

**QUEEN ELIZABETH
FOUNDATION**

FOR THE

MENTALLY HANDICAPPED

**REPORT AND ACCOUNTS
2023-2024**

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**MEMBERSHIP OF THE COUNCIL OF
THE QUEEN ELIZABETH FOUNDATION
FOR THE MENTALLY HANDICAPPED
(April 2023 to March 2024)**

Chairman

Mr HUI Chung-shing, Herman, GBS, MH, JP (up to 14 August 2023)
Dr MAK Wing-chit, Ivan (see note)

Members

Mr CHANG Wai-tak, Eddie
Ms CHUNG Wai-man, Jasmine
Ms LAM Man-ngar, Norris
Mr LAM Man-wing, Edwin
Ms LEUNG Yee-yan (from 15 August 2023)
Ms LIU Po-chu
Ms MOK Lai-hing
Ms NG Fung-ching (up to 14 August 2023)
Mr TANG Chee-ho, Alric (from 15 August 2023)
Mr WAN Chi-hang, Eric
Ms YIU Ching-yi
Secretary for Home and Youth Affairs or his representative
Permanent Secretary for Education or his representative
Director of Social Welfare or his representative
Commissioner for Rehabilitation or his representative

Secretary

Chief Executive Officer (Rehabilitation)¹
Labour and Welfare Bureau
Government Secretariat

Note: Dr MAK Wing-chit, Ivan was a Member up to 14 August 2023 and was appointed the Chairman from 15 August 2023.

**MEMBERSHIP OF THE FINANCE COMMITTEE OF
THE COUNCIL OF THE QUEEN ELIZABETH FOUNDATION
FOR THE MENTALLY HANDICAPPED
(April 2023 to March 2024)**

Chairman

Mr CHANG Wai-tak, Eddie

Members

Ms LAM Man-ngar, Norris

Mr LAM Man-wing, Edwin

Ms LIU Po-chu

Mr WAN Chi-hang, Eric

Commissioner for Rehabilitation or his representative

Secretary

Senior Executive Assistant (Rehabilitation) 2

Labour and Welfare Bureau

Government Secretariat (up to 23 January 2024)

Executive Officer (Rehabilitation) 2

Labour and Welfare Bureau

Government Secretariat (from 24 January 2024)

**REPORT OF THE CHAIRMAN OF THE COUNCIL OF THE
QUEEN ELIZABETH FOUNDATION
FOR THE MENTALLY HANDICAPPED 2023-24**

Queen Elizabeth Foundation for the Mentally Handicapped

The Queen Elizabeth Foundation for the Mentally Handicapped was established in July 1988 under the Queen Elizabeth Foundation for the Mentally Handicapped Ordinance (Chapter 399) with the purpose of furthering the welfare, education and training of the mentally handicapped in Hong Kong and promoting their employment prospects. The assets of the Foundation consist of the net profit of \$30 million from the sale of gold coins to commemorate Queen Elizabeth's visit to Hong Kong in 1986, a donation of \$30 million from the Hong Kong Jockey Club, a further matching contribution of \$30 million from general revenue and a donation of \$1 million from the Shaw Foundation.

2. The Council of the Foundation was formed in August 1988 under Section 5 of the Ordinance to apply the Foundation's income and assets for carrying out the purpose of the Foundation and to determine and perform all matters in this regard under Section 6 of the Ordinance. This is, however, subject to the provision that a sum of \$81 million shall be reserved for investment. Following the first Council Meeting held on 30 August 1988, a Finance Committee of the Council was set up under Section 7 of the Ordinance to advise the Council on the investment of the Foundation assets and income as specified under Section 6(3) of the Ordinance. The Foundation assets are managed by JPMorgan Asset Management (Asia Pacific) Limited. The Finance Committee determines the investment strategies and monitors the performance of the fund manager.

Ambit of the Foundation

3. Normally, applications for grants are invited once a year or as decided by the Council. Any bona fide non-governmental organisations, non-profit making self-help groups of persons with disabilities that have been registered in Hong Kong for at least 3 years¹ and government departments may submit applications for grants from the Foundation for projects or activities that are within the ambit of the statutory purposes of the Foundation. Examples of the kind of projects or activities which the Foundation may sponsor are:-

- (a) minor capital works projects;
- (b) capital expenditure on items not subvented in a general scale by relevant government departments;
- (c) home-based or community-based rehabilitation services for persons with severe intellectual disability and those without immediate post-school placement opportunities;
- (d) programmes for improving and upgrading services for persons with intellectual disability;
- (e) innovative projects that would improve the rehabilitation services of persons with intellectual disability;
- (f) training of rehabilitation workers for persons with intellectual disability; and
- (g) public education to promote understanding and positive attitudes towards persons with intellectual disability.

¹ For the purpose of application for grants from this Fund, a non-profit making self-help group should be an organisation that has been registered in Hong Kong under the Societies Ordinance (Cap. 151) or the Companies Ordinance (Cap. 622), and by virtue of its non-profit making/charitable nature, been granted tax exemption status by the Commissioner of Inland Revenue under Section 88 of the Inland Revenue Ordinance (Cap. 112), for **at least 3 years**.

4. The disbursement criteria and guidelines for the assessment of applications are reviewed regularly in the light of experience and the prevailing social and economic situation. To ensure that the grants are giving good value for money, all applications would be considered having regard to their maximum cost-effectiveness and extent of benefits to be achieved. In general, while each case would be considered on its own merits, preference would be given to innovative projects, or those which agencies may have difficulties in obtaining government subventions or funds from other sources.

