

**HARMONY HOUSE LIMITED**  
**(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 2022**

**HARMONY HOUSE LIMITED**  
**(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 2022.

**PRINCIPAL ACTIVITY**

The principal activity of the Company is to provide comprehensive services to individuals and families affected by domestic violence including a rent free shelter for abused women and children. Over the years, we have expanded our work to include therapeutic and preventative services that aim to help domestic violence victims of all genders and races with the goal of promoting harmonious family relationships. In addition, our activities also include community education, school outreach, crisis intervention, case counselling, supportive group therapy, hotline services and advocacy for policies and legislations.

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 2022 and the financial position of the Company as at that date are set out in the financial statements on pages 6 to 40.

**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	
Mr. Leung Hong Shun Alexander	
Ms. Chui Chi Yan Daisy	
Dr. Chan Tak Mau	
Ms. Chan Ching Lan, Jean	(appointed on 19 November 2021)
Dr. Leung Suk Man Grace	(resigned on 1 July 2021)
Ms. Yu Po Kwan	(resigned on 19 November 2021)

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:

Prof. Ng Man Lun  
Mr. Leung Hong Shun Alexander  
Ms. Chui Chi Yan Daisy

**HARMONY HOUSE LIMITED**  
**(和諧之家有限公司)**

**DIRECTORS' REPORT**

**DIRECTORS - Continued**

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

Ms. Chan Ching Lan, Jean

**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. Koo Au Cheuk Ming Anna  
Director

Hong Kong, 23 September 2022

**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 40, which comprise the statement of financial position as at 31 March 2022, 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 2022 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 ("HKSA") 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  
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**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 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 HKSA's 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 HKSA's, 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  
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**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  
Law Fung Ha  
Practising Certificate Number P03958

Hong Kong, 23 September 2022

**HARMONY HOUSE LIMITED**  
(和諧之家有限公司)

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 MARCH 2022**

	Note	Shelter LSG HK\$	Shelter Others HK\$	Project Moving Forward HK\$	Project HE@T HK\$	Project Smart Kids HK\$	Harmony Lane HK\$	Project 40 Min @Harmony Space HK\$	Other Activities HK\$	2022 Total HK\$	2021 Total HK\$
<b>Income</b>											
Social Welfare Department ( "SWD" )											
- Lump Sum Grant ("LSG") Subvention		11,254,127	-	-	-	-	-	-	-	11,254,127	11,243,598
- Lotteries Fund/SWD Fund		-	229,309	-	-	-	-	-	-	229,309	714,569
- Special Grant		-	17,057	-	-	-	-	-	-	17,057	178,923
- Rent and rates subsidy		-	-	256,336	-	-	-	-	-	256,336	250,336
Community Chest - Baseline Allocation		-	937,591	-	-	-	-	-	141,309	1,078,900	1,186,790
The Hong Kong Jockey Club Charities Trust ("HKJC")		-	-	2,425,978	1,898,523	3,129,969	-	-	-	7,454,470	8,370,070
Bank of China (Hong Kong) Limited ("BOCHK")		-	-	-	-	-	-	2,972,984	-	2,972,984	2,217,733
Other donations		-	116,061	-	-	-	8,559	-	259,247	383,867	1,744,918
Other income		56,831	1,284	-	-	-	5,930	20,000	81,977	166,022	156,651
Interest income		70	-	53	-	-	-	27	93	243	233
Deferred income brought forward		-	-	820,022	725,000	1,662,000	-	1,976,346	445,392	5,628,760	2,718,041
Deferred income carried forward		-	-	(349,064)	(725,000)	(1,662,000)	-	(1,456,905)	(208,279)	(4,401,248)	(5,628,760)
Accrued income		-	-	-	1,826,414	2,800,653	-	-	-	4,627,067	3,151,959
Fund for accrued expenses		-	-	-	(1,326,874)	(1,825,085)	-	-	-	(3,151,959)	(2,758,791)
Fund for acquisition of assets		-	-	(29,800)	-	(1,449,956)	-	(999,248)	-	(2,479,004)	(32,479)
		11,311,028	1,301,302	3,123,525	2,398,063	2,655,581	14,489	2,513,204	719,739	24,036,931	23,513,791
Transfer from deferred income for capital grants	19	-	1,452	24,183	8,964	369,194	6,750	329,944	26,341	766,828	240,104
		11,311,028	1,302,754	3,147,708	2,407,027	3,024,775	21,239	2,843,148	746,080	24,803,759	23,753,895

