

**BRADBURY SCHOOL PARENT TEACHER ASSOCIATION LIMITED**

**REPORT OF THE DIRECTOR(S)**

**AND**

**AUDITED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2014**



***AUDITED BY***

**J. B. & CO. *Certified Public Accountants***

**健榮會計師行**

Unit A, 15/F., Sunshine Plaza, 353 Lockhart Road, Wanchai, Hong Kong

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**BRADBURY SCHOOL PARENT TEACHER ASSOCIATION LIMITED**

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**BRADBURY SCHOOL PARENT TEACHER ASSOCIATION LIMITED**

**REPORT OF THE DIRECTOR(S)**

The director(s) has/have pleasure in presenting the annual report and the audited financial statements for the year ended 30 June 2014.

**OPERATION REVIEW**

The principal role of the PTA is to promote cooperation between parents of students and teachers in Bradbury school, facilitate discussions on matters relating to the education offered at Bradbury School, and provide support services (i.e. operation of school bus services and school shop) as well as contribute to projects that will benefit the students of Bradbury School.

During the year, the PTA ran 13 bus routes on which more than 617 students traveled to and from school every day. This is more than 85% of the school body. School bus routes cover almost all areas within the Bradbury catchment, and we believe this is one of the largest and most comprehensive school bus services provided in Hong Kong. The costs for running school buses continue to increase due to increases in fuel prices, insurance premiums and other associated costs. However, the PTA has attempted to minimise the impact on parents. In 2013/14 it was necessary to impose a 10.5% increase to bus fees. We continue to run 2 direct buses from Discovery Bay with about 70% capacity. The ferry bus serves our Lamma and Mui Wo families, as well as picking students up at the General Post Office. This route runs at about 100% capacity.

The PTA school shop provides uniforms, stationery and other supplies for our students. It is open 5 days a week for 3 hours every morning, and caters to the needs of students and their parents. The uniform suppliers continue to experience increases in manufacturing. However, the school shop has worked to minimize the impact of these cost increases by either renegotiating contracts or seeking alternative suppliers as appropriate. Minor increases in uniform costs occurred in 2013/14 which were unfortunately inevitable. During the course of the year, it became apparent our school backpacks were having serious quality control issues. When speaking with the manufacturer, we were informed that the backpack fabric was changed and therefore unable to handle the weight of the large backpacks, resulting in ripped seams. The PTA turned to Dr. Kong to design the new backpack for the 2014/15 school year.

ESF and Bradbury School had building works plans which would be completed during the summer of 2014. This included the renovation of the ICT room on the 4th floor into our new PTA Shop / Parent Lounge. Therefore, during Spring Break, the PTA shop was relocated to our temporary location.

During the 2013/14 school year, the PTA hosted a numbers of fundraising and social events for the benefit of parents, students and teachers. The included:

**AGM Wine and Tapas Evening** - 2013/14 was the 2nd year the PTA hosted a wine and tapas evening in conjunction with the Annual General Meeting. This was created as a way to encourage attendance in order to meet the necessary quorum, along with providing new and existing parents time to socialize with the PTA Committee and other PTA members. This was our most successful AGM Wine and Tapas Evening to date.

**Winter Night Market** - this is by far one of the most popular events of the year, making it the major fundraising event on the PTA calendar. The Winter Night Market has not only grown in scope and scale, but the interest has grown with vendors and the public not related to Bradbury. Together with the Raffle Draw, the PTA raised over \$200,000 net.

**Bradbury Factor** - this talent show based event also continues to grow in scale and interest. In 2013/14, it was decided this event needed to be separated from the Winter Night Market. With the assistance of a parent volunteer sub-committee, this newly formatted talent show was a huge success. The students performed in a number of categories, showcasing the true diversity of Bradbury School. The show was well attended, and the PTA offered refreshments and drinks during intermission. Every student who performed received a medal, and there were no designated "winners" of the evening. It was a wonderful event, raising over \$17,000 for the PTA, and one we hope to continue in the future as another "fun-raiser".

**BRADBURY SCHOOL PARENT TEACHER ASSOCIATION LIMITED**

**REPORT OF THE DIRECTOR(S)**

**Curry and Quiz Night** - this was the 4th year this event was held, with consistent attendance close to maximum capacity. This event is more of a "fun-raising" rather than a "fund-raising" event as the profit was around HK\$7,800. The parents and teachers who attended thoroughly enjoyed the friendly competition. This will be an event to organize again this year.

