



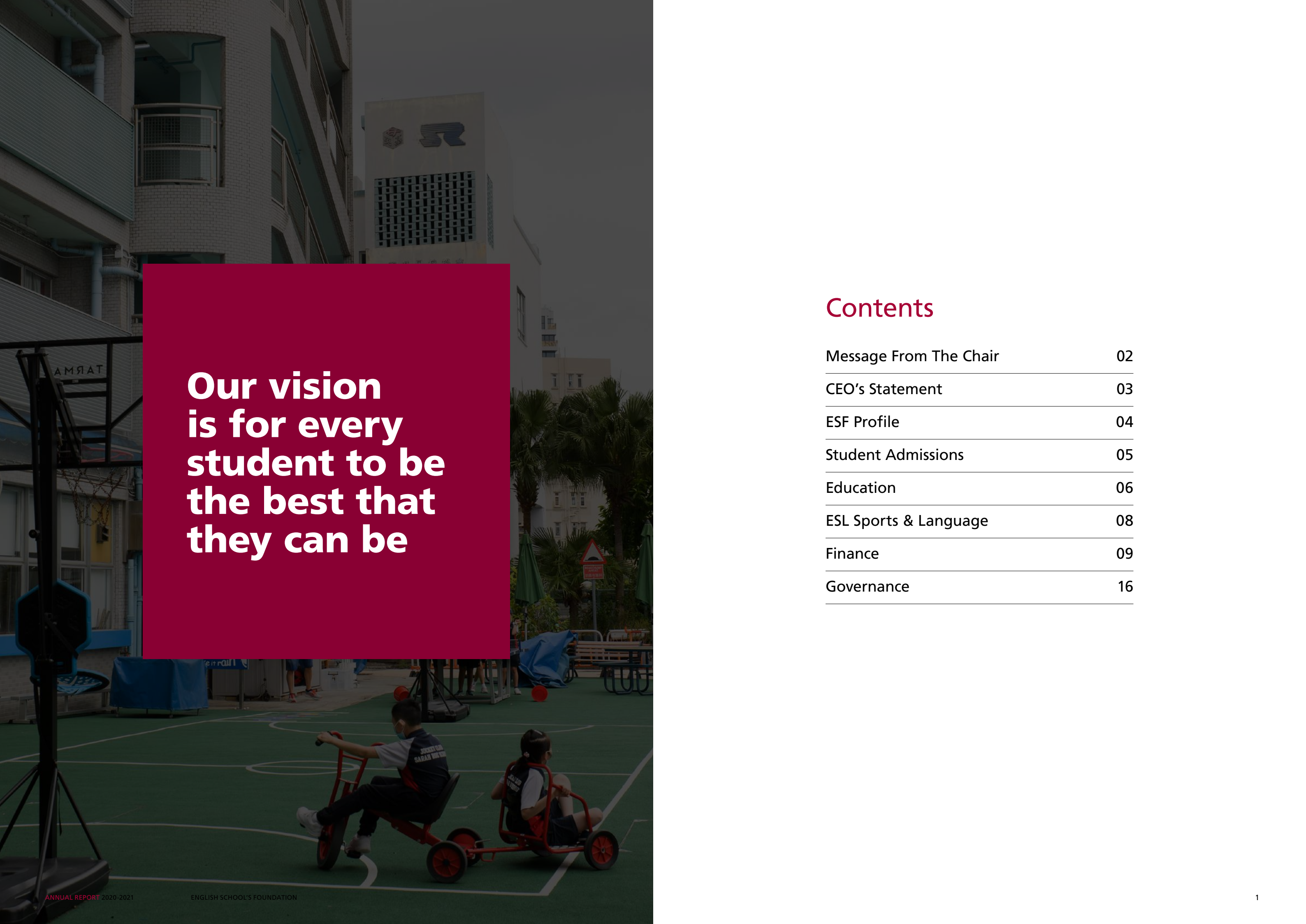
ENGLISH SCHOOLS
FOUNDATION
英基學校協會

INSPIRING FUTURES



ANNUAL REPORT

2020-2021



**Our vision
is for every
student to be
the best that
they can be**

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Message From The Chair

Firstly, I would like to acknowledge and sincerely thank the Hon Abraham Shek, the outgoing Chair of the ESF Board of Governors. Abraham's dedication and hard work in supporting and guiding ESF over the past six years has been exemplary, and I humbly hope to be able to fulfil my responsibilities as well as my predecessor.

This year has seen ESF rise to meet the significant challenges we have all faced in Hong Kong, and I would like to commend staff, students and their families for the hard work and dedication they have shown in ensuring the best possible outcomes for our students.

In the face of these challenges, the ESF Board has continued to show concrete support for members of our community in a variety of ways, not least by freezing school fees for a second year.

We have continued to offer financial assistance to those families who need it. This year, our Financial Assistance Scheme was accessed by 245 students, an increase from 222 students last year, and we continued to offer relief grants to all ESF parents.

Ensuring the future financial health of the organisation was a key priority this year, and this will continue to be an important area of focus.

ESF is an integral part of Hong Kong, and I very much look forward to doing my utmost to ensure that the organisation remains as impactful as possible.

Dr. Kim Mak
Chairman



CEO's Statement

This year was, I think it is safe to say, the most challenging period in the lives of many of our students, teachers, support staff and ESF families. Certainly, I cannot recall in my career a time when educators and learners have faced such an array of issues simultaneously.

The situation in Hong Kong was such that everyone working with ESF, both teaching and support staff, had to demonstrate incredible agility and resilience, and that we did!

During these truly unprecedented times, ESF has continued to offer a world-class education – adapted to a blend of online and in-person learning – and our academic results speak for themselves. In 2021, an incredible 64 ESF students achieved the highest possible grade of 45 points in their International Baccalaureate Diploma Programme (IBDP), with higher numbers than ever attaining places in globally prestigious universities and colleges.

