The Annual Financial Report ("AFR") does not constitute Harmony House Limited's statutory annual financial statements. The AFR is prepared on cash basis and in accordance with the requirements set out in the Lump Sum Grant Manual issued by the Social Welfare Department of the Government of the Hong Kong Special Administrative Region. This basis of preparation is different from the financial reporting standards issued by the Hong Kong Institute of Certified Public Accountants normally adopted in statutory annual financial statements.

### HARMONY HOUSE LIMITED

(和諧之家有限公司)

Review Report and Annual Financial Report For the year ended 31 March 2020





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## REVIEW REPORT

### TO THE BOARD OF DIRECTORS OF HARMONY HOUSE LIMITED ("the Charity")

(和諧之家有限公司)

We have audited the financial statements of the Charity for the year ended 31 March 2020 and have issued an unqualified auditors' report thereon dated 19 September 2020.

We conducted our review of the attached Annual Financial Report on pages 1 to 9 of the Charity for the year ended 31 March 2020 in accordance with Practice Note 851 "Review of the Annual Financial Reports of Non-governmental Organisations" issued by the Hong Kong Institute of Certified Public Accountants. The review includes considering the procedures and records relevant to the preparation of the Annual Financial Report and performing procedures to satisfy ourselves that the Annual Financial Report has been properly prepared from the books and records of the Charity, on which the above audited financial statements of the Charity are based.

### **Review conclusions**

On the basis of the results of our review and having regard to the audit procedures performed by us in relation to the audit of the financial statements of the Charity for the year ended 31 March 2020:

- a. in our opinion the Annual Financial Report has been properly prepared from the books and records of the Charity; and
- b. no matters have come to our attention during the course of our review, which cause us to believe that the Charity has not:
  - i. properly accounted for the receipt of Lump Sum Grant, Provident Fund and other social welfare subventions and expenditure in respect of Funding and Services Agreement ("FSA") activities and support services;
  - ii. kept separate Operating Income and Expenditure Account for each subvented service unit as required by the Lump Sum Grant Manual (LSG Manual) published by the Social Welfare Department of the Government of the Hong Kong Special Administrative Region ("HKSAR"), i.e. those units under FSAs which are funded by LSG, other social subventions and other income;
  - iii. prepared the Annual Financial Report in accordance with the format and requirements set out in the LSG Manual; and
  - iv. employed the staff quoted in the Provident Fund arrangement during the year ended 31 March 2020.

This report is intended for filing with the Social Welfare Department of the Government of the HKSAR and should not be used for any other purpose.

**BDO Limited** 

Certified Public Accountants

Law Fung Ha Practising Certificate Number P03958 Hong Kong, 19 September 2020 BDO Limited 香港立信德豪會計師事務所有限公司

### ANNUAL FINANCIAL REPORT

### NGO: <u>Harmony House Limited (246)</u>

### (1 APRIL 2019 to 31 MARCH 2020)

	Notes	2019-20 \$	2018-19 \$
A. INCOME		Ψ	Ψ
1. Lump Sum Grant			
a. Lump Sum Grant (excluding			
Provident Fund)	1b	10,074,238.00	9,209,603.00
b. Provident Fund	1c	630,845.00	573,043.00
2. Fee Income	2	-	<u>-</u>
3. Central Items	3	246,675.00	-
4. Rent and Rates	4	76,629.00	74,979.00
5. Other Income	5	146,545.00	32,871.94
6. Interest Received	_	2,355.72	1,929.48
TOTAL INCOME		11,177,287.72	9,892,426.42
B. EXPENDITURE			
1. Personal Emoluments			
a. Salaries		8,498,962.35	7,462,843.13
b. Provident Fund	1 c	511,866.06	447,962.78
c. Allowances	_	_	
Sub-total	6	9,010,828.41	7,910,805.91
2. Other Charges	7	1,820,467.96	1,602,488.29
3. Central Items	3	123,385.77	-
4. Rent and Rates	4	78,700.00	78,200.00
TOTAL EXPENDITURE	-	11,033,382.14	9,591,494.20
C. SURPLUS/ (DEFICIT) FOR THE			
YEAR	8	143,905.58	300,932.22

The Annual Financial Report from pages 1 to 9 has been prepared in accordance with the requirements as set out in the Lump Sum Grant Manual.

