

Financial Review 2018/2019

Overview

In the financial year 2018/2019, the Institution continued to sustain a healthy financial and cash position. The surplus for the year was HK\$1.6 million as compared to that of last year of HK\$3.9 million. Total net assets as at 31 March 2019 were HK\$110.5 million which is about HK\$0.6 million higher than that of last year.

Source of Fund

During the year, the donation received for the purchase of additional accommodation, i.e. donation to the Learned Society Activities' Premises ("LSAP"), was HK\$1.2 million. The total income for the year excluding the donation for the LSAP was HK\$72.4 million. Other than the donation income, the major sources of income were membership fees, accreditation income and training fees, these accounted for 62.6% of the total income. As compared to the income of last year excluding the donation for the LSAP of HK\$66.3 million, there was an increase of 9.2% for the year.

Use of Fund

Total expenditure for the year excluding the mortgage loan interest of HK\$59,000 was HK\$71.9 million. There was an increase of 13.0% as compared to HK\$63.6 million last year.

The HKIE Exhibition 2018 under the theme of "Smart Tomorrow, Engineers' Motto" was organised in April 2018. The HKIE Exhibition aimed to demonstrate the contribution of engineers to the sustainable development of Hong Kong, and their endeavours in creating smart homes and a smart city for the people. The expenditure of the event was HK\$842,000. With various sponsorship supports, a net surplus of HK\$243,000 was resulted.

For the launch of Competence-based Professional Assessment and the Scheme "A" Training in competence-based format in April 2019, a series of preparation works had been carried out in the year with the cost incurred in the amount of HK\$742,000.

In addition, other activities, including HKIE Engineer Cadet Club Programme and HKIE Connect: Happy Hour Gathering for Young Members, etc. were held during the year with the total net cost of HK\$173,000.

TOTAL NET ASSETS

| Year | Total Net Assets | Non-Current Assets | Current Assets | Current Liabilities |
|-------|------------------|--------------------|----------------|---------------------|
| 18/19 | 110,531,104 | 74,068,076 | 64,993,263 | 28,530,235 (Note 5) |
| 17/18 | 109,888,003 | 77,169,581 | 64,300,340 | 31,581,918 (Note 4) |
| 16/17 | 105,973,808 | 80,040,404 | 66,301,285 | 40,367,881 (Note 3) |
| 15/16 | 98,650,095 | 83,162,272 | 62,320,528 | 46,832,705 (Note 2) |
| 14/15 | 89,004,306 | 85,909,007 | 54,706,397 | 51,611,098 (Note 1) |

HK\$

Note 1: A bank loan of HK\$32.5 million, which is scheduled to be repaid in 14 years, is included due to a repayment on demand clause in the loan agreement.

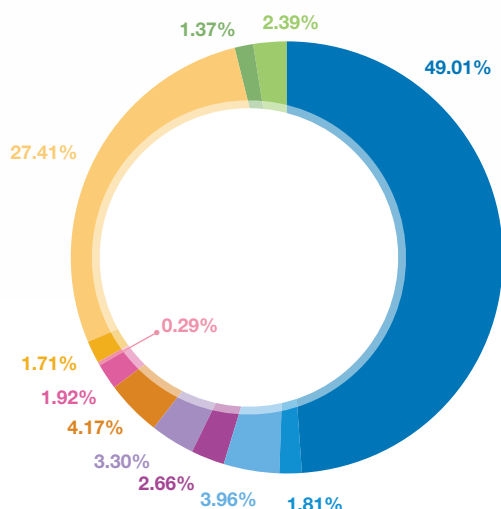
Note 2: A bank loan of HK\$22.9 million, which is scheduled to be repaid in 9.7 years, is included due to a repayment on demand clause in the loan agreement.

Note 3: A bank loan of HK\$14.2 million, which is scheduled to be repaid in 5.8 years, is included due to a repayment on demand clause in the loan agreement.

Note 4: A bank loan of HK\$6.7 million, which is scheduled to be repaid in 2.7 years, is included due to a repayment on demand clause in the loan agreement.

Note 5: A bank loan of HK\$680,000, which is scheduled to be repaid in 4 months, is included.

