(和諧之家有限公司)

(incorporated in Hong Kong as a company limited by guarantee)

Directors' Report and Financial Statements For the year ended 31 March 2020



(和諧之家有限公司)

DIRECTORS' REPORT

The directors have pleasure in presenting their annual report together with the audited financial statements of Harmony House Limited (the "Company") for the year ended 31 March 2020.

PRINCIPAL ACTIVITY

The principal activity of the Company is to provide a rent-free shelter for women and children who are victims of violence. Other activities include community education, crisis intervention, outreaching to schools, counseling and hotlines services.

The shelter premises are provided by the Government of the Hong Kong Special Administrative Region.

FINANCIAL STATEMENTS

The financial performance of the Company for the year ended 31 March 2020 and the financial position of the Company as at that date are set out in the financial statements on pages 6 to 42.

DIRECTORS

The directors of the Company during the year and up to the date of this report were as follows:

Ms. Wong Hing Chun

Mrs. Koo Au Cheuk Ming Anna

Mrs. Crosbie-Walsh Penny Soh Peng

Prof. Ng Man Lun

Dr. Kam Chak Wah

Ms. Yu Po Kwan

Mr. Leung Hong Shun Alexander

Dr. Leung Suk Man Grace

Ms. Chui Chi Yan Daisy

Dr. Chan Tak Mau

(appointed on 19 September 2020)

In accordance with Article 43 of the Company's Articles of Association, the following directors retire and being eligible, may offer themselves for re-election for the forthcoming year:

Ms. Wong Hing Chun

Mr. Leung Hong Shun Alexander

Ms. Chui Chi Yan Daisy

In accordance with Article 36 of the Company's Articles of Association, the following director retires and being eligible, may offer himself for re-election for the forthcoming year:

Dr. Chan Tak Mau

(appointed on 19 September 2020)

DIRECTORS' REPORT

MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

No transactions, arrangements or contracts of significance in relation to the Company's business to which the Company was a party and in which a director of the Company or an entity connected with a director is material interested, whether directly or indirectly, subsisted during or at the end of the financial year.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

At no time during the year was the Company a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

AUDITOR

A resolution will be proposed at the forthcoming annual general meeting of the Company to re-appoint the auditor, BDO Limited.

On behalf of the directors

Ms. Wong Hing Chun

Director

Hong Kong, 19 September 2020



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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HARMONY HOUSE LIMITED

(和諧之家有限公司)

(incorporated in Hong Kong as a company limited by guarantee)

Opinion

We have audited the financial statements of Harmony House Limited (the "Company") set out on pages 6 to 42, which comprise the statement of financial position as at 31 March 2020, and the statement of profit or loss and other comprehensive income, the statement of changes in total funds and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 March 2020 and of its financial performance and its 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 compliance with the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the HKICPA's "Code of Ethics for Professional Accountants" (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the directors' report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HARMONY HOUSE LIMITED

(和諧之家有限公司)

(incorporated in Hong Kong as a company limited by guarantee)

Directors' Responsibilities for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with applicable Hong Kong Financial Reporting Standards issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine 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 directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our 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 our opinion. This report is made solely to you, as a body, in accordance with Section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs 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 HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We 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 our 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.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HARMONY HOUSE LIMITED

(和諧之家有限公司)

(incorporated in Hong Kong as a company limited by guarantee)

Auditor's Responsibilities for the Audit of the Financial Statements - Continued

- 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 Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- conclude on the appropriateness of the directors' 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- 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.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

BDO Limited

Certified Public Accountants

POONA

Law Fung Ha

Practising Certificate Number P03958

Hong Kong, 19 September 2020

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2020

					Project HE and HE@T for Male					
				Moving Forward	Victims of					
		Shelter	Shelter	Against Domestic	Domestic	Project Smart	Harmony		2020	2019
	Note	LSG	Others	Violence Project	Violence	Kids	Lane	Other Activities	Total	Total
		HK\$	HK\$	нк\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
Income										
Social Welfare Department ("SWD")										
- Lump Sum Grant ("LSG") Subvention		10,781,712			•	,	ı		10,781,712	9,857,625
- Lotteries Fund/SWD Fund		,	37,653	1	ı	,	į	ı	37,653	327,871
- Special Grant		246,675	12,868		•		į		259,543	
- Rent and rates subsidy			ı	260,836	ı		į		260,836	243,920
Community Chest - Baseline Allocation		1	645,631	•	•		į	401,769	1,047,400	1,016,800
The Hong Kong Jockey Club Charities Trust			i	2,792,200	2,133,006	2,089,137	•	1	7,014,343	5,821,242
Other donations		•	89,169	ı	•		7,652	817,024	913,845	985, 191
Other income		146,545	190	1	1	•	23,451	256,155	426,341	268,059
Interest income		2,393		2,164	,	ť		4,134	8,691	6,277
Deferred income brought forward			1	614,115		498,000	•	323,834	1,435,949	109,441
Deferred income carried forward			•	(1,080,588)	(725,000)	(498,000)	ŧ	(414,453)	(2,718,041)	(937,950)
Accrued income			·	•	1,745,417	1,013,374		,	2,758,791	1,989,581
Fund for accrued expenses		•	ï	,	(1,010,732)	(978,849)			(1,989,581)	(1,318,998)
Fund for acquisition of assets	1	1	,	(12,160)	(35,854)	(13,800)	ť	•	(61,814)	(332,371)
		11,177,325	785,511	2,576,567	2,106,837	2,109,862	31,103	1,388,463	20,175,668	18,036,688
Transfer from deferred income for capital grants	19		25,614	13,758	13,494	6,829	8,625	187,424	258,744	247,713
	-	11,177,325	811,125	2,590,325	2,120,331	2,119,691	39,728	1,575,887	20,434,412	18,284,401

