

HONG KONG INSTITUTE OF ENVIRONMENTAL IMPACT ASSESSMENT

REPORT

AND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2007

**LOUIS LAI & LUK
CERTIFIED PUBLIC ACCOUNTANTS**

HONG KONG INSTITUTE OF ENVIRONMENTAL IMPACT ASSESSMENT

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**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
HONG KONG INSTITUTE OF ENVIRONMENTAL IMPACT ASSESSMENT
(Registered as a society in accordance with the provisions of section 5 (A) 1 of the
Societies Ordinance (Chapter 151))**

We have audited the financial statements of Hong Kong Institute of Environmental Impact Assessment set out on pages 3 to 7, which comprise the balance sheet as at March 31, 2007 and the income statement for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management committee's responsibility for the financial statements

The management committees are responsible for the preparation and the true and fair presentation of these financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the Institute's constitution and by-laws. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit and to report our opinion 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.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Institute's preparation and true and fair presentation of the financial statements 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 Institute's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management committees, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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INDEPENDENT AUDITOR'S REPORT (CONT'D)
TO THE MEMBERS OF
HONG KONG INSTITUTE OF ENVIRONMENTAL IMPACT ASSESSMENT
(Registered as a society in accordance with the provisions of section 5 (A) 1 of the
Societies Ordinance (Chapter 151))

Opinion

In our opinion, the financial statements give a true and fair view of the state of affairs of the Institute as at March 31, 2007 and of its surplus for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the constitution and by-laws of the Institute.



Louis Lai & Luk
Certified Public Accountants

Hong Kong, May 11, 2007.

HONG KONG INSTITUTE OF ENVIRONMENTAL IMPACT ASSESSMENT

INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED MARCH 31, 2007

| | <u>NOTES</u> | <u>2007</u> | <u>2006</u> |
|---|--------------|--------------------|---------------------|
| | | HK\$ | HK\$ |
| INCOME | | | |
| Membership fees | (3) | 91,000 | 48,200 |
| Bank interest income | | <u>16,808</u> | <u>9,783</u> |
| Total revenue recognised | | <u>107,808</u> | <u>57,983</u> |
| LESS: EXPENDITURE | | | |
| Auditors' remuneration | | 4,000 | 2,500 |
| Bank charges | | 450 | - |
| Deficit from EIA regional conference activities | (4) | 5,465 | - |
| Deficit from institute activities | (5) | 20,841 | 70,952 |
| Meeting expenses | | 9,212 | 19,864 |
| Postage | | 751 | 480 |
| Printing and stationery | | 629 | 523 |
| Sundry expenses | | 500 | - |
| Website charges | | <u>3,072</u> | <u>1,536</u> |
| | | <u>44,920</u> | <u>95,855</u> |
| CHANGE IN NET ASSET ATTRIBUTABLE TO MEMBERS | | <u>62,888</u> | <u>(37,872)</u> |

THE NOTES ON PAGE 5 TO 7 FORM AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

HONG KONG INSTITUTE OF ENVIRONMENTAL IMPACT ASSESSMENT

BALANCE SHEET

AS AT MARCH 31, 2007

| | <u>NOTES</u> | <u>2007</u> | <u>2006</u> |
|---|--------------|----------------|----------------|
| | | HK\$ | HK\$ |
| CURRENT ASSETS | | | |
| Other receivables | | 4,570 | 7,072 |
| Bank fixed deposit | (6) | 600,000 | 557,782 |
| Bank balances | | <u>147,411</u> | <u>120,639</u> |
| | | 751,981 | 685,493 |
| | | ----- | ----- |
| CURRENT LIABILITIES | | | |
| Subscription in advance | | 5,400 | 3,300 |
| Accrued auditors' remuneration | | <u>4,000</u> | <u>2,500</u> |
| | | 9,400 | 5,800 |
| | | ----- | ----- |
| NET ASSETS ATTRIBUTABLE TO MEMBERS | | <u>742,581</u> | <u>679,693</u> |
| Financed by: | | | |
| ACCUMULATED FUND | (7) | <u>742,581</u> | <u>679,693</u> |

APPROVED BY MANAGEMENT COMMITTEE OF THE INSTITUTE ON MAY 11, 2007.

CHAIRMAN

HON. TREASURER

THE NOTES ON PAGE 5 TO 7 FORM AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

HONG KONG INSTITUTE OF ENVIRONMENTAL IMPACT ASSESSMENT

NOTES TO THE FINANCIAL STATEMENTS

1. LEGAL STATUS

The Hong Kong Institute of Environmental Impact Assessment (“the Institute”) is registered as a society in accordance with the provisions of section 5A(1) of the Societies Ordinance (Chapter 151) on October 15, 1997. The activities of the Institute consisted principally of the promotion of the advancement of the knowledge and management of environmental impact assessment (EIA). The registered address of the Institute is 21/F., Lincoln House, 979 King’s Road, Taikoo Place, Hong Kong.

