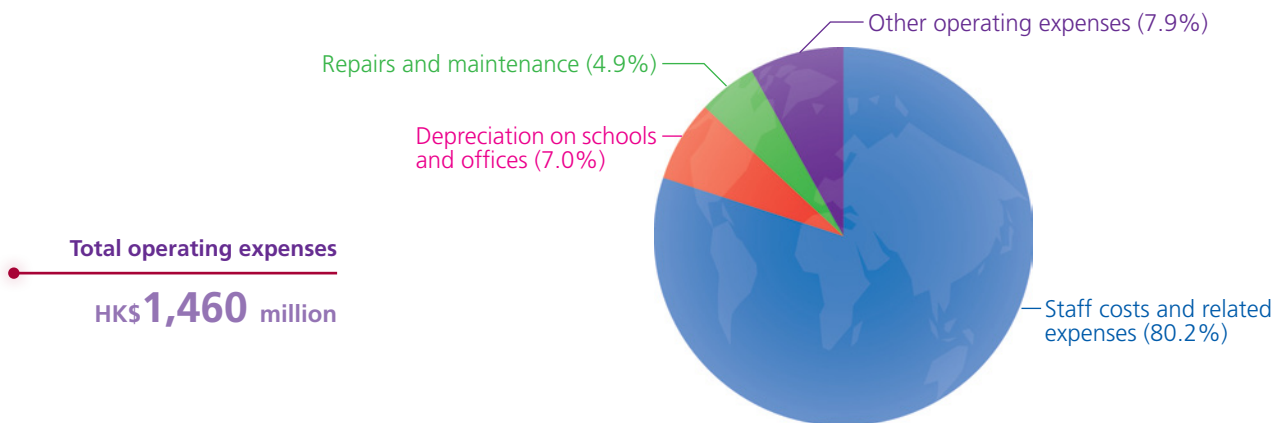
Staff expenses increased by 4.3% to HK\$1,171m (2012-13: HK\$1,123m) mainly due to salary adjustments for employees which was in line with the labour market and inflation. The increased staff expenses also reflected higher teaching staff salaries due to the progression up the salary scales and costs of new educational enhancements introduced during the year which included the ongoing development of the Chinese curriculum, the provision of additional Learning Support Centres and the review of IT systems.

Depreciation expenses increased by 24.4% to HK\$102m (2012-13: HK\$82m) as new buildings and facilities of Kowloon Junior School and King George V School started being used.

The cost of repairs and maintenance increased by 20.0% to HK\$72m (2012-13: HK\$60m). These expenses include summer works, annual maintenance contracts, facility consultancy fees and periodic inspection services.

Other operating expenses increased by 3.6% to HK\$115m (2012-13: HK\$111m), primarily due to higher spending on IT, teaching resources and materials and an increase in the cost of utilities.

Operating expenses by category for the year ended 31 August 2014



Kowloon Junior School



King George V School

Balance sheet and capital expenditure

ESF's balance sheet remained strong and well capitalised in 2013-14. As at 31 August 2014, total assets increased by 9.7% to HK\$2,058m (2012-13: HK\$1,876m). Properties, plant and equipment represented 75.4% of total assets, at HK\$1,551m (2012-13: HK\$1,404m). Capital expenditure decreased by 43.8% to HK\$286m (2012-13: HK\$509m) as the major works related to the Kowloon Junior School redevelopment and the King George V School expansion projects (Redevelopment Projects) were completed in 2012-13. Capital expenditures in different areas are shown in the chart: Capital works by category. For further details, please refer to Estates and Building Infrastructure section.

Total cash and deposits increased by 15.4% to HK\$426m at 31 August 2014 (31 August 2013: HK\$369m). Of this amount, cash held on deposit with original maturities over three months increased by 34.8% to HK\$310m (2012-13:

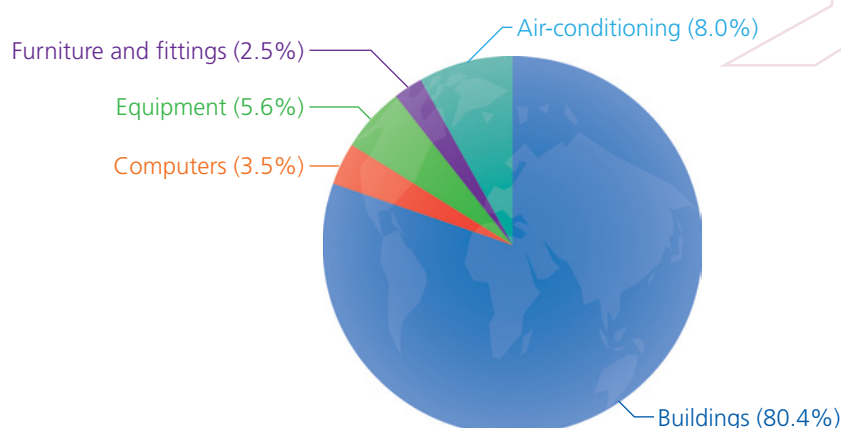
HK\$230m). This was mainly attributable to the net effect of payments for capital expenditure, the collection of Refundable Capital Levy (HK\$45m) and nomination rights and receipts in advance (HK\$57m), and free cash generated from surplus for the year. With capital commitments of HK\$311m and the redevelopment of Island School, capital planning and cash management continue to be the priorities going forward.

Reserves represent the excess of assets over liabilities. They include the accumulated surplus of ESF schools, derived from individual schools' devolved budget, amounting to HK\$139m (2012-13: HK\$159m) which had been designated to finance capital activities at schools according to the approval of the school councils. Of the amount, capital commitments of HK\$24m have been authorised or contracted. A sum for future infrastructure upgrades is also reserved. School surplus planning is a continuous agenda for ESF.

Financial structure as at 31 August 2014

Properties, plant and equipment	75.4%	HK\$1,551m	Refundable Capital Levy	10.6%	HK\$219m
			Corporate Nomination Rights	1.2%	HK\$25m
Cash and deposits	20.7%	HK\$426m	Other liabilities	25.9%	HK\$533m
Other assets	3.9%	HK\$81m	Reserves	62.3%	HK\$1,281m
Assets	HK\$2,058 million		Liabilities & reserves	HK\$2,058 million	

Capital works by category for the year ended 31 August 2014



Total capital works

HK\$286 million



Outlook

School operations are expected to remain stable in 2014-15. Student enrolment continues to be strong with a high demand for ESF school places at the beginning of the academic year.

The subvention review was concluded in July 2013. All existing students will continue to benefit from the subvention until they leave or graduate from ESF schools. All students joining ESF in the school years 2014-15 and 2015-16 will also benefit from the subvention which continues to be frozen at current levels. In addition to inflation adjustment, tuition fees for students entering Year 1 in August 2016 could rise by approximately HK\$17,000 to fully cover the reduction in the subvention. Management are conscious of the impact fee increases will have on parents with children entering Year 1 in August 2016 and afterwards, and recognise the need to plan ahead to ensure efficiency and financial sustainability.

Financing major capital projects over the coming years will continue to be a key challenge. The largest is the imminent redevelopment of Island School. Subject to approval by the Legislative Council Finance Committee, a capital grant will be made available to subsidise the redevelopment project. With the introduction of the Non-refundable Capital Levy (NCL) for students entering ESF schools from August 2015, together with the Individual and Corporate Nomination Rights Schemes, ESF has set its medium term capital funding strategy. Bridge loans will be required from time to time but in view of the financial stability of ESF and the independent valuation of its residential property portfolio at approximately HK\$2.7 billion as at 31 August 2014, ESF is in a position to borrow at a favourable interest rate to meet funding requirements of major capital projects.



Finances of ESL

ESL recorded an overall surplus of HK\$10.7m (2012-13: HK\$15.1m), comprised of an operating deficit of HK\$22.8m (2012-13: HK\$17.0m) and a capital fund surplus of HK\$33.5m (2012-13: HK\$32.1m).

Income

Income from tuition fees totalled HK\$409m (2012-13: HK\$366m). The year-on-year increase is largely attributed to an average 5.7% fee increase for the kindergartens and an average 7.6% fee increase for the Private Independent Schools. Additional enrolment at Renaissance College (RCHK), from 1,996 in 2012-13 to 2,041 in 2013-14, and at Discovery College (DC), from 1,120 in 2012-13 to 1,243 in 2013-14, was also a contributing factor.

Income from course fees rose by 5.5% to HK\$58m (2012-13: HK\$55m), which was a direct result of higher sign-up rates in the sports and language programmes.

Other operating income decreased by 14% to HK\$24m (2012-13: HK\$28m) mainly due to the transfer of scholarship fund surpluses into income. Other operating income comprises rent, application fees, retained deposits, income from the resale of school items, interest and school activities.

Non-operating income consists of the Non-refundable Building Levy and revenue from the sale of nomination rights at RCHK and DC. Income from these two sources rose by 6% to HK\$34m (2012-13: HK\$32m).

Expenditure

Staff costs increased by 11% to HK\$368m (2012-13: HK\$332m), as a result of increased staffing to match expanded enrolment and an overall salary increment of 3.5%. Depreciation on schools and offices rose by 133% to HK\$7m (2012-13: HK\$3m) as the costs of recent major capital works started to be amortised in 2013-14.

Pursuant to the service agreement between ESL and the Government, 10% of the total Private Independent School income is set aside annually to provide scholarships and other



financial assistance for deserving students. During the year, the total amount set aside for this purpose was HK\$34m (2012-13: HK\$30m). As at 31 August 2014, the combined scholarship funds and hardship allowances of Renaissance College and Discovery College had balances of HK\$21m and HK\$7m respectively.

Outlook

While the enrolments of RCHK and the kindergartens are expected to remain stable in 2014-15, admissions at DC will continue to grow until the school reaches its full capacity in 2017-18. It is anticipated that both PI Schools will become financially sustainable over the next five years. Other segments of ESL including the kindergartens, language and sports sections are expected to remain operationally and financially stable in the foreseeable future.

Upcoming major capital projects include the development of the foreshore around Discovery College and a new primary block at RCHK to be completed in 2016-17. The financing of these projects will come from a combination of existing cash reserves, PI School income from the Non-refundable Building Levy and Nomination Rights Schemes, and an interest-bearing financing arrangement with ESF.



The English Schools Foundation
英基學校協會

Consolidated Financial Statements
for the year ended 31 August 2014

Report of the Board of Governors

The Board of Governors (“the Board”) have pleasure in submitting their annual report together with the audited consolidated financial statements for the year ended 31 August 2014.

Principal place of business

The English Schools Foundation (“the Foundation”) is a subvented organisation incorporated in Hong Kong under The English Schools Foundation Ordinance and has its office and principal place of business at 25/F, 1063 King’s Road, Quarry Bay, Hong Kong.

Principal activity

The principal activity of the Foundation and its subsidiary (“the Group”) is to own, manage, administer and operate schools to provide a modern liberal education through the medium of English language. In note 2(d), the Group sets out the principal activities and other particulars of the Foundation’s subsidiary. The Foundation and its subsidiary are exempt from taxation pursuant to section 88 of the Hong Kong Inland Revenue Ordinance.

Financial statements

The surplus of the Group for the year ended 31 August 2014 and the state of the Group’s affairs as at that date are set out in the consolidated financial statements on pages 5 to 55.

Transfer to reserves

The Group has transferred the surplus for the year of HK\$108,626,000 (2013: HK\$164,204,000) to reserves.

At 31 August 2014, the Group's reserves amounted to HK\$1,305,025,000 (2013: HK\$1,187,049,000), being the excess of assets over liabilities. The Group sets out details of the reserves in note 21 and the statement of changes in reserves.

Under the terms of The English Schools Foundation Ordinance, no dividend or bonus whatsoever can be paid and no gift or division of money or any property whatsoever can be made by or on behalf of the Foundation to any of the officers or employees of the Foundation, any of the members of the Board or any of the students of the schools of the Foundation except by way of prize, reward or special grant or in the case of an employee of the Foundation, by way of a dividend or bonus payable under a contract of employment.

Properties, plant and equipment

Properties, plant and equipment include properties, leasehold improvements, furniture and equipment of the Group's schools, office and residential properties. At 31 August 2014, the net book value of the properties, plant and equipment was HK\$1,609,837,000 (2013: HK\$1,454,492,000) and the depreciation charge for the year then ended was HK\$111,167,000 (2013: HK\$86,440,000), respectively; see note 6 to the financial statements for details of movements in properties, plant and equipment.

