



English Schools Foundation

# ANNUAL REPORT

2017/18



INSPIRING FUTURES

# MESSAGE FROM THE CHAIRMAN

**Abraham Shek**



It is my great pleasure and privilege to introduce the ESF Annual Report for 2017/18.

This has been another special year for our schools, our staff and, of course, our students and their families. We have continued our fine tradition, built over our five decades in Hong Kong, of delivering an education that stands amongst the very best in the world.

Academic success sits at the heart of our approach. We understand that results matter. Without results, our students cannot do what they have always done – which is to go on to the finest Universities and Colleges in the world.

However, our approach is about helping our students achieve more than academic success. An ESF education is about equipping our students – at every level – with the skills, confidence and ability to achieve success in whatever it is that they set themselves to do. This is our mission – to help every student be the best that they can be.

As always, I would like to thank the incredible staff of ESF for everything that they do. Their professionalism, dedication and sheer work rate knows no equal. It is thanks to them that we are who we are and we are able to do what we do.

I would also like to thank my fellow Board members – and those many people who give up so much of their time to sit on the ESF and school committees that provide so much support on a day to day basis. Your work sometimes goes unnoticed, but its impact is keenly felt.

In closing, I would like to pay tribute to those Board members who have come to the end of their term. You have played a vital role in helping us achieve the success that we can demonstrate in this report – and you have given us a foundation to achieve more success in the future.

# MESSAGE FROM THE CEO

**Belinda Greer**

This has been another  
incredible year for ESF.



Our students, at all levels and all ages have performed exceptionally well. Our staff continue to show why they are amongst the best in the world – and our wider ESF family of parents, volunteers and members of our various Boards and Committees have offered a level of support to their schools in a manner that, I believe, is unique in all the world.

It is the shared commitment to what we do and how we do it that makes us so successful. It is because we have such high levels of support from parents that our students can achieve so much. It is thanks to the thoughtful guidance we receive from School Councils and Board members that our organisation can continue to thrive. And, thanks to the exceptional quality of our leaders, our teachers are able to push back boundaries and ensure that we can deliver on our promise: to help every student be the best that they can be.

This is an exciting time for everyone involved in education. Change is happening all around us. Automation, the ubiquity of the internet and the emergence of technologies such as artificial intelligence mean that we cannot continue to do as we have always done. We don't need to be ready for change that is coming our way tomorrow – transformation is happening now and it is happening at a pace that none of us have ever seen before.

That is why, at ESF, our focus will always be on readying ourselves to help every single student, every single family be ready to face the world and to succeed in whatever field they choose to enter. Our philosophy is a simple one – we teach our students where to look, not what to see. By doing that, we are helping them develop the skills they need to succeed not just in their studies, but in every part of their lives.

I am proud of ESF, who we are and what we stand for. We are a proud part of Hong Kong's history – and we will be leading from the front in shaping its future.

# THE ESF PROFILE

We are the largest provider of English-medium international education in Hong Kong with 22 schools:

## Kindergartens

Abacus  
Hillside  
Tsing Yi  
Tung Chung  
Wu Kai Sha

## Primary Schools

Beacon Hill School  
Bradbury School  
Clearwater Bay School  
Glenealy School  
Kennedy School  
Kowloon Junior School  
Peak School  
Quarry Bay School

## Secondary Schools

Island School  
King George V School  
Sha Tin College  
South Island School  
West Island School

## All-through Schools

Discovery College  
Renaissance College

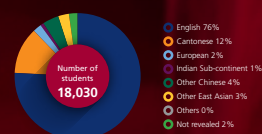
## Special School

Jockey Club Sarah Roe School

We serve 18,030 students who represent a range of ethnicities and over 75 nationalities.

## FIRST LANGUAGE OF STUDENTS

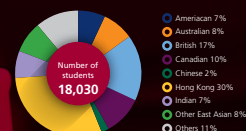
English is the first language of a significant majority of students (76%) in ESF schools while native Cantonese speakers account for 12.2%. Other East Asian speakers account for 2.7% and other Chinese 3.8%.



## NATIONALITY OF STUDENTS

Over 75 nationalities were represented in our schools in 2017/18. Less than one quarter (20%) of students held a British passport, 32% held a Hong Kong or Chinese passport and a further 7.7% held a passport from another East Asian country.

Of the 12,938 students in ESF schools, 9,599 (74.2%) were permanent residents of Hong Kong. Of the 3,546 students in the PI Schools, 2,822 (79.6%) were permanent residents of Hong Kong.



## ETHNICITY OF STUDENTS

The largest ethnic group in ESF schools was Chinese (40%) followed by Caucasian (13%), Indian (10%) and Eurasian (8%). There are 23% who did not reveal their ethnicity.



## STUDENT ADMISSIONS

We understand that choosing the right school for your child is an important decision – and we also know that it can be stressful. That is why we have a dedicated team who support both our central and in-year applications processes. They work with schools, parents and students to make sure that anyone applying to ESF has a positive experience.

## APPLICATION NUMBERS

During the central application period in September 2017, 3,571 online applications were received for Year 1 and Year 7 at ESF schools, Discovery College and Renaissance College. A further 816 applications were submitted during the rest of the academic year. Including those starting in Year 1, a total of 2,476 students were admitted during the year.

During the central application period for the kindergartens in September 2017, 1,782 applications were received for K1. A further 53 applications were submitted during the academic year.

## NOMINATION RIGHTS

Nomination Rights provide an accelerated entry route for children who meet the admission requirements into ESF schools. An Individual Nomination Rights scheme was launched in October 2012 and supplemented with the introduction of a Corporate Nomination Rights scheme in August 2013. A small number of Corporate Nomination Rights are available each year for purchase by Hong Kong registered companies.



# MESSAGE FROM THE EDUCATION DIRECTOR

**Adam Hughes**

“No matter what decision you find yourself having to make, just keep one thing in mind. Always make sure that everything we do makes lives better for the people who matter most to us: our students and their families.”

As introductions to a new job go, that was pretty special. I became a member of the ESF family at the beginning of June 2018 – and that clarion call regarding doing our very best for our students was something I heard in my first days here – and it is something I continue to hear today. We are an education system that lives and breathes our mission: all of us, teaching and non-teaching staff come to work every day to help every student be the best that they can be.

Our classroom is a big one: it has 18,000 students in it. Our schools are unique. They all have their own distinct cultures, histories and traditions. But we are all part of a family, one that itself is unique. It is when we work as a system, when we come together as a family that we really come into our own.

We achieve incredible results at ESF – results of global significance. The number of students achieving the very top marks is, quite simply, breathtaking. However, our success is so much deeper and broader than that. In all of our schools you can see a team of people helping young men and women at all levels to achieve academic success – and to be the type of confident, happy person that is ready to take their place in the world.

5

kindergartens

1547

students

96

the percentage of students  
who move from an ESF  
Kindergarten to an ESF  
Primary School

# KINDERGARTENS



Our five kindergartens are the foundations on which ESF education is built. It is in these joyful, happy places that the children start their educational journey – and our mission, even at this early age, is to develop the skills they will need to help them succeed in their studies and in their lives.

The ESF kindergartens are spread across Hong Kong – from Wu Kai Sha in the Northern New Territories to the newest of our Schools – Tung Chung Kindergarten on Lantau Island. Each of them is unique – they all have their own look and feel and they all differ from one another in a variety of ways. However, what binds them together in the ESF family is their teaching and learning philosophy.

Ours is a play-based approach. We harness the child's natural curiosity to encourage them to explore the all-important areas such as literacy and numeracy. We also work to build their confidence and their ability to co-operate with other children in a respectful manner.

This year we have had a real focus on promoting wellbeing and fostering a positive approach to education. We have brought in world leading experts like Professor Lea Waters to ensure that our staff learn new skills and new approaches that they can use to benefit their students.

The overwhelming majority of ESF Kindergarten students go on to an ESF Primary School. This year, we further strengthened our links with the Primary teachers – with staff spending more and more time with us in our Kindergartens. This makes sure that the transition works for everyone – students, families and teachers.



# PRIMARY SCHOOLS

We have 11 Primary Schools across Hong Kong delivering a world class education, including two Primary Schools as part of all-through campuses within Renaissance and Discovery Colleges. Like our Kindergartens, all of our Primary Schools follow the International Baccalaureate Primary Years Programme.

Building on the learning started in our ESF Kindergartens, students in our Primary Schools are encouraged to be open minded, caring and principled knowledge seekers. Collaborating with their classmates, they inquire, solve problems, and begin to understand the positive impact that they can have on the world around them.

Students engage with the curriculum through units of inquiry. The units have been developed to reflect our local and international context. This transdisciplinary approach enables students to apply knowledge and skills from a range of subject areas as they develop their understanding of the world.

Learning in our Primary Schools culminates in Year 6, when, as part of the Exhibition, students work independently, and as part of a team, to engage in deep learning with an issue they are passionate about. In preparing for this, many students take part in the annual Agents of Change event – where NGOs from across Hong Kong gather to talk about the challenges facing people locally, in Asia and across the world. As part of the Exhibition students present their research findings to the school community through a range of media, including the use of digital tools, performance and visual arts and awareness raising presentations.

As part of our commitment to continually improving our provision, curriculum groups regularly collaborate to examine pedagogical practices across ESF. This focus on persistent raising of standards applies to all aspects of our students' academic achievement, in addition to their physical and emotional wellbeing. One of our key achievements in 2017/18 was drawing on the expertise of Dr Peter Sullivan of Monash University to strengthen students' abilities to apply mathematical knowledge to solve complex, challenging, open ended problems.

