

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

HARMONY HOUSE LIMITED
(和諧之家有限公司)

Review Report and Annual Financial Report
For the year ended 31 March 2017

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

We have audited the financial statements of the Charity for the year ended 31 March 2017 and have issued an unqualified auditors' report thereon dated 13 October 2017.

We conducted our review of the attached Annual Financial Report on pages 1 to 9 of the Charity for the year ended 31 March 2017 in accordance with Practice Note 851 "Review of the Annual Financial Reports of Non-governmental Organisations" issued by the Hong Kong Institute of Certified Public Accountants. The review includes considering the procedures and records relevant to the preparation of the Annual Financial Report and performing procedures to satisfy ourselves that the Annual Financial Report has been properly prepared from the books and records of the Charity, on which the above audited financial statements of the Charity are based.

Review conclusions

On the basis of the results of our review and having regard to the audit procedures performed by us in relation to the audit of the financial statements of the Charity for the year ended 31 March 2017:

- a. in our opinion the Annual Financial Report has been properly prepared from the books and records of the Charity; and
- b. no matters have come to our attention during the course of our review, which cause us to believe that the Charity has not:
 - i. properly accounted for the receipt of Lump Sum Grant, Provident Fund, Special One-off Grant and other social welfare subventions and expenditure in respect of Funding and Services Agreement activities and support services;
 - ii. kept separate Operating Income and Expenditure Account for each subvented service unit as required by the Lump Sum Grant Manual (LSG Manual) published by the Social Welfare Department of the Government of the HKSAR;
 - iii. prepared the Annual Financial Report in accordance with the format and requirements set out in the LSG Manual; and
 - iv. employed the staff quoted in the Special One-off Grant and Provident Fund arrangements during the year ended 31 March 2017.

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

BDO Limited



Hong Kong, 13 October 2017

ANNUAL FINANCIAL REPORT

NGO: Harmony House Limited (246)

1 APRIL 2016 to 31 MARCH 2017

	Notes	2016-17 \$	2015-16 \$
A. INCOME			
1. Lump Sum Grant			
a. Lump Sum Grant (excluding Provident Fund)	1b	7,501,214.00	6,859,374.00
b. Provident Fund	1c	464,756.00	423,886.00
2. Special One-off Grant		-	-
3. Fee Income	2	-	-
4. Central Items	3	-	-
5. Rent and Rates	4	74,664.00	75,024.00
6. Other Income	5	23,151.00	24,844.00
7. Interest Received		50.11	40.88
TOTAL INCOME		<u>8,063,835.11</u>	<u>7,383,168.88</u>
B. EXPENDITURE			
1. Personal Emoluments			
a. Salaries		6,117,645.97	6,147,910.54
b. Provident Fund	1c	352,108.96	365,351.62
c. Allowances		-	-
Sub-total	6	<u>6,469,754.93</u>	<u>6,513,262.16</u>
2. Other Charges	7	891,554.94	882,627.77
3. Central Items	3	-	-
4. Rent and Rates	4	80,000.00	74,800.00
5. Special One-off Grant Payments	7a	-	-
TOTAL EXPENDITURE		<u>7,441,309.87</u>	<u>7,470,689.93</u>
C. SURPLUS/(DEFICIT) FOR THE YEAR	8	<u>622,525.24</u>	<u>(87,521.05)</u>

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

SIGNATURE



CHAIRPERSON

DATE: 13 OCT 2017

SIGNATURE



EXECUTIVE DIRECTOR

DATE: 13 OCT 2017

NOTES ON THE ANNUAL FINANCIAL REPORT

1. Lump Sum Grant

a. Basis of preparation

The Annual Financial Report (AFR) is prepared in respect of all Funding and Service Agreement (FSA) activities (including support services to FSA activities) funded by the Social Welfare Department under the Lump Sum Grant Subvention System. AFR is prepared **on cash basis**, that is, income is recognised upon receipt of cash and expenditure is recognised when expenses are paid. **Non-cash items** such as depreciation, provisions and accruals **have not been included** in the AFR.

b. Lump Sum Grant (excluding Provident Fund)

This represents LSG (excluding Provident Fund) received for the year.

c. Provident Fund

This is Provident Fund received and contributed during the year. Snapshot staff are defined as those staff occupying recognised or holding against subvented posts as at 1 April 2000. 6.8% and other posts represent those staff that are employed after 1 April 2000.