**HARMONY HOUSE LIMITED**  
(和諧之家有限公司)

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 MARCH 2022**

	Notes	Shelter LSG HK\$	Shelter Others HK\$	Project Moving Forward HK\$	Project HE@T HK\$	Project Smart Kids HK\$	Harmony Lane HK\$	@Harmony Space HK\$	Other Activities HK\$	2022 Total HK\$	2021 Total HK\$
<b>Expenses</b>											
Administrative expenses	9	95,227	25,319	239,324	135,650	150,274	-	198,622	38,912	883,328	717,634
Computer software		206,828	83	5,074	3,670	10,438	-	12,959	52,779	291,831	2,496
Depreciation of property, plant and equipment	12	-	1,452	24,183	8,964	369,194	6,750	329,944	26,341	766,828	240,104
Depreciation of right-of-use assets		-	-	235,704	-	30,324	-	281,422	-	547,450	253,080
Employee costs	6	9,716,719	890,215	2,391,420	2,088,462	2,021,623	-	1,544,024	809,158	19,461,621	19,042,501
Food and household supplies		10,725	-	-	-	-	-	-	-	10,725	22,903
Insurance		155,065	11,604	44,392	26,647	31,765	-	18,870	19,374	307,717	284,153
Interest expense on lease liabilities		-	-	6,432	-	828	-	33,638	-	40,898	20,208
Miscellaneous		14,080	20,897	3,438	3,155	27,264	155	10,586	6,508	86,083	70,918
Programmes		156,721	112,867	75,079	111,138	362,813	7,628	158,697	84,685	1,069,628	2,640,379
Publicity/publication		-	-	-	-	-	-	76,620	-	76,620	19,259
Rates		63,400	-	14,200	-	-	-	78,818	-	156,418	92,080
Staff training and development		4,339	42,508	5,210	-	-	-	1,670	37,335	91,062	118,016
Stores and equipment	10	421,906	197,331	74,164	7,296	10,647	776	87,621	90,493	890,234	901,927
Travelling		18,714	478	-	229	-	-	3,411	1,044	23,876	31,504
Utilities	11	231,460	-	29,088	21,816	9,605	-	6,246	21,816	320,031	251,797
Overhead costs recovery	21	-	-	-	-	-	-	-	(621,531)	(621,531)	(412,993)
		<u>11,095,184</u>	<u>1,302,754</u>	<u>3,147,708</u>	<u>2,407,027</u>	<u>3,024,775</u>	<u>15,309</u>	<u>2,843,148</u>	<u>566,914</u>	<u>24,402,819</u>	<u>24,295,966</u>
Net operating surplus/(deficit)		<u>215,844</u>	-	-	-	-	5,930	-	179,166	400,940	(542,071)
Auditor's remuneration											
(Surplus)/deficit of staff provident fund subvention from SWD										(54,000)	(50,000)
Surplus of shelter rent and rates reimbursed by SWD	14									(60,899)	137,646
Surplus of central item from SWD										(16,064)	(11,264)
Net surplus/(deficit) for the year	5									<u>269,977</u>	<u>(492,639)</u>



**HARMONY HOUSE LIMITED**  
(和諧之家有限公司)

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2022**

	Notes	2022 HK\$	2021 HK\$
<b>Non-current assets</b>			
Property, plant and equipment	12	1,842,159	124,174
Right-of-use assets	13	592,001	1,139,451
<b>Total non-current assets</b>		<u>2,434,160</u>	<u>1,263,625</u>
<b>Current assets</b>			
Utility deposits and prepayments		629,622	535,095
Other receivables		5,639,093	4,390,206
Cash and bank balances		11,551,436	13,023,219
<b>Total current assets</b>		<u>17,820,151</u>	<u>17,948,520</u>
<b>Total assets</b>		<u>20,254,311</u>	<u>19,212,145</u>
<b>Current liabilities</b>			
Accounts payable and accruals		1,559,636	1,607,013
Amount payable to Social Welfare Department	14	16,064	38,214
Lease liabilities	15	295,716	547,450
Staff provident fund balance	16	1,216,998	1,153,707
Donations for specific purposes	17	6,296,603	5,692,233
Cash advance from HKJC		2,736,064	3,207,022
Cash advance from BOCHK		1,456,905	1,976,346
Lotteries fund balance	18	1,427,053	1,395,997
Deferred income for capital grants	19	1,842,159	124,175
<b>Total current liabilities</b>		<u>16,847,198</u>	<u>15,742,157</u>
<b>Net current assets</b>		<u>972,953</u>	<u>2,206,363</u>
<b>Non-current liability</b>			
Lease liabilities	15	296,285	592,001
<b>Total liabilities</b>		<u>17,143,483</u>	<u>16,334,158</u>
<b>NET ASSETS</b>		<u>3,110,828</u>	<u>2,877,987</u>

