

**THE ASSOCIATION OF PARENTS OF THE SEVERELY  
MENTALLY HANDICAPPED LIMITED**  
(嚴重智障人士家長協會有限公司)  
(INCORPORATED IN HONG KONG)

REPORTS AND FINANCIAL STATEMENTS  
FOR THE PERIOD FROM 14 APRIL 2023 (DATE OF INCORPORATION)  
TO 30 SEPTEMBER 2024



**THE ASSOCIATION OF PARENTS OF THE SEVERELY MENTALLY HANDICAPPED LIMITED  
DIRECTORS' REPORT  
FOR THE PERIOD FROM 14 APRIL 2023 (DATE OF INCORPORATION)  
TO 30 SEPTEMBER 2024**

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The directors present their report together with the first financial statements for the period from 14 April 2023 (date of incorporation) to 30 September 2024.

**1. PRINCIPAL ACTIVITY**

The principal activity of the Association during the reporting period was supporting family carers of severely intellectually disabled ("SID") persons by organising different activities and raising the public awareness of the service needs of SIDs with funds from donations as well as grants from the Social Welfare Department.

The Association has been exempted under Section 88 of the Inland Revenue Ordinance from any tax by reason of its being a charitable association of a Public Character.

**2. DIRECTORS**

The directors during the reporting period and up to the date of this report are as follows:

Ms. LAI Pui Mei	(appointed as first director on 14 April 2023)
Ms. YIM So Hing	(appointed as first director on 14 April 2023)
Ms. CHIU Shuk Wa	(appointed as first director on 14 April 2023)
Ms. LI Yuen Han	(appointed as first director on 14 April 2023)
Ms. TAM Chit Wa	(appointed as first director on 14 April 2023)
Ms. YUNG Pui Man Joanne	(appointed as first director on 14 April 2023)
Ms. TAM Ka Mei	(appointed as first director on 14 April 2023 and deceased on 16 June 2024)
Ms. CHAN Kam Mui	(appointed as first director on 14 April 2023 and deceased on 9 October 2024)

**3. PERMITTED INDEMNITY PROVISION**

At no time during the reporting period and at the time of approval of this report were there any permitted indemnity provisions in force for the benefit of one or more directors of the Association.

**4. MANAGEMENT CONTRACTS**

There were no contracts concerning the management and administration of the whole or any substantial part of the business of the Association entered into or existed during the reporting period.

**5. BUSINESS REVIEW**

The Association falls within the reporting exemption for the financial year. Accordingly, the Association is exempted from preparing a business review.



**THE ASSOCIATION OF PARENTS OF THE SEVERELY MENTALLY HANDICAPPED LIMITED**  
**DIRECTORS' REPORT**  
**FOR THE PERIOD FROM 14 APRIL 2023 (DATE OF INCORPORATION)**  
**TO 30 SEPTEMBER 2024**

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**6. DIRECTORS' INTEREST**

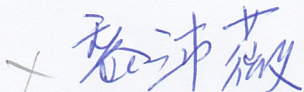
At no time during the financial year or at the end of the financial year was the Association a party to any arrangements to enable the directors or shadow directors, if any, to acquire benefits by means of the acquisition of shares in or debentures of other body corporate.

In the opinion of the directors, no directors or shadow directors, if any, had material interests in those significant transactions, arrangements or contracts in relation to the Association's operations in the financial year or subsisted at any time during the financial year.

**7. APPROVAL OF THE DIRECTORS' REPORT**

This report was approved by the directors on 1 December 2024.

On behalf of the directors



LAI Pui Mei



**INDEPENDENT HONORARY AUDITOR'S REPORT TO THE MEMBERS OF  
THE ASSOCIATION OF PARENTS OF THE SEVERELY MENTALLY HANDICAPPED LIMITED  
(Incorporated in Hong Kong and limited by guarantee)**