Members of the Board

The members of the Board during the financial year and up to the date of this report are:

Carlson Tong (Chairman)	
Elizabeth Boshier (Vice-chairman)	
Robert Gazzi (Treasurer)	
Alexander Chan	
Andrea Lowe	
Judy Woo	
Kim Anderson	
Marc Castagnet	
Matthew Caplin	
Mike Draeger	
P M Kam	
Paul Clarke	
Pauline Ng	
Brenda Cook	(elected by the Committee of Principals on 18 August 2014)
Connie Liu	(elected by parents of students of schools of the Foundation, Renaissance College and Discovery College on 26 November 2013)
Elaine Leung	(elected by the Committee of School Council Chairmen on 2 January 2014)
Francis Carroll	(elected by parents of students of schools of the Foundation, Renaissance College and Discovery College on 26 November 2013)
Judy Vas	(elected by the Committee of School Council Chairmen on 24 September 2014)
Kelvin Wong	(nominated by the Nominating Committee on 17 January 2014)
Kumar Ramanathan	(nominated by the Nominating Committee on 29 October 2014)
Nirmala Rao	(nominated by the Nominating Committee on 17 January 2014)
Ronald Abbott	(elected by parents of students of schools of the Foundation, Renaissance College and Discovery College on 24 September 2014)

Members of the Board (continued)

The members of the Board during the financial year and up to the date of this report are:
(continued)

Scarlett Mattoli	(elected by parents of students of schools of the Foundation, Renaissance College and Discovery College on 24 September 2014)
Schumann Tang	(elected by parents of students of schools of the Foundation, Renaissance College and Discovery College on 24 September 2014)
Virginia Morris	(elected by the Committee of School Council Chairmen on 24 September 2014)
Amy Wong	(resigned on 23 October 2013)
Gordon Lamb	(resigned on 19 September 2014)
Jane Foxcroft	(resigned on 17 August 2014)
Kim Mak	(resigned on 27 October 2014)
Kyran Sze	(resigned on 14 December 2013)
Michael Dowie	(resigned on 27 November 2013)
Paul Varty	(resigned on 5 September 2014)
Simon Joyce	(resigned on 12 April 2014)
Simon Osborne	(resigned on 27 March 2014)
Vincent Ho	(resigned on 19 April 2014)
Virginia Wilson	(resigned on 31 December 2013)
Belinda Greer (Chief Executive Officer, ex officio)	(appointed on 1 September 2013)

The term of office of a member, other than an ex officio member, shall be 3 years. A member is eligible for re-nomination or re-election at the expiry of his term as a member, but a person shall not serve as a member consecutively for more than 2 terms.

At no time during the year was the Group a party to any arrangement to enable the members of the Board to acquire benefits by means of the acquisition of interest in the Group or any other body corporate.

Auditors

KPMG retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of KPMG as auditors of the Foundation has been proposed.

By order of the Board

Carlson Tong

Chairman

Hong Kong,

11 December 2014

Statement of comprehensive income for the year ended 31 August 2014 (Expressed in Hong Kong dollars)

	Note	<i>The Group</i>		<i>The Foundation</i>	
		2014 \$'000	2013 \$'000 (restated)	2014 \$'000	2013 \$'000 (restated)
Income					
<i>Operating income</i>					
Government grants	15	271,112	271,117	271,112	271,117
Tuition fees		1,538,858	1,443,056	1,129,730	1,077,210
Programme income		58,166	54,967	-	-
Rental income		75,976	77,138	77,128	77,835
Donations		4,925	8,035	4,338	7,587
Interest income		5,086	7,101	4,757	6,650
Income from subsidiary					
- From Development and Operating Agreement		-	-	21,241	20,233
- Management and administrative income		-	-	7,889	7,720
- Transfer from previous years' scholarship fund and hardship allowance surplus	16	1,310	5,063	-	-
Miscellaneous income		22,067	18,046	11,347	6,731
		<u>1,977,500</u>	<u>1,884,523</u>	<u>1,527,542</u>	<u>1,475,083</u>
<i>Non-operating income</i>					
Nomination rights	21(a)	44,917	67,790	30,717	49,500
Non-refundable building levy		19,310	13,883	-	-
		<u>64,227</u>	<u>81,673</u>	<u>30,717</u>	<u>49,500</u>
Total income		<u>2,041,727</u>	<u>1,966,196</u>	<u>1,558,259</u>	<u>1,524,583</u>

The English Schools Foundation
Financial statements for the year ended 31 August 2014

Statement of comprehensive income for the year ended 31 August 2014 (continued)

(Expressed in Hong Kong dollars)

		<i>The Group</i>		<i>The Foundation</i>	
<i>Note</i>	<i>2014</i>	<i>2013</i>	<i>2014</i>	<i>2013</i>	<i>2013</i>
	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>
		<i>(restated)</i>		<i>(restated)</i>	
Expenditure					
<i>Staff expenses</i>					
Basic salaries					
- Professional	894,826	849,053	673,781	646,778	
- Other staff	255,270	241,660	194,018	185,918	
Gratuities and allowances	331,753	315,906	255,382	249,583	
Accommodation	18,901	15,811	18,901	15,811	
Medical expenses	34,447	28,526	26,721	22,449	
Passage and other allowances	3,196	3,237	2,763	2,423	
	3(a) 1,538,393	1,454,193	1,171,566	1,122,962	
<i>Other expenses</i>					
Depreciation on schools and offices	109,172	84,544	101,669	81,161	
Repairs and maintenance	85,176	72,368	72,249	60,021	
Other operating expenses	4 166,731	161,022	114,844	111,377	
Scholarship fund and hardship allowance	16 33,629	29,865	-	-	
	394,708	347,799	288,762	252,559	
Total expenses	1,933,101	1,801,992	1,460,328	1,375,521	
Surplus for the year	3 108,626	164,204	97,931	149,062	
Other comprehensive income for the year					
<i>Item that will not be reclassified to surplus or deficit:</i>					
Remeasurement of net defined benefit asset	7(b)(v) 9,350	23,468	9,350	23,468	
Total comprehensive income for the year	117,976	187,672	107,281	172,530	

Statement of comprehensive income for the year ended 31 August 2014 (continued)

(Expressed in Hong Kong dollars)

Note	<i>The Group</i>		<i>The Foundation</i>	
	2014 \$'000	2013 \$'000 (restated)	2014 \$'000	2013 \$'000 (restated)
Represented by:				
Operating surplus	53,749	105,999	76,564	123,030
Capital fund surplus	64,227	81,673	30,717	49,500
	<u>117,976</u>	<u>187,672</u>	<u>107,281</u>	<u>172,530</u>

The notes on pages 14 to 55 form part of these financial statements. Restatements in relation to revised HKAS 19, *Employee benefits* are detailed in note 2(c).

The English Schools Foundation
Financial statements for the year ended 31 August 2014

Balance sheet as at 31 August 2014

(Expressed in Hong Kong dollars)

		<i>The Group</i>			<i>The Foundation</i>		
		<i>31 August</i> <i>2014</i> \$'000	<i>31 August</i> <i>2013</i> \$'000 <i>(restated)</i>	<i>1 September</i> <i>2012</i> \$'000 <i>(restated)</i>	<i>31 August</i> <i>2014</i> \$'000	<i>31 August</i> <i>2013</i> \$'000 <i>(restated)</i>	<i>1 September</i> <i>2012</i> \$'000 <i>(restated)</i>
Non-current assets							
Properties, plant and equipment	6	1,609,837	1,454,492	1,078,953	1,551,332	1,403,881	1,059,174
Defined benefit retirement scheme	7	49,848	44,722	27,610	49,848	44,722	27,610
		<u>1,659,685</u>	<u>1,499,214</u>	<u>1,106,563</u>	<u>1,601,180</u>	<u>1,448,603</u>	<u>1,086,784</u>
Current assets							
	8						
Inventories		777	638	655	-	-	-
Rental, utility and other deposits		10,580	10,257	9,444	6,874	7,095	6,556
Prepayments		13,457	13,054	11,662	8,314	9,191	7,249
Loans to staff		4,667	7,117	5,770	3,183	5,138	3,652
Fees and other receivables	9	6,078	2,956	4,341	4,930	1,926	3,381
Government grants receivable		7,040	40,908	14,693	7,040	35,314	8,421
Amount due from subsidiary	10	-	-	-	-	-	2,721
Restricted cash	11	1,826	1,532	1,532	-	-	-
Deposits with original maturities over three months		312,412	231,984	323,069	310,312	230,084	321,169
Cash and cash equivalents	12	207,040	223,684	223,375	116,414	138,508	106,939
		<u>563,877</u>	<u>532,130</u>	<u>594,541</u>	<u>457,067</u>	<u>427,256</u>	<u>460,088</u>
Current liabilities							
	8						
Fees received in advance		154,202	165,130	172,881	76,856	90,364	98,810
Nomination rights received in advance		5,810	2,910	950	4,500	2,600	-
Amount due to subsidiary	10	-	-	-	35,280	27,104	-
Provision to meet staff conditions of service	13	88,282	88,238	85,206	69,932	73,168	69,900
Accounts payables and accruals	14	352,977	341,073	244,029	309,691	299,469	219,889
Government hardship allowance	15(b)	34,160	35,622	37,294	34,160	35,622	37,294
Scholarship fund and hardship allowance	16	28,076	33,374	41,761	-	-	-
Current portion of obligations under finance leases	17	738	133	218	738	133	218
Current portion of refundable debenture	19	4,123	-	-	-	-	-
Current portion of corporate nomination rights	20	250	-	-	250	-	-
		<u>668,618</u>	<u>666,480</u>	<u>582,339</u>	<u>531,407</u>	<u>528,460</u>	<u>426,111</u>
Net current (liabilities)/assets		<u>(104,741)</u>	<u>(134,350)</u>	<u>12,202</u>	<u>(74,340)</u>	<u>(101,204)</u>	<u>33,977</u>
Total assets less current liabilities		<u>1,554,944</u>	<u>1,364,864</u>	<u>1,118,765</u>	<u>1,526,840</u>	<u>1,347,399</u>	<u>1,120,761</u>

Balance sheet as at 31 August 2014 (continued)

(Expressed in Hong Kong dollars)

		<i>The Group</i>			<i>The Foundation</i>		
		<i>31 August 2014</i>	<i>31 August 2013</i>	<i>1 September 2012</i>	<i>31 August 2014</i>	<i>31 August 2013</i>	<i>1 September 2012</i>
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
			(restated)	(restated)		(restated)	(restated)
Non-current liabilities							
Obligations under finance leases	17	2,214	33	166	2,214	33	166
Refundable capital levy	18	218,859	173,463	119,222	218,859	173,463	119,222
Refundable debenture	19	4,263	4,319	-	-	-	-
Corporate nomination rights	20	24,583	-	-	24,583	-	-
		<u>249,919</u>	<u>177,815</u>	<u>119,388</u>	<u>245,656</u>	<u>173,496</u>	<u>119,388</u>
NET ASSETS		<u>1,305,025</u>	<u>1,187,049</u>	<u>999,377</u>	<u>1,281,184</u>	<u>1,173,903</u>	<u>1,001,373</u>
RESERVES							
	21						
General reserve		1,005,368	931,675	859,843	1,062,075	965,567	876,704
Capital fund		160,765	96,538	14,865	80,217	49,500	-
Schools reserves		138,892	158,836	124,669	138,892	158,836	124,669
		<u>1,305,025</u>	<u>1,187,049</u>	<u>999,377</u>	<u>1,281,184</u>	<u>1,173,903</u>	<u>1,001,373</u>

Approved and authorised for issue by the Board of Governors on 11 December 2014

Carlson Tong

Robert Gazzi

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) Members of the Board of Governors
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The notes on pages 14 to 55 form part of these financial statements. Restatements in relation to revised HKAS 19, *Employee benefits* are detailed in note 2(c).