**HARMONY HOUSE LIMITED**  
(和諧之家有限公司)

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2022**

	Notes	2022 HK\$	2021 HK\$
<b>Represented by:</b>			
Capital	22	354,911	354,911
Specific funds	23	464,239	501,375
Lump sum grant reserve	24	1,787,098	1,680,218
Accumulated funds	25	<u>504,580</u>	<u>341,483</u>
<b>TOTAL FUNDS</b>		<u><u>3,110,828</u></u>	<u><u>2,877,987</u></u>

On behalf of the directors

  
Ms. Koo Au Cheuk Ming Anna  
Director

  
Ms. Chan Ching Lan, Jean  
Director

**HARMONY HOUSE LIMITED**  
(和諧之家有限公司)

**STATEMENT OF CHANGES IN TOTAL FUNDS  
FOR THE YEAR ENDED 31 MARCH 2022**

	Capital HK\$	Specific funds HK\$	Lump sum grant reserve HK\$	Accumulated funds HK\$	Total HK\$
At 1 April 2020	354,911	528,699	2,164,236	350,104	3,397,950
Net deficit for the year	-	-	-	(492,639)	(492,639)
Transfers (note 24 & 25)	-	-	(484,018)	484,018	-
Fund utilised (note 23)	-	(27,324)	-	-	(27,324)
At 1 April 2021	354,911	501,375	1,680,218	341,483	2,877,987
Net surplus for the year	-	-	-	269,977	269,977
Transfers (note 24 & 25)	-	-	106,880	(106,880)	-
Fund utilised (note 23)	-	(37,136)	-	-	(37,136)
At 31 March 2022	<u>354,911</u>	<u>464,239</u>	<u>1,787,098</u>	<u>504,580</u>	<u>3,110,828</u>

**HARMONY HOUSE LIMITED**  
(和諧之家有限公司)

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 MARCH 2022**

	2022 HK\$	2021 HK\$
<b>Cash flows from operating activities</b>		
Net surplus/(deficit) for the year	269,977	(492,639)
Adjustments for:		
Depreciation of property, plant and equipment	766,828	240,104
Depreciation of right-of-use assets	547,450	253,080
Interest expense on lease liabilities	40,898	20,208
Gain on disposal of property, plant and equipment	(1)	-
Capital grants recognised as income	(766,828)	(240,104)
Interest income	(243)	(233)
<b>Operating profit/(loss) before working capital changes</b>	858,081	(219,584)
Increase in utility deposits and prepayments	(94,527)	(125,665)
Increase in other receivables	(1,248,887)	(210,438)
(Decrease)/increase in accounts payable and accruals	(47,377)	22,080
Increase in amount payable to Social Welfare Department	16,064	40,285
Increase/(decrease) in staff provident fund balance	63,291	(135,633)
Increase/(decrease) in donations for specific purposes	604,370	(91,586)
(Decrease)/increase in cash advance from HKJC	(470,958)	903,434
(Decrease)/increase in cash advance from BOCHK	(519,441)	1,976,346
Increase/(decrease) in lotteries fund balance	31,056	(505,931)
Decrease in staff development fund	(37,136)	(27,324)
<b>Net cash (used in)/from operating activities</b>	(845,464)	1,625,984
<b>Cash flows from investing activities</b>		
Purchases of property, plant and equipment	(2,484,812)	(65,929)
Interest received	243	233
<b>Net cash used in investing activities</b>	(2,484,569)	(65,696)
<b>Cash flows from financing activities</b>		
Capital grants received	2,484,812	65,929
Clawback by SWD	(38,214)	(123,289)
Repayment of principal portion of the lease liabilities	(547,450)	(253,080)
Interest paid on lease liabilities	(40,898)	(20,208)
<b>Net cash from/(used in) financing activities</b>	1,858,250	(330,648)

