

**HONG KONG ASSOCIATION FOR THE PROMOTION
OF MENTAL HEALTH LIMITED**

香港精神健康促進會有限公司

(Company limited by guarantee and not having a share capital)

REPORTS AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31ST DECEMBER, 2016

HONG KONG ASSOCIATION FOR THE PROMOTION OF MENTAL HEALTH LIMITED

香港精神健康促進會有限公司

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DIRECTORS' REPORT

The directors present herewith their annual report together with the audited financial statements of the association for the year ended 31st December, 2016.

Principal activities

The principal activities of the association are to promote the knowledge of mental, psychological and emotional health to the public.

Financial position and financial performance

The financial position and financial performance of the association are set out in the annexed financial statements.

Fixed assets

Movements in fixed assets during the year are shown in note 3 to the financial statements.

Directors

The following are the current directors of the association, having served throughout the year :

Dr. Chan Chung Mau
Mr. Chu Hon Wai
Mr. Cheung Kin Sum
Ms. Tang Sau Wai, Betty
Mr. Sun Yu Kit

In accordance with Article 36 of the association's Articles of Association, the current directors shall retire from office at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

Interests in contracts

The directors of the association had no interest, direct or indirect, either during the year or at the end thereof, in any significant transaction, arrangement or contract to which the association was a party.

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DIRECTORS' REPORT

Auditors

The financial statements have been audited by Messrs. Chang Leung Hui & Li C.P.A. Limited, Certified Public Accountants, who retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board

Handwritten signature in black ink, appearing to read '陳仲謀' (Chan Chung Mau).

Chan Chung Mau
Chairman

HONG KONG, 2 JUN 2017

Chang Leung Hui & Li C.P.A. Limited

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DIRECTORS

LESLIE S. C. CHANG FCA, CTA, CPA (Practising)
TERENCE C. K. LEUNG FCCA, ACA, ACIS, CTA, CPA (Practising)
BILLY S. LI BA, CA (CANADA), CTA, CPA (Practising)
EDMOND C. K. LEUNG FCCA, ACIS, CTA, CPA (Practising)
S. Y. LUK ACA, FCCA, ACIS, CTA, CPA (Practising)
PAUL C. Y. TSI BSC, CA, ACA, CTA, CPA (Practising)

張梁許李
會計師事務所有限公司
香港灣仔駱克道三號十二樓
電話：二五二七 五三〇六
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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HONG KONG ASSOCIATION FOR THE PROMOTION OF MENTAL HEALTH LIMITED

香港精神健康促進會有限公司

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Opinion

We have audited the financial statements of Hong Kong Association For The Promotion of Mental Health Limited ("the Association") set out on pages 6 to 11, which comprise the statement of financial position as at 31 December 2016, and the statement of income and retained earnings and statement of cash flows 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 a true and fair view of the financial position of the Association as at 31 December 2016, 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") 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 ("HKSA") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the financial statements* section of our report. We are independent of the Association 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.

Information other than the financial statements and auditors' report thereon

The directors are responsible for the other information. The other information represents the directors' report, but does not include the financial statements and our auditors' report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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.



**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF HONG KONG ASSOCIATION FOR THE PROMOTION
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Responsibilities of the directors for the financial statements

The directors 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 the Hong Kong Companies Ordinance, and for such internal control as the directors 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 directors are responsible for assessing the Association'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 directors either intend to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for overseeing the Association's financial reporting process.

Auditors' 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 auditors' 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 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 financial statements.

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 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 Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

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Auditors' responsibilities for the audit of the financial statements (continued)

- Conclude on the appropriateness of the directors 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 Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Association to cease to continue as a going concern.
- 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 the directors 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.



CHANG LEUNG HUI & LI C.P.A. LIMITED
Certified Public Accountants

Edmond Chi Kong Leung
Practising Certificate Number P1353

HONG KONG, - 2 JUN 2017

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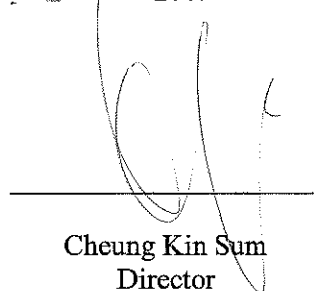
STATEMENT OF FINANCIAL POSITION
AS AT 31ST DECEMBER, 2016

	Note	2016 HK\$	2015 HK\$
Non-current assets			
Fixed assets	3	83,951	125,926
Current assets			
Rental and utility deposits		980	40,580
Prepayments and other deposits		345,435	-
Bank balances		622,124	1,496,682
		<u>968,539</u>	<u>1,537,262</u>
Less : Current liabilities			
Due to a director		100	100
Accruals		29,481	3,139
		<u>29,581</u>	<u>3,239</u>
Net current assets		<u>938,958</u>	<u>1,534,023</u>
Net assets		<u>1,022,909</u>	<u>1,659,949</u>
Reserve			
Accumulated surplus		<u>1,022,909</u>	<u>1,659,949</u>

Approved and authorised for issue by
the board of directors on - 2 JUN 2017



Chan Chung Mau
Director



Cheung Kin Sum
Director

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STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 31ST DECEMBER, 2016

