

**THE MENTAL HEALTH ASSOCIATION OF HONG KONG**  
**香港心理衛生會**

**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2024**



**T M HO SO & LEUNG CPA LIMITED**

Certified Public Accountants, Hong Kong

何鐵文蘇漢章梁樹賢會計師行有限公司

**THE MENTAL HEALTH ASSOCIATION OF HONG KONG**  
**香港心理衛生會**

**REPORT AND CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2024**

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## T M HO SO & LEUNG CPA LIMITED

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### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE MENTAL HEALTH ASSOCIATION OF HONG KONG**

(incorporated in Hong Kong and limited by guarantee)

**香港心理衛生會**

#### **Opinion**

We have audited the consolidated financial statements of The Mental Health Association of Hong Kong ("the Association") and its subsidiaries ("the Group") set out on pages 4 to 24, which comprise the consolidated statement of financial position as at 31 March 2024, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in funds for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2024, and of its consolidated financial performance and its consolidated 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") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

#### **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 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 opinion.

#### **Responsibilities of Executive Committee Members for the Consolidated Financial Statements**

The executive committee members are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRS for Private Entities issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the executive committee members determine 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 executive committee members are 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 executive committee members either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

### **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 section 405 of the Hong Kong Companies Ordinance, 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 consolidated 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 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 executive committee members.
- Conclude on the appropriateness of the executive committee members' 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.

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.



T.M.Ho So & Leung CPA Limited  
Certified Public Accountants (Practising)  
Hong Kong

Date: 25 OCT 2024


Practising Director: Leung Shu Yin, William  
Practising Certificate No.: P00614


**THE MENTAL HEALTH ASSOCIATION OF HONG KONG**  
**香港心理衛生會**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2024**

	NOTE	2024 HK\$	2023 HK\$
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	4	17,816,193	21,277,446
Available-for-sale financial assets	5	5,288,609	6,006,092
Held-to-maturity investments	6	<u>21,128,085</u>	<u>0</u>
		<u>44,232,887</u>	<u>27,283,538</u>
<b>CURRENT ASSETS</b>			
Inventories	7	<u>11,054,697</u>	10,303,962
Utility and other deposits		5,345,125	4,766,759
Accounts and other receivables	8	7,987,936	6,927,968
Current tax refundable	10	0	321,895
Cash and bank balances		<u>208,890,640</u>	<u>212,058,755</u>
		<u>233,278,398</u>	234,379,339
<b>CURRENT LIABILITIES</b>			
Accounts and other payables	9	<u>19,549,077</u>	16,941,412
Current tax payable	10	92,451	0
Provision for unutilized paid leave		<u>3,838,119</u>	<u>3,871,493</u>
		<u>23,479,647</u>	<u>20,812,905</u>
<b>NET CURRENT ASSETS</b>		<u>209,798,751</u>	<u>213,566,434</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>254,031,638</u>	240,849,972
<b>NON-CURRENT LIABILITIES</b>			
Deferred income		<u>12,777,655</u>	<u>15,942,480</u>
<b>NET ASSETS</b>		<u>241,253,983</u>	<u>224,907,492</u>
<b>Represented by:</b>			
Subvention surpluses	11	1,095,183	929,786
Sundry funds	12	58,785,390	58,316,198
Fair value reserves		(2,429,921)	(1,712,438)
Accumulated funds	13	<u>183,803,331</u>	<u>167,373,946</u>
<b>TOTAL FUNDS AND RESERVES</b>		<u>241,253,983</u>	<u>224,907,492</u>

The accompanying accounting policies and explanatory notes form an integral part of, and should be read in conjunction with, these consolidated financial statements.

These consolidated financial statements were approved and authorised for issue by the Executive Committee on 25 OCT 2024 and are signed on its behalf by :

  
 \_\_\_\_\_  
 Dr. Lo Tak Lam  
 Chairman

  
 \_\_\_\_\_  
 Mr. Peter Mok Wah-fun  
 Hon. Treasurer

**THE MENTAL HEALTH ASSOCIATION OF HONG KONG**  
**香港心理衛生會**  
**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 MARCH 2024**

