

**THE INSTITUTION OF ENGINEERS, AUSTRALIA,  
HONG KONG CHAPTER**

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER, 2020**

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**范陳會計師行有限公司**  
***FAN, CHAN & CO. LIMITED***  
CERTIFIED PUBLIC ACCOUNTANTS  
HONG KONG



范陳會計師行有限公司  
Fan, Chan & Co. Limited

**INDEPENDENT AUDITOR'S REPORT**  
**TO THE MEMBERS OF THE INSTITUTION OF ENGINEERS, AUSTRALIA, HONG KONG CHAPTER**

(registered in Hong Kong)

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*Opinion*

We have audited the financial statements of Institution of Engineers, Australia, Hong Kong Chapter ("the Chapter") set out on pages 4 to 9, which comprise the statement of financial position as at 31 December, 2020, and the statement of comprehensive income, statement of cash flows and statement of changes in funds 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 true and fair view of the financial position of the Chapter as at 31 December, 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 ("HKICPA").

*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 Chapter 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.

*Emphasis of Matter – Restriction on Distribution and use*

These financial statements are made solely to the Chapter's members as a body in accordance with the Constitution of the Chapter and should not be used for any other purpose.

*Responsibilities of Executive Committees and Those Charged with Governance for the Financial Statements*

The executive committees 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 HKICPA, and for such internal control as the executive committees 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 executive committees are responsible for assessing the Chapter'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 executive committees either intend to liquidate the Chapter or to cease operations, or have no realistic alternative but to do so.

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



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*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, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. 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 Chapter's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the executive committees.
- Conclude on the appropriateness of the executive committees' 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 Chapter'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 Chapter to cease to continue as a going concern.



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**INDEPENDENT AUDITOR'S REPORT**  
**TO THE MEMBERS OF THE INSTITUTION OF ENGINEERS, AUSTRALIA, HONG KONG CHAPTER**

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- 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.

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Fan, Chan & Co. Limited  
Certified Public Accountants  
Yun Lok Ming  
Practising Certificate Number: P04458  
Hong Kong, 9 March, 2021

**THE INSTITUTION OF ENGINEERS, AUSTRALIA, HONG KONG CHAPTER**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER, 2020**

	Note	2020 HK\$	2019 HK\$
Subvention from Engineers, Australia	(3)	159,935	203,054
Income from Chapter activities		-	23,314
Bank interest income		626	353
<b>Total income</b>		<b>160,561</b>	<b>226,721</b>
Administrative fees		26,293	1,165
Bank charges		660	1,025
Bad debt		114	-
Chapter activities (venue & related)		2,916	38,204
Event expenses – AGM and annual dinner		9,896	14,486
Event expenses – EA Centenary Reception		-	37,411
Meeting expense		453	9,440
Office consumables, stationery and printing		9,968	8,641
Photo competition and calendar 2018		-	10,200
Photo competition and calendar for the year		30,410	39,327
Sundry expense		128	5,755
Website renewal		2,376	4,752
<b>Total expenditure</b>		<b>83,214</b>	<b>170,406</b>
<b>Surplus and total comprehensive income for the year</b>		<b>77,347</b>	<b>56,315</b>

THE INSTITUTION OF ENGINEERS, AUSTRALIA, HONG KONG CHAPTER

STATEMENT OF FINANCIAL POSITION  
AT 31 DECEMBER, 2020

	Note	2020 HK\$	2019 HK\$
<b>Current assets</b>			
Other receivables		-	114
Cash and cash equivalents	(4)	506,515	420,500
		506,515	420,614
<b>Current liabilities</b>			
Accrual		17,954	9,400
<b>Net current assets</b>		488,561	411,214
<b>Net assets</b>		488,561	411,214
<b>Funds</b>			
Accumulated surplus		411,214	354,899
Surplus for the year		77,347	56,315
<b>Total surplus</b>		488,561	411,214

The financial statements were approved and authorised for issue by the Executive Committees on 9 March, 2021 and are signed on its behalf by:

