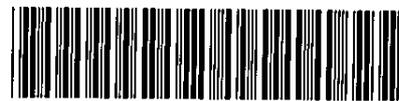


ALLIANCE BIBLE SEMINARY
(Incorporated in Hong Kong with limited by guarantee)
Reports and Financial Statements
For the year ended 31 August 2020

Certified True Copy



Director



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**ALLIANCE BIBLE SEMINARY
(LIMITED BY GUARANTEE)
REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

C O N T E N T S

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**ALLIANCE BIBLE SEMINARY
(LIMITED BY GUARANTEE)
REPORT OF THE COUNCIL**

The Council Members present their annual report together with the audited financial statements for the year ended 31 August 2020.

1. PRINCIPAL ACTIVITIES

The principal activities of the Seminary are:

- A. To equip Christians for full time or part time ministry by offering graduate and undergraduate courses and to encourage and promote the desire of Christians to dedicate to the Christian ministry.
- B. To preach, promote and advance the teachings of the Christian faith in accordance with the Doctrinal Basis of the Christian & Missionary Alliance.
- C. To conduct and publish academic researches and materials relevant to the Christian faith.
- D. To establish, maintain and manage such other seminaries, institutes, churches, chapels or Christian centres and to sponsor and convene theological lectures, symposiums, conferences, correspondence courses, extension studies, training courses and seminars to promote excellence in theological and biblical studies and to stimulate spiritual growth.

2. RESULTS AND APPROPRIATIONS

The results of the Seminary for the year are set out in the statement of comprehensive income on page 14.

**ALLIANCE BIBLE SEMINARY
(LIMITED BY GUARANTEE)
REPORT OF THE COUNCIL**

3. COUNCIL MEMBERS

The Council Members who held office during the year and up to the date of this report are:

Rev.	But Tak Fu	
Rev.	Cheung Koon Wan, Gordon	
Mr.	Chong Mang Chun, James	
Mr.	Kwong Tak Fu	
Dr.	Sezto Wing Fu	
Rev.	Siu Sau Wah	
Mr.	Wong Ping Him	
Mr.	Leung Kam Ming	
Rev.	Lau Suk Wa, Mimi	
Mr.	Lam Kam Bor	
Mr.	Wong Wing Kong	
Ms.	Ho Sung Yuen Chan, Jeannette	
Rev.	Choy Siu Ki, Kiven	
Mr.	Yu Yuk Fan, David	(Appointed on 22 May 2020)
Rev.	Lo Kam Tim, Louis	(Appointed on 22 May 2020)
Rev.	Yau Shuk Yi, Veon	(Appointed on 22 May 2020)
Dr.	Lee Wai Ming, Albert	(Resigned on 22 May 2020)
Rev.	Chan Lo Ngor	(Resigned on 22 May 2020)
Ms.	Tang Yim Fan	(Resigned on 22 May 2020)

In accordance with Article 41 of the Seminary Articles of Association, the term of office of a council member shall be two years and at the end of every second subsequent year all council members retire from office, but shall be eligible for re-election.

4. COUNCIL MEMBERS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS THAT ARE SIGNIFICANT IN RELATION TO THE SEMINARY'S ACTIVITIES

No transactions, arrangements and contracts of significance in relation to the Seminary's activities to which the Seminary was a party and in which any Council Member had a material interest, subsisted at the end of the year or at any time during the year.

5. COUNCIL MEMBERS' INTERESTS IN THE DEBENTURES OF THE SEMINARY OR ANY OTHER BODY CORPORATE

At no time during the year was the Seminary a party to any arrangements to enable the Council Members of the Seminary to acquire benefits by means of acquisition of debentures of any other body corporate.

**ALLIANCE BIBLE SEMINARY
(LIMITED BY GUARANTEE)
REPORT OF THE COUNCIL**

6. MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the activities of the Seminary were entered into or existed during the year.

7. PERMITTED INDEMNITY PROVISIONS

At no time during the financial year and up to the date of this report of the council, was there a permitted indemnity provision in force for the benefit of any of the council members of the Seminary (whether made by the Seminary or others) or an associated party (if made by the Seminary).

8. BUSINESS REVIEW

A. Objectives of business

Alliance Bible Seminary ('the Seminary') is a Chinese Theological Educational Institution and offers trainings with the objectives to produce pastoral workers to serve the needs of the churches in Hong Kong, Global Chinese Churches, Organizations and Missions. The objectives are to equip Christians for full time or part time ministry by offering graduate and undergraduate courses and to encourage and promote the desire of Christians to dedicate to the Christian ministry. The Seminary is an institution of a purely and exclusively religious, ecclesiastical, educational and charitable character in accordance with the Doctrinal Basis of the Christian & Missionary Alliance.

The Seminary is exempted from profit tax under section 88 of Inland Revenue Ordinance.

B. Main areas of work

B1. Learning and Research

The Seminary prepares pastor-to-be students for teaching and academic ministries by offering programs in a board range of theological disciplines for the Master of Divinity, Master of Christian Ministry (Mandarin), Master of Theology, Doctor of Ministry, Doctor of Philosophy in Theology and Lay Leader Christians for Master of Christian Studies. All the said courses are accredited by Asia Theological Association.

**ALLIANCE BIBLE SEMINARY
(LIMITED BY GUARANTEE)
REPORT OF THE COUNCIL**

8. BUSINESS REVIEW (CONT'D)

B. Main areas of work (cont'd)

B2. Seminars and Workshops

Apart from core programs, the Seminary also sponsors and convenes theological lectures, symposiums, conferences, correspondence courses, extension studies, training courses and seminars to promote excellence in theological and biblical studies and to stimulate spiritual growth by Lay Leaders department and School of Pastoral and Professional Continuing Education for alumni and professionals as life-long learners.

B3. Library and Research

The library collection is now consists of approximately 100,000 items of books and periodicals. It joined another four seminaries to establish the Ecumenical Information Network and its union catalogue has over 400,000 records. The Union catalogue of the network offers easy access to information and materials used in theological study and research. The seminary set up Christianity and Chinese Culture Research Center since 1993 to explore theological education and leadership training related to China ministry.