**Pizza / Cake Sales / Ice Cream Sales** - throughout the school year the PTA organises pizza and cake sales. These proceeds directly benefit the Learning Centre and each of the 6 school year groups through purchase of educational tools / curriculum support materials. The PTA raised over HK\$40,000 this year. With a drop in Pizza Sales, along with the school's focus on encouraging students to live a healthy lifestyle, the PTA voted to stop hosting Pizza Sales for the 2014/15 school year.

The PTA remains committed to increasing efforts in fund-raising while staying focused on spending the annual surplus on key projects. These projects are intended to enhance the educational experience of students during their time at Bradbury. In previous years the PTA has made a major contribution to upgrade the playgrounds and install retractable seating in the school hall. The PTA is continuing to explore projects to help upgrade the playgrounds, and funds have been allocated for this purpose. In 2012/13 we allocated more than HK\$1 million for the upgrade and renovations to the Lower Level Y5/6 playgrounds, with plans being set in place for upgrading the Y2 covered playground sometime in 2014.

Other donations included:

Books for the Learning Centre	HK\$55,000
Year 6 Graduation Party	HK\$30,000
External coaches for the PE Department	HK\$53,000
Artist in Residence	HK\$87,000
Solar Bug Traps	HK\$55,000

Each year the PTA receives many requests for donations from the school, each of which is carefully evaluated before approval. In general, the main principle adopted for granting a donation is whether, as a result of the donation, the students of Bradbury will benefit. The PTA Executive Committee takes time to understand the needs of the school, and ensures that any donation made could not have been resourced from either the school's own assets or the ESF itself. The PTA Executive Committee plans to continue to work on improving fund-raising efforts through social events that provide opportunities for contact between members of the Association. The PTA welcomes new ideas and suggestions from parent and teacher members on ways it can continue to enhance the life of students at Bradbury.

***RESULTS AND DIVIDENDS***

The results of the Association for the year ended 30 June 2014 and the state of affairs of the Association as at that date are set out in the accompanying financial statements.

In accordance with the Association's Articles of Association, no portion of the income and property of the Association shall be paid or transferred directly or indirectly, by way of dividend, bonus, or otherwise howsoever by way of profit, to the members of the Association.

***PRINCIPAL ACTIVITIES***

The Association is mainly engaged in promoting co-operation between the parents of the students ("the Parents") and teachers ("the Teachers") of Bradbury School ("the School"), facilitating discussion between the Parents and the Teachers on matters relating to the education offered by the School and provision of support services and amenities including operation of school bus and shop for the School as well as contributions made to the projects of the School.

Further, the Association has been successfully obtained the status of charitable organisation under Section 88 of the Inland Revenue Ordinance during the year.

**BRADBURY SCHOOL PARENT TEACHER ASSOCIATION LIMITED**

**REPORT OF THE DIRECTOR(S)**

***DIRECTORS***

The following persons were directors of the Association during the year :-

JULLIENNE Cassandra Carter	
LEE Ka Po	(李家寶)
HUI Siu Man	(許少敏)
FRANCIS Amirin Wayhyu Handayani	
ARMITAGE Niamh Elizabeth	
HUSSAIN Mona Rehana	
KIRPALANI Malina A.	
ALVAREZ Douglas Michael	
GONZALEZ LORENZO Maria Nuria	
BUNON Piyatach	[Appointed on 6 November 2013]
DUBINSKY Kenneth Alan	[Appointed on 6 November 2013]
LO Wing Sze, Vincci	[Appointed on 6 November 2013]
PERRY Julia Elizabeth	[Appointed on 6 November 2013]
VARLEY Charlotte Sarah	[Appointed on 6 November 2013]
ALDCROFT Stewart Robert Kenneth	[Resigned on 28 June 2013]
ROBINSON Jane Alice	[Resigned on 28 June 2013]
STEVENSON Judith Anne	[Resigned on 28 June 2013]
THOMPSON Angela Lysiak	[Resigned on 28 June 2013]

In accordance with clause 32 of the Association's articles of association, every director (other than the Principal and the Teachers' Representatives) shall be elected at general meeting according to the provisions stated in the Articles.

***DIRECTOR'S INTERESTS***

No contracts of significance in relation to the Association's operation to which the Association was a party and in which a director of the Association had a material interest, whether directly or indirectly, subsisted at the end of the period or at any time during the period.