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2020

				Moving Forward	Project HE and HE@T for Male Victims of					
		Shelter	Shelter	Against Domestic	Domestic	Project Smart	Harmony		2020	2019
	Notes	LSG	Others	Violence Project	Violence	Kids	Lane	Other Activities	Total	Total
Expenses		ŞYL	Ç.	Ť	HKŞ	HK\$	HK\$	HKŞ	HK\$	HK\$
Administrative expenses	6	194,451	385	189,465	68,429	20,455	,	67.510	540.695	499,522
Computer software		2,060	83	848	833	208	,	1.304	5.336	11.810
Depreciation of property, plant and equipment			25,614	13,758	13,494	9,829	8,625	187,424	258.744	247.713
Depreciation of right-of-use assets		ı		216,123		27,805			243,928	:
Employee costs	9	9,134,214	615,763	1,930,050	1,635,383	1,394,335	,	1,059,709	15,769,454	13,970,866
Food and household supplies		15,703	ı	ı					15,703	17,318
Insurance		151,602	7,876	33,715	19,540	22,976	S	5,586	241,300	263,425
Interest expense on lease liabilities		r	•	26,013		3,347			29,360	,
Miscellaneous		10,174	15,167	5,860	5,913	10,953	,	27,250	75,317	51,428
Programmes		147,481	108,207	58,972	340,539	615,261	6,847	102,247	1,379,554	1,046,644
Publicity/publication		3,800		·		2,402		•	6,202	43,177
Rent and rates		78,700	,	18,700	,		,		97,400	351,160
Staff training and development			24,276	12,399	8,461	096	1,321	17,318	64,735	54,639
Stores and equipment	10	1,007,633	12,868	53,345	6,624	5,330	800	21,933	1,108,533	975,564
Travelling		31,332	886	3,178	191	•	ŧ	4,173	39,760	35,048
Utilities		225,032	,	27,899	20,924	5,830	-	20,924	300,609	305,431
		11,002,182	811,125	2,590,325	2,120,331	2,119,691	17,598	1,515,378	20,176,630	17,873,745
Net operating surplus		175,143	1	-	-	,	22,130	60,506	257,782	410,656
Auditor's remuneration									(50,000)	(49,000)
Surplus of staff provident fund subvention from SWD	ē								(118,979)	(125,080)
Deficit of shelter rent and rates reimbursed by SWD	Ω								2,071	3,221
Surplus of central item from SWD								ı	(123,289)	1
Net (deficit)/surplus for the year	S							•	(32,415)	239,797

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2020

	Notes	2020 HK\$	2019 НК\$
Non-current assets			
Property, plant and equipment	12	298,349	468,279
Right-of-use assets	13	519,108	•
Total non-current assets		817,457	468,279
Current assets			
Utility deposits and prepayments		409,430	293,599
Other receivables		4,179,768	3,357,084
Amount receivable from Social Welfare Department	14	-	30,299
Cash and bank balances		11,793,579	10,573,459
Total current assets		16,382,777	14,254,441
Total assets		17,200,234	14,722,720
Current liabilities			
Accounts payable and accruals		1,584,933	1,760,280
Amount payable to Social Welfare Department	14	121,218	-
Lease liabilities	15	253,080	_
Staff provident fund balance	16	1,289,340	1,165,842
Donations for specific purposes	17	5,783,819	5,012,756
Cash advance from Jockey Club		2,303,588	1,112,115
Lotteries fund balance	18	1,901,928	1,758,023
Deferred income for capital grants	19	298,350	468,280
Total current liabilities		13,536,256	11,277,296
Non-current liability			
Lease liabilities	15	266,028	**
Total liabilities		13,802,284	11,277,296
Net current assets		2,846,521	2,977,145
NET ASSETS		3,397,950	3,445,424

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2020

	Notes	2020 HK\$	2019 HK\$
Represented by:			
Capital	20	354,911	354,911
Specific funds	21	528,699	543,758
Lump sum grant reserve	22	2,164,236	2,260,527
Accumulated funds	23	350,104	286,228
TOTAL FUNDS		3,397,950	3,445,424

On behalf of the directors

Ms. Wong Hing Chun Director Mrs. Crosbie-Walsh Penny Soh Peng

Director

STATEMENT OF CHANGES IN TOTAL FUNDS FOR THE YEAR ENDED 31 MARCH 2020

	Capital HK\$	Specific funds HK\$	Lump sum grant reserve HK\$	Accumulated funds HK\$	Total HK\$
At 1 April 2018	354,911	650,501	2,081,454	225,504	3,312,370
Net surplus for the year	-	-	-	239,797	239,797
Transfers (note 22 & 23)	-	-	179,073	(179,073)	-
Fund utilised (note 21)	<u>-</u>	(106,743)	_	-	(106,743)
At 1 April 2019	354,911	543,758	2,260,527	286,228	3,445,424
Net deficit for the year	-		-	(32,415)	(32,415)
Transfers (note 22 & 23)	-	-	(96,291)	96,291	-
Fund utilised (note 21)	-	(15,059)	-	-	(15,059)
At 31 March 2020	354,911	528,699	2,164,236	350,104	3,397,950

