

**CHINA BAPTIST
THEOLOGICAL COLLEGE, LIMITED**
中國浸信會神學院有限公司

**Reports and Financial Statements
For the year ended 31 August 2020**

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Directors' Report

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

Principal activities

The principal activities of the College are to provide post-secondary programs of theological education for students in Hong Kong.

Results

The financial performance and movement of reserves of the College 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 10.

Directors

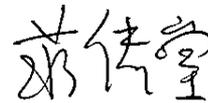
The directors who held office during the year and up to the date of this report were:

Mr. Chiang Wai Tong	
Ms. Choi Yuk Ying	
Mr. Kwan Ting Fat	
Mr. Pang Chun Kwok	
Ms. Lee Muk Yee	- appointed on 20 April 2020
Mr. Au Sing Hung, Thomas	- appointed on 20 April 2020
Mr. Yuen Chung Fai	- resigned on 20 April 2020
Ms. Ng Suk Wa, Doby	- resigned on 20 April 2020

Auditor

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

On behalf of the Board



Mr. Chiang Wai Tong
Chairman

Hong Kong, 11 DEC 2020



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 (Acctg)

Principal:

張文傑主管
KEN M.K. CHEUNG

Independent Auditor's Report

To the Members of CHINA BAPTIST THEOLOGICAL COLLEGE, LIMITED

中國浸信會神學院有限公司

(Incorporated in Hong Kong with liability limited by guarantee)

Opinion

We have audited the financial statements of CHINA BAPTIST THEOLOGICAL COLLEGE ("the College") set out on pages 4 to 10, which comprise the statement of financial position as at 31 August 2020, and the income statement and statement of changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements of the College are prepared, in all material respects, in accordance with the Hong Kong Small and Medium-Sized Entity Financial Reporting Standard ("SME-FRS") 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 ("HKSAs") and with reference to Practice Note 900 (Revised), Audit of Financial Statements Prepared in Accordance with the Small and Medium-Sized Entity Financial Reporting Standard 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 College in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other 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 in accordance with the SME-FRS issued by the HKICPA and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

香港中環德輔道中99-105號大新人壽大廈五字樓

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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
FCPA (Practising), FCA,
FCCA, FTIHK, FSCA

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

Principal:

張文傑主管
KEN M.K. CHEUNG

Independent Auditor's Report (cont'd)

To the Members of CHINA BAPTIST THEOLOGICAL COLLEGE, LIMITED

中國浸信會神學院有限公司

(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 College'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 College'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 College to cease to continue as a going concern.

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.

LKY China
Certified Public Accountants (Practising)

Hong Kong, **11 DEC 2020**

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CHINA BAPTIST THEOLOGICAL COLLEGE, LIMITED

中國浸信會神學院有限公司

Income Statement
For the year ended 31 August 2020

	Note	2020 HK\$	2019 HK\$
Revenue	3	4,605,075	3,977,452
Administrative expenses		(5,400,412)	(5,209,496)
Operating deficit for the year		(795,337)	(1,232,044)
Bank interest income		42	108
Bank loan interest		(16,745)	(27,402)
Deficit before tax	4	(812,040)	(1,259,338)
Income tax expense	5	-	-
Deficit for the year		(812,040)	(1,259,338)

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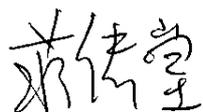
CHINA BAPTIST THEOLOGICAL COLLEGE, LIMITED

中國浸信會神學院有限公司

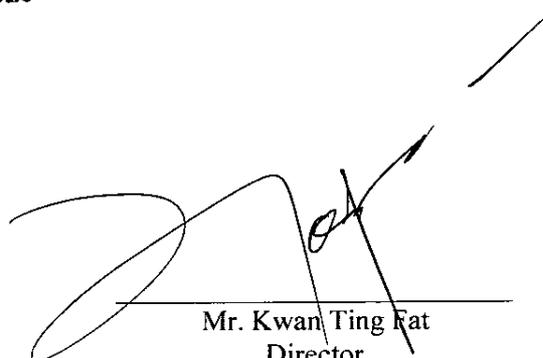
**Statement of Financial Position
as at 31 August 2020**