The Provident Fund received and contributed for staff under the Central Items have been shown under 3.

Details are analysed below :

<u>Provident Fund Contribution</u>	<u>Snapshot Staff</u> \$	<u>6.8% and Other Posts</u> \$	<u>Total</u> \$
Subvention Received	21,722.00	443,034.00	464,756.00
Provident Fund Contribution			
Paid during the Year	(23,779.42)	(328,329.54)	(352,108.96)
Surplus/ (Deficit) for the Year	(2,057.42)	114,704.46	112,647.04
Add : Surplus/(Deficit) b/f	(102.13)	825,603.25	825,501.12
Additional subvention received for the previous year(s)	-	-	-
Less : Refund to Government	-	-	-
Surplus/(Deficit) c/f	(2,159.55)	940,307.71	938,148.16

2. Fee Income

This represents social welfare fee income received for the year in respect of the fees and charges recognised for the purpose of subvention as set out in the LSG Manual.

3. Central Items

These are subvented service activities which are not included in LSG and are subject to their own procedures as set out in other SWD's papers and correspondence with the NGOs. The Provident Fund received and contributed for staff under the Central Items have been separately included as part of the income and expenditure of the relevant items (paragraph 3.14 of the LSG Manual (October 2016)). The income and expenditure of each of the Central Items are as follows:

	2016-17 \$	2015-16 \$
a. <u>Income</u>		
Dementia Supplement for Elderly with Disabilities	-	-
Infirmity Care Supplement for the Aged Blind Persons	-	-
Dementia Supplement for Residential Elderly Services	-	-
Infirmity Care Supplement for Residential Elderly Services	-	-
Dementia Supplement for Day Care Centres/units for the Elderly	-	-
Foster Care Allowance/Emergency Foster Care Allowance	-	-
After School Care Programme	-	-
Temporary Financial Aid	-	-
Emergency Fund	-	-
Time-defined Subsidy Scheme for Extended Hours Service Users	-	-
Training Subsidy under Training Scheme for Child Care Supervisors and Special Child Care Workers in Pre-school Rehabilitation Services	-	-
Short-term Rental Assistance	-	-
Allowances for Specific Services Arising from the Implementation of the Minimum Wage Ordinance (Overnight On-site-on-call Allowance)	-	-
Neighbourhood Support Child Care Project (NSCCP) – Contract Subsidy	-	-
NSCCP- Subsidy for Fee Reduction/waiving	-	-
NSCCP – Rent and Rates	-	-
Training Sponsorship Scheme for Master in Occupational Therapy and Physiotherapy programmes	-	-
Training Subsidy Programme for Children on the Waiting List for Subvented Pre-school Rehabilitation Services	-	-
Financial Incentive Scheme for Mentors of Employees with Disabilities	-	-
Cash Subsidy for Integrated Support Services for Persons with Severe Physical Disabilities	-	-
Time-defined Subsidy Scheme for Occasional Child Care Service	-	-
Enhanced After School Care Programme	-	-
Navigation Scheme for Young Persons in Care Services – Operating Expenses	-	-
Navigation Scheme for Young Persons in Care Services – Training Cost	-	-
Total	<u>-</u>	<u>-</u>