	Note	2016 HK\$	2015 HK\$
Income			
Sponsorship		145,800	1,185,750
Bank interest		90	36
		<u>145,890</u>	<u>1,185,786</u>
Expenditure			
Advertising and promotion		34,300	500
Bank charges		690	1,031
Depreciation	2(b) & 3	41,975	42,735
Entertainment		6,943	3,058
Function and project expenses		187,292	83,927
Insurance		1,500	1,500
Membership fee		1,100	1,100
Multidisciplinary expert meeting expenses		20,500	60,169
Office rental under operating lease		217,800	228,800
Postage, printing and stationery		5,188	16,069
Professional fees		240,000	240,000
Repairs and maintenance		1,050	-
Sundry expenses		10,413	3,652
Telecommunications		10,567	6,962
Transportation		2,555	1,211
Utilities		1,057	1,121
		<u>782,930</u>	<u>691,835</u>
(Deficit)/Surplus for the year		(637,040)	493,951
Accumulated surplus at start of year		<u>1,659,949</u>	<u>1,165,998</u>
Accumulated surplus at end of year		<u>1,022,909</u>	<u>1,659,949</u>

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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31ST DECEMBER, 2016

	2016	2015
	HK\$	HK\$
Cash flows from operating activities		
(Deficit)/Surplus for the year	(637,040)	493,951
Adjustments for :		
Depreciation	41,975	42,735
Bank interest income	<u>(90)</u>	<u>(36)</u>
	(595,155)	536,650
(Increase)/Decrease in :		
Rental and utility deposits	39,600	(1,600)
Prepayments and other deposits	<u>(345,435)</u>	-
Increase/(Decrease) in :		
Accruals	<u>26,342</u>	<u>(10,433)</u>
Net cash (used in)/generated from operating activities	(874,648)	524,617
Cash flows from investing activities		
Bank interest income	<u>90</u>	<u>36</u>
(Decrease)/Increase in cash and cash equivalents	(874,558)	524,653
Cash and cash equivalents at beginning of year	<u>1,496,682</u>	<u>972,029</u>
Cash and cash equivalents at end of year	<u>622,124</u>	<u>1,496,682</u>
Analysis of the balances of cash and cash equivalents		
Bank balances	<u>622,124</u>	<u>1,496,682</u>

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NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2016

1. Association information

The association is incorporated in Hong Kong and is limited by guarantee. It is a charitable institution registered in Hong Kong. The registered office of the association is located at Room 703, 7/F., Kelly Commercial Centre, 570-572 Nathan Road, Kowloon, Hong Kong.

The principal activities of the association are to promote the knowledge of mental, psychological and emotional health to the public.

2. Basis of preparation and accounting policies

These financial statements have been prepared 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 and the requirements of the Hong Kong Companies Ordinance. They have been prepared under historical cost convention except for certain assets and liabilities which are measured at fair value.

The preparation of financial statements in conformity with HKFRS for Private Entities requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenditure. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(a) Revenue recognition

Revenue arising from transactions and events is recognised in the financial statements when it is probable that the economic benefits will flow to the association and when the revenue can be measured reliably, on the following bases :

- i) Sponsorship income is recognised upon the receipt of such sponsorship.
- ii) Interest income is recognised on a time proportion basis, based on the principal amounts outstanding and at the applicable interest rates.

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**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2016****2. Basis of preparation and accounting policies (continued)****(b) Fixed assets**

Fixed assets are stated at cost less accumulated depreciation and impairment losses, if any.

Depreciation is provided to write off the costs of fixed assets over their estimated useful lives on a straight line basis at the rate of 20% per annum.

(c) Taxation

The association is a charitable body and is exempted from Hong Kong Taxation by virtue of Section 88 of the Inland Revenue Ordinance.

3. Fixed assets

	Office equipment	Furniture and fixtures	Decoration	Total
	HK\$	HK\$	HK\$	HK\$
Cost				
At 1.1.2016 and 31.12.2016	<u>40,066</u>	<u>9,440</u>	<u>192,986</u>	<u>242,492</u>
Accumulated depreciation				
At 1.1.2016	29,932	9,440	77,194	116,566
Charge for the year	<u>3,378</u>	<u>-</u>	<u>38,597</u>	<u>41,975</u>
At 31.12.2016	<u>33,310</u>	<u>9,440</u>	<u>115,791</u>	<u>158,541</u>
Net book value				
At 31.12.2016	<u>6,756</u>	<u>-</u>	<u>77,195</u>	<u>83,951</u>
At 31.12.2015	<u>10,134</u>	<u>-</u>	<u>115,792</u>	<u>125,926</u>

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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2016

4. Directors' emoluments

	2016	2015
	HK\$	HK\$
Fees	-	-
Mandatory provident fund contributions	-	-
Others	-	-
	<u>-</u>	<u>-</u>

5. Operating lease commitment

At the statement of financial position date, the association had total outstanding commitments under a non-cancellable operating lease in respect of its office premises as follows :

	2016	2015
	HK\$	HK\$
Within one year	-	217,800
In the second to fifth year, inclusive	-	-
Over five years	-	-
	<u>-</u>	<u>217,800</u>