	Note	2020 HK\$	2019 HK\$
Non-current assets			
Property and equipment	6	19,735,734	20,380,723
Current assets			
Prepayments and deposits		51,899	54,780
Tuition fees and other receivable		40,041	48,499
Cash and bank balances		420,916	335,766
		<u>512,856</u>	<u>439,045</u>
Current liabilities			
Accrued charge		9,000	128,597
Receipt in advance		68,575	84,675
Secured bank loan	7	481,356	762,202
Non-interest bearing loans	8	5,605,000	5,185,000
		<u>6,163,931</u>	<u>6,160,474</u>
Net current liabilities		<u>(5,651,075)</u>	<u>(5,721,429)</u>
Net assets		<u>14,084,659</u>	<u>14,659,294</u>
Reserves			
General Fund		11,835,379	12,647,419
Designated Funds	9	2,249,280	2,011,875
Accumulated funds		<u>14,084,659</u>	<u>14,659,294</u>

The financial statements together with accompany notes set out on pages 4 to 10 were approved and authorised for issue by the Board of Directors on **11 DEC 2020** and signed on its behalf by:



Mr. Chiang Wai Tong
Director



Mr. Kwan Ting Fat
Director

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Notes to the Financial Statements
For the year ended 31 August 2020

1. General information

The College is an College domiciled and incorporated in Hong Kong with liabilities of members limited by guarantee. The address of the registered office of the College is 95 Ha Wo Che, Shatin, New Territories, Hong Kong. The principal activities of the College are to provide post-secondary programs of theological education for students in Hong Kong.

2. Basis of preparation and significant accounting policies

The College qualifies for the reporting exemption as a small guarantee company under section 359(1)(a) of the Hong Kong Companies Ordinance. The College is therefore entitled to prepare and present its financial statements in accordance with the Small and Medium-sized Entity Financial Reporting Standard ("SME-FRS") issued by the Hong Kong Institute of Certified Public Accountants.

These financial statements comply with the SME-FRS and have been prepared under the accrual basis of accounting and on the basis that the company is a going concern. The measurement base adopted is the historical cost convention.

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

a. Property and equipment

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

The depreciable amount of items of property and equipment are allocated on a systematic basis over its estimated useful life using the straight-line method.

b. Related parties

For the purposes of these financial statements, parties are considered to be related to the College if the College has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the College and the party are subject to common significant influence. Related parties may be individuals (being members of key management personnel, significant shareholders and/ or their close family members) or other entities and include entities which are under the significant influence of related parties of the College where those parties are individuals, and post-employment benefit plans which are for the benefit of employees of the College or of any entity that is a related party of the College.

c. Revenue

Revenue is recognised when it is probable that the economic benefits will flow to the College and when the revenue can be measured reliably, on the following bases:

- (i) Offerings income is recognised when received;
- (ii) Tuition fee income is recognised when the classes are provided and the right to receive payment has been established;
- (iii) Surplus on trips is determined by trip enrollment fees received and deducted respective costs incurred and recognised when the trip departed;
- (iv) Activities income is recognised when the activities are held; and
- (v) Interest income is recognised on a time proportion basis taking into account the principal understanding and the interest applicable.

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**Notes to the Financial Statements
For the year ended 31 August 2020**

2. Basis of preparation and significant accounting policies (cont'd)

d. Impairment of assets

An assessment is made at the end of each reporting period to determine whether there is any indication of impairment or reversal of previous impairment. In the event that an asset's carrying amount exceeds its recoverable amount, the carrying amount is reduced to recoverable amount and an impairment loss is recognised in the income statement. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount, however not to an amount higher than the carrying amount that would have been determined (net of amortisation or depreciation), had no impairment losses been recognised for the asset in prior years.

e. Borrowing costs

Borrowing costs are recognised as an expense in the year in which they are incurred.

3. Revenue

	<u>2020</u>	<u>2019</u>
	<u>HK\$</u>	<u>HK\$</u>
General offerings	3,643,098	2,845,166
Tuition fee	711,730	778,440
Sundry income	250,247	353,846
	4,605,075	3,977,452

4. Deficit before tax

Deficit before tax is stated after charging the following items,

	<u>2020</u>	<u>2019</u>
	<u>HK\$</u>	<u>HK\$</u>
Directors' emolument		
- as directors	-	-
- for management	669,936	279,192
	669,936	279,192
Staff cost		
- Salaries and allowances	3,318,565	3,348,784
- Mandatory provident fund	171,230	157,802
	3,489,795	3,506,586
Auditor's remuneration	5,000	15,000
Depreciation	652,197	652,044

5. Income tax expense

The College is exempted from Hong Kong profits tax by reason of its charitable status under Section 88 of the Hong Kong Inland Revenue Ordinance.