B4. Publication

The Seminary develops its publishing ministry: the Jian Dao Theological Journal. A series of dissertations and research studies by faculty members and other Chinese scholar are also being published. The publishing department also produce around five to ten Chinese theological books to benefit theological education in Hong Kong as well as China.

C. Financial performance

C1. Key financial performance

- Tuition, programmes and other fees in 2020 totaling HK\$15.5 million, 8.6% less than in 2019.
- Donations and benefactions in 2020 totaling HK\$29.9 million, 22.7% more than in 2019.
- Investment Income in 2020 totaling HK\$5.5 million, 8.6% more than in 2019.
- The total income in 2020 totaling HK\$56.7 million, 7.9% more than in 2019.

**ALLIANCE BIBLE SEMINARY
(LIMITED BY GUARANTEE)
REPORT OF THE COUNCIL**

8. BUSINESS REVIEW (CONT'D)

C. Financial performance (cont'd)

Cl. Key financial performance (cont'd)

- Learning and Research in 2020 totaling HK\$35.3 million, 1.0% more than in 2019.
- Institutional Support in 2020 totaling HK\$22.6 million, 0.4% less than in 2019.
- Total Expenditure in 2020 totaling HK\$58.5 million, 22.4% less than in 2019.
- There is fair value losses of financial assets at fair value through profit or loss ("FVTPL") in 2020 totaling HK\$0.5 million, while in 2019, there was fair value loss of financial assets at FVTPL totaling HK\$17.7 million.
- Total comprehensive loss in 2020 totaling HK\$1.7 million, mainly due to the suspension of classes and dormitory activities for COVID-19 pandemic incurred in 2020.

C2 Operating Results and Financial Positions

C2.1 Income

The Seminary's total income increased by 7.9% to HK\$56.7 million in 2019/20. The increment was mainly due to increase in donation received and Employment Support Scheme ("ESS") received from the government of HKSAR. Donations and Benefactions increased by 22.7% to HK\$29.9 million, mainly due to increase in Bursaries of HK\$0.8 million and Development Fund of HK\$3.85 million, respectively. Due to the outbreak of COVID-19, Tuition, programmes and other fees reduced by 8.6% to HK\$15.5 million as numbers of students enrolled in the programmes had been reduced; Group life training services reduced at HK\$2.9 million for the cafeteria and dormitory partially closure; Investment income increased by 8.6% to HK\$5.5 million due to the increase in bond interest income. Other income increment was contributed by the 1st tranche of Employment ESS for HK\$1.9 million.

**ALLIANCE BIBLE SEMINARY
(LIMITED BY GUARANTEE)
REPORT OF THE COUNCIL**

8. BUSINESS REVIEW (CONT'D)

C. Financial performance (cont'd)

C2.2 Expenditure

Total expenditure reduced by 22.4% to HK\$58.5 million in 2019/20, mainly attributable to reduction of departments expenses, activities expenses and fair value loss on financial assets at FVTPL by 12.3%, 17.3% and 96.9% respectively. Social gathering activities was suspended after the outbreak of COVID-19, leading to the reductions of aforesaid expenses. Spending on learning and research amounted to HK\$35.3 million and accounted for 60% of total expenditure, representing major Seminary spending were to enhance teaching, learning and research. The expenditure on Institutional Support which included premises and related expenses, management and general, student and general expenses was kept at about 39%. Premises related Expenses including messing and utilities reduced HK\$1.1 million or 7.5% due to partial closure of cafeteria dormitory.

C2.3 Operating Results

The Seminary sustained a total deficit of HK\$1.7 million in 2019/20. The deficit was mainly arose from the reduction of tuition fee. Surplus from other funds were mainly attributable to surplus from Bursaries and Scholarship Fund and Staff Welfare of HK\$4.3 million and HK\$1.1 million respectively. Several interfund transfers for subsidising the deficit fund operations are well presented in the Statement of Changes in Reserves and Funds in the financial statements. However, there was a deficit of General Fund caused by the aggregation insufficient general fund donation and tuition fee received to balance the operation expenditures.

C2.4 Net Results

The total comprehensive loss in 2019/20 was HK\$1.7 million while the total comprehensive loss in 2018/19 was HK\$22.7 million.

**ALLIANCE BIBLE SEMINARY
(LIMITED BY GUARANTEE)
REPORT OF THE COUNCIL**

8. BUSINESS REVIEW (CONT'D)

C. Financial performance (cont'd)

C2.5 Statement of Financial Position

The Seminary's net assets reported a decrement of 0.6% or HK\$1.7 million to HK\$289 million as of 31st August 2020. It mainly contributed by the deficit operation results. The cash and bank balances increased by HK\$4.9 million to HK\$23.6 million and the net current assets increased by HK\$4.7 million to HK\$25.2 million, 22.6% increase for 2020 due to increase in cash and bank balances. The investment decreased by HK\$4.2 million (i.e. 2.8%) to HK\$146 million due to the combined effect of the fair value losses of investments and net proceeds from disposal of investments.

C2.6 Donation and Benefactions

The Seminary was grateful to alumni, churches with different congregations, individuals, and institutions for their generous financial support for its academic development, research, ministries, scholarships and capital development programmes for the year 2019/20. The general fund and development fund had increased 4.3% to HK\$21.8 million and 788.6% to HK\$4.3 million respectively and the overall donation had increased for 22.7% to HK\$29.9 million.

C2.7 Capital Developments

Amongst the addition to total fixed assets of HK\$5.1 million during the year, which was spent on the quarters, tuition recording studio room, zoom video conference and other building maintenance projects. The remaining are preventive maintenance cost of the existing premises. The net book value of fixed assets built up to HK\$117.7 million, with no significant changes.

D. Internal Controls

The Finance Committee, chaired by the Treasurer of the Seminary together with another five council members. They met regularly to review and discuss all the financial, budgeting and internal control matters. Internal control procedures were well established. All the operational expenses were operated in accordance with the annual budget with computer-based device. Automation on tuition, programmes and other fee income helped to ensure the completeness, validity and effectiveness of recordings in order to meet with the control framework and governance.

