

ANNUAL FINANCIAL REPORT
NGO: THE MENTAL HEALTH ASSOCIATION OF HONG KONG
1 APRIL 2017 TO 31 MARCH 2018

	<u>Notes</u>	2017-18	2016-17
		\$	\$
A. INCOME			
1. Lump Sum Grant			
a. Lump Sum Grant (excluding Provident Fund)	1b	199,379,319.00	189,181,821.00
b. Provident Fund	1c	18,783,507.00	18,427,203.00
2. Special One-off Grant		-	-
3. Fee Income	2	11,795,842.70	11,853,893.66
4. Central Items	3	270,000.00	270,000.00
5. Rent and Rates	4	8,783,655.00	8,916,579.00
6. Other Income	5	6,338,249.52	6,431,567.49
7. Interest Received		407,708.39	563,831.44
8. Rent and Rates for previous year		118,061.00	469,191.00
TOTAL INCOME		<u>245,876,342.61</u>	<u>236,114,086.59</u>
B. EXPENDITURE			
1. Personal Emoluments			
a. Salaries		186,247,492.41	178,828,978.77
b. Provident Fund	1c	18,486,780.20	18,461,312.12
c. Allowances		0.00	0.00
Sub-total	6	<u>204,734,272.61</u>	<u>197,290,290.89</u>
2. Other Charges	7	35,446,814.93	35,161,751.72
3. Central Items	3	276,500.00	26,000.00
4. Rent and Rates	4	9,056,412.00	9,032,621.20
5. Special One-off Grant Payments	7a	-	-
TOTAL EXPENDITURE	8	<u>249,513,999.54</u>	<u>241,510,663.81</u>
C. SURPLUS/(DEFICIT) FOR THE YEAR	8	<u>(3,637,656.93) *</u>	<u>(5,396,577.22) *</u>

*The deficit is arising from contractual commitment to snapshot staff and can be covered by LSG Reserve.

The Annual Financial Report from pages 1 to 5 has been prepared in accordance with the requirements as set out in the Lump Sum Grant Manual.



Dr. Lo Tak Lam
Chairman
Date: 18 OCT 2018



Miss Kimmy Ho
Director
Date: 18 OCT 2018

NOTES ON THE ANNUAL FINANCIAL REPORT

1. Lump Sum Grant (LSG)

a. Basis of preparation The Annual Financial Report (AFR) is prepared in respect of all Funding and Service Agreement (FSA) activities (including support services to FSA activities) funded by the Social Welfare Department under the Lump Sum Grant Subvention System. AFR is prepared **on cash basis**, that is, income is recognised upon receipt of cash and expenditure is recognised when expenses are paid. **Non-cash items** such as depreciation, provisions and accruals **have not been included** in the AFR

b. Lump Sum Grant (excluding Provident Fund) This represents LSG (excluding Provident Fund) received for the year.

c. Provident Fund This is Provident Fund received and contributed during the year. Snapshot staff are defined as those staff occupying recognised or holding against subvented posts as at 1 April 2000. 6.8% and other posts represent those staff that are employed after 1 April 2000. The Provident Fund received and contributed for staff under the Central Items have been shown under 3. Details are analysed below:

<u>Provident Fund Contribution</u>	Snapshot staff \$	6.8% and Other Posts \$	Total \$
Subvention Received	9,858,937.00	8,924,570.00	18,783,507.00
Provident Fund Contribution paid during the Year	8,896,551.67	9,590,228.53	18,486,780.20
Surplus/(Deficit) for the Year	962,385.33	(665,658.53)	296,726.80
Add: Surplus/(Deficit) b/f	3,987,252.98	12,174,657.03	16,161,910.01
Additional subvention received for previous year(s)		202,868.00	202,868.00
Less: Refund to Government	2,463,601.00		2,463,601.00
Surplus/(Deficit)c/f	2,486,037.31	11,711,866.50	14,197,903.81

2. Fee Income

This represents social welfare fee income received for the year in respect of the fees and charges recognised for the purpose of subvention as set out in the LSG Manual.

3. **Central Items** These are subvented service activities which are not included in LSG and are subject to their own procedures as set out in other SWD's papers and correspondence with the NGOs. The Provident Fund received and contributed for staff under the Central Items have been separately included as part of the income and expenditure of the relevant items (paragraph 3.14 of LSG Manual (October 2016)). The income and expenditure of each of the Central Items are as follows:

a. Income	2017-18 \$	2016-17 \$
Training Sponsorship Scheme for Master in Occupational Therapy and Physiotherapy programmes	270,000.00	270,000.00
Financial Incentive Scheme for Mentors of Employees with Disabilities	-	-
Total	<u>270,000.00</u>	<u>270,000.00</u>
b. Expenditure		
Training Sponsorship Scheme for Master in Occupational Therapy and Physiotherapy programmes	270,000.00	-
Financial Incentive Scheme for Mentors of Employees with Disabilities	6,500.00	26,000.00
Total	<u>276,500.00</u>	<u>26,000.00</u>

4. **Rent and Rates** This represents the amount paid by SWD in respect of premises recognised by SWD. Expenditure on rent and rates in respect of premises not recognised by SWD should **not** be included in AFR.

