

核數師報告書 Auditor's Report

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 for the year ended 31 March 2015.

PRINCIPAL ACTIVITY

The principal activity of the Company is to provide a rent-free shelter for women who are victims of violence. Other activities include community education, batterers treatment, crisis intervention, neighbourhood programme and resource station. The shelter premises are provided by the Government of the Hong Kong Special Administrative Region.

RESULTS

The results of the Company for the year ended 31 March 2015 and the state of the Company's affairs as at that date are set out in the financial statements on pages 5 to 31.

DIRECTORS

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

Ms. Wong Hing Chun

Dr. Caroline Chan So Tuen

Mrs. Anna Koo Au Cheuk Ming

Dr. Kam Chak Wah

Prof. Ng Man Lun

Ms. Yu Po Kwan

Dr. Huen Kwai Fun

Mr. Alexander Leung Hong Shun

Mrs. Crosbie-Walsh Penny Soh Peng

(Appointed on 5 June 2015)

In accordance with Article 42 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

Dr. Caroline Chan So Tuen

Mrs. Anna Koo Au Cheuk Ming

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

Mrs. Crosbie-Walsh Penny Soh Peng

HARMONY HOUSE LIMITED
(和譜之家有限公司)

DIRECTORS' REPORT

MATERIAL INTERESTS OF DIRECTORS 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 had a material interest, whether directly or indirectly, were entered into or subsisted during the financial year.

ARRANGEMENTS TO PURCHASE SHARES OF 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 Board

Chairperson

Hong Kong, 25 OCT 2015

BDO

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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)

We have audited the financial statements of Harmony House Limited ("the Company") set out on pages 5 to 30, which comprise the balance sheet as at 31 March 2015, and the income and expenditure statement, the statement of changes in total funds and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility 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 Hong Kong Institute of Certified Public Accountants ("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.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF HARMONY HOUSE LIMITED
(和譜之家有限公司)**

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 March 2015 and of its financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

BDO Limited
Certified Public Accountants
Law Fung Ha
Practising Certificate Number P03958

Hong Kong, 9 OCT 2015

HARMONY HOUSE LIMITED
(和譜之家有限公司)
INCOME AND EXPENDITURE STATEMENT
FOR THE YEAR ENDED 31 MARCH 2015

	Notes	Shelter LSG HK\$	Shelter Others HK\$	JC Community Project Grant HK\$	Harmony Lane HK\$	Horticultural Therapy Project HK\$	Better Mom Neighborhood Network HK\$	Nurturing Heart Domestic Violence Prevention HK\$	Teen Teen love to Respect HK\$	Other Activities HK\$	2015 Total HK\$	2014 Total HK\$
Income												
Allocation from the Community Chest ("CC")- baseline		-	767,209	-	-	-	-	-	-	135,991	903,200	876,800
Allocation from the CC-time limited project		-	-	-	-	-	922,264	538,685	-	-	1,460,949	2,113,502
Donation from the Hong Kong Jockey Club Charities Trust("JC")		-	-	1,990,700	-	-	-	-	-	-	1,990,700	1,990,700
Donations		-	156,697	-	123,751	-	-	-	10,256	382,068	672,772	775,544
Utilisation of the Lotteries Fund		-	195,944	-	-	-	-	-	-	-	195,944	194,123
Interest income		37	-	2,474	-	-	-	-	3	4,211	6,725	5,587
Subvention from Social Welfare Department		7,035,464	-	223,596	-	-	-	-	-	-	7,259,060	6,328,771
Quality Education Fund ("QEF")(May 2013 - April 2016)		-	-	-	-	-	-	-	980,732	-	980,732	980,736
Fu Tak lam Foundation Limited (April 2014 - March 2017)		-	-	-	-	158,058	-	-	-	-	158,058	-
Hong Kong Bank ("HKB") Foundation		-	-	-	230,953	-	-	-	-	-	230,953	664,536
Partnership fund for the disadvantage ("PFD")		-	-	-	102,088	-	-	-	-	-	102,088	553,780
Other income		27,526	47,230	-	67,209	-	-	-	20,300	206,821	369,086	411,624
Deferred income brought forward		-	-	-	-	-	-	-	278,413	110,095	388,508	76,180
Deferred income carried forward		-	-	-214,602	-	-	-	-	(358,097)	-	(572,699)	(1,609,752)
Accrued income		-	-	-	494,668	221,638	-	-	-	-	716,306	293,715
Fund for accrued expenses		-	-	-	-	-	(736,765)	(282,780)	-	-	(1,019,545)	(350,530)
Fund for acquisition of fixed asset		-	-	(31,696)	-	-	-	-	(9,568)	-	(41,264)	(6,058)
		7,063,027	1,167,080	1,970,472	1,018,669	379,696	185,499	255,905	922,039	839,186	13,801,573	13,299,258
Deferred income for capital grants	17	-	61,332	7,924	-	-	-	4,603	3,907	60,644	138,410	702,126
		7,063,027	1,228,412	1,978,396	1,018,669	379,696	185,499	260,508	925,946	899,830	13,939,983	14,001,384

