

**ASIA BAPTIST GRADUATE THEOLOGICAL SEMINARY LIMITED  
(LIMITED BY GUARANTEE)**  
**REPORTS AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2020**

Certified True Copy



Maria Theresa Santiago YAMBAO

(Director)



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ASIA BAPTIST GRADUATE THEOLOGICAL SEMINARY LIMITED  
(Limited by Guarantee)

REPORTS AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2020

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ASIA BAPTIST GRADUATE THEOLOGICAL SEMINARY LIMITED

(Limited by Guarantee)

DIRECTORS' REPORT

The directors presented their annual report and the audited financial statements of the Seminary for the year ended August 31, 2020.

PRINCIPAL ACTIVITIES

During the year, the Seminary continued to engage in promoting theological education.

BUSINESS REVIEW

The Seminary falls within reporting exemption for the financial year. Accordingly, the Seminary is exempted from preparing a business review.

RESULTS

The result of the Seminary for the year ended August 31, 2020 and the state of the Seminary's affairs at that date are set out in the financial statements on page 6 to 16.

PROPERTY, PLANT AND EQUIPMENT

Movements in property, plant and equipment during the year are set out in note 4 to the financial statements.

DIRECTORS

The directors of the Seminary during the year and up to the date of the report were:

Chawmuangman Chaiwat  
Fong Choon Sam  
Tsai Rei-Yi

According to Article 42 of the Seminary's Articles of Association, all directors shall hold office for six years and retire, but being eligible, offer themselves for re-election.

DIRECTORS' INTERESTS IN CONTRACTS

Save as the transactions disclosed in note 6 to the financial statements for which the directors have beneficial interests, no other contracts of significance in relation to the Seminary's business to which the Seminary was a party, and in which any directors of the Seminary had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during year.

ASIA BAPTIST GRADUATE THEOLOGICAL SEMINARY LIMITED  
(Limited by Guarantee)

DIRECTORS' REPORT - CONTINUED

ARRANGEMENTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the year was the Seminary a party to any arrangement to enable the directors of the Seminary to acquire benefits by means of the acquisition of shares in or debentures of the Seminary or its associated corporations.

EQUITY-LINKED AGREEMENTS

No equity-linked agreements were entered into during the year.

INDEMNITY OF DIRECTORS

No permitted indemnity provision (as defined in section 469 of the Hong Kong Companies Ordinance) for the benefit of the directors of the Seminary has been entered into by the Seminary.

AUDITORS

A resolution will be submitted to the annual general meeting of the Seminary to re-appoint Messrs. Ng, Suen, Lau C.P.A. Limited.

On behalf of the Board



Chawmuangman Chaiwat

Hong Kong, - 5 JAN 2021

INDEPENDENT AUDITOR'S REPORT

To the members of  
ASIA BAPTIST GRADUATE THEOLOGICAL SEMINARY LIMITED  
(Incorporated in Hong Kong with liability limited by guarantee)

We have audited the financial statements of Asia Baptist Graduate Theological Seminary Limited (the "Seminary") set out on pages 6 to 16, which comprise the statement of financial position as at August 31, 2020, and the statement of comprehensive income, statement of changes in reserves and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Seminary as at August 31, 2020, and of its financial performance and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standard for Private Entities ("HKFRS for Private Entities") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

*Basis for Opinion*

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Seminary in accordance with the HKICPA's *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.

*Information Other than the Financial Statements and Auditor's Report Thereon*

The directors are responsible for the other information. The other information comprises the information included in the directors' report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT - CONTINUED

To the members of  
ASIA BAPTIST GRADUATE THEOLOGICAL SEMINARY LIMITED  
(Incorporated in Hong Kong with liability limited by guarantee)

*Responsibilities of Directors and Those Charged with Governance for the Financial Statements*

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with HKFRS for Private Entities issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Seminary'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 directors either intend to liquidate the Seminary or to cease operations, or have no realistic alternative but to do so.

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

*Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements 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. This report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of the report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs 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 statements.

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

- Identify and assess the risks of material misstatement of the financial statements, 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 Seminary's internal control.