Outside of the well-established and highly successful IBDP programme, we have continued to expand our offering to students who can benefit from specialised learning journeys, increasing the ways we can help students thrive as they move into in a fast-changing global environment.

With extended periods of online learning, all of our staff, from kindergarten to secondary colleagues, performed amazingly to make sure that we were able to meet our students' needs, from where they are, in terms of their holistic development, and provide the support and care that they deserve.

While in-person learning was and always will be the optimal way of supporting students, the online offerings from staff have been constantly improving and evolving to the point I am comfortable asserting that our online learning experiences, like our in-person teaching, is world-class.

Throughout the year, we were guided by three key principles that have served us well; to ensure the safety of our students and staff, to ensure the continuity of learning for all of our students and to act coherently and consistently across all of our 22 schools.

Ensuring an environment where all of our students are safe, kind, happy, learning and engaged has never been more important, and as part of that, wellbeing was embedded at the centre of what we have achieved this year. Looking forward, we will build further on this important area of work. At the school-level, staff have implemented an impressive array of activities and services to support students, and across the ESF system, we have invested heavily in staff support.

Our Diversity, Equity and Inclusion (DEI) initiatives have really taken shape throughout the year, reinforcing ESF's core values and ensuring that all members of the ESF family feel welcomed and safe in the organisation. We have made a firm and public commitment to DEI, and we know that we are on a journey that will continue for many years to come in this area.

As ever, the partnership of schools and families has been an absolutely key factor in maintaining and growing the high standards and achievements we have shared. I feel that the adversities we have all faced in this last year have increased our connectedness, and this will continue to grow.



Belinda Greer
Chief Executive Officer

ESF Profile

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

Kindergartens
ESF Abacus International Kindergarten
ESF Hillside International Kindergarten
ESF Tsing Yi International Kindergarten
ESF Tung Chung International Kindergarten
ESF Wu Kai Sha International Kindergarten
Primary Schools
ESF Beacon Hill School
ESF Bradbury School
ESF Clearwater Bay School
ESF Glenealy School
ESF Kennedy School
ESF Kowloon Junior School
ESF Peak School
ESF Quarry Bay School
ESF Sha Tin Junior School
Secondary Schools
ESF Island School
ESF King George V School
ESF Sha Tin College
ESF South Island School
ESF West Island School
Private Independent Schools
ESF Discovery College
ESF Renaissance College
Special School
ESF Jockey Club Sarah Roe School

ESF serves 18,074 students who represent a range of ethnicities and over 78 nationalities



First Language of Students

English is the first language of a significant majority of students (76.2%) in ESF schools while native Cantonese speakers account for 13.9%.

Other East Asian speakers account for 2.1% and other Chinese 5.1%.

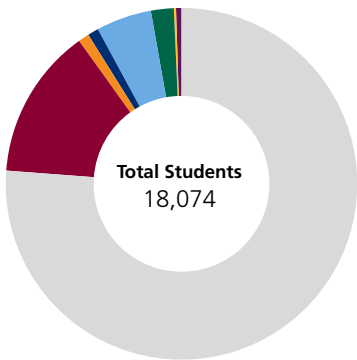
Nationality of Students

Over 78 nationalities were represented in our schools in 2020/21. Approximately one quarter (14.6%) of students held a British passport, 40.5% held a Hong Kong or Chinese passport and a further 7.9% held a passport from another East Asian country.

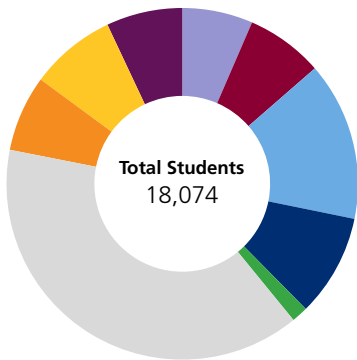
Of the 12,988 students in zoned ESF schools, 10,733 (82.6%) were permanent residents of Hong Kong. Of the 3,493 students in the PI Schools, 2,880 (82.7%) were permanent residents of Hong Kong.

Ethnicity of Students

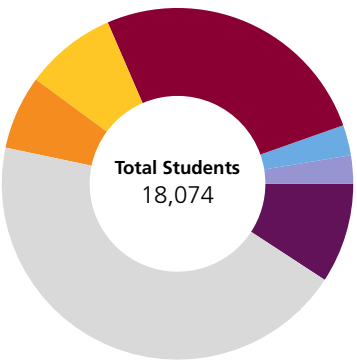
The largest ethnic group in ESF schools was Chinese (44.1%) followed by Caucasian (9.2%), Indian (8.4%) and Eurasian (6.8%). There are 26.1% who did not reveal their ethnicity. .



English 76.2%
Cantonese 13.9%
European 1.0%
Indian Sub-continent 1.0%
Other Chinese 5.1%
Other East Asian 2.1%
Others 0.2%
Not Revealed 0.5%



American 6.5%
Australian 7.1%
British 14.6%
Canadian 9.4%
Chinese 1.5%
Hong Kong 39.0%
Indian 7.0%
Other East Asian 7.9%
Others 7.0%



Caucasian 9.2%
Chinese 44.1%
Eurasian 6.8%
Indian 8.4%
Not Revealed 26.1%
Other East Asian 2.8%
Others 2.6%

A student wearing a face mask and safety goggles, working on a project in a workshop.

Student Admissions

The key strategic objectives of Admissions are: to sustain high enrolment; to support the development of the Nomination Rights Scheme; and to ensure a consistent approach to the administration of the admissions process.