Accounts

5. The Report of the Director of Audit to the Legislative Council, and the statement of the accounts of the Queen Elizabeth Foundation for the Mentally Handicapped for the year ended 31 March 2024 are at pages 7 to 9 and 10 to 23 respectively.

Investments

6. Details of investments as at 31 March 2024 are shown in Schedule 1 on page 24.

Grants

7. Details of grants approved and disbursed in 2023-24 are shown in the List of Grant Disbursement in Schedule 2 on pages 25 to 27.

Projects completed in 2023-24

8. Details of projects completed in 2023-24 are shown in Schedule 3 on pages 28 to 30.



(MAK Wing-chit)
Chairman
Council of the
Queen Elizabeth Foundation
for the Mentally Handicapped
30 September 2024

Report of the Director of Audit



Audit Commission

The Government of the Hong Kong Special Administrative Region

Independent Auditor's Report To the Legislative Council

Opinion

I certify that I have audited the financial statements of the Queen Elizabeth Foundation for the Mentally Handicapped (“the Foundation”) set out on pages 10 to 23, which comprise the balance sheet as at 31 March 2024, and the income and expenditure account, statement of changes in accumulated fund and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In my opinion, the financial statements give a true and fair view of the financial position of the Foundation as at 31 March 2024, and of its financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and have been properly prepared in accordance with section 12(1)(b) of the Queen Elizabeth Foundation for the Mentally Handicapped Ordinance (Cap. 399).

Basis for opinion

I conducted my audit in accordance with section 12(3) of the Queen Elizabeth Foundation for the Mentally Handicapped Ordinance and the Audit Commission auditing standards. My responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of my report. I am independent of the Foundation in accordance with those standards, and I have fulfilled my other ethical responsibilities in accordance with those standards. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the Council of the Queen Elizabeth Foundation for the Mentally Handicapped for the financial statements

The Council of the Queen Elizabeth Foundation for the Mentally Handicapped

(“the Council”) is responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and section 12(1)(b) of the Queen Elizabeth Foundation for the Mentally Handicapped Ordinance, and for such internal control as the Council determines 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 Council is responsible for assessing the Foundation’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor’s responsibilities for the audit of the financial statements

My 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 my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Audit Commission auditing standards 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 the Audit Commission auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 Foundation’s internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council;
- conclude on the appropriateness of the Council’s 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 Foundation’s ability to continue as a going concern. If I conclude that a

material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Foundation to cease to continue as a going concern; and

- 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.

I communicate with the Council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.



Ms Elaine Chang
Principal Auditor (Acting)
for Director of Audit

30 September 2024

Audit Commission
6th Floor, High Block
Queensway Government Offices
66 Queensway
Hong Kong

**QUEEN ELIZABETH FOUNDATION
FOR THE MENTALLY HANDICAPPED**

BALANCE SHEET AS AT 31 MARCH 2024

	Note	2024 HK\$	2023 HK\$
Current assets			
Financial assets measured at fair value through income and expenditure account	3	210,139,336	201,752,629
Accounts receivable	4	6,915	19,475
Cash and cash equivalents	5	3,454,099	10,902,289
		<u>213,600,350</u>	<u>212,674,393</u>
Current liabilities			
Accounts payable	6	<u>(167,795)</u>	<u>(947,110)</u>
Net assets		<u>213,432,555</u>	<u>211,727,283</u>
Accumulated fund			
Capital Account		92,396,700	92,396,700
General Reserve		106,188,667	105,515,281
Special Reserve for Grants		14,847,188	13,815,302
		<u>213,432,555</u>	<u>211,727,283</u>

The accompanying notes 1 to 12 form part of these financial statements.



(MAK Wing-chit)
Chairman
Council of the
Queen Elizabeth Foundation
for the Mentally Handicapped
3 0 SEP 2024

**QUEEN ELIZABETH FOUNDATION
FOR THE MENTALLY HANDICAPPED**

**INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2024**

	Note	2024 HK\$	2023 HK\$
Income			
Interest income	7	122,257	161,184
Refund of grants		187,499	226,424
Financial assets measured at fair value through income and expenditure account			
- net realised gains/(losses) on disposal		219,875	(3,694,197)
- net unrealised revaluation gains/(losses)		6,374,787	(6,725,091)
Net exchange (losses)/gains		(402,276)	400,443
		<u>6,502,142</u>	<u>(9,631,237)</u>
Expenditure			
Grants		(4,234,587)	(2,778,584)
Miscellaneous expenses	8	(562,283)	(565,990)
		<u>(4,796,870)</u>	<u>(3,344,574)</u>
Surplus/(Deficit) for the year		1,705,272	(12,975,811)
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive income/(loss) for the year		<u><u>1,705,272</u></u>	<u><u>(12,975,811)</u></u>

The accompanying notes 1 to 12 form part of these financial statements.