**ALLIANCE BIBLE SEMINARY
(LIMITED BY GUARANTEE)
REPORT OF THE COUNCIL**

8. BUSINESS REVIEW (CONT'D)

E. Sustainability Policy

The Seminary is equally passionate about the enhancement of the green and work-friendly procurement to create a better and sustainable future. We have promulgated our sustainability policy which consists of three main stakeholders' aspects - Environment, Social and Employees.

E1. Environment

The main campus of the Seminary is situated on the peak of the beautiful Cheung Chau Island. A total 21 buildings are scattered over an area of 2.5 acres surrounded by the green belt zone which is in recognition to the natural environment.

By ensuring that the use of renewable natural resources is sustainable, the Seminary has the following policies:

- i) Power saving, water saving and wastage reduction by web reducing paper printing and consumption.
- ii) Campus garage separation. Paper, plastic and glass recycle helps to achieve the said goal.
- iii) Food waste recycling. Separation of for edible and inedible parts to offer for recycle system and other not-for-profit organizations within the expiry period.

E2. Social

The full-time students are required to join the Alliance Bible Evangelistic Band as part of their intern training. The activities involved social caring aspect in prisons, hospitals, elderly houses and etc. The curriculum for the internship which involves evangelism, pastoral counselling, fellowship and caring, which provide care for the vulnerable social groups.

E3. Employees

The Seminary provides responsible workplace for the employees which complies with minimum wage laws, overtime allowance, insurances protection, holidays and vacations. We strive to foster an environment in which employees' physical and mental well-being are protected, such as regular prayer meeting, retreats, training and residences. In order to maintain work-life balance for staff development, flexi-hour and flexi-workplace are available for faculty and staff to work more freely.

**ALLIANCE BIBLE SEMINARY
(LIMITED BY GUARANTEE)
REPORT OF THE COUNCIL**

8. BUSINESS REVIEW (CONT'D)

F. Thanks

We would like to extend our heartfelt thanks to all the stakeholders for allowing us to fulfil our mission. Our Seminary owes its success and achievement over the past 121 years to the long-standing benefactors, insightful council members, visionary faculty, dedicated and committed staff, alumni and students together with God's grace.

Sadly due to space limitations, we cannot name every one of you. But you know who you are, and we thank you.

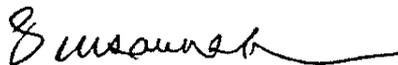
9. AUDITOR

The financial statements have been audited by RSM Hong Kong who retires, and, being eligible, offer themselves for re-appointment.

On behalf of the Council

*

*



Rev. Siu Sau Wah
Chairperson

Hong Kong, 19 March 2021



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**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
ALLIANCE BIBLE SEMINARY
(INCORPORATED IN HONG KONG WITH LIMITED BY GUARANTEE)**

Opinion

We have audited the financial statements of Alliance Bible Seminary (the "Seminary") set out on pages 14 to 32, which comprise the statement of financial position as at 31 August 2020, and the statement of comprehensive income, statement of changes in reserves and funds 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 31 August 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 (the "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 ("HKSAs") 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.

THE POWER OF BEING UNDERSTOOD
AUDIT | TAX | CONSULTING

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
ALLIANCE BIBLE SEMINARY
(INCORPORATED IN HONG KONG WITH LIMITED BY GUARANTEE)**

Other Information

The council members are responsible for the Other Information. The Other Information comprises all of the information included in the annual report other than 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.

Responsibilities of Council Members for the Financial Statements

The council members are responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRS for Private Entities issued by the IICCPA and the Hong Kong Companies Ordinance, and for such internal control as the council members 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 council members 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 council members either intend to liquidate the Seminary or to cease operations, or have no realistic alternative but to do so.

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. We report our opinion 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 this report.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
ALLIANCE BIBLE SEMINARY
(INCORPORATED IN HONG KONG WITH LIMITED BY GUARANTEE)**

Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's 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 HKSA's, 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the council members.
- Conclude on the appropriateness of the council members' 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.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
ALLIANCE BIBLE SEMINARY
(INCORPORATED IN HONG KONG WITH LIMITED BY GUARANTEE)**

Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

We communicate with the council members 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.

A handwritten signature in black ink, appearing to be 'A. Smith', is written over a horizontal line.

Certified Public Accountants
Hong Kong

19 March 2021

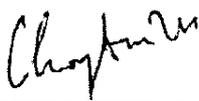
**ALLIANCE BIBLE SEMINARY
(LIMITED BY GUARANTEE)
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 AUGUST 2020**

	Note	<u>2020</u> HK\$	<u>2019</u> HK\$
Income	7	56,763,062	52,583,401
Expenditure	8	<u>(58,479,160)</u>	<u>(75,332,624)</u>
Deficit before tax		(1,716,098)	(22,749,223)
Income tax expense	9	<u>-</u>	<u>-</u>
Deficit for the year	10	(1,716,098)	(22,749,223)
Other comprehensive income for the year, net of tax		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u>(1,716,098)</u>	<u>(22,749,223)</u>

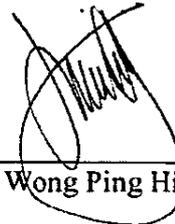
**ALLIANCE BIBLE SEMINARY
(LIMITED BY GUARANTEE)
STATEMENT OF FINANCIAL POSITION
AT 31 AUGUST 2020**

	Note	<u>2020</u> HK\$	<u>2019</u> HK\$
Non-current assets			
Property, plant and equipment	12	117,742,296	120,106,647
Investments	13	<u>146,141,355</u>	<u>150,362,725</u>
		263,883,651	270,469,372
Current assets			
Inventories	14	875,998	1,125,955
Prepayments, deposits and other receivables		2,757,657	2,421,179
Bank and cash balances		<u>23,562,646</u>	<u>18,705,492</u>
		27,196,301	22,252,626
Current liabilities			
Trade and other payables		1,515,520	1,348,488
Deferred income		<u>509,411</u>	<u>389,360</u>
		2,024,931	1,737,848
Net current assets		<u>25,171,370</u>	<u>20,514,778</u>
Total assets less current liabilities		289,055,021	290,984,150
Non-current liabilities			
Provision for long services payment		<u>232,393</u>	<u>445,424</u>
NET ASSETS		<u>288,822,628</u>	<u>290,538,726</u>
Represented by			
RESERVES AND FUNDS		<u>288,822,628</u>	<u>290,538,726</u>

