

# FINANCIAL REVIEW

## 2006/2007

### Overview

In the financial year 2006/2007, the Institution continued to sustain a healthy financial and cash position. With an increase of approximately HK\$1.1 million in both income and expenditure as compared to last year, a similar level of surplus of HK\$3.66 million was recorded. Total net assets as at 31 March 2007 were HK\$54.8 million, which is about HK\$2.8 million higher than that of last year.

### Source of Fund

Major sources of income were membership fees, accreditation income and training fees. These accounted for 80% of the total income of HK\$26.3 million. As compared to the total income of last year of HK\$25.2 million, there was an increase of 4.4% for the year.

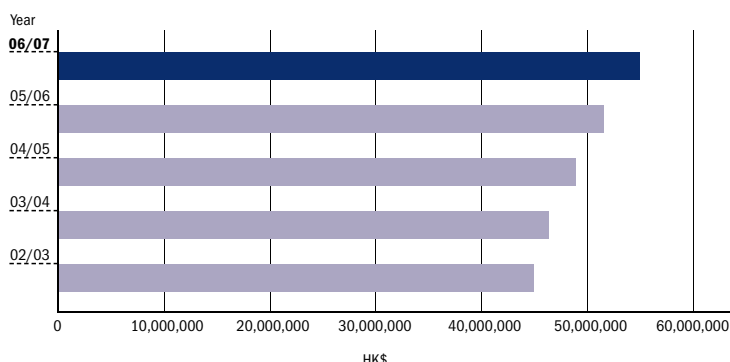
During the year, the Free Student Membership Scheme was introduced. As the number of members of other grades increased, the reduction of membership fees from Student Members was offset by the increase in membership fees from other grades and the total membership fee income increased by HK\$337,000.

### Use of Fund

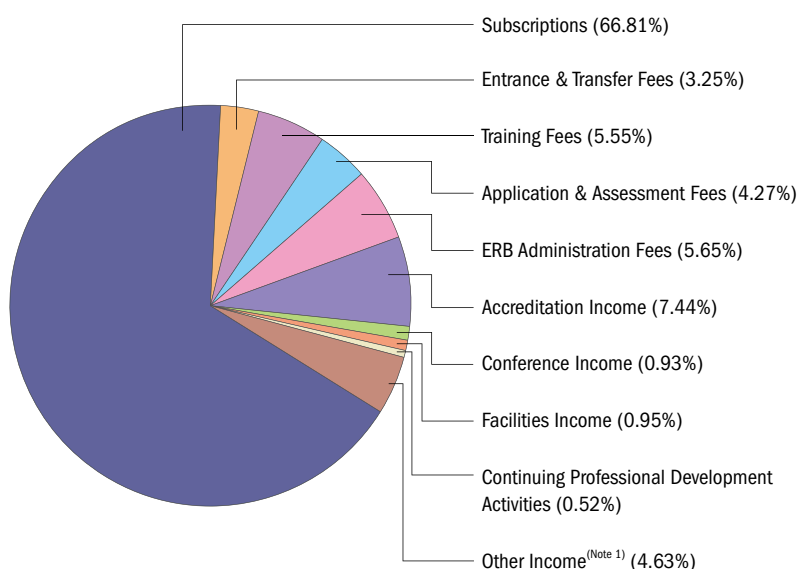
Total expenditure for the year was HK\$22.7 million. There was an increase of 5% as compared to HK\$21.6 million last year.

The Institution has spent for various other activities by an amount of HK\$1.38 million over the previous year. These activities included the Study on the State of Hong Kong Infrastructures, the HKIE Road Shows – “Engineers for the Environment” and “Engineering a Green Future”, Hong Kong Engineering Archive, etc.