**11**  
primary schools

**7800**  
students

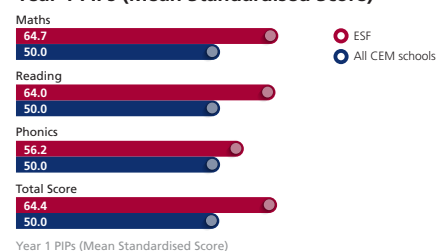
# PRIMARY SCHOOLS RESULTS

## PIPS (YEARS 1 AND 2):

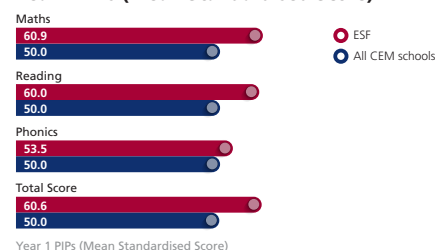
At the start of Years 1 and 2, the mean standardised scores of ESF students are significantly higher than the mean scores of the whole cohort for Maths, Phonics, Reading and overall Total Score.

The charts below show the mean standardised scores for Years 1 and 2.

### Year 1 PIPs (Mean Standardised Score)



### Year 2 PIPs (Mean Standardised Score)

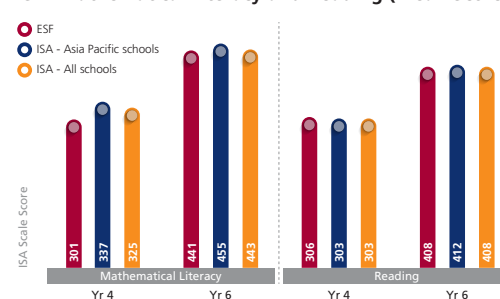


## ISA (YEARS 4 AND 6):

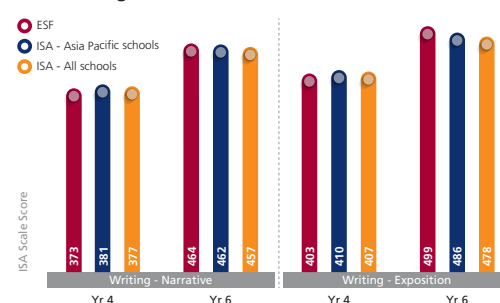
The mean scores for ESF students in both Years 4 and 6 are broadly similar to the mean scores for the whole ISA cohort.

The charts below show the mean scores for ESF students, the whole ISA cohort and ISA Asia Pacific schools.

### ISA: Mathematical Literacy and Reading (Mean Score)



### ISA: Writing (Mean Score)



There were three core external assessments taken by ESF Primary students in 2017/18.

- Years 1 and 2: Performance Indicators in Primary Schools (PIPs);
- Years 4 and 6: International Schools' Assessment (ISA);
- Years 3 and 6: The Interactive Computerised Assessment System (InCAS).

Additionally, some schools also opted to participate in either the InCAS or ISA assessments with their Year 1, 2, 3, 4 and/or Year 5 students. PIPs and InCAS are administered by the Centre for Evaluation and Monitoring (CEM) at Durham University and are taken by over 4,000 schools, most of who are in the U.K. and following a British curriculum. ISA is administered by the Australian Council for Educational Research (ACER) and taken by over 400 international schools worldwide.

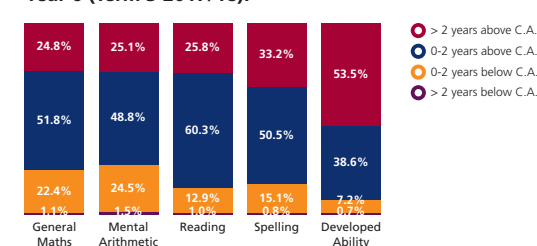
## INCAS (YEARS 3 AND 6):

ESF Years 3 and 6 students attain significantly higher than the whole CEM cohort on all InCAS components.

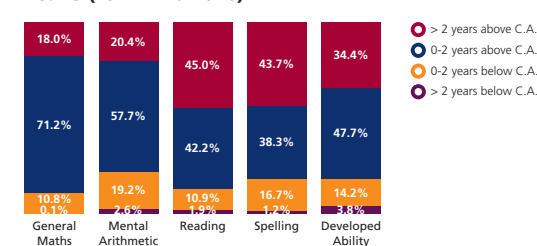
The charts below show the percentage of ESF students attaining between 0 to 2 years above/below chronological age and more than 2 years above/below chronological age for each InCAS component.

*Note: The blue and red bars combined represent the percentage of students achieving above chronological age.*

### Year 6 (Term 3 2017/18):



### Year 3 (Term 1 2017/18):



# MIDDLE YEARS

We are on a journey towards having all of our schools embracing the International Baccalaureate Middle Years Programme (MYP).

At present, two of our schools – Discovery College and Renaissance College offer the full five-year MYP programme, having done so since 2008 and 2006 respectively. This covers the teaching and learning in years 7 to 11.

Currently 2,500 ESF students are working their way through the MYP. It provides a seamless transition from the Primary Years Programme to the later Career Related and Diploma Programmes. It culminates in the Personal Project – an in-depth piece of work that calls on the student to draw together the skills and knowledge they have gathered over their years in school.

Our other Secondary Schools are at different stages in their progress towards full implementation. By the end of 2020/21, our remaining five Secondary Schools will have received the necessary authorisations in order to introduce a three-year MYP programme. This will allow these schools to retain the IGCSE curriculum and examinations in Years 10 and 11.

This year, we made great progress towards completing the MYP journey. Two of our schools – South Island School and King George V School completed the necessary preparatory work to allow them to enter the authorisation process in year 2018/19. The other three: Sha Tin College, West Island School and Island School are swiftly working their way through the process.

**1.13**

the percentage point above the world average received by ESF MYP students

**32**

the percentage of A\* grades in IGCSE exams taken by ESF students

**7**

the UK average percentage for A\* grades

**94**

the percentage of A\* - C grades in IGCSE exams taken by ESF students

**67**

the UK average percentage points for A\* - C grades

# MIDDLE YEARS RESULTS

## IB MIDDLE YEARS PROGRAMME (MYP)

2018 is the tenth year that Year 11 students at Renaissance College have completed the International Baccalaureate Middle Years Programme and the seventh year for Discovery College students.

Assessment is criterion-related with schools setting their own subject assessment tasks that are marked internally. Students also complete a Personal Project that is marked internally and then externally moderated and validated by the IBO. The 2018 results for both schools are again very strong. Highlights include:

- The mean grade per assessment is 5.63 points. This is the highest figure yet for ESF and compares favourably to the worldwide mean of 4.5.
- The mean number of total points per student is 50.8 points out of a maximum possible score of 63 points. This is the joint highest figure yet for ESF.

## GCSE/IGCSEs

In May 2018, about 1,000 Year 11 students from King George V School, Island School, Sha Tin College, South Island School and West Island School participated in the **General Certificate of Secondary Education (GCSE)** and its international equivalent the **International General Certificate of Secondary Education (IGCSE)**.

The results are ESF's highest ever in terms of A\* and A\*-A. 58% of all examinations were awarded either A\* or A grades and 94% awarded A\* – C grades. This is the tenth consecutive year that more than 50% of examinations were awarded A\* or A grades. Results are summarised below:

	2018	2017	2016	2015	UK average for GCSE (2018*)
For exams using the A*-G system					
A*	32%	30%	27%	29%	7%
A*-A	58%	57%	54%	55%	22%
A*-C	94%	94%	93%	92%	67%
For exams using the 9 to 1 system^					
9 to 8	40%	N/A	N/A	N/A	13%
9 to 7	59%	N/A	N/A	N/A	20%
9 to 4	97%	N/A	N/A	N/A	67%

^ This year, around 8% of ESF's examinations were graded using the new "9 to 1" system, including computer science, food technology, English language, English literature, art and design, fine art, 3D design and dance. A grade 4 is broadly equivalent to a low grade C and a grade 8 or 9 is broadly equivalent to a grade A\*.

\* Source: Joint Council for Qualifications (<https://www.jcq.org.uk/examination-results/gcse/2018/main-results-tables>)



# IB CAREER-RELATED PROGRAMME (IBCP)

We are delighted at ESF to be Asia's largest provider of the IBCP. Following this curriculum allows our students to specialize more deeply in an area of specific interest to them. It allows them to home in on the career that they know is right for them.

At the core of our approach are our partnerships. By linking with organisations such as the Savannah College of Art and Design (SCAD) and the Hong Kong Academy of Performing Arts (HKAPA), our students are able to utilize the outstanding facilities and teaching on offer at these institutions. It means that they can get a head start in their career.

The Visual Art exhibitions, held this year across ESF, demonstrated the advantage offered to students through the partnership with SCAD. Those studying the IB arts course were able to take their talents to a whole new level thanks to the expertise available to them at SCAD.

The IBCP was pioneered within ESF by Renaissance College – but we are now in the enviable position of being able to offer the programme at Sha Tin College, Discovery College, West Island School and South Island School.

# PARTNERSHIP WITH THE WORLD ACADEMY OF SPORT (WAoS)

This year we saw our first student athlete receive their IB Diploma through our partnership with the WAoS.