The English Schools Foundation
Financial statements for the year ended 31 August 2014

Statement of changes in reserves for the year ended 31 August 2014 *(Expressed in Hong Kong dollars)*

The Group

	<i>General reserve</i>	<i>Capital fund</i> (note 21(a))	<i>Schools reserves</i> (note 21(b))	<i>Total</i>
	\$'000	\$'000	\$'000	\$'000
As previously reported at 1 September 2012	862,364	14,865	124,669	1,001,898
Impact of change in accounting policy	(2,521)	-	-	(2,521)
Restated balance at 1 September 2012	859,843	14,865	124,669	999,377
Surplus for the year (restated)	28,469	81,673	54,062	164,204
Transfers	19,895	-	(19,895)	-
Other comprehensive income (restated)	23,468	-	-	23,468
Total comprehensive income (restated)	71,832	81,673	34,167	187,672
Restated balance at 31 August 2013 and 1 September 2013	931,675	96,538	158,836	1,187,049
Surplus for the year	(14,587)	64,227	58,986	108,626
Transfers	78,930	-	(78,930)	-
Other comprehensive income	9,350	-	-	9,350
Total comprehensive income	73,693	64,227	(19,944)	117,976
At 31 August 2014	1,005,368	160,765	138,892	1,305,025

Statement of changes in reserves for the year ended 31 August 2014 (continued)

(Expressed in Hong Kong dollars)

The Foundation

	<i>General reserve</i>	<i>Capital fund</i>	<i>Schools reserves</i>	<i>Total</i>
	\$'000	(note 21(a)) \$'000	(note 21(b)) \$'000	\$'000
As previously reported at 1 September 2012	879,225	-	124,669	1,003,894
Impact of change in accounting policy	(2,521)	-	-	(2,521)
Restated balance at 1 September 2012	<u>876,704</u>	<u>-</u>	<u>124,669</u>	<u>1,001,373</u>
Surplus for the year (restated)	45,500	49,500	54,062	149,062
Transfers	19,895	-	(19,895)	-
Other comprehensive income (restated)	23,468	-	-	23,468
Total comprehensive income (restated)	<u>88,863</u>	<u>49,500</u>	<u>34,167</u>	<u>172,530</u>
Restated balance at 31 August 2013 and 1 September 2013	<u>965,567</u>	<u>49,500</u>	<u>158,836</u>	<u>1,173,903</u>
Surplus for the year	8,228	30,717	58,986	97,931
Transfers	78,930	-	(78,930)	-
Other comprehensive income	9,350	-	-	9,350
Total comprehensive income	<u>96,508</u>	<u>30,717</u>	<u>(19,944)</u>	<u>107,281</u>
At 31 August 2014	<u>1,062,075</u>	<u>80,217</u>	<u>138,892</u>	<u>1,281,184</u>

The notes on pages 14 to 55 form part of these financial statements. Restatements in relation to revised HKAS 19, *Employee benefits* are detailed in note 2(c).

The English Schools Foundation
Financial statements for the year ended 31 August 2014

Cash flow statement for the year ended 31 August 2014 (Expressed in Hong Kong dollars)

	Note	<i>The Group</i>		<i>The Foundation</i>	
		2014 \$'000	2013 \$'000 (restated)	2014 \$'000	2013 \$'000 (restated)
Operating activities					
Net cash generated from operating activities	12(b)	149,009	204,664	159,374	261,835
Investing activities					
Payments for the purchase of properties, plant and equipment less capital creditors		(293,222)	(495,574)	(270,615)	(484,504)
Proceeds from sale of properties, plant and equipment		10	-	-	-
(Increase)/decrease in bank deposits with original maturities over three months		(80,428)	91,085	(80,228)	91,085
Government grants received		62,236	51,077	62,236	50,399
Increase in deposits pledged with bank		(294)	-	-	-
Interest received		5,086	7,101	4,757	6,650
Net cash used in investing activities		(306,612)	(346,311)	(283,850)	(336,370)
Financing activities					
Increase in refundable capital levy		45,396	54,241	45,396	54,241
Proceeds from issue of nomination rights		72,650	69,750	57,450	52,100
Proceeds from non-refundable building levy		19,310	13,883	-	-
Proceeds from refundable debenture		4,067	4,319	-	-
Capital element of finance lease rentals paid		(405)	(218)	(405)	(218)
Interest element of finance lease rentals paid		(59)	(19)	(59)	(19)
Net cash generated from financing activities		140,959	141,956	102,382	106,104

Cash flow statement
for the year ended 31 August 2014 (continued)
(Expressed in Hong Kong dollars)

	Note	The Group		The Foundation	
		2014 \$'000	2013 \$'000 (restated)	2014 \$'000	2013 \$'000 (restated)
Net (decrease)/increase in cash and cash equivalents		(16,644)	309	(22,094)	31,569
Cash and cash equivalents at 1 September		<u>223,684</u>	<u>223,375</u>	<u>138,508</u>	<u>106,939</u>
Cash and cash equivalents at 31 August	12(a)	<u><u>207,040</u></u>	<u><u>223,684</u></u>	<u><u>116,414</u></u>	<u><u>138,508</u></u>

The notes on pages 14 to 55 form part of these financial statements. Restatements in relation to revised HKAS 19, *Employee benefits* are detailed in note 2(c).

Notes to the financial statements

(Expressed in Hong Kong dollars)

1 Background

The English Schools Foundation (“the Foundation”) is incorporated in Hong Kong under The English Schools Foundation Ordinance. The Foundation has a wholly owned subsidiary, ESF Educational Services Limited (“ESL”) (together referred to as “the Group”). The Board of Governors of the Foundation (“the Board”) is responsible for the preparation of consolidated financial statements.

The principal activity of the Group is to own, manage, administer and operate schools to provide a modern liberal education through the medium of English language. The principal activities and other particulars of the Foundation’s subsidiary are set out in note 2(d) to the financial statements.

2 Significant accounting policies

(a) *Statement of compliance*

The consolidated financial statements for the year ended 31 August 2014 comprise the Foundation and its subsidiary.

The Board has prepared the consolidated financial statements to comply with the requirements under The English Schools Foundation Ordinance and The English Schools Foundation (General) Regulation and in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”), which include all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), and accounting principles generally accepted in Hong Kong. A summary of the significant accounting policies adopted by the Group is set out below.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting year. Note 2(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting year (see note 27).

2 Significant accounting policies (continued)

(b) *Basis of preparation of the financial statements*

The Group uses the historical cost basis to prepare the financial statements.

In order to prepare financial statements that comply with HKFRSs the Group has to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The Group believes the estimates and associated assumptions, which the Group makes based on historical experience and various other factors, are reasonable under the circumstances. Actual results may differ from these estimates.

The Group reviews the estimates and underlying assumptions on an ongoing basis. The Group recognises revisions to accounting estimates in the year the Group revises the estimate if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

During the year ended 31 August 2013, the Group has revised the estimated useful lives of buildings and building improvements (see note 6(i)).

In note 26, the Group discusses the significant judgements the Group made in applying HKFRSs on the financial statements and major sources of estimation uncertainty.

(c) *Changes in accounting policies*

The HKICPA has issued a number of new HKFRSs and amendments to HKFRSs that are first effective for the current accounting period of the Group and the Foundation. Of these, the following developments are relevant to the Group's financial statements:

- Amendments to HKAS 1, *Presentation of financial statements – Presentation of items of other comprehensive income*
- HKFRS 10, *Consolidated financial statements*
- Revised HKAS 19, *Employee benefits*

Amendments to HKAS 1, Presentation of financial statements – Presentation of items of other comprehensive income

The amendments require entities to present separately the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met from those that would never be reclassified to profit or loss. The presentation of other comprehensive income in the consolidated statement of comprehensive income in these financial statements has been modified accordingly.

2 Significant accounting policies (continued)

(c) Changes in accounting policies (continued)

HKFRS 10, Consolidated financial statements

HKFRS 10 replaces the requirements in HKAS 27, *Consolidated and separate financial statements* relating to the preparation of consolidated financial statements and Hong Kong (SIC) Interpretation 12 *Consolidation – Special purpose entities*. It introduces a single control model to determine whether an investee should be consolidated, by focusing on whether the entity has power over the investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its power to affect the amount of those returns. As a result of the adoption of HKFRS 10, the Group has changed its accounting policy with respect to determining whether it has control over an investee. The adoption does not change any of the control conclusions reached by the Group in respect of its involvement with other entities as at 1 September 2013.

Revised HKAS 19, Employee benefits

Revised HKAS 19 introduces a number of amendments to the accounting for defined benefit plans. Among them, revised HKAS 19 eliminates the “corridor method” under which the recognition of actuarial gains and losses relating to defined benefit schemes could be deferred and recognised in the statement of comprehensive income over the expected average remaining service lives of employees. Under the revised standard, all actuarial gains and losses are required to be recognised immediately in other comprehensive income. Revised HKAS 19 also changed the basis for determining income from plan assets from expected return to interest income calculated at the liability discount rate, and requires immediate recognition of past service cost, whether vested or not.

As a result of the adoption of revised HKAS 19, the Group has changed its accounting policy with respect to defined benefit plans, for which the corridor method was previously applied. This change in accounting policy has been applied retrospectively by restating the balances at 1 September 2012 and 31 August 2013, with consequential adjustments to comparatives for the year ended 31 August 2013 as follows:

	<i>As previously reported</i> \$'000	<i>Effect of adoption of revised HKAS 19</i> \$'000	<i>As restated</i> \$'000
Consolidated income and expenditure account for year ended 31 August 2013:			
Net defined benefit retirement scheme expenses	1,978	(8,334)	(6,356)
Surplus for the year	172,538	(8,334)	164,204

2 Significant accounting policies (continued)

(c) Changes in accounting policies (continued)

Revised HKAS 19, Employee benefits (continued)

	<i>As previously reported</i> \$'000	<i>Effect of adoption of revised HKAS 19</i> \$'000	<i>As restated</i> \$'000
Consolidated statement of comprehensive income for year ended 31 August 2013:			
Remeasurement of net defined benefit asset	-	23,468	23,468
Other comprehensive income for the year	-	23,468	23,468
Total comprehensive income for the year	172,538	15,134	187,672
Consolidated balance sheet as at 31 August 2013:			
Defined benefit retirement scheme	32,109	12,613	44,722
Total non-current assets	1,486,601	12,613	1,499,214
Net assets	1,174,436	12,613	1,187,049
General reserve	919,062	12,613	931,675
Consolidated balance sheet as at 1 September 2012:			
Defined benefit retirement scheme	30,131	(2,521)	27,610
Total non-current assets	1,109,084	(2,521)	1,106,563
Net assets	1,001,898	(2,521)	999,377
General reserve	862,364	(2,521)	859,843

(d) Subsidiary

A subsidiary is an entity controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

The Group consolidates a subsidiary in the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances and transactions and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

2 Significant accounting policies (continued)

(d) *Subsidiary (continued)*

ESL, a company incorporated in Hong Kong and limited by guarantee, is a controlled subsidiary of the Group. Its activities are the operation of four kindergartens and two private independent schools, the provision of English as an Additional Language (EAL) courses and sports activities for young people. The management expertise and administration of ESL are substantially provided by the Foundation.

In the Foundation's balance sheet, the amounts due to ESL are stated at cost less impairment losses (see note 10).

(e) *Income recognition*

The Group measures income at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Group and the income and costs, if applicable, can be measured reliably, the Group recognises income as follows:

(i) Government grants

The Group recognises government grants when there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received. The Group recognises grants relating to expenditure on a systematic basis in the same year in which the related expenditure is incurred. The Group deducts grants provided to the Group relating to properties, plant and equipment from the cost of acquisition in arriving at the carrying amount of the related asset.

(ii) Tuition fees

For an academic year which ends within the financial year, the Group recognises tuition fees when they are receivable.

The Group classifies tuition fees received in respect of the following academic year as fees received in advance and the Group carries these in the balance sheet as liabilities at the end of the financial year.

(iii) Programme income

The Group recognises programme income on an accruals basis in respect of programmes provided; unearned programme fees are treated as fees received in advance.

2 Significant accounting policies (continued)

(e) *Income recognition (continued)*

(iv) Rental income

The Group recognises rental income, which is income earned from the licensing use of school facilities and other properties on an accruals basis.

(v) Donations

The Group recognises donations when the Group becomes entitled to the donations and it is probable that they will be received. The Group recognises donations relating to expenditure on a systematic basis in the same year in which the related expenditure is incurred. The Group recognises donations that compensate for the cost of an asset as deferred income that is recognised as income on a straight-line basis over the useful life of the related asset.

(vi) Interest income

The Group recognises interest income as it accrues using the effective interest method.

(vii) Resale income

The Group uses an accruals basis to recognise resale income that represents income earned from selling textbooks, stationery and school uniforms.

(viii) Individual nomination rights

The Group recognises deposits made in respect of individual nomination rights as receipt in advance and transfer them to income when offers are made. The Group recognises the remaining balance from the sale of individual nomination rights when the rights are exercised for the acceptance of school place offers, which is generally on receipt of cash.

(ix) Corporate nomination rights

The Foundation recognises receipt of cash made in respect of corporate nomination rights as liabilities and amortises to income when the holder of the corporate nomination rights notifies the Foundation the first nominee under the terms and conditions of the corporate nomination rights scheme.

(x) Non-refundable building levy

The Group recognises non-refundable building levy income when it is probable that the levy will be received, which is generally on receipt of cash.