HARMONY HOUSE LIMITED
(和譜之家有限公司)
INCOME AND EXPENDITURE STATEMENT
FOR THE YEAR ENDED 31 MARCH 2015

Notes	Shelter LSG HK\$	Shelter Others HK\$	JC Community Project Grant HK\$	Harmony Lane HK\$	Recovery & Empowerment in Harmony Garden Project HK\$	Better Mom Neighborhood Network HK\$	Nurturing Heart Domestic Violence Prevention HK\$	Teen Teen love to Respect HK\$	Other Activities HK\$	2015 Total HK\$	2014 Total HK\$	
Expenses												
Administrative expenses	9	94,826	24,960	114,648	24,471	6,851	-	7,934	9,918	30,844	314,452	307,659
Computer software		4,870	192,000	300	240	60	-	-	-	300	197,770	113,341
Depreciation		-	61,332	7,924	-	-	-	4,603	3,907	61,895	139,661	612,203
Food for clients		24,673	-	-	-	-	-	-	-	-	24,673	520
Insurance		100,976	12,454	23,923	21,923	5,399	1,784	6,252	9,426	2,726	184,863	157,368
Building management fee		-	-	-	-	-	-	-	-	-	-	67,260
Miscellaneous expenses	10	17,161	14,944	518	1,916	-	-	-	9,669	43,765	87,973	36,776
Personnel emoluments	6	5,472,852	733,482	1,440,620	646,745	315,456	128,462	210,679	715,503	384,745	10,048,544	10,039,336
Programmes		107,375	148,198	85,258	170,109	38,872	54,984	14,412	172,272	131,191	922,671	985,216
Publicity / publication		490	-	6,390	50,690	-	-	16,126	1,580	88,142	163,418	246,010
Rent and rates		73,200	-	223,596	27,936	-	-	-	-	-	324,732	329,763
Staff training and development		-	9,540	-	-	-	-	-	-	10,993	20,533	16,322
Stores and equipment	11	313,103	1,790	50,591	43,806	12,782	154	212	1,562	81,097	505,097	335,665
Travelling		31,940	512	2,968	6,099	276	115	290	2,109	1,022	45,331	35,915
Utilities	12	294,937	-	21,660	5,385	-	-	-	-	32,491	354,473	360,379
		6,536,403	1,199,212	1,978,396	999,320	379,696	185,499	260,508	925,946	869,211	13,334,191	13,643,733
Net operating surplus		526,624	29,200	-	19,349	-	-	-	-	30,619	605,792	357,651
Surplus of Provident Fund											(35,200)	(35,200)
Deficit of rent and rates											(97,533)	(97,089)
Surplus transferred from											1,200	14,492
- provision for annual leave											80,012	19,855
- provision for long service payment											(36,908)	12,262
- Social / recreational fund											(4,409)	(14,000)
Net surplus for the year	5										512,954	257,971