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2020

	2020 HK\$	2019 HK\$
Cash flows from operating activities		
Net (deficit)/surplus for the year	(32,415)	239,797
Adjustments for:		
Depreciation of property, plant and equipment	258,744	247,713
Depreciation of right-of-use assets	243,928	-
Interest expense on lease liabilities	29,360	-
Capital grants recognised as income	(258,744)	(247,713)
Interest income	(8,691)	(6,277)
Operating profit before working capital changes	232,182	233,520
(Increase)/decrease in utility deposits and prepayments	(115,831)	51,505
Increase in other receivables	(822,684)	(944,644)
Decrease/(increase) in amount receivable from Social Welfare	, , ,	() //
Department	30,299	(3,221)
(Decrease)/increase in accounts payable and accruals	(175,347)	19,904
Increase in amount payable to Social Welfare Department	121,218	*
Increase in staff provident fund balance	123,498	126,957
Increase in donation for specific purposes	771,063	169,478
Increase in cash advance from Jockey Club	1,191,473	614,115
Increase in lotteries fund balance	486,944	531,920
Decrease in building maintenance/renovation fund	-	(84,600)
Decrease in staff development fund	(15,059)	(22,143)
Net cash from operating activities	1,827,756	692,791
Cash flows from investing activities		
Purchases of property, plant and equipment	(88,814)	(601,385)
Interest received	8,691	6,277
Net cash used in investing activities	(80,123)	(595,108)
Cash flows from financing activities		
Capital grants received	88,814	601,385
Clawback refunded to HKJC	(343,039)	(373,585)
Repayment of principal portion of the lease liabilities	(243,928)	(3,3,303)
Interest paid on lease liabilities	(29,360)	
Net cash (used in)/from financing activities	(527,513)	227,800

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2020

	2020 HK\$	2019 HK\$
Net increase in cash and cash equivalents	1,220,120	325,483
Cash and cash equivalents at beginning of year	10,573,459	10,247,976
Cash and cash equivalents at end of year	11,793,579	10,573,459
Analysis of cash and cash equivalents: Cash available on demand	11,793,579_	10,573,459_

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2020

1. LEGAL STATUS AND OPERATIONS

Harmony House Limited (the "Company") was incorporated in Hong Kong under the Hong Kong Companies Ordinance ("Company Ordinance") on 2 April 1986 as a Company limited by guarantee.

Under the provisions of the Company's Articles of Association, every member shall, in the event of the Company being wound up, contribute to the assets of the Company to the extent of HK\$100. At the end of reporting period, the Company had nine members.

The Company is a charitable organisation and provides a rent-free shelter for women and children who are victims of violence. Its registered office and principal place of business is at G/F, Wing B, On Wah House, Lok Wah (South) Estate, Kwun Tong, Kowloon, Hong Kong.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

(a) Adoption of new/revised HKFRSs - effective 1 April 2019

HKFRS 16 HK(IFRIC) - Int 23 Amendments to HKFRS 9 Annual Improvements to HKFRSs 2015-2017 Cycle Annual Improvements to HKFRSs 2015-2017 Cycle

Leases

Uncertainty over Income Tax Treatments Prepayment Features with Negative Compensation Amendments to HKAS 12, Income Taxes

Amendments to HKAS 23, Borrowing Costs

The impact of the adoption of HKFRS 16 Leases have been summarised below. The other new or amended HKFRSs that are effective from 1 April 2019 did not have any significant impact on the Company's accounting policies.

(i) Impact of the adoption of HKFRS 16

HKFRS 16 brings significant changes in accounting treatment for lease accounting, primarily for accounting for lessees. It replaces HKAS 17 Leases ("HKAS 17"), HK(IFRIC)-Int 4 Determining whether an Arrangement contains a Lease, HK(SIC)-Int 15 Operating Leases-Incentives and HK(SIC)-Int 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. From a lessee's perspective, almost all leases are recognised in the statement of financial position as right-of-use assets and lease liabilities, with the narrow exception to this principle for leases for which the underlying assets are of low value or are determined as short-term leases. From a lessor's perspective, the accounting treatment is substantially unchanged from HKAS 17.

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2020

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") - Continued

(a) Adoption of new/revised HKFRSs - effective 1 April 2019 - Continued

(i) Impact of the adoption of HKFRS 16 - Continued

The Company has applied HKFRS 16 using the modified retrospective approach and recognised all the cumulative effect of initially applying HKFRS 16 as an adjustment to the opening balance of retained earnings at the date of initial application. The comparative information presented in 2019 has not been restated and continues to be reported under HKAS 17 and related interpretations as allowed by the transition provision in HKFRS 16.

The following tables summarised the impact of transition to HKFRS 16 on statement of financial position as of 31 March 2019 to that of 1 April 2019 as follows:

Statement of financial position as at 1 April 2019

	HK\$
Right-of-use assets	763,036
Lease liabilities (current)	243,928
Lease liabilities (non-current)	519,108

The following reconciliation explains how the operating lease commitment disclosed applying HKAS 17 at the end of 31 March 2019 could be reconciled to the lease liabilities at the date of initial application recognised in the statement of financial position as at 1 April 2019:

Reconciliation of operating lease commitment to lease liabilities

	HK\$
Operating lease commitment as of 31 March 2019	819,864
Less: future interest expenses	(56,828)
Total lease liabilities at 1 April 2019	763,036

The weighted average lessee's incremental borrowing rate applied to lease liabilities recognised in the statement of financial position as at 1 April 2019 is 5.00%.

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2020

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") - Continued

(a) Adoption of new/revised HKFRSs - effective 1 April 2019 - Continued

(ii) The new definition of a lease

Under HKFRS 16, a lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. A contract conveys the right to control the use of an identified asset for a period of time when the customer, throughout the period of use, has both: (a) the right to obtain substantially all of the economic benefits from use of the identified asset and (b) the right to direct the use of the identified asset.