SOURCE OF FUND

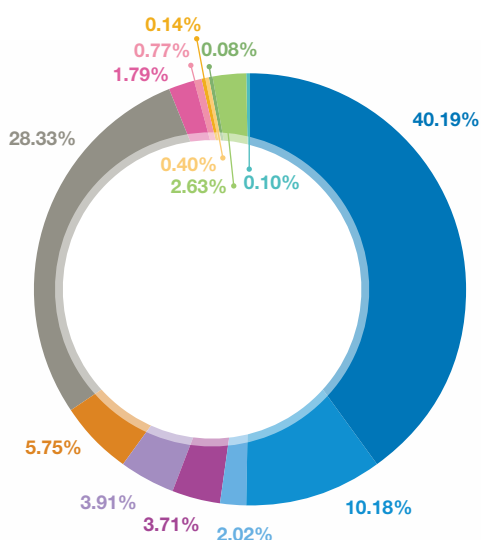


| | HK\$ | % |
|---|-------------------|---------|
| ● Subscriptions | 36,081,287 | 49.01% |
| ● Entrance and Transfer Fees | 1,331,985 | 1.81% |
| ● Training Fees | 2,914,600 | 3.96% |
| ● Application & Assessment Fees | 1,958,248 | 2.66% |
| ● ERB Administration Fees | 2,431,680 | 3.30% |
| ● Accreditation Income | 3,072,480 | 4.17% |
| ● Conference Income | 1,411,436 | 1.92% |
| ● Continuing Professional Development Activities | 211,004 | 0.29% |
| ● Donation for Learned Society Activities' Premises | 1,257,073 | 1.71% |
| ● Divisional Income | 20,181,859 | 27.41% |
| ● Other Event Income (note 1) | 1,009,637 | 1.37% |
| ● Other Income (note 2) | 1,757,665 | 2.39% |
| | 73,618,954 | 100.00% |

Note 1: Other event income includes income mainly from the "Smart Tomorrow, Engineers' Motto" Exhibition, HKIE Engineer Cadet Club Programme, etc.

Note 2: Other income includes interest income, Asia Pacific Economic Co-operation Engineer registration fees, International Professional Engineers Agreement registration fees and International Engineering Technologists Agreement registration fees, etc.

USE OF FUND



| | HK\$ | % |
|---|-------------------|---------|
| ● Staff Expenses | 28,926,307 | 40.19% |
| ● Office & Administration Expenses | 7,329,882 | 10.18% |
| ● Membership Expenses | 1,451,169 | 2.02% |
| ● Accreditation Expenses | 2,668,741 | 3.71% |
| ● Publication Expenses | 2,814,619 | 3.91% |
| ● Conference Expenses | 4,135,029 | 5.75% |
| ● Divisional Expenses | 20,387,753 | 28.33% |
| ● External Affairs Expenses | 1,285,625 | 1.79% |
| ● Legal & Professional Fees | 554,694 | 0.77% |
| ● Facilities Expenses | 97,696 | 0.14% |
| ● The HKIE Awards and Student Scholarship & Prizes Expenses | 284,711 | 0.40% |
| ● Finance Cost | 59,534 | 0.08% |
| ● Other Events Expenses (note 1) | 1,891,165 | 2.63% |
| ● Other Expenses (note 2) | 88,928 | 0.10% |
| | 71,975,853 | 100.00% |

Note 1: Other events include "Smart Tomorrow, Engineers' Motto" Exhibition, HKIE Engineer Cadet Club Programme, Preparation works for Competence-based Professional Assessment and Happy Hour Gathering for Young Members, etc.

Note 2: Other expenses includes Asia Pacific Economic Co-operation Engineer expenses, International Professional Engineers Agreement expenses and International Engineering Technologists Agreement expenses, etc.

