

BEIJING BN VOCATIONAL SCHOOL

Independent Auditor's Report and Financial Information  
For the year ended 31 August 2017

BEIJING BN VOCATIONAL SCHOOL

INDEPENDENT AUDITOR'S REPORT AND FINANCIAL INFORMATION  
FOR THE YAER ENDED 31 AUGUST 2017

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## INDEPENDENT AUDITOR'S REPORT

### TO THE BOARD OF BEIJING BN VOCATIONAL SCHOOL

(A non-profit organization established in the People's Republic of China)

#### **Opinion**

We have audited the financial information of Beijing BN Vocational School (the "School") set out on pages 4 to 19, which comprise the statement of financial position as at August 31 2017 and the statement of comprehensive income, the statement of changes in reserves and the statement of cash flows for the year ended 31 August 2017, and notes to the financial information, including a summary of significant accounting policies (together "the Financial Information"). The Financial Information has been prepared by the management of the School in accordance with the basis of preparation set out in note 2 to the Financial Information.

In our opinion, the Financial Information for the year ended 31 August 2017 is prepared, in all material respects, in accordance with the basis of preparation set out in note 2 to the Financial Information.

#### **Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Information section of our report. We are independent of the School in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Restriction on Distribution and Use**

Without modifying our opinion, we draw attention to note 2 to the Financial Information, which describes the basis of accounting. The Financial Information has been prepared solely for the information of the Board of the School. As a result, the Financial Information may not be suitable for another purpose. Our report is intended solely for the School and should not be distributed to or used by parties other than the School without our prior written consent. We do not assume responsibility towards or accept liability to any other person for the contents of this report. All duties and liabilities (including without limitation, those arising from negligence or otherwise) to any other parties are specifically disclaimed.

## INDEPENDENT AUDITOR'S REPORT

TO THE BOARD OF BEIJING BN VOCATIONAL SCHOOL - continued  
(A non-profit organization established in the People's Republic of China)

### **Responsibilities of Management and Those Charged with Governance for the Financial Information**

The management of the School is responsible for the preparation and presentation of the Financial Information in accordance with the basis of preparation set out in note 2 to the Financial Information, and for such internal control as the management of the School determines is necessary to enable the preparation of financial information that are free from material misstatement, whether due to fraud or error.

In preparing the financial information, the management of the School is responsible for assessing the School's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management of the School either intend to liquidate the School or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the School's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Information**

Our objectives are to obtain reasonable assurance about whether the financial information as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial information.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management of the School.

## INDEPENDENT AUDITOR'S REPORT

TO THE BOARD OF BEIJING BN VOCATIONAL SCHOOL - continued  
(A non-profit organization established in the People's Republic of China)

### **Auditor's Responsibilities for the Audit of the Financial Information - continued**

- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the School's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the School to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial information, including the disclosures, and whether the financial information represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*Deloitte Touche Tohmatsu Certified Public Accountants LLP Beijing Branch*  
Deloitte Touche Tohmatsu Certified Public Accountants LLP Beijing Branch  
28 September 2017

STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 AUGUST 2017

(Expressed in RMB)

	Notes	Year ended 31 August 2017	Year ended 31 August 2016
<b>Total contributions</b>	5	32,273,114	34,230,779
<b>Operating expenditure</b>			
Contributions to fellow schools		(9,447,652)	(11,196,264)
Salaries and social securities	6	(2,104,927)	(1,901,651)
Administrative costs		(975,870)	(1,109,285)
Student costs		(974,531)	(884,623)
Teaching costs		(1,133,544)	(333,884)
Depreciation		(71,347)	(60,581)
Expenses on earmarked projects		(9,353)	(31,721)
<b>Total operating expenditure</b>		(14,717,224)	(15,518,009)
<b>Net surplus of operating activities</b>		17,555,890	18,712,770
Interest income	7	2,216,314	2,227,426
Other income		-	7,636
<b>Surplus for the year</b>		19,772,204	20,947,832
<b>Attributable to:</b>			
Restricted reserves		84,597	349,821
Unrestricted reserves		19,687,607	20,598,011
		19,772,204	20,947,832

The notes on pages 8 to 19 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION  
AS AT 31 AUGUST 2017  
(Expressed in RMB)