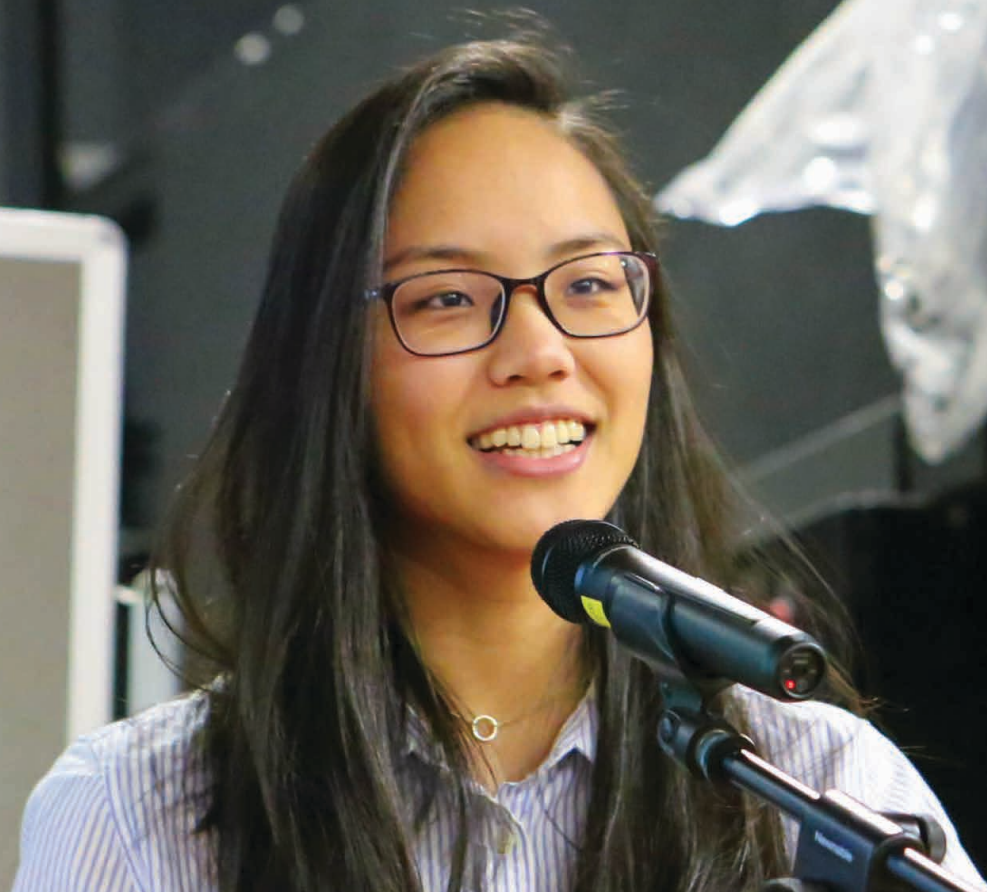
Elizabeth Chan was able to train as a full-time gymnast at the Honk Kong Sports Institute and complete her studies at Renaissance College. The key to Elizabeth's success – over and above her own prodigious talents, was the fact that she was allowed to complete her academic work over 3 rather than 2 years.

This flexibility allowed her to dedicate more of her time to training and to competing. We currently have 12 student athletes following Elizabeth's trailblazing lead.



POST 16

# POST 16 RESULTS



## IB DIPLOMA PATHWAY

In May 2018, about 1,000 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 Programme.

Students smashed the IB worldwide scores, with an average score of 36.0 which is significantly higher than the global average (29.8 from the IBO). **16 ESF students** achieved the perfect 45 points.

**16**

the number of ESF Diploma Students achieving top marks

**98**

the percentage of ESF students who were successfully awarded the IB Diploma

**21**

the number of countries that graduates from the class of 2018 are continuing their studies in

	ESF Results					Worldwide Results
	May 2018	May 2017	May 2016	May 2015	May 2014	May 2017
Students entered for the IB Diploma	<b>957</b>	969	956	934	935	165,752 (in 2018)
Students awarded the Diploma (24 points or more)	<b>943 (98.5%)</b>	951 (98.2%)	949 (99.3%)	918 (98.3%)	916 (98.0%)	78.4%
Students awarded Bilingual Diploma	<b>127</b>	149	112	120	135	17,829
Mean score of students entered for the full IB Diploma	<b>36.0</b>	36.0	36.3	35.7	35.0	29.8 (in 2018)
30 points or more	<b>851 (88.9%)</b>	870 (89.8%)	874 (91.5%)	827 (88.5%)	794 (84.9%)	53.7%
35 points or more	<b>602 (62.9%)</b>	598 (63.2%)	622 (65.8%)	574 (61.5%)	518 (55.4%)	26.6%
40 points or more	<b>246 (25.7%)</b>	233 (26.0%)	250 (26.7%)	234 (25.1%)	207 (22.1%)	7.9%
45 points	<b>16</b>	15	16	17	13	278
Mean grade per subject	<b>5.6</b>	5.6	5.7	5.6	5.5	4.7

A photograph of a classroom setting. In the foreground, several male students in white shirts are seated at a desk, looking down at their work. A male teacher with grey hair, wearing a dark shirt and a lanyard, is leaning over them, smiling and providing assistance. One student is holding a green calculator. In the background, other students are seated at desks, some looking towards the camera and others looking down. The text is overlaid on a dark red rectangular box in the center of the image.

## APPLIED LEARNING PATHWAY

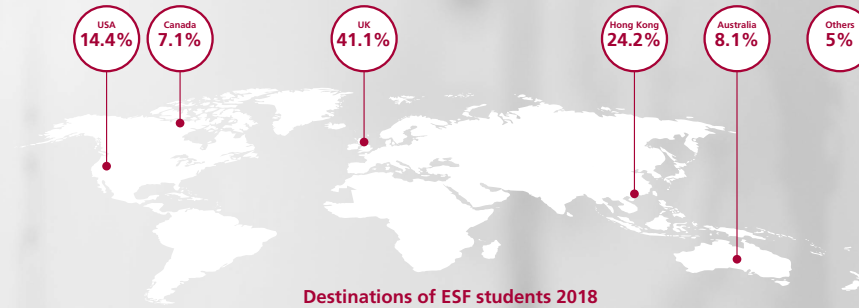
In 2018, 99 Year 13 students from King George V School, Island School, Renaissance College, South Island School and West Island School successfully completed the Applied Learning Pathway. These students followed personal pathways that involved the Business and Technology Education Council award (BTEC), or BTEC with a combination of either IB subject courses and/or AS-levels. BTEC subjects studied include Art and Design; Business; Creative Media Production; Hospitality; Engineering; Performing Arts; Public Services and Sport.

For the BTEC Level 3 Subsidiary Diploma, 53% of entries were awarded a distinction or above and 75% a merit or above. For the BTEC Level 3 Diploma, 65% of entries were awarded a double distinction or above and 86% a double merit or above.

Six students from Renaissance College followed the IB Career-related Programme (IBCP), which was jointly launched by Renaissance College and Savannah College of Art and Design, Hong Kong (SCAD) four years ago. The programme combines foundation courses at SCAD with IB Diploma courses and the IBCP core subjects at Renaissance College. All six students taking the IB Career-related Programme (CP) were awarded the CP, with one of these students achieving the bilingual CP.

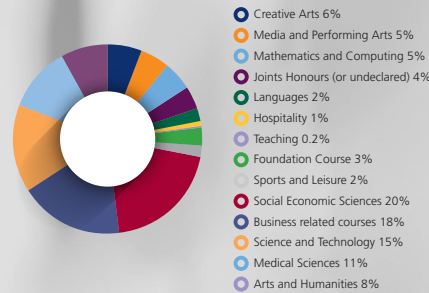
## HIGHER EDUCATION DESTINATIONS

In 2018, our students will study in a total of 21 different countries around the world, the highest number we had in recent years. As the table, below, shows, the UK remains the most popular country for our graduating students with 41.1% of all known destinations.



\* Other countries include: China (PRC), Spain, Germany, Netherlands, Ireland, France, Japan, South Korea, India, Malaysia, Finland, United Arab Emirates, Austria, Czech Republic, New Zealand and Switzerland.

Our students choose to study a wide range of courses in all fields of study. 20% of students have chosen Social and Economic Sciences, which is the combined general heading of Social Sciences with Economics, Law, Psychology, Geography, Political Sciences and/or Anthropology. Business related and Science and Technology courses are the next most popular, with 18% and 15% of students respectively. The chart below shows the breakdown of subjects:



### The most popular university destinations for ESF graduates in 2018

University	Country	No. of Students in 2018
The University of Hong Kong	HK	80
Hong Kong University of Science and Technology	HK	51
The Chinese University of Hong Kong	HK	50
The University of Exeter	UK	26
The University of British Columbia	Canada	26
University College London	UK	24
University of Toronto*	Canada	23
King's College London	UK	16
Loughborough University	UK	16
The University of Warwick	UK	15
The University of Nottingham	UK	14
London School of Economics and Political Science	UK	13
University of California, Berkeley	USA	13
The University of Kent	UK	13
University of Bristol	UK	12
Durham University	UK	11
University of the Arts London	UK	11
University of Bath	UK	10
City University of Hong Kong	HK	10
The Hong Kong Polytechnic University	HK	10

\* Includes all 3 campuses (St. George, Mississauga, Scarborough)



## HELPING STUDENTS WITH ADDITIONAL OR SPECIAL NEEDS



# SEN

Our mission is for every student be the best that they can be. When we say that, we mean it. Inclusion is incredibly important to us, we want to make sure that we provide every child with the support they need in order to reach their true potential.

A huge amount of work happens each and every day in our schools to provide that support. From the all-important early years in Kindergarten to making sure that our senior students leave us with the skills necessary to be a success in life, our staff know just how important being inclusive through our words and our deeds is to our young people and their families.

This year, for the first time in our history, we developed a formal inclusion strategy. This hugely important piece of work took our already excellent track-record of supporting students with additional or special needs to the next level.

By establishing a formal framework for inclusion, we were able to define the principles that should guide our approach. This allows us to deliver better training to our teachers, help us ensure that we are designing the best possible learning for all of our students and to ensure that we are doing whatever we can to support families throughout their time with us at ESF.

In doing this, we have already started to deliver positive change. We have made real in-roads in improving the support we offer to students while they transition through the various stages of school. Moving from kindergarten to primary school, or from primary school to secondary is a critically important period – so, through improved training and refreshed guidance – we have made this a real area of focus for our schools.

And, we also looked long and hard at the way in which we help families during their application to ESF. We know that this can be a stressful period at the best of times – and it is even more so when the child requires additional support. The changes we made this year provide greater clarity to parents and make sure that they feel properly informed throughout the application process.



# CHINESE

Teaching Chinese is not just a part of the curriculum at ESF, it is a recognition of our history and tradition here in Hong Kong. We are an English medium education system, but we are firmly rooted in this part of the world – and we want our students, wherever in the world they may be from, to fall in love with the Chinese language, Chinese culture and literature.