PERFORMANCE BY DIVISIONS

| | (1) | (2) | (3) | (4) | (5)=(1)+(2)-(3)+(4) | (6) | (7)=(5)-(6) |
|--|-------------------------------|------------------------------------|--|--------------------------------|------------------------|-------------------------------------|--|
| | Allocation 2018/19 HK\$ | Surplus / (Deficit) b/f HK\$ | Surplus Returned to Headquarters HK\$ | Income HK\$ (Note 1) | Total Funds HK\$ | Expenditure HK\$ (Note 2) | Surplus / (Deficit) at 31 March 2019 HK\$ (Note 3) |
| Aircraft Division | 41,000 | 125,468 | (8,778) | 138 | 157,828 | (285,812)* | 443,640 |
| Associate Members Committee | 47,000 | 35,260 | - | - | 82,260 | 67,206 | 15,054 |
| Biomedical Division | 36,000 | 182,025 | - | 1,000 | 219,025 | 48,843 | 170,182 |
| Building Division | 71,000 | 972,041 | - | 8,908 | 1,051,949 | 422,462 | 629,487 |
| Building Services Division | 119,000 | 630,680 | - | 29,121 | 778,801 | (28,789)* | 807,590 |
| Control, Automation & Instrumentation Division | 54,000 | 72,296 | - | 7,479 | 133,775 | 62,030 | 71,745 |
| Civil Division | 170,000 | 1,454,559 | - | 20,941 | 1,645,500 | (123,245)* | 1,768,745 |
| Electrical Division | 83,000 | 581,425 | - | 8,523 | 672,948 | (71,975)* | 744,923 |
| Electronics Division | 52,000 | 286,434 | - | 7,278 | 345,712 | 30,902 | 314,810 |
| Environmental Division | 109,000 | 427,651 | - | 8,378 | 545,029 | 130,568 | 414,461 |
| Fire Division | 45,000 | 1,028,687 | - | 738 | 1,074,425 | (31,799)* | 1,106,224 |
| Gas & Energy Division | 53,000 | 136,962 | - | 3,735 | 193,697 | (31,179)* | 224,876 |
| Geotechnical Division | 108,000 | 913,490 | - | 5,093 | 1,026,583 | 98,882 | 927,701 |
| Information Technology Division | 69,000 | 361,237 | - | 8,508 | 438,745 | (9,966)* | 448,711 |
| Logistics & Transportation Division | 37,000 | 109,467 | - | 415 | 146,882 | 18,610 | 128,272 |
| Materials Division | 41,000 | 171,598 | - | 2,490 | 215,088 | 52,671 | 162,417 |
| Manufacturing & Industrial Division | 45,000 | 95,148 | - | 5,411 | 145,559 | 48,705 | 96,854 |
| Mechanical, Marine, Naval Architecture & Chemical Division | 82,000 | 679,523 | - | 8,715 | 770,238 | (13,088)* | 783,326 |
| Nuclear Division | 36,900 | 20,407 | - | 415 | 57,722 | 34,749 | 22,973 |
| Safety Specialist Committee | 133,000 | 371,025 | - | - | 504,025 | 166,775 | 337,250 |
| Structural Division | 128,000 | 968,029 | - | 4,285 | 1,100,314 | 105,011 | 995,303 |
| Student Chapter - City U | 22,713 | 35,153 | - | - | 57,866 | 11,297 | 46,569 |
| Student Chapter - CUHK | 15,391 | 31,445 | - | - | 46,836 | 25,095 | 21,741 |
| Student Chapter - IVE(TY) | 36,147 | 60,099 | - | - | 96,246 | 23,270 | 72,976 |
| Student Chapter - IVE(CW) | 15,640 | 99,901 | - | 35 | 115,576 | 3,251 | 112,325 |
| Student Chapter - IVE(ST) | 5,125 | 40,633 | - | 13 | 45,771 | - | 45,771 |
| Student Chapter - HKBU | 2,650 | 5,680 | - | - | 8,330 | - | 8,330 |
| Student Chapter - HKU | 15,336 | 26,535 | - | 5 | 41,876 | 6,936 | 34,940 |
| Student Chapter - HKUST | 19,814 | 60,243 | - | - | 80,057 | 39,401 | 40,656 |
| Student Chapter - Poly U | 24,709 | 93,118 | - | 28 | 117,855 | 25,913 | 91,942 |
| Young Members Committee | 96,000 | 533,789 | - | 112 | 629,901 | 76,156 | 553,745 |
| Total | 1,813,425 | 10,610,008 | (8,778) | 131,764 | 12,546,419 | 902,880 | 11,643,539 |

Note 1: Income included receipts for affiliate subscriptions.

Note 2: Expenditure included net deficit/(surplus) of special events.

Note 3: Surplus represents accumulated surplus and therefore does not agree with the current year surplus.

* Being special events surplus in excess of total expenditure for the year.