**HARMONY HOUSE LIMITED**  
(和諧之家有限公司)

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 MARCH 2022**

	2022 HK\$	2021 HK\$
Net (decrease)/increase in cash and cash equivalents	(1,471,783)	1,229,640
Cash and cash equivalents at beginning of year	<u>13,023,219</u>	<u>11,793,579</u>
Cash and cash equivalents at end of year	<u>11,551,436</u>	<u>13,023,219</u>
Analysis of cash and cash equivalents:		
Cash available on demand	<u>11,551,436</u>	<u>13,023,219</u>

**HARMONY HOUSE LIMITED**  
**(和諧之家有限公司)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 MARCH 2022**

**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 principal activity of the Company is to provide comprehensive services to individuals and families affected by domestic violence including a rent free shelter for abused women and children. Over the years, we have expanded our work to include therapeutic and preventative services that aim to help domestic violence victims of all genders and races with the goal of promoting harmonious family relationships. In addition, our activities also include community education, school outreach, crisis intervention, case counselling, supportive group therapy, hotline services and advocacy for policies and legislations. 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 2021**

The HKICPA has issued a number of new or amended HKFRSs that are first effective for the current accounting period of the Company.

Amendments to HKAS 39, HKFRS 4, Interest Rate Benchmark Reform - Phase 2  
HKFRS 7, HKFRS 9 and HKFRS 16

Amendments to HKFRS 16                      Covid-19-Related Rent Concessions beyond  
30 June 2021

None of these new or amended HKFRSs has a material impact on the Company’s results and financial position for the current or prior period. The Company has not early applied any new and amended HKFRSs that is not yet effective for the current accounting period.

**HARMONY HOUSE LIMITED**  
(和諧之家有限公司)

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 MARCH 2022**

**2. 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 adopted by the Company.

Amendments to HKAS 16	Proceeds before Intended Use <sup>1</sup>
Amendments to HKFRS 1, HKFRS 9, HKFRS 16 and HKAS 41	Annual Improvements to HKFRS Standards 2018-2020 <sup>1</sup>
Annual Improvements to HKFRSs 2018-2020 Cycle	Amendments to HKFRS 9, Financial Instruments <sup>1</sup>
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies <sup>2</sup>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current <sup>2</sup>
HK Interpretation 5 (2020)	Presentation of Financial Statements - Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2022

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2023

The Company is in the process of making an assessment of the potential impact of these new/revised HKFRSs and the directors so far concluded that the application of these new/revised HKFRSs 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.

**HARMONY HOUSE LIMITED**  
(和諧之家有限公司)

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 MARCH 2022**

**3. BASIS OF PREPARATION - Continued**

**(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.

**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.



**HARMONY HOUSE LIMITED**  
(和諧之家有限公司)

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 MARCH 2022**

**4. SIGNIFICANT ACCOUNTING POLICIES - Continued**

**(a) Property, plant and equipment - Continued**

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.

**(b) Leases**

All 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 assets and lease liabilities for low value assets and leases for which at the commencement date have a lease term less than 12 months. The lease payments associated with those leases have been expensed on straight-line basis over the lease term.

**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.

**HARMONY HOUSE LIMITED**  
(和諧之家有限公司)

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 MARCH 2022**

**4. SIGNIFICANT ACCOUNTING POLICIES - Continued**

**(b) Leases - Continued**

**Right-of-use asset - Continued**

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.

The right-of-use asset arising from the properties under tenancy agreements are carried at depreciated cost.

**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, or to reflect revised in-substance fixed lease payments.

**HARMONY HOUSE LIMITED**  
(和諧之家有限公司)

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 MARCH 2022**

**4. SIGNIFICANT ACCOUNTING POLICIES - Continued**

**(b) Leases - Continued**

**Lease liability - Continued**

When the Company revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted using a revised discount rate. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised, except the discount rate remains unchanged. In both cases, an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term. If the carrying amount of the right-of-use asset is adjusted to zero, any further reduction is recognised in profit or loss.

When the Company renegotiates the contractual terms of a lease with the lessor, if the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional rights-of-use obtained, the modification is accounted for as a separate lease, in all other cases, where the renegotiated increases the scope of the lease (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount. If the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial or full termination of the lease with any difference recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date and the right-of-use asset is adjusted by the same amount.

**(c) 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.

**HARMONY HOUSE LIMITED**  
**(和諧之家有限公司)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 MARCH 2022**

**4. SIGNIFICANT ACCOUNTING POLICIES - Continued**

**(c) Financial Instruments - Continued**

**(i) Financial assets - Continued**

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.

Debt instruments

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.