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Edwin Au  
President

  
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Shui-Cheong Kam  
Honorary Treasurer

THE INSTITUTION OF ENGINEERS, AUSTRALIA, HONG KONG CHAPTER

STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER, 2020

	2020	2019
	HK\$	HK\$
<b>Operating activities</b>		
Surplus before tax	77,347	56,315
Adjustments:		
Bad debt	114	-
Interest received	(626)	(353)
<b>Operating surplus before changes in working capital</b>	76,835	55,962
Increase in accrual	8,554	9,400
<b>Cash flow generated from operating activities</b>	85,389	65,362
<b>Cash flows from investing activities</b>		
Interest received	626	353
<b>Net cash inflow from investing activities</b>	626	353
<b>Net increase in cash and cash equivalents</b>	86,015	65,715
<b>Cash and cash equivalents at the beginning of the year</b>	420,500	354,785
<b>Cash and cash equivalents at the end of the year</b>	506,515	420,500
<b>Analysis of balances of cash and cash equivalents</b>		
Cash and bank balances	506,515	420,500

THE INSTITUTION OF ENGINEERS, AUSTRALIA, HONG KONG CHAPTER

STATEMENT OF CHANGES IN FUNDS  
FOR THE YEAR ENDED 31 DECEMBER, 2020

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	<b>Accumulated surplus HK\$</b>
At 1 January, 2019	354,899
Surplus and total comprehensive income for the year	56,315
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At 31 December, 2019	411,214
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At 1 January, 2019	411,214
Surplus and total comprehensive income for the year	77,347
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At 31 December, 2020	488,561

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## 1. General information

The Institution of Engineers, Australia, Hong Kong Chapter (“the Chapter”) was registered in Hong Kong as a society under the Societies Ordinance. The address of Institute’s registered office and principal place of operation is located at Flat A, 11/F, 12 Lai Wan Road, Stage 7, Mei Foo Sun Chuen, Lai Chi Kok, Kowloon, Hong Kong.

The financial statements are presented in Hong Kong dollars, which is also the functional currency of the Chapter.

The principal activities of the Chapter are to provide services and activities for its members, to liaise with Hong Kong Institution of Engineers on matters of mutual interest, to provide a platform for the exchange of technical knowledge, and to become a bridge for the Australian Engineering Community and local needs.

During the year, the Chapter organized technical talks, technical visits, social activities and supported events and seminars.

## 2. Basis of preparation and accounting policies

These financial statements have been prepared in accordance with the Hong Kong Financial Reporting Standard for Private Entities (“HKFRS for Private Entities”), which is issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). They have been prepared under the historical cost convention.

### Revenue recognition

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

- (i) Subvention from Engineers Australia income is recognized when the subvention is received;
- (ii) Chapter activities income is recognized when the relevant activities are rendered;
- (iii) Interest income is recognised as it accrues using the effective interest method.

### Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method, less allowance for impairment of doubtful debts, except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts.

### Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents represent cash at bank and on hand.

**2. Basis of preparation and accounting policies (continued)**

**Related parties**

A person or an entity is related to the Company if:

- (a) A person, or a close member of that person's family, is related to the Company if that person:
- (i) has control or joint control over the Company;
  - (ii) has significant influence over the Company; or
  - (iii) is a member of the key management personnel of the Company or the Company's parent.
- (b) An entity is related to the Company if any of the following conditions applies:
- (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  - (iii) Both entities are joint ventures of the same third party.
  - (iv) One entity 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 Company or an entity related to the Company.
  - (vi) The entity is controlled or jointly controlled by a person identified in (a).
  - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
  - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to the Company's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

**3. Subvention from Engineers, Australia**

	2020	2019
	HK\$	HK\$
Subvention from a related party, Engineers, Australia	159,935	203,054

The related party, Engineers Australia is the Chapter's headquarter. Subvention is a distribution of funds from the related party in relation to Hong Kong members' subscription fee.

**4. Cash and cash equivalents**

Cash and cash equivalents comprise cash and bank balances held by the Chapter.