HARMONY HOUSE LIMITED
(和譜之家有限公司)
BALANCE SHEET
AS AT 31 MARCH 2015

	Notes	2015 HK\$	2014 HK\$
Assets			
Non-current asset			
Property, plant and equipment	13	240,892	140,039
Current assets			
Utility deposits and prepayments		294,959	230,984
Other receivables		1,872,842	2,184,279
Cash and bank balances		11,562,702	10,807,864
Total current assets		<u>13,730,503</u>	<u>13,223,127</u>
Total assets		<u>13,971,395</u>	<u>13,363,166</u>
Liabilities			
Current Liabilities			
Accounts payable and accruals		1,526,706	1,710,227
Amount due to Social Welfare Department	14	(22,222)	(18,302)
Surplus of staff provident fund		814,709	717,175
Donation for specific purposes	15	5,943,592	5,935,368
Research and survey fund		2,666	2,666
Cash advance from Jockey Club		1,221,488	1,006,886
Surplus of Lotteries Fund	16	803,687	848,884
Deferred income for capital grants	17	240,893	138,789
Total liabilities		<u>10,531,519</u>	<u>10,341,693</u>
TOTAL NET ASSETS		<u>3,439,876</u>	<u>3,021,473</u>
Representing by:			
Capital	18	354,911	354,911
Specific funds	19	843,855	938,406
Lump sum grant reserve	20	1,733,832	1,331,702
Accumulated funds	21	507,278	396,454
TOTAL FUNDS		<u>3,439,876</u>	<u>3,021,473</u>

On behalf of the Board

Director

Director

HARMONY HOUSE LIMITED
(和譜之家有限公司)
STATEMENT OF CHANGES IN TOTAL FUNDS
FOR THE YEAR ENDED 31 MARCH 2015

	Capital HK\$	Specific funds HK\$	Lump sum grant reserve HK\$	Accumulated funds HK\$	Total HK\$
At 1 April 2013	354,911	1,025,827	1,203,082	267,103	2,850,923
Net surplus for the year	-	-	-	257,971	257,971
Transfers (note 20)	-	-	128,620	(128,620)	-
Transferred from surplus	-	14,000	-	-	14,000
Fund utilised during the year (note 19)	-	(101,421)	-	-	(101,421)
At 1 April 2014	354,911	938,406	1,331,702	396,454	3,021,473
Net surplus for the year	-	-	-	512,954	512,954
Transfers (note 20)	-	-	402,130	(402,130)	-
Transferred from surplus	-	4,409	-	-	4,409
Fund utilised during the years (note 19)	-	(98,960)	-	-	(98,960)
At 31 March 2015	354,911	843,855	1,733,832	507,278	3,439,876

HARMONY HOUSE LIMITED
(和譜之家有限公司)
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2015

	2015 HK\$	2014 HK\$
Cash flows from operating activities		
Net surplus for the year	512,954	257,971
Adjustments for:		
Depreciation of property, plant and equipment	139,661	612,203
Capital grants recognised as income	(138,410)	(702,126)
Interest income	(6,722)	(5,587)
	<hr/>	<hr/>
Operating profit before working capital changes	507,483	162,461
Increase in utility deposits and prepayments	(63,975)	(12,147)
Decrease in other receivables	311,437	36,411
Decrease in accounts payable and accruals	(183,521)	(99,276)
Increase in amount due to Social Welfare Department	(3,920)	(14,492)
Increase in surplus of staff provident fund	97,534	97,089
Increase in donation for specific purposes	8,224	723,330
Increase in cash advance from Jockey Club	214,602	599,322
(Decrease)/increase in Surplus of Lotteries Fund	(45,197)	32,381
Decrease in capotal development fund	(7,644)	-
Decrease in building maintenance/renovation fund	(33,893)	-
Decrease in staff merit fund	(53,014)	(90,878)
Increase in social / recreational fund	-	3,457
	<hr/>	<hr/>
Net cash flows from operating activities	748,116	1,437,658
	<hr/>	<hr/>
Investing activities		
Purchases of property, plant and equipment	(240,514)	(97,428)
Interest received	6,722	5,587
	<hr/>	<hr/>
Net cash flows used in investing activities	(233,792)	(91,841)
	<hr/>	<hr/>
Financing activity		
Capital grants received	240,514	97,428
	<hr/>	<hr/>
Net cash flows from financing activity	240,514	97,428
	<hr/>	<hr/>
Net increase in cash and cash equivalents	754,838	1,443,245
Cash and cash equivalents at beginning of year	10,807,864	9,364,619
	<hr/>	<hr/>
Cash and cash equivalents at end of year	11,562,702	10,807,864
	<hr/>	<hr/>
Analysis of cash and cash equivalents companies:		
Cash available on demand	11,562,702	10,807,864
	<hr/>	<hr/>