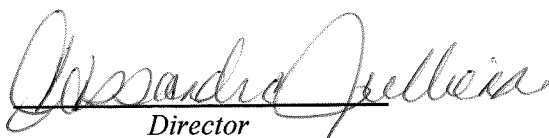
***MANAGEMENT CONTRACTS***

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

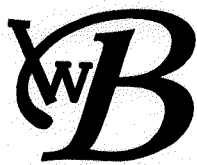
***AUDITORS***

A resolution for the reappointment of Messrs. J. B. & Co. (健榮會計師行) as the auditors of the Association to be proposed at the forthcoming annual general meeting.

*On behalf of the Board*

  
Director

Hong Kong : - 3 NOV 2014



**J. B. & CO.** *Certified Public Accountants*  
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香港灣仔駱克道 353 號三湘大廈 15 樓 A 室  
Tel : (852) 2877 9939 Fax : (852) 2877 9912

會 健  
計 榮  
師 行

## **INDEPENDENT AUDITOR REPORT**

**TO THE MEMBER(S) OF BRADBURY SCHOOL PARENT TEACHER ASSOCIATION LIMITED ("the Association")**

(Incorporated in Hong Kong with limited by guarantee)

We have audited the financial statements of BRADBURY SCHOOL PARENT TEACHER ASSOCIATION LIMITED set out on pages 5 to 13, which comprise the statement of financial position as at 30 June 2014, the statement of income and expenditure, and statement of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory notes.

### **Directors' responsibility for the financial statements**

The directors are responsible for the preparation and the true and fair presentation of these financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### **Auditor's responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness accounting estimates made by the Committee, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements give a true and fair view of the state of affairs of the Association as at 30 June 2014 and of its surplus and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards.

**J. B. & Co.**  
*Certified Public Accountants (Practicing)*  
Hong Kong : - 3 NOV 2014

**BRADBURY SCHOOL PARENT TEACHER ASSOCIATION LIMITED**  
**STATEMENT OF INCOME AND EXPENDITURE**  
**FOR THE YEAR ENDED 30 JUNE 2014**

*(Expressed in Hong Kong dollars)*

	<u>2014</u>	<u>2013</u>		
	Income	Expenditure	Surplus/(Deficit)	Surplus/(Deficit)
	HK\$	HK\$	HK\$	HK\$
<b>INCOME</b>				
Bus Fee	6,384,840.00	5,829,320.00	555,520.00	539,760.00
Shop Sales	721,784.00	553,493.04	168,290.96	192,481.55
Cake Sales	21,160.00	-	21,160.00	24,355.00
Pizza Sales	18,670.00	-	18,670.00	25,472.00
Ice Cream Sales	2,040.00	-	2,040.00	2,450.00
Calendar / Year Book	123,300.00	96,000.00	27,300.00	31,900.00
Lottery Tickets Sales	105,240.00	9,138.00	96,102.00	100,975.50
Night Market	156,455.70	51,136.00	105,319.70	107,277.00
Talent Show	23,643.00	6,428.00	17,215.00	5,310.00
	<u>7,557,132.70</u>	<u>6,545,515.04</u>	1,011,617.66	1,029,981.05
Membership Subscriptions			170,800.00	169,200.00
Bank Interest Income			2,053.70	4,042.84
Sundry Income			13,867.30	64,365.00
			<u>1,198,338.66</u>	<u>1,267,588.89</u>
<b>LESS : EXPENDITURE</b>				
EMPLOYMENT, STAFF & WELFARE				
MPF Contributions			14,400.00	14,214.50
Salary			288,000.00	284,290.00
			<u>302,400.00</u>	<u>298,504.50</u>
ADMINISTRATIVE EXPENSES				
Accountancy Fee			42,000.00	42,000.00
AGM Expenses			5,297.00	16,414.90
Auditor Remuneration			11,300.00	10,300.00
Depreciation on Property, Plant & Equipment			5,322.00	5,322.00
Insurance			4,628.30	4,575.30
Postage & Couriers			604.80	-
Printing & Stationery			6,846.93	801.00
Professional Fee			2,400.00	4,700.00
Telephone			5,562.00	9,627.00
			<u>83,961.03</u>	<u>93,740.20</u>
GENERAL EXPENSES				
Bank Charges			400.00	400.00
Bank Interest			13.74	-
Entertainment			4,385.00	1,320.00
Gift			1,000.00	-
Shop - Computer Maintenance			1,500.00	1,000.00
Sundry Expenses			1,760.56	1,317.20
			<u>9,059.30</u>	<u>4,037.20</u>
CONTRIBUTIONS TO SCHOOL PROJECTS & FACILITIES		(Note 9)	339,374.00	1,232,358.03
			<u>734,794.33</u>	<u>1,628,639.93</u>
<b>NET SURPLUS/(DEFICIT) FOR THE YEAR</b>			<u>463,544.33</u>	<u>(361,051.04)</u>

The accompanying Accounting Policies and Explanatory Notes form an integral part of, and should be read in conjunction with, these financial statements.