2 Significant accounting policies (continued)

(f) *Properties, plant and equipment*

The Group records properties, plant and equipment other than construction in progress in the balance sheet at cost less related government grants, accumulated depreciation and impairment losses (see note 2(g)).

The Group records construction in progress at cost less related government grants, and is transferred to other categories of properties, plant and equipment when substantially all the activities necessary to prepare the assets for their intended use are completed. The Group charges depreciation that is designed to write off the cost of properties, plant and equipment, less related government grants to their estimated residual value, if any, using the straight-line method over their estimated useful lives as follows:

- Buildings	20 - 50 years
- Building improvements	10 - 20 years
- Leasehold improvements	Shorter of the lease term or useful life
- Computer equipment	3 - 5 years
- Furniture and other equipment	5 - 10 years

Annually the Group reviews the estimated life of the assets and the estimates of residual value. The Group states construction in progress at cost and it is not subject to any depreciation charge.

The Group adds subsequent expenditure relating to properties, plant and equipment that the Group has already recognised to the carrying amount of the asset provided the Group considers that it is probable that the Group will obtain future economic benefits, in excess of the originally assessed standard of performance of the existing asset, from the expenditure. All other subsequent expenditure is recognised as an expense in the year in which it is incurred.

On the date of the retirement or disposal of an item of property, plant and equipment, the Group recognises the related gains and losses being the difference between the net disposal proceeds and the carrying amount of the item.

2 Significant accounting policies (continued)

(g) *Impairment of assets*

The Group uses internal and external sources of information at each balance sheet date to identify indications that properties, plant and equipment may be impaired or an impairment loss previously recognised no longer exists or may have decreased.

If any such indication exists, the Group estimates the asset's recoverable amount and recognise an impairment loss if the carrying amount of an asset exceeds its recoverable amount.

The recoverable amount of an asset is the greater of its fair value less cost of disposal (if measurable) or value in use (if determinable). In assessing value in use, the Group discounts the estimated future cash flows to their present value using a discount rate that reflects current market assessments of time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the Group determines the recoverable amount for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

The Group reverses an impairment loss if there has been a favourable change in the estimates used to determine the recoverable amount. A reversal of impairment losses is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. The Group credits reversals of impairment losses as income in the year in which the reversals are recognised.

(h) *Leased assets*

Under HKFRSs an arrangement, comprising a transaction or a series of transactions, is or contains a lease if the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. The Group determines whether the Group is a party to a lease based on the substance of the arrangement regardless of whether the arrangement takes the legal form of a lease.

The Group classifies assets held under leases which transfer substantially all the risks and rewards of ownership as being held under finance leases. The Group classifies other leases as operating leases.

(i) Assets acquired under finance leases

Where the Group acquires the use of assets under finance leases, the Group includes the amounts representing the fair value of the leased assets, or, if lower, the present value of the minimum lease payments of such assets in properties, plant and equipment and the corresponding liabilities, net of finance charges, as obligations under finance leases.

2 Significant accounting policies (continued)

(h) *Leased assets (continued)*

(i) Assets acquired under finance leases (continued)

The Group charges depreciation at rates which write off the cost of the assets over the term of the relevant lease or, where it is likely the Group will obtain ownership of the asset, the life of the asset, as set out in note 2(f). The Group accounts for impairment losses in accordance with the accounting policy as set out in note 2(g).

The Group charges as an expense the finance charges implicit in the lease payments over the period of the lease so as to produce an approximately constant periodic rate of charge on the remaining balance of the obligations for each accounting year.

(ii) Operating lease charges

Where the Group has the use of assets held under operating leases, the Group expenses payments made under the leases in equal instalments over the accounting years covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. The Group recognises lease incentives received as an integral part of the aggregate net lease payments made.

(i) *Inventories*

The Group carries inventories that consist of uniforms held for resale at the lower of cost and net realisable value.

The Group calculates cost using the first-in-first-out method and comprise all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the Group's estimate of selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the Group recognises the carrying amount of those inventories as an expense in the year in which the related income is recognised. The Group recognises the amount of any write-down of inventories to net realisable value and all losses of inventories as an expense in the year the write-down or loss occurs and the amount of any reversal of any write-down of inventories as a reduction in the amount of inventories recognised as an expense in the year in which the reversal occurs.

2 Significant accounting policies (continued)

(j) Fees and other receivables

Initially the Group recognises fees and other receivables at fair value, thereafter the Group states these at amortised cost using the effective interest method, less allowance for impairment of doubtful debts. Where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial, the Group states the receivables at cost less allowance for impairment of doubtful debts.

The Group calculates the allowance for impairment of doubtful debts as the difference between the carrying amount of the financial asset and the estimated future cash flows, discounted where the effect of discounting is material.

(k) Accounts and other payables

Initially the Group recognises accounts and other payables at fair value, subsequently the Group states these at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(l) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand and demand deposits with banks and other financial institutions, having been within three months of maturity at acquisition.

Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the cash flow statement.

(m) Corporate nomination rights

The corporate nomination rights ("CNR") scheme entitles the holder of the CNR (the "Holder") to identify one nominee in relation to any CNR at any time according to the terms and conditions of the CNR. The CNR is non-transferrable, interest-free, depreciating and unsecured.

Each CNR is redeemable at the date 20 years following the first nomination date for that CNR at zero value. The Holder may redeem a CNR at any date following 10 years after the first nomination date for that CNR. The redeemable amount is the remaining value of that CNR at the date of redemption. Initially the Foundation recognises the CNR at fair value, subsequently the Foundation states this at amortised cost unless the effect of discounting would be immaterial, in which case it is stated at cost less accumulated amortisation.

2 Significant accounting policies (continued)

(n) *Refundable capital levy*

Refundable capital levy is repayable by the Group when the student leaves the school. The refundable capital levy is non-transferable, interest-free, non-depreciating and unsecured. Initially the Group recognises the refundable capital levy at fair value, subsequently the Group states this at amortised cost unless the effect of discounting would be immaterial, in which case it is stated at cost.

(o) *Refundable debenture*

Refundable debenture is repayable by the Group when the student of a kindergarten leaves the school with sufficient notice. The refundable debenture is non-transferable, interest-free, non-depreciating and unsecured. Initially the Group recognises the refundable debenture at fair value, thereafter the Group states this at amortised cost unless the effect of discounting would be immaterial, in which case it is stated at cost.

(p) *Employee benefits*

- (i) The Group accrues salaries, gratuities, paid annual leave, leave passage and the cost to the Group of non-monetary benefits in the year in which the associated services are rendered by employees of the Group. Where payment or settlement is deferred and the effect would be material, the Group states these amounts at their present values.
- (ii) The Group recognises as expense obligations for contributions to defined contribution retirement schemes, including contributions payable under the Hong Kong Mandatory Provident Fund Schemes Ordinance, as they are incurred.
- (iii) The Group calculates the Group's net obligation in respect of defined benefit retirement schemes separately for each scheme by estimating the amount of future benefit that employees have earned in return for their service in the current and prior years; the Group discounts that benefit to determine the present value, and the fair value of any scheme assets is deducted. A qualified actuary performs the calculation using the projected unit credit method. When the calculation results in a benefit to the Group, the Group recognises asset limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan.

2 Significant accounting policies (continued)

(p) *Employee benefits (continued)*

(iii) (continued)

The Group recognises service cost and net interest expense (income) on the net defined benefit liability (asset) in the statement of comprehensive income. The Group measures current service cost as the increase in the present value of the defined benefit obligation resulting from employee service in the current period. When the benefits of a plan are changed, or when a plan is curtailed, the Group recognises the portion of the changed benefit related to past service by employees, or the gain or loss on curtailment, as an expense in the statement of comprehensive income at the earlier of when the plan amendment or curtailment occurs and when related restructuring costs or termination benefits are recognised. The Group determines net interest expense (income) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the year to the net defined benefit liability (asset). The discount rate is the yield at the balance sheet date on high quality corporate bonds that have maturity dates approximating the terms of the Group's obligations.

The Group recognises remeasurements arising from defined benefit retirement plans in other comprehensive income and reflected immediately in retained earnings. Remeasurements comprise actuarial gains and losses, the return on plan assets (excluding amounts included in net interest on the net defined benefit liability (asset)) and any change in the effect of the asset ceiling (excluding amounts included in net interest on the net defined benefit liability (asset)).

(q) *Provisions and contingent liabilities*

The Group recognises provisions for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and the Group can make a reliable estimate. Where the time value of money is material, the Group states provisions at the present value of the expenditure expected to settle the obligation.

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

2 Significant accounting policies (continued)

(r) *Related parties*

- (a) A person, or a close member of that person's family, is related to the Group if that person:
- (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or the Group's parent.
- (b) An entity is related to the Group if any of the following conditions applies:
- (i) The entity and the Group are members of the same Group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a).
 - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

3 Surplus for the year

Surplus for the year is arrived at after charging:

	Note	The Group		The Foundation	
		2014 \$'000	2013 \$'000 (restated)	2014 \$'000	2013 \$'000 (restated)
(a) Staff costs					
Contribution to defined contribution retirement schemes		30,476	27,652	22,602	20,547
Net defined benefit retirement schemes expenses	7(b)(v)	4,224	6,356	4,224	6,356
Retirement costs		34,700	34,008	26,826	26,903
Salaries, wages and other benefits		1,503,693	1,420,185	1,144,740	1,096,059
		<u>1,538,393</u>	<u>1,454,193</u>	<u>1,171,566</u>	<u>1,122,962</u>
(b) Other items					
Depreciation	6	111,167	86,440	103,664	83,057
Loss on disposals of properties, plant and equipment		4,407	1,457	4,339	1,457
Operating lease charges:					
- equipment rentals	4	251	238	251	238
- property rentals	4	17,599	17,406	10,002	11,020
		<u>17,599</u>	<u>17,406</u>	<u>10,002</u>	<u>11,020</u>

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4 Other operating expenses

	Note	<i>The Group</i>		<i>The Foundation</i>	
		2014	2013	2014	2013
		\$'000	\$'000	\$'000	\$'000
Audit fees		1,085	937	906	755
Cost of goods sold		1,190	1,289	-	-
Finance lease interest expenses		59	19	59	19
Impairment loss of fees and other receivables		685	1,246	685	892
Information technology expenses		18,738	16,606	14,426	13,206
Insurance		5,096	4,628	3,715	3,339
Leased equipment rentals	3(b)	251	238	251	238
Legal and professional fees		3,083	3,432	1,796	2,259
Library		1,951	1,822	1,379	1,382
Net government rent and rates	15(c)	1,338	982	753	502
Professional development and training		16,175	16,656	13,424	13,332
Property rentals	3(b)	17,599	17,406	10,002	11,020
Property management fee		2,900	2,860	1,724	1,724
Public relations and marketing expenses		2,075	3,127	746	1,224
Printing and stationery		8,615	8,212	6,367	6,296
Recruitment expenses		5,396	6,641	4,486	5,415
Teaching resources and materials		33,499	30,982	19,875	18,360
Utilities		29,296	26,437	21,328	19,095
General expenses		17,700	17,502	12,922	12,319
		<u>166,731</u>	<u>161,022</u>	<u>114,844</u>	<u>111,377</u>

5 Taxation

The Foundation and ESL are exempted from taxation pursuant to section 88 of the Hong Kong Inland Revenue Ordinance.

Properties, plant and equipment**The Group**

	Buildings and building improvements			Furniture and equipment			Total \$'000		
	Foundation's Schools \$'000	Renaissance College & Discovery College \$'000	Quarters & others \$'000	Construction in progress \$'000	Leasehold improvements \$'000	Foundation's Schools \$'000		Renaissance College & Discovery College \$'000	Quarters and others*** \$'000
Cost:									
At 1 September 2013	1,745,730	577,901	257,294	80,912	29,669	339,916	58,720	40,539	3,130,681
Additions	84,530	827	653	162,612	297	41,278	8,512	2,983	301,692
Transfers	133,349	24,487	22,520	(194,125)	-	13,542	227	-	-
Disposals/adjustments*	(6,316)	(4,128)	-	-	-	(13,323)	(2,570)	(626)	(26,963)
At 31 August 2014	1,957,293	599,087	280,467	49,399	29,966	381,413	64,889	42,896	3,405,410
Government grants:									
At 1 September 2013	(205,782)	(338,606)	(45,453)	-	-	-	-	-	(589,841)
Additions	(35,342)	-	-	-	-	-	-	-	(35,342)
Disposals	-	9,856	-	-	-	-	-	-	9,856
At 31 August 2014	(241,124)	(328,750)	(45,453)	-	-	-	-	-	(615,327)
Accumulated depreciation:									
At 1 September 2013	(620,680)	(58,999)	(189,846)	-	(19,879)	(125,874)	(40,270)	(30,800)	(1,086,348)
Charge for the year**	(46,493)	(6,059)	(1,620)	-	(4,218)	(40,380)	(7,839)	(4,558)	(111,167)
Write-back on disposals/adjustments*	264	1,115	-	-	-	12,778	2,500	612	17,269
At 31 August 2014	(666,909)	(63,943)	(191,466)	-	(24,097)	(153,476)	(45,609)	(34,746)	(1,180,246)
Net book value:									
At 31 August 2014	1,049,260	206,394	43,548	49,399	5,869	227,937	19,280	8,150	1,609,837

* Adjustments on cost and depreciation of properties, plant and equipment relate to certain properties, plant and equipment capitalised at the time of commissioning based on estimates. Such assets' final values have been adjusted following finalisation of contract claims with contractors at final contract values during the year.