For a contract that contains a lease component and one or more additional lease or non-lease components, a lessee shall allocate the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components, unless the lessee apply the practical expedient which allows the lessee to elect, by class of underlying asset, not to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component.

The Company has elected not to separate non-lease components and account for all each lease component and any associated non-lease components as a single lease component for all leases.

(iii) Accounting as a lessee

Under HKAS 17, a lessee has to classify a lease as an operating lease or a finance lease based on the extent to which risks and rewards incidental to ownership of a lease asset lie with the lessor or the lessee. If a lease is determined as an operating lease, the lessee would recognise the lease payments under the operating lease as an expense over the lease term. The asset under the lease would not be recognised in the statement of financial position of the lessee.

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2020

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") - Continued

(a) Adoption of new/revised HKFRSs - effective 1 April 2019 - Continued

(iii) Accounting as a lessee - Continued

Under HKFRS 16, all leases (irrespective of they are operating leases or finance leases) are required to be capitalised in the statement of financial position as right-of-use assets and lease liabilities. The new accounting policies are set out in Note 4(b).

(iv) Transition

As mentioned above, the Company has applied HKFRS 16 using the modified retrospective approach and recognised all the cumulative effect of initially applying HKFRS 16 as an adjustment to the opening balance of retained earnings at the date of initial application (1 April 2019). The comparative information presented in 2019 has not been restated and continues to be reported under HKAS 17 and related interpretations as allowed by the transition provision in HKFRS 16.

The Company has recognised the lease liabilities at the date of 1 April 2019 for leases previously classified as operating leases applying HKAS 17 and measured those lease liabilities at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at 1 April 2019.

The Company has elected to recognise all right-of-use assets of an amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before the date of initial application at 1 April 2019 for leases previously classified operating leases under HKAS 17. For all these right-of-use assets, the Company has applied HKAS 36 Impairment of Assets at 1 April 2019 to assess if there was any impairment as on that date.

The Company has also applied the exemption of not to recognise right-of-use assets and lease liabilities for leases with term that will end within 12 months of the date of initial application (1 April 2019) and accounted for those leases as short-term leases.

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NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2020

ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") -Continued

(b) New/revised HKFRSs that have been issued but are not yet effective

The following new/revised HKFRSs, potentially relevant to the Company's financial statements, have been issued, but are not yet effective and have not been early adopted by the Company. The Company's current intention is to apply these changes on the date they become effective.

Amendments to HKFRS 3
Amendments to HKAS 1 and HKAS 8
Amendments to HKFRS 9, HKAS 39
and HKFRS 7

Definition of a business¹ Definition of material¹ Interest Rate Benchmark Reform¹

The Company is in the process of making an assessment of the potential impact of these pronouncements. The directors so far concluded that the application of these new pronouncements will have no material impact on the Company's financial statements.

3. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements have been prepared in accordance with all applicable HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations (hereinafter collectively referred to as the "HKFRSs") and the provisions of the Hong Kong Companies Ordinance which concerning the preparation of financial statements.

(b) Basis of measurement

The financial statements have been prepared under the historical cost basis.

(c) Functional and presentation currency

The financial statements are presented in Hong Kong dollars ("HK\$") which is the functional currency of the Company.

¹ Effective for annual periods beginning on or after 1 January 2020

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NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2020

4. SIGNIFICANT ACCOUNTING POLICIES

(a) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

The cost of property, plant and equipment includes its purchase price and the costs directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised as an expenses in profit or loss during the financial period in which they are incurred.

Property, plant and equipment are depreciated so as to write off their cost net of expected residual value over their estimated useful lives on a straight-line basis. The useful lives, residual value and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period. The useful lives are as follows:

Motor vehicle 4 years Furniture and equipment 4 years

Leasehold improvements Over the remaining life of the leases but not

exceeding 5 years

An asset is written down immediately to its recoverable amount if its carrying amount is higher than the asset's estimated recoverable amount.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets, or where shorter, the term of the relevant lease.

The gain or loss on disposal of an item of property, plant and equipment is the difference between the net sale proceeds and its carrying amount, and is recognised in profit or loss on disposal.

Capital grants and donations received for the purchase of property, plant and equipment are recorded as deferred income in the statement of financial position and amortised in profit or loss over the useful life of the relevant assets.

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2020

4. SIGNIFICANT ACCOUNTING POLICIES - Continued

(b) Leasing (accounting policies applied from 1 April 2019)

All leases (irrespective of they are operating leases or finance leases) are required to be capitalised in the statement of financial position as right-of-use assets and lease liabilities, but accounting policy choices exist for an entity to choose not to capitalise (i) leases which are short-term leases and/or (ii) leases for which the underlying asset is of low-value. The Company has elected not to recognise right-of-use asset and lease liability for low-value asset and lease for which at the commencement date have a lease term less than 12 months.

Right-of-use asset

The right-of-use asset should be recognised at cost and would comprise: (i) the amount of the initial measurement of the lease liability (see below for the accounting policy to account for lease liability); (ii) any lease payments made at or before the commencement date, less any lease incentives received; (iii) any initial direct costs incurred by the lessee and (iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. Except for right-of-use asset that meets the definition of an investment property or a class of property, plant and equipment to which the Company applies the revaluation model, the Company measures the right-of-use assets applying a cost model.