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**Opinion**

We have audited the financial statements of The Association Of Parents Of The Severely Mentally Handicapped Limited ("the Association") set out on pages 6 to 13, which comprise the statement of financial position as at 30 September 2024, and the income and expenditure statement and the statement of changes in reserves for the period from 14 April 2023 (date of incorporation) to 30 September 2024, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements of the Association are prepared, in all material respects, in accordance with the Hong Kong Small and Medium-sized Entity Financial Reporting Standard ("SME-FRS") 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") and with reference to Practice Note 900 (Revised) "Audit of Financial Statements Prepared in Accordance with the Small and Medium-sized Entity Financial Reporting Standard" issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the 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 Auditor's Report Thereon ("Other Information")**

The directors are responsible for the other information. The other information comprises the information included in the directors' report, but does not include the financial statements and our auditor's 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 HONORARY AUDITOR'S REPORT TO THE MEMBERS OF  
THE ASSOCIATION OF PARENTS OF THE SEVERELY MENTALLY HANDICAPPED LIMITED  
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**Responsibilities of Directors and Those Charged with Governance for the Financial Statements**

The directors are responsible for the preparation of the financial statements in accordance with the SME-FRS 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.

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

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, 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 persons for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.



**INDEPENDENT HONORARY AUDITOR'S REPORT TO THE MEMBERS OF  
THE ASSOCIATION OF PARENTS OF THE SEVERELY MENTALLY HANDICAPPED LIMITED  
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**Auditor's 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 auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Association to cease to continue as a going concern.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



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UNION ALPHA C.P.A. LIMITED  
Certified Public Accountants (Practising)  
Lam Lai Fun, Sabrina  
Practising Certificate Number P03648

Hong Kong, 1 December 2024



**THE ASSOCIATION OF PARENTS OF THE SEVERELY MENTALLY HANDICAPPED LIMITED**  
**INCOME AND EXPENDITURE STATEMENT**  
**FOR THE PERIOD FROM 14 APRIL 2023 (DATE OF INCORPORATION)**  
**TO 30 SEPTEMBER 2024**

	Note	HK\$
<b>Revenue</b>		
Donation received	2	23,345
Membership fee income	2	8,610
Fund from The Association of Parents of the Severely Mentally Handicapped	2	<u>389,902</u>
		<u>421,857</u>
<b>Events</b>		
Event income	2	5,000
Event expenditures		<u>(2,413)</u>
		<u>2,587</u>
<b>Other revenue</b>		
Bank interest income		<u>5,223</u>
<b>Administrative expenditure</b>		
Bank charges		4,710
Company secretarial and registered office fees		4,200
Office supplies		1,558
Postage		61
Sundry expenses		<u>1,820</u>
		<u>(12,349)</u>
<b>Surplus from operations</b>		417,318
Finance cost		<u>-</u>
<b>Surplus for the reporting period</b>	3	<u>417,318</u>

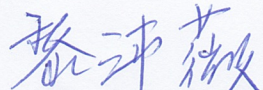
The accompanying notes to the financial statements form an integral part of, and should be read in conjunction with, these financial statements.




**THE ASSOCIATION OF PARENTS OF THE SEVERELY MENTALLY HANDICAPPED LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 SEPTEMBER 2024**

	Note	HK\$
<b>Current assets</b>		
Prepayment		46,686
Cash at bank		<u>389,688</u>
		<u>436,374</u>
<b>Net current assets</b>		<u>436,374</u>
<b>NET ASSETS</b>		<u>436,374</u>
<b>Represented by:</b>		
General reserve	7(a)	417,318
Surplus of grants from Social Welfare Department	7(b)	<u>19,056</u>
<b>TOTAL RESERVES</b>		<u>436,374</u>

Approved and signed by the directors

✕  ✕  
 LAI Pui Mei  
 Chairman

✕  ✕  
 YIM So Hing  
 Vice Chairman

The accompanying notes to the financial statements form an integral part of, and should be read in conjunction with, these financial statements.



**THE ASSOCIATION OF PARENTS OF THE SEVERELY MENTALLY HANDICAPPED LIMITED**  
**STATEMENT OF CHANGES IN RESERVES**  
**FOR THE PERIOD FROM 14 APRIL 2023 (DATE OF INCORPORATION)**  
**TO 30 SEPTEMBER 2024**

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	General <u>reserve</u> HK\$	Surplus of grants from Social Welfare <u>Department</u> HK\$	<u>Total</u> HK\$
At 14 April 2023	-	-	-
Surplus for the reporting period	<u>417,318</u>	<u>19,056</u>	<u>436,374</u>
At 30 September 2024	<u>417,318</u>	<u>19,056</u>	<u>436,374</u>

The accompanying notes to the financial statements form an integral part of, and should be read in conjunction with, these financial statements.



