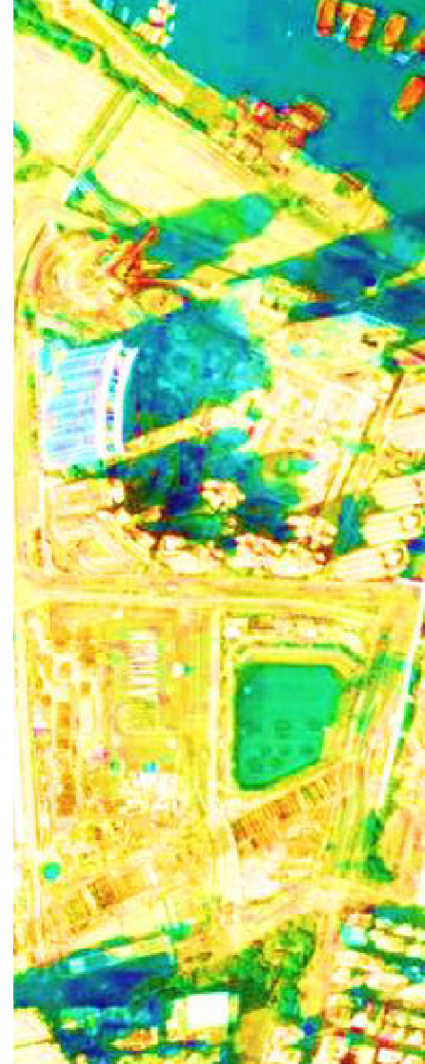


# 8. Report from *the Honorary Treasurer*

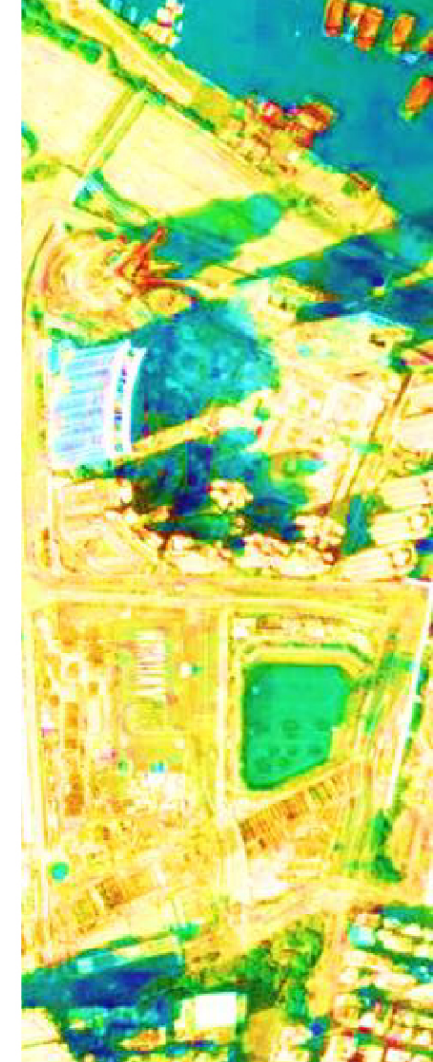
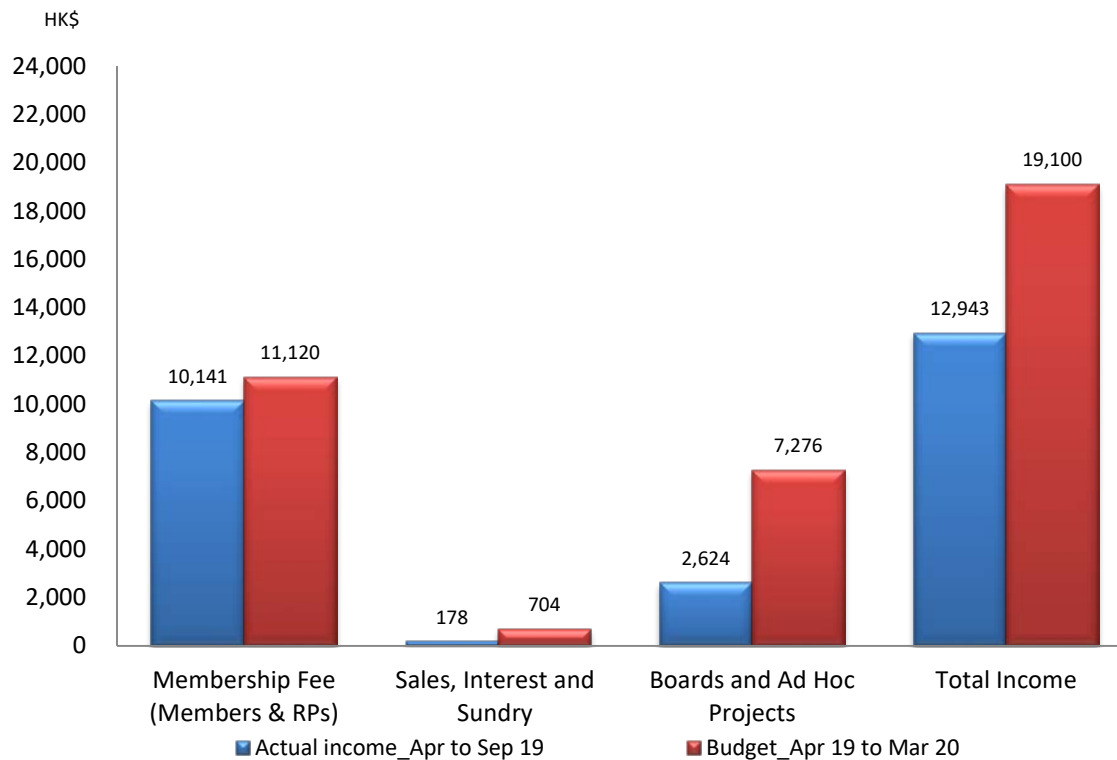