**BRADBURY SCHOOL PARENT TEACHER ASSOCIATION LIMITED**

**STATEMENT OF FINANCIAL POSITION**

**AS AT 30 JUNE 2014**

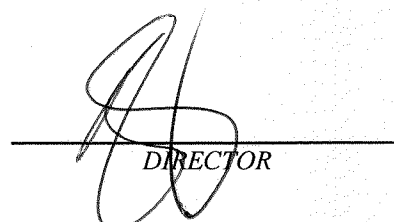
*(Expressed in Hong Kong dollars)*

ASSETS	<u>NOTE</u>	<u>2014</u> HK\$	<u>2013</u> HK\$
<b>Non-current Assets</b>			
Property, Plant & Equipment	11	15,787.20	21,109.20
<b>Current Assets</b>			
Shop Inventory	12	406,099.50	317,294.04
Deposits Paid & Prepayments		47,275.00	85,976.00
Income in Arrear		11,800.00	-
Cash & Bank Balances		1,804,066.30	1,596,818.54
		2,269,240.80	2,000,088.58
<b>Less : Current Liabilities</b>			
Other Payables & Accruals		104,930.89	329,765.00
Income received in Advance		37,950.00	12,830.00
		142,880.89	342,595.00
<b>Net Current Assets</b>		2,126,359.91	1,657,493.58
<b>TOTAL NET ASSETS</b>		2,142,147.11	1,678,602.78
<b>RESERVES</b>			
<b>Income and Expenditure Account</b>			
Brought Forward		1,678,602.78	2,039,653.82
Net Surplus/(Deficit) for the year		463,544.33	(361,051.04)
<b>TOTAL ACCUMULATED FUNDS</b>		2,142,147.11	1,678,602.78

APPROVED BY THE EXECUTIVE COMMITTEE

- 3 NOV 2014

  
 \_\_\_\_\_  
 DIRECTOR

  
 \_\_\_\_\_  
 DIRECTOR

The accompanying Accounting Policies and Explanatory Notes form an integral part of, and should be read in conjunction with, these financial statements.



**BRADBURY SCHOOL PARENT TEACHER ASSOCIATION LIMITED**

**STATEMENT OF CASH FLOW**

**FOR THE YEAR ENDED 30 JUNE 2014**

*(Expressed in Hong Kong dollars)*

	<u>Note</u>	<u>2014</u> HK\$	<u>2013</u> HK\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net Surplus/(Deficit) for the year/period	10	463,544.33	(361,051.04)
Adjustment for :-			
Depreciation on Property, Plant & Equipment		5,322.00	5,322.00
Interest Paid		13.74	-
Interest Received		<u>(2,053.70)</u>	<u>(4,042.84)</u>
Operating surplus/(deficit) before working capital changes		466,826.37	(359,771.88)
Increase in Shop Inventory		(88,805.46)	(38,596.79)
Decrease in Deposits & Prepayments		38,701.00	22,987.00
(Increase)/Decrease in Income in Arrear		(11,800.00)	1,200.00
Decrease in Other Payables & Accruals		(224,834.11)	(11,490.00)
Increase/(Decrease) in Income received in Advance		<u>25,120.00</u>	<u>(1,250,070.00)</u>
Cash generated from/(employed in) operations		205,207.80	(1,635,741.67)
Interest Paid		<u>(13.74)</u>	<u>-</u>
<b>Net Cash Inflow/(Outflow) from Operating Activities</b>		<u>205,194.06</u>	<u>(1,635,741.67)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest Received		<u>2,053.70</u>	<u>4,042.84</u>
<b>Net Cash Inflow from Investing Activities</b>		<u>2,053.70</u>	<u>4,042.84</u>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>			
		207,247.76	(1,631,698.83)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>			
		<u>1,596,818.54</u>	<u>3,228,517.37</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	13	<u>1,804,066.30</u>	<u>1,596,818.54</u>

The accompanying Accounting Policies and Explanatory Notes form an integral part of, and should be read in conjunction with, these financial statements.