INDEPENDENT AUDITOR'S REPORT - CONTINUED

To the members of  
ASIA BAPTIST GRADUATE THEOLOGICAL SEMINARY LIMITED  
(Incorporated in Hong Kong with liability limited by guarantee)

*Auditor's Responsibilities for the Audit of the Financial Statements - Continued*

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' 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 Seminary'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 statements 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 Seminary to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements 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.



Ng, Suen, Lau C.P.A. Limited  
Certified Public Accountants (Practising)

Hong Kong, - 5 JAN 2021

Ng Sau Wa, Sylvia  
Practising Certificate Number: P01895

ASIA BAPTIST GRADUATE THEOLOGICAL SEMINARY LIMITED  
(Limited by Guarantee)

STATEMENT OF FINANCIAL POSITION

AS AT AUGUST 31, 2020

(Expressed in Hong Kong Dollars)

	<u>Note</u>	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>			
<b>Non-current asset</b>			
Property, plant and equipment	4	688,733	704,643
<b>Current assets</b>			
Other receivables		3,321	9,321
Bank balances		1,605,210	1,634,007
		<u>1,608,531</u>	<u>1,643,328</u>
<b>Total assets</b>		<u>2,297,264</u>	<u>2,347,971</u>

ASIA BAPTIST GRADUATE THEOLOGICAL SEMINARY LIMITED  
(Limited by Guarantee)

STATEMENT OF FINANCIAL POSITION - CONTINUED

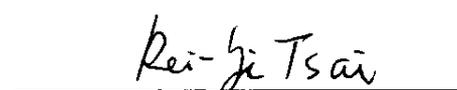
AS AT AUGUST 31, 2020  
(Expressed in Hong Kong Dollars)

	<u>2020</u>	<u>2019</u>
<b>LIABILITY AND RESERVES</b>		
<b>Current liability</b>		
Other payables and accruals	39,525	44,610
<b>Reserves</b>		
General fund	1,043,998	1,108,710
All but dissertation fund	24,375	24,375
Chow Lien Wah writers' fund	38,911	38,911
Dozier fund	37,328	37,328
Dr. Wilson Fund	117,563	82,563
Education symposium scholarship fund	20,710	20,710
Fixed assets fund	678,945	694,855
Lilian Lim ABGTS memorial fund	134,202	134,202
Singapore designated fund	154,206	154,206
Women leadership fund	7,501	7,501
	<u>2,257,739</u>	<u>2,303,361</u>
<b>Total liability and reserves</b>	<u><u>2,297,264</u></u>	<u><u>2,347,971</u></u>

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

Approved on behalf of the Board by:

  
Chawmuangman Chaiwat

  
Tsai Rei-Yi

ASIA BAPTIST GRADUATE THEOLOGICAL SEMINARY LIMITED  
(Limited by Guarantee)

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED AUGUST 31, 2020

(Expressed in Hong Kong Dollars)

	<u>Note</u>	<u>2020</u>	<u>2019</u>
<b>Income</b>			
Offerings		81,597	217,399
Rental income		168,000	168,000
Other income		-	390
		<u>249,597</u>	<u>385,789</u>
<b>Expenditure</b>			
Accountancy fee		26,400	24,900
Auditors' remuneration		6,000	6,000
Bank charges		2,702	1,926
Branches expenses	5	137,014	78,552
Building management fee		20,520	18,460
Depreciation		15,910	19,410
Donation expenses		-	1,557,917
Government rent and rates		4,284	4,284
Insurance		1,000	1,000
Postage		51	325
Repair and maintenance		-	31
Scholarship		77,834	-
Secretarial fee		2,400	3,500
Sundry expenses		1,055	1,079
Utility expenses		49	45
		<u>295,219</u>	<u>1,717,429</u>
<b>Deficit and total comprehensive income for the year</b>		<u>(45,622)</u>	<u>(1,331,640)</u>

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

ASIA BAPTIST GRADUATE THEOLOGICAL SEMINARY LIMITED  
(Limited by Guarantee)

STATEMENT OF CHANGES IN RESERVES

FOR THE YEAR ENDED AUGUST 31, 2020

(Expressed in Hong Kong Dollars)