5. **Other Income** This includes programme income and all income other than recognised social welfare fee income received during the year. Non-SWD subventions and donations received have not been included as Other Income in AFR. In this respect, donations have been included if it is used to finance expenditure reflected in the AFR.

The breakdown on Other Income (paragraph 2.29 of LSG Manual (October 2016)) is as follows:

Other Income	2017-18 \$	2016-17 \$
(a) Fees and charges for services incidental to the operation of subvented services	6,338,249.52	6,431,567.49
(b) Others	-	-
Total	<u>6,338,249.52</u>	<u>6,431,567.49</u>

6. Personal Emoluments Personal Emoluments include salary, provident fund and salary-related allowances. The analysis on number of posts with annual Personal Emoluments over \$700,000 each paid under LSG is appended below:

Analysis of Personal Emoluments paid under LSG	No. of Posts	\$
HK\$700,001-HK\$800,000 p.a.	2	1,586,152.98
HK\$800,001-HK\$900,000 p.a.	8	6,888,356.73
HK\$900,001-HK\$1,000,000 p.a.	10	9,332,856.60
HK\$1,000,001-HK\$1,100,000 p.a.	3	3,118,248.00
HK\$1,100,001-HK\$1,200,000 p.a.	2	2,369,490.00
>HK\$1,200,000 p.a.	2	2,888,823.00
Total	27	26,183,927.31

7. Other Charges The breakdown on Other Charges is as follows:

Other Charges	2017-18	2016-17
	\$	\$
(a) Utilities	4,402,189.19	4,260,052.10
(b) Food	8,121,214.60	8,020,931.91
(c) Administrative Expenses	418,660.25	449,811.14
(d) Stores and Equipment	2,280,780.95	2,533,016.42
(e) Repair and Maintenance	907,862.00	1,130,203.20
(f) Special Allowances	2,658,611.55	2,462,874.60
(g) Programme Expense	6,901,147.25	5,579,106.67
(h) Transportation and Travelling	794,299.90	736,082.33
(i) Insurance	3,979,430.41	4,226,240.54
(j) Miscellaneous	725,196.31	1,720,249.13
(k) Subcontract/Production Cost	4,257,422.52	4,043,183.68
Total	35,446,814.93	35,161,751.72

7a. Special One-off Grant Payments

Details of Special One-off Grant Payments are as follows:

Special one-off Grant Payments	2017-18	2016-17
	\$	\$
(a) Voluntary Retirement Scheme	-	-
(b) Compensation Scheme	-	-
(c) Staff Training and Development	-	-
(d) Other Staff-related Initiatives	-	-
Total	-	-

8. Analysis of Lump Sum Grant Reserve and balances of other SWD subventions

	Lump Sum Grant (LSG)	Special One-off Grant (SOG)	Rent and Rates	Central Items	Total
	\$	\$	\$	\$	\$
Income					
Lump Sum Grant	218,162,826.00	-	-	-	218,162,826.00
Special One-off Grant	-	-	-	-	-
Fee Income	11,795,842.70	-	-	-	11,795,842.70
Other Income	6,338,249.52	-	-	-	6,338,249.52
Interest Received (Note (1))	407,708.39	-	-	-	407,708.39
Rent and Rates	-	-	8,783,655.00	-	8,783,655.00
Rent and Rates for previous year	-	-	118,061.00	-	118,061.00
Central Items	-	-	-	270,000.00	270,000.00
Total Income (a)	236,704,626.61	0.00	8,901,716.00	270,000.00	245,876,342.61
Expenditure					
Personal Emoluments	204,734,272.61	-	-	-	204,734,272.61
Other Charges	35,446,814.93	-	-	-	35,446,814.93
Rent and Rates	-	-	9,056,412.00	-	9,056,412.00
Central Items	-	-	-	276,500.00	276,500.00
Special One-off Grant Payments	-	-	-	-	-
Total Expenditure (b)	240,181,087.54	0.00	9,056,412.00	276,500.00	249,513,999.54
Surplus/(Deficit) for the Year (a)-(b)	(3,476,460.93)	-	(154,696.00)	(6,500.00)	(3,637,656.93)
Less: Surplus/(Deficit) of Provident Fund	296,726.80	-	-	-	296,726.80
	(3,773,187.73)	0.00	(154,696.00)	(6,500.00)	(3,934,383.73)
Surplus/(Deficit) b/f (Note (2))	72,985,101.32	-	(127,123.20)	700,097.34	73,558,075.46
	69,211,913.59	0.00	(281,819.20)	693,597.34	69,623,691.73
<u>Less: Refund to Government</u>			2,905.00		2,905.00
Transfer from LSG Reserve to cover the salary adjustment for Dementia Supplement and Infirmary Care Supplementary (Note (3))					
Surplus/(Deficit) c/f (Note (4))	69,211,913.59	-	(284,724.20)	693,597.34	69,620,786.73