	2016-17 \$	2015-16 \$
b. Expenditure		
Dementia Supplement for Elderly with Disabilities	-	-
Infirmity Care Supplement for the Aged Blind Persons	-	-
Dementia Supplement for Residential Elderly Services	-	-
Infirmity Care Supplement for Residential Elderly Services	-	-
Dementia Supplement for Day Care Centres/units for the Elderly	-	-
Foster Care Allowance/Emergency Foster Care Allowance	-	-
After School Care Programme	-	-
Temporary Financial Aid	-	-
Emergency Fund	-	-
Time-defined Subsidy Scheme for Extended Hours Service Users	-	-
Training Subsidy under Training Scheme for Child Care Supervisors and Special Child Care Workers in Pre-school Rehabilitation Services	-	-
Short-term Rental Assistance	-	-
Allowances for Specific Services Arising from the Implementation of the Minimum Wage Ordinance (Overnight On-site-on-call Allowance)	-	-
Neighbourhood Support Child Care Project (NSCCP) – Contract Subsidy	-	-
NSCCP- Subsidy for Fee Reduction/waiving	-	-
NSCCP – Rent and Rates	-	-
Training Sponsorship Scheme for Master in Occupational Therapy and Physiotherapy programmes	-	-
Training Subsidy Programme for Children on the Waiting List for Subvented Pre-school Rehabilitation Services	-	-
Financial Incentive Scheme for Mentors of Employees with Disabilities	-	-
Cash Subsidy for Integrated Support Services for Persons with Severe Physical Disabilities	-	-
Time-defined Subsidy Scheme for Occasional Child Care Service	-	-
Enhanced After School Care Programme	-	-
Navigation Scheme for Young Persons in Care Services – Operating Expenses	-	-
Navigation Scheme for Young Persons in Care Services – Training Cost	-	-
Total	<u>-</u>	<u>-</u>

4. **Rent and Rates** This represents the amount paid by SWD in respect of premises recognised by SWD. Expenditure on rent and rates in respect of premises not recognised by SWD have not been included in AFR.

5. **Other Income** This includes programme income and all income other than recognised social welfare fee income received during the year. Non-SWD subventions and donations received have not been included as Other Income in AFR. In this respect, donations have been included if it is used to finance expenditure reflected in the AFR.

The breakdown on Other Income (paragraph 2.29 of LSG Manual (October 2016) is as follows:

	2016-17	2015-16
	\$	\$
Other Income		
(a) Fees and charges for services incidental to the operation of subvented services	-	-
(b) Others	23,151.00	24,844.00
Total	23,151.00	24,844.00

6. **Personal Emoluments** Personal Emoluments include salary, provident fund and salary-related allowances.

The analysis on number of posts with annual Personal Emoluments over \$700,000 each paid under LSG is appended below:

Analysis of Personal Emoluments paid under LSG	No of Posts	\$
HK\$700,001 - HK\$800,000 p.a.	-	-
HK\$800,001 - HK\$900,000 p.a.	-	-
HK\$900,001 - HK\$1,000,000 p.a.	1	947,166.43
HK\$1,000,001 - HK\$1,100,000 p.a.	-	-
HK\$1,100,001 - HK\$1,200,000 p.a.	-	-
>HK\$1,200,000 p.a.	-	-

7. Other Charges

The breakdown on Other Charges is as follows:

	2016-17	2015-16
	\$	\$
Other Charges		
(a) Utilities	263,309.84	270,922.09
(b) Food	5,459.30	19,729.80
(c) Administrative Expenses	114,039.83	102,118.28
(d) Stores and Equipment	91,729.95	91,723.89
(e) Repair and Maintenance	142,054.63	116,073.57
(f) Special Allowances	-	-
(g) Programme Expenses	114,773.66	118,636.80
(h) Transportation and Travelling	23,665.80	27,535.70
(i) Insurance	118,852.23	116,503.84
(j) Miscellaneous	17,669.70	19,383.80
Total	891,554.94	882,627.77

7a. Special One-off Grant Payments

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

	2016-17	2015-16
Special one-off Grant Payments	\$	\$
(a) Voluntary Retirement Scheme	-	-
(b) Compensation Scheme	-	-
(c) Staff Training and Development	-	-
(d) Other Staff-related Initiatives	-	-
Total	<u>-</u>	<u>-</u>