	<u>Notes</u>	<u>31/08/2017</u>	<u>31/08/2016</u>
<b>Current assets</b>			
Cash and bank balances	8	119,301,160	118,067,468
Accounts receivables	9	19,529,517	435,914
Interest receivables	10	1,241,089	1,154,064
Other receivables		217,431	2,600
Prepayments	11	172,636	962,702
Inventories	12	10,192	23,751
Total current assets		<u>140,472,025</u>	<u>120,646,499</u>
<b>Non-current assets</b>			
Equipment and vehicles	13	204,651	246,184
Prepaid expenses		2,992	2,850
Total non-current assets		<u>207,643</u>	<u>249,034</u>
Total assets		<u>140,679,668</u>	<u>120,895,533</u>
<b>Current liabilities</b>			
Other payables	14	183,481	171,550
Total current liabilities		<u>183,481</u>	<u>171,550</u>
<b>Reserves</b>			
Restricted reserves		2,049,803	1,965,206
Unrestricted reserves		138,446,384	118,758,777
Total reserves		<u>140,496,187</u>	<u>120,723,983</u>
Total liabilities and reserves		<u>140,679,668</u>	<u>120,895,533</u>

The notes on pages 8 to 19 form part of these financial statements.

The financial statements from 8 to 19 are signed on its behalf by:



Board Chairperson of the School




Person in charge of finance

BEIJING BN VOCATIONAL SCHOOL

STATEMENT OF CHANGES IN RESERVES  
FOR THE YEAR ENDED 31 AUGUST 2017

(Expressed in RMB)



	<u>Restricted reserves</u>	<u>Unrestricted reserves</u>	<u>Total reserves</u>
Balance at 1 September 2015	1,615,385	98,160,766	99,776,151
Surplus for the year	349,821	20,598,011	20,947,832
Balance at 31 August 2016	1,965,206	118,758,777	120,723,983
Surplus for the year	84,597	19,687,607	19,772,204
Balance at 31 August 2017	<u>2,049,803</u>	<u>138,446,384</u>	<u>140,496,187</u>

The notes on pages 8 to 19 form part of these financial statements.



STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 AUGUST 2017  
(Expressed in RMB)

	Note	Year ended 31 August 2017	Year ended 31 August 2016
<b>Cash from operating activities</b>			
Surplus for the year		19,772,204	20,947,832
Adjustments for:			
Interest income		(2,216,314)	(2,227,426)
Depreciation		71,347	60,581
Loss on disposal of equipment and vehicles		5,844	6,317
Net cash inflow from operations before working capital movements		<u>17,633,081</u>	<u>18,787,304</u>
Working capital movements:			
Decrease/(Increase) in accounts receivable		(19,093,603)	1,276,056
Decrease/(Increase) in other receivables		(214,831)	8,013
Decrease in prepayments		790,066	146,184
Decrease in inventories		13,559	235
Decrease/(Increase) in prepaid expenses		(142)	1,080
Increase in other payables		11,931	12,287
Net cash generated from/(used in) operating activities		<u>(859,939)</u>	<u>20,231,159</u>
<b>Cash flows from investing activities</b>			
Increase in time deposit with maturity over 3 months		(6,980,000)	(20,000,000)
Payments for equipment and vehicles		(35,658)	(155,300)
Interest received		2,129,289	2,599,158
Net cash used in investing activities		<u>(4,886,369)</u>	<u>(17,556,142)</u>
<b>Net increase/ (decrease) in cash and cash equivalents</b>		<u>(5,746,308)</u>	<u>2,675,017</u>
<b>Cash and cash equivalents at beginning of the fiscal year</b>		<u>40,047,468</u>	<u>37,372,451</u>
<b>Cash and cash equivalents at end of the fiscal year</b>	8	<u><u>34,301,160</u></u>	<u><u>40,047,468</u></u>

The notes on pages 8 to 19 form part of these financial statements.

NOTES TO FINANCIAL INFORMATION  
FOR THE YEAR ENDED 31 AUGUST 2017  
(Expressed in RMB)

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1. GENERAL

Beijing BN Vocational School (北京百年农工子弟职业学校, the "School") is a non-profit organization, founded in Beijing, People's Republic of China ("PRC"), which is supported by China Youth Development Foundation ("CYDF"). The School obtained the registration certificate (Jing Dong Min Zheng Zi No. 0130230) from Bureau of Civil Affairs of Dongcheng District, Beijing on 21 September 2006, and a qualification of middle level vocational education and license of non-government school from Committee of Education of Dongcheng District, Beijing on 6 September 2006. The School updated its certificate on 22 June, 2016 (52110101793400572U).