**(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.

**HARMONY HOUSE LIMITED**  
(和諧之家有限公司)

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 MARCH 2022**

**4. SIGNIFICANT ACCOUNTING POLICIES - Continued**

**(c) Financial Instruments - Continued**

**(ii) Impairment loss on financial assets - Continued**

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.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

The Company considers a financial asset to be credit-impaired when:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or being more than 150 days past due;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

**HARMONY HOUSE LIMITED**  
(和諧之家有限公司)

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 MARCH 2022**

**4. SIGNIFICANT ACCOUNTING POLICIES - Continued**

**(c) Financial Instruments - Continued**

**(ii) Impairment loss on financial assets - Continued**

The Company recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

The Company writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

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. Financial liabilities at amortised costs are initially measured at fair value, net of directly attributable costs 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.

**HARMONY HOUSE LIMITED**  
**(和諧之家有限公司)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 MARCH 2022**

**4. SIGNIFICANT ACCOUNTING POLICIES - Continued**

**(c) Financial Instruments - Continued**

**(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.

**(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.

**(d) 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.

**HARMONY HOUSE LIMITED**  
**(和諧之家有限公司)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 MARCH 2022**

**4. SIGNIFICANT ACCOUNTING POLICIES - Continued**

**(e) 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.

**(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.

**(f) 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.



**HARMONY HOUSE LIMITED**  
**(和諧之家有限公司)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 MARCH 2022**

**4. SIGNIFICANT ACCOUNTING POLICIES - Continued**

**(f) Impairment of non-financial assets - Continued**

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.

**(g) 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.

**HARMONY HOUSE LIMITED**  
(和諧之家有限公司)

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 MARCH 2022**

**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.

**HARMONY HOUSE LIMITED**  
(和諧之家有限公司)

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 MARCH 2022**

**5. NET SURPLUS/(DEFICIT) FOR THE YEAR**

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

	2022 HK\$	2021 HK\$
Employee costs (note 6)	19,461,621	19,042,501
Depreciation charge		
- Property, plant and equipment (note 12)	766,828	240,104
- Right-of-use assets (note 13)	547,450	253,080
	<u>19,461,621</u>	<u>19,042,501</u>

**6. EMPLOYEE COSTS**

	2022 HK\$	2021 HK\$
Employee costs comprise:		
Wages and salaries	18,313,544	17,592,633
Contributions to defined contributions retirement plan	1,148,077	1,449,868
	<u>19,461,621</u>	<u>19,042,501</u>

**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:

	2022 HK\$	2021 HK\$
Fees	-	-
Other emoluments	-	-
	<u>-</u>	<u>-</u>

**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 (2021: Nil).

**HARMONY HOUSE LIMITED**  
(和諧之家有限公司)

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 MARCH 2022**

**9. ADMINISTRATIVE EXPENSES**

	Shelter LSG HK\$	Shelter Others HK\$	Project Moving Forward HK\$	Project HE@T HK\$	Project Smart Kids HK\$	Harmony Lane HK\$	Project 40 Min @Harmony Space HK\$	Other Activities HK\$	2022 Total HK\$	2021 Total HK\$
Admin support cost	-	-	214,574	114,194	126,456	-	166,307	-	621,531	412,993
Audit fees	3,840	-	-	-	-	-	10,500	1,760	16,100	25,600
Bank charges	7,058	-	240	-	-	-	300	11,399	18,997	17,828
Recruitment	38,251	1,934	1,351	4,414	-	-	8,432	4,904	59,286	37,696
Secretarial service fee	16,240	-	-	-	-	-	-	4,060	20,300	13,700
Communication expense	29,838	23,385	23,159	17,042	23,818	-	13,083	16,789	147,114	209,817
	95,227	25,319	239,324	135,650	150,274	-	198,622	38,912	883,328	717,634

**HARMONY HOUSE LIMITED**  
(和諧之家有限公司)

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 MARCH 2022**

**10. STORES AND EQUIPMENT**

	Shelter LSG HK\$	Shelter Others HK\$	Project Moving Forward HK\$	Project HE@T HK\$	Project Smart Kids HK\$	Harmony Lane HK\$	Project 40 Min @Harmony Space HK\$	Other Activities HK\$	2022 Total HK\$	2021 Total HK\$
Cleaning charges and materials	164,396	27,428	22,273	-	-	776	-	39,554	254,427	254,910
Furniture and equipment										
(Minor purchase)	9,904	11,043	-	-	-	-	77,674	2,355	100,976	94,705
Newspapers and periodicals	3,310	-	2,880	-	-	-	-	-	6,190	6,994
Printing and stationery	17,976	-	12,865	5,826	10,647	-	9,947	1,660	58,921	41,106
Repairs and maintenance	217,260	18,860	27,025	1,470	-	-	-	33,932	298,547	293,334
Safety and security equipment	9,060	-	7,070	-	-	-	-	9,915	26,045	19,470
Security service	-	-	2,051	-	-	-	-	3,077	5,128	5,128
Business system upgrade	-	140,000	-	-	-	-	-	-	140,000	186,280
	421,906	197,331	74,164	7,296	10,647	776	87,621	90,493	890,234	901,927