**THE ASSOCIATION OF PARENTS OF THE SEVERELY MENTALLY HANDICAPPED LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 14 APRIL 2023 (DATE OF INCORPORATION)**  
**TO 30 SEPTEMBER 2024**

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**General information**

The Association of Parents of The Severely Mentally Handicapped Limited ("the Association") is an association incorporated in Hong Kong, limited by guarantee and not having a share capital. At the date of this report, the Association's registered office and principal place of business are situated at 19/F., No. 3 Lockhart Road, Wanchai, Hong Kong. The principal activity of the Association is supporting family carers of severely intellectually disabled ("SID") persons by organising different activities and raising the public awareness of the service needs of SIDs with funds from donations as well as grants from the Social Welfare Department.

Moreover, the Association has been exempted under Section 88 of the Inland Revenue Ordinance from any tax by reason of its being a charitable association of a Public Character.

In accordance with Article 4 of the Articles of Association, the Association has 2 types of members as set out below:

- (a) Ordinary members
- (b) Permanent members

Those are entitled to nominate and be elected as directors, have undertaken to contribute to the Association up to HK\$10 in the event the Association is being wound up.

As at the end of the reporting period, the total number of members of the Association were:

	<u>2024</u>
Ordinary members	137
Permanent members	<u>261</u>
	<u>398</u>

**1. SIGNIFICANT ACCOUNTING POLICIES**

(a) Statement of compliance

The Association qualifies for the reporting exemption as a small guarantee company under Sections 359 and 363 of the Hong Kong Companies Ordinance. Therefore, the Association is entitled to prepare and present its annual financial statements in accordance with the Small and Medium-sized Entity Financial Reporting Standard ("SME-FRS") issued by the Hong Kong Institute of Certified Public Accountants.

These financial statements comply with the SME-FRS and have been prepared under the accrual basis of accounting and on the basis that the Association is a going concern.



**THE ASSOCIATION OF PARENTS OF THE SEVERELY MENTALLY HANDICAPPED LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 14 APRIL 2023 (DATE OF INCORPORATION)**  
**TO 30 SEPTEMBER 2024**

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**1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

(b) Basis of preparation of the financial statements

The measurement basis used in the preparation of these financial statements is historical cost basis.

(c) Leases

Leases that transfer substantially all the rewards and risks of ownership of assets to the Association, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalised at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to income statement.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Leases where substantially all the risks and rewards of ownership of assets are not transferred to the lessee are accounted for as operating leases. Annual rents applicable to such operating leases are charged to profit or loss on a straight-line basis over the lease term.

(d) Employee benefits

(I) Short term employee benefits and contributions to Mandatory Provident Fund ("MPF")

Salaries, annual bonuses, paid annual leave, contributions to MPF as required under the Hong Kong Mandatory Provident Fund Schemes Ordinance and the cost of non-monetary benefits are accrued in the reporting period in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are measured at their present values.

(II) Termination benefits

Termination benefits are recognised at the earlier of (i) when the Association can no longer withdraw the offer of those benefits and (ii) when it recognises restructuring costs involving the payment of termination benefits.



**THE ASSOCIATION OF PARENTS OF THE SEVERELY MENTALLY HANDICAPPED LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 14 APRIL 2023 (DATE OF INCORPORATION)**  
**TO 30 SEPTEMBER 2024**

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**1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

(e) Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Association and when the revenue can be measured reliably, as follows:

(I) Donation income

Donations received are accounted on cash basis. Receipt for specific fund from Social Welfare Department is recognised upon occurrence of the concerned event activities.

(II) Membership fee income

Membership fee is accounted on cash basis.

(III) Events income

Events income is accounted on cash basis.

(IV) Interest income

Interest income from bank deposit is accrued on a time apportionment basis by reference to the principal deposited and at the rate applicable.