** Depreciation charge of quarters of the Group and the Foundation for the year ended 31 August 2014 was \$1,995,000 (2013: \$1,896,000). The amount is included in "Accommodation" in the statement of comprehensive income. Remaining charges represent depreciation on schools and offices and are shown separately in the statement of comprehensive income.

*** The cost and related accumulated depreciation of the furniture and equipment of the Group's kindergartens are included in "Quarters and others" under "Furniture and Equipment" category.

6 Properties, plant and equipment (continued)

(a) The Group (continued)

	Buildings and building improvements				Furniture and equipment				Total \$'000
	Foundation's Schools \$'000	Renaissance College & Discovery College \$'000	Quarters & others \$'000	Construction in progress \$'000	Leasehold improvements \$'000	Foundation's Schools \$'000	Renaissance College & Discovery College \$'000	Quarters and others*** \$'000	
Cost:									
At 1 September 2012	1,222,041	577,901	257,294	211,605	45,753	225,879	53,798	38,541	2,632,812
Additions	45,017	-	-	460,153	3,240	25,623	5,893	2,997	542,923
Transfers	483,542	-	-	(590,846)	-	107,304	-	-	-
Disposals/adjustments*	(4,870)	-	-	-	(19,324)	(18,890)	(971)	(999)	(45,054)
At 31 August 2013	1,745,730	577,901	257,294	80,912	29,669	339,916	58,720	40,539	3,130,681
Government grants:									
At 1 September 2012	(130,140)	(338,606)	(45,453)	-	-	-	-	-	(514,199)
Additions	(77,292)	-	-	-	-	-	-	-	(77,292)
Disposals	1,650	-	-	-	-	-	-	-	1,650
At 31 August 2013	(205,782)	(338,606)	(45,453)	-	-	-	-	-	(589,841)
Accumulated depreciation:									
At 1 September 2012	(595,242)	(53,767)	(186,860)	-	(28,342)	(116,545)	(32,247)	(26,657)	(1,039,660)
Charge for the year**	(26,930)	(5,232)	(2,986)	-	(10,763)	(26,553)	(8,899)	(5,077)	(86,440)
Write-back on disposals/adjustments*	1,492	-	-	-	19,226	17,224	876	934	39,752
At 31 August 2013	(620,680)	(58,999)	(189,846)	-	(19,879)	(125,874)	(40,270)	(30,800)	(1,086,348)
Net book value:									
At 31 August 2013	919,268	180,296	21,995	80,912	9,790	214,042	18,450	9,739	1,454,492

* Adjustments on cost and depreciation of properties, plant and equipment relate to certain properties, plant and equipment capitalised at the time of commissioning based on estimates. Such assets' final values have been adjusted following finalisation of contract claims with contractors at final contract values during the year.

** Depreciation charge of quarters of the Group and the Foundation for the year ended 31 August 2014 was \$1,995,000 (2013: \$1,896,000). The amount is included in "Accommodation" in the statement of comprehensive income. Remaining charges represent depreciation on schools and offices and are shown separately in the statement of comprehensive income.

*** The cost and related accumulated depreciation of the furniture and equipment of the Group's kindergartens are included in "Quarters and others" under "Furniture and Equipment" category.

Properties, plant and equipment (continued)**The Foundation**

	Buildings and building improvements				Furniture and equipment				Total \$'000
	Foundation's Schools \$'000	Renaissance College and Discovery College \$'000	Quarters and others \$'000	Construction in progress \$'000	Leasehold improvements \$'000	Foundation's Schools \$'000	Renaissance College and Discovery College \$'000	Quarters and others \$'000	
Cost:									
At 1 September 2013	1,745,730	421,157	257,294	54,696	6,963	339,916	51,646	32,274	2,909,676
Additions	84,530	318	653	157,899	-	41,278	-	1,539	286,217
Transfers	133,349	-	22,520	(169,638)	-	13,542	227	-	-
Disposals/adjustments*	(6,316)	(4,128)	-	-	-	(13,323)	(1,096)	(390)	(25,253)
Transfers from ESL**	-	8,475	-	-	-	-	-	-	8,475
At 31 August 2014	1,957,293	425,822	280,467	42,957	6,963	381,413	50,777	33,423	3,179,115
Government grants:									
At 1 September 2013	(205,782)	(190,261)	(45,453)	-	-	-	-	-	(441,496)
Additions	(35,342)	-	-	-	-	-	-	-	(35,342)
Disposals	-	1,381	-	-	-	-	-	-	1,381
At 31 August 2014	(241,124)	(188,880)	(45,453)	-	-	-	-	-	(475,457)
Accumulated depreciation:									
At 1 September 2013	(620,680)	(58,159)	(189,846)	-	(5,142)	(125,874)	(39,942)	(24,656)	(1,064,299)
Charge for the year***	(46,493)	(4,603)	(1,620)	-	(1,286)	(40,380)	(5,567)	(3,715)	(103,664)
Write-back on disposals/adjustments*	264	1,115	-	-	-	12,778	1,096	384	15,637
At 31 August 2014	(666,909)	(61,647)	(191,466)	-	(6,428)	(153,476)	(44,413)	(27,987)	(1,152,326)
Net book value:									
At 31 August 2014	1,049,260	175,295	43,548	42,957	535	227,937	6,364	5,436	1,551,332

* Adjustments on cost and depreciation of properties, plant and equipment relate to certain properties, plant and equipment capitalised at the time of commissioning based on estimates. Such assets' final values have been adjusted following finalisation of contract claims with contractors at final contract values during the year.

** The amount represented the construction cost not covered by Government grants according to the final project subvention. The Foundation would bear this cost under the Development and Operating Agreement dated 23 August 2006 (see note 6(h)).

*** Depreciation charge of quarters of the Group and the Foundation for the year ended 31 August 2014 was \$1,995,000 (2013: \$1,896,000). The amount is included in "Accommodation" in the statement of comprehensive income. Remaining charges represent depreciation on schools and offices and are shown separately in the statement of comprehensive income.

6 Properties, plant and equipment (continued)

(b) The Foundation (continued)

	Buildings and building improvements				Furniture and equipment				Total \$'000
	Foundation's Schools \$'000	Renaissance College and Discovery College \$'000	Quarters and others \$'000	Construction in progress \$'000	Leasehold improvements \$'000	Foundation's Schools \$'000	Renaissance College and Discovery College \$'000	Quarters and others \$'000	
Cost:									
At 1 September 2012	1,222,041	421,157	257,294	209,747	26,287	225,879	52,617	30,941	2,445,963
Additions	45,017	-	-	435,795	-	25,623	-	2,273	508,708
Transfers	483,542	-	-	(590,846)	-	107,304	-	-	-
Disposals/adjustments*	(4,870)	-	-	-	(19,324)	(18,890)	(971)	(940)	(44,995)
At 31 August 2013	1,745,730	421,157	257,294	54,696	6,963	339,916	51,646	32,274	2,909,676
Government grants:									
At 1 September 2012	(130,140)	(190,261)	(45,453)	-	-	-	-	-	(365,854)
Additions	(77,292)	-	-	-	-	-	-	-	(77,292)
Disposals	1,650	-	-	-	-	-	-	-	1,650
At 31 August 2013	(205,782)	(190,261)	(45,453)	-	-	-	-	-	(441,496)
Accumulated depreciation:									
At 1 September 2012	(595,242)	(53,767)	(186,860)	-	(14,876)	(116,545)	(32,247)	(21,398)	(1,020,935)
Charge for the year**	(26,930)	(4,392)	(2,986)	-	(9,492)	(26,553)	(8,571)	(4,133)	(83,057)
Write-back on disposals/adjustments*	1,492	-	-	-	19,226	17,224	876	875	39,693
At 31 August 2013	(620,680)	(58,159)	(189,846)	-	(5,142)	(125,874)	(39,942)	(24,656)	(1,064,299)
Net book value:									
At 31 August 2013	919,268	172,737	21,995	54,696	1,821	214,042	11,704	7,618	1,403,881

* Adjustments on cost and depreciation of properties, plant and equipment relate to certain properties, plant and equipment capitalised at the time of commissioning based on estimates. Such assets' final values have been adjusted following finalisation of contract claims with contractors at final contract values during the year.

** Depreciation charge of quarters of the Group and the Foundation for the year ended 31 August 2014 \$1,995,000 (2013: \$1,896,000). The amount is included in "Accommodation" in the statement of comprehensive income. Remaining charges represent depreciation on schools and offices and are shown separately in the statement of comprehensive income.

6 Properties, plant and equipment (continued)

(c) King George V, Kowloon Junior, Peak, Glenealy, Kennedy and Quarry Bay schools were transferred to the Group and the Foundation on 1 September 1979 at nil book value. Additions to properties, plant and equipment of these schools since that date are included in the financial statements.

(d) The Group's and the Foundation's schools are built on sites provided by the Government (either free of premium or nominal premium) on education leases which impose certain restrictions on use. All the leases run until 2047 or later, except for Renaissance College and Discovery College, which are on temporary leases renewable until the lease is terminated by the Government.

(e) Residential properties

The Group and the Foundation own 202 (2013: 202) housing units which are used as staff quarters or leased to third parties.

The Board has reviewed the residential property portfolio. Non-assignment clauses contained in the Conditions of Grants for the 87 units of Braemar Heights prevent their sale on the open market. An independent firm of surveyors, Colliers, valued the 115 remaining property units owned by the Group and the Foundation as at 31 August 2014 at \$2,703,640,000 (2013: \$2,551,520,000). The net book value of the 115 remaining property units as at 31 August 2014 was \$41,041,000 (2013: \$17,094,000).

(f) Mortgage of residential properties for banking facilities

The banking facilities of the Group and the Foundation granted by The Hongkong and Shanghai Banking Corporation Limited are secured by mortgages over 12 residential properties with net book value of \$1,791,000 at 31 August 2014 (2013: 12 residential properties with net book value of \$2,149,000). The market value of the 12 residential properties as at 31 August 2014 based on external valuations was \$167,100,000 (2013: \$146,900,000).

(g) Equipment held under finance leases

The Group and the Foundation have acquired office equipment under finance leases with terms ranging from two to five years. At the end of the lease term the Group and the Foundation have options to purchase the equipment at a price deemed to be a bargain purchase option.

The net book value of equipment held under finance leases as at 31 August 2014 was \$3,313,000 (2013: \$248,000) and the depreciation charge for the year ended 31 August 2014 was \$121,000 (2013: \$124,000).

6 Properties, plant and equipment (continued)

(h) *Renaissance College and Discovery College*

The Government approved applications to construct and operate non-profit making private independent schools in Ma On Shan in 2000 and in Discovery Bay in 2001 and signed service agreements with ESL relating to the school in Ma On Shan on 23 August 2004 and in relation to the school in Discovery Bay on 30 May 2006.

Subsequently, pursuant to a Development and Operating Agreement dated 23 August 2006, the Foundation undertook to construct, fit out and complete Renaissance College (“RCHK”) and Discovery College (“DC”) in order for ESL to operate RCHK and DC. In consideration for the construction costs incurred by the Foundation, it was agreed that ESL would pay a fee from income generated by RCHK and DC to the Foundation. The Foundation would bear any construction cost over and above the Government capital grants received for RCHK and DC.

At the ESL directors’ meeting held on 21 May 2012, it was proposed and endorsed that RCHK and DC would pay for their own capital expenditure with effect from 1 July 2012. Any related depreciation charge on this capital expenditure would be recorded in the books of ESL. The proposal was agreed and ratified by the Board of Governors of the Foundation on 13 December 2012.