HARMONY HOUSE LIMITED
(和諧之家有限公司)
NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2015

1. LEGAL STATUS AND OPERATIONS

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 Memorandum and 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 ten members.

The Company is a charitable organisation and provides a rent-free shelter for women 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 HKFRs-effective 1 April 2014

Amendments to HKFRS 7	Offsetting Financial Assets and Financial Liabilities
HK (IFRIC) 21	Levies

The adoption of these amendments has no material impact on the Company's financial statements.

(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.

HKFRSs (Amendments)	Annual improvements 2010-2012 Cycle ¹
HKFRSs (Amendments)	Annual improvements 2011-2013 Cycle ²
HKFRSs (Amendments)	Annual improvements 2012-2014 Cycle ³
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation ³
Amendments to HKAS 19 (2011)	Defined Benefit Plans: Employee Contributions ²
HKFRS 9 (2014)	Financial Instruments ⁴

¹ Effective for annual periods beginning, or transactions occurring, on or after 1 July 2014

² Effective for annual periods beginning on or after 1 July 2014

³ Effective for annual periods beginning on or after 1 January 2016

⁴ Effective for annual periods beginning on or after 1 January 2018

HARMONY HOUSE LIMITED
(和譜之家有限公司)
NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2015

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

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

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.

(c) New Companies Ordinance provisions relating to the preparation of financial statements

The provisions of the new Companies Ordinance, Cap. 622, in relation to the preparation of financial statements apply to the company in this financial year.

The directors consider that there is no impact on the Company's financial position or performance, however the new Companies Ordinance, Cap. 622, impacts on the presentation and disclosures in the 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 Hong Kong Companies Ordinance which concern 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 same as the functional currency of the Company.

as an expenses in the income and expenditure statement during the financial period in which they are incurred.

HARMONY HOUSE LIMITED
(和諧之家有限公司)
NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2015

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 the income and expenditure statement 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 deprecation 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.

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 the income and expenditure statement on disposal.

Capital grants and donations received for the purchase of property, plant and equipment are recorded as deferred income in the balance sheet and amortised in the income and expenditure statement over the useful life of the relevant assets.

(b) Leasing

Leases that do not transfer substantially all the risks and rewards of ownership to the Company are classified as operating leases. The total rentals payable under the operating leases are recognised to the income and expenditure statement 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.

HARMONY HOUSE LIMITED
(和譜之家有限公司)
NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2015

4. SIGNIFICANT ACCOUNTING POLICIES - Continued

(c) Financial Instruments

(i) Financial assets

The Company classifies its financial assets as loans and receivables, which are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are mainly cash and bank balances and also incorporate other types of contractual monetary assets. Loans and receivables are initially measured at fair value plus transaction costs that are directly attributable to the acquisition of the financial assets. Subsequent to initial recognition, they are carried at amortised cost using the effective interest method, less any identified impairment losses.

(ii) Impairment loss on financial assets

The Company assesses, at the end of each reporting period, whether there is any objective evidence that a financial asset is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset that can be reliably estimated. Evidence of impairment may include:

- significant financial difficulty of the counterpart;
- a breach of contract, such as a default or delinquency in interest or principal payments; and
- it becoming probable that the counterparty will enter bankruptcy or other financial reorganisation.

An impairment loss is recognised in the income and expenditure statement when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. The carrying amount of financial asset is reduced through the use of an allowance account. When any part of a financial asset is determined as uncollectible, it is written off against the allowance account for the relevant financial asset.