We teach Chinese at every level in ESF. Our specialist, dedicated teaching and support teams interact with the very youngest students in our Kindergartens, right through to the young men and women completing their Diploma programmes. It is an integral part of our schools.

This year, like many of our colleagues across the ESF family, we have been working on the implementation of the IB Middle Years Programme (MYP) in our schools. We have been adapting our current curriculum to fit in with the MYP – and have been using this as an opportunity to renew and refresh what we do.

In particular – and, again, in common with the rest of our teaching colleagues in ESF, we have been paying particular attention to the all-important transition period between Year 6 and Year 7. The benchmarking exercises that we have been carrying out in our schools have helped ensure that we are getting the Chinese programme right for every student – regardless of their ability or exposure to the language.

Carrying out these benchmark assessments is a critical part of how we work. As an international school, we often see students arriving in all years our schools with little or no Chinese knowledge. Regularly monitoring their progress allows us to make sure that we are helping our students learn effectively, while also maintaining the core teaching ethos that makes ESF so special.

Of course, the best way to bring a language to life is to take the words off the page and present them in a variety of real-life or cultural settings. This year, our Zhou Youguang Cup Chinese Talent Show was a resounding success. Hundreds of students and their families took part in the event, from right across the ESF family. It was one of many Chinese events that take place every week in our schools.

The percentage of ESF students who took Chinese as an IBDP subject		<b>65.8%</b>
The percentage of 6 or 7 grades in IBDP Chinese B exams taken by ESF students		<b>83.7%</b>
The percentage of 6 or 7 grades in IBDP Chinese A exams taken by ESF students		<b>45.1%</b>
The percentage of ESF students who took Chinese as an IBDP subject and were awarded the Bilingual Diploma		<b>16.5%</b>
The percentage of A*-A grades in IGCSE Chinese exams taken by ESF students	Chinese First Language	<b>28%</b>
	Chinese Second Language	<b>37.8%</b>
	Chinese Foreign Language	<b>81.6%</b>
The percentage of ESF students in the “Competent” and “Proficient” bands of Near-native Chinese in HKEAA-ESF Year 9 Chinese Benchmark Examination		<b>26.3%</b>



# ESF SPORTS AND LANGUAGE

Life at ESF doesn't stop when the final school bell rings. Extra-curricular activities are very much part of our school day. We have a variety of school clubs, societies and teams in each of our schools – and, each year, thousands of our students take part in these activities.

However, our offering in sports and language goes beyond that which the schools provide. We have a dedicated team who work in ESF to provide coach-led classes and camps in a variety of sports – and similarly, we have teachers offering language classes at all levels in English and Spanish. When you add into the mix that we also offer playgroups for the very youngest of children, you can see that ESF really does cater for every need of every single family.

Our sports offering covers seven activities: football, swimming, gymnastics, basketball, tennis, kung fu and cubs – multisports for the youngest age groups. We have daily classes taking place, led by highly qualified coaches, in many of our schools after school and at weekends. These range from 'learning the basics' right through to elite teams regularly competing in competitions here in Hong Kong and beyond.

We also run individual and multi-sport camps during the school holidays. These are a brilliant way to keep the kids entertained when they are not at school, help them develop their talents and to make new friends. This year's camps were incredibly popular.

Our approach to language follows a similar path. We run classes for those people who need assistance to develop their English or Spanish language skills – and we run extended camps during the holidays. Like their sporting counterparts, they are always incredibly popular.

This year, our dedicated Language and Learning Centre in Wanchai has really started to come into its own. We have seen huge interest in the playgroups and language camps, with more and more people coming to us each and every week.

# MESSAGE FROM THE FACILITIES DIRECTOR

**John Stewart**

Sometimes the scale of what we are doing catches me by surprise. When you work with so many schools and are dealing with so many properties, you get used to dealing with big numbers all the time. It is just what you do.

And then you catch yourself talking about a rebuilding programme that will improve the learning environment for a couple of thousand students. Or a new library that will transform a whole school – not just for this year, but for dozens of years in the future. Or a new suite of science labs that really are cutting edge.

And even although you might get a temporary surprise when you remember the scale of what it is that you are working on, you really shouldn't – because that is what ESF does. We are constantly investing huge sums of time, money and effort in making things better for the students and their families. We never stand still – and nor should we.

I take as much satisfaction from getting the classrooms in one of our smallest schools up to a brilliant standard as I do from pushing on with a major project such as the complete rebuilding of Island School. Our students only get one shot at their education – so they deserve the brilliant teachers that we have, but they also deserve amazing facilities.

We want every dollar to make a difference. It is not a bad philosophy to have.





# UPGRADING OUR FACILITIES

ESF is in the fortunate position to have a lot of really great facilities. Our kindergartens are truly exceptional places for students to begin their learning – and our primary and secondary schools have been configured to support the inquiry based approach to learning that sits at the heart of the ESF philosophy.

However, the thing about having great facilities is that they are constantly being used. That is why we have to constantly maintaining and upgrade them. We do that throughout the year but, in the main, it is during the six weeks of the summer holiday that we really get to work.

Millions of dollars are spent each year making sure that our students always have access to great buildings, classrooms and sports facilities.

And it is not just about maintaining what we have. As education changes, so too must the facilities. That is why our focus is always to deliver enhancements, not just fixes or cosmetic changes.

This year was no exception to this rule. Amongst the vast works that we carried out, we delivered a new sports hall, teaching block, science labs and upgraded classrooms at Sha Tin College, a new Library and Learning Support Centre at Clearwater Bay School, built a new set of classrooms, a new Library and upgraded the administrative areas at Kennedy School and created a new Senior School Centre at West Island School.

We apply one simple test to the works that we carry out: will the improvements make life better for our students? Everything we do is about enhancing learning for the children and young people who attend our schools.



# OUR SUMMER PROGRAMME



School	Major Scope
<b>Sha Tin College</b>	<ul style="list-style-type: none"> <li>Classrooms on 2/F &amp; 4/F, Block 1</li> <li>2 Science Labs at 5/F, Block 2</li> </ul>
<b>South Island School</b>	<ul style="list-style-type: none"> <li>Science Labs &amp; Prep Room at 6/F, S Block</li> <li>D&amp;T Workshops at 1/F, S Block</li> </ul>
<b>West Island School</b>	<ul style="list-style-type: none"> <li>Senior School Centre at 5/F, Block A</li> <li>Classrooms and ICT Rooms at 7/F, Block D</li> </ul>
<b>Kennedy School</b>	<ul style="list-style-type: none"> <li>5 nos. new Classrooms at G/F, North Wing</li> <li>Reception &amp; Medical Room at G/F, North Wing</li> <li>Administration Office at 4/F, East Wing</li> <li>Library at 2/F, East Wing</li> </ul>
<b>Sha Tin Junior School</b>	<ul style="list-style-type: none"> <li>Year 6 Classrooms at 3/F, Combined Block</li> <li>Music Room, Multi-purpose Room</li> </ul>
<b>Clearwater Bay School</b>	<ul style="list-style-type: none"> <li>Library at 1/F</li> <li>LSC at G/F</li> <li>Music &amp; Performance Room at G/F</li> </ul>
<b>Beacon Hill School</b>	<ul style="list-style-type: none"> <li>12 nos. Classrooms at 2/F, 4/F and 5/F</li> </ul>
<b>Tsing Yi Kindergarten</b>	<ul style="list-style-type: none"> <li>Pantry Renovation</li> </ul>
<b>Hillside Kindergarten</b>	<ul style="list-style-type: none"> <li>Toilets Renovation</li> </ul>

# HEALTH, SAFETY & SUSTAINABILITY

## STRATEGIC PLANS

A key part of our work plan is to expand the use of solar power in our schools.

We are actively taking part in the Feed-in Tariff Scheme in Hong Kong that encourages the wider adoption of renewable energy. This is an excellent opportunity for teaching and learning for our schools and we can also significantly reduce our carbon footprint.

In Renaissance College, for example, students have initiated and led a solar project throughout the concept development, procurement and installation stages.

In parallel with our solar power initiative, we also closely monitor electricity consumption in all of our schools, aiming to identify opportunities for sustainable reduction. Our monitoring equipment allows us to collect and analyze real-time data across our premises.

## HEALTH

We conduct regular testing of water quality and cleaning of the water supply systems in schools for ensuring the health of students and staff members.

We also continue our monitoring of air quality in relevant locations including school bus parking areas.

## SAFETY

Safety is the responsibility of everyone. Work safety training is organised regularly for staff members and contractors.

Super Typhoon Mangkhut swept past Hong Kong in September 2018. We needed to promptly survey damages in and near our schools after the storm in order to minimise disruption to classes.

## SUSTAINABILITY

Our students are extremely keen to learn about sustainability. In addition to regular classes, we also conduct workshops for secondary school students on weekends. Student teams representing their schools take part in projects.



I think, when you can, you are always best to avoid clichés. Sometimes, though, you just can't avoid the odd one slipping into your daily life. The one that I can't seem to shake off is that 'an organisation's best asset is its people.' I can't avoid it because, for us, it is a simple fact of life: without great people, we wouldn't be able to do what we do.



# MESSAGE FROM THE HR DIRECTOR

**Charles Caldwell**

When people think of HR, they often think about policies and problems. Sure, we have our fair share of both of them. We have policies because what we do – and who we are working with – requires things to be done correctly, rigorously and, at times, meticulously. And we have problems because, well, we are big.

However, it is working with our amazing people that excites me the most. Every year, we scour the world looking for the best teachers for our schools. The teachers that are so fundamental to what we do, the people who are having that direct impact on the thousands of students who have been entrusted to us by their parents.

I'm so very proud of the people who work for ESF. The teachers and their educational assistants are brilliant at what they do – and they have an incredible support network in their schools and at the centre. There is something really special about who we are, because all of us – no matter what it is that we do for the organization – understands the role that we play in delivering the thing that we care about the most:

Helping every student be the best that they can be.