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

Application Numbers

During the central application period in September 2020, 2,431 online applications were received for Year 1 and Year 7 at ESF schools, Discovery College and Renaissance College. A further 1,904 applications were submitted during the rest of the academic year.

During the central application period for the kindergartens in September 2020, 1,849 applications were received for K1. A further 292 applications were submitted during the academic year. Including those starting in K1, Year 1 and Year 7, 3,644 students were admitted during the 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.

Kindergarten Debentures

The Kindergarten Debenture scheme was launched in September 2019, which provided a fast track entry by gaining a priority for K1 interview. A total quota of 150 are available across the five ESF Kindergartens each year.

EDUCATION



Student Support Services / Learning Diversity

As an inclusive educational organisation, we are proud of the breadth and diversity of our students and in support of our work with our students across our school network, we re-branded our ESFC Special Educational Needs team to Student Support Services in 2020/2021.

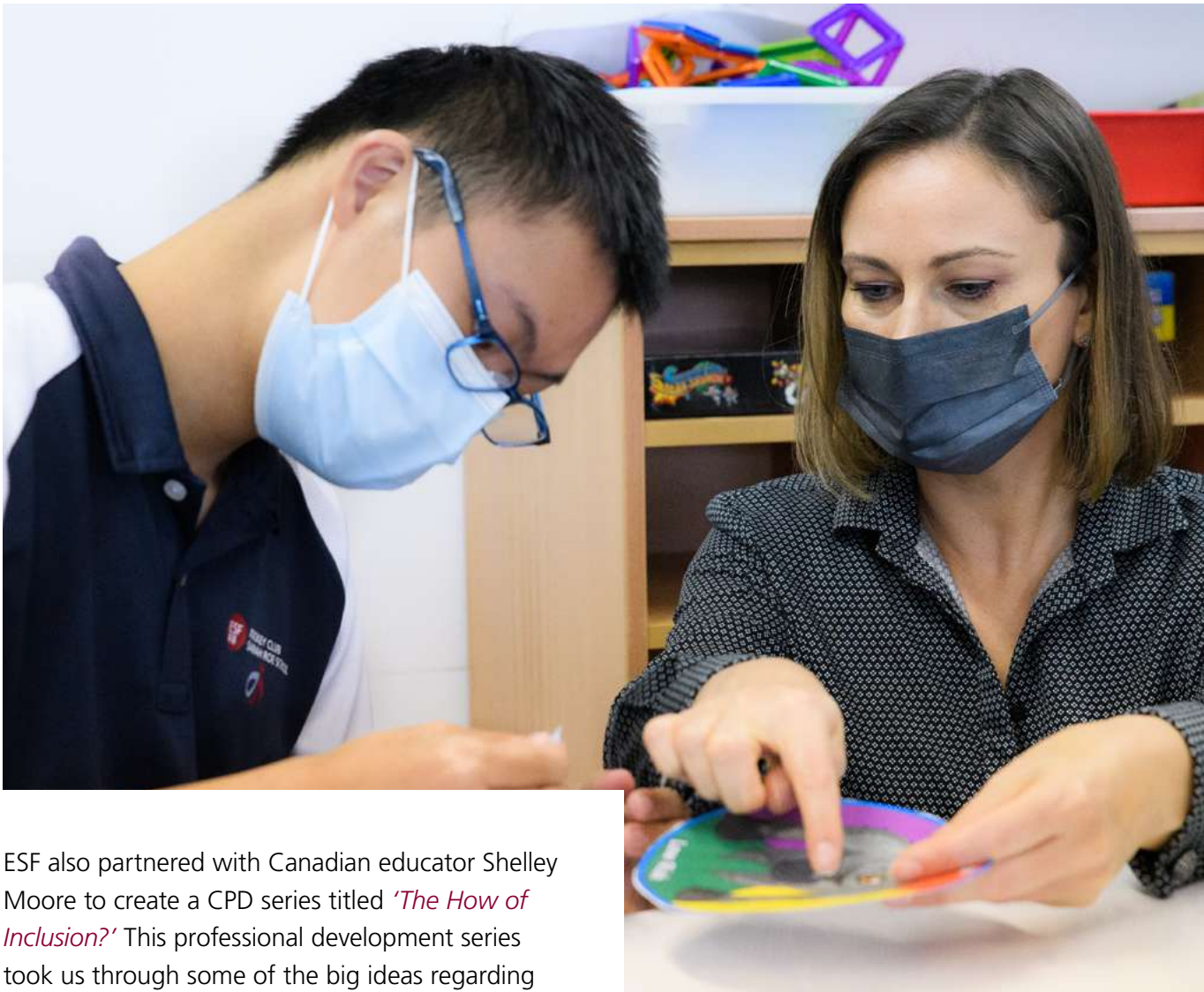
We also restructured The Learning Diversity Network, made up of specialist teachers across all ESF schools, to encourage greater collaboration and collegiality in driving improvement in the area of student support.



The group formed a number of collaborative working groups to identify key priority areas within support for learning. One prominent group was the Inclusive Language working group, which gathered information and views regarding inclusive language and terminology, to ensure that ESF is inclusive and respectful of the diversity that exists within our student population. As a result of the consultation and research process, ESF drew up the Inclusive Language Agreements which reflected the following common emerging themes:

- 01 Our language should be strengths-based and positive.
- 02 Our language should be ‘person-first.’
- 03 Our language should acknowledge that ESF is a population of diverse learners requiring a range of student support services.

The agreements affirm ESF’s DEI (Diversity, Equity and Inclusion) commitment and that our language enables everyone to be valued, respected and included



ESF also partnered with Canadian educator Shelley Moore to create a CPD series titled ‘*The How of Inclusion?*’ This professional development series took us through some of the big ideas regarding inclusion and how our understanding of inclusion has evolved over time. Teachers explored strategies for getting to know students from a strengths-based perspective, building a classroom plan that responds to the specific strengths and needs of an inclusive community, and inclusive curricular designing to meet the needs of their diverse learners.