**QUEEN ELIZABETH FOUNDATION
FOR THE MENTALLY HANDICAPPED**

**STATEMENT OF CHANGES IN ACCUMULATED FUND
FOR THE YEAR ENDED 31 MARCH 2024**

	Capital Account HK\$	General Reserve HK\$	Special Reserve for Grants HK\$	Total HK\$
Balance at 1 April 2022	92,396,700	119,816,965	12,489,429	224,703,094
Total comprehensive loss for 2022-23	-	(12,975,811)	-	(12,975,811)
Write back to General Reserve	-	965,218	(965,218)	-
Transfer to Special Reserve for Grants	-	(2,291,091)	2,291,091	-
Balance at 31 March 2023	92,396,700	105,515,281	13,815,302	211,727,283
Total comprehensive income for 2023-24	-	1,705,272	-	1,705,272
Write back to General Reserve	-	493,283	(493,283)	-
Transfer to Special Reserve for Grants	-	(1,525,169)	1,525,169	-
Balance at 31 March 2024	<u>92,396,700</u>	<u>106,188,667</u>	<u>14,847,188</u>	<u>213,432,555</u>

The accompanying notes 1 to 12 form part of these financial statements.

**QUEEN ELIZABETH FOUNDATION
FOR THE MENTALLY HANDICAPPED**

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2024**

	Note	2024 HK\$	2023 HK\$
Cash flows from operating activities			
Surplus/(Deficit) for the year		1,705,272	(12,975,811)
Adjustments for:			
Net realised and revaluation (gains)/losses on financial assets measured at fair value through income and expenditure account		(6,594,662)	10,419,288
Interest income		(122,257)	(161,184)
Net exchange losses/(gains)		402,276	(400,443)
(Decrease)/Increase in accounts payable		(779,315)	765,907
Net cash used in operating activities		<u>(5,388,686)</u>	<u>(2,352,243)</u>
Cash flows from investing activities			
Acquisition of financial assets measured at fair value through income and expenditure account		(35,153,076)	(49,124,439)
Proceeds from disposal of financial assets measured at fair value through income and expenditure account		32,958,755	42,639,236
Interest received		134,817	141,712
Net cash used in investing activities		<u>(2,059,504)</u>	<u>(6,343,491)</u>
Net decrease in cash and cash equivalents		(7,448,190)	(8,695,734)
Cash and cash equivalents at beginning of year		<u>10,902,289</u>	<u>19,598,023</u>
Cash and cash equivalents at end of year	5	<u>3,454,099</u>	<u>10,902,289</u>

The accompanying notes 1 to 12 form part of these financial statements.

**QUEEN ELIZABETH FOUNDATION
FOR THE MENTALLY HANDICAPPED**

NOTES TO THE FINANCIAL STATEMENTS

1. General

The purpose of the Queen Elizabeth Foundation for the Mentally Handicapped (the Foundation) is the furtherance of the welfare, education and training of the mentally handicapped in Hong Kong, and the promotion of their employment prospects.

The Foundation is incorporated and domiciled in Hong Kong under the Queen Elizabeth Foundation for the Mentally Handicapped Ordinance (Cap. 399). The address of its registered office is 11/F, West Wing, Central Government Offices, 2 Tim Mei Avenue, Tamar, Hong Kong.

The financial statements are presented in Hong Kong dollars, which is the same as the functional currency of the Foundation.

2. Material accounting policies

(a) Statement of compliance

The financial statements of the Foundation have been prepared in accordance with section 12(1)(b) of the Queen Elizabeth Foundation for the Mentally Handicapped Ordinance and all applicable Hong Kong Financial Reporting Standards (“HKFRSs”), which is a collective term that includes all applicable individual HKFRSs, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). Material accounting policies adopted by the Foundation are set out below.

(b) Basis of preparation of the financial statements

The financial statements have been prepared on an accrual basis and under the historical cost convention except that financial assets measured at fair value through income and expenditure account are stated at fair value as explained in the accounting policies set out in note 2(d) below.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, 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 for making judgements about the 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.

There are no critical accounting judgements involved in the application of the Foundation’s accounting policies. There are also no key assumptions concerning the future, and other key sources of estimate uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in the next year.

**QUEEN ELIZABETH FOUNDATION
FOR THE MENTALLY HANDICAPPED**

NOTES TO THE FINANCIAL STATEMENTS

2. Material accounting policies (continued)

(c) Impact of new and revised HKFRSs

The HKICPA has issued certain new and revised HKFRSs which are first effective or available for early adoption for the current accounting period of the Foundation. There have been no changes to the accounting policies applied in these financial statements for the years presented as a result of these developments.

The Foundation has not early adopted any amendments, new standards and interpretations which are not yet effective for the current accounting period. These include the following which may be relevant to the Foundation.

**Effective for accounting
periods beginning on or after**

HKFRS 18 “Presentation and Disclosure in Financial
Statements”

1 January 2027

The Foundation is in the process of making an assessment of what the impact of these amendments, new standards and interpretations is expected to be in the period of initial adoption. So far, it has concluded that the adoption of them is unlikely to have a significant impact on the financial statements.

(d) Financial assets and financial liabilities

(i) Initial recognition and measurement

Financial assets and financial liabilities are recognised on the date the Foundation becomes a party to the contractual provisions of the financial instrument. They are initially measured at fair value plus or minus transaction costs that are directly attributable to the acquisition of financial assets or the issue of financial liabilities, except for those financial instruments measured at fair value through income and expenditure account for which transaction costs are recognised directly in the income and expenditure account. An explanation of how the Foundation determines the fair value of financial instruments is set out in note 11. Purchases and sales of financial instruments are recognised on trade date, the date on which the Foundation commits to purchase or sell the instruments.

(ii) Classification and subsequent measurement

Financial assets measured at fair value through income and expenditure account

This category comprises equity funds and bond funds. They are subsequently measured at fair value. Changes in fair value are recognised in the income and expenditure account in the period in which they arise.