# OUR AMAZING PEOPLE

**(3000)**  
staff

**(1293)**  
teachers

**(591)**  
educational assistants

ESF is an organization that is all about people – be those our students and their families, or our staff. Even although we are big – and complex - our efforts in the area of Human Resources are straightforward: we are focused on ensuring we have the right people with the right skills in the right place at the right time to support the teaching and learning in our schools.

Like every other part of ESF, we understand that education is our core business and, if we are to continue to deliver a world class service, we need to attract and retain world class people.

This year, ESF welcomed over 100 new teachers, recruited from schools in Hong Kong and all over the world. Many teachers already working in ESF were appointed to promoted posts. Most of our new teachers are expatriates, with nationalities including British, Australian, Canadian, Chinese, Irish and American.

In order to assist overseas teachers with preparing for their relocation prior to their arrival in Hong Kong, we continued

to pioneer new tools to assist them to proactively learn about Hong Kong and even meet future colleagues through online social networking. Our induction programme caters for the staff who are joining us – but also their families.

We are proud of the fact that once we find great staff, they want to stay with us. This year, our attrition rate for teachers was only 8.8% - a figure that compares favourably with any system anywhere in the world.

We are always looking for new ways to make ESF a destination of choice for the world's best teachers. The Professional Development that we offer to our staff is second to none and is a real and significant draw when it comes to recruiting top talent.

Our benefits package is also very important. This is not just about salary, it is about benefits in their widest sense. This year we transformed our medical provision by introducing a new flexible system. This new way of working, operated by Cigna in conjunction with CXA, allows our staff to tailor their

benefits according to their needs – and puts the promotion of a healthy lifestyle at the heart of how the system works.

We also invest in leadership and our leaders. This year we continued to develop our 360 development tool for our senior leaders and have shifted the traditional annual appraisal system towards a more real time system of personal reflection and development. This allows our teachers and leaders to continually reflect on how they are delivering for their students, ensuring we are always looking for ways to collectively and individually improve what we do.

And, of course, we continue to do more and more in the area of child safeguarding and protection. This year, following the completion of the background refresh for all of our existing staff, we moved to a new online system that requires our people – both old and new – to make an annual child protection declaration and to update their record as and when necessary throughout the year. We have been entrusted by thousands of families to teach their children. This is a responsibility that we take seriously.

# A PARTNERSHIP WITH PARENTS



We know how important it is to keep parents informed about the progress that their children are making while they are with us. This is not just about having regular reports, it is about building a partnership with parents so that they know what their child is learning – and what they can do to support that learning in school and at home.

At the heart of this is the way that we ensure meaningful conversations about each and every student. We have gone beyond the traditional 'parents evening' – we have three way discussions that involve the teacher, the parent and the student. This approach means that we have a conversation with the student about their learning.

We also harness technology to ensure that, on any given day, parents can easily see their child's progress. Our Learning Systems Project is a wide-ranging piece of work that has, at its heart, a simple notion: that students should be able to show their parents what they are working on and what they are learning.

The Evidencer Tool has proven to be an incredibly popular development. This allows students to upload their work to an online platform for parents. Over the course of last year over 340,000 individual pieces of evidence were put on the system using this tool. Being able to see their child's work on a daily basis allows parents to have a much deeper understanding of the curriculum and is a positive prompt for conversations about learning.

The Home Learning Tool is also a key part of the work. Again, this is about involving parents in their child's learning: this time dealing with homework. Daily updates are provided that show both the content and nature of homework – and also progress.



# MESSAGE FROM THE COMMUNICATIONS DIRECTOR

**Rob Shorthouse**

2017/18 marked a year of change for ESF's communications, marketing and advancement – not least because the new post of Director of Communications was created to lead this work.

I was proud to take up this post and to join the ESF family in May 2018. It is clear that I have joined an organization that is incredibly high performing and is made up of people who care deeply about what they do and the impact they can have on the lives of the students we are entrusted to teach.

Communications is one of the four pillars of our strategic plan. That it forms such an important part of ESF's overall objective shows just how seriously this activity is taken at all levels of the organization. On one level, you could argue that effective marketing and communications is about guaranteeing that we always have families applying to our schools. And, of course, that is the case.

However, at ESF we go beyond that. We know that by effectively communicating to current parents, we better engage them in what their child is learning, how they are learning it and what they can do to support them. This makes what we do better. It is the ESF way.

# COMMUNICATIONS, ALUMNI AND ADVANCEMENT



ESF is overflowing with good news. Each and every day, our schools are doing amazing things – for their students, their families and for the wider Hong Kong community. People want to hear about us – and the Communications Directorate is tasked with making sure that they do.

This year we continued our expansion of our proactive media strategy that has seen ESF feature on the pages of newspapers, on television and radio for all the right reasons. Our relationships with the media have never been stronger – and this is reflected in the positive coverage that we generate week in, week out.

We have also strengthened our social media presence. Working with the schools, we have seen a rapid increase in the volume of content that we make available on our various channels. This allows us to highlight, in quick time, all of the extraordinary teaching and learning that happens in our ESF schools.

However, our work extends far beyond issuing press releases or updating our various social media feeds. Working across all of our schools, we work hard to market the benefits of an ESF education to potential parents. Recruitment marketing is a vitally important function – we have to make sure that there is always a steady supply of suitable applicants for our schools. Thankfully, this is an area that we continue to succeed in.

Each year, we host information sessions, attend events and produce materials that help parents understand the many reasons why they should choose to send their child to an ESF school.

And, while we work hard to make sure we always have new students joining us, we also work to ensure that our Alumni remain connected to us when they leave. We continue to produce Alumni publications, create content for websites and social media and, working with the schools, host events for our Alumni – here in Hong Kong and around the world.

We want to stay connected to our Alumni for a whole host of reasons – first and foremost because we consider everyone who has attended one of our schools to be part of our ESF family. However, we also want to make sure that current students have access to potential mentors, that they have successful role models to aspire to – and that our schools have former students to come speak at events.

Our Alumni Network is something that we are incredibly proud of.



# MESSAGE FROM THE CHIEF FINANCIAL OFFICER

**Vivian Cheung**

Finance is often a complicated business, I should know - I've worked my entire career in it. However, thankfully, here in ESF it is pretty straightforward: make sure that we are always on a firm financial footing, so that we can continue to invest in our students.



An organisation such as ours can't afford to stand still. We need to be constantly at the vanguard of education if we are to retain and build on our position as one of the best systems in the world. Whether it is new equipment, refurbished classrooms or - as we have been working towards this year - the complete rebuild of one of our most iconic schools - we need to have the ability to raise and spend funds.

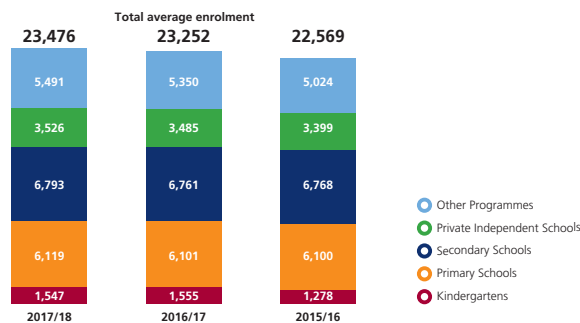
However, we also have another responsibility - and that is to the families who choose to trust us with their child's education. We have a duty to those families to provide value for money, to invest wisely and to keep costs down. To do this, we work hard to make sure that we don't waste a cent - our Best Value model of operation makes sure that we are able to keep fees down, but still constantly invest.

As we look to the future and as we start to think about what the future of education will look like, we are aware that we have to ensure that this firm financial footing remains. I have no doubt that we will be investing ever more in years to come, but our pledge is to do this - and to keep the financial burden on our parents to as low a level as we can.

ESF is a wonderful organisation to work for. We care deeply about our staff, our students and their families. We are proud of who we are - and excited about what we can do.

# FINANCE

## Average Student Enrolment



## RESULTS OF THE ENGLISH SCHOOLS FOUNDATION (ESF) AND ITS SUBSIDIARY, ESF EDUCATIONAL SERVICES LIMITED (ESL) FOR THE YEAR ENDED 31 AUGUST 2018.

(The data shown below are before any restatements because of change in accounting policy or adoption of new accounting standard, if any.)

	2017/18		2016/17		2015/16	
	\$M	% of total income	\$M	% of total income	\$M	% of total income
Operating Income						
School fees	2,015.0	78.5	1,870.7	76.4	1,727.6	75.5
Subvention	237.9	9.3	254.5	10.4	271.1	11.8
Other	217.8	8.5	228.8	9.3	209.2	9.1
	<b>2,470.7</b>	<b>96.3</b>	2,354.0	96.1	2,207.9	96.4
Non-operating Income	94.9	3.7	95.7	3.9	81.7	3.6
Total Income	<b>2,565.6</b>	<b>100.0</b>	2,449.7	100.0	2,289.6	100.0
Expenditure						
Staff cost	1,833.0	71.4	1,767.6	72.1	1,702.6	74.4
Depreciation	179.0	7.0	155.9	6.4	145.0	6.3
Repairs and maintenance	106.2	4.1	94.7	3.9	75.7	3.3
Other operating expenses	184.7	7.2	173.7	7.1	168.7	7.4
Scholarship fund and hardship allowance	48.6	1.9	44.4	1.8	39.9	1.7
	<b>2,351.5</b>	<b>91.6</b>	2,236.3	91.3	2,131.9	93.1
Surplus for the Year	214.1	8.4	213.4	8.7	157.7	6.9
Add/(less): re-measurement of net defined benefit scheme assets	8.3	0.3	11.9	0.5	(0.9)	(0.1)
Total Comprehensive Income	<b>222.4</b>	<b>8.7</b>	225.3	9.2	156.8	6.8
Analysis of Surplus:						
General	78.2		90.8		26.8	
Capital fund	94.9		95.7		81.7	
Individual schools	49.3		38.8		48.3	
	<b>222.4</b>		225.3		156.8	

## INCOME

The Group's operating income increased by 5.0% to HK\$2,470.7m (2016-17: HK\$2,354.0m) as a result of higher revenue from tuition fees, which represented 81.6% of the total operating income and increase in programme income. In 2017-18, average tuition fees increase was 6.5% for ESF schools, 6.4% for PI schools, and 5.2% for the kindergartens (except for Hillside whose fee increase was not approved), in order to cover pay rises and educational enhancements. The number of students in schools remained stable compared with 2016-17. Competition was keen with existing school operators expanding the schools, and new school operators setting up new international schools in Hong Kong. Over the last year, student turnover rate has increased especially in the secondary sector.