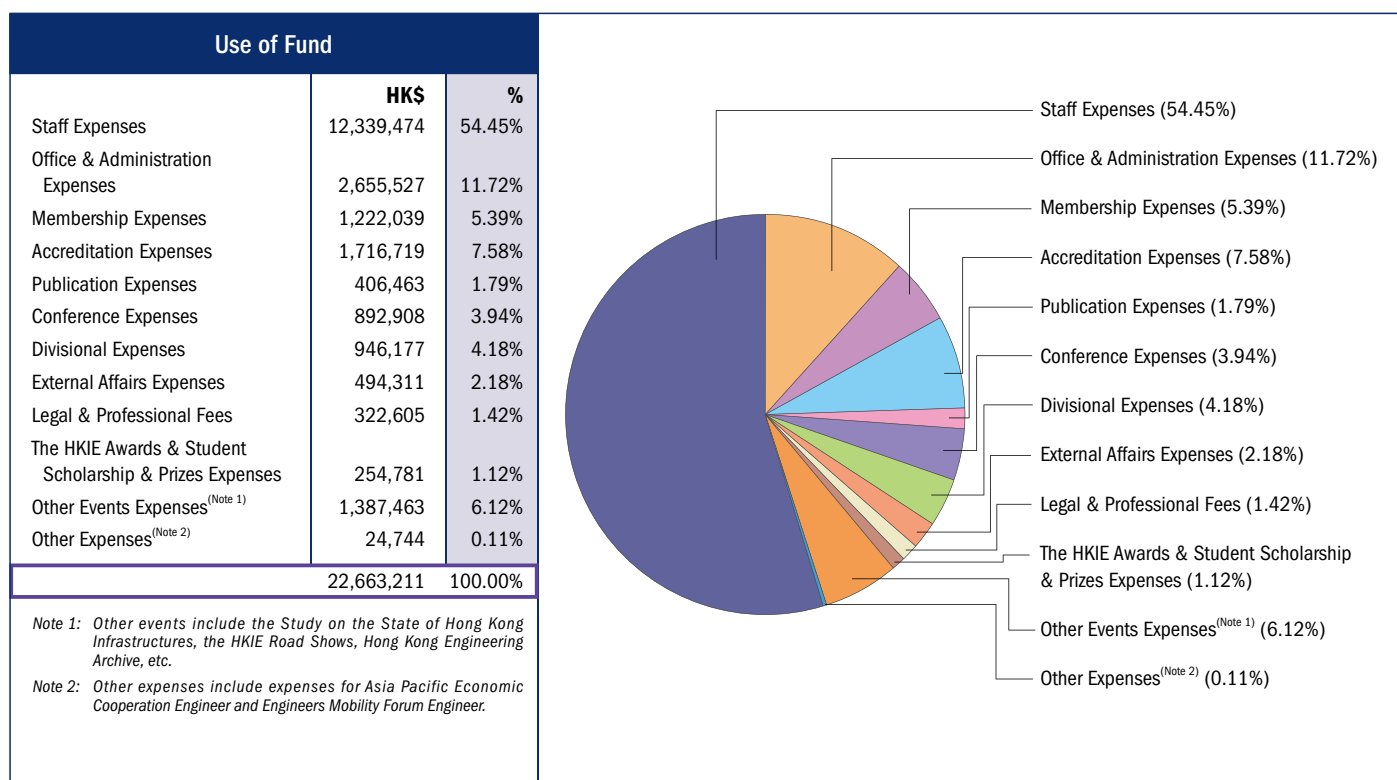
| Total Net Assets |                   |                   |                    |                       |
|------------------|-------------------|-------------------|--------------------|-----------------------|
| Year Ended       | Total Net Assets  | Fixed Assets      | Net Current Assets | Long-term Liabilities |
| 02/03            | 45,192,749        | 27,548,014        | 17,644,735         | –                     |
| 03/04            | 46,824,586        | 26,523,871        | 20,300,715         | –                     |
| 04/05            | 49,089,869        | 25,914,072        | 23,175,797         | –                     |
| 05/06            | 51,925,871        | 24,785,569        | 27,140,302         | –                     |
| <b>06/07</b>     | <b>54,775,330</b> | <b>24,015,151</b> | <b>30,760,179</b>  | <b>–</b>              |



| Source of Fund                                 |                   |                |
|--|-------------------|----------------|
|  | HK\$              | %              |
| Subscriptions                                  | 17,587,268        | 66.81%         |
| Entrance & Transfer Fees                       | 854,335           | 3.25%          |
| Training Fees                                  | 1,460,250         | 5.55%          |
| Application & Assessment Fees                  | 1,123,564         | 4.27%          |
| ERB Administration Fees                        | 1,485,903         | 5.65%          |
| Accreditation Income                           | 1,959,600         | 7.44%          |
| Conference Income                              | 245,999           | 0.93%          |
| Facilities Income                              | 249,041           | 0.95%          |
| Continuing Professional Development Activities | 136,807           | 0.52%          |
| Other Income <sup>(Note 1)</sup>               | 1,219,122         | 4.63%          |
|  | <b>26,321,889</b> | <b>100.00%</b> |



