

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 2016**

**REVIEW REPORT**  
**TO THE MEMBERS OF HARMONY HOUSE LIMITED ("the Charity")**  
**(和諧之家有限公司)**

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We have audited the financial statements of the Charity for the year ended 31 March 2016 and have issued an unqualified auditors' report thereon dated 3 October 2016.

We conducted our review of the attached Annual Financial Report on pages 1 to 10 of the Charity for the year ended 31 March 2016 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 2016:

- 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, Special One-off Grant and other social welfare subventions and expenditure in respect of Funding and Services Agreement 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 HKSAR;
  - 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 Special One-off Grant and Provident Fund arrangements during the year ended 31 March 2016.

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, 3 October 2016

# ANNUAL FINANCIAL REPORT

NGO: Harmony House Limited (246)

1 APRIL 2015 to 31 MARCH 2016

	Notes	2015-16 \$	2014-15 \$
<b>A. INCOME</b>			
1. Lump Sum Grant			
a. Lump Sum Grant (excluding Provident Fund)	1b	6,859,374.00	6,558,327.00
b. Provident Fund	1c	423,886.00	405,137.00
2. Special One-off Grant		-	-
3. Fee Income	2	-	-
4. Central Items	3	-	-
5. Rent and Rates	4	75,024.00	72,000.00
6. Other Income	5	24,844.00	27,526.10
7. Interest Received		40.88	37.25
<b>TOTAL INCOME</b>		<u>7,383,168.88</u>	<u>7,063,027.35</u>
<b>B. EXPENDITURE</b>			
1. Personal Emoluments			
a. Salaries		6,147,910.54	5,165,248.50
b. Provident Fund	1c	365,351.62	307,603.80
c. Allowances		-	-
Sub-total	6	<u>6,513,262.16</u>	<u>5,472,852.30</u>
2. Other Charges	7	882,627.77	1,018,511.23
3. Central Items	3	-	-
4. Rent and Rates	4	74,800.00	73,200.00
5. Special One-off Grant Payments	7a	-	-
<b>TOTAL EXPENDITURE</b>		<u>7,470,689.93</u>	<u>6,564,563.53</u>
<b>C. (DEFICIT) /SURPLUS FOR THE YEAR</b>	8	<u>(87,521.05)</u>	<u>498,463.82</u>

SIGNATURE



CHAIRPERSON

DATE: - 3 OCT 2016

SIGNATURE



EXECUTIVE DIRECTOR

DATE: - 3 OCT 2016

## NOTES ON THE ANNUAL FINANCIAL REPORT

### 1. Lump Sum Grant

- a. Basis of preparation** The Annual Financial Report (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 like 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. Please note that the PF received and contributed for staff under the Central Items have been shown under 3. Details are analysed below :

<u>Provident Fund Contribution</u>	<u>Snapshot Staff</u> \$	<u>6.8% and Other Posts</u> \$	<u>Total</u> \$
Subvention Received	20,550.00	403,336.00	423,886.00
Provident Fund Contribution Paid during the Year	(20,831.78)	(344,519.84)	(365,351.62)
Surplus/ (Deficit) for the Year	(281.78)	58,816.16	58,534.38
<u>Add</u> : Surplus/(Deficit) b/f	136,199.25	678,509.49	814,708.74
Transfer from Snapshot Staff to 6.8% and other posts	(88,277.60)	88,277.60	-
<u>Less</u> : Refund to Government	(47,742.00)	-	(47,742.00)
<b>Surplus/(Deficit) c/f</b>	<b>(102.13)</b>	<b>825,603.25</b>	<b>825,501.12</b>

- 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 PF 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 3.13 of LSG Manual). The income and expenditure of each of the Central Items are as follows:

	2015-16	2014-15
a. <u>Income</u>	\$	\$
Dementia Supplement for Elderly with Disabilities	-	-
Infirmity Care Supplement for the Aged Blind Person	-	-
Dementia Supplement for Residential Elderly Services	-	-
Infirmity 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	-	-
Temporary Financial Aid	-	-
Emergency Fund	-	-
Time-defined Subsidy Scheme for Extended Hours Child Care Services	-	-
Training Subsidy Programme for Child Care Supervisors and Special Child Care Workers in Pre-school Rehabilitation Services	-	-
Short-term Rental Assistance	-	-
One-off Supplementary Grant for Service Re-engineering Plan of the Factory for the Blind	-	-
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	-	-
Training Sponsorship Scheme for Master in Occupational Therapy and Physiotherapy programmes	-	-
Time-defined Subsidy Scheme for Occasional Child Care Service	-	-
Training Subsidy Programme for Children on the Waiting List for Subvented Pre-school Rehabilitation Services	-	-
Financial Incentive Scheme for Mentors of Employees with Disabilities	-	-
Subsidy for Integrated Support Services for Persons with Severe Physical Disabilities	-	-
Enhanced After School Care Programme	-	-
Cluster-based Foster Home Pool	-	-
<b>Total</b>	<u>-</u>	<u>-</u>



