

BIBLE SEMINARY OF HONG KONG LIMITED
香港神學院有限公司

(Limited by Guarantee)



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Reports and Financial Statements

For the year ended 31 August 2020

BIBLE SEMINARY OF HONG KONG LIMITED
香港神學院有限公司

Reports and Financial Statements
For the year ended 31 August 2020

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BIBLE SEMINARY OF HONG KONG LIMITED

香港神學院有限公司

Directors' Report

The directors have pleasure to present their annual report together with the audited financial statements of the Seminary for the year ended 31 August 2020.

Principal activities

The Seminary continued to operate a bible school of biblical and theological learning and to promote Christian literature during the year.

Results and appropriations

The financial performance and movement of the reserves of the Seminary for the year ended 31 August 2020 and its financial position as at that date are set out in the financial statements on pages 4 to 14.

Directors

The directors who held office during the year and up to the date of this report were,

Mr. Chau Wai Tai
Mr. Julius Sutanto
Mr. Lee Kreisler
Mr. Nip Kam Fan
Mr. To Wah Tong
Mr. Ng Kar Wai
Mr. Chan Yau Leung Joesph - appointed on 7 August 2020
Mr. Kwan Tak Hong - resigned on 27 August 2020

In accordance with the Articles of Association, all the directors shall hold an office for five years, and after completion, he will retire at the subsequent annual general meeting, but being eligible, offer themselves for re-appointment.

Directors' interest in contract

No contract of significance to which the Seminary, was a party and in which a director of the Seminary had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

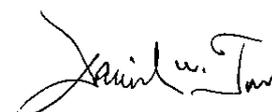
Business review

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

Auditor

The financial statements have been audited by Messrs. LKY China who offers themselves for re-appointment.

On behalf of the Board



Mr. To Wah Tong
Chairman

Hong Kong, 25 FEB 2021



華強會計師事務所

LKY CHINA

Certified Public Accountants (Practising), HONG KONG

Partners:

甄達華會計師
JOSEPH T. W. YAN
FCPA (Practising), FCA,
FCCA, FTIHK, FSCA

蔡少芬會計師
NATALIE S. F. CHOY
CPA (Practising), FCCA,
MA (Accg)

Principal:

張文傑主管
KEN M.K. CHEUNG

Independent Auditor's Report

To the Members of **BIBLE SEMINARY OF HONG KONG LIMITED** 香港神學院有限公司
(Incorporated in Hong Kong with liability limited by guarantee)

Opinion

We have audited the financial statements of BIBLE SEMINARY OF HONG KONG LIMITED ("the Seminary") set out on pages 4 to 14, which comprise the statement of financial position as at 31 August 2020, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

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 cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") 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 and Detailed Income Statement, 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.

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

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine are 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.
香港中環德輔道中99-105號大新大藥房大廈五字樓

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華強會計師事務所

LKY CHINA

Certified Public Accountants (Practising), Hong Kong

Partners:

甄達華會計師

JOSEPH T. W. YAN

FCCA (Practising) FCA,
FCCA, FTHK, FSCA

蔡少芬會計師

NATALIE S. F. CHOY

CPA (Practising) FCCA,
MA (Accg)

Principal:

張文傑主管

KEN M.K. CHEUNG

Independent Auditor's Report (cont'd)

To the Members of BIBLE SEMINARY OF HONG KONG LIMITED 香港神學院有限公司
(Incorporated in Hong Kong with liability limited by guarantee)

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.
- 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.

Certified Public Accountants (Practising)

Hong Kong, **25 FEB 2021**

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BIBLE SEMINARY OF HONG KONG LIMITED

香港神學院有限公司

**Statement of Comprehensive Income
For the year ended 31 August 2020**

	Note	2020 HK\$	2019 HK\$
Revenue	5	8,258,465	8,645,752
Other income		648,549	163,399
		<u>8,907,014</u>	<u>8,809,151</u>
Administrative expenses		(8,784,317)	(8,798,343)
Bank interest income		4,718	7,826
Surplus for the year	6	<u>127,415</u>	<u>18,634</u>
Other comprehensive income			
Donation received for Special Fund		143,480	540,200
Expenditure for Special Fund		(188,538)	(43,582)
Revaluation (deficit)/surplus of long term investment	9	(199,881)	27,234
		<u>(244,939)</u>	<u>523,852</u>
Total comprehensive (expense)/income for the year		<u>(117,524)</u>	<u>542,486</u>