	Chow Lien Wah		Education symposium		Lilian Lim		Total
	All but dissertation fund	writers' fund	Dr. Wilson fund	scholarship fund	Fixed assets fund	ABGTS memorial designated fund	
Balance as 01.09.2018	945,583	38,911	37,328	20,710	714,265	154,206	3,635,001
Total comprehensive income for the year	-	-	-	-	-	-	(1,331,640)
Transfer surplus/(deficit) to respective funds	1,494,767	-	(1,475,357)	-	(19,410)	-	-
Balance as 31.08.2019 and 01.09.2019	1,108,710	38,911	37,328	20,710	694,855	154,206	2,303,361
Total comprehensive income for the year	(45,622)	-	-	-	-	-	(45,622)
Transfer surplus/(deficit) to respective funds	(19,090)	-	-	-	(15,910)	-	-
Balance as at 31.08.2020	1,043,998	38,911	37,328	20,710	678,945	154,206	2,257,739

ASIA BAPTIST GRADUATE THEOLOGICAL SEMINARY LIMITED  
(Limited by Guarantee)

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED AUGUST 31, 2020

(Expressed in Hong Kong Dollars)

	<u>2020</u>	<u>2019</u>
<b>Cash flows from operating activities</b>		
Cash receipts from donors	255,597	385,789
Cash paid to suppliers	(284,394)	(1,703,383)
Net cash used in operating activities	<u>(28,797)</u>	<u>(1,317,594)</u>
<b>Net decrease in cash and cash equivalents</b>	(28,797)	(1,317,594)
<b>Cash and cash equivalents at beginning of the year</b>	<u>1,634,007</u>	<u>2,951,601</u>
<b>Cash and cash equivalents at end of the year</b>	<u><u>1,605,210</u></u>	<u><u>1,634,007</u></u>
<b>Analysis of the balance of cash and cash equivalents</b>		
Bank balances	<u><u>1,605,210</u></u>	<u><u>1,634,007</u></u>

ASIA BAPTIST GRADUATE THEOLOGICAL SEMINARY LIMITED  
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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2020

(Expressed in Hong Kong Dollars)

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1. GENERAL

The Seminary was incorporated under the Hong Kong Companies Ordinance on March 31, 2003 as a company limited by guarantee and not having a share capital. The liability of each member is limited to the extent of HK\$100. The address of its registered office is Flat C & D, 4/F., Wai Fat Building, 96-102 Hak Po Street, Mongkok, Kowloon, Hong Kong.

The principal activity of the Seminary is promoting theological education.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standard for Private Entities issued by the Hong Kong Institute of Certified Public Accountants. These financial statements also comply with the applicable requirements of the Hong Kong Companies Ordinance. They have been prepared using the historical cost convention.

a. Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment loss.

Depreciation is provided to write off the cost of property, plant and equipment over their estimated useful lives using the straight line method, at the following rates per annum:

Leasehold land	Over the remaining term of lease
Building	Over 50 years
Leasehold improvement	10%
Furniture and fixtures	10%
Office equipment	20%

If there is an indication that there has been a significant change in depreciation rate, useful life or residual value of an asset, the depreciation of that asset is revised prospectively to reflect the new expectations.

ASIA BAPTIST GRADUATE THEOLOGICAL SEMINARY LIMITED  
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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2020

(Expressed in Hong Kong Dollars)

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2. BASIS OF PREPARATION AND ACCOUNTING POLICIES - Continued

b. Impairment of assets

At each reporting date, property, plant and equipment is reviewed to determine whether there is any indication that the asset has suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset (group of related assets) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

c. Other receivables

Most other receivables do not bear interest and are measured at amortised cost using the effective interest method. At the end of each reporting period, the carrying amounts of other receivables are reviewed to determine whether there is any objective evidence that the amounts are not recoverable. If so, an impairment loss is recognised immediately in profit or loss.

d. Cash and cash equivalents

Cash and cash equivalents includes cash on hand, demand deposits and other short-term highly liquid investments with original maturities of three months or less. Bank overdraft is shown within borrowings in current liabilities on the statement of financial position.

e. Other payables and accruals

Other payable and accruals are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

ASIA BAPTIST GRADUATE THEOLOGICAL SEMINARY LIMITED  
(Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2020

(Expressed in Hong Kong Dollars)

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2. BASIS OF PREPARATION AND ACCOUNTING POLICIES - Continued

f. Revenue recognition

Offering is recognised upon actual receipt.