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# Actual Income – April to September 2019

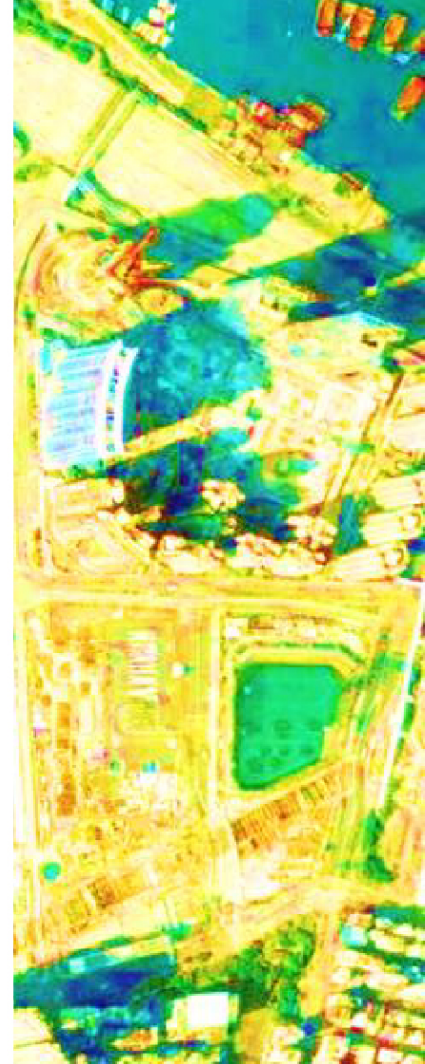
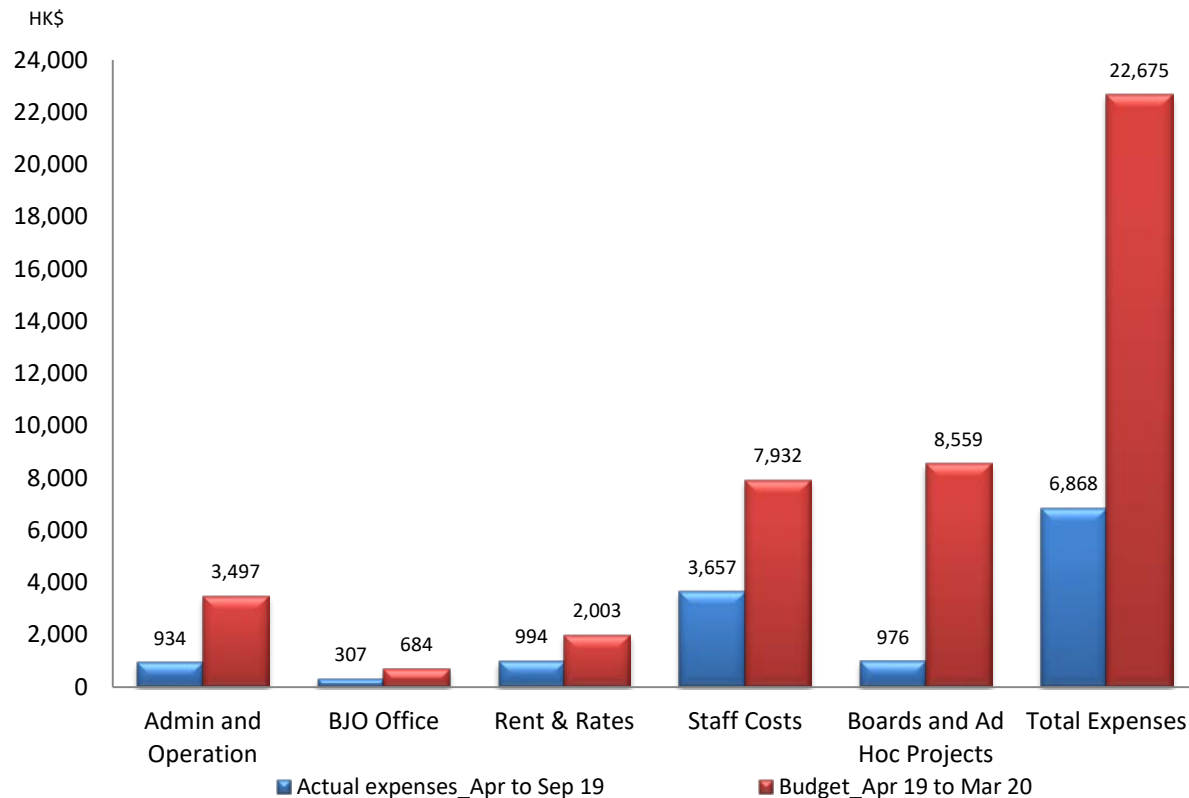
Income	Total Amount	Budget	Budget Balance	% of budget used
<b>Membership Fee (Members &amp; RPs)</b>	<b>10,140,850</b>	<b>11,120,100</b>	<b>979,250</b>	<b>91%</b>
<b>Sales, Interest and Sundry</b>	<b>177,878</b>	<b>704,300</b>	<b>526,422</b>	<b>25%</b>
<b>Boards and Ad Hoc Projects</b>	<b>2,623,910</b>	<b>7,275,578</b>	<b>4,651,668</b>	<b>36%</b>
	<b><u>12,942,638</u></b>	<b><u>19,099,978</u></b>	<b><u>6,157,340</u></b>	



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# Actual Expenses – April to September 2019

Expenses	Total Amount	Budget	Budget Balance	% of budget used
Admin and Operation	934,293	3,496,880	2,562,587	27%
BJO Office	306,873	684,400	377,527	45%
Rent & Rates	993,993	2,003,000	1,009,007	50%
Staff Costs	3,656,619	7,932,000	4,275,381	46%
Boards and Ad Hoc Projects	976,261	8,559,365	7,583,104	11%
	<b>6,868,039</b>	<b>22,675,645</b>	<b>15,807,606</b>	



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## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF**

### **THE HONG KONG INSTITUTE OF ARCHITECTS**

**香港建築師學會**

(Registered under the Hong Kong Institute of Architects Incorporation Ordinance)

#### **Qualified Opinion**

We have audited the consolidated financial statements of The Hong Kong Institute of Architects (“the Institute”) and its subsidiaries (collectively referred to as “the Group”) set out on pages 8 to 39, which comprise the consolidated statement of financial position as at 31 March 2019, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in reserves and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of matter described in the Basis for Qualified Opinion section of our report, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 March 2019 and of its consolidated financial performance and its consolidated 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 Institute of Architects Incorporation Ordinance.

#### **Basis for Qualified Opinion**

Because of the absence of audited accounts of the associate, the Group had not adopted the equity method of accounting for the associate as required by “Investments in Associates and Joint Ventures” (HKAS 28 (2011)). The financial effects of this departure could not be quantified.