A series of parent webinars took place in December and January 2020/21, aimed at supporting our parent community to feel empowered in supporting their children’s wellbeing. The three topics explored were:

- 01 Connection and wellbeing in the home environment
- 02 Increasing resilience
- 03 Helping your child to thrive at school

The webinars proved very popular, with over 300 parents in some sessions, and were very well received and positively evaluated.

Life at ESF doesn't stop when the final school bell rings. Extra-curricular activities are very much part of our mission to inspire futures, and every school within the foundation plays an important role in offering incredible learning opportunities outside of the classroom. To ensure that we continue to meet the needs of families throughout Hong Kong, ESF Sports and Language provides even more opportunities for children to discover hidden talents, challenge themselves, and learn new skills.

Founded in 1994, ESF Sports and Language has been an integral part of the English Schools Foundation for decades. While initially founded with the intention of providing additional sporting and language learning opportunities for students, ESF Sports and Language now goes well beyond that. While the 2020-2021 academic year brought its share of challenges, it also created many opportunities for ESF Sports and Language to find new ways to engage with students. From

developing entirely new online curriculums for existing courses, to adding new activities like coding and STEM education, photography, outdoor education, and more; ESF Sports and Language has grown into the most comprehensive extra-curricular provider in Hong Kong. We have been fortunate to provide all of these incredible learning opportunities with the support of our excellent ESF schools and their amazing facilities.

2020 / 2021 Highlights



• Summer Camps

We had a record breaking summer camp in 2021, welcoming nearly twice as many students as we ever had in the past. Over 4,700 individual students participated in over 9,000 programmes. These students were from all over Hong Kong and represented over 700 schools. One of the highlights for us was that 180 ESF faculty and staff participated as teachers and coaches during summer 2021 - another record!

• Arts

Art in all its forms is so important to us at ESF Sports and Language and over the past year, we have introduced new courses in contemporary art, musical theatre, drama, photography, dance and more.

• Secondary students

Another expansion area during 2020-21 was in our course offerings for secondary students. Particularly popular new courses included debating, sports journalism, podcasting and current events..

• Outdoor Education

A new partnership formed in 2020-21 between Dragonfly Learning and ESF Sports and Language through which we were able to offer highly engaging experiential education courses in beautiful locations throughout Hong Kong. From kayaking and rock climbing, to leadership skills and teamwork; students were challenged during multi-day camps. These camps proved incredibly popular, filling up almost immediately both during our spring and summer camps.

• Leadership Programmes

A long-standing programme integral to the operation of ESF Sports and Language is our Sports Assistant (SA) Programme. The SA programme gives students interested in coaching an opportunity to learn first-hand from our qualified coaches starting in year 12. Students participate in a rigorous training programme both in the classroom and in practice with our younger athletes. Those that pass through the SA programme are given the opportunity to become qualified coaches in their chosen sport and can begin coaching part-time with us. The programme is a fantastic opportunity for students to gain leadership skills, and some of the best coaches within ESF Sports and Language are graduates of the programme.

• Marketing Assistant Programme

A new programme inspired by the SA programme, students from all seven ESF secondary schools were invited to apply for our Marketing Assistant programme. The finalists were able to join our marketing team in taking photographs of student activities, preparing social media posts, editing videos, and updating our website. This was a great opportunity for students interested in media and marketing, the Marketing Assistant programme should continue to grow for years to come.