**SIGNATURE** 

**SIGNATURE** 

**CHAIRPERSON** 

DATE: 19 September 2020

EXECUTIVE DIRECTOR DATE: 19 September 2020

### 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 **Note 3**.

Details are analysed below:

Provident FundContribution	Snapshot Staff \$	6.8% and Other Posts \$	Total \$
Subvention Received	29,930.00	600,915.00	630,845.00
Provident Fund Contribution			
Paid during the Year	(32,321.50)	(479,544.56)	(511,866.06)
Surplus/ (Deficit) for the Year	(2,391.50)	121,370.44	118,978.94
Add: Surplus/(Deficit) b/f	(6,532.15)	1,172,373.86	1,165,841.71
Additional subvention received for previous			
year(s)	4,519.00	-	4.519.00
<u>Less</u> : Refund to Government	_		_
Surplus/(Deficit) c/f	(4,404.65)	1,293,744.30	1,289,339.65

### 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 the LSG Manual (October 2016)).

# The income and expenditure of each of the Central Items are as follows:

	2019-20	2018-19
a. Income	\$	\$
Dementia Supplement for Elderly with Disabilities	-	-
Infirmary Care Supplement for the Aged Blind Persons Dementia Supplement for Residential Elderly Services	-	-
Infirmary Care Supplement for Residential Elderly Services	-	-
Dementia Supplement for Day Care Centres/units for the	-	-
Elderly	_	-
Foster Care Allowance/Emergency Foster Care Allowance	_	<del></del>
After School Care Programme – Fee Waiving Subsidy		
Scheme	-	<u></u>
Temporary Financial Aid	-	-
Emergency Fund	-	-
Time-defined Subsidy Scheme for Extended Hours Service Users		
Training Subsidy under Training Scheme for Child Care	-	-
Supervisors and Special Child Care Workers in		
Pre-school Rehabilitation Services	-	
Short-term Rental Assistance	-	-
Allowances for Specific Services Arising from the		
Implementation of the Minimum Wage Ordinance		
(Overnight On-site-on-call Allowance)	-	-
Neighbourhood Support Child Care Project (NSCCP) –		
Contract Subsidy NSCCP- Subsidy for Fee Reduction/Waiving	-	-
NSCCP- Subsidy for Incentive Payment	-	-
NSCCP – Rent and Rates	-	<del>-</del>
Training Sponsorship Scheme for Master in Occupational		_
Therapy and Physiotherapy programmes	-	-
Training Subsidy Programme for Children on the Waiting		
List for Subvented Pre-school Rehabilitation Services	-	~
Financial Incentive Scheme for Mentors of Employees with		
Disabilities	-	-
Cash Subsidy for Integrated Support Services for Persons with Severe Physical Disabilities		
Time-defined Subsidy Scheme for Occasional Child Care	-	-
Service	_	-
Enhanced After School Care Programme - Fee Waiving		
Subsidy Scheme	**	_
Navigation Scheme for Young Persons in Care Services -		
Operating Expenses	-	-
Navigation Scheme for Young Persons in Care Services –		
Training Cost	-	-
Grant under the Pilot Scheme on On-site Pre-school Rehabilitation Services		
One-off Subsidy for Enhanced Provision of Visiting	-	-
Medical Officer for Residential Care Homes for the		
Elderly	-	-
One-off Subsidy for Enhanced Provision of Visiting		
Medical Practitioner Scheme for Residential Care		
Homes for the Persons with Disabilities	-	-
Pilot Scheme on Multi-disciplinary Outreaching Support		
Teams for the Elderly (MOSTE) Child Care Training for Grand parents	-	-
Child Care Training for Grand parents Special Grant on Manpower Support for Residential and	-	-
Home-based Care Service Units in respect of the		
Severe Respiratory Disease associated with a Novel		
Infectious Agent	94,875.00	-
Special Allowance for Staff of Subvented Residential		
Service Units in respect of COVID-19	151,800.00	
Total	246,675.00	-