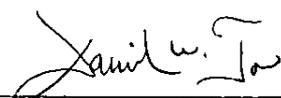
BIBLE SEMINARY OF HONG KONG LIMITED

香港神學院有限公司

**Statement of Financial Position
as at 31 August 2020**

	Note	2020 HK\$	2019 HK\$
Non-current assets			
Furniture and equipment	8	109,173	127,351
Long term investment	9	718,254	918,135
		<u>827,427</u>	<u>1,045,486</u>
Current assets			
Utility and other deposits		23,815	23,815
Accounts receivable		48,400	27,850
Fixed deposits		1,175,137	1,175,137
Cash and cash equivalents		6,710,380	6,503,902
		<u>7,957,732</u>	<u>7,730,704</u>
Current liabilities			
Accounts payable		501,858	375,365
Net current assets		<u>7,455,874</u>	<u>7,355,339</u>
Net assets		<u>8,283,301</u>	<u>8,400,825</u>
Financed by:-			
Reserves			
Accumulated general fund		2,621,895	2,494,480
Special fund	10	5,071,652	5,116,710
Long term investment reserves		589,754	789,635
		<u>8,283,301</u>	<u>8,400,825</u>

The financial statements together with accompany notes set out on pages 4 to 14 were approved and authorized for issue by Board of Directors on **25 FEB 2021** and signed on its behalf by:



Mr. To Wah Tong
Director



Mr. Lee Kreisler
Director

BIBLE SEMINARY OF HONG KONG LIMITED

香港神學院有限公司

**Statement of Changes in Reserves
For the year ended 31 August 2020**

	Accumulated general fund HK\$	Special fund HK\$	Long term investment reserves HK\$	Total HK\$
Balance as at 1 September 2018	<u>2,475,846</u>	<u>4,620,092</u>	<u>762,401</u>	<u>7,858,339</u>
Other comprehensive income				
Donation received during the year	-	540,200	-	540,200
Expenditure made during the year	-	(43,582)	-	(43,582)
Revaluation surplus of listed investment	-	-	27,234	27,234
	<u>-</u>	<u>496,618</u>	<u>27,234</u>	<u>523,852</u>
Surplus for the year	18,634	-	-	18,634
Total comprehensive income	<u>18,634</u>	<u>496,618</u>	<u>27,234</u>	<u>542,486</u>
Balance as at 1 September 2019	<u>2,494,480</u>	<u>5,116,710</u>	<u>789,635</u>	<u>8,400,825</u>
Other comprehensive income				
Donation received during the year	-	143,480	-	143,480
Expenditure made during the year	-	(188,538)	-	(188,538)
Revaluation deficit of listed investment	-	-	(199,881)	(199,881)
	<u>-</u>	<u>(45,058)</u>	<u>(199,881)</u>	<u>(244,939)</u>
Surplus for the year	127,415	-	-	127,415
Total comprehensive income/(expense)	<u>127,415</u>	<u>(45,058)</u>	<u>(199,881)</u>	<u>(117,524)</u>
Balance as at 31 August 2020	<u>2,621,895</u>	<u>5,071,652</u>	<u>589,754</u>	<u>8,283,301</u>

BIBLE SEMINARY OF HONG KONG LIMITED

香港神學院有限公司

**Statement of Cash Flows
For the year ended 31 August 2020**

	<u>2020</u> <u>HK\$</u>	<u>2019</u> <u>HK\$</u>
Cash flows from operating activities		
Total comprehensive (expense)/income for the year	(117,524)	542,486
Adjustments for:		
Revaluation surplus of investment held	199,881	(27,234)
Bank interest income	(4,718)	(7,826)
Depreciation	18,178	19,190
Operating cash flows before working capital changes	<u>95,817</u>	<u>526,616</u>
(Increase)/decrease in accounts receivable	(20,550)	18,800
Increase in accounts payable	126,493	343,306
Net cash generated from operating activities	<u>201,760</u>	<u>888,722</u>
Cash flows from investing activities		
Bank interest received	4,718	7,826
Acquisition of office equipment	-	(45,360)
Net cash generated from/(used in) investing activities	<u>4,718</u>	<u>(37,534)</u>
Net increase in cash and cash equivalents	206,478	851,188
Cash and cash equivalents		
at the beginning of the year	7,679,039	6,827,851
at the end of the year	<u>7,885,517</u>	<u>7,679,039</u>
Analysis of the balances of cash and cash equivalents		
Fixed deposits	1,175,137	1,175,137
Cash and cash equivalents	6,710,380	6,503,902
	<u>7,885,517</u>	<u>7,679,039</u>

