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 2021





Tel: +852 2218 8288 Fax: +852 2815 2239 www.bdo.com.hk

電話: +852 2218 8288 傳真: +852 2815 2239

www.bdo.com.hk

香港干諾道中111號 永安中心25樓

Hong Kong

25th Floor Wing On Centre

111 Connaught Road Central

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 2021 and have issued an unqualified auditors' report thereon dated 24 September 2021.

We conducted our review of the attached Annual Financial Report on pages 1 to 10 of the Charity for the year ended 31 March 2021 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 2021:

- 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 2021.

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, 24 September 2021

ANNUAL FINANCIAL REPORT

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

(1 April 2020 to 31 March 2021)

	Notes	2020-21 \$	2019-20 \$
A. INCOME		4	Ψ
1. Lump Sum Grant			
a. Lump Sum Grant (excluding			
Provident Fund)	1b	10,503,199.00	10,074,238.00
b. Provident Fund	1 c	660,935.00	630,845.00
2. Fee Income	2	_	_
3. Central Items	3	151,800.00	246,675.00
4. Rent and Rates	4	79,464.00	76,629.00
5. Other Income	5	4,778.00	146,545.00
6. Interest Received		68.27	2,355.72
TOTAL INCOME		11,400,244.27	11,177,287.72
B. EXPENDITURE			
1. Personal Emoluments			
a. Salaries		9,768,883.37	8,498,962.35
b. Provident Fund	1c	798,580.59	511,866.06
c. Allowances	_		•
Sub-total	6	10,567,463.96	9,010,828.41
2. Other Charges	7	1,223,179.61	1,820,467.96
3. Central Items	3	124,849.79	123,385.77
4. Rent and Rates	4	68,200.00	78,700.00
TOTAL EXPENDITURE	-	11,983,693.36	11,033,382.14
C. (DEFICIT) / SURPLUS FOR THE			
YEAR	8	(583,449.09)	143,905.58

The Annual Financial Report from pages 1 to 10 has been prepared in accordance with the requirements as set out in the Lump Sum Grant Manual.

SIGNATURE

SIGNATURE

CHAIRPERSON

DATE: 24 September 2021

EXECUTIVE DIRECTOR DATE: 24 September 2021

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 <u>on cash basis</u>, that is, income is recognised upon receipt of cash and expenditure is recognised when expenses are paid. <u>Non-cash items</u> such as depreciation, provisions and accruals have <u>not</u> 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	32,698.00	628,237.00	660,935.00
Provident Fund Contribution	,		
Paid during the Year	(33,061.60)	(765,518.99)	(798,580.59)
Surplus/ (Deficit) for the Year	(363.60)	(137,281.99)	(137,645.59)
Add : Surplus/(Deficit) b/f Additional subvention	(4,404.65)	1,293,744.30	1,289,339.65
received for previous year(s)	2,013.00	-	2,013.00
Less : Refund to Government	-	_	-
Surplus/(Deficit) c/f	(2,755.25)	1,156,462.31	1,153,707.06

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:

a Income	2020-21	2019-20
a. Income Demontia Symplement for Eldouly with Disabilities	\$	\$
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	-	-
Foster Care Allowance/Emergency Foster Care Allowance	-	-
After School Care Programme – Fee Waiving Subsidy Scheme	-	-
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 and Enhanced Employment Service	-	-
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	_	-
Grant under the Pilot Scheme on On-site Pre-school Rehabilitation Services	-	•
	-	-
Pilot Scheme on Multi-disciplinary Outreaching Support Teams for the Elderly		
(MOSTE) - Annual Funding Allocation	-	-
MOSTE - Annual Rent and Rates	w-	-
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		04.075.00
a Novel Infectious Agent	-	94,875.00
Special Allowance for Staff of Subvented Residential Service Units in respect		
of COVID-19	151,800.00	151,800.00
Subsidy for Enhanced Support for Ethnic Minority Children in Special Care		
Centre	•	-
Subsidy for Enhanced Support for Ethnic Minority Children in Early Education		
and Training Centres	-	
Ethnic Minority District Ambassador Posts	-	-
Time-limited programme on Enhancing Infection Control and Ventilation of		
Residential Care Homes for the Elderly and Residential Care Homes for		
Persons with Disabilities - On-site Ventilation Assessment	_	
Total	151,800.00	246,675.00