	2019-20	2018-19
b. Expenditure	\$	\$
Dementia Supplement for Elderly with Disabilities	-	-
Infirmary Care Supplement for the Aged Blind Persons	-	-
Dementia Supplement for Residential Elderly Services	~	_
Infirmary Care Supplement for Residential Elderly Services	-	-
Dementia Supplement for Day Care Centres/units for the		
Elderly	-	-
Foster Care Allowance/Emergency Foster Care Allowance		-
After School Care Programme – Fee Waiving Subsidy		
Scheme	-	-
Temporary Financial Aid	-	_
Emergency Fund	-	<del></del>
Time-defined Subsidy Scheme for Extended Hours Services		
Users Training Subside and American Sales of Sales of Child Green	-	<u></u>
Training Subsidy under Training Scheme for Child Care		
Supervisors and Special Child Care Workers in		
Pre-school Rehabilitation Services	-	-
Short-term Rental Assistance	-	=
Allowances for Specific Services Arising from the		
Implementation of the Minimum Wage Ordinance		
(Overnight On-site-on-call Allowance)	-	-
Neighbourhood Support Child Care Project (NSCCP) –		
Contract Subsidy	**	-
NSCCP- Subsidy for Fee Reduction/Waiving	•	-
NSCCP- Subsidy for Incentive Payment	-	-
NSCCP – Rent and Rates	-	-
Training Sponsorship Scheme for Master in Occupational		
Therapy and Physiotherapy programmes	-	-
Training Subsidy Programme for Children on the Waiting		
List for Subvented Pre-school Rehabilitation Services	-	_
Financial Incentive Scheme for Mentors of Employees with		
Disabilities	-	-
Cash Subsidy for Integrated Support Services for Persons		
with Severe Physical Disabilities		
Time-defined Subsidy Scheme for Occasional Child Care		
Service	-	-
Enhanced After School Care Programme – Fee Waiving		
Subsidy Scheme	-	-
Navigation Scheme for Young Persons in Care Services –		
Operating Expenses	-	-
Navigation Scheme for Young Persons in Care Services –		
Training Cost	-	<del></del>
Grant under the Pilot Scheme on On-site Pre-school		
Rehabilitation Services	-	-
One-off Subsidy for Enhanced Provision of Visiting		
Medical Officer for Residential Care Homes for the		
Elderly	•	=
One-off Subsidy for Enhanced Provision of Visiting		
Medical Practitioner Scheme for Residential Care		
Homes for the Persons with Disabilities		
Pilot Scheme on Multi-disciplinary Outreaching Support		
Teams for the Elderly (MOSTE)	-	-
Child Care Training for Grandparents	-	-
Special Grant on Manpower Support for Residential and		
Home-based Care Service Units in respect of the Severe		
Respiratory Disease associated with a Novel Infectious		
Agent	-	-
Special Allowance for Staff of Subvented Residential		
Service Units in respect of COVID-19	123,385.77	***************************************
Total	123,385.77	-

**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 have <u>not</u> been 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 <u>not</u> 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 is as follows:

	2019-20	2018-19
Other Income	\$	\$
(a) Fees and charges for services		
incidental to the operation of		
subvented services	-	
(b) Reimbursement from provident fund		
trustee	144,450.00	29,738.04
(c) Others	2,095.00	3,133.90
Total	146,545.00	32,871.94

**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:

<b>Analysis of Personal Emoluments</b>	No of	\$
paid under LSG	<b>Posts</b>	
HK\$700,001 - HK\$800,000 p.a.	-	-
HK\$800,001 - HK\$900,000 p.a.	-	-
HK\$900,001 - HK\$1,000,000 p.a.	-	-
HK\$1,000,001 - HK\$1,100,000 p.a.	-	-
HK\$1,100,001 - HK\$1,200,000 p.a.	1	1,149,898.85
>HK\$1,200,000 p.a.	_	-