The principal activity of the School is to provide three-year education programs free of charge to the young people from low-income families from 1 September 2015 (the School provided two-year-education programs free of charge before 1 September 2015), help these young people become highly skilled employees to meet the current and future needs of cities for a skilled workforce. The School also supports the foundation and operations of other fellow schools in many cities. As at 31 August 2016, the School jointly founded 8 fellow schools with CYDF, including Chengdu BN Vocational School (成都百年农工子弟职业学校) established on 20 August 2009, Zhengzhou BN Vocational School (郑州百年农工子弟职业学校) established on 25 October 2010, Wuhan BN Vocational School (武汉百年农工子弟职业学校) established on 10 July 2010, Sanya BN Vocational School (三亚百年农工子弟职业学校) established on 1 June 2010, Yinchuan BN Vocational School (银川百年农工子弟职业学校) established on 10 August 2012, Dalian BN Vocational School (大连百年农工子弟职业学校) established on 27 June 2012 whose name changed to Dalian BN Vocational Training School (大连市百年农工子弟职业培训学校) on 4 August 2014, Nanjing BN Vocational School (南京百年农工子弟职业学校) established on 3 December 2012 and Lijiang BN Vocational Training School (丽江百年农工子弟职业培训学校) established on 7 August 2013 in PRC.

2. BASIS OF PREPARATION

The School maintains its accounting records and prepares its statutory financial statements for each calendar year in accordance with accounting standards and regulations of the PRC which are applicable to the School.

The Financial Information has been prepared solely for the information of the Board of the School. The School has prepared the Financial Information in accordance with accounting policies set out in note 4. These accounting policies are formulated in accordance with International Financial Reporting Standards (IFRSs). Currently, the IFRSs do not contain specific guidelines for non-profit and non-governmental organizations concerning the accounting treatment and presentation of consolidated financial statements. Where the IFRSs are silent or do not give guidance on how to treat transactions specific to the not-for-profit sector, accounting policies have been based on the general IFRS principles, as detailed in the Conceptual Framework for Financial Reporting issued by the International Accounting Standards Board .

Different from its statutory financial statements, the period of Financial Information is from 1 September 2016 to 31 August 2017.

The Financial Information is presented in Renminbi ("RMB"), which is the functional and presentation currency of the School.

NOTES TO FINANCIAL INFORMATION  
FOR THE YEAR ENDED 31 AUGUST 2017

(Expressed in RMB)

3. APPLICATION OF ACCOUNTING POLICIES IN ACCORDANCE WITH NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

3.1 Application of accounting policies in accordance with new and revised standards, amendments and interpretations (new and revised IFRSs)

As of 31 August 2017, the following new and revised IFRSs have become effective.

IFRS 14	Regulatory Deferral Accounts
Amendments to IFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to IAS 1	Disclosure Initiative
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to IFRSs	Annual Improvements to IFRSs 2012-2014 Cycle
Amendments to IAS 16 and IAS 41	Agriculture: Bearer Plants
Amendments to IAS 27	Equity Method in Separate Financial Statements
Amendments to IFRS 10, IFRS 12 and IAS 28	Investment Entities: Applying the Consolidation Exception

The application of accounting policies in accordance of these new and revised IFRSs has no material effect on the amounts reported in the Financial Information or disclosures set out in the Financial Information.

3.2 New and revised IFRSs issued but not yet effective

The School has not early applied its accounting policies in accordance with the following new and revised IFRSs that have been issued but are not yet effective:

IFRS 9	Financial Instruments <sup>1</sup>
IFRS 15	Revenue from Contracts with Customers <sup>1</sup>
IFRS 16	Leases <sup>2</sup>
IFRIC 22	Foreign Currency Transactions and Advance Consideration <sup>1</sup>
Amendments to IFRS 2	Classification and Measurement of Share-based Payment Transactions <sup>1</sup>
Amendments to IFRS 4	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts <sup>1</sup>
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>
Amendments to IAS 7	Disclosure Initiative <sup>4</sup>
Amendments to IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses <sup>4</sup>
Amendments to IAS 40	Transfers of Investment Property <sup>1</sup>
Amendments to IFRSs	Annual Improvements to HKFRSs 2014-2016 Cycle <sup>5</sup>

NOTES TO FINANCIAL INFORMATION  
FOR THE YEAR ENDED 31 AUGUST 2017

(Expressed in RMB)

3. APPLICATION OF ACCOUNTING POLICIES IN ACCORDANCE WITH NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS - continued

3.2 New and revised IFRSs issued but not yet effective - continued

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

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2019

<sup>3</sup> Effective for annual periods beginning on or after a date to be determined

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2017

<sup>5</sup> Effective for annual periods beginning on or after 1 January 2017 or 1 January 2018, as appropriate

The School anticipates that the adoption of these new and revised IFRSs in future years will have no material financial impact on the Financial Information of the School.