	2020-21	2019-20
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	- -	_
Foster Care Allowance/Emergency Foster Care Allowance	_	- -
After School Care Programme – Fee Waiving Subsidy Scheme		
	-	-
Temporary Financial Aid	-	-
Emergency Fund	-	**
Time-defined Subsidy Scheme for Extended Hours Services Users		
Training Subsidy under Training Scheme for Child Care Supervisors and Special Child Care Workers in Pre-school Rehabilitation Services		-
Short-term Rental Assistance and Enhanced Employment Services	-	-
	-	-
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		
NSCCD Subsidy for Foo Doduction (Wairing	-	-
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		
Grant under the Pilot Scheme on On-site Pre-school Rehabilitation Services	-	-
Grant under the Fried School on On-Site Fre-School Rendomitation Services	_	_
Pilot Scheme on Multi-disciplinary Outreaching Support Teams for the Elderly (MOSTE) – Annual Funding Allocation		
	_	-
MOSTE – Annual Rent and Rates	-	-
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	124,849.79	123,385.77
Subsidy for Enhanced Support for Ethnic Minority Children in Special Care		
Centre Subsidy for Enhanced Support for Ethnic Minerity Children in Forky	-	-
Subsidy for Enhanced Support for Ethnic Minority Children in Early Education and Training Centres		
Education and Training Centres Ethnic Minority District Ambassador Posts	-	<u>-</u>
Time-limited programme on Enhancing Infection Control and Ventilation of	-	-
Residential Care Homes for the Elderly and Residential Care Homes for Persons with Disabilities – On-site Ventilation Assessment		
		-
Total	124,849.79	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 not 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:

Other Income	2020-21 \$	2019-20 \$
(a) Fees and charges for services incidental to the operation of subvented services(b) Reimbursement from provident fund trustee	-	144,450.00
(c) Subsidy from Central Items (CI) - After School Care Programme (ASCP)/ Enhanced ASCP – Fee Waiving Subsidy Scheme (FWSS)*		144,430.00
(d) Others Less: Utilised allocation under CI – ASCP/Enhanced ASCP – FWSS which forms	4,778.00	2,095.00
as part of Other Income Total	4,778.00	146,545.00

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	No of Posts	\$
paid under LSG		
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	1	1,198,863.12
p.a. >HK\$1,200,000 p.a.	-	-

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

	2020-21	2019-20
Other Charges	\$	\$
(a) Utilities	214,176.40	225,032.25
(b) Food	22,903.00	15,703.10
(c) Administrative Expenses	117,058.48	227,711.15
(d) Stores and Equipment	256,130.40	658,356.28
(e) Repair and Maintenance	215,247.20	349,276.42
(f) Special Allowances	-	-
(g) Programme Expenses	183,520.22	151,281.34
(h) Transportation and Travelling	29,002.40	31,331.70
(i) Insurance	171,075.91	151,602.12
(j) Miscellaneous	14,065.60	10,173.60
Sub-Total	1,223,179.61	1,820,467.96
<u>Less</u> : Utilised allocation under CI –		
ASCP/Enhanced ASCP - FWSS which		
forms as part of Other Income to fund the		
operating expenses of FSA-related		
activities	-	-
Total	1,223,179.61	1,820,467.96