**Notes to the financial statements
For the year ended 31 August 2020**

1. General information

The Seminary is an association domiciled and incorporated in Hong Kong with liability limited by guarantee. The address of the registered office and principal place of business of the Seminary is 17 Cumberland Road, Kowloon Tong, Kowloon, Hong Kong. The principal activities of the Seminary are to operate a Bible School of biblical and theological learning and to promote Christian Literature. The functional currency of the Seminary is Hong Kong dollars, and thus its financial statements are presented in Hong Kong dollars.

2 Statement of compliance with Hong Kong Financial Reporting Standards

The Seminary's financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (HKFRSs), which includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (HKASs) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (HKICPA), accounting principles generally accepted in Hong Kong, and the requirements of the Hong Kong Companies Ordinance. A summary of significant accounting policies is set out in note 3.

In 2020, the Seminary has initially applied the new and revised HKFRSs issued by the HKICPA that are first effective for accounting periods beginning on or after 1 January 2019, including:

HKFRS 16	Leases
HK(IFRIC)23	Uncertainty over income tax treatments
Annual improvements to HKFRSs 2015-2017 cycle	
Amendments to HKAS28	Long-term interests in associates and joint ventures

The application of the new and revised HKFRSs, has no material effects on the Seminary's financial performance and positions.

3. Summary of significant accounting policies

The financial statements have been prepared on the historical cost basis and in accordance with HKFRS issued by the HKICPA, including applicable disclosures required by the Hong Kong Companies Ordinance.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the 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 the respective notes, if appropriate.

The following are the specific accounting policies that are necessary for a proper understanding of the financial statements,

a. Furniture and equipment

Furniture and equipment are stated at cost or valuation less accumulated depreciation and any accumulated impairment losses. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to the working condition and location for its intended use. Subsequent expenditure relating to furniture and equipment that has already been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the enterprise. If not, the expenditure is treated as an expense in the period in which it is incurred.

Depreciation is charged so as to write off the cost or valuation of assets over their estimated useful lives on a reducing balance basis for furniture and fixtures, straight line basis for computer and office equipment.

Notes to the financial statements
For the year ended 31 August 2020

3. Summary of significant accounting policies (cont'd)

b. Financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when the Seminary becomes a party to the contractual provisions of the instrument.

(i) Account receivables

Account receivables are recognised when the Seminary's right to consideration is unconditional. A right to consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the Seminary has an unconditional right to consideration, the amount is presented as a contract asset. Receivables are stated at amortised cost using the effective interest method less allowance for credit losses.

A contract asset is recognised when the Seminary recognises revenue before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed for expected credit losses in accordance with the policy set out in (iv) below and are reclassified to receivables when the right to the consideration has become unconditional. A contract liability is recognised when the customer pays consideration, or has an unconditional right to consideration (in such case, a corresponding receivable is recognised), before the Seminary recognises the related revenue.

(ii) Cash and cash equivalents

Cash comprises cash on hand and at bank and demand deposits with bank. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purpose of statement of cash flows, bank overdrafts which are repayable on demand form an integral part of the company's cash management are included as a component of cash and cash equivalents.

(iii) Account payables

Account payables are initially measured at fair value and, after initial recognition, at amortised cost, except for short-term payables with no stated interest rate and the effect of discounting being immaterial that are measured at their original invoice amount.

(iv) Impairment of investments and other financial assets

The Seminary recognises loss allowances for expected credit loss on the financial instruments that are not measured at fair value through profit or loss. The Seminary considers the probability of default upon initial recognition of financial assets and assesses whether there has been a significant increase in credit risk on an ongoing basis.

The Seminary considers the credit risk on a financial instrument is low if the financial instrument has a low risk of default, the debtor has a strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the debtor to fulfil its contractual cash flow obligations.