The subvention to ESF schools started to phase out from 2016-17 over thirteen years. Total receipts during the year were HK\$260.5m (2016-17: HK\$277.5m). This included basic grants, hardship allowance and a refund of rent and rates from the Government. The reduction in basic grants and hardship allowance was HK\$16.6m and \$0.3m, respectively.

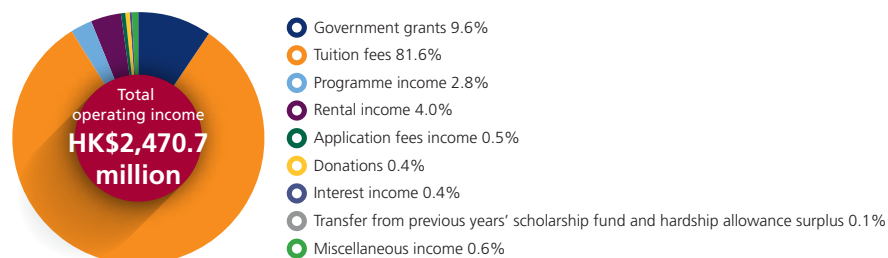
Income generated from language and sports programmes (excluding rental income) went down by 7.7% to HK\$70.3m (2016-17: HK\$76.1m) as a result of reduced income from sports and extraordinary income in 2016-17 not otherwise recorded in 2017-18.

Income from leasing of school premises decreased slightly to HK\$24.5m (2016-17: HK\$26.2m). Rental income derived from residential properties remained stable at HK\$74.6m (2016-17: HK\$74.4m).

Interest income increased by 47.9% to HK\$10.5m (2016-17: HK\$7.1m) as interest rates improved during the year and reserved fund for redevelopment was put into fixed deposits temporarily. Application fees decreased slightly to HK\$12.8m (2016-17: HK\$13.3m). Miscellaneous income was mainly derived from forfeited deposits and other income from schools.

The Group introduced various schemes to finance capital expenditure, including the Nomination Rights Schemes and non-refundable building/capital levies. This revenue is designated solely to finance capital expenditure/redevelopment projects and hence is included in the capital fund. This year, these schemes generated an income of HK\$94.9m (2016-17: HK\$95.7m).

### Total operating income by source for the year ended 31 August 2018



## EXPENDITURE

Staff expenses and facilities expenses, including depreciation on schools and offices, and repairs and maintenance, continued to be the major expenditure items, represented approximately 78% and 12% of total expenses respectively. Other operating expenses continued to be the main focus in the review on cost efficiency. Management has been cost conscious while being mindful of the needs to maintain high standard of education being delivered to our students, staff morale, high-quality recruitment and retention.

Other operating expenses consisted mainly of IT expenditure, recruitment expenses, office and general expenses, training and curriculum development expenses, utilities, teaching materials and rental expenses.

Staff expenses increased by 3.7% to HK\$1,833.0m (2016-17: HK\$1,767.6m). This is mainly due to salary adjustments for existing employees, which was in line with the labour market and inflation. It also reflected higher teaching staff salaries because of staff progression up the salary scales, and new educational enhancements introduced during the year. Harmonisation of ESL staff benefits with those of ESF staff during the year also contributed to the overall increase in staff costs.

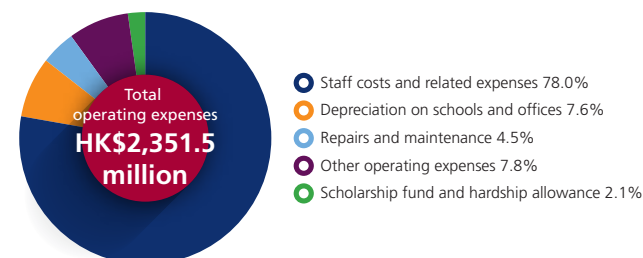
Depreciation expenses increased by 14.8% to HK\$179.0m (2016-17: HK\$155.9m) as capital expenditure of ESF and PI schools continued while decanting sites of Island School started in use in January 2018. Depreciation also commenced during the year for Renaissance College's newly completed primary annex.

The cost of repairs and maintenance increased by 12.1% to HK\$106.2m (2016-17: HK\$94.7m). These expenses included summer works, annual maintenance contracts, facility consultancy fees, periodic inspection services and reinstatement costs of leased premises.

Other operating expenses increased by 6.3% to HK\$184.7m (2016-17: HK\$173.7m), due to a provision for a legal case, higher training expenses, increase in PIS scholarship fund and hardship allowance, and other CPI increases.

Individual schools surplus represented surplus generated by the 15 ESF schools.

### Operating expenses by category for the year ended 31 August 2018

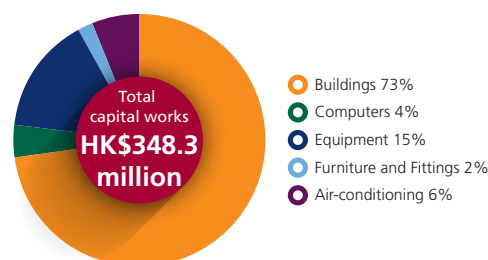


## BALANCE SHEET AND CAPITAL EXPENDITURE

### Fixed assets

The Group's balance sheet remained strong and well capitalised in 2017-18. As at 31 August 2018, total assets increased by 10.7% to HK\$3,112.3m (2016-17: HK\$2,811.8m). Fixed assets represented 64.1% of total assets, at HK\$1,993.8m (2016-17: HK\$1,841.3m). Capital expenditure increased by 43.0% to HK\$348.3m (2016-17: HK\$243.6m) with Island School decanting contributing approximately HK\$119m. In addition, Renaissance College's primary annex was completed and Island School redevelopment and Sha Tin College extension were in progress in 2017-18. Capital expenditures in different areas are shown in the chart: Capital works by category.

### Capital works by category for the year ended 31 August 2018



### Group's Balance Sheet

(the data shown below are before any restatements because of change in accounting policy or adoption of new accounting standard, if any)

	2017/18	2016/17	2015/16
	\$M	\$M	\$M
Assets employed			
Fixed assets	1,993.8	1,841.3	1,768.2
Bank deposits with original maturities over three months	718.8	649.0	453.4
Cash and cash equivalents	313.7	239.8	237.7
Other assets	86.0	81.7	78.5
	3,112.3	2,811.8	2,537.8
Less:			
Other liabilities	666.5	615.4	594.4
Refundable capital levy	165.3	198.0	216.9
Debenture	12.0	11.7	11.2
Deferred income	222.0	181.3	134.5
- Non-refundable capital/building levy			
Corporate nomination rights	41.6	22.9	23.6
Net Assets	2,004.9	1,782.5	1,557.2
Financed by			
Reserves (retained surpluses)	2,004.9	1,782.5	1,557.2

### CASH AND DEPOSITS

Total cash and deposits increased by 16.2% to HK\$1,032.5m at 31 August 2018 (31 August 2017: HK\$888.8m). Of this amount, cash held on deposit with original maturities over three months increased by 10.8% to HK\$718.8m (2016-17: HK\$649.0m). This was mainly attributable to the collection of non-refundable building/capital levy (HK\$80.2m) and nomination rights and receipts in advance (HK\$75.6m), free cash generated from surplus for the year against payments for capital expenditure during the year. With capital commitments of HK\$1,277.5m, representing mainly school extension projects and the redevelopment of Island School, capital planning and cash management continue to be an area of focus going forward.

### Non-refundable building/capital levy

As part of the capital funding strategy, ESF schools collect non-refundable capital levy which replaces the refundable capital levy. The non-refundable capital levy is applicable to new students joining ESF schools from August 2015 onwards. Parents of existing students who join Year 7 from another ESF school will be liable for the refundable capital levy if they have not paid refundable capital levy or non-refundable capital levy.

The private independent schools charge a non-refundable building levy. Renaissance College charges the levy as a one-time payment upon a student's acceptance of a school place. Discovery College collects the levy on an annual basis for all students.

### Reserves

Reserves represent the excess of assets over liabilities. They included school reserves of ESF schools of HK\$190.8m (2016-17: HK\$168.6m). These are accumulated surplus of ESF schools derived from individual school's devolved budget. Out of the total amount, HK\$64.2m (2016-17: HK\$25.7m) has been designated to finance capital activities at schools according to the approval of the school councils. A sum for future infrastructure upgrades is also reserved. School surplus planning is a continuous agenda for ESF.

As part of the continuous improvement programme, the Group's reserves were reviewed. In addition to the capital fund, building reserve was created to set aside the sum spent or reserved for the expansion, maintaining or replacing buildings. The Group transferred HK\$127.8m (2017: HK\$1,146.0m) from general reserve to building reserve, reflect the sum spent or reserved, in order to facilitate financial management and understanding of the financial position. The available fund for future expansion, maintaining or replacing buildings is HK\$384.9m (2017: HK\$290.4m).