Under the cost model, the Company measures the right to use at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liability. For right-of-use asset that meets the definition of an investment property, they are carried at fair value and for right-of-use asset that meets the definition of a leasehold land and buildings held for own use, they are carried at fair value.

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2020

4. SIGNIFICANT ACCOUNTING POLICIES - Continued

(b) Leasing (accounting policies applied from 1 April 2019) - Continued

Lease liability

The lease liability is recognised at the present value of the lease payments that are not paid at the date of commencement of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses the Company's incremental borrowing rate.

The following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date of the lease are considered to be lease payments: (i) fixed payments less any lease incentives receivable; (ii) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at commencement date; (iii) amounts expected to be payable by the lessee under residual value guarantees; (iv) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option and (v) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Subsequent to the commencement date, the Company measures the lease liability by: (i) increasing the carrying amount to reflect interest on the lease liability; (ii) reducing the carrying amount to reflect the lease payments made; and (iii) remeasuring the carrying amount to reflect any reassessment or lease modifications, e.g., a change in future lease payments arising from change in an index or rate, a change in the lease term, a change in the in substance fixed lease payments or a change in assessment to purchase the underlying asset.

(c) Leasing (accounting policies applied until 31 March 2019)

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The total rentals payable under the operating leases are recognised in profit or loss on a straight-line basis over the lease term. Lease incentives received are recognised as an integrated part of the total rental expense, over the term of the lease.

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2020

4. SIGNIFICANT ACCOUNTING POLICIES - Continued

(d) Financial Instruments

(i) Financial assets

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Company commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the market place.

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. The Company classifies its debt instruments as amortised cost.

Assets measured at amortised cost that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest rate method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain on derecognition is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2020

4. SIGNIFICANT ACCOUNTING POLICIES - Continued

(d) Financial Instruments - Continued

(ii) Impairment loss on financial assets

The Company recognises loss allowances for expected credit loss ("ECL") on trade receivables, contract assets, financial assets measured at amortised cost and debt investments measured at FVOCI. The ECLs are measured on either of the following bases: (1) 12 months ECLs: these are the ECLs that result from possible default events within the 12 months after the reporting date; and (2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

The ECLs are based on the 12-months ECLs. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be credit-impaired when: (1) the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or (2) the financial asset is more than 90 days past due.

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NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2020

4. SIGNIFICANT ACCOUNTING POLICIES - Continued

(d) Financial Instruments - Continued

(ii) Impairment loss on financial assets - Continued

Interest income on credit-impaired financial assets is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset. For non-credit-impaired financial assets interest income is calculated based on the gross carrying amount.

(iii) Financial liabilities

The Company classifies its financial liabilities, depending on the purpose for which the liabilities were incurred. The Company classifies its financial liabilities as financial liabilities at amortised cost.

Financial liabilities at amortised cost including trade and other payables and other short-term monetary liabilities. They initially measured at fair value, net of directly attributable costs incurred, and are subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in profit or loss.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

(iv) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating 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 liability, or where appropriate, a shorter period.

(v) Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

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NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2020

4. SIGNIFICANT ACCOUNTING POLICIES - Continued

(d) Financial Instruments - Continued

(vi) Derecognition

The Company derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKFRS 9.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

(e) Revenue recognition

Grants received for the purchase of property, plant and equipment, which are recorded as deferred income in the statement of financial position and amortised over the useful life of the asset.

Subvention from Social Welfare Department and allocations and grants from other charitable organisations are recognised in accordance with the approved applications.

Donations for specific purposes are recognised in accordance with the approved applications.

Interest income is accrued on a time basis on the principal outstanding at the applicable interest rate.

(f) Employee benefits

(i) Short term employee benefits

Short term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. Short term employee benefits are recognised in the year when the employees render the related service.

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2020

4. SIGNIFICANT ACCOUNTING POLICIES - Continued

(f) Employee benefits - Continued

(ii) Defined contribution retirement plan

Contributions to defined contribution retirement plans are recognised as an expense in profit or loss when the services are rendered by the employees.

(iii) Termination benefits

Termination benefits are recognised on the earlier of when the Company can no longer withdraw the offer of those benefits and when the Company recognises restructuring costs involving the payment of termination benefits.

(g) Impairment of non-financial assets

At the end of each reporting period, the Company reviews the carrying amounts of property, plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss or an impairment loss previously recognised no longer exists or may have decreased.

If the recoverable amount (i.e. the greater of the fair value less costs to sell and value in use) of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount under another HKFRS, in which case the impairment loss is treated as a revaluation decrease under that HKFRS.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount under another HKFRS, in which case the reversal of the impairment loss is treated as a revaluation increase under that HKFRS.

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NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2020

4. SIGNIFICANT ACCOUNTING POLICIES - Continued

(h) Related parties

- (a) A person or a close member of that person's family is related to the Company if that person:
 - (i) has control or joint control over the Company;
 - (ii) has significant influence over the Company; or
 - (iii) is a member of key management personnel of the Company.
- (b) An entity is related to the Company if any of the following conditions apply:
 - (i) the entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) both entities are joint ventures of the same third party.
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) the entity is a post-employment benefit plan for the benefit of the employees of the Company or an entity related to the Company.
 - (vi) the entity is controlled or jointly controlled by a person identified in (a).
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of key management personnel of the entity.
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

- (i) that person's children and spouse or domestic partner;
- (ii) children of that person's spouse or domestic partner; and
- (iii) dependents of that person or that person's spouse or domestic partner.