NOTES TO THE FINANCIAL STATEMENTS  
31 MARCH 2022

11. UTILITIES

	Shelter LSG HK\$	Shelter Others HK\$	Project Moving Forward HK\$	Project HE@T HK\$	Project Smart Kids HK\$	Harmony Lane HK\$	Project 40 Min @Harmony Space HK\$	Other Activities HK\$	2022 Total HK\$	2021 Total HK\$
Electricity	191,419	-	29,009	21,756	7,867	-	6,246	21,756	278,053	193,161
Gas	33,552	-	-	-	-	-	-	-	33,552	36,272
Water and Sewage charges	6,489	-	79	60	1,738	-	-	60	8,426	22,364
	231,460	-	29,088	21,816	9,605	-	6,246	21,816	320,031	251,797

**HARMONY HOUSE LIMITED**  
(和諧之家有限公司)

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 MARCH 2022**

**12. PROPERTY, PLANT AND EQUIPMENT**

	Motor vehicle HK\$	Furniture and equipment HK\$	Leasehold improvement HK\$	Total HK\$
<b>Cost</b>				
At 1 April 2021	776,902	1,257,876	13,436,959	15,471,737
Additions	1,131,795	433,620	919,397	2,484,812
Disposals	(776,902)	(46,505)	-	(823,407)
At 31 March 2022	<u>1,131,795</u>	<u>1,644,991</u>	<u>14,356,356</u>	<u>17,133,142</u>
<b>Accumulated depreciation</b>				
At 1 April 2021	776,902	1,133,702	13,436,959	15,347,563
Depreciation	282,949	177,413	306,466	766,828
Eliminated on disposal	(776,902)	(46,506)	-	(823,408)
At 31 March 2022	<u>282,949</u>	<u>1,264,609</u>	<u>13,743,425</u>	<u>15,290,983</u>
<b>Net book value</b>				
At 31 March 2022	<u>848,846</u>	<u>380,382</u>	<u>612,931</u>	<u>1,842,159</u>
	Motor vehicle HK\$	Furniture and equipment HK\$	Leasehold improvement HK\$	Total HK\$
<b>Cost</b>				
At 1 April 2020	776,902	1,349,420	13,436,959	15,563,281
Additions	-	65,929	-	65,929
Disposals	-	(157,473)	-	(157,473)
At 31 March 2021	<u>776,902</u>	<u>1,257,876</u>	<u>13,436,959</u>	<u>15,471,737</u>
<b>Accumulated depreciation</b>				
At 1 April 2020	776,902	1,211,105	13,276,925	15,264,932
Depreciation	-	80,070	160,034	240,104
Eliminated on disposal	-	(157,473)	-	(157,473)
At 31 March 2021	<u>776,902</u>	<u>1,133,702</u>	<u>13,436,959</u>	<u>15,347,563</u>
<b>Net book value</b>				
At 31 March 2021	<u>-</u>	<u>124,174</u>	<u>-</u>	<u>124,174</u>

**HARMONY HOUSE LIMITED**  
(和諧之家有限公司)

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 MARCH 2022**

**13. RIGHT-OF-USE ASSETS**

	Land and buildings HK\$
<b>Cost</b>	
At 1 April 2021	1,636,459
Additions	-
At 31 March 2022	<u>1,636,459</u>
<b>Accumulated depreciation</b>	
At 1 April 2021	497,008
Charge for the year	<u>547,450</u>
At 31 March 2022	<u>1,044,458</u>
<b>Net book value</b>	
At 31 March 2022	<u>592,001</u>
	Land and buildings HK\$
<b>Cost</b>	
At 1 April 2020	763,036
Additions	<u>873,423</u>
At 31 March 2021	<u>1,636,459</u>
<b>Accumulated depreciation</b>	
At 1 April 2020	243,928
Charge for the year	<u>253,080</u>
At 31 March 2021	<u>497,008</u>
<b>Net book value</b>	
At 31 March 2021	<u>1,139,451</u>