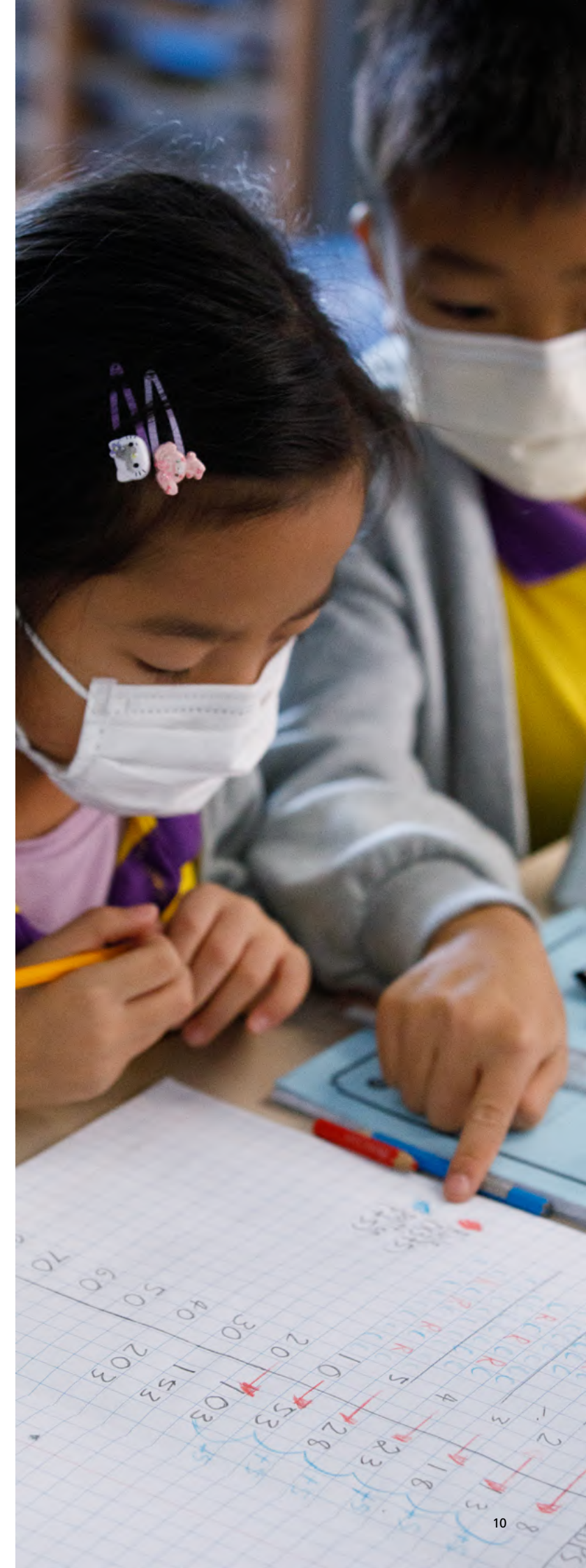
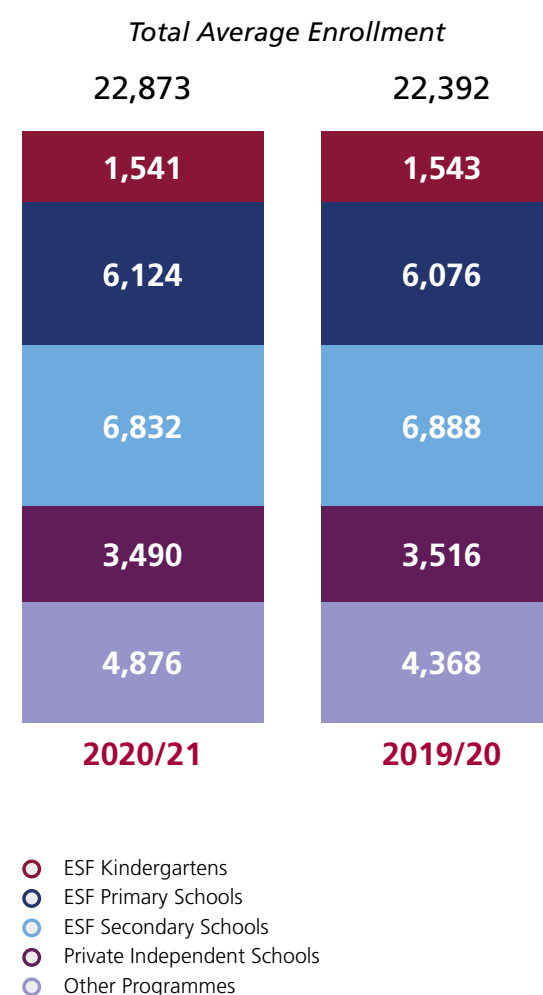
FINANCE



Results of the English Schools Foundation (ESF) and its subsidiaries, ESF Educational Services Limited (ESL) and ESF Investments Limited (ESFI) for the year ended 31 August 2021.

	2020/2021		2019/2020	
	\$M	% of total income	\$M (restated)	% of total income
Operating Income				
School Fees	2,138.9	75.1	2,166.7	81.0
Subvention	190.9	6.7	207.0	7.7
Other	222.1	7.8	200.3	7.5
	2,551.9	89.6	2,574.0	96.2
Gain on disposal of investment properties	172.2	6.0	-	-
Non-operating income	78.8	2.9	77.4	3.0
Total Income	2,848.7	100.0	2,676.6	100.0
Expenditure				
Staff Cost	1,937.2	68.0	1,912.6	71.5
Depreciation	244.5	8.6	234.5	8.8
Repairs and maintenance	94.6	3.3	122.0	4.6
Other operating expenses	156.3	5.5	167.1	6.2
Scholarship fund and hardship allowance	55.7	2.0	86.4	3.2
	2,448.8	87.4	2,522.6	94.3
Surplus before income tax	360.4	12.6	154.0	5.7
Less: income tax	(26.1)	(0.9)	-	-
Surplus for the Year	334.3	11.7	154.0	5.7
Add: re-measurement of net defined benefit scheme assets	13.6	0.5	7.7	0.3
Total Comprehensive Income	347.9	12.2	161.7	6.0
Analysis of Surplus				
General	209.6		20.9	
Capital Fund	124.6		102.6	
Individual Schools	13.7		38.2	
	237.4		218.0	

Average Student Enrollment



Income

The Group’s operating income decreased by 0.9% to HK\$2,551.9m (2019-20: HK\$2,574.0m) as most of the income decreased (e.g.: tuition fees, which represented 83.8% of the total operating income, government subvention, rental income and interest income, etc) offsetting with the better programme fee of ESF Sports and Language section and investment income from ESFI, the investment arm of ESF. In 2020-21, tuition fees were frozen because of the COVID-19. The student enrolment was stable compared with 2019-20 except for higher enrolment for ESF Sports and Language section. Competition continued to be keen under the current COVID-19 situation.

The subvention to ESF schools started to phase out from 2016-17 over 13 years. Total receipts during the year were HK\$279.8m (2019-20: HK\$301.8m). This included basic grants, subsidies under the Employment Support Scheme, hardship allowance and a refund of rent and rates from the Government. The reduction in basic grants and hardship allowance was HK\$16.1m and HK\$0.3m, respectively.

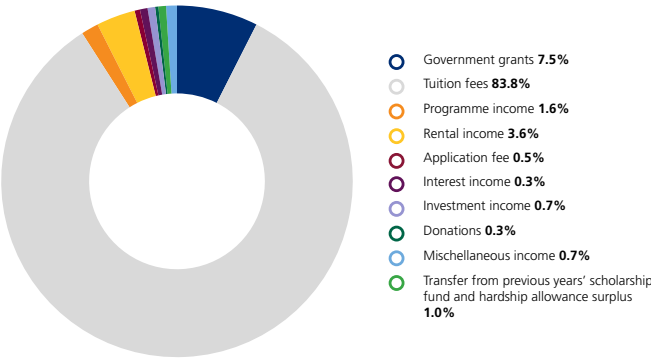
Income generated from the language and sports programmes (excluding rental income) went up by 67.6% to HK\$48.6m (2019-20: HK\$29.0m) as activity levels were significantly higher in Term 3 and in the summer when social restrictions eased compared to the same periods the year before.