Tuition fee is recognised when services are provided.

Rental income from operating leases is recognised in income on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern of the user's benefit.

g. Leases

All rentals receivable or payable under operating leases are credited or charged to profit or loss on a straight line basis over the duration of the relevant leases.

h. Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the functional currency). These financial statements are presented in Hong Kong Dollars, which is the Seminary's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in profit or loss within "finance costs". All other foreign exchange gains and losses are presented in profit or loss within "other income" or "other expenses".

ASIA BAPTIST GRADUATE THEOLOGICAL SEMINARY LIMITED  
(Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2020

(Expressed in Hong Kong Dollars)

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENT

Estimates and judgment are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Seminary makes estimates and assumptions concerning the future. The resulting accounting estimates will by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

**Useful lives of property, plant and equipment**

The Seminary's management determines the estimated useful lives and related depreciation for its property, plant and equipment. The estimates are based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions.

4. PROPERTY, PLANT AND EQUIPMENT

	<u>Leasehold land and building</u>	<u>Leasehold improvement</u>	<u>Furniture and fixtures</u>	<u>Office equipment</u>	<u>Total</u>
<u>Cost</u>					
As at 01.09.2019 and 31.08.2020	950,000	54,500	10,312	27,713	1,042,525
<u>Accumulated depreciation</u>					
As at 01.09.2019	248,157	51,700	10,312	27,713	337,882
Charge for the year	15,510	400	-	-	15,910
As at 31.08.2020	263,667	52,100	10,312	27,713	353,792
<u>Carrying amount</u>					
As at 31.08.2020	686,333	2,400	-	-	688,733

ASIA BAPTIST GRADUATE THEOLOGICAL SEMINARY LIMITED  
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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2020

(Expressed in Hong Kong Dollars)

5. <u>BRANCHES EXPENSES</u>	<u>2020</u>	<u>2019</u>
Staff costs	69,427	70,512
Retirement benefits	67,587	-
Other administrative expenses	-	8,040
	<u>137,014</u>	<u>78,552</u>

6. DIRECTORS' REMUNERATION

Directors' remuneration disclosed pursuant to section 383(1) of the Companies Ordinance is as follows:

	<u>2020</u>	<u>2019</u>
Fee	-	-
Other emoluments	-	-
Contributions to defined contribution plan	-	-
	<u>-</u>	<u>-</u>

7. TAXATION

No provision for Hong Kong Profits Tax has been made in the financial statements as the Seminary is a charitable institution under Section 88 of the Inland Revenue Ordinance (Chapter 112) and is therefore exempted from taxes levied under this Ordinance.

8. LEASE COMMITMENTS

At the reporting date, the Seminary as lessor had contracted with a tenant under non-cancellable operating lease in respect of rental premise. Total commitments to be receivable are as follows:

	<u>2020</u>	<u>2019</u>
Not later than one year	119,000	168,000
Later than one year and not later than five years	-	119,000
	<u>119,000</u>	<u>287,000</u>

ASIA BAPTIST GRADUATE THEOLOGICAL SEMINARY LIMITED  
(Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2020

(Expressed in Hong Kong Dollars)

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9. EVENTS AFTER THE END OF THE REPORTING PERIOD

After the outbreak of Coronavirus Disease 2019 (“COVID-19 outbreak”) in early 2020, a series of precautionary and control measures have been implemented by countries worldwide and have affected global businesses and economic activities to some extent. Accordingly, the assessment of the recoverability of the Seminary’s assets carrying amounts are based on conditions existing as at August 31, 2020 and does not include the effects from the COVID-19 outbreak after August 31, 2020.

Given the macro-economic uncertainties experienced after the reporting period, developments in the COVID-19 outbreak could affect the Seminary’s earnings, cash flows and financial conditions in the next financial period. The extent of the impact cannot be determined at this juncture.

10. APPROVAL OF FINANCIAL STATEMENTS

These financial statements have been approved and authorised to issue by the Board of Directors on **- 5 JAN 2021**

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