HARMONY HOUSE LIMITED
(和譜之家有限公司)
NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2015

4. SIGNIFICANT ACCOUNTING POLICIES - Continued

(c) Financial Instruments - Continued

(iii) Financial liabilities

The Company classifies its financial liabilities as financial liabilities at amortised cost including trade and other payables and other financial liabilities which are initially recognised at fair value, net of directly attributable costs incurred. They are subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in income and expenditure statement.

Gains or losses are recognised in income and expenditure statement when the liabilities are derecognised as well as through the amortisation process.

(iv) 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 HKAS 39 "Financial Instrument: Recognition and Measurement".

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

HARMONY HOUSE LIMITED
(和譜之家有限公司)
NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2015

4. SIGNIFICANT ACCOUNTING POLICIES - Continued

(d) Revenue recognition

Government grants received are credited to the income and expenditure statement as other income except for those amounts received for the purchase of property, plant and equipment, which are recorded as deferred income in the balance sheet and amortised over the useful life of the asset.

Subvention from Social Welfare Department and allocations and grants from other charitable organizations 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.

(e) Employee benefits

(i) Defined contribution retirement plan

Contributions to defined contribution retirement plan are recognised as an expense in the income and expenditure statement when the services are rendered by the employees.

(ii) Employee entitlements

Employee entitlements to annual leave and long service payment are recognised when they accrue to the employees. A provision is made for the estimated liability for annual leave and long service payment as a result of services rendered by employees up to the balance sheet date.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(iii) Termination benefits

Termination benefits are recognised when, and only when, the Company demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

HARMONY HOUSE LIMITED
(和譜之家有限公司)
NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2015

4. SIGNIFICANT ACCOUNTING POLICIES - Continued

(f) Impairment of other 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.

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.

(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
(和譜之家有限公司)
NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2015

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 or the Company's parent.

(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 (or of a parent of the entity).

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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5. NET SURPLUS FOR THE YEAR

Net surplus for the year is stated after charging:

	2015 HK\$	2014 HK\$
Staff costs (note 6)	10,048,544	10,039,336
Depreciation of property, plant and equipment	139,661	612,203
Auditor's remuneration	35,200	35,200
Operating lease expenses	324,732	329,763
	<hr/>	<hr/>

6. STAFF COSTS

	2015 HK\$	2014 HK\$
Staff costs (including directors) comprise:		
Wages and salaries	9,497,565	9,497,304
Contributions to defined contributions retirement plan	550,979	542,032
	<hr/>	<hr/>
	10,048,544	10,039,336
	<hr/>	<hr/>

7. INCOME TAX EXPENSES

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 of a public character.

8. DIRECTORS' EMOLUMENTS

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

	2015 HK\$	2014 HK\$
For the year ended 31 March 2015		
Fees	-	-
Other emoluments	-	-
	<hr/>	<hr/>
Total emoluments	-	-
	<hr/>	<hr/>

HARMONY HOUSE LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
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9. ADMINISTRATIVE EXPENSES

	Shelter LSG HK\$	Shelter Others HK\$	JC Community Project Grant HK\$	Harmony Lane HK\$	Recovery & Empowerment in Harmony Garden Project HK\$	Better Mom Neighborhood Network HK\$	Nurturing Heart Domestic Violence Prevention HK\$	Teen Teen love to Respect HK\$	Other Activities HK\$	2015 Total HK\$	2014 Total HK\$
Auditor's remuneration	2,400	-	12,500	5,500	-	-	-	-	600	21,000	3,000
Bank charges	3,856	-	150	-	-	-	-	280	688	4,974	4,710
Postage	1,551	-	970	-	-	-	-	3,639	480	6,640	4,349
Telephone and facsimile	53,588	24,960	13,980	14,661	-	-	-	-	25,085	132,274	102,120
Medical expenses	2,230	-	600	760	830	-	-	830	230	5,480	4,570
Secretarial service fee	3,200	-	-	-	-	-	-	-	800	4,000	5,750
Recruitment	28,001	-	1,761	3,550	6,021	-	-	5,169	1,761	46,263	58,549
IEPS Charges	-	-	-	-	-	-	-	-	1,200	1,200	1,200
Admin cost sharing	-	-	84,687	-	-	-	7,934	-	-	92,621	123,411
	94,826	24,960	114,648	24,471	6,851	-	7,934	9,918	30,844	314,452	307,659