**HARMONY HOUSE LIMITED**  
(和諧之家有限公司)

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 MARCH 2022**

**14. AMOUNT PAYABLE TO SOCIAL WELFARE DEPARTMENT**

	2022 HK\$	2021 HK\$
At 1 April	38,214	121,218
(Claw back)/back payment of rent and rates for prior years	(11,264)	2,071
Rent and rates		
- Subsidy received for the year	79,464	79,464
- Rent and rates paid for the year	(63,400)	(68,200)
Central item (special allowance)		
- Claw back surplus in prior year	(26,950)	(123,289)
- Special allowance received for the year	-	151,800
- Expenses paid for the year	-	(124,850)
	<u>16,064</u>	<u>38,214</u>
At 31 March		

**15. LEASE LIABILITIES**

	Land and Buildings HK\$
At 1 April 2020	519,108
Addition	873,423
Interest expense	20,208
Lease payments	<u>(273,288)</u>
At 31 March 2021 and 1 April 2021	1,139,451
Addition	-
Interest expense	40,898
Lease payments	<u>(588,348)</u>
At 31 March 2022	<u>592,001</u>

**HARMONY HOUSE LIMITED**  
(和諧之家有限公司)

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 MARCH 2022**

**15. LEASE LIABILITIES - Continued**

Future lease payments are due as follows:

	Minimum lease payments HK\$	Interest HK\$	Present Value HK\$
<b>At 31 March 2022</b>			
Not later than one year	318,600	(22,884)	295,716
Later than one year and not later than five years	304,040	(7,755)	296,285
	<u>622,640</u>	<u>(30,639)</u>	<u>592,001</u>
<b>At 31 March 2021</b>			
Not later than one year	588,349	(40,899)	547,450
Later than one year and not later than five years	622,640	(30,639)	592,001
	<u>1,210,989</u>	<u>(71,538)</u>	<u>1,139,451</u>

The present value of future lease payments are analysed as:

	2022 HK\$	2021 HK\$
Current liabilities	295,716	547,450
Non-current liabilities	<u>296,285</u>	<u>592,001</u>
	<u>592,001</u>	<u>1,139,451</u>

**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 and above of service respectively. The contribution rate is reviewed on an annual basis.

**HARMONY HOUSE LIMITED**  
(和諧之家有限公司)

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 MARCH 2022**

**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 expenditures have been incurred.

**18. LOTTERIES FUND BALANCE**

		2022 HK\$	2021 HK\$
Furniture and Equipment Replenishment and Minor Works Block Grant Reserve	(i)	1,262,118	1,128,798
IT projects and non-IT projects Social Welfare Development Fund (phase III)	(ii)	99,112	217,721
Wi-Fi project	(iii)	65,823	49,478
		<u>1,427,053</u>	<u>1,395,997</u>

- (i) The amount represents the Block Grant allocations from the Social Welfare Department for the use of furniture and equipment replenishment and minor works.

Movement of the grant is as follows:

	2022 HK\$	2021 HK\$
Balance as at 1 April	1,128,798	959,773
Block grant received during the year	169,000	169,000
Interest received	31	25
	<u>1,297,829</u>	<u>1,128,798</u>
Less: Expenditure during the year:		
Furniture and equipment	(16,851)	-
Minor works projects	(18,860)	-
	<u>(35,711)</u>	<u>-</u>
Balance as at 31 March	<u>1,262,118</u>	<u>1,128,798</u>

As at 31 March 2022, there is no capital commitment in respect of furniture and equipment replenishment and minor works (2021: Nil).

**HARMONY HOUSE LIMITED**  
(和諧之家有限公司)

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 MARCH 2022**

**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.

Movement of the grant (phase III) is as follows:

	2022 HK\$	2021 HK\$
Balance as at 1 April	217,721	835,055
Allocation received during the year	57,540	-
Interest received	1	11
	<u>275,262</u>	<u>835,066</u>
Less: Expenditure during the year:		
Training and professional development program	(57,150)	(79,007)
Service studies	-	(380,000)
IT Business System Upgrading	<u>(119,000)</u>	<u>(158,338)</u>
Balance as at 31 March	<u>99,112</u>	<u>217,721</u>

As at 31 March 2022, there is no capital commitment in respect of IT projects and non IT projects (2021: Nil).