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 Consolidated Financial Statements section of our report. We are independent of the Group 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 qualified opinion.

#### **Information Other than the Consolidated Financial Statements and Auditor’s Report Thereon**

The Council and the Honorary Auditors are responsible for the other information. The other information comprises the information included in the council’s report set out on pages 1 to 2 and the statement by the Honorary Auditors set out on page 3, but does not include the consolidated financial statements and our auditor’s report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

(To be continued)

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF**

### **THE HONG KONG INSTITUTE OF ARCHITECTS**

**香港建築師學會**

(Registered under the Hong Kong Institute of Architects Incorporation Ordinance)

(Continued)

#### **Information Other than the Consolidated Financial Statements and Auditor's Report Thereon (continued)**

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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 Council and Those Charged with Governance for the Consolidated Financial Statements**

The Council of the Institute is responsible for the preparation of the consolidated financial statements pursuant to the Hong Kong Institute of Architects Incorporation Ordinance that give a true and fair view in accordance with HKFRSs issued by the HKICPA, and for such internal control as the Council determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Council is responsible for assessing the Group'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 Council either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

#### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated 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 Rule 64 of "The Rules of the Institute", 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 HKSAAs 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 consolidated financial statements.

(To be continued)

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF**

### **THE HONG KONG INSTITUTE OF ARCHITECTS**

**香港建築師學會**

(Registered under the Hong Kong Institute of Architects Incorporation Ordinance)

(Continued)

#### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)**

As part of an audit in accordance with HKSAAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the council members.
- Conclude on the appropriateness of the Council's 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 Group'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 consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

(To be continued)

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF**

**THE HONG KONG INSTITUTE OF ARCHITECTS**

**香港建築師學會**

(Registered under the Hong Kong Institute of Architects Incorporation Ordinance)

(Continued)

**Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)**

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.

Katon CPA Limited  
Certified Public Accountants  
Hong Kong  
Date: 29 November 2019

Lee Kit Wah  
Practising Certificate Number P01453

**THE HONG KONG INSTITUTE OF ARCHITECTS**  
**香港建築師學會**

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS**  
**AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 MARCH 2019**

	Notes	2019 HK\$	2018 HK\$
<b>Revenue</b>	4	22,438,867	23,723,265
Costs			
Functions costs		(7,782,475)	(7,704,021)
Lecture and examination costs		(1,960,677)	(2,448,882)
Publication costs		(102,200)	(105,971)
<b>Gross profit</b>		12,593,515	13,464,391
Other income	4	807,072	569,257
Employment costs	5	(6,732,122)	(6,599,033)
Other operating and administrative expenses	7	(5,804,433)	(5,095,200)
<b>Surplus for the year</b>		864,032	2,339,415
<b>Other comprehensive (expense)/income</b>			
Item that may be reclassified to profit or loss			
- Change in fair value of available-for-sale investments		(134,010)	2,254,812
Other comprehensive (expense)/income for the year		(134,010)	2,254,812
<b>Total comprehensive income for the year</b>		730,022	4,594,227



**THE HONG KONG INSTITUTE OF ARCHITECTS**

香港建築師學會

**CONSOLIDATED STATEMENT OF CHANGES IN RESERVES****FOR THE YEAR ENDED 31 MARCH 2019**

	General reserves HK\$	Investments revaluation reserve HK\$	Capital fund HK\$	Sinking fund HK\$	Retained surplus HK\$	Total HK\$
<b>At 1 April 2017</b>	269,001	3,408,892	11,679,626	300,000	43,274,040	58,931,559
Surplus for the year	0	0	0	0	2,339,415	2,339,415
Other comprehensive income for the year	0	2,254,812	0	0	0	2,254,812
<b>Total comprehensive income for the year</b>	0	2,254,812	0	0	2,339,415	4,594,227
Donation from members and students	11,750	0	13,420	0	0	25,170
Transfer from retained surplus to sinking fund	0	0	0	50,000	(50,000)	0
	11,750	2,254,812	13,420	50,000	2,289,415	4,619,397
<b>At 31 March 2018</b>	280,751	5,663,704	11,693,046	350,000	45,563,455	63,550,956