	NOTE	2024 HK\$	2023 HK\$
<b>INCOME</b>			
SWD Subvention		322,005,829	303,041,806
Grant under the Anti-epidemic Fund		0	2,935,200
Community Chest Grants		2,273,921	2,394,104
Dues and Fees/Membership Fee/Hostel Fee		12,692,918	12,530,721
Donation		149,767	1,438,956
Service Income		10,198,982	9,172,047
Sales income		177,270,908	157,686,162
Programme Income		9,250,004	8,202,100
Other Fundings		36,610,585	17,569,232
Sundry Income		<u>17,949,533</u>	<u>12,937,092</u>
		<b>588,402,447</b>	<b>527,907,420</b>
Surplus from sub-contracting and production work		<u>1,672,591</u>	<u>1,199,868</u>
		<b>590,075,038</b>	<b>529,107,288</b>
<b>EXPENDITURE</b>			
		<u>580,182,190</u>	<u>541,519,944</u>
<b>SURPLUS / (DEFICIT) BEFORE TAXATION</b>	14	<b>9,892,848</b>	<b>(12,412,656)</b>
<b>TAX EXPENSES</b>	15	<u>116,061</u>	<u>11,372</u>
<b>SURPLUS / (DEFICIT) FOR THE YEAR</b>		<b>9,776,787</b>	<b>(12,424,028)</b>
<b>OTHER COMPREHENSIVE EXPENSE</b>			
Available-for-sale financial assets:			
Fair value changes during the year		<u>(717,483)</u>	<u>(917,188)</u>
<b>TOTAL COMPREHENSIVE INCOME / (EXPENSE) FOR THE YEAR</b>		<u><b>9,059,304</b></u>	<u><b>(13,341,216)</b></u>

The accompanying accounting policies and explanatory notes form an integral part of, and should be read in conjunction with, these consolidated financial statements.

**THE MENTAL HEALTH ASSOCIATION OF HONG KONG**  
**香港心理衛生會**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 MARCH 2024**

	NOTE	2024 HK\$	2023 HK\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Surplus / (Deficit) before taxation		9,892,848	(12,412,656)
Depreciation charges	4	9,411,546	8,802,206
Non-current assets written off		92,306	5,366
Decrease in provision for unutilized paid leave		(33,374)	(429,124)
Transfer to deferred income		(3,164,825)	(2,118,310)
Operating surplus / (deficit) before working capital changes		16,198,501	(6,152,518)
(Increase) / Decrease in utility and other deposits		(578,366)	37,228
(Increase) / Decrease in inventories		(750,735)	1,412,169
Increase in accounts and other receivables		(1,059,968)	(37,415)
Increase / (Decrease) in accounts and other payables		2,607,665	(3,534,442)
Cash generated from / (used in) operations		16,417,097	(8,274,978)
Profits tax refund / (paid)		298,285	(447,657)
<b>Net cash inflow / (outflow) from operating activities</b>		<b>16,715,382</b>	<b>(8,722,635)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments to acquire property, plant and equipment	4	(6,042,599)	(8,982,527)
Payments to acquire held-to-maturity investments		(21,128,085)	0
<b>Net cash outflow from investing activities</b>		<b>(27,170,684)</b>	<b>(8,982,527)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Decrease in subvention surpluses		(1,000)	(25,852)
Increase in accumulated funds		7,287,287	9,908,469
Increase in sundry funds		900	490,040
<b>Net cash inflow from financing activities</b>		<b>7,287,187</b>	<b>10,372,657</b>
<b>Decrease in cash and cash equivalents</b>		<b>(3,168,115)</b>	<b>(7,332,505)</b>
<b>Cash and cash equivalents b/f</b>		<b>212,058,755</b>	<b>219,391,260</b>
<b>Cash and cash equivalents c/f</b>		<b>208,890,640</b>	<b>212,058,755</b>
<b>Analysis of the balance of cash and cash equivalents</b>			
Cash and bank balances		208,890,640	212,058,755

The accompanying accounting policies and explanatory notes form an integral part of, and should be read in conjunction with, these consolidated financial statements.

**THE MENTAL HEALTH ASSOCIATION OF HONG KONG**  
**香港心理衛生會**  
**CONSOLIDATED STATEMENT OF CHANGES IN FUNDS**  
**FOR THE YEAR ENDED 31 MARCH 2024**

	Subvention <u>Surpluses</u> HK\$	Sundry Funds HK\$	Fair Value <u>Reserves</u> HK\$	Accumulated <u>Funds</u> HK\$	<u>Total</u> HK\$
Balance at 31 March 2022	5,928,290	70,198,130	(795,250)	152,544,881	227,876,051
Increase / (Decrease) during the year	(25,852)	490,040	0	9,908,469	10,372,657
Other comprehensive expense for the year	0	0	(917,188)	0	(917,188)
(Deficit) / Surplus for the year	<u>(4,972,652)</u>	<u>(12,371,972)</u>	<u>0</u>	<u>4,920,596</u>	<u>(12,424,028)</u>
Balance at 31 March 2023	929,786	58,316,198	(1,712,438)	167,373,946	224,907,492
Increase / (Decrease) during the year	(1,000)	900	0	7,287,287	7,287,187
Other comprehensive expense for the year	0	0	(717,483)	0	(717,483)
Surplus for the year	<u>166,397</u>	<u>468,292</u>	<u>0</u>	<u>9,142,098</u>	<u>9,776,787</u>
<b>Balance at 31 March 2024</b>	<b><u>1,095,183</u></b>	<b><u>58,785,390</u></b>	<b><u>(2,429,921)</u></b>	<b><u>183,803,331</u></b>	<b><u>241,253,983</u></b>