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NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2020

4. SIGNIFICANT ACCOUNTING POLICIES - Continued

(i) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Company has a legal or constructive obligation arising as a result of a past event, which will probably result in an outflow of economic benefits that can be reasonably estimated.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, the existence of which will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

5. NET (DEFICIT)/SURPLUS FOR THE YEAR

Net (deficit)/surplus for the year is stated after charging:

		2020 HK\$	2019 НК\$
	Employee costs (note 6) Depreciation charge	15,769,454	13,970,866
	- Property, plant and equipment (note 12) - Right-of-use assets (note 13)	258,744 243,928	247,713 -
	Minimum operating lease payments	-	254,760
6.	EMPLOYEE COSTS		
		2020 HK\$	2019 HK\$
	Employee costs comprise: Wages and salaries Contributions to defined contributions retirement plan	14,873,021 896,433	13,164,000 806,866
		15,769,454	13,970,866

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NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2020

7. DIRECTORS' EMOLUMENTS

Directors' emoluments disclosed pursuant to Section 383 of the Hong Kong Companies Ordinance (Cap.622) and the Companies (Disclosure of Information about Benefits of Directors) Regulation (Cap.622G) are as follows:

	2020 HK\$	2019 HK\$
Fees Other emoluments	-	-
	-	-

8. INCOME TAX

The Company is exempt from tax under Section 88 of the Hong Kong Inland Revenue Ordinance from any tax by reason of being a charitable institution or trust of a public character (2019: Nil).

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2020

ADMINISTRATIVE EXPENSES

			Project HE and HE®T for Male					
Shelter LSG	Shelter Others	Moving Forward Against Domestic Violence Project	Victims of Domestic Violence	Project Smart Kids	Harmony Lane	Other Activities	2020 Total	2019 Total
HK\$	HK\$	HK\$	HK\$	нк\$	HK\$	HK\$	HK\$	HK\$
ı	,	172,419	49,608	,	•	•	222,027	161,395
81,530	,	•	ı	1	,	21,183	102,713	4,000
6,206	,	240		ı		3,587	10,033	12,107
·	•	í	•	•		1,200	1,200	1,200
5,525	385	1,170	1,185	770	•	ı	9,035	5,795
886		200	400	2,222		4	4,114	6,351
42,442		3,804	8,737	4,817		t	59,800	92,167
15,200	1	ı	•	ı		3,800	19,000	12,000
42,560	,	11,332	8,499	12,646	•	37,736	112,773	204,507
194,451	385	189,465	68,429	20,455	•	67,510	540,695	499,522

Admin cost sharing

Medical expenses

Recruitment

Postage

Bank charges IEPS charges

Audit fees

Secretarial service fee Telephone and facsimile

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2020

10. STORES AND EQUIPMENT

2020 2019 Total Total	нк\$ нк\$	307,625 252,901		335,993 125,591	7,284 9,278	67,732 53,404	366,431 510,734	18,340 18,580	5,128 5,076	1,108,533 975,564
Other Activities	HK\$	206		1,800	1	3,058	7,379	5,712	3,077	21,933
Harmony Lane	HK\$,	ı	1	800	,	•	800
Project Smart Kids	HK\$,		1	·	5,330		ı	•	5,330
Project HE and HE@T for Male Victims of Domestic	HK\$,		3,620	ı	3,004	•	ı	3	6,624
Moving Forward Against Domestic Violence Project	HK\$	20,658		,	2,950	14,902	8,976	3,808	2,051	53,345
Shelter	HK\$	9,355		3,513	i	1	ī	1		12,868
Shelter LSG	HK\$	276,705		327,060	4,334	41,438	349,276	8,820	1	1,007,633
		Cleaning charges and materials	Furniture and equipment	(Minor purchase)	Newspapers and periodicals	Printing and stationery	Repairs and maintenance	Safety and security equipment	Security service	

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2020

11. UTILITIES

2019 Total HK\$	237,695 33,435 34,301
2020 Total HK\$	229,735 32,163 38,711 300,609
Other Activities HK\$	20,791
Harmony Lane HK\$	
Project Smart Kids HK\$	4,991 839 5,830
Project HE and HE@T for Male Victims of Domestic Violence HK\$	20,791
Moving Forward Against Domestic Violence Project HK\$	27,722 - 177 - 177 - 27,899
Shelter Others HK\$	
Shelter LSG HK \$	155,440 32,163 37,429 225,032
	Electricity Gas Water and Sewage charges

(和諧之家有限公司)

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2020

12. PROPERTY, PLANT AND EQUIPMENT

	Motor vehicle HK\$	Furniture and equipment HK\$	Leasehold improvement HK\$	Total HK\$
Cost At 1 April 2019 Additions Disposals	776,902 - -	1,414,656 88,814 (154,050)	13,436,957 - -	15,628,515 88,814 (154,050)
At 31 March 2020	776,902	1,349,420	13,436,957	15,563,279
Accumulated depreciation At 1 April 2019 Depreciation Eliminated on disposal	776,902 - -	1,266,442 98,711 (154,050)	13,116,892 160,033	15,160,236 258,744 (154,050)
At 31 March 2020	776,902	1,211,103	13,276,925	15,264,930
Net book value At 31 March 2020	annual statement of the University of the Control o	138,317	160,032	298,349
	Motor vehicle HK\$	Furniture and equipment HK\$	Leasehold improvement HK\$	Total HK\$
Cost At 1 April 2018 Additions Disposals	vehicle	and equipment	improvement	
At 1 April 2018 Additions	vehicle HK\$	and equipment HK\$ 1,439,858 121,285	improvement HK\$ 12,956,857	HK\$ 15,173,617 601,385
At 1 April 2018 Additions Disposals	vehicle HK\$ 776,902 - -	and equipment HK\$ 1,439,858 121,285 (146,487)	improvement HK\$ 12,956,857 480,100	HK\$ 15,173,617 601,385 (146,487)
At 1 April 2018 Additions Disposals At 31 March 2019 Accumulated depreciation At 1 April 2018 Depreciation	vehicle HK\$ 776,902 - - - 776,902	and equipment HK\$ 1,439,858 121,285 (146,487) 1,414,656	improvement HK\$ 12,956,857 480,100 13,436,957	HK\$ 15,173,617 601,385 (146,487) 15,628,515 15,059,010 247,713