## Group's cash flow

(the data shown below are before any restatements because of change in accounting policy or adoption of new accounting standard, if any)

	2017/18	2016/17	2015/16
	\$M	\$M	\$M
Cash Generated from Operations	352.7	323.5	244.6
Investing Activities			
Capital expenditure	(341.9)	(255.6)	(247.9)
Bank deposits with original maturities over three months	(69.8)	(195.6)	(100.5)
Government grants received	0.0	0.0	8.9
Other	10.4	6.8	5.5
	(401.3)	(444.4)	(334.0)
Financing Activities			
Refundable capital levy	(32.7)	(18.9)	(5.6)
Proceeds from issue of nomination rights	75.6	63.1	58.9
Proceeds from non-refundable capital/building levy	80.2	78.9	79.9
Proceeds from debenture	0.3	0.5	2.0
Other	(0.9)	(0.6)	(0.6)
	122.5	123.0	134.6
Increase in Cash and Cash Equivalents	73.9	2.1	45.2

In 2017-18, the Group's cash and cash equivalents increased by HK\$73.9m. Taking into consideration all fixed deposits and restricted cash, total cash and bank increased by HK\$143.8m. Cash generated from operations increased by 9.0% to HK\$352.7m during the year (2016-17: HK\$323.5m). The increase was primarily due to increase in surplus for the year. Furthermore, there was a higher capital expenditure during the year as Island School decanting and redevelopment and Sha Tin College extension were in progress. The introduction of non-refundable capital levy in ESF schools increased the cash outflow from refundable capital levy. Major capital projects financing is a continuous challenge for the Group.

The above financial analysis concentrates on one year's financial performance, with a comparison against the previous year. A five year summary on the Group's financial performance is available on page 31.

## GOVERNANCE

During the year, cashflow forecast for the Group was being reviewed regularly to ensure there is adequate capital funding for the anticipated major school redevelopment and extension projects. Investment strategy, including the property portfolio, was under discussion. Modifications and streamlining of the annual budgeting process, with a focus on the appropriate level of contingencies for the organisation, and the rationale to be adopted when setting fees for all ESF schools continue.

## OUTLOOK

We continue to monitor student enrolment closely, especially in the secondary sector. With more international school places become available in the coming years, competition is expected to intensify. Management is considering various options to increase the enrolment. The Group continues to improve its marketing effort to address the situation. Island School has moved to the two Shatin campuses during the reconstruction of the school buildings at Borrett Road. Discovery College's primary section is full while its secondary section is expected to reach capacity in 2020/21. Tung Chung Kindergarten opened in August 2016 and has yet to reach capacity. Special effort is being made to attract more students to these sites. The other kindergartens are maintaining a stable student population.

The subvention phase-out for ESF schools started in the 2016/17 academic year. All existing students except Year 1 to Year 3 will continue to benefit from the subvention until they leave or graduate from ESF schools. Tuition fee for students entering Year 1 to Year 3 of ESF schools in August 2018 is HK\$17,300 higher than students in other primary year groups in order to cover the reduction in the subvention. Management are conscious of the impact fee increases will have on parents and continues to be vigilant on cost control.

Financing major capital projects over the coming years will continue to be a key challenge. The largest is the imminent redevelopment of Island School. The school moved to the two decanting sites in Shatin District in January 2018. The refurbishment cost of the decanting sites was funded internally. The Legislative Council Finance Committee has approved a capital grant to subsidise the redevelopment project. With the introduction of the non-refundable capital levy, together with the Individual and Corporate Nomination Rights Schemes, ESF has set its medium term capital funding strategy. Bridge loans might 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\$3.3 billion as at 31 August 2018, ESF is in a strong position to borrow at a favourable interest rate to meet funding requirements of major capital projects.

The long-term maintenance of Discovery College's roof will continue to be one of the major expenditures for the school, to be funded by income from non-refundable building levy and nomination rights.

ESF Sports continues to strengthen its curriculum and solidifies quality assurance in gymnastics, swimming and football. Sports programmes experience some headwinds with regards to changing demographics in Hong Kong and a shift away from Hong Kong Island to New Territories and an increase from competition from newly established international schools. ESF Language and Learning has benefited from a complete redesign of the English programmes curriculum and the focus continues to be quality assurance and reporting on students' progress.

## Five-year Financial Summary

(the data shown below are before any restatements because of change in accounting policy or adoption of new accounting standard, if any)

	2017/18	2016/17	2015/16	2014/15	2013/14
	\$M	\$M	\$M	\$M	\$M
<b>Consolidated Profit &amp; Loss Account</b>					
Operating Income					
School fees	2,015.0	1,870.7	1,727.6	1,636.8	1,538.9
Subvention	237.9	254.5	271.1	271.1	271.1
Other	217.8	228.8	209.2	183.3	167.5
	2,470.7	2,354.0	2,207.9	2,091.2	1,977.5
Non-operating Income	94.9	95.7	81.7	77.4	64.2
Total Income	2,565.6	2,449.7	2,289.6	2,168.6	2,041.7
Expenditure					
Staff cost	1,833.0	1,767.6	1,702.6	1,613.3	1,538.4
Depreciation	179.0	155.9	145.0	128.4	109.2
Repair and maintenance	106.2	94.7	75.7	87.4	85.2
Other operating expenses	184.7	173.7	168.7	172.1	166.7
Scholarship fund and hardship allowance	48.6	44.4	39.9	37.2	33.6
	2,351.5	2,236.3	2,131.9	2,038.4	1,933.1
Surplus for the Year	214.1	213.4	157.7	130.2	108.6
Add/(less): re-measurement of net defined benefit scheme assets	8.3	11.9	(0.9)	(11.3)	9.4
Total Comprehensive Income	222.4	225.3	156.8	118.9	118.0
General	78.2	90.8	26.8	(1.3)	(5.2)
Capital fund	94.9	95.7	81.7	77.4	64.2
Individual schools	49.3	38.8	48.3	42.8	59.0
	222.4	225.3	156.8	118.9	118.0

## Five-year Financial Summary (continued)

(the data shown below are before any restatements because of change in accounting policy or adoption of new accounting standard, if any)

	2017/18	2016/17	2015/16	2014/15	2013/14
	\$M	\$M	\$M	\$M	\$M
<b>Consolidated Balance Sheet</b>					
Non-current assets	2,037.7	1,879.8	1,798.2	1,734.4	1,659.6
Current assets	1,074.6	932.0	739.6	604.1	563.9
Current liabilities	712.0	(656.8)	(611.4)	(615.5)	(668.6)
Net current assets/ (liabilities)	362.6	275.2	128.2	(11.4)	(104.7)
Total assets less current liabilities	2,400.3	2,155.0	1,926.4	1,723.0	1,554.9
Non-current liabilities	(395.4)	(372.5)	(369.2)	(322.6)	(249.9)
Net Assets	2,004.9	1,782.5	1,557.2	1,400.4	1,305.0
General reserve	286.0	236.9	1,213.2	1,041.1	1,005.4
Capital fund	254.3	231.0	183.4	214.6	160.7
Building reserve	1,273.8	1,146.0	-	-	-
School reserves	190.8	168.6	160.6	144.7	138.9
Total Reserves	2,004.9	1,782.5	1,557.2	1,400.4	1,305.0

# GOVERNANCE

## ESF BOARD OF GOVERNORS

ESF 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 and maintaining its educational standards. The Board 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).

## BOARD COMPOSITION

In 2017/18, the membership of the Board was as follows:

Independent Members	Chairman	Mr Abraham Shek, GBS JP
	Vice Chairman	Ms Pauline Ng, SBS
	Treasurer and Chairman of the Finance Committee	Mr Samuel Houston
	Chairman of the Audit Committee	Mr Alec Tong
	Chairman of the Remuneration Committee	Mr Paul Varty
		Mr Alexander Chan (until 16 Oct 2017)
		Dr York Chow (from 4 Dec 2017)
		Mr Benny Ng (from 4 Dec 2017)
		Dr P M Kam (until 16 Oct 2017)
		Mr Kumar Ramanathan, SC
		Prof Nirmala Rao
		Ms Judy Woo
School Council Chairmen		Mr Mike Hudson
		Mr Gregory Lo
		Ms Virginia Morris
Elected Parent Members		Dr Dannis Au
		Mr Francis Carroll
		Ms Shareen Hellen
		Dr Connie Liu (from 16 Oct 2017)
		Craig Sanderson (from 16 Oct 2017)
		Marcos Bertamini (from 16 Oct 2017)
Elected SEN Parent Member		Ms Dayna Lim Cheung
Committee of Parents Member		Ms Christine Meaney
Committee of Principals Member		Dr Harry Brown
Committee of Teaching Staff Members		Ms Amanda Barton
		Mr Paul Anderson
Committee of Support Staff Member		Mr Bob Priest (until 25 May 2018)
		Mr George Tibbets (from 11 Jun 2018)
Chief Executive Officer (ex officio)		Ms Belinda Greer

## MEETING ATTENDANCE

In 2017/18, the Board met six times, with an average attendance rate of 80%. Attendance records of individual members are as follows:

Abraham Shek	5/6	Dannis Au	0/6
Pauline Ng	6/6	Connie Liu	4/6
Sam Houston	6/6	Francis Carroll	4/6
P M Kam	2/2	Shareen Hellen	6/6
Alexander Chan	1/2	Craig Sanderson	6/6
Judy Woo	4/6	Marcos Bertamini	5/6
Nirmala Rao	4/6	Dayna Lim Cheung	6/6
Kumar Ramanathan	4/6	Christine Meaney	5/6
Paul Varty	3/6	Harry Brown	6/6
Alec Tong	6/6	Amanda Barton	6/6
Benny Ng	4/4	Paul Anderson	4/6
York Chow	3/4	Bob Priest	5/5
Virginia Morris	5/6	George Tibbets	1/1
Gregory Lo	5/6	Belinda Greer	6/6
Mike Hudson	3/6		

## STANDING COMMITTEES

The Board of Governors is supported by sub-committees: Audit, Finance and Remuneration, each committee advises on matters relating to ESF's business, the management of finances, staff remuneration and terms and conditions of service.

### Audit Committee

The Audit Committee met three times during the 2017/18 academic year. During the year, the committee fulfilled its responsibilities as stipulated by the English Schools Foundation (General) Regulation. The committee reviewed audit projects for schools and organizational processes, including IT audits. The committee also met with our statutory auditors, KPMG, at a joint meeting with Finance Committee to review and endorse the Foundation's financial statements.