**THE MENTAL HEALTH ASSOCIATION OF HONG KONG**  
**香港心理衛生會**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2024**

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**1. CORPORATE INFORMATION**

**Reporting entity**

The Mental Health Association of Hong Kong ("the Association") is a company incorporated under the Hong Kong Companies Ordinance and is limited by guarantee. The address of its registered office and principal place of operation is located at Jockey Club Building, 2 Kung Lok Road, Kwun Tong, Kowloon.

The consolidated financial statements are presented in Hong Kong dollars, which is the functional currency of the Association and its subsidiaries (collectively known as "the Group").

The Association is non-profit making and was recognised by the Inland Revenue Department as an approved charitable institution under Section 88 of the Inland Revenue Ordinance.

**Principal activities**

The principal activities of the Association are promotion and provision of education for the general public on mental health and to establish and carry on half-way houses, hostels for mentally handicapped, sheltered workshops, clubs or any such projects on a non-profit making basis. Its subsidiaries are engaged in the business of providing small business for enhancing employment of people with disabilities and organised training courses for community rehabilitation services.

**2. BASIS OF PREPARATION AND ACCOUNTING POLICIES**

The consolidated financial statements have been prepared in accordance with the Hong Kong Financial Reporting Standard for Private Entities ("HKFRS for Private Entities") issued by the Hong Kong Institute of Certified Public Accountants and the requirements of the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared under the historical cost basis except for certain financial instruments that are measured at fair value as explained in the accounting policies set out in note 2d to the consolidated financial statements.

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below.

**a. Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the Association and its subsidiaries. A subsidiary is an entity over which the Association has the power to govern the financial and operating policies so as to obtain benefits from its activities, generally but not necessarily accompanying a shareholding of more than half of the voting power. The subsidiary is fully consolidated from the date on which control is transferred to the Association and is de-consolidated from the date that control ceases.

All intragroup transactions, balances, income and expenses are eliminated. Accounting policies of the subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Association. There is no difference in the reporting date of the financial statements of the Association and its subsidiaries used in the preparation of the consolidated financial statements.

In the Association's statements of the financial position, the investment in subsidiaries are stated at cost less provision for impairment loss. The financial performance of the subsidiaries are accounted for by the Association on the basis of dividends received and receivable.

**THE MENTAL HEALTH ASSOCIATION OF HONG KONG**  
**香港心理衛生會**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE YEAR ENDED 31 MARCH 2024**

**2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONT'D)**

**b. Property, plant and equipment**

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

The cost of such items of property, plant and equipment comprises the following:

- (i) the purchase price, including legal and brokerage fees, import duties and non-refundable purchase taxes, after deducting trade discounts and rebates;
- (ii) any costs directly attributable to bringing the asset to the location and condition necessary for them to be capable of operating in the manner intended by management;
- (iii) the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

Depreciation is charged so as to allocate the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The following annual rates are used for the depreciation of property, plant and equipment:

Leasehold improvement	20%
Motor vehicles	20%
Furniture and fixtures	20%
Equipment and machinery	20%

Asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

**c. Impairment of non-financial assets, other than inventories**

At the end of each reporting date, property, plant and equipment and investment in subsidiaries are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If an estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset (or group of related assets) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

**d. Available-for-sale financial assets**

The Group chooses to apply the recognition and measurement requirements of Hong Kong Accounting Standard No.39 "Financial Instruments: Recognition and Measurement" and the disclosure requirements of sections 11 and 12 of HKFRS for Private Entities.

Available-for-sale financial assets are non-derivatives derivatives that are either designated in this category or not classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the end of the reporting period.

Available-for-sale financial assets are initially recognised at fair value plus transaction costs or at cost less impairment loss if their fair value cannot be reliably measured. Gains and losses arising from changes in fair value are recognised in fair value reserves. On the disposal of the investment or when an investment is determined to be impaired, the cumulative gain or loss previously recognised in fair value reserves is removed from fair value reserves and recognised in the consolidated statement of profit or loss and other comprehensive income.

**THE MENTAL HEALTH ASSOCIATION OF HONG KONG**  
**香港心理衛生會**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE YEAR ENDED 31 MARCH 2024**

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**2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONT'D)**

**e. Held-to-maturity investments**

The Group chooses to apply the recognition and measurement requirements of Hong Kong Accounting Standard No.39 "Financial Instruments: Recognition and Measurement" and the disclosure requirements of sections 11 and 12 of HKFRS for Private Entities.