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

	2019-20	2018-19
Other Charges	\$	\$
(a) Utilities	225,032.25	228,533.30
(b) Food	15,703.10	17,318.40
(c) Administrative Expenses	227,711.15	257,209.24
(d) Stores and Equipment	658,356.28	325,836.85
(e) Repair and Maintenance	349,276.42	431,197.38
(f) Special Allowances	-	***
(g) Programme Expenses	151,281.34	148,080.10
(h) Transportation and Travelling	31,331.70	28,463.10
(i) Insurance	151,602.12	150,878.62
(j) Miscellaneous	10,173.60	14,971.30
Total	1,820,467.96	1,602,488.29

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

	Lump Sum Grant (LSG)	Rent and Rates	Central Items	Total
	\$	\$	\$	\$
Income				
Lump Sum Grant	10,705,083.00	_	-	10,705,083.00
Fee Income	-	-		_
Other Income	146,545.00	-	-	146,545.00
Interest Received (Note (1))	2,355.72	-	-	2,355.72
Rent and Rates	-	76,629.00	-	76,629.00
Central Items	-	-	246,675.00	246,675.00
Total Income (a)	10,853,983.72	76,629.00	246,675.00	11,177,287.72
Expenditure				
Personal Emoluments	9,010,828.41			9,010,828.41
Other Charges	1,820,467.96	_	_	1,820,467.96
Rent and Rates	1,020,107.50	78,700.00	_	78,700.00
Central Items	_	70,700.00	123,385.77	123,385.77
Total Expenditure (b)	10,831,296.37	78,700.00	123,385.77	11,033,382.14
(2)	10,001,290.07	73,700.00	123,363.77	11,033,302.14
Surplus/(Deficit) for the Year (a) - (b)	22,687.35	(2,071.00)	123,289.23	143,905.58
<u>Less</u> : Surplus/(Deficit) of Provident Fund	118,978.94	-	-	118,978.94
	(96,291.59)	(2,071.00)	123,289.23	24,926.64
Surplus/(Deficit) b/f (Note (2))	2,260,527.34	(30,299.00)	-	2,230,228.34
	2,164,235.75	(32,370.00)	123,289.23	2,255,154.98
Add: Refund from Government Deficit absorb by Organization	-	9,277.00 21,022.00	-	9,277.00 21,022.00
<u>Less</u> : Refund to Government	-	-	_	-
Transfer from LSG Reserve to cover the salary adjustment for Dementia Supplement and Infirmary Care Supplementary	_	_	-	; -
(Note (3))				
(Note (3)) Surplus/(Deficit) c/f (Note (4))	2,164,235.75	(2,071.00)	123,289.23	2,285,453.98

### Notes:

- (1) Interest received on LSG and Provident Fund reserves, rent and rates, central items are included as one item under LSG; and the item is considered as part of LSG reserve.
- (2) Accumulated balance of LSG Surplus b/f from previous years (including holding account) and all interest received in previous years should be included in the surplus b/f under LSG.
- (3) Amount of LSG Reserve used to cover the salary adjustment for Dementia Supplement and Infirmary Care Supplement, if any, as per Schedule of Central Items.
- (4) The level of LSG cumulative reserve (i.e.\$2,164,235.75), less LSG Reserve kept in the holding account, will be capped at 25% of the NGO's operating expenditure (excluding Provident Fund expenditure) for the year.

# Schedule for Investment Analysis of Investment as at 31 March 2020

### NGO: <u>Harmony House Limited (246)</u>

	2019-2020	2018-2019
	\$	\$
LSG Reserve as at 31 March	2,164,235.75	2,260,527.34
Represented by:		
Investments		
a. HKD Bank Account Balances	2,164,235.75	2,260,527.34
b. HKD 24-hour Call Deposits	-	-
c. HKD Fixed Deposits	-	-
d. HKD Certificate of Deposits	-	••
e. HKD Bonds		-
	2,164,235.75	2,260,527.34

Note: The investments should be reported at historical cost.