	2015-16 \$	2014-15 \$
<b>b. Expenditure</b>		
Dementia Supplement for Elderly with Disabilities	-	-
Infirmity Care Supplement for the Aged Blind Person	-	-
Dementia Supplement for Residential Elderly Services	-	-
Infirmity 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	-	-
Temporary Financial Aid	-	-
Emergency Fund	-	-
Time-defined Subsidy Scheme for Extended Hours Child Care Services	-	-
Training Subsidy under Training Scheme for Child Care Supervisors and Special Child Care Workers in Pre-school Rehabilitation Services	-	-
Short-term Rental Assistance	-	-
One-off Supplementary Grant for Service Re-engineering Plan of the Factory for the Blind	-	-
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	-	-
Training Sponsorship Scheme for Master in Occupational Therapy and Physiotherapy programmes	-	-
Time-defined Subsidy Scheme for Occasional Child Care Service	-	-
Training Subsidy Programme for Children on the Waiting List for Subvented Pre-school Rehabilitation Services	-	-
Financial Incentive Scheme for Mentors of Employees with Disabilities	-	-
Subsidy for Integrated Support Services for Persons with Severe Physical Disabilities	-	-
Enhanced After School Care Programme	-	-
Cluster-based Foster Home Pool	-	-
<b>Total</b>	<u>-</u>	<u>-</u>

4. **Rent and Rates** This represents the amount paid by SWD in respect of premises recognised by SWD. Expenditure on rent and rates in respect of premises not recognised by SWD 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 not been included as Other Income in AFR.
6. **Personal Emoluments** Personal Emoluments include salary, provident fund and salary-related allowances.

The analysis on number of posts with annual Personal Emoluments over \$500,000 each is appended below:

Analysis of Personal Emoluments	No of Posts	\$
HK\$500,001 - HK\$600,000 p.a.	1	566,290.38
HK\$600,001 - HK\$700,000 p.a.	-	-
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\$1,000,000 p.a.	1	1,149,580.51

## 7. Other Charges

The breakdown on Other Charges is as follows:

Other Charges	2015-16 \$	2014-15 \$
(a) Utilities	270,922.09	294,937.23
(b) Food	19,729.80	24,673.20
(c) Administrative Expenses	102,118.28	122,985.75
(d) Stores and Equipment	91,723.89	129,906.04
(e) Repair and Maintenance	116,073.57	183,196.80
(f) Special Allowances	-	-
(g) Programme Expenses	118,636.80	107,864.74
(h) Transportation and Travelling	27,535.70	31,940.50
(i) Insurance	116,503.84	100,975.87
(j) Miscellaneous	19,383.80	22,031.10
<b>Total</b>	<b>882,627.77</b>	<b>1,018,511.23</b>

## 7a. Special One-off Grant Payments

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

Special one-off Grant Payments	2015-16 \$	2014-15 \$
(a) Voluntary Retirement Scheme	-	-
(b) Compensation Scheme	-	-
(c) Staff Training and Development	-	-
(d) Other Staff-related Initiatives	-	-
<b>Total</b>	<b>-</b>	<b>-</b>



## 8. Analysis of Reserve Fund

	Analysis of Reserve Fund				
	Lump Sum Grant (LSG)	Special One-off Grant (SOG)	Rent and Rates	Central Items	Total
<b>Income</b>	\$	\$	\$	\$	\$
Lump Sum Grant	7,283,260.00	-	-	-	7,283,260.00
Special One-off Grant	-	-	-	-	-
Fee Income	-	-	-	-	-
Other Income	24,844.00	-	-	-	24,844.00
Interest Received (Note (1))	40.88	-	-	-	40.88
Rent and Rates	-	-	75,024.00	-	75,024.00
Central Items	-	-	-	-	-
<b>Total Income (a)</b>	<b>7,308,144.88</b>	<b>-</b>	<b>75,024.00</b>	<b>-</b>	<b>7,383,168.88</b>
<b>Expenditure</b>					
Personal Emoluments	6,513,262.16	-	-	-	6,513,262.16
Other Charges	882,627.77	-	-	-	882,627.77
Rent and Rates	-	-	74,800.00	-	74,800.00
Central Items	-	-	-	-	-
Special One-off Grant Payments	-	-	-	-	-
<b>Total Expenditure (b)</b>	<b>7,395,889.93</b>	<b>-</b>	<b>74,800.00</b>	<b>-</b>	<b>7,470,689.93</b>
<b>(Deficit)/Surplus for the Year (a) - (b)</b>	<b>(87,745.05)</b>	<b>-</b>	<b>224.00</b>	<b>-</b>	<b>(87,521.05)</b>
<u>Less : Surplus of Provident Fund</u>	58,534.38	-	-	-	58,534.38
	(146,279.43)	-	224.00	-	(146,055.43)
<b>Surplus/(Deficit) b/f (Note (2))</b>	<b>1,733,832.05</b>	<b>-</b>	<b>(22,222.00)</b>	<b>-</b>	<b>1,711,610.05</b>
	1,587,552.62	-	(21,998.00)	-	1,565,554.62
<u>Less : Refund to Government</u>	-	-	-	-	-
Transfer from LSG Reserve to cover the salary adjustment for Dementia Supplement and Infirmary Care Supplementary (Note (3))	-	-	-	-	-
<b>Surplus/(Deficit) c/f (Note (4))</b>	<b>1,587,552.62</b>	<b>-</b>	<b>(21,998.00)</b>	<b>-</b>	<b>1,565,554.62</b>

### Notes:

- (1) All the interest received on LSG and PF reserves, rent and rates, central items, Special One-off Grant is included as one item under LSG; and the item is considered as part of LSG reserve.
- (2) Accumulated balance of Lump Sum Grant Surplus b/f from previous years and all interest received in previous years are 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. \$1,587,552.62) will be capped at 25% of the NGO's operating expenditure (excluding PF expenditure) for the year.