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the management has the positive intention and ability to hold to maturity. Held-to-maturity investments are initially recognised in the consolidated statement of financial position at fair value plus transaction costs. Subsequently, they are stated in the consolidated statement of financial position at amortised cost less impairment losses, if any.

**f. Inventories**

Inventories are stated at the lower of cost and selling price less costs to complete and sell. Cost is calculated using the weighted average method. The cost of finished goods and work in progress comprises packaging costs, raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). At each reporting date, inventories are assessed for impairment and the carrying amount is reduced to its selling price less costs to complete and sell with the impairment loss recognised immediately in profit or loss.

**g. Trade and other receivables**

Trade and other receivables are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables.

**h. Cash and cash equivalents**

Cash and cash equivalents include cash in hand, demand deposits and other short-term highly liquid investments with original maturities of three months or less.

Bank overdrafts which are repayable on demand form an integral part of the Group's cash management are included as a component of cash and cash equivalent.

**i. Trade and other payables**

Trade and other payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

**j. Foreign currency translation**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

**THE MENTAL HEALTH ASSOCIATION OF HONG KONG**  
**香港心理衛生會**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE YEAR ENDED 31 MARCH 2024**

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**2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONT'D)**

**k. Taxation**

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases using in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity respectively.

The carrying amount of deferred tax assets is reviewed at the reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

**l. Leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the Group. All other leases are classified as operating leases.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease.

**m. Government grants**

Government grants are the gratuitous monetary and non-monetary assets that the Group receives from the government, excluding capital injection by the government as an investor.

Grants relating to income are recognised in the consolidated statement of profit or loss and other comprehensive income on a systematic basis to match with the related costs which they are intended to compensate. Grants relating to assets are recognised in the consolidated statement of profit or loss and other comprehensive income, on a systematic basis over the useful life of the asset.

Government grants relating to the purchase of property, plant and equipment are included in liabilities as deferred income and are credited to the consolidated statement of profit or loss and other comprehensive income on a straight line basis over the expected lives of the related assets.

**THE MENTAL HEALTH ASSOCIATION OF HONG KONG**  
**香港心理衛生會**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE YEAR ENDED 31 MARCH 2024**

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**2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONT'D)**

**n. Related parties**

For the purpose of these consolidated financial statements, related party includes a person and entity as defined below:

- (a) A person or a close member of that person's family is related to the Group if that person:
  - (i) is a member of the key management personnel of the Group or of a parent of the Group;
  - (ii) has control or joint control over the Group; or
  - (iii) has significant influence over the Group.
  
- (b) An entity is related to the Group if any of the following conditions applies:
  - (i) the entity and the Group 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 entity.
  - (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 Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group.
  - (vi) the entity is controlled or jointly controlled by a person identified in (a).
  - (vii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.
  - (viii) a person identified in (a)(ii) 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).

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.

**o. Recognition of revenue**

Revenue is recognised in profit or loss provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, as follows:

- (i) For subvention from Social Welfare Department, revenue is recognised at the time of allocation.
- (ii) Sales of goods is recognised when risks and rewards of ownership have been transferred to buyers, which generally coincides with the time of the delivery of goods.
- (iii) Service income is recognised when services are rendered.
- (iv) Donation, sundry income and subsidies are recognised when the income are received.
- (v) Programme income are recognised upon completion of activities and income are measurable by the Group.
- (vi) Dues and fees, membership fee and hostel fee are recognised on an accrual basis.

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**2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONT'D)**

**p. Employee benefits**

(i) Salaries, bonuses and leave benefits

Employee entitlements to salaries, annual bonuses, paid annual leave and the cost to the Group of non-monetary benefits are accrued in the year in which the associated services are rendered by employees of the Group.

(ii) Contributions to defined contribution retirement plans

The Group contributes to a defined contribution retirement scheme which is available to employees. The Group's contribution to the scheme is expenses incurred.

The Mandatory Provident Fund Scheme Authority has approved the Group's existing pension scheme as a MPF Exempted Occupational Retirement Scheme under the Mandatory Provident Fund Schemes Ordinance. A MPF scheme has been set up for existing staff who opt for this scheme and eligible for staff recruited on or after that date.

(iii) Employment Ordinance long service payments

Certain of the Group's employees have completed the required number of years of service to the Group in order to be eligible for long service payments under the Employment Ordinance in the event of the termination of their employment. The Group is liable to make such payments in the event that such a termination of employment meets the circumstances specified in the Employment Ordinance.

A provision is recognised in respect of probable future long service payments expected to be made. The provision is based on the best estimate of the probable future payments which have been earned by the employees from their service to the Group to the end of the reporting period.