Financial assets measured at amortised cost

These comprise accounts receivable and cash and cash equivalents. They are held for the collection of contractual cash flows which represent solely payments of principal and interest. They are subsequently measured at amortised cost using the effective interest method. The measurement of loss allowances for these financial assets is based on the expected credit loss model as described in note 2(d)(iv).

**QUEEN ELIZABETH FOUNDATION
FOR THE MENTALLY HANDICAPPED**

NOTES TO THE FINANCIAL STATEMENTS

2. Material accounting policies (continued)

(d) Financial assets and financial liabilities (continued)

(ii) Classification and subsequent measurement (continued)

Financial assets measured at amortised cost (continued)

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating and recognising the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or financial liability to the gross carrying amount of the financial asset or to the amortised cost of the financial liability. When calculating the effective interest rate, the Foundation estimates cash flows by considering all contractual terms of the financial instrument but does not consider the expected credit losses. The calculation includes all fees received or paid between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Financial liabilities measured at amortised cost

This category comprises accounts payable. They are subsequently measured at amortised cost using the effective interest method.

(iii) Derecognition

A financial asset is derecognised when the contractual rights to receive the cash flows from the financial asset expire, or where the financial asset together with substantially all the risks and rewards of ownership have been transferred.

A financial liability is derecognised when the obligation specified in the contract is discharged, is cancelled or expires.

(iv) Impairment of financial assets

For financial assets measured at amortised cost, the Foundation measures the expected credit losses to determine the loss allowance required to be recognised. Financial assets measured at fair value through income and expenditure account are not subject to the expected credit loss assessment.

Expected credit losses are a probability-weighted estimate of credit losses. They are based on the difference between the contractual cash flows due in accordance with the contract and the cash flows that the Foundation expects to receive, discounted at the effective interest rate. They are measured on either of the following bases:

- 12-month expected credit losses (for financial instruments for which there has not been a significant increase in credit risk since initial recognition): these are losses that are expected to result from possible default events within the 12 months after the reporting date; or
- lifetime expected credit losses (for financial instruments for which there has been a significant increase in credit risk since initial recognition): these are losses that are expected to result from all possible default events over the expected life of the financial instruments.

**QUEEN ELIZABETH FOUNDATION
FOR THE MENTALLY HANDICAPPED**

NOTES TO THE FINANCIAL STATEMENTS

2. Material accounting policies (continued)

(iv) Impairment of financial assets (continued)

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Foundation compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this assessment, the Foundation considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Foundation in full; or (ii) the financial asset is 90 days past due. The Foundation considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

For a financial asset with lifetime expected credit losses recognised in the previous reporting period, if its credit quality improves and reverses the previously assessed significant increase in credit risk, then the loss allowance reverts from lifetime expected credit losses to 12-month expected credit losses.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

(e) Foreign currency translation

Hong Kong dollar is the currency of the primary economic environment in which the Foundation operates. Foreign currency transactions during the year are translated into Hong Kong dollars using the spot exchange rates at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated into Hong Kong dollars at the closing exchange rates at the reporting date. Exchange gains and losses are dealt with in the income and expenditure account.

(f) Interest income

Interest income is recognised as it accrues using the effective interest method.

(g) Grants

Grants, which are approved by the Council of the Queen Elizabeth Foundation for the Mentally Handicapped (the "Council"), are accounted for as and when they fall due for payment.

Refund of grants is recognised when the right to receive payment is established.

(h) Income tax

The Foundation is a charitable institution and is exempted from income tax under section 88 of the Inland Revenue Ordinance (Cap. 112).

(i) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash at bank and cash with a fund manager.

**QUEEN ELIZABETH FOUNDATION
FOR THE MENTALLY HANDICAPPED**

NOTES TO THE FINANCIAL STATEMENTS

3. Financial assets measured at fair value through income and expenditure account

	2024 HK\$	2023 HK\$
(a) Equity investments – at fair value		
Equity funds – unlisted	113,158,932	102,837,024
(b) Debt investments – at fair value		
Bond funds – unlisted	<u>96,980,404</u>	<u>98,915,605</u>
	<u>210,139,336</u>	<u>201,752,629</u>

4. Accounts receivable

The amounts of the Foundation's accounts receivable are all expected to be recovered within one year.

All the Foundation's debtors were neither past due nor impaired as at 31 March 2024 and 2023.

5. Cash and cash equivalents

	2024 HK\$	2023 HK\$
Cash at bank	2,964,326	885,745
Cash with a fund manager	428,073	10,016,544
Cash on hand	<u>61,700</u>	<u>-</u>
	<u>3,454,099</u>	<u>10,902,289</u>

6. Accounts payable

All the accounts payable are expected to be settled within one year or payable on demand.

7. Interest income

	2024 HK\$	2023 HK\$
Interest on cash with a fund manager and bank deposits	<u>122,257</u>	<u>161,184</u>

**QUEEN ELIZABETH FOUNDATION
FOR THE MENTALLY HANDICAPPED**

NOTES TO THE FINANCIAL STATEMENTS

8. Miscellaneous expenses

	2024	2023
	HK\$	HK\$
Fund manager's fees	513,017	508,704
Professional fees	35,000	42,000
Securities and transaction charges	14,266	15,286
	<u>562,283</u>	<u>565,990</u>

9. Capital management

The Foundation's primary objectives when managing capital are to safeguard the Foundation's ability to continue as a going concern so that it can continue to provide adequate financial resources for the provision of grants for the benefit of the mentally handicapped.