During the year, the Foundation’s expenditure on properties, plant and equipment and depreciation charge for the year for RCHK and DC amounted to \$9,020,000 (2013: \$nil) and \$10,170,000 (2013: \$12,963,000), respectively.

Total cost of properties, plant and equipment and the net book value (net of related government grants and depreciation) of RCHK and DC at 31 August 2014 included in the financial statements of the Foundation was \$476,599,000 (2013: \$472,803,000) and \$181,659,000 (2013: \$184,441,000), respectively.

(i) *Review of the estimated useful lives of properties, plant and equipment*

During a review in the year ended 31 August 2013 of the Group’s depreciation policies, the Group revised the estimated useful lives of assets listed below with effect from 1 September 2012 and applied component accounting, where applicable. The changes in estimated useful lives were based on historical experience and management considered that the revised estimated useful lives better reflect the estimated periods during which such assets would remain in service and be utilised by the Group and the Foundation:

	<i>Previous estimated useful life</i>	<i>Revised estimated useful life</i>
Buildings	20 years	20 - 50 years
Building improvements	10 years	10 - 20 years

6 Properties, plant and equipment (continued)

(i) Review of the estimated useful lives of properties, plant and equipment (continued)

The adoption of the new estimated useful lives had no effect on prior years. The effect on the year ended 31 August 2013 was to decrease the depreciation charge by \$40,503,000 and increase the carrying value of the assets as at 31 August 2013 by the same amount. The Group considered it was impracticable to estimate the effect of the revised useful lives on future years depreciation charge.

7 Retirement schemes

(a) The Group and the Foundation operates three employee retirement schemes for staff:

- (i) the Senior Staff and Teaching Staff Elective Provident Fund;
- (ii) the Non-Teaching Staff Superannuation Scheme (the “NT Scheme”), eligible staff are non-teaching staff employed before 19 January 2000 under the conditions of service applicable before that date; and
- (iii) the Terminal Award Scheme (the “TA Scheme”), eligible staff are teaching and senior staff employed before 1 September 1988.

The Senior Staff and Teaching Staff Elective Provident Fund is a defined contribution retirement scheme, therefore once contributions are made no further liability accrues to the Group and the Foundation. The other two schemes are defined benefit retirement schemes funded by contributions from the Group and the Foundation in accordance with an independent actuary’s recommendation based on annual actuarial valuations.

(b) Defined benefit retirement schemes

(i) The amount recognised in the balance sheet is as follows:

	<i>The Group and the Foundation</i>	
	<i>2014</i>	<i>2013</i>
	\$'000	\$'000
		<i>(restated)</i>
Present value of defined benefit obligations	(87,630)	(90,687)
Fair value of scheme assets	137,478	135,409
	<u>49,848</u>	<u>44,722</u>

7 Retirement schemes (continued)

(b) Defined benefit retirement schemes (continued)

(i) (continued)

The Group and the Foundation expect that a portion of the above defined benefit retirement schemes assets will be recovered within one year. However, it is not practicable to segregate this amount from the amounts recoverable in later periods, as future contributions will relate to future services rendered and future changes in actuarial assumptions and market conditions. Accordingly, the Group and the Foundation have recorded the assets as non-current assets.

The Group and the Foundation do not expect to make any contribution to the schemes in the year ending 31 August 2015.

(ii) Scheme assets for each of the TA Scheme and the NT Scheme consist of the following:

	<i>The Group and the Foundation</i>			
	<i>TA Scheme</i>		<i>NT Scheme</i>	
	<i>2014</i>	<i>2013</i>	<i>2014</i>	<i>2013</i>
	\$'000	\$'000	\$'000	\$'000
Equities	14,313	12,412	56,059	52,727
Fixed income securities	18,145	17,615	46,753	49,360
Cash	568	738	1,640	2,557
	33,026	30,765	104,452	104,644
Total	33,026	30,765	104,452	104,644

7 Retirement schemes (continued)

(b) Defined benefit retirement schemes (continued)

(iii) Movements in the present value of defined benefit obligations were as follows:

	<i>The Group and the Foundation</i>	
	<i>2014</i>	<i>2013</i>
	<i>\$'000</i>	<i>\$'000</i>
		<i>(restated)</i>
At 1 September	(90,687)	(113,330)
Remeasurements:		
- Actuarial gain arising from changes in experience	1,777	1,762
- Actuarial (loss)/gain arising from changes in financial assumptions	(3,687)	12,791
	<u>(1,910)</u>	<u>14,553</u>
Current service cost	(4,244)	(5,550)
Interest cost	(2,085)	(726)
Less: actual benefits paid and payable	<u>11,296</u>	<u>14,366</u>
At 31 August	<u><u>(87,630)</u></u>	<u><u>(90,687)</u></u>

(iv) Movements in the fair value of scheme assets were as follows:

	<i>The Group and the Foundation</i>	
	<i>2014</i>	<i>2013</i>
	<i>\$'000</i>	<i>\$'000</i>
		<i>(restated)</i>
At 1 September	135,409	140,940
Interest income	2,902	811
Return on scheme assets, excluding interest income	11,260	8,915
Less: actual benefits paid and payable	(11,296)	(14,366)
Less: administrative expenses paid from scheme assets	<u>(797)</u>	<u>(891)</u>
At 31 August	<u><u>137,478</u></u>	<u><u>135,409</u></u>

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7 Retirement schemes (continued)

(b) Defined benefit retirement schemes (continued)

(v) Income recognised in the statement of comprehensive income is as follows:

	<i>The Group and the Foundation</i>	
	<i>2014</i>	<i>2013</i>
	\$'000	\$'000
		<i>(restated)</i>
Current service cost	4,244	5,550
Net interest on net defined benefit asset	(817)	(85)
Administrative expenses paid from scheme assets	797	891
	<hr/>	<hr/>
Total amounts recognised in income and expenditure	4,224	6,356
	<hr/>	<hr/>
Actuarial loss/(gain)	1,910	(14,553)
Return on scheme assets, excluding interest income	(11,260)	(8,915)
	<hr/>	<hr/>
Total amounts recognised in other comprehensive income	(9,350)	(23,468)
	<hr/>	<hr/>
Total defined benefit return	(5,126)	(17,112)
	<hr/>	<hr/>

The Group and the Foundation include the current service cost, net interest on net defined benefit asset and administrative expenses paid from scheme assets under gratuities and allowances in the statement of comprehensive income.

7 Retirement schemes (continued)

(b) Defined benefit retirement schemes (continued)

(vi) Significant actuarial assumptions and sensitivity analysis are as follows:

	<i>The Group and the Foundation</i>			
	<i>TA Scheme</i>		<i>NT Scheme</i>	
	<i>2014</i>	<i>2013</i>	<i>2014</i>	<i>2013</i>
Discount rate	1.1%	1.3%	1.8%	2.4%
Future salary increases	3.5%	3.5%	3.5%	3.5%

The below analysis shows how the defined benefit obligation as at 31 August 2014 would have increased (decreased) as a result of 0.25% change in the significant actuarial assumptions:

	<i>The Group and the Foundation</i>			
	<i>TA Scheme</i>		<i>NT Scheme</i>	
	<i>Increase in 0.25%</i>	<i>Decrease in 0.25%</i>	<i>Increase in 0.25%</i>	<i>Decrease in 0.25%</i>
	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>
Discount rate	(64)	65	(1,548)	1,598
Future salary increases	55	(54)	1,481	(1,444)

The above sensitivity analysis is based on the assumption that changes in actuarial assumptions are not correlated and therefore it does not take into account the correlations between the actuarial assumptions.

8 Current assets and current liabilities

With the exception of the Group's and the Foundation's deposits given for the rental of properties and utilities of \$10,529,000 (2013: \$10,206,000) and \$6,823,000 (2013: \$7,044,000) respectively and the Group's other receivables and prepayments of \$357,000 (2013: \$374,000), the Group expect all other current assets and liabilities to be recovered or settled within one year of the balance sheet date.

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9 Fees and other receivables

	<i>The Group</i>		<i>The Foundation</i>	
	<i>2014</i>	<i>2013</i>	<i>2014</i>	<i>2013</i>
	\$'000	\$'000	\$'000	\$'000
Fees receivables	5,140	5,710	3,574	4,057
Other receivables	4,158	1,083	4,158	1,083
Less: Allowance for impairment of doubtful debts	<u>(3,220)</u>	<u>(3,837)</u>	<u>(2,802)</u>	<u>(3,214)</u>
	<u>6,078</u>	<u>2,956</u>	<u>4,930</u>	<u>1,926</u>

Impairment of fees receivables

Fees receivables are due immediately from the date of billing. The Group and the Foundation record impairment losses in respect of fees and other receivables using an allowance account, unless the Group and the Foundation satisfy that recovery of the amount is remote, in which case the impairment loss is written off against debtors directly.

The movement in the allowance for impairment of doubtful debts during the year, including both specific and collective loss components, was as follows:

	<i>The Group</i>		<i>The Foundation</i>	
	<i>2014</i>	<i>2013</i>	<i>2014</i>	<i>2013</i>
	\$'000	\$'000	\$'000	\$'000
At 1 September	3,837	3,244	3,214	2,901
Impairment loss recognised	685	1,246	685	892
Uncollectible amounts written off	<u>(1,302)</u>	<u>(653)</u>	<u>(1,097)</u>	<u>(579)</u>
At 31 August	<u>3,220</u>	<u>3,837</u>	<u>2,802</u>	<u>3,214</u>

At 31 August 2014, no debtors of the Group and the Foundation were individually determined to be impaired. Based on ageing of fees receivables and repayment patterns of customers the Group and the Foundation have determined that the Group's and the Foundation's fees receivables collectively to be impaired by \$3,220,000 (2013: \$3,837,000) and \$2,802,000 (2013: \$3,214,000) respectively. The Group and the Foundation do not hold any collateral over these balances.

10 Amount due from/to subsidiary

Amount due from/to subsidiary is unsecured, interest free and has no fixed terms of repayment.

11 Restricted cash

A deposit of \$1,826,000 (2013: \$1,532,000) is pledged to a bank for guarantees issued by that bank in favour of MTR Corporation Limited under the terms of two separate tenancy agreements.

12 Cash and cash equivalents

(a) Cash and cash equivalents comprise:

	<i>The Group</i>		<i>The Foundation</i>	
	<i>2014</i>	<i>2013</i>	<i>2014</i>	<i>2013</i>
	\$'000	\$'000	\$'000	\$'000
Deposits with original maturities less than three months	121,259	125,413	55,873	62,092
Cash at bank and in hand	85,781	98,271	60,541	76,416
	<u>207,040</u>	<u>223,684</u>	<u>116,414</u>	<u>138,508</u>

The effective interest rates per annum relating to cash and cash equivalents of the Group and the Foundation at the balance sheet date are 0.27% (2013: 0.35%) and 0.25% (2013: 0.26%) respectively.

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12 Cash and cash equivalents (continued)

(b) Reconciliation of surplus for the year to cash generated from operating activities:

	<i>The Group</i>		<i>The Foundation</i>	
	<i>2014</i>	<i>2013</i>	<i>2014</i>	<i>2013</i>
	\$'000	\$'000	\$'000	\$'000
		<i>(restated)</i>		<i>(restated)</i>
Operating activities				
Surplus for the year	108,626	164,204	97,931	149,062
Adjustments for:				
Interest income	(5,086)	(7,101)	(4,757)	(6,650)
Nomination rights	(44,917)	(67,790)	(30,717)	(49,500)
Non-refundable building levy	(19,310)	(13,883)	-	-
Interest expense	59	19	59	19
Loss on disposals of properties, plant and equipment	4,407	1,457	4,339	1,457
Depreciation	111,167	86,440	103,664	83,057
Expense recognised under employee defined benefit retirement scheme	4,224	6,356	4,224	6,356
	<u>159,170</u>	<u>169,702</u>	<u>174,743</u>	<u>183,801</u>
Changes in working capital:				
(Increase)/decrease in inventories	(139)	17	-	-
(Increase)/decrease in rental and utility deposits	(323)	(813)	221	(539)
(Increase)/decrease in prepayments	(403)	(1,392)	877	(1,942)
Decrease/(increase) in loans to staff	2,450	(1,348)	1,955	(1,486)
Decrease/(increase) in fees and other receivables	2,472	1,386	(3,004)	1,455
Decrease in fees received in advance	(10,928)	(7,751)	(13,508)	(8,446)
Increase in amount due to subsidiary	-	-	8,176	29,825
Increase/(decrease) in provision to meet staff conditions of service	44	3,032	(3,236)	3,268
Increase/(decrease) in accounts payables and accruals excluding capital creditors	3,426	51,890	(5,388)	57,571
Decrease in government hardship allowance	(1,462)	(1,672)	(1,462)	(1,672)
Decrease in scholarship fund and hardship allowance	(5,298)	(8,387)	-	-
	<u>(5,298)</u>	<u>(8,387)</u>	<u>-</u>	<u>-</u>
Net cash generated from operating activities	<u>149,009</u>	<u>204,664</u>	<u>159,374</u>	<u>261,835</u>

13 Provision to meet staff conditions of service

	<i>The Group</i>		<i>The Foundation</i>	
	<i>2014</i>	<i>2013</i>	<i>2014</i>	<i>2013</i>
	\$'000	\$'000	\$'000	\$'000
At 1 September	88,238	85,206	73,168	69,900
Provision for the year	224,744	211,612	174,930	168,442
Payments made during the year	(224,700)	(208,580)	(178,166)	(165,174)
At 31 August	<u>88,282</u>	<u>88,238</u>	<u>69,932</u>	<u>73,168</u>

Under the Group's and the Foundation's contracts of employment, staff are entitled to certain benefits in addition to their basic salary as explained in note 2(p). The Group and the Foundation make provision for the amount payable to staff under such contracts.