4. SIGNIFICANT ACCOUNTING POLICIES

The Financial Information has been prepared on the historical cost basis and in accordance with the following accounting policies which are formulated in accordance with International Financial Reporting Standards.

Contributions

Cash contributions are recognized at the date of receipt of cash or when CYDF/Beijing BNVS confirms the amount of contribution.

Contributions of property, plant and equipment and inventory are recognized on the date of receipt at fair value if the objective evidence on the fair value is available. When the fair values of contribution in kind are not available, the School will not assign any value to these contributions but will keep a record of these contributions. After initial recognition, contribution in kind recognized as property, plant and equipment and inventory will follow the respective accounting policy of property, plant and equipment and inventory as set out in this note.

Contributions of service are recognized on the date of receipt of the service and are reported as equal contributions and expenditure in the statement of comprehensive income, if the objective evidence on the fair value is readily available.

Government grants

Government grants are not recognised until there is reasonable assurance that the School will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the School recognises as expenses the related costs for which the grants are intended to compensate.

NOTES TO FINANCIAL INFORMATION  
FOR THE YEAR ENDED 31 AUGUST 2017

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(Expressed in RMB)

4. SIGNIFICANT ACCOUNTING POLICIES - continued

Interest income

Interest income is accrued on a timely basis, by reference to the principal outstanding and at the effective interest rate applicable.

Foreign currency

For cash contributions made in foreign currencies, the School exchanges the contributions into equivalent amount of RMB on the date when the contribution is received at the quoted exchange rate for the day.

Taxation

According to PRC Enterprise Income Tax Law, the income derived from a qualified non-profit organization is non-taxable. Based on Circular 122 issued jointly by the Chinese Ministry of Finance and the State Administration of Taxation (Cai Shui [2009] No. 122) on 11 November 2009, the non-profit organization should obtain the approval of such qualification from the Tax Bureau.

The School obtained the renewed qualification from the Tax authority in May 2014. According to Cai Shui [2009] No. 122, the applicable term for non-profit organization tax exemption right is 5 years, which means the above tax exemption right for the School is valid till 2017.

Financial assets

The School's financial assets are classified into loans and receivables.

*Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including other receivables and cash and bank balances) are measured at amortized cost using the effective interest method, less any impairment.

*Impairment of loans and receivables*

Loans and receivables are assessed for indicators of impairment at the end of the reporting period. Loans and receivables are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the loans or receivables, the estimated future cash flows of the loans and receivables have been affected.

NOTES TO FINANCIAL INFORMATION  
FOR THE YEAR ENDED 31 AUGUST 2017  
(Expressed in RMB)

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4. SIGNIFICANT ACCOUNTING POLICIES - continued

Financial assets - continued

*Impairment of loans and receivables* - continued

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty;
- breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the borrower will enter bankruptcy or financial re-organization;  
or
- the disappearance of an active market for that loans and receivables because of financial difficulties.

Impairment loss on loans and receivable is recognized in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the loans and receivables' original effective interest rate.

If, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the loans and receivables at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Loans and receivables are derecognized when the rights to receive cash flows from them expire or, they are transferred and the School has transferred substantially all the risks and rewards of ownership of them. On derecognition of a loan or receivable, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

Financial liabilities

*Financial liabilities at amortized cost*

Financial liabilities including other payables are subsequently measured at amortized cost, using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

NOTES TO FINANCIAL INFORMATION  
FOR THE YEAR ENDED 31 AUGUST 2017

(Expressed in RMB)

4. SIGNIFICANT ACCOUNTING POLICIES - continued

Financial liabilities - continued

*Financial liabilities at amortized cost* - continued

Interest expense is recognized on an effective interest basis.

Financial liabilities at amortized cost are derecognized when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

Inventories

Inventories are recorded at lower of cost and net realisable value. The cost of inventories is based on the "first-in first-out" principle.