The Foundation defines "capital" as including all components of the Accumulated fund.

The Foundation's capital structure is regularly reviewed and managed by the Council. During the year, the Foundation's strategy, which was the same as that in 2023, was to maintain an adjusted net debt-to-capital ratio of no more than 3%. In order to maintain the capital structure, the Foundation may adjust the investment guidelines in order to maintain steady income from the investments.

	2024	2023
	HK\$	HK\$
Current liabilities	167,795	947,110
Less: Cash and cash equivalents	<u>(3,454,099)</u>	<u>(10,902,289)</u>
	<u>(3,286,304)</u>	<u>(9,955,179)</u>
Total accumulated fund/capital	<u>213,432,555</u>	<u>211,727,283</u>
Debt-to-capital ratio	<u>0%</u>	<u>0%</u>

The Foundation is not subject to externally imposed capital requirements.

**QUEEN ELIZABETH FOUNDATION
FOR THE MENTALLY HANDICAPPED**

NOTES TO THE FINANCIAL STATEMENTS

10. Financial risk management

Exposure to credit, liquidity, interest rate, price and foreign currency risks arises in the normal course of the Foundation's operations. These risks are limited by the Council's policies and practices described below.

(a) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The maximum exposure to credit risk of the financial assets of the Foundation at the reporting date is equal to their carrying amounts. The Foundation does not provide any guarantees which expose the Foundation to credit risk.

The Foundation's credit risk is primarily attributable to deposits with a bank and a fund manager. To minimise the credit risks arising from cash and cash equivalents, all deposits are placed with reputable licensed banks and reputable fund managers in Hong Kong. Hence, the Foundation's exposure to credit risk of these financial assets is considered to be limited.

The credit quality of cash and cash equivalents, analysed by the ratings designated by Moody's, at the reporting date is shown below.

	2024	2023
	HK\$	HK\$
Cash and cash equivalents, by credit rating:		
Aa1 to Aa3	<u>3,392,399</u>	<u>10,902,289</u>

While other financial assets are subject to the impairment requirements, the Foundation has estimated that their expected credit losses are minimal and considers that no loss allowance is required.

(b) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Foundation's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash and readily realisable marketable securities to finance the Foundation's operations and mitigate the effects of fluctuations in cash flows. Hence, the Foundation does not have significant exposures to liquidity risk.

As at 31 March 2024, the remaining contractual maturities of all financial liabilities, based on contractual undiscounted cash flows and the earliest date on which the Foundation can be required to pay, were one year or less (2023: one year or less).

**QUEEN ELIZABETH FOUNDATION
FOR THE MENTALLY HANDICAPPED**

NOTES TO THE FINANCIAL STATEMENTS

10. Financial risk management (continued)

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. This can be further classified into fair value interest rate risk and cash flow interest rate risk.

Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market interest rates. The Foundation's bank deposits bearing interest at fixed rates are exposed to fair value interest rate risk because their fair values will generally fall when market interest rates increase. However, since they are stated at amortised cost, changes in market interest rates will not affect their carrying amounts and the Foundation's surplus / deficit for the year.

Cash flow interest rate risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Foundation's exposure to cash flow interest rate risk is small as interest income from financial instruments bearing interest at floating rates is not significant.

(d) Price risk

The Foundation is exposed to financial risk arising from changes in market prices of investments in equity funds and bond funds.

The Council considers price risk is minimised as the investment portfolio is diversified in terms of geographical and industry distribution and is managed by a reputable fund manager.

As at 31 March 2024, it is estimated that a 10% (2023: 10%) increase/decrease in market prices of the respective equity funds and bond funds, with all other variables held constant, would have increased/decreased the surplus for the year by HK\$21,010,000 (2023: decreased/increased the deficit for the year by HK\$20,180,000).

(e) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in currency exchange rates.

The Foundation is exposed to currency risks arising from investments in equity funds and bond funds and cash with a fund manager that are denominated in currencies other than Hong Kong dollars. The overall currency positions are monitored by the fund manager of the Foundation.

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NOTES TO THE FINANCIAL STATEMENTS

10. Financial risk management (continued)

(e) Currency risk (continued)

At the reporting date, the total of investments in equity funds and bond funds in currencies other than Hong Kong dollars was as follows:

	2024		2023	
	Amount	Equivalent in HK\$	Amount	Equivalent in HK\$
United States dollars	9,484,360	<u>74,200,890</u>	20,268,941	<u>159,106,116</u>

As Hong Kong dollar is pegged to the US dollar within a narrow range, it is considered that the Foundation had no significant exposure to foreign currency risk relating to this currency.

11. Fair value measurement

(a) Fair value hierarchy of financial instruments

The following table presents the carrying value of financial instruments measured at fair value at the reporting date on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13 “Fair Value Measurement”.

	2024		2023	
	Level 2 HK\$	Total HK\$	Level 2 HK\$	Total HK\$
Financial assets measured at fair value through income and expenditure account				
Equity funds - unlisted	113,158,932	113,158,932	102,837,024	102,837,024
Bond funds - unlisted	<u>96,980,404</u>	<u>96,980,404</u>	<u>98,915,605</u>	<u>98,915,605</u>
	<u>210,139,336</u>	<u>210,139,336</u>	<u>201,752,629</u>	<u>201,752,629</u>

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NOTES TO THE FINANCIAL STATEMENTS

11. Fair value measurement (continued)

(a) Fair value hierarchy of financial instruments (continued)

No financial instruments were classified under Level 1 or Level 3. There were no transfers between levels during the reporting years.