**q. Debt instruments at amortised cost**

At initial recognition, debt instruments at amortised cost are measured at the transaction price (including transaction costs). After initial recognition, debt instruments at amortised cost are measured at amortised cost using the effective interest method. Interest expenses and income are recognised in profit or loss over the credit period. Debt instruments at amortised cost that are classified as current assets or current liabilities shall be measured at the undiscounted amount of the cash or other consideration expected to be paid or received. At the end of each reporting period, debt instruments at amortised cost are assessed whether there is objective evidence of impairment or reversal of impairment. If necessary, impairment loss (or reversal of previously recognised impairment loss) is measured at the difference between the assets carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate and is recognised in profit or loss immediately.

**r. Fair value**

Fair value applicable to financial assets at fair value is determined by reference to quoted market price.

**3. ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

**a. Judgements in applying the entity's accounting policies**

In the process of applying the Group's accounting policies, which are described in note 2 to the consolidated financial statements, management has made the following judgements that have the most significant effect on the amounts recognised in the consolidated financial statements.

Impairment of assets

In the opinion of the executive committee members, there is no impairment loss in respect of property, plant and equipment.

**b. Key sources of estimation uncertainty**

There are no key assumptions concerning the future and other key sources of estimation uncertainty that may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

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**4. PROPERTY, PLANT AND EQUIPMENT**

	<u>Motor vehicles</u> HK\$	<u>Furniture and fixtures</u> HK\$	<u>Equipment and machinery</u> HK\$	<u>Leasehold improvement</u> HK\$	<u>Total</u> HK\$
<b>At cost</b>					
At 1 April 2023	6,886,077	43,913,614	5,198,206	16,431,951	72,429,848
Additions	1,354,268	3,262,127	608,038	818,166	6,042,599
Disposal/Written off	(401,274)	(1,486,176)	(24,779)	(841,746)	(2,753,975)
<b>At 31 March 2024</b>	<b><u>7,839,071</u></b>	<b><u>45,689,565</u></b>	<b><u>5,781,465</u></b>	<b><u>16,408,371</u></b>	<b><u>75,718,472</u></b>
<b>Accumulated depreciation</b>					
At 1 April 2023	4,644,749	27,995,294	4,155,033	14,357,326	51,152,402
Charge for the year	1,367,655	6,407,604	540,919	1,095,368	9,411,546
Written back	(401,274)	(1,476,111)	(19,903)	(764,381)	(2,661,669)
<b>At 31 March 2024</b>	<b><u>5,611,130</u></b>	<b><u>32,926,787</u></b>	<b><u>4,676,049</u></b>	<b><u>14,688,313</u></b>	<b><u>57,902,279</u></b>
<b>Net book value</b>					
<b>At 31 March 2024</b>	<b><u>2,227,941</u></b>	<b><u>12,762,778</u></b>	<b><u>1,105,416</u></b>	<b><u>1,720,058</u></b>	<b><u>17,816,193</u></b>
At 31 March 2023	<u>2,241,328</u>	<u>15,918,320</u>	<u>1,043,173</u>	<u>2,074,625</u>	<u>21,277,446</u>

**5. AVAILABLE-FOR-SALE FINANCIAL ASSETS**

	2024 HK\$	2023 HK\$
Listed equity securities in Hong Kong, at fair value	1,253,931	1,942,523
Debt securities in Hong Kong, at fair value	4,034,678	4,063,569
	<b><u>5,288,609</u></b>	<b><u>6,006,092</u></b>

The fair value reserves represent the cumulative gain and loss on the fair value changes of available-for-sale financial assets held at the end of the reporting period that is recognised directly in equity in accordance with the accounting policy as set out in note 2d to the consolidated financial statements.

**6. HELD-TO-MATURITY INVESTMENTS**

Unlisted investment in Hong Kong, at amortised cost	<b><u>21,128,085</u></b>	<b><u>0</u></b>
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**7. INVENTORIES**

Inventories comprise entirely of stock in trade	<b><u>11,054,697</u></b>	<b><u>10,303,962</u></b>
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	2024 HK\$	2023 HK\$
<b>8. ACCOUNTS AND OTHER RECEIVABLES</b>		
Accounts receivables	6,591,732	5,301,908
Other receivables	(1,204,484)	1,321,145
Payment in advance	2,600,688	304,915
	<u>7,987,936</u>	<u>6,927,968</u>
<b>9. ACCOUNTS AND OTHER PAYABLES</b>		
Accounts payables	13,870,644	12,607,435
Accrued charges	1,154,355	1,762,266
Other payables	2,519,612	1,421,084
Receipt in advance	2,004,466	1,150,627
	<u>19,549,077</u>	<u>16,941,412</u>
<b>10. CURRENT TAX PAYABLE / (REFUNDABLE)</b>		
Provision for Hong Kong profits tax for the year	100,922	4,518
Provisional profits tax paid	(10,518)	(328,460)
Tax payable in prior years	2,047	2,047
	<u>92,451</u>	<u>(321,895)</u>
<b>11. SUBVENTION SURPLUSES</b>		
Social Welfare Department surpluses	1,192,989	1,059,010
Community Chest deficits	(97,806)	(129,224)
	<u>1,095,183</u>	<u>929,786</u>