14 Accounts payables and accruals

	<i>The Group</i>		<i>The Foundation</i>	
	<i>2014</i>	<i>2013</i>	<i>2014</i>	<i>2013</i>
	\$'000	\$'000	\$'000	\$'000
Accounts payable	14,707	29,458	5,382	19,789
Accruals and provision	99,062	133,316	80,965	112,535
Accruals for major repairs	130,761	82,207	130,761	82,207
Deferred income	76,472	49,317	62,188	39,722
Retention money	17,111	31,078	17,111	31,078
Deposits received	7,890	9,174	7,735	9,039
Other payables	6,974	6,523	5,549	5,099
	<u>352,977</u>	<u>341,073</u>	<u>309,691</u>	<u>299,469</u>

The English Schools Foundation
Financial statements for the year ended 31 August 2014

15 Government grants

The Government provides basic grants and hardship allowance to the Foundation. The total grants received by the Group and the Foundation were as follows:

	Note	<i>The Group</i>		<i>The Foundation</i>	
		2014	2013	2014	2013
		\$'000	\$'000	\$'000	\$'000
Basic grants	15(a)	271,112	271,117	271,112	271,117
Hardship allowance	15(b)	6,845	6,845	6,845	6,845
Refund of rent and rates	15(c)	12,943	12,188	10,021	9,464
		290,900	290,150	287,978	287,426

The subvention review was concluded in July 2013. Excluding subvention of \$28,271,000 for students with special education needs in the Foundation's mainstream schools and the Jockey Club Sarah Roe School, the basic grants and hardship allowance (collectively the "Subvention") is expected to be phased out in 13 years starting from the 2016/17 school year until 2028/29 school year. The phase out amount in each year will vary and range from approximately \$17 million to \$22 million according to the Subvention currently provided to each year group of the Foundation's mainstream schools. All existing students of the Foundation will continue to benefit from the Subvention, frozen at its current level, until they either graduate from the schools in Year 13 or leave the system. The phasing out of the Subvention will affect children entering Year 1 of the Foundation's schools in August 2016 and thereafter.

(a) Grant per class

The Government's basic recurrent grant is a grant per class calculated to be equivalent to the grant allowed for each class provided to other schools in the public-aided education sector in 1999/2000. Since 1999/2000, the basic recurrent grant has been reduced by 12.372% in various stages through to 31 March 2007. No further reductions have been made since 1 April 2007. The grant per class is paid for each qualifying class in a Foundation school at 30 November each year and is used for education purposes only.

15 Government grants (continued)

(b) *Hardship allowance*

In addition to the grant per class, the Government also provides an allowance for the relief of hardship based upon a percentage of the recurrent grant per class. The movement for the year was as follows:

	<i>The Group and the Foundation</i>	
	<i>2014</i>	<i>2013</i>
	\$'000	\$'000
At 1 September	35,622	37,294
Received from the Government	6,845	6,845
	42,467	44,139
Utilised to permit fee relief in cases of hardship	(8,307)	(8,517)
At 31 August	34,160	35,622

The Group and the Foundation include the amount utilised to permit fee relief during the year in income as a component of tuition fees.

(c) *Refund of rent and rates*

The Group and the Foundation also receives from the Government a reimbursement of rent and rates actually paid for school premises. The charge for rent and rates, which is included in other operating expenses, was arrived at as follows:

	<i>Note</i>	<i>The Group</i>		<i>The Foundation</i>	
		<i>2014</i>	<i>2013</i>	<i>2014</i>	<i>2013</i>
		\$'000	\$'000	\$'000	\$'000
Gross rent and rates for the year		14,281	13,170	10,774	9,966
Less: Recovered or recoverable from the Government		(12,943)	(12,188)	(10,021)	(9,464)
	4	1,338	982	753	502

The English Schools Foundation
Financial statements for the year ended 31 August 2014

16 Scholarship fund and hardship allowance

Pursuant to the service agreement between ESL and the Government, ESL shall set aside a sum, which shall not be less than 10% of its total school fee income from its Private Independent Schools, to provide scholarships and other financial assistance for deserving students at such schools in each school year. During the year ended 31 August 2014, Renaissance College and Discovery College have each set aside 10% of their respective tuition fees which consists of 8% (2013: 8%) as scholarship fund and 2% (2013: 2%) as hardship allowance.

Tuition fees of Renaissance College and Discovery College transferred to scholarship fund/hardship allowance during the year amounted to \$20,878,000 (2013: \$19,042,000) and \$12,751,000 (2013: \$10,823,000) respectively.

	<i>The Group</i>		<i>Total</i>
	<i>Scholarship fund</i>	<i>Hardship allowance</i>	
	\$'000	\$'000	\$'000
At 1 September 2012	26,853	14,908	41,761
Addition	23,892	5,973	29,865
Utilisation	(31,926)	(1,263)	(33,189)
Transfer	(5,063)	-	(5,063)
At 31 August 2013 and 1 September 2013	13,756	19,618	33,374
Addition	26,903	6,726	33,629
Utilisation	(35,202)	(2,415)	(37,617)
Transfer	-	(1,310)	(1,310)
At 31 August 2014	<u>5,457</u>	<u>22,619</u>	<u>28,076</u>

The Group includes the amount utilised to permit fee relief during the year in income as a component of tuition fees.

17 Obligations under finance leases

At 31 August 2014, the Group and the Foundation had obligations under finance leases repayable as follows:

	<i>The Group and the Foundation</i>					
	<i>2014</i>			<i>2013</i>		
	<i>Present value of the minimum lease payments</i>	<i>Interest expense relating to future periods</i>	<i>Total minimum lease payments</i>	<i>Present value of the minimum lease payments</i>	<i>Interest expense relating to future periods</i>	<i>Total minimum lease payments</i>
	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>
Within one year	738	127	865	133	10	143
Between one and two years	704	125	829	33	3	36
Between two and five years	1,510	293	1,803	-	-	-
	<u>2,214</u>	<u>418</u>	<u>2,632</u>	<u>33</u>	<u>3</u>	<u>36</u>
	<u>2,952</u>	<u>545</u>	<u>3,497</u>	<u>166</u>	<u>13</u>	<u>179</u>

18 Refundable capital levy

Refundable capital levy was introduced and payable by the parents of children joining the Foundation's school system in August 2011 and subsequent years. The levy is \$25,000 for each child entering one of the Foundation's schools for the first time from August 2011 onwards and for each child that joins Year 7 from another school of the Foundation from August 2011 onwards. Certain concessions are granted to families with more than two children studying at ESF schools and teachers who are also parents of students studying at ESF schools. The levy is repayable by the Foundation when the student leaves the school.

19 Refundable debenture

In August 2013, the Group introduced the refundable debenture which is payable by parents of children joining the Group's kindergartens in August 2013 and subsequent years. The debenture is \$7,000 for each child entering one of the kindergartens for the first time from August 2013 onwards. The debenture is repayable when the student leaves the school with sufficient notice. The refundable debenture is non-transferable, interest-free, non-depreciating and unsecured.

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20 Corporate nomination rights

Movements in the corporate nomination rights were as follows:

	<i>The Group and the Foundation</i>	
	<i>2014</i>	<i>2013</i>
	\$'000	\$'000
At 1 September	-	-
Issued	25,000	-
Less: Amortisation to statement of comprehensive income	(167)	-
	24,833	-
At 31 August	24,833	-
Less: Within one year or on demand	(250)	-
	24,583	-
After one year		

21 Reserves

The reserves of the Group and the Foundation represent the excess of assets over liabilities; the opening and closing balances and the movements during the year are set out in the statement of changes in reserves.

Under the terms of The English Schools Foundation Ordinance, no dividend or bonus whatsoever can be paid and no gift or division of money or any property whatsoever can be made by or on behalf of the Foundation to any of the officers or employees of the Foundation, any of the members of the Board or any of the students of the schools of the Foundation except by way of prize, reward or special grant or in the case of an employee of the Foundation, by way of a dividend or bonus payable under a contract of employment.

Reserves of the Group include total accumulated surplus of ESL amounting to \$23,841,000 (2013: \$13,146,000). Under the terms of the Memorandum of Association of ESL, no portion of the income and property of ESL can be paid or transferred, directly or indirectly, by way of dividend, bonus or otherwise by way of profit to the members of the ESL.

21 Reserves

(a) Capital fund

	<i>The Group</i>		<i>The Foundation</i>	
	<i>2014</i>	<i>2013</i>	<i>2014</i>	<i>2013</i>
	\$'000	\$'000	\$'000	\$'000
The Foundation	80,217	49,500	80,217	49,500
Renaissance College	50,761	29,434	-	-
Discovery College	29,787	17,604	-	-
	<u>160,765</u>	<u>96,538</u>	<u>80,217</u>	<u>49,500</u>

The Foundation introduced individual and corporate nomination rights schemes. The income from the schemes is designated solely to finance redevelopment projects of the Foundation and hence is included in the capital fund. During the year, payments are made against Kowloon Junior School and King George V School redevelopment projects. Renaissance College and Discovery College of the Group introduced non-refundable building levy and nomination rights. The income is designated solely to finance capital expenditure and hence is included in the capital fund.

(b) Schools reserves

The Group's reserves include the accumulated surplus of individual schools of the Foundation which amounted to \$138,892,000 as at 31 August 2014 (2013: \$158,836,000). These reserves have been designated to finance operating and capital activities at individual schools at the discretion of the respective School Councils. From their reserves as at 31 August 2014, the respective School Councils have authorised or contracted for capital commitments of \$23,660,000 (2013: \$48,506,000). The respective School Councils also reserve certain sums for major upgrades at schools.

During the year, \$78,930,000 (2013: \$19,895,000) was transferred from schools reserves to general reserve. The transfer represented various schools capital expenditure during the year which was funded by the schools reserves.

(c) Capital management

The Group is a non-profit making organisation whose principal activity is the operation of schools to provide education through the medium of English language. The Group is not subject to any externally imposed capital requirements; its activities are mainly funded by tuitions fees, government subventions, donations, rental and interest income.

In the absence of any capital the Group's reserves are maintained at a level necessary to meet the Group's short and long term objectives taking account the importance of safeguarding the Group's ability to continue as a going concern.

22 Financial risk management and fair values

Exposure to credit, liquidity and interest rate risks arises in the normal course of the Group's activities. The Group describes below the Group's exposure to these risks and the financial risk management policies and practices used to manage these risks.

(a) *Credit risk*

The Group's credit risk is primarily attributable to bank deposits, cash and cash equivalents and account receivables and other receivables. Management has a credit policy in place and the exposure to these credit risks are monitored on an ongoing basis.

The Group's bank deposits and cash and cash equivalents are placed with major financial institutions.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

(b) *Liquidity risk*

The Group's policy is to regularly monitor liquidity requirements to ensure that the Group maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

(c) *Interest rate risk*

The Group's exposure to changes in interest rates relates primarily to bank deposits, cash at bank and obligations under finance leases. The Group's interest rate profile as is set out in (i) below.

22 Financial risk management and fair values (continued)

(d) Currency risk

The Group operates in Hong Kong and have limited exposure to currency risk which arises from foreign currency purchases and receipts/payments for school activities jointly organised with overseas institutions.

(e) Fair values

All financial instruments are carried at amounts not materially different from their fair values at the balance sheet date because of their short term maturity.