Property, plant and equipment

Property, plant and equipment are stated at costs less subsequent accumulated depreciation and accumulated impairment losses.

Depreciation is calculated using the straight-line method so as to depreciate the initial cost, after taking into account of the estimated residual value, over the item's useful life, which is as follows:

<u>Classes</u>	<u>Useful lives</u>	<u>Estimated residual value rates</u>	<u>Annual depreciation rates</u>
Equipment and vehicles	5 - 8 years	3%	12.125% - 19.40%

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

Reserves

Reserves represent the cumulative excess of income from contributions and other income over operating expenditure.

NOTES TO FINANCIAL INFORMATION  
FOR THE YEAR ENDED 31 AUGUST 2017  
(Expressed in RMB)

5.	CONTRIBUTIONS	Year ended 31 August 2017 RMB	Year ended 31 August 2016 RMB
	Cash contributions	32,073,114	34,030,779
	Contributions of services	200,000	200,000
	Total contributions	<u>32,273,114</u>	<u>34,230,779</u>
6.	SALARIES AND SOCIAL SECURITIES	Year ended 31 August 2017 RMB	Year ended 31 August 2016 RMB
	Salaries	1,867,962	1,648,639
	Social securities	236,965	253,012
	Total salaries and social securities	<u>2,104,927</u>	<u>1,901,651</u>
7.	INTEREST INCOME	Year ended 31 August 2017 RMB	Year ended 31 August 2016 RMB
	Interest on deposit	2,216,314	2,227,426
	Total interest income	<u>2,216,314</u>	<u>2,227,426</u>
8.	CASH AND BANK BALANCES	31/08/2017 RMB	31/08/2016 RMB
	Cash on hand	14,705	5,808
	Cash at banks	119,286,455	118,061,660
	Total cash and bank balances	<u>119,301,160</u>	<u>118,067,468</u>

Cash at banks consist of interest bearing deposits at market rates which range from 0.30% to 2.10% (31/08/2016: from 0.30% to 1.95%).



NOTES TO FINANCIAL INFORMATION  
FOR THE YEAR ENDED 31 AUGUST 2017  
(Expressed in RMB)

## 8. CASH AND BANK BALANCES - continued

At 31 August 2017, cash at banks included RMB 108,020,000 of short term deposit with an original maturity over three months (31/08/2016: RMB 78,020,000).

For the purpose of the statement of cash flows, cash and cash equivalents at the end of the reporting year as shown in the statement of cash flows can be reconciled to the related items in the statement of financial position as follows:

	<u>31/08/2017</u> RMB	<u>31/08/2016</u> RMB
Cash on hand	14,705	5,808
Cash at banks	119,286,455	118,061,660
Less: time deposit with maturity over 3 months	<u>(85,000,000)</u>	<u>(78,020,000)</u>
Total cash and cash equivalents	<u><u>34,301,160</u></u>	<u><u>40,047,468</u></u>

## 9. ACCOUNTS RECEIVABLES

	<u>31/08/2017</u> RMB	<u>31/08/2016</u> RMB
Due from CYDF	<u>19,529,517</u>	<u>435,914</u>
Total accounts receivable	<u><u>19,529,517</u></u>	<u><u>435,914</u></u>

## 10. INTEREST RECEIVABLES

	<u>31/08/2017</u> RMB	<u>31/08/2016</u> RMB
Interest on deposit	<u>1,241,089</u>	<u>1,154,064</u>
Total interest receivables	<u><u>1,241,089</u></u>	<u><u>1,154,064</u></u>

## 11. PREPAYMENTS

	<u>31/08/2017</u> RMB	<u>31/08/2016</u> RMB
Prepayments to fellow schools	-	950,000
Others	<u>172,636</u>	<u>12,702</u>
Total prepayments	<u><u>172,636</u></u>	<u><u>962,702</u></u>

NOTES TO FINANCIAL INFORMATION  
FOR THE YEAR ENDED 31 AUGUST 2017

(Expressed in RMB)

## 12. INVENTORIES

	<u>31/08/2017</u>	<u>31/08/2016</u>
	RMB	RMB
Donated:		
Stationery	626	1,454
Others	800	800
Purchased:		
Textbooks	6,060	12,180
Uniforms	2,706	9,017
Stationery	-	300
Total inventories	<u>10,192</u>	<u>23,751</u>