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

	Lump Sum Grant (LSG)	Rent and Rates	Central Items (CI)	Total
	\$	\$	\$	S S
Income	The state of the s	Ψ	Ψ	Ψ
Lump Sum Grant	11,164,134.00	_	_	11,164,134.00
Fee Income	11,101,131.00	_	_	11,104,154.00
Other Income	4,778.00	-	-	4,778.00
Interest Received (Note (1))	68.27	_	_	68.27
Rent and Rates	-	79,464.00	-	79,464.00
Central Items	_	-	151,800.00	151,800.00
Total Income (a)	11,168,980.27	79,464.00	151,800.00	11,400,244.27
Expenditure				
Personal Emoluments	10,567,463.96	_	_	10,567,463.96
Other Charges	1,223,179.61	_		1,223,179.61
Rent and Rates	_	68,200.00	_	68,200.00
Central Items	-		124,849.79	124,849.79
Total Expenditure (b)	11,790,643.57	68,200.00	124,849.79	11,983,693.36
Surplus/(Deficit) for the Year (a) - (b)	(621,663.30)	11,264.00	26,950.21	(583,449.09)
<u>Less</u> : Surplus/(Deficit) of Provident	(10 - (1 0)			
Fund	(137,645.59)	-	_	(137,645.59)
	(484,017.71)	11,264.00	26,950.21	(445,803.50)
Surplus/(Deficit) b/f (Note (2))	2,164,235.75	(2,071.00)	123,289.23	2,285,453.98
	1,680,218.04	9,193.00	150,239.44	1,839,650.48
Add: Refund from Government	-	2,071.00	· •	2,071.00
<u>Less</u> : Refund to Government	-	-	(123,289.23)	(123,289.23)
Transfer from LSG Reserve to			(120,20).20)	(120,200,120)
cover the salary adjustment for Dementia Supplement and				
Infirmary Care Supplementary (Note (3))	-	-	-	-
Surplus/(Deficit) c/f (Note (4))	1,680,218.04	11,264.00	26,950.21	1,718,432.25
• \ / - \ - \ - //	.,			-,,,

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.\$1,680,218.04), 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 2021

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

LSG Reserve as at 31 March	2020-2021 \$ 1,680,218.04	2019-2020 \$ 2,164,235.75
Represented by:		
Investments		
a. HKD Bank Account Balances	1,680,218.04	2,164,235.75
b. HKD 24-hour Call Deposits	-	••
c. HKD Fixed Deposits	-	_
d. HKD Certificate of Deposits	_	_
e. HKD Bonds	-	-
	1,680,218.04	2,164,235.75

Note: The investments should be reported at historical cost.

Confirmed by:-

Chairperson

Date: 24 September 2021

Executive Director

Date: 24 September 2021

Schedule for Rent and Rates Analysis of Subvention and Expenditure for the period from 1 April 2020 to 31 March 2021

NGO: Harmony House Limited (246)

		Subvention			
		Released	Actual	Surplus	Deficit
Unit Code and Name	Subvented Element	(Note 1)	Expenditure	(Note 2)	(Note 2)
		\$	\$	\$	\$
Unit 5965	Rent (Note 3)	_	-	-	-
Refuge for Women	Rates	79,464.00	68,200.00	11,264.00	0.00
	Total	79,464.00	68,200.00	11,264.00	0.00
-	-	-	-	-	-
		•••	-	***	940
	Grand Total	79,464.00	68,200.00	11,264.00	0.00

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.

Analysis of Subvention and Expenditure for the Period from 1 April 2020 to 31 March 2021 Schedule for Central Items

Name of NGO:

Harmony House Limited

		Subvention	Actual			Deficit for the Year		Surplus	Refund	Adjustment	Surplus
Unit Code and Name/		Released	Expenditure		Deficit			b/f	ę	1	c/f
Remittance Advice No.	Subvented Element	(Note 1)	(Note 2)	3)	(Note 3)	to L	Deficit	(Note 5)	Government	(Note 9)	(Note 6)
(Note /)				(a)	(g)	(c)	(a) = (b) - (c)	(e)	€	(g)	(h)=(e)+(a)-(q)-(t)+/-(g)
		¢\$	S	49	S	S	S				
Remittance Advice No.	Special Allowance for Staff of Subvented Residential Service Units in respect	151,800.00	124,849.79	26,950.21	0	N.A.	0	123,289.23	123,289.23	0	26,950.21
t / 2000	61-01-01-01										
TOTAL		151,800.00	124,849.79	26,950.21	,	,	1	123,289.23	123,289.23	•	26,950.21

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 or allocation letter(s) issued by Social Welfare Department 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.
- 9. For ASCP/Enhanced ASCP, the adjustment includes the amount of expenditure overstated/ (understated) in previous year(s) after taking into account the actual claw-back amount(s) per SWD's allocation letter(s), if any.