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	NOTE	2024 HK\$	2023 HK\$
<b>12. SUNDRY FUNDS</b>			
T.P. Khoo Memorial Fund		496,223	494,737
P.M. Yap Memorial Fund		488,631	487,960
G.H. Choa Memorial Fund		1,284,799	1,233,396
W.N. Fok Memorial Fund		321	0
Special Project Fund		11,850,418	11,231,792
Staff Development Fund		853,125	812,975
Community Care Fund (Pilot Scheme)	22a	257,004	226,764
Community Care Fund (Regular Scheme)	22b	21,500	0
Staff Welfare Fund		893,243	892,955
Flag Day Fund		1,145,844	13,443,908
Hong Kong Jockey Club Fund		(8,594,407)	(3,647,310)
Vincent & Lily Woo MHE Fund		932,844	995,127
Lotteries Fund		(871,206)	(1,395,440)
Lotteries Fund - Peer Support		0	(97,546)
Lotteries Fund - Wifi project	20	864,290	1,274,449
Queen Elizabeth Fund		(265,934)	247,252
S.K.Yee Fund		(1,201,145)	(1,208,186)
ERB Fund		20,769	89,118
Social Enterprise Development Fund		9,894,809	8,744,963
Social Welfare Development Fund	21	1,896,959	1,827,168
Supported Apartment Development Fund		6,915,924	3,947,237
T.N. Foo Fund		18,257,202	7,664,834
W.H. Lo Memorial Fund		1,470,894	1,427,970
Anniversary Programme Fund		(321,551)	0
Community Chest Projects		(351,908)	(1,080,930)
Charity Sales Programme		1,035,379	238,430
Zurich Foundation-Chill Lab		1,263,665	0
Designated Funds		10,547,698	10,464,575
		<u>58,785,390</u>	<u>58,316,198</u>

The Public Subscription Permit No. PSP 2022/021/1 was obtained for the fund-raising purpose(s) of the general charitable fund-raising event is to raise funds for supporting the self-financed projects of the Mental Health Association of Hong Kong. The project has been completed, generating a gross income of HK\$7,759.20, with gross expenditures amounting to HK\$750.00. Consequently, the net proceeds amount to HK\$7,009.20.

**13. ACCUMULATED FUNDS**

Lump Sum Grant Reserve		121,631,335	110,525,629
Provident Fund Reserve		20,337,496	18,725,140
Lotteries Fund Block Grant Reserve	19	14,909,945	12,000,376
General Reserve		26,924,555	26,122,801
		<u>183,803,331</u>	<u>167,373,946</u>

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	<b>2024</b>	<b>2023</b>
	<b>HK\$</b>	<b>HK\$</b>
<b>14. SURPLUS / (DEFICIT) BEFORE TAXATION</b>		
Surplus/(Deficit) before taxation was arrived at after charging:		
Auditors' remuneration	172,500	180,500
Audit fee for occupational retirement scheme	6,300	6,300
Depreciation	9,411,546	8,802,206
Key management personnel's remuneration:		
Salaries, wages and other benefits	0	0
Contributions to defined contribution retirement plan	0	0
Other staff costs:		
Staff salaries	287,016,490	268,971,038
Contribution to provident fund	1,519,976	1,759,641
Contribution to MPF	17,343,177	16,597,091

**15. TAX EXPENSES**

a. Current tax

Other than the parent association, which is exempted from Hong Kong tax under Section 88 of the Inland Revenue Ordinance, the provision for Hong Kong profits tax of subsidiaries at the applicable rate of:

- 8.25% on assessable profits up to HK\$2,000,000	103,922	10,518
Less: Profits tax reduction 2023/24 (2023: 2022/23)	(3,000)	(6,000)
	100,922	4,518
China Tax paid	15,139	6,854
Tax expenses	116,061	11,372

Hong Kong profits tax has been provided at the rate of 8.25% (2023: 8.25%) on assessable profits up to HK\$2,000,000 and 16.5% (2023: 16.5%) on any part of assessable profits over HK\$2,000,000 arising in Hong Kong during the year.