Approved by the Council on 19 March 2021 and are signed on its behalf by:

*  *

Rev. Choy Siu Ki, Kiven

*  *

Mr. Wong Ping Him

**ALLIANCE BIBLE SEMINARY
(LIMITED BY GUARANTEE)
STATEMENT OF CHANGES IN RESERVES AND FUNDS
FOR THE YEAR ENDED 31 AUGUST 2020**

	Bursaries and Scholarship Fund							Total HK\$
	General Fund HK\$	Bursaries and Scholarship Fund HK\$	Faculty Subsidy Fund HK\$	Library Fund HK\$	Staff Welfare Fund HK\$	Development Fund HK\$	Fixed Assets Fund HK\$	
At 1 September 2018	153,577,768	21,325,930	237,513	5,770,932	18,441,910	(9,514,458)	123,448,354	313,287,949
Total comprehensive income for the year	(21,505,473)	3,554,907	36,000	380,000	1,100,509	(2,973,459)	(3,341,707)	(22,749,223)
Fund transfer								
- Bursaries and Scholarship Fund to General Fund	191,320	(191,320)	-	-	-	-	-	-
- Staff Welfare Fund to General Fund	700,000	-	-	-	(700,000)	-	-	-
- General Fund to Development Fund	(3,031,964)	-	-	-	-	3,031,964	-	-
- Scholarship for Local Students to General Fund	1,525,560	(1,525,560)	-	-	-	-	-	-
- Scholarship for IST students to General Fund	2,390,413	(2,390,413)	-	-	-	-	-	-
- General Fund (property renovation capital) to Development Fund	(2,000,000)	-	-	-	-	2,000,000	-	-
At 31 August 2019 and 1 September 2019	131,847,624	20,773,544	273,513	6,150,932	18,842,419	(7,455,953)	120,106,647	290,538,726
Total comprehensive income for the year	(5,118,209)	4,300,955	-	435,000	1,116,765	(86,258)	(2,364,351)	(1,716,098)
Fund transfer								
- Bursaries and Scholarship Fund to General Fund	145,446	(145,446)	-	-	-	-	-	-
- Staff Welfare Fund to General Fund	780,000	-	-	-	(780,000)	-	-	-
- General Fund to Development Fund	(2,890,228)	-	-	-	-	2,890,228	-	-
- Scholarship for Local Students to General Fund	2,131,261	(2,131,261)	-	-	-	-	-	-
- Scholarship for IST students to General Fund	1,366,865	(1,366,865)	-	-	-	-	-	-
- General Fund (property renovation capital) to Development Fund	(2,000,000)	-	-	-	-	2,000,000	-	-
At 31 August 2020	126,262,759	21,430,927	273,513	6,585,932	19,179,184	(2,651,983)	117,742,296	288,822,628

**ALLIANCE BIBLE SEMINARY
(LIMITED BY GUARANTEE)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2020**

	<u>2020</u> HK\$	<u>2019</u> HK\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Deficit for the year	(1,716,098)	(22,749,223)
Adjustments for:		
Allowance for slow-moving inventories	396,706	-
Depreciation	7,499,524	7,480,444
Investment and interest income	(5,559,972)	(5,047,922)
Write off of other receivables	511,070	-
Fair value losses on financial assets at FVTPL	545,305	17,661,940
(Decrease)/increase in provision for long services payment	<u>(213,031)</u>	<u>166,094</u>
Operating surplus/(deficit) before working capital changes	1,463,504	(2,488,667)
Increase in inventories	(146,749)	(109,366)
Increase in prepayments, deposits and other receivables	(847,548)	(152,069)
Decrease/(increase) in trade and other payables	167,032	(1,216,069)
Increase/(decrease) in deferred income	<u>120,051</u>	<u>(516,183)</u>
Net cash generated from/(used in) operating activities	<u>756,290</u>	<u>(4,482,354)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions of property, plant and equipment	(5,135,173)	(4,138,737)
Investment and interest received	5,559,972	5,047,922
Proceeds from disposals of investments	20,924,615	19,450,920
Purchase of investments	<u>(17,248,550)</u>	<u>(12,868,454)</u>
Net cash generated from investing activities	<u>4,100,864</u>	<u>7,491,651</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	4,857,154	3,009,297
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	<u>18,705,492</u>	<u>15,696,195</u>
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	<u>23,562,646</u>	<u>18,705,492</u>
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Bank and cash balances	<u>23,562,646</u>	<u>18,705,492</u>

**ALLIANCE BIBLE SEMINARY
(LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

1. GENERAL INFORMATION

Alliance Bible Seminary (the "Seminary") was incorporated in Hong Kong with liabilities limited by guarantee and not having a share capital. Every member of the Seminary undertakes to contribute to the assets of the Seminary not exceeding one hundred Hong Kong Dollars (HK\$100) in the event of winding up. The address of its registered office is at 22 Peak Road, Cheung Chau, New Territories, Hong Kong.

The principal activities of the Seminary during the year are:

- (a) To equip Christians for full time or part time ministry by offering graduate and undergraduate courses and to encourage and promote the desire of Christians to dedicate to the Christian ministry.
- (b) To preach, promote and advance the teachings of the Christian faith in accordance with the Doctrinal Basis of the Christian & Missionary Alliance.
- (c) To conduct and publish academic researches and materials relevant to the Christian faith.
- (d) To establish, maintain and manage such other seminaries, institutes, churches, chapels or Christian centres and to sponsor and convene theological lectures, symposiums, conferences, correspondence courses, extension studies, training courses and seminars to promote excellence in theological and biblical studies and to stimulate spiritual growth.

2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with the Hong Kong Financial Reporting Standards for Private Entities ("HKFRS for Private Entities") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the Hong Kong Companies Ordinance (Cap. 622).