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

	Analysis of Reserve Fund				
	Lump Sum Grant (LSG)	Special One-off Grant (SOG)	Rent and Rates	Central Items	Total
	\$	\$	\$	\$	\$
Income					
Lump Sum Grant	7,965,970.00	-	-	-	7,965,970.00
Special One-off Grant	-	-	-	-	-
Fee Income	-	-	-	-	-
Other Income	23,151.00	-	-	-	23,151.00
Interest Received (Note (1))	50.11	-	-	-	50.11
Rent and Rates	-	-	74,664.00	-	74,664.00
Central Items	-	-	-	-	-
Total Income (a)	7,989,171.11	-	74,664.00	-	8,063,835.11
Expenditure					
Personal Emoluments	6,469,754.93	-	-	-	6,469,754.93
Other Charges	891,554.94	-	-	-	891,554.94
Rent and Rates	-	-	80,000.00	-	80,000.00
Central Items	-	-	-	-	-
Special One-off Grant Payments	-	-	-	-	-
Total Expenditure (b)	7,361,309.87	-	80,000.00	-	7,441,309.87
Surplus/(Deficit) for the Year (a) - (b)	627,861.24	-	(5,336.00)	-	622,525.24
Less : Surplus/(Deficit) of Provident Fund	112,647.04	-	-	-	112,647.04
	515,214.20	-	(5,336.00)	-	509,878.20
Surplus/(Deficit) b/f (Note (2))	1,587,552.62	-	(21,998.00)	-	1,565,554.62
	2,102,766.82	-	(27,334.00)	-	2,075,432.82
Less : Refund to Government	-	-	-	-	-
Transfer from LSG Reserve to cover the salary adjustment for Dementia Supplement and Infirmary Care Supplementary (Note (3))	-	-	-	-	-
Surplus/(Deficit) c/f (Note (4))	2,102,766.82	-	(27,334.00)	-	2,075,432.82

Notes:

- (1) Interest received on LSG and Provident Fund reserves, rent and rates, central items, Special One-off Grant are included as one item under LSG; and the item is considered as part of LSG reserve.
- (2) Accumulated balance Lump Sum Grant Surplus b/f from previous years (including holding account) and all interest received in previous years should be included in the surplus b/f under LSG.
- (3) Amount of LSG Reserve used to cover the salary adjustment for Dementia Supplement and Infirmary Care Supplement, if any, as per Schedule of Central Items.
- (4) The level of LSG cumulative reserve (i.e.\$2,102,766.82), less LSG Reserve kept in the holding account, will be capped at 25% of the NGO's **operating expenditure** (excluding Provident Fund expenditure) for the year.

Schedule for Investment
Analysis of Investment as at 31 March 2017

NGO: Harmony House Limited (246)

	2016-2017	2015-2016
	\$	\$
LSG Reserve as at 31 March	<u>2,102,766.82</u>	<u>1,587,552.62</u>
Represented by:		
Investments		
a. HKD Bank Account Balances	2,102,766.82	1,587,552.62
b. HKD 24-hour Call Deposits	-	-
c. HKD Fixed Deposits	-	-
d. HKD Certificate of Deposits	-	-
e. HKD Bonds	-	-
	<u>2,102,766.82</u>	<u>1,587,552.62</u>

Note: The investments should be reported at historical cost.

Confirmed by:-



Chairperson

Date: 13 OCT 2017



Executive Director

Date: 13 OCT 2017

Schedule for Rent and Rates**Analysis of Subvention and Expenditure for the period from 1 April 2016 to 31 March 2017****NGO: Harmony House Limited (246)**

Unit Code and Name	Subvented Element	Subvention Released (Note 1)	Actual Expenditure	Surplus (Note 2)	Deficit (Note 2)
		\$	\$	\$	\$
Unit 5965	Rent (Note 3)	-	-	0.00	0.00
Refuge for Women	Rates	-	-	0.00	0.00
(Old shelter)	Total	-	-	0.00	0.00
Unit 5965	Rent (Note 3)	-	-	0.00	0.00
Refuge for Women	Rates	74,664.00	80,000.00	0.00	(5,336.00)
(New shelter)	Total	74,664.00	80,000.00	0.00	(5,336.00)
	Grand Total	74,664.00	80,000.00	0.00	(5,336.00)

Notes :

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