The three levels of the fair value hierarchy are:

Level 1: fair values are quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: fair values are determined with inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: fair values are determined with inputs that are not based on observable market data (unobservable inputs).

(b) Valuation techniques and key inputs

The fair values of unlisted financial instruments classified under Level 2 are determined using quotations from the fund manager of the Foundation.

All other financial assets and financial liabilities are stated in the balance sheet at amounts equal to or not materially different from their fair values.

12. Cost of administering the Foundation

The cost of administering the Foundation, other than the cost of employment of assistants and advisers under section 8 of the Queen Elizabeth Foundation for the Mentally Handicapped Ordinance, was borne by the Government of the Hong Kong Special Administrative Region in accordance with section 14 of the Queen Elizabeth Foundation for the Mentally Handicapped Ordinance.

**SCHEDULE 1 - STATEMENT OF INVESTMENTS UNDER THE CUSTODY OF
JPMORGAN ASSET MANAGEMENT (ASIA PACIFIC) LIMITED AS AT 31 MARCH 2024**

	<u>NO. OF SHARES</u>	<u>MARKET PRICE</u>	<u>MARKET VALUE</u>	<u>MARKET VALUE</u>
<u>EQUITY INVESTMENTS – AT FAIR VALUE</u>				
<u>Equity Fund - Unlisted</u>				
			HKD	HKD
JPMorgan SAR Hong Kong Fund	658,186.211	59.19		<u>38,958,042</u>
			USD	USD
JPMorgan SAR Japan Fund	35,322.807	51.10	1,804,995	14,121,382
JPMorgan SAR Asian Fund	37,202.477	122.06	4,540,934	35,526,000
JPMorgan SAR European Fund	25,691.024	48.58	1,248,070	9,764,275
JPMorgan SAR American Fund	26,095.531	72.44	1,890,360	14,789,233
			<u>9,484,359</u>	<u>74,200,890</u>
TOTAL EQUITY INVESTMENTS				<u>113,158,932</u>
<u>DEBT INVESTMENTS – AT FAIR VALUE</u>				
<u>Bond Funds - Unlisted</u>				
			HKD	HKD
JPMorgan SAR Global Bond Fund	477,547.782	203.08		<u>96,980,404</u>
TOTAL DEBT INVESTMENTS				<u>96,980,404</u>
TOTAL INVESTMENTS				<u>210,139,336</u>

SCHEDULE 2
LIST OF PROJECTS APPROVED IN 2023-2024

	Organisation	Project	Amount of grant approved (\$)	Amount of advanced payment approved* (\$)
1	Castle Peak Hospital	Talent on Ink Painting	36,808.00	18,404.00
2	Siu Lam Hospital	Enhancement Project on Structured Teaching & Sensory Experience	123,705.00	61,852.50
3	Kwai Chung Hospital	Discovery Art MVP (Motion & Visual Potential)	81,620.00	40,810.00
4	Po Leung Kuk	Optimizing fabric production training; purchase of commercial machines	199,600.00	99,800.00
5	Po Leung Kuk	Fun in Arts Class for Persons in Special Schools	85,850.00	42,925.00
6	Po Leung Kuk	Painting your rainbow	25,980.00	12,990.00
7	Hong Chi Association	Sportspedia 2	85,580.00	42,790.00
8	Hong Chi Association	Development of adventure-based theme park	176,850.00	88,425.00
9	Mother's Choice Limited	Equipment required for our Special Needs babies and children	36,178.00	18,089.00
10	Christian Family Service Centre	Rhythm Tour open Doors to Music - Community Inclusion Programme	123,520.00	61,760.00
11	Yan Chai Hospital Social Services Department	"My Life Story"- Pastel Nagomi Art Project	52,094.00	26,047.00
12	Lok Chi Association Limited	Project of Music Care	108,052.00	54,026.00
13	Wai Ji Christian Service	A Collection of Wai Ji's Applications of Gerontech in Rehabilitation Services	33,600.00	16,800.00
14	Wai Ji Christian Service	2024 Wai Ji Match Fun Project	72,192.00	36,096.00
15	Hong Kong PHAB Association	Health and Wellness@Unity Place and Pleasure Place	42,700.00	21,350.00
16	Yuk Chi Resource Centre Ltd	Colorful Happy Group	59,040.00	29,520.00
17	Yang Memorial Methodist Social Service	Go with Art & Music	344,186.40	172,093.20
18	Chinese YMCA of Hong Kong	Vocational Training Enhancement Program	138,000.00	69,000.00
19	Chinese YMCA of Hong Kong	Enjoy Ink Painting	32,000.00	16,000.00
20	St. James' Settlement	T-crafts	303,995.00	151,997.50