The carrying amount of the receivables is reduced through the use of the receivable impairment charges account. Changes in the carrying amount of the receivable impairment charges account are recognised in profit or loss. The receivable is written off against the receivable impairment charges account when the Group has no reasonable expectations of recovering the receivable.

If, in a subsequent period, the amount of expected credit losses decreases, the reversal would be adjusted to the receivable impairment charges account at the reporting date. The amount of any reversal is recognised in profit or loss.

**Notes to the financial statements
For the year ended 31 August 2020**

3. Summary of significant accounting policies (cont'd)

c. Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when Seminary has a legal or constructive 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 expenditure 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 of economic benefits 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 of economic benefits is remote.

d. Revenue recognition

Donations, contributions and grants are recognised for on a cash basis. Students' fees for full time and extended course are recognised on a cash basis.

e. Retirement benefit costs

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

f. Investments

Investments are recognised and derecognised on the trade date when the Seminary becomes party to the contractual provisions of the investments and are initially measured at fair value plus, in the case of investments other than trading securities, transaction costs. Investments are further categorised into the following classifications for the measurement after initial recognition.

(i) Investments in equity instruments

An investment in equity instruments is classified as fair value through profit or loss, except for those investments in equity instrument not held for trading and are designated as financial assets at fair value through other comprehensive income. The company makes an irrevocable election at initial recognition for the investment in equity instruments to present subsequent changes in fair value in other comprehensive income. This election is made on an instrument-by-instrument (i.e. share-by-share) basis. Amounts presented in other comprehensive income for such investment are not be subsequently transferred to profit or loss until the investment is disposed of. At the time of disposal of an investment in equity instruments, the cumulative gain or loss of the investment is transferred from fair value reserves to retained earnings.

(ii) Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair value of an investment on initial recognition is normally the transaction price, unless it is estimated by using a valuation technique when part of the consideration given or received is for something other than the investments.

After initial recognition, the fair value of an investment quoted in an active market is based on the unadjusted quoted price and, for investments not quoted in an active market, the company establishes the fair value of such investment by using a valuation technique.

Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models.

BIBLE SEMINARY OF HONG KONG LIMITED
香港神學院有限公司

Notes to the financial statements
For the year ended 31 August 2020

4. Critical accounting estimates and judgement

The Seminary's management makes assumptions, estimates and judgements in the process of applying the Seminary's accounting policies that affect the assets, liabilities, income and expenses in the financial statements prepared in accordance with HKFRSs. The assumptions, estimates and judgements are based on historical experience and other factors that are believed to be reasonable under the circumstances. While the management reviews their judgements, estimates and assumptions continuously, the actual results will seldom equal to the estimates.

a. Key assumption and other key sources of estimation uncertainty

Certain key assumptions and risk factors in respect of the financial risk management are set out in note 12. In the opinion of directors, there are no other key sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the financial year.

b. Critical judgements in applying the Seminary's accounting policies

In the opinion of directors, there is no critical judgements in applying the Seminary's accounting policies.

5. Income

Income during the year represented by,

	<u>2020</u> HK\$	<u>2019</u> HK\$
Contributions and donations received	4,264,711	4,348,672
Students' fee	2,873,748	3,074,760
Extended course fee	256,006	358,320
Grants from Christian Nationals' Evangelism Commission	864,000	864,000
	<u>8,258,465</u>	<u>8,645,752</u>

6. Surplus for the year

Surplus for the year is stated after charging,

	<u>2020</u> HK\$	<u>2019</u> HK\$
Directors' emoluments		
- as directors	-	-
- for management	-	-
	<u>-</u>	<u>-</u>
Staff cost		
- salaries and allowances	7,527,271	7,395,536
- contributions to defined contribution plan	278,934	273,489
	<u>7,806,205</u>	<u>7,669,025</u>
Auditor's remuneration	4,400	4,200
Depreciation	18,178	19,190
Renovation of premises	87,500	137,500

7. Income tax expense

The Seminary has been exempted under Section 88 of the Inland Revenue Ordinance from any tax by reason of being a charitable institution of a public character.