Confirmed by:-

Chairperson

Date: 19 September 2020

**Executive Director** 

Date: 19 September 2020

# Schedule for Rent and Rates Analysis of Subvention and Expenditure for the period from 1 April 2019 to 31 March 2020

### NGO: <u>Harmony House Limited</u> (246)

Unit Code and Name	Subvented Element	Subvention Released (Note 1)	Actual Expenditure	Surplus (Note 2)	Deficit (Note 2)
		\$	\$	\$	\$
Unit 5965	Rent (Note 3)	-	-	_	-
Refuge for Women	Rates	76,629.00	78,700.00	•	2,071.00
	Total	76,629.00	78,700.00	-	2,071.00
-	-	-	-	-	-
		-	-		-
	Grand Total	76,629.00	78,700.00	-	2,071.00

### Notes:

- 1. The figures are to be extracted from the paylist for March plus subvention released in late March of the financial year. Reimbursement for rent and rates relating to previous financial year(s) (i.e. back payments) should not be included.
- 2. Surplus/Deficit for each element represents the difference between subvention released and actual expenditure.
- 3. Rent includes all kinds of rent such as PHE rental, private rental, carpark rent, management fee, building maintenance fee and Government Rent.

# Schedule for Central Items Analysis of Subvention and Expenditure for the Period from 1 April 2019 to 31 March 2020

Name of NGO:

Harmony House Limited

		Subvention	Actual			Deficit for the Year		Surplus	Refund	Surplus
Unit Code and Name/ Remittance Advice No. (Note 7)	Subvented Element	Released (Note 1)	Expenditure (Note 2)	Surplus (Note 3)	Deficit (Note 3)	Deficit transferred to LSG (Note 4)	Adjusted  Deficit (d) = (b) - (c)	b/f (Note 5)	to Government	c/f (Note 6)
		S	S	S	S	(2)	(3) (6)	(3)		(g)_(c)+(a)-(u)-(i)
Remittance Advice No. 4286590	Special Grant on Manpower Support for Residential and Home-based Care Service	94,875.00	1	94,875.00		, Y.	1	,	,	94,875.00
Remittance Advice No. 4286590	Units in respect of the Severe Respiratory Disease associated with a Novel Infectious Agent Special Allowance for Staff of Subvented Residential Care Service Units in respect of COVID-19	151.800.00	123,385.77	28,414.23	•	N.A.	,	,	,	28,414.23
TOTAL		246,675.00	123,385.77	123,289.23		Z.A.				123 289 23

# Notes:

- 1. The figures for the whole financial year are extracted from the paylist for March (Final) or remittance advice(s) issued by the Treasury of the financial year.
- 2. Actual expenditure represents the total expenditure incurred including provident fund for the respective services after netting off programme income, if any
- 3. Surplus/Deficit for each element represents the difference between subvention released and actual expenditure.
- 4. Deficit i.r.o. the following central items arising from salary adjustment are transferred to the Lump Sum Grant Reserve as stated in SWD's letter ref. (33) in SWD/S/104/2 Pt. 18 dated 4 March 2020.
- (i) Dementia Supplement for Elderly with Disabilities
- (ii) Infirmary Care Supplement for the Aged Blind Persons
- (iii) Dementia Supplement for Residential Elderly Services
- (iv) Infirmary Care Supplement for Residential Elderly services
- 5. "Surplus brought forward (b/f)" means surplus, if any, arising from operations in previous years.
- 6. "Surplus carried forward (c/f)" means surplus brought forward less refund to Government plus surplus. if any. arising from operations in current year.
- 7. Unit code and name / remittance advice no. are extracted from the paylist from SWD and remittance advice from the Treasury respectively.
- 8. The central items as listed above may not be exhaustive and any relevant details of central items released and/or expended during the year, where appropriate, should also be included.