These financial statements are the first financial statements of the Seminary to be prepared in accordance with HKFRS for Private Entities.

These financial statements of the Seminary for the year ended 31 August 2019 were prepared in accordance with all applicable Hong Kong Financial Reporting Standard ("HKFRS"). HKFRS differs in certain respects from HKFRS for Private Entities. However, the transition from HKFRS to HKFRS for Private Entities does not have any impact on the Seminary's reserves and funds as at 31 August 2019 and deficit for the year ended 31 August 2019.

**ALLIANCE BIBLE SEMINARY
(LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

3. ADOPTION OF REVISED HONG KONG FINANCIAL REPORTING STANDARDS FOR PRIVATE ENTITIES

The HKICPA has issued a number of amendments to HKFRS for Private Entities that are first effective for annual periods beginning on or after 1 January 2019. None of these impact on the accounting policies of the Seminary.

4. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared under the historical cost convention, unless mentioned otherwise in the accounting policies below (e.g. investments that are measured at their fair value).

The preparation of financial statements in conformity with the HKFRS for Private Entities requires the use of certain critical accounting estimates. It also requires the council members to exercise their judgements in the process of applying the Seminary's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 5.

The significant accounting policies applied in the preparation of these financial statements are set out below.

(a) 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 Seminary operates (the "functional currency"). The financial statements are presented in Hong Kong dollars, which is the Seminary's functional and presentation currency.

(ii) Transactions and balances in the financial statements

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

**ALLIANCE BIBLE SEMINARY
(LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Foreign currency translation (cont'd)

(ii) Transactions and balances in the financial statements (cont'd)

Non-monetary items that are measured at fair values in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

(b) Property, plant and equipment

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Seminary and the cost of the item can be measured reliably. All other repairs and maintenance are recognised in profit or loss during the period in which they are incurred.

Depreciation of property, plant and equipment is calculated at rates sufficient to write off their costs less their residual values over the estimated useful lives on a straight-line basis. The estimated useful lives are as follows:

Land	Over the remaining lease terms
Buildings	19 - 50 years
Others	5 years

The residual values, useful lives and depreciation method are reviewed and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting period.

**ALLIANCE BIBLE SEMINARY
(LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first out basis. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

At each reporting date, inventories are assessed for impairment and the carrying amount is reduced to its estimated selling price less costs to complete and sell with the impairment loss recognised in profit or loss. When an impairment loss subsequently reverses, the new carrying amount is the lower of the cost and the revised selling price less costs to complete and sell with the reversal of impairment loss recognised in profit or loss.

(d) Other receivables

Other receivable is recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of other receivables is established when there is objective evidence that the Seminary will not be able to collect all amounts due according to the original terms of the receivables.

(e) Investments

Investments in equity securities, debt securities and investment funds are initially recognised and subsequently measured at fair value. Changes in the fair value of investments are recognised in profit or loss.

(f) Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents represent cash at bank and on hand, demand deposits and short-term, highly liquid investments with original maturities of three months or less.

(g) Trade and other payables

Trade and other payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

**ALLIANCE BIBLE SEMINARY
(LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and is recognised when it is probable that the economic benefits will flow to the Seminary and the amount of revenue can be measured reliably.

Income from donations and benefactions is recognised when cash is received and receivable.

Income from tuition, programmes and other fee and provision of group life training services are recognised as services are rendered.

Interest income is recognised on a time-proportion using the effective interest method.

Investment income is recognised when the rights to receive payment are established.

(i) Employee benefits

(i) Employee leave entitlements

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

(ii) Pension obligations

The Seminary contributes to defined contribution retirement schemes which are available to all employees. Contributions to the schemes by the Seminary and employees are calculated as a percentage of employees' basic salaries. The retirement benefit scheme cost charged to profit or loss represents contributions payable by the Seminary to the funds.

**ALLIANCE BIBLE SEMINARY
(LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Employee benefits (cont'd)

(iii) Termination benefits

Termination benefits are recognised when, and only when, the Seminary demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

(j) Taxation

No provision for Hong Kong profits tax has been made in these financial statements as the Seminary is exempted from Hong Kong tax under Section 88 of the Hong Kong Inland Revenue Ordinance.

(k) Related parties

(a) A person or a close member of that person's family is related to the Seminary if that person:

- (i) is a member of the key management personnel of the Seminary or of a parent of the Seminary;
- (ii) has control over the Seminary; or
- (iii) has joint control or significant influence over the Seminary or has significant voting power in it.

(b) An entity is related to the Seminary if any of the following conditions applies:

- (i) the entity and the Seminary are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) either the entity or the Seminary is an associate or joint venture of the other entity (or of a member of a group of which the other entity is a member).
- (iii) both the entity and the Seminary are joint ventures of a third entity.

**ALLIANCE BIBLE SEMINARY
(LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Related parties (cont'd)

- (b) An entity is related to the Seminary if any of the following conditions applies: (cont'd)
- (iv) either the entity or the Seminary is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Seminary or an entity related to the Seminary. If the Seminary is itself such a plan, the sponsoring employers are also related to the plan.
 - (vi) the entity is controlled or jointly controlled by a person identified in (a).
 - (vii) a person identified in (a)(i) has significant voting power in the entity.
 - (viii) a person identified in (a)(ii) has significant influence over the entity or significant voting power in it.
 - (ix) a person or a close member of that person's family has both significant influence over the entity or significant voting power in it and joint control over the Seminary.
 - (x) a member of the key management personnel of the entity or of a parent of the entity, or a close member of that member's family, has control or joint control over the Seminary or has significant voting power in it.

**ALLIANCE BIBLE SEMINARY
(LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(l) Impairment of non-financial assets other than inventories

At the end of each reporting period, the Seminary reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Seminary estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

(m) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Seminary has an obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow is remote.