**Notes to the financial statements
For the year ended 31 August 2020**

8. Furniture and equipment

	<u>Computer</u> <u>HK\$</u>	<u>Furniture</u> <u>and fixtures</u> <u>HK\$</u>	<u>Office</u> <u>equipment</u> <u>HK\$</u>	<u>Total</u> <u>HK\$</u>
Cost				
As at 1.9.2018	174,634	1,069,343	140,340	1,384,317
Additions during the year	-	-	45,360	45,360
Disposal during the year	-	-	(86,100)	(86,100)
As at 1.9.2019 and 31.8.2020	<u>174,634</u>	<u>1,069,343</u>	<u>99,600</u>	<u>1,343,577</u>
Aggregated depreciation				
As at 1.9.2018	174,634	968,162	140,340	1,283,136
Charge for the year	-	10,118	9,072	19,190
Written back on disposal	-	-	(86,100)	(86,100)
As at 1.9.2019	<u>174,634</u>	<u>978,280</u>	<u>63,312</u>	<u>1,216,226</u>
Charge for the year	-	9,106	9,072	18,178
As at 31.8.2020	<u>174,634</u>	<u>987,386</u>	<u>72,384</u>	<u>1,234,404</u>
Net carrying amount				
As at 31.8.2020	<u>-</u>	<u>81,957</u>	<u>27,216</u>	<u>109,173</u>
As at 31.8.2019	<u>-</u>	<u>91,063</u>	<u>36,288</u>	<u>127,351</u>

Depreciation is charged on basis at the following,

- Computer 33⅓% (straight-line)
- Office equipment 20% (straight-line)
- Furniture and fixtures 10% (reducing balance)

9. Long term investment

	<u>2020</u> <u>HK\$</u>	<u>2019</u> <u>HK\$</u>
Listed shares in Hong Kong		
At cost	<u>128,500</u>	<u>128,500</u>
At valuation		
- At 1 September	918,135	890,901
- (Decrease)/increase in valuation	<u>(199,881)</u>	<u>27,234</u>
- At 31 August	<u>718,254</u>	<u>918,135</u>

63,675 shares of The Hong Kong and China Gas Limited were held as at 31 August 2020.

**Notes to the financial statements
For the year ended 31 August 2020**

10. Special fund

	<u>2020</u>	<u>2019</u>
	<u>HK\$</u>	<u>HK\$</u>
Mak Ki Yan Fund	31,634	31,634
Andrew Song Memorial Fund	34,030	34,030
Lau Yik Yuen Fund	309,632	312,355
Lau Wing Sang Fund	1,000,000	1,000,000
Emergency Reserve Fund	200,000	200,000
Seminary Development Fund	1,150,000	1,150,000
PI (Canada) Fund	859,218	859,218
PI (Canada) Fund 2	31,201	31,201
Chang & Hsieh Mission Fund	670,123	770,123
Students' Medical Fund	13,845	13,845
Students' Activities Subsidy Fund	91,466	79,466
Students' Meal Fund	2,964	5,994
Rev C Y Chan Fund for Students' Spiritual Formation	16,526	18,026
Grants	45,218	98,218
Grants - designated	35,000	5,000
Fuk Mun Fund	257,600	357,600
Tour Fund	150,000	150,000
Anti-epidemic Fund	78,195	-
Evangelism and Missions Fund	95,000	-
	<u>5,071,652</u>	<u>5,116,710</u>

11. Capital disclosure

The Seminary's objectives when managing capital are to safeguard the Seminary's ability to continue as a going concern, in order to carry out its principal activities. The Seminary's overall strategy remains unchanged from prior year.

The capital structure of the Seminary consists of accumulated surplus and designated fund for subsidy purposes projects. In order to maintain or adjust the capital structure, the Seminary may appeal for donations from the Hong Kong Government and the general public.

12. Financial instruments

The Seminary has classified its financial assets in the following categories:

	<u>2020</u>	<u>2019</u>
	<u>HK\$</u>	<u>HK\$</u>
Loan and receivable:		
Cash and cash equivalents	6,710,380	6,503,902
Fixed deposits	1,175,137	1,175,137
Utility and other deposits	23,815	23,815
Accounts receivable	48,400	27,850
Long term investment (note 9)	718,254	918,135
	<u>8,675,986</u>	<u>8,648,839</u>

The Seminary has classified its financial liabilities in the following categories:

	<u>2020</u>	<u>2019</u>
	<u>HK\$</u>	<u>HK\$</u>
Accounts payable	<u>501,858</u>	<u>375,365</u>

Notes to the financial statements
For the year ended 31 August 2020

12. Financial instruments (cont'd)

All other financial instruments are carried at amounts not materially different from their fair values as at 31 August 2019 and 2020.