- (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:

	2022 HK\$	2021 HK\$
Balance as at 1 April	49,478	107,100
Allocation received during the year	39,600	39,600
Interest received	1	2
	<u>89,079</u>	<u>146,702</u>
Less: Expenditure during the year:		
Technical set-up and installation cost	-	(90,034)
Operating expenses	<u>(23,256)</u>	<u>(7,190)</u>
Balance as at 31 March	<u>65,823</u>	<u>49,478</u>

As at 31 March 2022, there is no capital commitment in respect of Wi-Fi project (2021: Nil).

**HARMONY HOUSE LIMITED**  
(和諧之家有限公司)

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 MARCH 2022**

**19. DEFERRED INCOME FOR CAPITAL GRANTS**

	2022 HK\$	2021 HK\$
At 1 April	124,175	298,350
Capital grant	2,484,812	65,929
Recognised as income	<u>(766,828)</u>	<u>(240,104)</u>
At 31 March	<u>1,842,159</u>	<u>124,175</u>

**20. CAPITAL COMMITMENTS**

	2022 HK\$	2021 HK\$
Commitments for the acquisition of: Motor Vehicle	<u>-</u>	<u>1,094,084</u>
	<u>-</u>	<u>1,094,084</u>

**21. OVERHEADS COSTS RECOVERY**

A portion of the Company's overhead costs are covered by certain funders, which amounted to HK\$621,531 (2021: HK\$412,993).

**22. 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 2022

23. SPECIFIC FUNDS

	Community education fund HK\$	Capital development fund HK\$	Service development fund HK\$	Building maintenance/ renovation fund HK\$	Staff development fund HK\$	Total HK\$
At 1 April 2020	100,000	62,356	100,000	121,162	145,181	528,699
Utilised during the year	-	-	-	-	(27,324)	(27,324)
At 31 March 2021	100,000	62,356	100,000	121,162	117,857	501,375
Utilised during the year	-	-	-	-	(37,136)	(37,136)
At 31 March 2022	100,000	62,356	100,000	121,162	80,721	464,239

**HARMONY HOUSE LIMITED**  
(和諧之家有限公司)

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 MARCH 2022**

**23. 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

**24. 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.

	2022 HK\$	2021 HK\$
At 1 April	1,680,218	2,164,236
Transferred from/(to) accumulated funds (note 25)	<u>106,880</u>	<u>(484,018)</u>
At 31 March	<u><u>1,787,098</u></u>	<u><u>1,680,218</u></u>

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.

**HARMONY HOUSE LIMITED**  
(和諧之家有限公司)

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 MARCH 2022**

**25. ACCUMULATED FUNDS**

	HK\$
At 1 April 2020	350,104
Net deficit for the year	(492,639)
Transfer from lump sum grant reserve (note 24)	<u>484,018</u>
At 31 March 2021	341,483
Net surplus for the year	269,977
Transfer to lump sum grant reserve (note 24)	<u>(106,880)</u>
At 31 March 2022	<u><u>504,580</u></u>

**26. SUMMARY OF FINANCIAL ASSETS AND LIABILITIES BY CATEGORY**

The carrying amounts of each of the categories of financial instruments as at 31 March 2022 and 31 March 2021 are as follows:

	2022 HK\$	2021 HK\$
<b>Financial assets</b>		
Financial assets measured at mortised cost:		
- Utility deposits	311,495	310,055
- Other receivables	5,639,093	4,390,206
- Cash and bank balances	<u>11,551,436</u>	<u>13,023,219</u>
	<u><u>17,502,024</u></u>	<u><u>17,723,480</u></u>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost:		
- Accounts payable and accruals	252,747	299,986
- Amount payable to Social Welfare Department	16,064	38,214
- Lease liabilities	295,716	547,450
- Staff provident fund balance	1,216,998	1,153,707
- Donations for specific purposes	6,296,603	5,692,233
- Cash advance from HKJC	2,736,064	3,207,022
- Cash advance from BOCHK	1,456,905	1,976,346
- Lotteries fund balance	<u>1,427,053</u>	<u>1,395,997</u>
	<u><u>13,698,150</u></u>	<u><u>14,310,955</u></u>



**HARMONY HOUSE LIMITED**  
(和諧之家有限公司)

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 MARCH 2022**

**27. 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\$13,698,150 (2021: HK\$14,310,955) 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.

**28. APPROVAL OF FINANCIAL STATEMENTS**

The financial statements were approved and authorised for issue by the directors on 23 September 2022.