Income from leasing of school premises decreased significantly to HK\$8.1m (2019-20: HK\$11.4m) as the impact of COVID-19 continued. Rental income derived from residential properties decreased slightly to HK\$83.0m (2019-20: HK\$84.4m) due to lower occupancy rates and reduced rent at renewal.

Interest income decreased by 73.3% to HK\$8.5m (2019-20: HK\$31.8m) because of two factors, e.g.: interest rates dropped significantly during the year, and reduction in cash balance from payments for Island School redevelopment (HK\$183.5m) and capital injection into ESFI (HK\$300.0m). In return, ESFI generated HK\$19.0m investment income and donated HK\$7.3m to ESF. Application fees remained stable at HK\$13.1m (2019-20: HK\$12.5m). The remaining balance of other income was mainly forfeited deposits, transfer from previous years’ scholarship fund and hardship allowance surplus and other income from schools.

As part of the long term capital funding strategy, the Group introduced various schemes including the Nomination Rights Schemes and non-refundable building/capital levies. This revenue was designated to finance capital expenditure/redevelopment projects and hence was included in the capital fund. This year, these schemes generated an income of HK\$124.6m (2019-20: HK\$102.6m). The significant increase was due to higher student turnover in 2020-21.

Total operating income by source for the year ended 31 August 2021



Total operating income:
HK\$2,551.9 million



Expenditure

Staff expenses and facilities expenses, including depreciation on schools and offices, repairs and maintenance, continued to be the major expenditure items, representing approximately 91% of total expenses. Management has adopted the Best Value model over the years while being mindful of the importance to maintain the high standard of education delivered to our students, staff morale, recruitment and retention needs.

Staff expenses increased by 1.3% to HK\$1,937.2m (2019-20: HK\$1,912.6m). This is mainly due to an increase in accommodation, i.e.:staff quarter expenses and medical expenses while the pay was frozen together with the tuition fee.

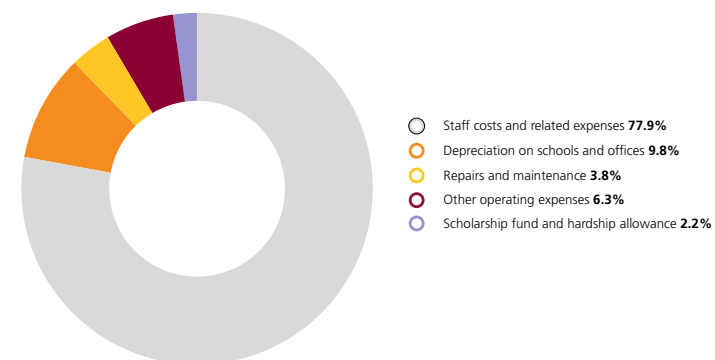
Depreciation expenses increased by 4.3% to HK\$244.5m (2019-20: HK\$234.5m) mainly as a result of the new HKFRS 16 Leases. Under HKFRS 16, all major leases are capitalized and increased depreciation by HK\$20.1m when compared with 2019-20. In addition, capital expenditure at ESF and Private Independent schools continued.

The cost of repairs and maintenance decreased by 22.5% to HK\$94.6m (2019-20: HK\$122.0m), mainly due to delays during COVID-19. These expenses included summer works, annual maintenance contracts, facility consultancy fees, periodic inspection services and reinstatement costs of leased premises.

Other operating expenses consisted mainly of IT expenditure, general insurance, legal and professional fees, recruitment expenses, office and general expenses, training and curriculum development expenses, utilities, teaching materials and rental expenses. The total decreased by 6.5% to HK\$156.3m (2019-20: HK\$167.1m), mainly due to write back of impairment loss as a better recovery of fees and other receivables in 2020-21.

Individual schools surplus of HK\$13.7m represented surplus generated by the 15 ESF schools.

Operating expenses by category for the year ended 31 August 2021



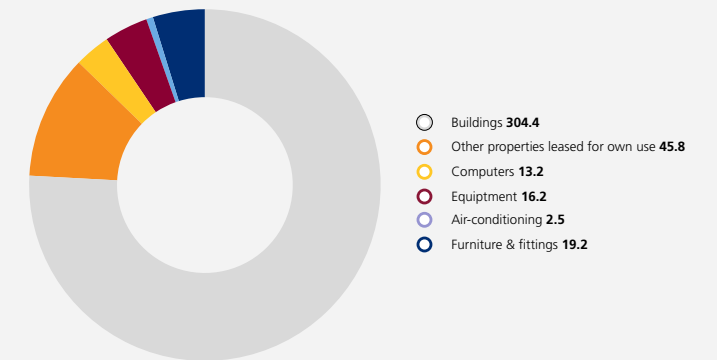
Total operating expenses:
HK\$2,488.3 million

Balance sheet and capital expenditure

Fixed Assets

The Group's balance sheet remained strong and well capitalised in 2020-21. As at 31 August 2021, total assets increased by 12.8% to HK\$4,207.2m (2019-20: HK\$3,729.8m). Fixed assets represented 50.5% of total assets, at HK\$2,123.0m (2019-20: HK\$1,974.6m). Capital expenditure increased by 57.5% to HK\$401.3m (2019-20: HK\$254.8m) as a result of payments for Island School redevelopment and capitalization of major leases under HKFRS 16. Capital expenditures in different areas are shown in the chart: Capital works by category.