**BRADBURY SCHOOL PARENT TEACHER ASSOCIATION LIMITED**  
**ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS**

**1. GENERAL INFORMATION**

BRADBURY SCHOOL PARENT TEACHER ASSOCIATION LIMITED ("the Association") is a company incorporated in Hong Kong with limited liability. The liability of every member of the Association shall not exceed HK\$1.00. The addresses of the registered office and principal place of operation of the Association are located at 43C Stubbs Road, Hong Kong.

The Association is mainly engaged in promoting co-operation between the parents of the students ("the Parents") and teachers ("the Teachers") of Bradbury School ("the School"), facilitating discussion between the Parents and the Teachers on matters relating to the education offered by the School and provision of support services and amenities including operation of school bus and shop for the School as well as contributions made to the projects of the School.

The financial statements are presented in Hong Kong dollars, which is the same as the functional currency of the Association.

**2. BASIS FOR PREPARATION OF THE FINANCIAL STATEMENTS**

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ["HKFRSs"] (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Hong Kong (IFRIC) Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the Hong Kong Companies Ordinance.

**3. SIGNIFICANT PRINCIPAL ACCOUNTING POLICIES**

The financial statements have been prepared on the historical cost convention and in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance. The significant accounting policies adopted are as follows :-

(a) Property, Plant & Equipment

Property, plant & equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is charged to write off the cost of the assets over their estimated useful lives on the straight line basis at the following rates per annum :-

Shop & Office Improvements	10%
Shop & Office Equipment	20%

An item of property, plant & equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the assets (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is recognised in profit or loss for the year in which the asset is derecognised.

(b) Employee Benefits

(i) Employee leave entitlements :-

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

Employee entitlements to sick leave and maternity leaves are not recognised until the time of leave.

(ii) Retirement Benefit Costs :-

The Association operates a defined contribution Mandatory Provident Fund retirement benefits scheme ("the Scheme") under the Mandatory Provident Fund Schemes Ordinance, for those employees who are eligible to participate in the Scheme. Contributions are made on a percentage of the employees' basic salaries and are charged to the profit and loss account as they become payable in accordance with the rules of the Scheme. The assets of the Scheme are held separately from those of the Association in an independently administered fund. The Association's employer contributions vest fully with the employees when contributed into the Scheme.

**BRADBURY SCHOOL PARENT TEACHER ASSOCIATION LIMITED**  
**ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS**

**3. SIGNIFICANT PRINCIPAL ACCOUNTING POLICIES (CON'D)**

(c) Revenue Recognition

Revenue arising from sales is recognised upon delivery of goods to customers. Bank interest income is recognised on time proportion basis. Service income is recognised when the services are rendered. Membership subscriptions are recognised on accrual basis.

(d) Related Parties

A party is considered to be related to the Association if :-

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

(e) Impairment of Assets (other than Goodwill)

At each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

(f) Income Tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary difference, and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary differences arises from goodwill (or negative goodwill) or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profit will be available.

Deferred tax assets and liabilities are not discounted. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

**BRADBURY SCHOOL PARENT TEACHER ASSOCIATION LIMITED**  
**ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS**

**3. SIGNIFICANT PRINCIPAL ACCOUNTING POLICIES (CON'D)**

(g) Inventory

Inventory is valued at lower of cost and net realisable value. Cost is determined on first-in, first-out method. Construction in progress and completed property held for sale is carried at cost, less any identified impairment loss. Cost includes professional fees, some of the general and administrative costs and, for qualifying assets, borrowing cost capitalized in accordance with the Association's accounting policy. Net realizable value is based on estimated selling price less further costs expected to be incurred to completion and disposal.

(h) Financial Instruments

Financial assets and financial liabilities are recognised in the statement of financial position when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

(a) Financial Assets

The Association's financial assets are generally classified as loans and receivables. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery assets within the time frame established by regulation or convention in the market place. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At the end of each reporting period subsequent to initial recognition, loans and receivables including income in arrear and cash & bank balances are carried out at fair value less any identified impairment losses (see below).

(b) Impairment of Financial Assets

Financial assets are assessed for indicators of impairment at each reporting date. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after initial recognition of the financial asset, the estimated future cash flows of the financial assets have been impacted.

(c) An impairment loss is recognised in income and expenditure statement when there is objective evidence that the asset is impaired. If, in a subsequent period, the amount of impairment loss decrease and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through income and expenditure statement to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the cost would have been impairment not been recognised.

(d) Financial Liabilities

The Association's financial liabilities are generally classified as other financial liabilities. Other financial liabilities, including other payables & accruals and income received in advance, are measured at fair value.

(e) Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Association has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised directly in equity is recognised in income and expenditure statement.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in income and expenditure statement.