(V) Government grants

Government grants are not recognised until there is reasonable assurance that the Association will comply with the conditions attaching to them and that the grants will be received. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Association with no future related costs are recognised in profit or loss in the reporting period in which they become receivable.

**2. REVENUE**

	HK\$
Revenue:	
Donation received	23,345
Event income	5,000
Membership fee income	8,610
Fund from The Association of Parents of the Severely Mentally Handicapped (Note)	<div style="border-top: 1px solid black;">389,902</div> <div style="border-top: 1px solid black; border-bottom: 3px double black;">426,857</div>

Note: The Association of Parents of the Severely Mentally Handicapped was registered as a society in accordance with the provisions of Section 5A(1) of the Societies Ordinance on 19 March 1998 ("the Society"). In 2023, a limited company was incorporated to replace the Society. Amount of HK\$389,902 represented the accumulated fund transferred from the Society to the Association.



**THE ASSOCIATION OF PARENTS OF THE SEVERELY MENTALLY HANDICAPPED LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 14 APRIL 2023 (DATE OF INCORPORATION)**  
**TO 30 SEPTEMBER 2024**

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**3. SURPLUS FOR THE REPORTING PERIOD**

Surplus for the reporting period is stated after charging:

	HK\$
Other items:	
Company secretarial and registered office fees	<u>4,200</u>

**4. DIRECTORS' REMUNERATION**

No remuneration of any kind was paid to any directors during the reporting period.

**5. INCOME TAX**

The Association is exempted from Hong Kong tax under Section 88 of the Hong Kong Inland Revenue Ordinance.

**6. EMPLOYEE RETIREMENT BENEFIT**

(a) Mandatory Provident Fund Scheme ("the MPF scheme")

The Association operates a MPF scheme under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF scheme is a defined contribution retirement scheme administered by independent trustees. Under the MPF scheme, the employer and its employees are each required to make contributions to the scheme at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK\$30,000. Contributions to the scheme vest immediately.

(b) Employment Ordinance long service payments

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



**THE ASSOCIATION OF PARENTS OF THE SEVERELY MENTALLY HANDICAPPED LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 14 APRIL 2023 (DATE OF INCORPORATION)**  
**TO 30 SEPTEMBER 2024**

**7. RESERVES**

- (a) General reserve is used for funding administration expenses. Should the Association be unable to continue in existence as a going concern, adjustments would have to be made to reduce the values of assets to their recoverable amounts, to provide for any further liabilities which might arise. However, the members have confirmed their intention to provide assistance to solicit public financial supports, as and when necessary, to enable the Association to continue in existence as a going concern.
- (b) Grants from Social Welfare Department ("SWD") represented the 11<sup>th</sup> Batch Financial Support Scheme ("FSS") for Self-help Organisations of Persons with Disabilities ("PWDs") / Chronic Illnesses ("SHOPWDCI") and the One-off Special Grant for SHOPWDCI for Providing Assistance to PWDs in Making JoyYou Card Application ("JoyYou Card"). Analysis and usage of the grants from SWD are listed as follows:

	<u>FSS</u> HK\$	<u>JoyYou Card</u> HK\$	<u>Total</u> HK\$
<u>Income</u>			
Grants from SWD	340,104	10,000	350,104
Programme /Activities fee income	57,260	2,400	59,660
Bank interest income	14	-	14
	<u>397,378</u>	<u>12,400</u>	<u>409,778</u>
Less: <u>Expenditures</u>			
Personal emoluments			
- Salaries	124,800	-	124,800
- MPF contributions	6,240	-	6,240
Programme /Activities expenses	214,128	12,356	226,484
Administrative cost	31,198	-	31,198
Others	2,000	-	2,000
	<u>(378,366)</u>	<u>(12,356)</u>	<u>(390,722)</u>
Surplus of grants from SWD	<u>19,012</u>	<u>44</u>	<u>19,056</u>

Surplus of grants from SWD will be refunded to the SWD subsequent to the end of the reporting period.

**8. APPROVAL AND ISSUE OF FINANCIAL STATEMENTS**

The statement of financial position was approved and the financial statements were authorised for issue by the directors on 1 December 2024.