**ALLIANCE BIBLE SEMINARY
(LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) Reserves and funds

The natures and purpose of the Seminary's reserve and funds are as follows:

- (i) General Fund represents unspent operating funds of the Seminary which are carried forward at the year end.
- (ii) Bursaries and Scholarship Fund represents capital fund which is being invested for long-term and income generated is used to support the Seminary's operation.
- (iii) Faculty Subsidy Fund represents donation received for the said purposes.
- (iv) Library Fund represents capital fund which is being invested for long-term and income generated is used to support recurrent expenditure of the Seminary's library services.
- (v) Staff Welfare Fund represents capital fund which is being invested for long-term and income generated is used for the discretionary use of the staff welfare functions.
- (vi) The Development Fund represents funds received and receivable by the Seminary but earmarked for the purchase of property, plant and equipment.
- (vii) The Fixed Assets Fund represents the net book value of the property, plant and equipment less loan balance, if any.

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES

Critical judgements in applying accounting policies

In the process of applying the accounting policies, the council members have made the following judgement that has the most significant effect on the amounts recognised in the financial statements (apart from those involving estimations, which are dealt with below).

Split of land and building elements

In accordance with Section 17 of HKFRS for PE, properties can either be accounted for using the cost model or the revaluation model and the Seminary has selected cost model. The properties were divided into building cost elements and land cost elements in accordance with the requirement of the standards and based on the valuation carried out by a surveyor who has appropriate qualifications and recent experience in the valuation of similar properties in the relevant location and is an independent qualified professional surveyor not connected to the Seminary.

**ALLIANCE BIBLE SEMINARY
(LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES (CONT'D)

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, 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.

(a) Property, plant and equipment and depreciation

The Seminary determines the estimated useful lives, residual values and related depreciation charges for the Seminary's property, plant and equipment. This estimate is based on the historical experience of the actual useful lives and residual values of property, plant and equipment of similar nature and functions. The Seminary will revise the depreciation charge where useful lives and residual values are different to those previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned.

The carrying amounts of property, plant and equipment as at 31 August 2020 were HK\$117,742,296 (2019: HK\$120,106,647).

(b) Allowance for slow-moving inventories

Allowance for slow-moving inventories is made based on the ageing and estimated net realizable value of inventories. The assessment of the allowance amount involves judgement and estimates. Where the actual outcome in future is different from the original estimate, such difference will impact the carrying value of inventories and allowance charge/write-back in the period in which such estimate has been changed. Allowance for slow-moving inventories of HK\$396,706 was made for the year ended 31 August 2020 (2019: HK\$Nil).

**ALLIANCE BIBLE SEMINARY
(LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

6. FINANCIAL INSTRUMENTS

Categories of financial instruments at 31 August 2020

	<u>2020</u> HK\$	<u>2019</u> HK\$
Financial assets:		
Debt instruments measured at amortised cost (including bank and cash balance, deposits and other receivables)	26,285,467	20,931,103
Measured at fair value through profit or loss (including investments)	<u>146,141,355</u>	<u>150,362,725</u>
	<u>172,426,822</u>	<u>171,293,828</u>
Financial liabilities:		
Measured at amortised cost	<u>552,234</u>	<u>539,697</u>

7. INCOME

The Seminary's income during the year are as follows:

	<u>2020</u> HK\$	<u>2019</u> HK\$
Tuition, programmes and other fees	15,538,813	17,001,598
Donations and benefactions	29,916,747	24,381,659
Group life training services	2,928,213	5,253,661
Investment income	5,454,994	5,024,570
Interest income	104,978	23,352
Sundry income	<u>2,819,317</u>	<u>898,561</u>
	<u>56,763,062</u>	<u>52,583,401</u>

**ALLIANCE BIBLE SEMINARY
(LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

8. EXPENDITURE

Breakdown of the seminary's expenditure are as follows:

	Staff cost and benefits HK\$	Departments HK\$	Administration expenses HK\$	Activities expenses HK\$	Depreciation HK\$	Fair value changes HK\$	Total HK\$
For the year ended 31 August 2020							
Learning and Research							
Instruction and Research	21,961,119	2,417,752	-	-	-	-	24,378,871
Library	1,193,998	212,007	-	-	808,942	-	2,214,947
Central Computing Facilities	746,577	1,188,689	-	-	1,807,830	-	3,743,096
Other Academic Services	-	-	-	599,525	-	-	599,525
Other Ministry Services	3,299,813	1,084,031	-	-	-	-	4,383,844
	<u>27,201,507</u>	<u>4,902,479</u>	<u>-</u>	<u>599,525</u>	<u>2,616,772</u>	<u>-</u>	<u>35,320,283</u>
Institutional Support							
Management and General Premises and Related expenses	3,951,948	1,150,355	2,068,131	-	-	-	7,170,434
Student and General Education Services	4,370,635	2,027,990	2,637,462	-	4,882,752	-	13,918,839
Auditor's remuneration	1,157,027	188,548	-	-	-	-	1,345,575
Other Activities	-	-	65,000	-	-	-	65,000
	<u>-</u>	<u>113,724</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>113,724</u>
	<u>9,479,610</u>	<u>3,480,617</u>	<u>4,770,593</u>	<u>-</u>	<u>4,882,752</u>	<u>-</u>	<u>22,613,572</u>
Investing activities							
Fair value loss on financial assets at FVTPL	-	-	-	-	-	545,305	545,305
	<u>36,681,117</u>	<u>8,383,096</u>	<u>4,770,593</u>	<u>599,525</u>	<u>7,499,524</u>	<u>545,305</u>	<u>58,479,160</u>
For the year ended 31 August 2019							
Learning and Research							
Instruction and Research	22,376,758	2,778,092	-	-	-	-	25,154,850
Library	859,410	211,994	-	-	902,553	-	1,973,957
Central Computing Facilities	358,110	927,872	-	-	1,349,790	-	2,635,772
Other Academic Services	-	-	-	725,200	-	-	725,200
Other Ministry Services	3,356,196	1,127,803	-	-	-	-	4,483,999
	<u>26,950,474</u>	<u>5,045,761</u>	<u>-</u>	<u>725,200</u>	<u>2,252,343</u>	<u>-</u>	<u>34,973,778</u>
Institutional Support							
Management and General Premises and Related expenses	3,076,781	1,165,230	559,973	-	-	-	4,801,984
Student and General Education Services	3,688,161	2,077,456	4,059,384	-	5,228,101	-	15,053,102
Auditor's remuneration	821,554	448,002	-	-	-	-	1,269,556
Other Activities	-	-	65,000	-	-	-	65,000
	<u>688,159</u>	<u>819,105</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,507,264</u>
	<u>8,274,655</u>	<u>4,509,793</u>	<u>4,684,357</u>	<u>-</u>	<u>5,228,101</u>	<u>-</u>	<u>22,696,906</u>
Investing activities							
Fair value loss on financial assets at FVTPL	-	-	-	-	-	17,661,940	17,661,940
	<u>35,225,129</u>	<u>9,555,554</u>	<u>4,684,357</u>	<u>725,200</u>	<u>7,480,444</u>	<u>17,661,940</u>	<u>75,332,624</u>