2. PRINCIPAL ACCOUNTING POLICIES

a. Basis of Preparation

These financial statements have been prepared in accordance with the Hong Kong Financial Reporting Standards (“HKFRS(s)”) (which also include Hong Kong Accounting Standards (“HKAS(s)”) and Interpretations (“Int(s)”)) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinances except that the Institute has not adopted HKAS 7 “Cash Flow Statement” to prepare a cash flow statement. This non-compliance is due to the fact that the Institute’s Income and Expenditure Account has been basically prepared on a cash basis apart from the year-end accrual adjustments on accrued/unearned membership fee income.

The financial statements have been prepared under the historical cost convention.

In 2007, the Institute adopted the new and revised HKFRSs below, which are relevant to its operations.

- HKAS 39 Amendment The Fair Value Option
- HKAS 39 & HKFRS 4
 Amendment Financial Guarantee Contracts
- HK (IFRIC) - Int 4 Determining whether an Arrangement contains a Lease

The adoption of the above HKFRSs has had no material impact on the principal accounting policies of the Institute and the methods of computation in the Institute’s financial statements on the following grounds:

1. The institute’s major financial assets are bank fixed deposit and bank balances of which the nominal value approximate their fair value.
2. Apart from the bank balances, other financial assets and liabilities of the Institute are negligible.

As such, no 2006 comparatives have been amended as a result from adopting the captioned HKFRSs and no critical accounting judgment and assumption has been applied in the preparation of these financial statements.

b. Impact of issued but not yet effective HKFRSs

The Institute has not applied the following new and revised HKFRSs (hereinafter collectively referred as “the new HKFRSs”), that have been issued but are not yet effect, in these financial statements. These new HKFRSs are effective for accounting period commencing on or after January 1, 2007.

- HKFRS 7 Financial Instruments: Disclosures

The Institute has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a significant impact on its results of operations and financial position.

HONG KONG INSTITUTE OF ENVIRONMENTAL IMPACT ASSESSMENT

NOTES TO THE FINANCIAL STATEMENTS

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

b. Revenue Recognition

Revenue is recognized when it is probable that the economic benefits will flow to the Institute and when the revenue can be measured reliably, on the bases as follows:

- Membership fees is recognized on a cash basis.
- Interest income from bank deposits is accrued on a time proportion basis on the principal outstanding and at the applicable rate.

c. Cash and Bank Balances

Cash and bank balances comprise cash held by the Company and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets approximates their fair values.

| 3. <u>MEMBERSHIP FEES</u> | <u>2007</u> | <u>2006</u> |
|---|----------------|---------------|
| | HK\$ | HK\$ |
| Fellow members | 15,000 | 10,000 |
| Ordinary members | 71,400 | 34,200 |
| Associated members | 3,000 | 2,000 |
| Student members | 600 | 600 |
| Accredited monitoring professional | <u>1,000</u> | <u>1,400</u> |
| | <u>91,000</u> | <u>48,200</u> |
| | | |
| 4. <u>DEFICIT FROM EIA REGIONAL CONFERENCE ACTIVITIES</u> | | |
| Income | 94,600 | - |
| Less: Expenses | <u>100,065</u> | <u>-</u> |
| Deficit | <u>5,465</u> | <u>-</u> |
| | | |
| 5. <u>DEFICIT FROM INSTITUTE ACTIVITIES</u> | | |
| Income | 11,330 | 26,172 |
| Less: Expenses | <u>32,171</u> | <u>97,124</u> |
| Deficit | <u>20,841</u> | <u>70,952</u> |

HONG KONG INSTITUTE OF ENVIRONMENTAL IMPACT ASSESSMENT
NOTES TO THE FINANCIAL STATEMENTS

6. BANK FIXED DEPOSIT

The bank fixed deposit is to be matured within the coming twelve months from the balance sheet date. The carrying amount of the bank fixed deposit approximates its fair value.

| 7. <u>ACCUMULATED FUND</u> | <u>2007</u> | <u>2006</u> |
|--------------------------------|----------------|------------------|
| | HK\$ | HK\$ |
| Balance at April 1 | 679,693 | 717,565 |
| Surplus/(Deficit) for the year | <u>62,888</u> | <u>(37,872)</u> |
| Balance at March 31 | <u>742,581</u> | <u>679,693</u> |

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