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NOTES TO THE FINANCIAL STATEMENTS
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10. MISCELLANEOUS EXPENSES

	Shelter LSG HK\$	Shelter Others HK\$	JC Community Project Grant HK\$	Harmony Lane HK\$	Recovery & Empowerment in Harmony Garden Project HK\$	Better Mom Neighborhood Network HK\$	Nurturing Heart Domestic Violence Prevention HK\$	Teen Teen love to Respect HK\$	Other Activities HK\$	2015 Total HK\$	2014 Total HK\$
Board retreat	5,126	-	-	-	-	-	-	-	1,282	6,408	-
Staff retreat	-	10,402	-	-	-	-	-	-	4,261	14,663	10,153
Membership fee	4,600	-	-	-	-	-	-	-	-	4,600	4,400
Sundry expenses	7,435	4,542	518	1,916	-	-	-	9,669	38,222	62,302	22,223
	17,161	14,944	518	1,916	-	-	-	9,669	43,765	87,973	36,776

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11. STORES AND EQUIPMENT

	Shelter LSG HK\$	Shelter Others HK\$	JC Community Project Grant HK\$	Harmony Lane HK\$	Recovery & Empowerment in Harmony Garden Project HK\$	Better Mom Neighborhood Network HK\$	Nurturing Heart Domestic Violence Prevention HK\$	Teen Teen love to Respect HK\$	Other Activities HK\$	2015 Total HK\$	2014 Total HK\$
Cleaning charges and materials	46,711	-	19,151	5,932	-	-	-	-	18,201	89,995	92,736
Furniture and equipment	94,586	1,490	-	-	12,692	-	-	-	6,982	115,750	18,558
Newspapers and periodicals	5,866	-	2,072	-	-	-	-	-	139	8,077	8,519
Printing and stationery	23,358	-	11,797	24,794	90	154	212	1,562	9,009	70,976	58,619
Repairs and maintenance	135,502	300	3,500	1,800	-	-	-	-	25,660	166,762	120,809
Recurrent plant and tools	-	-	-	-	-	-	-	-	-	-	8,817
Safety and security equipment	7,080	-	3,072	-	-	-	-	-	4,608	14,760	16,264
Security service	-	-	10,999	-	-	-	-	-	16,498	27,497	11,343
Toys and books for children	-	-	-	11,280	-	-	-	-	-	11,280	-
	313,103	1,790	50,591	43,806	12,782	154	212	1,562	81,097	505,097	335,665

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NOTES TO THE FINANCIAL STATEMENTS
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12. UTILITIES

	Shelter LSG HK\$	Shelter Others HK\$	JC Community Project Grant HK\$	Harmony Lane HK\$	Recovery & Empowerment in Harmony Garden Project HK\$	Better Mom Neighborhood Network HK\$	Nurturing Heart Domestic Violence Prevention HK\$	Teen Teen love to Respect HK\$	Other Activities HK\$	2015 Total HK\$	2014 Total HK\$
Electricity	190,084	-	21,554	5,385	-	-	-	-	32,331	249,354	231,643
Gas	61,388	-	-	-	-	-	-	-	-	61,388	85,471
Water and Sewage charge	43,465	-	106	-	-	-	-	-	160	43,731	43,265
	294,937	-	21,660	5,385	-	-	-	-	32,491	354,473	360,379

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NOTES TO THE FINANCIAL STATEMENTS
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13. PROPERTY, PLANT AND EQUIPMENT