The Seminary is exposed to credit risk, liquidity risk and market risk arising in the normal course of its operations and financial instruments. The Seminary's risk management objectives, policies and processes mainly focus on minimizing the potential adverse effects of these risks on its financial performance and position by closely monitoring the individual exposure.

a. Credit risk

The Seminary is exposed to credit risk on financial assets, mainly attributable to deposit and accounts receivable at 31 August 2020, the Seminary has no concentration of risk and the maximum exposure to credit risk is represented by the carrying amount of each financial assets.

b. Liquidity risk

The Seminary is exposed to liquidity risk on financial liabilities. It manages its funds conservatively by maintaining a comfortable level of cash and cash equivalents in order to meet continuous operational need.

c. Interest rate risk

The Seminary's exposure on fair value interest rate risk mainly arises from its fixed deposits with banks, which are classified as held-to-maturity investments. It also has exposure on cash flow interest rate risk which is mainly arising from its deposits with banks.

The Seminary mainly holds fixed deposits with banks with maturity within 3 months and the exposure is considered not significant. In consequence, no material exposure on fair value interest rate risk is expected. Even that, the Seminary closely monitors the fair value fluctuation of the investments and disposes of them in case of significant increase in interest rate is foreseen.

13. Hong Kong Financial Reporting Standards issued but not yet effective for the year

HKFRSs that have been issued but are not yet effective for the year include the following HKFRSs which may be relevant to the Seminary's operations and financial statements:

		<u>Effective for annual periods beginning on or after</u>
Amendments to HKFRS 3	Definition of a business	1 January 2020
Amendments to HKAS 1 and HKAS 8	Definition of material	1 January 2020

The Seminary has not early adopted these HKFRSs. Initial assessment has indicated that the adoption of these HKFRSs would not have a significant impact on the Seminary's financial statements in the year of initial application. The Seminary will be continuing with the assessment of the impact of these HKFRSs and other significant changes may be identified as a result.

BIBLE SEMINARY OF HONG KONG LIMITED

香港神學院有限公司

Detailed Income Statement
For the year ended 31 August 2020
(For management information only)

	<u>2020</u>	<u>2019</u>
	<u>HK\$</u>	<u>HK\$</u>
Income		
Contributions and donations	4,264,711	4,348,672
Students' fee	2,873,748	3,074,760
Extended course fee	256,006	358,320
Grants from Christian Nationals' Evangelism Commission	864,000	864,000
	<u>8,258,465</u>	<u>8,645,752</u>
Other income		
Dividend income	21,225	19,296
Sundry income	153,306	144,103
Government Subsidy - Employment Support Scheme	474,018	-
Bank interest income	4,718	7,826
	<u>8,911,732</u>	<u>8,816,977</u>
Expenditure		
Advertisement	11,704	15,564
Auditor's remuneration	4,400	4,200
Books for library	23,627	27,439
BSHK newsletter	42,230	41,400
Cleaning expenses	13,006	15,650
Depreciation	18,178	19,190
Electricity, water and gas	50,163	84,371
Entertainment expenses	1,071	1,860
Government rent and rates	242,700	251,200
Insurance	17,059	16,433
I.T. and internet expenses	108,643	87,965
Overseas and local travelling expenses	4,623	3,946
Mandatory provident fund contribution	278,934	273,489
Medical expenses	20,490	16,150
Motor vehicle running expenses	60,000	54,306
Newspaper and magazine	14,948	16,017
Postage	49,301	51,719
Printing and stationery	101,993	145,882
Renovation of premises	87,500	137,500
Repairs and maintenance	34,854	25,591
Seminary activities	2,957	20,223
Small equipment and tools	50,794	30,167
Staff salaries	7,527,271	7,395,536
Sundry expenses	2,039	37,551
Telephone expenses	9,177	10,529
Training course expenses	6,655	14,465
	<u>8,784,317</u>	<u>8,798,343</u>
Surplus for the year	<u>127,415</u>	<u>18,634</u>