In accordance with the Inland Revenue (Amendment) (Tax Concessions and Two-tiered Standard Rates) Bill 2024 which was passed by the Legislative Council on 31 May 2024, the profits tax is subject to a 100% reduction for 2023/24 and the ceiling of such reduction is HK\$3,000 (2023: HK\$6,000).

b. Deferred tax

At the end of the reporting period, the unused tax losses of approximately HK\$952,006 (2023: HK\$802,019) available for offset against future taxable profits. No deferred tax assets was recognised due to the unpredictability of future profit streams.

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	2024 HK\$	2023 HK\$
<b>16. FINANCIAL INSTRUMENTS</b>		
Financial assets at amortised cost:		
Utility and other deposits	5,345,125	4,766,759
Accounts and other receivables	7,987,936	6,927,968
Cash and bank balances	208,890,640	212,058,755
	<u>222,223,701</u>	<u>223,753,482</u>
Financial liabilities at amortised cost:		
Accounts and other payables	19,549,077	16,941,412
Provision for unutilized paid leave	3,838,119	3,871,493
	<u>23,387,196</u>	<u>20,812,905</u>
<b>17. EXECUTIVE COMMITTEE MEMBERS' REMUNERATION</b>		
Executive Committee Members' remuneration disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance is as follows:		
Fee	0	0
Salaries and allowances	0	0
Benefits in kind	0	0
Contribution to defined contribution retirement plan	0	0
	<u>0</u>	<u>0</u>
<b>18. ANALYSIS ON FLAG DAY INCOME</b>		
Net income from Regional Flag Day Fund Raising Activity in Kowloon Region Held on 27 August 2022 (Public Subscription Permit No. FD/R055/2022)	0	554,934
Allocated to:		
Supported apartment for half-way house discharges		
Personal emoluments	0	395,795
Programme expenses	0	2,915
Rent, rates and management fees	0	156,224
Total allocation	0	554,934
Unused Balance C/F	0	0



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**FOR THE YEAR ENDED 31 MARCH 2024**

	<b>2024</b>	<b>2023</b>
	<b>HK\$</b>	<b>HK\$</b>
<b>21. MOVEMENT OF SOCIAL WELFARE DEVELOPMENT FUND</b>		
<u>Phase 3</u>		
Balance at the beginning of the year	1,827,168	1,960,928
Total fund received during the year	0	0
Interest income	69,791	34,239
	<b>1,896,959</b>	<b>1,995,167</b>
Expenditure		
Expenditure for projects under scope A	0	167,999
Expenditure for administrative support	0	0
Total expenditure during the year	0	167,999
Balance at the end of the year	<b>1,896,959</b>	<b>1,827,168</b>
Total balance carried forward	<b>1,896,959</b>	<b>1,827,168</b>

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**22. COMMUNITY CARE FUND ASSISTANCE PROGRAMMES**

During year 2016/17 to 2023/24, the Association has implemented 1 Community Care Fund ("CCF") assistance programmes. According to the requirement of CCF, the Association is required to disclose the income and expenditure for each programme in its financial statements.

**a) CCF Pilot scheme on living allowance for Low-income Carers of Persons with Disabilities**

	2023/24 HK\$	2022/23 HK\$	2021/22 HK\$	2020/21 HK\$	2019/20 HK\$	2018/19 HK\$	2017/18 HK\$	2016/17 HK\$
Balance at the beginning of year	226,764	175,644	116,604	86,364	53,364	26,244	2,044	0
Income								
Subsidy from CCF	30,240	51,120	59,040	30,240	33,000	27,120	24,200	2,500
<b>Expenditure</b>								
Miscellaneous (Printing & Stationery)	0	0	0	0	0	0	0	(456)
Surplus for the year	30,240	51,120	59,040	30,240	33,000	27,120	24,200	2,044
Surplus carried forward from previous year	226,764	175,644	116,604	86,364	53,364	26,244	2,044	0
<b>Balance at the end of year</b>	<b>257,004</b>	<b>226,764</b>	<b>175,644</b>	<b>116,604</b>	<b>86,364</b>	<b>53,364</b>	<b>26,244</b>	<b>2,044</b>

**b) CCF Regular scheme on living allowance for Low-income Carers of Persons with Disabilities**

Balance at the beginning of year	0	0
<b>Income</b>		
Subsidy from CCF	21,500	0
Surplus for the year	21,500	0
Surplus carried forward from previous year	0	0
<b>Balance at the end of year</b>	<b>21,500</b>	<b>0</b>

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	<b>2024</b>	<b>2023</b>
	<b>HK\$</b>	<b>HK\$</b>
<b>23. OPERATING LEASE COMMITMENTS</b>		
At 31 March 2024, future aggregate minimum lease payments under non-cancellable operating leases on land and buildings are as follows:		
Within 1 year	<b>19,395,880</b>	21,544,263
Between 2 to 5 years inclusive	<b>11,245,872</b>	20,376,688
	<b><u>30,641,752</u></b>	<u>41,920,951</u>