	Motor vehicle HK\$	Furniture and equipment HK\$	Leasehold improvement HK\$	Total HK\$
Cost				
At 1 April 2014	776,902	1,365,271	14,322,790	16,464,963
Additions	-	199,314	41,200	240,514
Disposals	-	(31,700)	-	(31,700)
At 31 March 2015	776,902	1,532,885	14,363,990	16,673,777
Accumulated depreciation				
At 1 April 2014	776,902	1,240,813	14,307,209	16,324,924
Depreciation	-	110,344	29,317	139,661
Eliminated on disposals	-	(31,700)	-	(31,700)
At 31 March 2015	776,902	1,319,457	14,336,526	16,432,885
Net book value				
At 31 March 2015	-	213,428	27,464	240,892

	Motor vehicle HK\$	Furniture and equipment HK\$	Leasehold improvement HK\$	Total HK\$
Cost				
At 1 April 2013	776,902	1,336,461	14,322,790	16,436,153
Additions	-	97,428	-	97,428
Disposals	-	(68,618)	-	(68,618)
At 31 March 2014	776,902	1,365,271	14,322,790	16,464,963
Accumulated depreciation				
At 1 April 2013	776,902	1,234,320	13,770,117	15,781,339
Depreciation	-	75,111	537,092	612,203
Eliminated on disposals	-	(68,618)	-	(68,618)
At 31 March 2014	776,902	1,240,813	14,307,209	16,324,924
Net book value				
At 31 March 2014	-	124,458	15,581	140,039

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NOTES TO THE FINANCIAL STATEMENTS
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13. 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".

The cost of property, plant and equipment includes an amount of HK\$2,554,434 (2014: HK\$2,554,434) sponsored by Hong Kong Jockey Club Charities Trust.

14. AMOUNT DUE TO SOCIAL WELFARE DEPARTMENT

	2015 HK\$	2014 HK\$
At 1 April	(18,302)	(3,810)
Grant received for rent and rates for the year	72,000	130,663
Rent and rates for the year	(73,200)	(150,555)
Grant received from social welfare department in respect of previous years	(2,720)	5,400
At 31 March	<u>(22,222)</u>	<u>(18,302)</u>

15. DONATIONS FOR SPECIFIC PURPOSES

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

16. SURPLUS OF LOTTERIES FUND

		2015 HK\$	2014 HK\$
Furniture and Equipment Replenishment and Works			
Block Grant Reserve	(i)	468,859	476,665
IT projects and non-IT projects Social Welfare			
Development Fund (phase I)	(ii)(a)	125,796	279,625
IT projects and non-IT projects Social Welfare			
Development Fund (phase II)	(ii)(b)	209,032	92,594
		<u>803,687</u>	<u>848,884</u>

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NOTES TO THE FINANCIAL STATEMENTS
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16. SURPLUS OF LOTTERIES FUND - Continued

- (i) The amount represents the Block Grant allocations from the Social Welfare Department for the use of Furniture and Equipment ("F&E") Replenishment and Minor Works.

Movement of the grants is as follows:

	2015 HK\$	2014 HK\$
Surplus as at 1 April	476,665	385,665
Block grant received during the year	103,000	91,000
	<u>579,665</u>	<u>476,665</u>
Less: Expenditure during the year: Purchase of furniture and equipment	(110,806)	-
	<u>(110,806)</u>	<u>-</u>
Surplus as at 31 March	<u>468,859</u>	<u>476,665</u>

As at 31 March 2015, there is no capital commitment in respect of F&E Replenishment and Minor Works.

- (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 grants (phase I) is as follows:

	2015 HK\$	2014 HK\$
Surplus as at 1 April	279,625	430,838
Interest from Block Grant	1	4
	<u>279,626</u>	<u>430,842</u>
Less: Expenditure during the year:		
Development of software	(101,500)	(64,000)
Research	(52,330)	(87,217)
	<u>(153,830)</u>	<u>(151,217)</u>
Surplus as at 31 March	<u>125,796</u>	<u>279,625</u>

HARMONY HOUSE LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2015

16. SURPLUS OF LOTTERIES FUND - Continued

(b) Movement of the grants (phase II) is as follows:

	2015 HK\$	2014 HK\$
Surplus as at 1 April	92,594	-
Allocation received during the year	158,250	135,500
Interest from Block Grant	2	-
	<hr/> 250,846	<hr/> 135,500
Less: Expenditure during the year:		
Non-IT system upgrading project	(21,216)	(35,530)
Trainings	(20,598)	(7,376)
	<hr/> (41,814)	<hr/> (42,906)
Surplus as at 31 March	<hr/> 209,032	<hr/> 92,594

17. DEFERRED INCOME FOR CAPITAL GRANTS

	2015 HK\$	2014 HK\$
At 1 April	138,789	743,487
Capital grant received	240,514	97,428
Recognised as income	(138,410)	(702,126)
At 31 March	<hr/> 240,893	<hr/> 138,789

18. CAPITAL

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

HARMONY HOUSE LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
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19. SPECIFIC FUNDS

	Community education fund HK\$	Capital development fund HK\$	Service development fund HK\$	Building maintenance / renovation fund HK\$	Social / renovation fund HK\$	Staff merit fund HK\$	Total HK\$
At 1 April 2013	100,000	70,000	100,000	289,155	16,603	450,069	1,025,827
Transferred from surplus	-	-	-	-	14,000	-	14,000
Utilised during the year	-	-	-	-	(10,543)	(90,878)	(101,421)
At 31 March 2014	100,000	70,000	100,000	289,155	20,060	359,191	938,406
Transferred from surplus	-	-	-	-	4,409	-	4,409
Utilised during the year	-	(7,644)	-	(33,893)	(4,409)	(53,014)	(98,960)
At 31 March 2015	100,000	62,356	100,000	255,262	20,060	306,177	843,855

HARMONY HOUSE LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2015

19. 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
Social / renovation fund	For enhance relationship between staffs in different locations
Staff merit fund	For staff merit and recognition

20. LUMP SUM GRANT RESERVE

	2015 HK\$	2014 HK\$
At 1 April	1,331,702	1,203,082
Transferred from accumulated funds (note 21)	402,130	128,620
At 31 March	<u>1,733,832</u>	<u>1,331,702</u>

The Best Practice Manual issued by the Social Welfare Department which was effect from 1 July 2014 requires the Company to, based on the actual circumstances and their development strategies, decide on their own how the lump sum grant reserve be utilized.

Lump sum grant reserve is utilized to support the operation of the shelter for women and children, enhance the service delivery and strengthen the supervisory support.

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21. ACCUMULATED FUND

	Accumulated funds HK\$
At 31 March 2013	267,103
Net surplus for the year	257,971
Transfer to lump sum grant reserve (note 20)	<u>(128,620)</u>
At 31 March 2014	396,454
Net surplus for the year	512,954
Transfer to lump sum grant reserve (note 20)	<u>(402,130)</u>
At 31 March 2015	<u>507,278</u>

22. FINANCIAL RISK MANAGEMENT

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

- Market risk (Interest rate risk)
- Liquidity risk
- Credit risk

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

(a) Market risk

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\$ 10,531,519 (2014: HK\$ 10,341,693) are due in less than one year.

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22. FINANCIAL RISK MANAGEMENT - Continued

(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 loan and receivables and bank balances. The Company has adopted a credit policy to monitor and mitigate credit risk arising from the counterparty. Credit limit is regularly reviewed. The Company assesses credit risk based on the counterparty's past due record, financial condition or credit rating.

All the bank balances are deposited with reputable banks, which have high international credit rating. It is considered unlikely that any of these banks will fail to meet their obligations.

The maximum exposure to credit risk on loan and receivable is the carrying amount of these assets as shown on the face of the balance sheet.

23. LEASES

The Company leases office premises under operating leases. The leases are subject to rent reviews every three years. The total future minimum lease payments are due as follows:

	2015 HK\$	2014 HK\$
Not later than one year	226,968	226,968
Later than one year and not later than five years	-	226,968
	<hr/> 226,968	<hr/> 453,936

24. APPROVAL OF FINANCIAL STATEMENTS

The financial statement were approved and authorised for issue by the Board of Directors on 9 OCT 2015