**ALLIANCE BIBLE SEMINARY
(LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

9. INCOME TAX EXPENSE

The Seminary is exempted from Hong Kong profits tax by virtue of Section 88 of the Inland Revenue Ordinance.

10. DEFICIT FOR THE YEAR

The Seminary's deficit for the year is stated after charging the following:

	<u>2020</u> HK\$	<u>2019</u> HK\$
Auditor's remuneration	65,000	65,000
Allowance for slow-moving inventories	396,706	-
Write off of other receivables	511,070	-
Depreciation	7,499,524	7,480,444
Fair value losses on financial assets at FVTPL	545,305	17,661,940
Employee benefits expenses (including council members' emoluments)		
Salaries, bonuses and allowance	34,449,924	33,059,403
Mandatory provident fund	2,231,193	2,165,726
	<u>36,681,117</u>	<u>35,225,129</u>

11. BENEFITS AND INTERESTS OF COUNCIL MEMBERS

The emoluments of Council Members are set out below:

	<u>2020</u> HK\$	<u>2019</u> HK\$
Salaries, bonuses and allowance	1,299,868	1,242,876
Mandatory provident fund	<u>72,284</u>	<u>57,280</u>
	<u>1,372,152</u>	<u>1,300,156</u>

The amount represents the emoluments made to a council member of the Seminary in connection with management of the affair of the Seminary.

**ALLIANCE BIBLE SEMINARY
(LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

12. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings HK\$	Decoration, furniture and fixtures HK\$	Equipment and musical instruments HK\$	Books and periodicals HK\$	Total HK\$
Cost					
At 1 September 2019	153,958,066	42,776,580	14,426,060	15,928,270	227,088,976
Additions	1,482,292	120,267	2,825,480	707,134	5,135,173
At 31 August 2020	<u>155,440,358</u>	<u>42,896,847</u>	<u>17,251,540</u>	<u>16,635,404</u>	<u>232,224,149</u>
Accumulated depreciation					
At 1 September 2019	40,268,368	39,676,877	12,703,229	14,333,855	106,982,329
Charge for the year	3,380,748	1,502,004	1,807,830	808,942	7,499,524
At 31 August 2020	<u>43,649,116</u>	<u>41,178,881</u>	<u>14,511,059</u>	<u>15,142,797</u>	<u>114,481,853</u>
Carrying amount					
At 31 August 2020	<u>111,791,242</u>	<u>1,717,966</u>	<u>2,740,481</u>	<u>1,492,607</u>	<u>117,742,296</u>

13. INVESTMENTS

	<u>2020</u> HK\$	<u>2019</u> HK\$
Listed equity securities, at fair value		
Equity securities	52,939,191	65,094,009
Equity securities (Non-transferable)	29,919,765	38,220,354
Debt securities	44,106,747	9,023,126
Investment funds	19,175,652	38,025,236
	<u>146,141,355</u>	<u>150,362,725</u>
Analysed as:		
Non-current assets	<u>146,141,355</u>	<u>150,362,725</u>

The fair values of the equity securities are based on current bid prices. The fair value of debt securities and investment funds are based on market price quoted by banks. Non-transferable investments are securities of which transference should be approved by the donors or their successors.

**ALLIANCE BIBLE SEMINARY
(LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

14. INVENTORIES

	<u>2020</u> HK\$	<u>2019</u> HK\$
Books	<u>875,998</u>	<u>1,125,955</u>

15. RELATED PARTY TRANSACTIONS

In addition to those related party transactions and balances disclosed elsewhere in the financial statements, the Seminary had the following transactions with its related parties during the year:

<u>Related party</u>	<u>Nature of transactions</u>	<u>2020</u> HK\$	<u>2019</u> HK\$
Christian & Missionary Alliance Church Union Hong Kong Limited (“the “Union”)	Donations received	<u>812,000</u>	<u>255,000</u>
The Union’s subsidiaries	Donations received	<u>4,846,274</u>	<u>3,389,236</u>
Jian Dao Foundation Limited	Donations received	<u>960,000</u>	<u>960,000</u>

16. ALLIANCE BIBLE SEMINARY STUDENT EVANGELISTIC BAND (“THE BAND”)

During the year, the Band had organized and carried out evangelistic activities of the Christian faith. The Band is exempted from Hong Kong Profit Tax by virtue of Section 88 of the Inland Revenue Ordinance.