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**  
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	2024 HK\$	2023 HK\$
<b>24. STATEMENT OF FINANCIAL POSITION OF THE ASSOCIATION</b>		
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	14,861,345	17,967,574
Available-for-sale financial assets	1,253,931	1,942,523
Held-to-maturity investments	21,128,085	0
<b>INVESTMENT IN SUBSIDIARIES (Note 1)</b>	<u>3,010,000</u>	<u>3,010,000</u>
	<u>40,253,361</u>	<u>22,920,097</u>
<b>CURRENT ASSETS</b>		
Inventories	14,783	19,420
Utility and other deposits	4,305,630	4,133,094
Accounts and other receivables	6,592,459	5,722,739
Amount due from a subsidiary (Note 1)	3,000,000	2,000,000
Cash and bank balances	188,571,469	195,392,227
	<u>202,484,341</u>	<u>207,267,480</u>
<b>CURRENT LIABILITIES</b>		
Accounts and other payables	263,910	181,184
Provision for unutilized paid leave	3,838,119	3,871,493
	<u>4,102,029</u>	<u>4,052,677</u>
<b>NET CURRENT ASSETS</b>	<u>198,382,312</u>	<u>203,214,803</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<u>238,635,673</u>	<u>226,134,900</u>
<b>NON-CURRENT LIABILITIES</b>		
Deferred income	<u>11,741,150</u>	<u>14,416,353</u>
<b>NET ASSETS</b>	<u>226,894,523</u>	<u>211,718,547</u>
<b>Represented by:</b>		
Subvention surpluses (Note 2)	933,197	767,800
Sundry funds (Note 2)	58,785,390	58,316,198
Fair value reserves (Note 2)	(1,464,599)	(776,007)
Accumulated funds (Note 2)	<u>168,640,535</u>	<u>153,410,556</u>
<b>TOTAL FUNDS AND RESERVES</b>	<u>226,894,523</u>	<u>211,718,547</u>

The statement of financial position of the Association were approved and authorised for issue by the Executive Committee on 25 OCT 2024 and are signed on its behalf by:

  
 \_\_\_\_\_  
 Dr. Lo Tak Lam  
 Chairman

  
 \_\_\_\_\_  
 Mr. Peter Mok Wah-fun  
 Hon. Treasurer

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**FOR THE YEAR ENDED 31 MARCH 2024**

**2024**                      **2023**  
**HK\$**                              **HK\$**

**24. STATEMENT OF FINANCIAL POSITION OF THE ASSOCIATION (CONT'D)**

Notes:

(1) Investment in subsidiaries

Unlisted shares, at cost 3,010,000 3,010,000

Particulars of unlisted subsidiaries are as follows:

<u>Name of subsidiaries</u>	<u>Place of incorporation</u>	<u>Class of shares held</u>	<u>Issued and paid up capital</u>	<u>Percentage of equity directly held</u>	<u>Principal activities</u>
MentalCare Connect Company Limited	Hong Kong	Ordinary	HK\$3,000,000	100%	Provision of small business for enhancing employment of people with disabilities
Institute of Community Rehabilitation Company Limited	Hong Kong	Ordinary	HK\$10,000	100%	Provision of training courses for community rehabilitation services

Amount due from a subsidiary is unsecured, interest free and have no fixed term of repayment.

(2) Reserves movement of the Association

	<u>Subvention Surpluses</u> HK\$	<u>Sundry Funds</u> HK\$	<u>Fair Value Reserves</u> HK\$	<u>Accumulated Funds</u> HK\$	<u>Total</u> HK\$
Balance at 31 March 2022	5,766,304	70,198,130	(381,521)	141,155,175	216,738,088
Increase / (Decrease) during the year	(25,852)	490,040	0	9,908,469	10,372,657
Other comprehensive expense for the year	0	0	(394,486)	0	(394,486)
Surplus / (Deficit) for the year	<u>(4,972,652)</u>	<u>(12,371,972)</u>	<u>0</u>	<u>2,346,912</u>	<u>(14,997,712)</u>
Balance at 31 March 2023	767,800	58,316,198	(776,007)	153,410,556	211,718,547
Increase / (Decrease) during the year	(1,000)	900	0	7,287,287	7,287,187
Other comprehensive expense for the year	0	0	(688,592)	0	(688,592)
Surplus for the year	<u>166,397</u>	<u>468,292</u>	<u>0</u>	<u>7,942,692</u>	<u>8,577,381</u>
<b>Balance at 31 March 2024</b>	<b><u><u>933,197</u></u></b>	<b><u><u>58,785,390</u></u></b>	<b><u><u>(1,464,599)</u></u></b>	<b><u><u>168,640,535</u></u></b>	<b><u><u>226,894,523</u></u></b>

End of Notes