**THE HONG KONG INSTITUTE OF ARCHITECTS**

香港建築師學會

**CONSOLIDATED STATEMENT OF CHANGES IN RESERVES (continued)****FOR THE YEAR ENDED 31 MARCH 2019**

	General reserves HK\$	Investments revaluation reserve HK\$	Capital fund HK\$	Sinking fund HK\$	Retained surplus HK\$	Total HK\$
<b>At 1 April 2018</b>	280,751	5,663,704	11,693,046	350,000	45,563,455	63,550,956
Surplus for the year	0	0	0	0	864,032	864,032
Other comprehensive income for the year	0	(134,010)	0	0	0	(134,010)
<b>Total comprehensive income for the year</b>	0	(134,010)	0	0	864,032	730,022
Donation from members and students	15,700	0	17,950	0	0	33,650
Transfer from retained surplus to sinking fund	0	0	0	50,000	(50,000)	0
	15,700	(134,010)	17,950	50,000	814,032	763,672
<b>At 31 March 2019</b>	296,451	5,529,694	11,710,996	400,000	46,377,487	64,314,628

**THE HONG KONG INSTITUTE OF ARCHITECTS**  
**香港建築師學會**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2019**

	Notes	HK\$	2019 HK\$	2018 HK\$
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	11	121,451		155,146
Other financial assets	12	<u>29,482,332</u>		<u>21,246,342</u>
			29,603,783	<u>21,401,488</u>
<b>Current assets</b>				
Inventories - Finished goods		45,995		44,313
Trade and other receivables	13	5,867,305		5,654,748
Amount due from a related company	14	3,498,877		1,350,774
Bank balances and cash		<u>30,761,925</u>		<u>38,381,423</u>
			40,174,102	<u>45,431,258</u>
<b>TOTAL ASSETS</b>			<u>69,777,885</u>	<u>66,832,746</u>
<b>RESERVES AND LIABILITIES</b>				
<b>Members' funds</b>				
General reserves	16	296,451		280,751
Investments revaluation reserve		5,529,694		5,663,704
Capital fund		11,710,996		11,693,046
Sinking fund		400,000		350,000
Retained surplus		<u>46,377,487</u>		<u>45,563,455</u>
			64,314,628	63,550,956
<b>Current liabilities</b>				
Trade and other payables	18		<u>5,463,257</u>	<u>3,281,790</u>
<b>TOTAL RESERVES AND LIABILITIES</b>			<u>69,777,885</u>	<u>66,832,746</u>

Approved by the Council on 29 November 2019.

Li Kwok Hing  
President

Hui Wan Heng, Simon  
Honorary Treasurer

**THE HONG KONG INSTITUTE OF ARCHITECTS**  
**香港建築師學會**

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 MARCH 2019**

	2019 HK\$	2018 HK\$
<b>Operating activities</b>		
Operating surplus	864,032	2,339,415
Adjustments for:		
Allowance for doubtful debts	52,136	0
Depreciation on property, plant and equipment	107,906	176,120
Interest received	(448,374)	(136,649)
Donation from members and students recognised in reserves	33,650	25,170
	<u>609,350</u>	<u>2,404,056</u>
Operating cash flows before movements in working capital	609,350	2,404,056
(Increase)/Decrease in assets:		
Inventories	(1,682)	(3,423)
Trade and other receivables	(264,693)	1,853,143
Amount due from a related company	(2,148,103)	1,000,370
Increase/(Decrease) in liabilities:		
Trade and other payables	2,181,467	875,869
	<u>376,339</u>	<u>6,130,015</u>
<b>Net cash from operating activities</b>	376,339	6,130,015
<b>Investing activities</b>		
Interest received	448,374	136,649
Purchases of other financial assets	(8,370,000)	0
Purchases of property, plant and equipment	(74,211)	(56,750)
	<u>(7,995,837)</u>	<u>79,899</u>
<b>Net cash (used in)/from investing activities</b>	(7,995,837)	79,899
<b>Net (decrease)/increase in cash and cash equivalents</b>	(7,619,498)	6,209,914
<b>Cash and cash equivalents at the beginning of the year</b>	<u>38,381,423</u>	<u>32,171,509</u>
<b>Cash and cash equivalents at the end of the year</b>	<u>30,761,925</u>	<u>38,381,423</u>
<b>Analysis of the balances of cash and cash equivalents</b>		
Bank balances and cash	<u>30,761,925</u>	<u>38,381,423</u>