## 13. EQUIPMENT AND VEHICLES

	<u>Equipment and vehicles</u>	<u>Total</u>
	RMB	RMB
COST		
Balance at 1 September 2015	992,310	992,310
Addition	155,300	155,300
Disposal	(210,568)	(210,568)
Balance at 31 August 2016	937,042	937,042
Addition	35,658	35,658
Disposal	(194,775)	(194,775)
Balance at 31 August 2017	<u>777,925</u>	<u>777,925</u>
DEPRECIATION		
Balance at 1 September 2015	(834,528)	(834,528)
Depreciation charges	(60,581)	(60,581)
Disposal	204,251	204,251
Balance at 31 August 2016	(690,858)	(690,858)
Depreciation charges	(71,347)	(71,347)
Disposal	188,931	188,931
Balance at 31 August 2017	<u>(573,274)</u>	<u>(573,274)</u>
CARRYING VALUES		
Balance at 31 August 2017	<u>204,651</u>	<u>204,651</u>
Balance at 31 August 2016	<u>246,184</u>	<u>246,184</u>

NOTES TO FINANCIAL INFORMATION  
FOR THE YEAR ENDED 31 AUGUST 2017

(Expressed in RMB)

14. OTHER PAYABLES

	<u>31/08/2017</u>	<u>31/08/2016</u>
	RMB	RMB
Salaries and social securities	130,687	116,800
Accrued utility costs	35,220	22,500
Others	<u>17,574</u>	<u>32,250</u>
Total other payables	<u><u>183,481</u></u>	<u><u>171,550</u></u>

15. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(a) Foreign currency risk

For cash contributions made in foreign currencies, CYDF exchanges the equivalent amount of RMB to the School at the rates on the date when the contribution is deposited into the bank account of CYDF. Therefore, the School is not exposed to fluctuations in foreign currency exchange rates.

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the School. The School has adopted a policy of only dealing with creditworthy counterparties, e.g. the state-owned commercial banks as a means of mitigating the risk of financial loss from defaults.

(c) Liquidity risk

The School's objective is to strike a balance between continuity of funding and flexibility by maintaining sufficient funds as cash on hand, demand deposits or short-term deposits with maturities of one year or less to meet short-term liabilities. Therefore, the School is not exposed to significant liquidity risk.

16. RELATED PARTIES

(a) Identification of related parties

The School is supported by CYDF, which is identified as a related party.

Fellow schools that have the same supreme governing body (the Board) are identified as related parties, which include Chengdu BN Vocational School, Zhengzhou BN Vocational School, Wuhan BN Vocational School, Sanya BN Vocational School, Yinchuan BN Vocational School, Dalian BN Vocational Training School, and Lijiang BN Vocational Training School.

NOTES TO FINANCIAL INFORMATION  
FOR THE YEAR ENDED 31 AUGUST 2017  
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16. RELATED PARTIES - continued

(a) Identification of related parties - continued

The Board of the School and key management personnel are persons who have authorities and responsibilities for planning, directing and controlling the activities of the School. Related parties are the Board members, senior management, as well as close members of their families or households.

(b) Transactions with related parties

	Year ended <u>31 August 2017</u> RMB	Year ended <u>31 August 2016</u> RMB
Cash contributions from CYDF	30,468,829	30,414,347

	Year ended <u>31 August 2017</u> RMB	Year ended <u>31 August 2016</u> RMB
Cash contributions to fellow schools	9,447,652	11,196,264

The School had the following balances with related parties:

Accounts receivables

	<u>31/08/2017</u> RMB	<u>31/08/2016</u> RMB
CYDF	19,529,517	435,914

Prepayment

	<u>31/08/2017</u> RMB	<u>31/08/2016</u> RMB
Chengdu BNVS	-	200,000
Dalian BNVS	-	200,000
Lijiang BNVS	-	100,000
Wuhan BNVS	-	100,000
Sanya BNVS	-	350,000

NOTES TO FINANCIAL INFORMATION  
FOR THE YEAR ENDED 31 AUGUST 2017  
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16. RELATED PARTIES - continued

(b) Transactions with related parties - continued

There were no transactions with the key management personnel during the year ended 31 August 2017.

(c) Remuneration

None of the members under (a) above received remuneration from the School during the year ended 31 August 2017.

17. APPROVAL OF FINANCIAL INFORMATION

The Financial Information was approved and authorized for issue by the Board on 28 September 2017.

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