	<u>2020</u> HK\$	<u>2019</u> HK\$
Donation received	<u>69,891</u>	<u>69,507</u>
Expenditure	<u>5,358</u>	<u>88,857</u>

**ALLIANCE BIBLE SEMINARY
(LIMITED BY GUARANTEE)
DETAILED STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 AUGUST 2020**
(for management purposes only)

	General Fund HK\$	Scholarship Fund HK\$	Faculty Subsidy Fund HK\$	Library Fund HK\$	Staff Welfare Fund HK\$	Development Fund HK\$	Fixed Assets Fund HK\$	Elimination HK\$	Total HK\$
ASSETS									
Non-current assets									
Property, plant and equipment	119,183,011	7,234,318	-	5,181,000	14,543,026	-	117,742,296	-	117,742,296
Investments	119,183,011	7,234,318	-	5,181,000	14,543,026	-	117,742,296	-	146,141,355
Current assets									
Inventories	875,998	-	-	-	-	-	-	-	875,998
Accounts receivable	2,315,667	-	-	-	-	-	-	-	2,315,667
Deposits and prepayments	441,990	-	-	-	-	-	-	-	441,990
Amounts due from other funds	-	14,196,609	273,513	1,404,932	4,636,158	-	-	(20,511,212)	-
Cash and cash equivalents	15,928,867	-	-	-	-	-	-	-	15,928,867
- Time deposits	7,492,953	-	-	-	-	-	-	-	7,492,953
- Cash at banks	140,826	-	-	-	-	-	-	-	140,826
- Cash in hand	-	-	-	-	-	-	-	-	-
	27,196,301	14,196,609	273,513	1,404,932	4,636,158	-	-	(20,511,212)	27,196,301
Current liabilities									
Accounts payable	(2,657)	-	-	-	-	-	-	-	(2,657)
Receipts in advance	963,286	-	-	-	-	-	-	-	963,286
Amount due to other fund	17,859,229	-	-	-	-	2,651,983	-	(20,511,212)	-
Accrued expenses	554,891	-	-	-	-	-	-	-	554,891
Deferred income	509,411	-	-	-	-	-	-	-	509,411
	19,884,160	-	-	-	-	2,651,983	-	(20,511,212)	2,024,931
Net current (liabilities)/assets	7,312,141	14,196,609	273,513	1,404,932	4,636,158	(2,651,983)	-	-	25,171,370
Non-Current Liabilities									
Provision for long service payment	232,393	-	-	-	-	-	-	-	232,393
	126,262,759	21,430,927	273,513	6,585,932	19,179,184	(2,651,983)	117,742,296	-	288,822,628

**ALLIANCE BIBLE SEMINARY
(LIMITED BY GUARANTEE)
DETAILED STATEMENT OF FINANCIAL POSITION (CONT'D)
FOR THE YEAR ENDED 31 AUGUST 2020**
(for management purposes only)

	General Fund HK\$	Scholarship Fund HK\$	Faculty Subsidy Fund HK\$	Library Fund HK\$	Staff Welfare Fund HK\$	Development Fund HK\$	Fixed Assets Fund HK\$	Elimination HK\$	Total HK\$
RESERVES AND FUNDS									
General Fund	126,262,759	-	-	-	-	-	-	-	126,262,759
Scholarship Fund	-	21,430,927	-	-	-	-	-	-	21,430,927
Faculty Subsidy Fund	-	-	273,513	-	-	-	-	-	273,513
Library Fund	-	-	-	6,585,932	-	-	-	-	6,585,932
Staff Welfare Fund	-	-	-	-	19,179,184	-	-	-	19,179,184
Development Fund	-	-	-	-	-	(2,651,983)	-	-	(2,651,983)
Fixed Assets Fund	-	-	-	-	-	-	117,742,296	-	117,742,296
Total reserves and funds	126,262,759	21,430,927	273,513	6,585,932	19,179,184	(2,651,983)	117,742,296	-	288,822,628

**ALLIANCE BIBLE SEMINARY
(LIMITED BY GUARANTEE)
DETAILED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 AUGUST 2020**
(for management purposes only)

	General Fund HK\$	Scholarship Fund HK\$	Faculty Subsidy Fund HK\$	Library Fund HK\$	Staff Welfare Fund HK\$	Development Fund HK\$	Fixed Assets Fund HK\$	Elimination HK\$	Total HK\$
INCOME									
Tuition, Programme and Other Fees	15,538,813	-	-	-	-	-	-	-	15,538,813
Donation and benefactions	21,797,416	3,732,550	-	40,000	5,000	4,341,781	-	-	29,916,747
Group life training services	2,928,213	-	-	-	-	-	-	-	2,928,213
Investment income	3,379,824	568,405	-	395,000	1,111,765	-	-	-	5,454,994
Interest income	104,978	-	-	-	-	-	-	-	104,978
Sundry income	2,819,317	-	-	-	-	-	-	-	2,819,317
Recapitalization of fixed assets expenditure	-	-	-	-	-	-	5,135,173	(5,135,173)	-
	46,568,561	4,300,955	-	435,000	1,116,765	4,341,781	5,135,173	(5,135,173)	56,763,062
ADMINISTRATIVE EXPENDITURE									
Instruction and Research	24,378,871	-	-	-	-	-	-	-	24,378,871
Library	1,406,005	-	-	-	-	-	808,942	-	2,214,947
Central Computing Facilities	1,935,266	-	-	-	-	-	1,807,830	-	3,743,096
Other Academic Services	599,525	-	-	-	-	-	-	-	599,525
Other Ministry Services	4,383,844	-	-	-	-	-	-	-	4,383,844
Management and General	7,170,434	-	-	-	-	-	-	-	7,170,434
Premises and Related Expenses	9,036,087	-	-	-	-	-	4,882,752	-	13,918,839
Student and General Education Services	1,345,575	-	-	-	-	-	-	-	1,345,575
Other Activities	113,724	-	-	-	-	-	-	-	113,724
Auditor's remuneration	65,000	-	-	-	-	-	-	-	65,000
Fixed Assets expenditure	707,134	-	-	-	-	4,428,039	-	(5,135,173)	-
	51,141,465	-	-	-	-	4,428,039	7,499,524	(5,135,173)	57,933,855
(DEFICIT)/SURPLUS FOR THE OPERATION	(4,572,904)	4,300,955	-	435,000	1,116,765	(86,258)	(2,364,351)	-	(1,170,793)
OTHER GAINS AND LOSSES	545,305	-	-	-	-	-	-	-	545,305
Fair value losses on financial assets at FVTPL	(5,118,209)	4,300,955	-	435,000	1,116,765	(86,258)	(2,364,351)	-	(1,716,098)
OTHER COMPREHENSIVE FOR THE YEAR, NET OF TAX	-	-	-	-	-	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	(5,118,209)	4,300,955	-	435,000	1,116,765	(86,258)	(2,364,351)	-	(1,716,098)