Note 1: Other income includes interest income, Asia Pacific Economic Cooperation Engineer registration fees, Engineers Mobility Forum Engineer registration fees, etc.



| Performance by Divisions                                   | (1)                           | (2)                                  | (3)  | (4)                        | (5)=(1)+(2)-(3)+(4)    | (6)                             | (7)=(5)-(6)   |
|--|-------------------------------|--------------------------------------|--|----------------------------|------------------------|---------------------------------|---|
|  | Allocation<br>2006/07<br>HK\$ | Surplus/<br>(Deficit)<br>b/f<br>HK\$ | Surplus<br>Returned to<br>Headquarters<br>HK\$ | Income<br>HK\$<br>(Note 1) | Total<br>Funds<br>HK\$ | Expenditure<br>HK\$<br>(Note 2) | Surplus/<br>(Deficit) at<br>31 March 2007<br>HK\$<br>(Note 3) |
| Associate Members Committee                                | 61,266                        | 34,405                               | —  | 12,332                     | 108,003                | 84,439                          | 23,564  |
| Biomedical Division  | 37,000                        | 88,179                               | —  | 3,613                      | 128,792                | 81,700                          | 47,092  |
| Building Division  | 65,000                        | 270,274                              | —  | 32,451                     | 367,725                | 78,862                          | 288,863   |
| Building Services Division                                 | 104,000                       | 505,161                              | —  | 81,150                     | 690,311                | (197,997)*                      | 888,308   |
| Control, Automation & Instrumentation Division             | 55,000                        | 162,521                              | —  | 19,036                     | 236,557                | 48,219                          | 188,338   |
| Civil Division   | 150,000                       | 690,854                              | —  | 66,680                     | 907,534                | (33,851)*                       | 941,385   |
| Electrical Division  | 81,000                        | 803,711                              | —  | 22,336                     | 907,047                | 190,557                         | 716,490   |
| Electronics Division                                       | 54,000                        | 142,213                              | —  | 15,418                     | 211,631                | 100,681                         | 110,950   |
| Environmental Division                                     | 100,000                       | 594,617                              | —  | 15,377                     | 709,994                | 157,143                         | 552,851   |
| Gas & Energy Division                                      | 56,400                        | 35,785                               | —  | 5,270                      | 97,455                 | 88,259                          | 9,196   |
| Geotechnical Division                                      | 97,000                        | 148,806                              | —  | 6,968                      | 252,774                | (7,813)*                        | 260,587   |
| Information Technology Division                            | 78,000                        | 368,063                              | —  | 12,177                     | 458,240                | 113,975                         | 344,265   |
| Materials Division   | 41,000                        | 86,712                               | —  | 620                        | 128,332                | 27,727                          | 100,605   |
| Manufacturing & Industrial Division                        | 46,000                        | 61,105                               | —  | 3,713                      | 110,818                | 71,280                          | 39,538  |
| Mechanical, Marine, Naval Architecture & Chemical Division | 60,200                        | 109,864                              | —  | 7,767                      | 177,831                | 71,154                          | 106,677   |
| Nuclear Division   | 35,000                        | 24,083                               | —  | 316                        | 59,399                 | 46,606                          | 12,793  |
| Safety Specialist Committee                                | 82,000                        | 78,797                               | —  | —                          | 160,797                | 77,694                          | 83,103  |
| Structural Division  | 114,000                       | 146,225                              | —  | 3,740                      | 263,965                | (18,779)*                       | 282,744   |
| Young Members Committee                                    | 95,000                        | 167,821                              | —  | 4,689                      | 267,510                | 56,221                          | 211,289   |
| <b>Total</b>   | <b>1,411,866</b>              | <b>4,519,196</b>                     | <b>—</b>                                       | <b>313,653</b>             | <b>6,244,715</b>       | <b>1,036,077</b>                | <b>5,208,638</b>  |

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 in the audited accounts.

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