Capital works by category for the year ended 31 August 2019



Total capital works:
HK\$401.3 million

Group's Balance Sheet

	2020/2021	2019/2020
	\$M	\$M (restated)
Assets Employed		
Fixed Assets	2,123.0	1,974.6
Financial assets at fair value through profit or loss	443.4	-
Bank depositss with original maturities over three months	995.2	869.3
Cash and cash equivalents	503.0	736.1
Other assets	142.6	149.8
	4,207.2	2,574.0
Less		
Other liabilities	834.0	715.7
Refundable capital levy	80.1	108.1
Debenture	105.7	63.9
Deferred income	308.3	280.4
- Non-refundable capital/building levy		
- Individual nomination rights	212.3	241.0
- Corporate nomination rights	36.3	38.1
Net Assets	2,630.5	2,282.6
Financed by		
Reserves (retained surpluses)	2,630.5	2,282.6

Cash and deposits

Total cash and deposits decreased by 6.7% to HK\$1,498.2m at 31 August 2021 (31 August 2020: HK\$1,605.4m). Of this amount, cash held on deposit with original maturities over three months increased by 14.5% to HK\$995.2m (2019-20: HK\$869.3m). This was mainly attributable to the net effect of payments for capital expenditure, capital injection of HK\$300m to ESFI, the collection of non-refundable building/capital levy and debenture (HK\$94.8m and HK\$41.8m, respectively), nomination rights and receipts in advance (HK\$26.8m), and free cash generated from surplus for the year. With capital commitments of HK\$1,004.1m, representing mainly school extension projects, and the redevelopment of Island School, capital planning and cash management continue to be the priorities going forward.

Non-refundable building/capital levy

As part of the capital funding strategy, ESF schools collect non-refundable capital levy which has replaced refundable capital levy since 2015. 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 the refundable capital levy or the 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.

Investments/Financial Assets

The Group continues to find alternate solutions to generate additional income for financing initiatives that will enhance the learning experience of our students. The ESF Endowment was established, which includes the residential portfolio held by ESF and the investments held in ESFI. During the year, ESF transferred HK\$300m surplus cash and HK\$173m sale proceeds from the disposal of investment properties to ESFI for investment. Asset performance monitoring and strategic asset allocation continue to be a focus of the Finance Committee.

Reserves

Reserves represent the excess of assets over liabilities. They included school reserves of ESF schools of HK\$221.0m (2019-20: HK\$231.9m). These are accumulated surpluses of ESF schools derived from individual schools’ devolved budgets. Out of the total amount, HK\$47.9m (2019-20: HK\$61.6m) has been designated to finance approved capital activities at schools. ESF schools also reserve a certain sum for major upgrades at schools. School management together with their respective School Councils actively engaged in surplus planning every year.

In addition to the capital fund that was built up by the capital fund surplus, building reserve was delineated to set aside the sum spent or reserved for the expansion, maintaining and replacing buildings. The Group transferred HK\$178.5m (2020: HK\$80.4m from general reserve to building reserve) from building reserve to general reserve, reflecting the sum spent or reserved. The available fund for future expansion, maintaining or replacing buildings was HK\$573.5 million.

During the year, the Group transferred HK\$473m to ESFI for investment. The amount was recorded under the investment fund for transparency.

Group’s Cash Flow

	2020/2021	2019/2020
	\$M	\$M
Cash Generated	319.1	292.1
Investing Activities		
Capital expenditure	(307.7)	(202.3)
Proceeds from sales of investment properties	173.0	-
Bank depositss with original maturities over three months	(125.9)	73
Government grants received	31.9	-
Financial assets related payments	(462.0)	-
Proceeds from sales of financial assets	23.3	-
Other	7.5	31.6
	(659.9)	(97.7)
Financing Activities		
Refundable capital levy	(28.0)	(28.0)
Proceeds from issue of nomination rights	26.8	43.6
Proceeds from non-refundable capital/building levy	94.8	81.2
Proceeds from debenture	41.8	51.3
Lease rentals related payments	(27.7)	(23.3)
	107.7	124.8
(Decrease)/Increase in Cash and Cash Equivalents	(233.1)	319.2

In 2020-21, the Group’s cash and cash equivalents decreased by HK\$233.1m. Excluding reallocations to/from fixed deposits and restricted cash, total cash and bank decreased by HK\$106.2m. Cash generated from operations increased by 9.2% to HK\$319.1m during the year (2019-20: HK\$292.1m). The increase was primarily due to an increase in surplus for the year. The increase in capital expenditure was mainly due to payments for Island School redevelopment. The above financial analysis concentrates on one year’s financial performance, with a comparison against the previous year. A five year summary of the Group’s financial performance is available on P.15.

Governance

During the year, medium term cash flow projection for the Group was reviewed regularly to ensure there was adequate capital funding for the anticipated major school redevelopment and extension projects. Investment strategy, including the strategy on the residential 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, together with the rationale to be adopted when setting fees for all ESF schools continued.

Outlook

Student enrolment continues to be an area of focus for ESF schools, especially in the secondary sector. With the impact from COVID over the last two years, leading to the changing demographic and economic environment, competition for student enrolment will intensify even further. Management will continue to put effort into maintaining the enrolment at full capacity going forward. Furthermore, the Group continues to modernize the marketing effort to address the situation.

New pre-nursery classes for 2-year-olds will be introduced at Tung Chung Kindergarten in 2022-23 as a complement to the Group's overall K-13 strategy.