The committee continued to have an oversight of management actions' implementation status, by reviewing issue tracking and progress reports. Results of special reviews during the year were also brought to the committee's attention.

The members of the Audit Committee in 2017/18 were:

- Alec Tong, Chairman and Independent Board Member;
- Judy Woo, Independent Board Member;
- Pauline Ng, Independent Board Member; and
- Horace Chu, Co-opted Member.

Belinda Greer, Chief Executive Officer, Vivian Cheung, Chief Financial Officer and Eva Pang, Internal Auditor attended all meetings.

### Finance Committee

The Finance Committee met six times in 2017/18 including a joint meeting with Remuneration Committee to discuss fees and pay increase for the following year, and a joint meeting with Audit Committee to review and endorse the audited accounts. In addition to fulfilling its primary responsibilities as stipulated by the English Schools Foundation (General) Regulation, the committee also reviewed a number of proposals and, where appropriate, made recommendations to the Board. The committee reviewed the performance of the property portfolio bi-annually, being the largest asset base of the Foundation. A long term investment strategy continued to be the focus of discussion during the year.

The committee continues to monitor the performance of the various elements of the long term capital funding strategy to ensure it is meeting the targets set. Effort was made to explore alternative means of financing capital projects which could bring more value to the Foundation.

The members of the Finance Committee in 2017/18 were:

- Samuel George Houston, Chairman and Treasurer;
- P M Kam, Independent Board Member (until 27 October 2017);
- Alec Tong, Independent Board Member;
- Paul Varty, Independent Board Member;
- Malcolm Keys, School Council Chairman; and
- Scarlett Mattoli, Committee Appointed Member (until 23 September 2017).

Belinda Greer, Chief Executive Officer and Vivian Cheung, Chief Financial Officer attended all meetings.

## Remuneration Committee

The Remuneration Committee met four times during the 2017/18 year, and also held a joint meeting with the Finance Committee as part of ESF's financial planning process. The main responsibilities of the Remuneration Committee are to review the salaries and benefits of ESF employees while at the same time being mindful of the financial implications of any proposed revisions. The Committee also advises on amendments to the ESF remuneration policy and employee benefits and ensures the appropriate arrangements are made for consulting employees at each stage of the process.

In addition to the annual pay adjustment for staff, the 2017/18 year discussions included the reserve set aside to increase the Education Assistant (EA) pay scale, identifying ways to reduce support staff (including EA) attrition, desk research on ESF teachers' pay position against external job applicants and the commissioned teaching staff survey through Willis Towers Watson to ensure the competitiveness of teacher's pay. The Committee also discussed the medical and dental insurance scheme renewal for 2018/19 to implement the Flexible Benefits, support staff pay, the best use of ESF resources for employment related issues and long run human capital trends (both internal and external) that could impact ESF. The Committee increasingly focused not only on tangible pay and condition issues but also intangible factors that impact ESF's employer of choice position.

The members of the Remuneration Committee in 2017/18 were:

- Paul Varty, Chairman;
- Kumar Ramanathan, Independent Board Member;
- Anne Choi, School Council Chairman; and
- Frankie Lam, Committee Appointed Member.

Belinda Greer, Chief Executive Officer and Charles Caldwell, Director of Human Resources attended all meetings.

## ADVISORY COMMITTEES

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

### Committee of School Council Chairmen

The Committee of School Council Chairmen comprises the Chairmen of all the School Councils. The Chairman in 2017/18 was Mike Hudson who represented Kowloon Junior School. Other members of the committee:

Primary Schools	
Beacon Hill School	Malcolm Keys
Bradbury School	Sasha Kalb
Clearwater Bay School	Gregory Lo
Glenealy School	Andy Lowe
Kennedy School	Martin Franks
Kowloon Junior School	Mike Hudson
Peak School	Duncan Pescod
Quarry Bay School	Jan Blaauw
Sha Tin Junior School	Annie Ho
Secondary Schools	
Island School	Robert Gibson
King George V School	Neville Shroff
Sha Tin College	Vincent Ng
South Island School	Nick Phillips
West Island School	Tim Storey
Special School	
Jockey Club Sarah Roe School	Virginia Morris
All-through Schools	
Discovery College	Simon Wong
Renaissance College	Anne Choi
ESF	
Chief Executive Officer	Belinda Greer

## Committee of Principals

The Committee of Principals comprises the principals of all ESF schools, private independent schools and the five kindergartens; the Chief Executive Officer and the school development advisers for secondary and primary. The Chairman in 2017/18 was Harry Brown, Principal of Renaissance College. Other members of the committee during 2017/18:

Primary Schools	
Beacon Hill School	James Harrison
Bradbury School	Sandra Webster
Clearwater Bay School	Chris Hamilton
Kennedy School	John Brewster
Kowloon Junior School	Neill O'Reilly
Peak School	Bill Garnett
Quarry Bay School	Mina Dunstan
Sha Tin Junior School	Perry Tunesi
Secondary Schools	
Island School	Stephen Loggie
King George V School	Mark Blackshaw
Sha Tin College	Carol Larkin
South Island School	Annette Chapman
West Island School	Chris Sammons
Special School	
Jockey Club Sarah Roe School	Karin Welselaar
All-through Schools	
Discovery College	Mark Beach
Renaissance College	Harry Brown
ESF International Kindergartens	
Abacus	Frances Hurley
Hillside	Chris Duncan
Tsing Yi	Vicky Bewsey
Tung Chung	Sandra Hite
Wu Kai Sha	Chris Coyle
ESF	
Chief Executive Officer	Belinda Greer
Director of Education	David Whalley

## 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. The Chairman in 2017/18 was Christine Meaney, representative of the Glenealy School Parent Teacher Association. Other members include:

Primary Schools	
Beacon Hill School	Shareen Hellen, Susan Ho
Bradbury School	Julia Dunn, Catherine Hufton
Clearwater Bay School	Tara Delaney, Josefine Mosse
Glenealy School	Christine Meaney, Sam Guthrie
Kennedy School	Nicola Apostolis Schorr, Aparna Kanda
Kowloon Junior School	Simon Herd, Saloni Melwani
Peak School	Robert Ramsay, Ildiko Fecser
Quarry Bay School	Nicola Perkins, Rory Macfarlane
Sha Tin Junior School	Patrick So, Warren Linger
Secondary Schools	
Island School	Alefiyah Ebrahim
King George V School	Kim Gan, Madeleine Lok
Sha Tin College	Valerie Pritchard, Stephanie Choy
South Island School	Karla Fung, Janet Walker
West Island School	Karen Johnston, Mike Botelho
All-through Schools	
Discovery College	Nick Wade, Sapna Harris
Renaissance College	Mehul Tanna, Yvonne Tse
Special School	
Jockey Club Sarah Roe School	Sandra Lee, David Dickhudt
Parent Members of the Board	
	Dannis Au, Francis Carroll, Shareen Hellen, Connie Liu, Craig Sanderson, Marcos Bertamini, Dayna Lim Cheung
ESF	
Chief Executive Officer	Belinda Greer
Director of Education	David Whalley

## Committee of Teachers

The Committee of Teaching Staff comprises elected representatives from each school and the school development advisers for secondary and primary. The Chairman in 2017/18 was Sean Wray, teacher of King George V School. Other members of the committee:

Primary Schools	
Beacon Hill School	Charlotte Fennelly
Bradbury School	Toby Daniel
Clearwater Bay School	Emma Watkins
Glenealy School	Sharon Matthews
Kennedy School	Claire Robinson
Kowloon Junior School	Paul Anderson
Peak School	Felix Auld
Quarry Bay School	Mina Dunstan, Alfreda Tolliday-Wright
Sha Tin Junior School	Paul Campbell
Secondary Schools	
Island School	Pete Sims, Melanie Newby
King George V School	Amanda Barton, Sean Wray
Sha Tin College	Tony Webster, Paul Clarke
South Island School	Nat Webster, Sally Stanton
West Island School	Emily Clarke, Sam Kitson
All-through Schools	
Discovery College	Jason Boon, Kevin McDavid
Renaissance College	Aisling Fahy
Special School	
Jockey Club Sarah Roe School	Sandra Gee
ESF International Kindergartens	
Abacus	Olivia Kotyck
Hillside	Rebecca Smith
Tsing Yi	Viki Radford
Tung Chung	Sarah Green
Wu Kai Sha	Helen Brighton
ESF	
Chief Executive Officer	Belinda Greer
Director of Education	David Whalley
School Development Advisers (Primary)	Derek Pinchbeck
School Development Adviser (Secondary)	Kirsty de Wilde
School Development Adviser (Post-16)	Stewart Redden

## Committee of Support Staff

The Committee of Support Staff comprises elected representatives from each school and the Human Resources Director. In 2017/18, Bob Priest from Discovery College (DC) was the chairman until March 2018 and was succeeded by George Tibbetts, also from DC. Members of the committee of Support Staff:

Primary Schools	
Beacon Hill School	Gabriel Wu
Bradbury School	Bertina Yuen
Clearwater Bay School	Samantha Li
Glenealy School	Nicole McMahon, Rekha Mahbubani
Kennedy School	Susan Mifsud
Kowloon Junior School	May Lai
Peak School	Lisa Frith
Quarry Bay School	Naomi De Alwis
Sha Tin Junior School	Minnie Ling, Monica Chan
Secondary Schools	
Island School	Jacqueline Archer, Kiera Sims
King George V School	Tracy Li
Sha Tin College	Sandy Grey
South Island School	Brondy Poon
West Island School	Margaret Lau, April Czolak, Pok Cheung
Special School	
Jockey Club Sarah Roe School	Laurena Chen
All-through Schools	
Discovery College	Bob Priest, George Tibbetts, Clement Tam, Dorothy Ng
Renaissance College	Katherine Evans, Nonhlanhla Williams, Deng Yanyi
ESF International Kindergartens	
Hillside	Faith Baguisa
Wu Kai Sha	Gloria So
ESF	
Chief Executive Officer	Belinda Greer
Human Resources Director	Charles Caldwell

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