Organisation		Project	Amount of grant approved (\$)	Amount of advanced payment approved* (\$)
21	St. James' Settlement	Artspiration Scheme 2024	267,046.10	133,523.05
22	St. James' Settlement	Stay Active, Healthy and Happy	197,708.00	98,854.00
23	St. James' Settlement	Move It, Groove It	185,661.00	92,830.50
24	St. James' Settlement	Move up	119,760.00	59,880.00
25	St. James' Settlement	Sunny KUBB Team - New Sports Promotion Scheme	58,500.00	29,250.00
26	St. James' Settlement	Sweet Sweet! Baking Workshop	55,392.00	27,696.00
27	St. James' Settlement	Healthy Life	54,368.00	27,184.00
28	St. James' Settlement	Rolling Dawn - Bocce Training Program	26,740.00	13,370.00
29	St. James' Settlement	Rolling to the dawn (Program for Bocce and Molkky)	20,980.00	10,490.00
30	St. James' Settlement	Let's Do it	12,355.00	6,177.50
31	St. James' Settlement	Fantastic Art	37,000.00	18,500.00
32	The Mental Health Association of Hong Kong	Share the Fun: Community Integration Project	38,300.00	19,150.00
33	Tung Wah Group of Hospitals	Green Cultivation	223,800.00	111,900.00
34	Tung Wah Group of Hospitals	Print My Artistic Talent: Purchase DTF (Direct To Film) Printer	148,000.00	74,000.00
35	Tung Wah Group of Hospitals	Glowing of my life	60,050.00	30,025.00
36	Tung Wah Group of Hospitals	Enjoy the Meaningful Life	15,560.00	7,780.00
37	Tung Wah Group of Hospitals	“Shall We Talk” Work Support Programme for Person with Intellectual Disabilities	34,960.00	17,480.00
38	Tung Wah Group of Hospitals	Stay Health & Enjoy Life	10,028.00	5,014.00
39	Tung Wah Group of Hospitals	The Music Moment (The Music Therapy for the Intellectual Disability)	21,600.00	10,800.00
40	Tung Wah Group of Hospitals	Expressive art workshop	19,200.00	9,600.00
41	Hong Chi Association	No Fall Live Healthier and Life Longer	435,350.00	435,350.00
42	Hong Chi Association	Love and Care of Aromatherapy	37,850.40	37,850.40

Organisation		Project	Amount of grant approved (\$)	Amount of advanced payment approved* (\$)
43	Hong Kong Lutheran Social Service, LC-HKS	Cerebro-cardiovascular Health Assessment Program for Aging Persons with Intellectual Disabilities	93,150.00	93,150.00
44	Yan Chai Hospital Social Services Department	Supporting for Aged Persons with Intellectual Disability and Bone Health Check	413,600.00	413,600.00
45	Yan Chai Hospital Social Services Department	Fun Fun Smart Run	64,400.00	64,400.00
46	Yan Chai Hospital Social Services Department	Fun for Sunshine	81,701.30	81,701.30
47	Chinese YMCA of Hong Kong	Aromatherapy Workshop 2024	9,078.80	9,078.80
48	St. James' Settlement	The Power of Art and Exercise	95,600.00	95,600.00
49	St. James' Settlement	Happy Life	44,149.00	44,149.00
50	The Mental Health Association of Hong Kong	Sensory Motor Infinity	86,252.20	86,252.20
51	Tung Wah Group of Hospitals	ID Ageing - Get Set Go	115,050.00	115,050.00
52	Tung Wah Group of Hospitals	i-healthy club	268,426.50	268,426.50
53	Tung Wah Group of Hospitals	Fun Dart	31,800.00	31,800.00
54	Tung Wah Group of Hospitals	Health and communion with Elderly	113,947.20	113,947.20
55	Tung Wah Group of Hospitals	happy learn with friendship	100,842.00	100,842.00

* Items 1 to 40 were projects under “General Support Scheme” for which half of the approved grants were disbursed before commencement of the projects. Items 41 to 55 were projects under “Scheme to Support Persons with Intellectual Disability for Independent Living Facilities” and “Scheme to Support Aged Persons with Intellectual Disability” for which full amount of the approved grants were disbursed before commencement of the projects.

SCHEDULE 3

LIST OF PROJECTS COMPLETED IN 2023-2024[§]

	Organisation	Project		Details on Beneficiaries ※
1	Hong Chi Association	My Wonderful Life	*	143 children with mild to moderate intellectual disability, 172 teenagers with mild to moderate intellectual disability, 100 adults with severe intellectual disability, 300 parents, 80 carers, 100 volunteers and 500 public members
2	St. James' Settlement	Same, Same but Different - Partnership Program	*	2 teenagers with mild intellectual disability, 108 adults with mild to moderate intellectual disability, 4 parents, 1 volunteer and 165 public members
3	C.C.C. Kei Shun Special School	Kei Shun Arts Festival 2018	*	150 children with mild intellectual disability, 130 teenagers with mild intellectual disability, 20 adults with mild intellectual disability, 400 parents, 110 carers, 30 volunteers and 200 public members
4	Tung Wah Group of Hospitals	Therapeutic Group in Art for Autistic Persons	**	47 adults with mild to severe intellectual disability and 3 carers
5	Tung Wah Group of Hospitals	Love, Hand Down Intergenerational Love Sharing Programme	**	56 adults with moderate intellectual disability and 47 parents
6	St. James' Settlement	Art Journey	**	6 teenagers with mild intellectual disability, 336 adults with mild to severe intellectual disability, 75 parents, 18 volunteers and 228 public members
7	St. James' Settlement	Dancing Heart - Partnership Program	**	8 teenagers with mild intellectual disability, 27 adults with mild to moderate intellectual disability, 10 parents, 4 volunteers and 2 249 public members
8	The Mental Health Association of Hong Kong	Happy Together with Peers	***	73 adults with mild to severe intellectual disability, 49 parents, 36 carers, 37 volunteers and 120 public members
9	Hong Chi Association	Travelling around the world through the Virtual Reality exercise system and iPad learning	***	38 adults with mild to severe intellectual disability and 12 carers
10	Tung Wah Group of Hospitals	Inclusive Innovation Program	***	300 adults with mild to severe intellectual disability and 50 public members
11	Tung Wah Group of Hospitals	Art in Life - Therapeutic Groups in Art for Mentally Handicapped Persons	***	48 adults with moderate to severe intellectual disability and 3 carers