With the introduction of the non-refundable capital levy, together with the Individual and Corporate Nomination Rights Schemes, ESF has successfully set its medium term capital funding strategy. The largest capital project is the current redevelopment of Island School. The Legislative Council Finance Committee has approved a capital grant to subsidise the redevelopment project. The rest of the funding for the project will be sourced internally through the capital income. In view of the stable income stream of ESF and the independent valuation of its residential property portfolio at approximately HK\$3.0 billion as at 31 August 2021, ESF is in a position to borrow at a favourable interest rate to meet temporary funding needs of major capital projects should the need arise.

ESF Endowment will continue to be a focus in order for the organisation to achieve a strong financial position and ensure sustainability. Strategic allocation of the assets amongst the different asset classes within the portfolio will be an important area to work on in the coming year.

We continue to look for the right opportunities for ESF to expand within and beyond Hong Kong that will bring value to our existing students and staff. The outlook for ESF Sports and Language remains positive as the team continues to grow and innovate at every level. The team has continued to work to lower costs by relocating the office and installing a more efficient and cost effective enrolment system. The 2021 summer camp set a new record for ESF Sports and Language with over 9,000 enrolments. This growth was spurred in part by new programme development and expanded marketing capabilities. New product line expansion in facility management, STEM, and outdoor education will help lead growth in the coming years.



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)

	2020/21	2019/20	2018/19	2017/18	2016/17
	\$M	\$M	\$M	\$M	\$M
Consolidated Profit & Loss Account					
Operating Income					
School Fees	2,138.9	2,166.7	2,148.1	2,015.0	1,870.7
Subvention	190.9	207.0	221.3	237.9	254.5
Other	222.1	200.3	241.8	217.8	228.8
	2,551.9	2,574.0	2,611.2	2,470.7	2,354.0
Gain on disposal of investment properties	172.2	-	-	-	-
Non-operating income	124.6	102.6	78.8	94.9	95.7
Total Income	2,848.7	2,676.5	2,690.0	2,565.6	2,449.7
Expenditure					
Staff Cost	1,937.2	1,912.6	1,886.4	1,833.0	1,767.6
Depreciation	244.5	234.5	208.2	179.0	155.9
Repair and maintenance	94.6	122.0	106.3	106.2	94.7
Other operating expenses	156.3	167.1	195.9	184.7	173.7
Scholarship fund and hardship allowance	55.7	86.4	52.0	48.6	44.4
	2,488.3	2,522.6	2,448.8	2,351.5	2,236.3
Surplus before income tax	360.4	154.0	241.2	214.1	213.4
Less: income tax	(26.1)	-	-	-	-
Surplus for the Year	334.3	154.0	241.2	214.1	213.4
Add/(less): remeasurement of net defined benefit scheme assets	13.6	7.7	(3.8)	8.3	11.9
Total Comprehensive Income	347.9	161.7	237.4	222.4	225.3
General	209.6	20.9	110.5	78.2	90.8
Capital Fund	124.6	102.6	78.8	94.9	95.7
Individual schools	13.7	38.2	48.1	49.3	38.8
	347.9	161.7	237.4	222.4	225.3

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)

	2020/21	2019/20	2018/19	2017/18	2016/17
	\$M	\$M	\$M	\$M	\$M
Consolidated Balance Sheet					
Non-current assets	2,636.5	2,017.9	1,948.6	2,037.7	1,879.8
Current assets	1,570.7	1,711.9	1,474.3	1,074.6	932.0
Current liabilities	(914.1)	(776.2)	(693.0)	(712.0)	(656.8)
Net current assets/(liabilities)	656.6	935.7	781.3	362.6	275.2
Total assets less current liabilities	3,293.1	2,953.6	2,729.9	2,400.3	2,155.0
Non-current liabilities	(662.6)	(671.0)	(609.0)	(395.4)	(372.5)
Net Assets	2,630.5	2,282.6	2,120.9	2,004.9	1,782.5
General reserve	427.3	407.0	370.6	286.0	236.9
Capital fund	135.8	91.8	68.3	254.3	231.0
Investment fund	473.0	-	-	-	-
Building reserve	1,373.4	1,551.9	1,467.9	1,273.8	1,146.0
School reserves	221.0	231.9	214.1	190.8	168.6
Total Reserves	2,630.5	2,282.6	2,120.9	2,004.9	1,782.5

GOVERNANCE



Audit Committee

The Audit Committee met four times during the 2020/21 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 organisational processes, including IT audits. The committee also met with our statutory auditors, KPMG, at a joint meeting with the Finance Committee to review and endorse the Foundation's financial statements.

The committee continued to have an overview 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 2020/21 were:

- Alec Tong, Chairman and Independent Board Member
- Denise Kee, Independent Board Member
- Benny Ng, Independent Board Member
- Dilys Cheng, Co-opted Member
- Horace Chu, Co-opted Member

Belinda Greer, *Chief Executive Officer*; Vivian Cheung, *Chief Financial Officer*; Alan Milliken, *Director, Strategic Performance and Quality Assurance* and Carmen Lau, *Internal Auditor*, attended all meetings.

Finance Committee

The Finance Committee met six times in 2020/21, including a joint meeting with the Remuneration Committee to discuss fees and pay increases for the following year, and a joint meeting with the 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 continued to oversee the ESF Endowment including disposal of properties, and made recommendations to the Board where appropriate. Furthermore, the committee also advised on the organisation's expansion strategy.

The committee continues to review the performance of the property portfolio bi-annually, being the largest asset base of the Foundation. It also monitors the performance of the various elements of the long-term capital funding strategy to ensure it is meeting the targets set.

The members of the Finance Committee in 2020/21 were:

- Samuel George Houston, Chairman and Treasurer
- Paul Varty, Independent Board Member
- Alec Tong, Independent Board Member
- Peter Bennett, Co-opted Member
- Malcolm Keys, School Council Chairman
- Alice Chow, School Council Chairman

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



**Our vision
is for every
student to be
the best that
they can be**



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