(和諧之家有限公司)

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2020

12. PROPERTY, PLANT AND EQUIPMENT - Continued

The motor vehicle is purchased for the purpose of community education and is registered under the Trade Marks Registry Intellectual Property Department in the name of "Harmony Express".

13. RIGHT-OF-USE ASSETS

HKFRS 16 was adopted 1 April 2019 without restatement of comparative figures. For an explanation of the transitional requirements that were applied as at 1 April 2019, see note 2(a)(i).

	Land and buildings HK\$
Cost	
At 1 April 2019 Additions	763,036
At 31 March 2020	763,036
Accumulated depreciation At 1 April 2019	-
Charge for the year	243,928
At 31 March 2020	243,928
Net book value	
At 31 March 2020	519,108

14. AMOUNT (PAYABLE TO)/RECEIVABLE FROM SOCIAL WELFARE DEPARTMENT

	2020 HK\$	2019 HK\$
At 1 April	30,299	27,078
Back payment of rent and rates for prior years	(9,277)	-
Written off of deficit balance of rent & rate for prior years	(21,022)	-
Rent and rates		
- Subsidy received for the year	(76,629)	(74,979)
- Rent and rates paid for the year	78,700	78,200
Central item (special allowance)		
- Special allowance received for the year	(246,675)	-
- Expenses paid for the year	123,386	***************************************
At 31 March	(121,218)	30,299

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2020

15. LEASE LIABILITIES

HKFRS 16 was adopted 1 April 2019 without restatement of comparative figures. For an explanation of the transitional requirements that were applied as at 1 April 2019, see note 2(a)(i).

	Land and Buildings HK\$
At 1 April 2019 Interest expense Lease payments	763,036 29,360 (273,288)
At 31 March 2020	519,108

Future lease payments are due as follows:

	Minimum lease payments HK\$	Interest HK\$	Present Value HK\$
At 31 March 2020 Not later than one year Later than one year and not later than	273,288	(20,208)	253,080
five years	273,288	(7,260)	266,028
	546,576	(27,468)	519,108
At 1 April 2019 Not later than one year Later than one year and not later than	273,288	(29,360)	243,928
five years	546,576	(27,468)	519,108
	819,864	(56,828)	763,036

The present value of future lease payments are analysed as:

	2020 HK\$
Current liabilities	253,080
Non-current liabilities	266,028
	519,108

(和諧之家有限公司)

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2020

15. LEASE LIABILITIES - Continued

The total cash outflows for the lease including payments of lease liabilities and payments of interest expenses on leases for the year ended 31 March 2020 were HK\$273,288.

The Company leases office premises under operating leases. The leases run for three years and do not include any contingent rentals.

The total future minimum lease payments at 31 March 2019 are due as follows:

	2019
	HK\$
Not later than one year	273,288
Later than one year and not later than five years	546,576
	819,864

16. STAFF PROVIDENT FUND BALANCE

The Best Practice Manual issued by the Social Welfare Department which was effective from 1 July 2014 requires the Company to use convenient, effective and timely channels to disseminate information about the staff provident fund reserve to staff members.

The employer's contribution rate to staff provident fund is 5%, 6.8% and 8% for full-time staff who have completed less than 3 years, 3 years and 7 years of service respectively. The contribution rate is reviewed on an annual basis.

17. DONATIONS FOR SPECIFIC PURPOSES

Where donations are for specific purposes as defined by the donors, the unspent amounts are carried forward in the statement of financial position until the related expenditure have been incurred.

(和諧之家有限公司)

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2020

18. LOTTERIES FUND BALANCE

		2020 HK\$	2019 HK\$
Furniture and Equipment Replenishment and Minor			
Works Block Grant Reserve	(i)	959,773	810,182
IT projects and non-IT projects Social Welfare			
Development Fund (phase II)	(ii)(a)	-	343,039
IT projects and non-IT projects Social Welfare			
Development Fund (phase III)	(ii)(b)	835,055	604,802
Wi-Fi project	(iii)	107,100	•
	_	1,901,928	1,758,023

(i) The amount represents the Block Grant allocations from the Social Welfare Department for the use of Minor Works.

Movement of the grant is as follows:

		2020 HK\$	2019 HK\$
	e as at 1 April grant received during the year	810,182 149,000	681,510 143,000
	st received	591_	372
		959,773	824,882
Less:	Expenditure during the year:		
	Minor works projects	_	(14,700)
Balanc	e as at 31 March	959,773	810,182

As at 31 March 2020, there is no capital commitment in respect of Minor Works (2019: Nil).