	Organisation	Project		Details on Beneficiaries ※
12	Tung Wah Group of Hospitals	LK Inclusive Horticulture Art & Floor Curling	***	14 teenagers with mild to moderate intellectual disability, 23 adults with mild to severe intellectual disability, 2 parents and 1 volunteer
13	Tung Wah Group of Hospitals	Vigorous Working Life	***	16 adults with moderate to severe intellectual disability
14	Tung Wah Group of Hospitals	Love Connects Intergeneration Inclusion Programme	***	54 adults with mild to moderate intellectual disability, 30 parents and 2 carers
15	Hong Kong PHAB Association	Healthy Living Unity Place	***	53 adults with mild to moderate intellectual disability and 6 public members
16	St. James' Settlement	The Artist's Journey: The Power of Creativity	***	321 children with mild to severe intellectual disability, 30 adults with mild to moderate intellectual disability, 321 parents, 120 carers, 5 volunteers and 1 000 public members
17	St. James' Settlement	Art & Life Training Project	***	97 adults with mild to moderate intellectual disability, 5 parents and 400 public members
18	St. James' Settlement	Multi-sensory Experiential Project	***	34 adults with mild to severe intellectual disability
19	St. James' Settlement	Find Insight and Inspiration for My Creative Life	***	12 adults with mild to moderate intellectual disability, 3 carers and 2 volunteers
20	St. James' Settlement	Junior Art Summer Project	***	49 children with mild to moderate intellectual disability, 12 parents, 3 carers and 3 volunteers
21	The Neighbourhood Advice-Action Council	The Resonance of Love - Microfilm Production Scheme	***	106 adults with mild to severe intellectual disability, 100 parents, 6 carers, 10 volunteers and 1 500 public members
22	Fu Hong Society	Live in Green, Live in Keen	***	781 adults with mild to severe intellectual disability
23	The Mental Health Association of Hong Kong	Strategic Balance Training	***	225 adults with mild to severe intellectual disability and 49 carers
24	The Mental Health Association of Hong Kong	Brain Buddies Programme for Persons with Intellectual Disabilities	***	438 adults with mild to severe intellectual disability and 94 carers
25	The Mental Health Association of Hong Kong	Upcycling Pioneers	#	14 adults with mild to moderate intellectual disability, 14 volunteers and around 200 public members
26	St. James' Settlement	Purchase of Equipment for Workshop UV Printer	#	50 adults with mild to moderate intellectual disability and 500 public members
27	Wai Ji Christian Service	Joyful Ageing Buddies	#	13 adults with mild to moderate intellectual disability, 3 carers and 23 volunteers

	Organisation	Project		Details on Beneficiaries ※
28	Siu Lam Hospital	Procurement of Shower Trolleys	#	200 adults with severe intellectual disability
29	Christian Family Service Centre	Setting Up a Modernized Production Line for Disabled Trainees	#	166 adults with mild to moderate intellectual disability
30	Fu Hong Society	Dance with Love	#	1 345 adults with mild to severe intellectual disability and 19 carers
31	Tung Wah Group of Hospitals	More Color	#	51 adults with mild to severe intellectual disability and 16 carers
32	Tung Wah Group of Hospitals	Unlimited Talent in Art	#	78 adults with moderate intellectual disability and 4 carers
33	Tung Wah Group of Hospitals	Paper Music Fun - Therapeutic in Art for Mentally Handicapped Persons	#	48 adults with moderate to severe intellectual disability and 3 carers
34	St. James' Settlement	Rolling Motion BCD - Bocce Programme	#	16 adults with mild intellectual disability and 8 volunteers
35	Wai Ji Christian Service	Fun of Pottery Art Project	###	11 adults with mild to severe intellectual disability and 567 public members
36	Chinese YMCA of Hong Kong	Happy Aqua Fitness	###	20 adults with mild to severe intellectual disability
37	Chinese YMCA of Hong Kong	50+ Health Check Project	###	25 adults with moderate intellectual disability
38	Tung Wah Group of Hospitals	Purchase of P.T. Equipment for Aged	###	50 adults with mild to severe intellectual disability and 5 carers
39	Siu Lam Hospital	Procurement of Shower Trolleys	###	135 adults with severe intellectual disability
40	The Neighbourhood Advice-Action Council	Stay Happy Stay Healthy	###	46 adults with mild to severe intellectual disability, 10 parents and 11 volunteers
41	The Neighbourhood Advice-Action Council	Playing Darts with Fun	###	102 adults with mild to moderate intellectual disability and 10 parents
42	Chinese Young Men's Christian Association of Hong Kong	Elderly Health Check	####	50 adults with mild to severe intellectual disability, 2 parents and 2 volunteers

§ The implementation period of the projects may take longer than one year. The schedule includes projects approved before 2023-24 and completed in 2023-24 (excluding projects already cancelled).

※ Details on beneficiaries were furnished by respective organisations.

* Projects approved in 2017-2018

** Projects approved in 2018-2019

*** Projects approved in 2019-2020

Projects approved in 2020-2021

Projects approved in 2021-2022

Projects approved in 2022-2023