CHINA BAPTIST THEOLOGICAL COLLEGE, LIMITED

中國浸信會神學院有限公司

**Notes to the Financial Statements
For the year ended 31 August 2020**

6. Property and equipment

	Leasehold Land HK\$	Building and construction HK\$	Furniture and equipment HK\$	Total HK\$
Cost				
As at 1.9.2019	12,000,000	15,918,090	681,454	28,599,544
Additions during the year	-	-	7,208	7,208
As at 31.8.2020	<u>12,000,000</u>	<u>15,918,090</u>	<u>688,662</u>	<u>28,606,752</u>
Aggregate depreciation				
As at 1.9.2019	3,600,000	3,979,521	639,300	8,218,821
Charge for the year	240,000	397,952	14,245	652,197
As at 31.8.2020	<u>3,840,000</u>	<u>4,377,473</u>	<u>653,545</u>	<u>8,871,018</u>
Carrying amount				
As at 31.8.2020	<u>8,160,000</u>	<u>11,540,617</u>	<u>35,117</u>	<u>19,735,734</u>
As at 31.8.2019	<u>8,400,000</u>	<u>11,938,569</u>	<u>42,154</u>	<u>20,380,723</u>

The land and buildings are situated in Hong Kong held under medium term lease, and are pledged to bank for banking facilities (note 7). In the opinion of directors, no provision for diminution in value is required. Depreciation is charged on a straight line basis at the following annual rates,

Land	Over unexpired terms of the lease
Building and construction	2.5%
Furniture and equipment	20%

7. Secured bank loan

	<u>2020</u> HK\$	<u>2019</u> HK\$
Repayable within 1 year	315,576	375,586
Repayable after 1 year but within 5 year	165,780	386,616
	<u>481,356</u>	<u>762,202</u>

The loan is repaid by monthly installment and secured by the property (note 6) of the College and guaranteed by third parties. The total outstanding balances are classified under current liabilities as the borrowing terms contained a repayment on demand clause.

8. Non-interest bearing loans

The loans are unsecured, interest free and repayable on demand.

9. Designated Funds

(a) Darline Fremont Memorial Fund

The fund is for the purpose of memorizing Lady Darline Fremont and supporting training and development works in mainland China. The amount is received from designated offerings of third parties and other charitable organizations.

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Notes to the Financial Statements
For the year ended 31 August 2020

9. Designated Funds (cont'd)

(b) Lyn Ambacher Memorial Fund

The fund is for the purpose of memorizing Lady Lyn Ambacher and subsidizing students and alumnus visiting Holy Land, Israel. The amount is received from designated offerings of third parties and other charitable organizations, transfer from General Fund as resolved by the Board, and surplus from organizing Holy Land tour for other charitable organizations.

(c) College Environment Maintenance Fund

The fund is for the purpose for major maintenance and development works of the College campus. The amount is received from designated offerings of third parties and appropriation from General Fund as resolved by the Board.

(d) Publishing Fund

The fund is for the purpose of publishing periodicals and books of the College. The amount is received from designated offerings of third parties and other charitable organizations and surplus from the sales of books.

(e) Scholarship Fund

The scholarship fund is for the purpose of encouraging students to dedicate full efforts on learning. The amount is received from designated offerings of third parties and other charitable organizations

(f) Teacher Development Fund

The purpose of the fund is to support recruitment of teachers' salary and their continuing studies. The amount is received from designated offerings of third parties and other charitable organizations and appropriation from General Fund as resolved by the Board.

10. Comparative figures

Certain comparative figures had been classified in order to conform with current year's presentation.

CHINA BAPTIST THEOLOGICAL COLLEGE, LIMITED

中國浸信會神學院有限公司

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		
General offerings	3,643,098	2,845,166
Tuition fee	711,730	778,440
Sundry income	250,247	353,846
Interest income	42	108
	<u>4,605,117</u>	<u>3,977,560</u>
Administrative expenses		
Directors' emolument		
- as directors	-	-
- for management	669,936	279,192
Auditor's remuneration	5,000	15,000
Activities expenses	31,312	54,384
Advertising, printing & stationery	32,051	83,516
Bank charges	1,091	731
Books and periodicals	60,916	77,528
Depreciation	652,197	652,044
Electricity and water	41,209	68,511
Insurance	13,850	13,046
Internet and computer	20,592	17,208
Lectures' fee	282,290	314,900
Mandatory provident fund	171,230	157,802
Medical expense	6,915	9,187
Rent and rates	67,040	58,812
Repairs and maintenance	7,045	19,932
Staff salaries and allowance	3,318,565	3,348,784
Subscription	6,770	21,986
Sundry expense	12,403	16,933
	<u>5,400,412</u>	<u>5,209,496</u>
Finance cost		
Bank loan interest	16,745	27,402
	<u>5,417,157</u>	<u>5,236,898</u>
Deficit for the year	<u>(812,040)</u>	<u>(1,259,338)</u>