(和諧之家有限公司)

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2020

18. LOTTERIES FUND BALANCE - Continued

- (ii) The amount represents the Social Welfare Development Fund allocations from the Social Welfare Department for the use of IT projects and non IT projects.
 - (a) Movement of the grant (phase II) is as follows:

	2020 HK\$	2019 HK\$
Balance as at 1 April Interest received	343,039	342,933 106
	343,039	343,039
Less: Clawback of unspent balance	(343,039)	n-1
Balance as at 31 March	-	343,039
(b) Movement of the grant (phase III) is as follows:		
	2020 НК\$	2019 HK\$
Balance as at 1 April Allocation received during the year Interest received		
Allocation received during the year	HK\$ 604,802 267,250 656	HK\$ 201,660 433,000 63

As at 31 March 2020, there is no capital commitment in respect of IT projects and non IT projects (2019: Nil).

(和諧之家有限公司)

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2020

18. LOTTERIES FUND BALANCE - Continued

(iii) The amount represents the Lotteries Fund allocations from the Social Welfare Department for the provision of Wi-Fi service under the Pilot Project.

Movement of the grant is as follows:

	2020 HK\$	2019 HK\$
Balance as at 1 April Allocation received during the year	107,100	-
Balance as at 31 March	107,100	-

As at 31 March 2020, there is no capital commitment in respect of Wi-Fi project (2019: Nil).

19. DEFERRED INCOME FOR CAPITAL GRANTS

	2020 HK\$	2019 HK\$
At 1 April	468,280	114,608
Capital grant received	88,814	601,385
Recognised as income	(258,744)	(247,713)
At 31 March	298,350	468,280

20. CAPITAL

Capital represents cash contributed to the Company by The Hong Kong Council of Women as initial working capital.

HARMONY HOUSE LIMITED (和諧之家有限公司)

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2020

21. SPECIFIC FUNDS

	Community education fund HKS	Capital development fund HK\$	Service development fund HK¢	Building maintenance/ renovation fund	Staff development fund	Total
At 1 April 2018	100,000	62,356	100,000	205,762	182,383	650,501
Utilised during the year	1		ı	(84,600)	(22,143)	(106,743)
At 31 March 2019	100,000	62,356	100,000	121,162	160,240	543,758
Utilised during the year	,	1	1	•	(15,059)	(15,059)
At 31 March 2020	100,000	62,356	100,000	121,162	145,181	528,699

(和諧之家有限公司)

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2020

21. SPECIFIC FUNDS - Continued

Name	Designated purpose
Community education fund	Support community education programmes
Capital development fund	Purchase of furniture/equipment and installation of facilities at service units
Service development fund	For service expansion of the agency
Building maintenance/ renovation fund	For maintenance and renovation of service units
Staff development fund	For staff development and training, recognition of staff performance and enhancement of staff relationship

22. LUMP SUM GRANT RESERVE

The Best Practice Manual issued by the Social Welfare Department ("SWD") which was effective from 1 July 2014 requires the Company to, based on the actual circumstances and its development strategies, decide on its own how the lump sum grant reserve be utilised.

	2020 HK\$	2019 HK\$
At 1 April Transferred (to)/from accumulated funds (note 23)	2,260,527 (96,291)	2,081,454 179,073
At 31 March	2,164,236	2,260,527

During the financial year, the fund was used to provide manpower and operational support to the shelter, as and when needed. The Company plans to use the fund to enhance the service delivery and strengthen the supervisory support at the shelter.

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NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2020

23. ACCUMULATED FUNDS

	HK\$
At 1 April 2018	225,504
· Net surplus for the year	239,797
Transfer to lump sum grant reserve (note 22)	(179,073)
At 31 March 2019	286,228
Net deficit for the year	(32,415)
Transfer from lump sum grant reserve (note 22)	96,291
At 31 March 2020	350,104

24. SUMMARY OF FINANCIAL ASSETS AND LIABILITIES BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at 31 March 2020 and 31 March 2019 are as follows:

	2020 HK\$	2019 HK\$
Financial assets		
Financial assets measured at mortised cost:		
- Utility deposits	204,522	99,522
- Other receivables	4,179,768	3,357,084
- Amount receivable from Social Welfare Department	<u>-</u>	30,299
- Cash and bank balances	11,793,579	10,573,459
	16,177,869	14,060,364
Financial liabilities		
Financial liabilities measured at amortised cost:		
- Accounts payable and accruals	278,044	453,390
- Amount payable to Social Welfare Department	121,218	-
- Lease liabilities	253,080	-
- Staff provident fund balance	1,289,340	1,165,842
- Donations for specific purposes	5,783,819	5,012,756
- Cash advance from Jockey Club	2,303,588	1,112,115
- Lotteries fund balance	1,901,928_	1,758,023
	44 024 047	0.500.404
	11,931,017	9,502,126

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NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2020

25. FINANCIAL RISK MANAGEMENT

The Company is exposed through its operations to the following risks from its use of financial instruments:

- Interest rate risk
- Liquidity risk
- Credit risk

The policy of each of the above risks is described in more detail below:

(a) Interest rate risk

The Company is not exposed to material interest rate risk as it does not have material interest bearing financial instrument at the end of reporting period.

(b) **Liquidity risk**

The Company's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term. In the opinion of the directors, the Company does not have significant liquidity risk exposure. The contractual maturities of all financial liabilities of HK\$11,931,017 (2019: HK\$9,502,126) are due in less than one year.

(c) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company is exposed to credit risk from other receivables and bank balances.

The Company's outstanding other receivable do not have a significant increase in credit risk since initial recognition and risk of default is insignificant, therefore the ECL for these financial assets were based on 12-months ECL. The Company takes into account the historical credit loss experience, adjusted for forwarding-looking factors and the economic environment, as appropriate, and concludes that ECLs are insignificant.

The credit risk on liquid funds is limited because the counterparties are banks with high credit rating assigned by international credit rating agencies.

26. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the directors on 19 September 2020.