23 Commitments

(a) The Group and the Foundation have certain capital commitments relating mainly to the renovation of the schools and major upgrades of information technology systems. Capital commitments outstanding at 31 August 2014 not provided for in these financial statements were as follows:

	<i>The Group</i>		<i>The Foundation</i>	
	<i>2014</i>	<i>2013</i>	<i>2014</i>	<i>2013</i>
	\$'000	\$'000	\$'000	\$'000
Contracted for	188,728	91,293	178,280	91,293
Authorised but not contracted for	133,135	327,261	133,135	326,005
	<u>321,863</u>	<u>418,554</u>	<u>311,415</u>	<u>417,298</u>

(b) At 31 August 2014, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	<i>The Group</i>		<i>The Foundation</i>	
	<i>2014</i>	<i>2013</i>	<i>2014</i>	<i>2013</i>
	\$'000	\$'000	\$'000	\$'000
Leased properties				
Within one year	13,027	15,971	6,024	9,640
Between one and five years	10,802	12,679	-	6,024
Over five years	2,621	3,235	-	-
	<u>26,450</u>	<u>31,885</u>	<u>6,024</u>	<u>15,664</u>
Leased equipment				
Within one year	7	78	7	78
Between one and five years	24	-	24	-
	<u>31</u>	<u>78</u>	<u>31</u>	<u>78</u>

23 Commitments (continued)

(b) (continued)

The Group leases a number of properties under operating leases. The leases run for an initial period of three to six years, with some having an option to renew upon expiry when all terms will be renegotiated. Contingent rental payable are based on a pre-determined percentage of the monthly gross turnover on the condition that it is higher than the minimum fixed rentals under the operating lease agreements.

The Group leases certain equipment under operating leases. The leases typically run for an initial period of two to five years, with the option to return, renew or buy the equipment upon expiry when all terms are renegotiated. None of the leases includes contingent rentals.

24 Contingent liabilities

The Group and the Foundation had contingent liabilities at 31 August 2014 amounting to \$3,201,000 (2013: \$3,201,000) in respect of various utility guarantees issued by The Hongkong and Shanghai Banking Corporation Limited in favour of third parties.

25 Material related party transactions

Board of Governors and key management personnel remuneration

Key management personnel consist of the following:

- (i) Full time paid employees who are also members of the Board of Governors, namely, representatives of the Committee of Principals, the Committee of Teachers, the Committee of Support Staff and the Chief Executive Officer who is an ex-officio member of the Board of Governors; and
- (ii) Director of Education, Chief Operating Officer of ESL, Director of Facilities, Chief Financial Officer and Director of Human Resources.

The members of the Board of Governors other than those mentioned in note (i) did not receive any remuneration during the current and previous year.

Remuneration for key management personnel is as follows:

	2014 \$'000	2013 \$'000
Salaries, allowances and benefits in kind	20,752	21,204
Retirement costs	157	150
	20,909	21,354

26 Accounting estimates and judgements

Notes 7 and 22 contain information about the assumptions and their risk factors relating to defined benefit retirement scheme obligations and financial instruments respectively. Other key sources of estimation uncertainty are as follows:

(a) Useful lives and impairment of properties, plant and equipment

The Group has significant properties, plant and equipment and is required to estimate the useful lives of these assets in order to ascertain the amount of depreciation charge for each reporting period. The useful lives are estimated at the time of purchase of these assets and each year the Group assesses the appropriateness of the estimated useful lives. The assessment takes into account any unexpected adverse changes in circumstances or events such as declines in projected results and changes in the operating environment. The Group extends or shortens the useful lives and/or makes impairment provisions based on the assessment.

At each balance sheet date, the Group reviews whether there are any indications of impairment and will recognise an impairment loss if the carrying amount of an asset is higher than its recoverable amount. The sources utilised to identify indications of impairment are often subjective in nature and the Group has to use judgement in applying such information to its operations. The Group's interpretation of this information has a direct impact on whether an impairment assessment is performed as at any given balance sheet date. If an indication of impairment is identified, such information is further subjected to an exercise that requires the Group to estimate the recoverable amount of the asset, which is the greater of its net selling price and its value in use.

The Group is required to make assumptions to make this assessment, including the utilisation of such assets, the cash flows to be generated, appropriate discount rates, etc. Changes in any of these assumptions could result in a material change in future estimates of the recoverable amount of any asset.

(b) Accruals for development project costs and major repairs

The Group undertakes capital projects and various repairs and maintenance work. Invoices from the contractors are often received some time after the work is performed. Accordingly the Group has to review the status of each of the projects and to make certain estimates on the stage of completion of the projects. Actual costs may be higher or lower than estimated at the balance sheet date.

27 Possible impact of amendments to standards, new standards and interpretations to standards issued but not yet effective for the current accounting year

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments to standards, new standards and interpretations to standards which are not yet effective for the year ended 31 August 2014 and which have not been adopted in these financial statements.

The Group is in the process of making an assessment of what the impact of these amendments, new standards and new interpretations is expected to be in the year of initial application. So far, the Group has concluded that the adoption of them is unlikely to have a significant impact on the financial statements.

Independent auditor's report to the members of The English Schools Foundation

(Incorporated in Hong Kong under The English Schools Foundation Ordinance)

We have audited the consolidated financial statements of The English Schools Foundation (“the Foundation”) and its subsidiary (“the Group”) set out on pages 5 to 55, which comprise the consolidated and Foundation balance sheets as at 31 August 2014, the consolidated and Foundation statements of comprehensive income, the consolidated and Foundation statements of changes in reserves and the consolidated and Foundation cash flow statements for the year then ended and a summary of significant accounting policies and other explanatory information.

Board of Governors' responsibility for the consolidated financial statements

The Board of Governors of the Foundation are responsible for the preparation of consolidated 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 for such internal control as the Board of Governors determine is necessary to enable the preparation of consolidated 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 consolidated financial statements based on our audit. This report is made solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other persons for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 Board of Governors, as well as evaluating the overall presentation of the consolidated 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
The English Schools Foundation (continued)
(Incorporated in Hong Kong under The English Schools Foundation Ordinance)

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of the affairs of the Foundation and of the Group as at 31 August 2014 and of their surplus and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards.

KPMG

Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

11 December 2014

Schools

Secondary Schools



Island School

20 Borrett Road, Hong Kong
Tel: +852 2524 7135 Fax: +852 2840 1673
Email: school@online.island.edu.hk
www.island.edu.hk

Principal: Christopher Binge
School Council Chairman: Malcolm Gibson



King George V School

2 Tin Kwong Road, Homantin, Kowloon
Tel: +852 2711 3029 Fax: +852 2760 7116
E-mail: office@kgv.edu.hk
www.kgv.edu.hk

Principal: Ed Wickins
School Council Chairman: Paul Varty



Sha Tin College

3 Lai Wo Lane, Fo Tan, Sha Tin, New Territories
Tel: +852 2699 1811 Fax: +852 2695 0592
E-mail: info@shatincollege.edu.hk
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Principal: Marc Morris
School Council Chairman: Elaine Leung



South Island School

50 Nam Fung Road, Hong Kong
Tel: +852 2555 9313 Fax: +852 2553 8811
Email: sis@mail.sis.edu.hk
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Principal: Graham Silverthorne
School Council Chairman: Paul Brough



West Island School

250 Victoria Road, Pokfulam, Hong Kong
Tel: +852 2819 1962 Fax: +852 2816 7257
E-mail: wis@wis.edu.hk
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Principal: Jane Foxcroft
School Council Chairman: Sarah Rigby



Primary Schools



Beacon Hill School

23 Ede Road, Kowloon Tong, Kowloon
 Tel: +852 2336 5221 Fax: +852 2338 7895
 Email: bhs@bhs.edu.hk
 www.beaconhill.edu.hk
 Principal: John Brewster
 School Council Chairman: Michael Tanner



Glenealy School

7 Hornsey Road, Mid Levels, Hong Kong
 Tel: +852 2522 1919 Fax: +852 2521 7838
 Email: enquiry@glenealy.edu.hk
 www.glenealy.edu.hk
 Principal: Brenda Cook
 School Council Chairman: Charles Grieve



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43C Stubbs Road,
 Hong Kong
 Tel: +852 2574 8249
 Fax: +852 2834 7880
 Email: enquiries@
 bs.esf.edu.hk
 www.bradbury.edu.hk

Principal: Sandra Webster
 School Council Chairman: Eleni Istavridis



Kennedy School

19 Sha Wan Drive, Pokfulam, Hong Kong
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 Email: admissions@kennedy.edu.hk
 www.kennedy.edu.hk

Principal: Paul Hay
 School Council Chairman: Carmel Sharp



Clearwater Bay School

DD 229, Lot 235, Clearwater Bay Road,
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 Tel: +852 2358 3221 Fax: +852 2358 3246
 E-mail: info@cwbs.edu.hk
 www.cwbs.edu.hk

Principal: Chris Hamilton
 School Council Chairman: Mike Hudson /
 Geoff Daniel



Kowloon Junior School

20 Perth Street, Kowloon
 Tel: +852 3765 8700 Fax: +852 3765 8701
 Email: office@kjs.edu.hk
 www.kjs.edu.hk

Principal: Mark Cripps
 School Council Chairman: Geoff Daniel /
 Mike Hudson



Peak School

20 Plunketts Road, The Peak, Hong Kong
Tel: +852 2849 7211 Fax: +852 2849 7151
Email: office@peakschool.net
www.ps.edu.hk

Principal: Bill Garnett
School Council Chairman: Duncan Pescod



Discovery College

38 Siena Avenue, Discovery Bay, Lantau Island
Tel: +852 3969 1000 Fax: +852 2987 8115
Email: office@discovery.edu.hk
www.discovery.edu.hk

Principal: Mark Beach
School Council Chairman: Charles Wong



Quarry Bay School

6 Hau Yuen Path,
Braemar Hill, Hong
Kong
Tel: +852 2566 4242
Fax: +852 2887 9849
Email: office@qbs.
edu.hk
www.qbs.edu.hk

Principal: Mina Dunstan
School Council Chairman: Gordon Lamb



Renaissance College

5 Hang Ming Street, Ma On Shan,
New Territories
Tel: +852 3556 3556 Fax: +852 3556 3446
Email: admissions@rchk.edu.hk
www.rchk.edu.hk

Principal: Harry Brown
School Council Chairman: Benny Ng



Sha Tin Junior School

3A Lai Wo Lane, Fo Tan, Sha Tin,
New Territories
Tel: +852 2692 2721 Fax: +852 2602 5572
Email: info@sjs.edu.hk
www.sjs.edu.hk

Principal: Perry Tunesi
School Council Chairman: Norman Martel
/ B J Gran

Special School



Jockey Club Sarah Roe School

2B Tin Kwong Road, Homantin, Kowloon
Tel: +852 2761 9893 Fax: +852 2381 4081
Email: info@jcsrs.esf.edu.hk
www.jcsrs.edu.hk

Principal: Karin Wetselaar
School Council Chairman: Virginia Wilson
/ Virginia Morris

Kindergartens



ESF Abacus International Kindergarten

1A Mang Kung Uk Village, Clearwater Bay Road, New Territories
Tel: +852 2719 5712 Fax: +852 2719 6690
Email: kinder@abacus.esf.org.hk
www.esfkindergartens.org.hk/schools/abacus/welcome.html
Principal: Frances Wilkinson



ESF International Kindergarten, Hillside

43B Stubbs Road, Hong Kong
Tel: +852 2540 0066 Fax: +852 2517 0923
Email: kinder@hs.esf.org.hk
www.esfkindergartens.org.hk/schools/hillside/welcome.html
Principal: Christopher Duncan



ESF International Kindergarten, Tsing Yi

Maritime Square, 33 Tsing King Road, Tsing Yi, New Territories
Tel: +852 2436 3355 Fax: +852 2436 3105
Email: tykinder@esf.org.hk
www.esfkindergartens.org.hk/schools/ting-yi/welcome.html
Principal: Victoria Bewsey



ESF International Kindergarten, Tung Chung

(opening soon)
The Visionary, Tung Chung, New Territories
Tel: +852 3969 1066
Email: kinder@tc.esf.org.hk
www.esfkindergartens.org.hk/schools/tung-chung/welcome-and-about-us.html
Principal: Sandra Hite



ESF International Kindergarten, Wu Kai Sha

Level 1, No. 599, Sai Sha Road, Shatin, New Territories
Tel: +852 2435 5291 Fax: +852 2435 6322
Email: kinder@wks.esf.org.hk
www.wks.esf.org.hk
Principal: Christopher Coyle





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With special thanks to staff, parents, students, partners and all those who contributed their time, information and photographs to this Annual Report.

For further information about ESF and the schools, please contact ESF’s Communications Department at info@esfcentre.edu.hk

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