

# 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 2013.

#### 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 2013 and the state of the Company's affairs as at that date are set out in the financial statements on pages 5 to 29.

#### RESERVES

Details of the movements in surplus of the Company during the year are set out in note 21 to the financial statements.

#### FIXED ASSETS

Details of the movements in fixed assets of the Company are set out in note 13 to the financial statements.

#### DIRECTORS

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

Judge Wong Hing Chun  
Dr. Caroline Chan So Tuen  
Mrs. Anna Koo Au Cheuk Ming  
Mrs. Grace M. Atkinson  
Dr. Kam Chak Wah  
Prof. Ng Man Lun  
Ms. Yu Po Kwan  
Dr. Huen Kwai Fun  
Mr. Alexander Leung Hong Shun  
Ms. Angela Tsun On Kee

(resigned on 12 May 2012)

HARMONY HOUSE LIMITED  
(和諧之家有限公司)

DIRECTORS' REPORT

**DIRECTORS -Continued**

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:

Mrs. Grace M. Atkinson

Dr. Kam Chak Wah

Ms. Yu Po Kwan

**DIRECTORS' INTERESTS IN CONTRACTS**

No 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, subsisted at the end of the year or at any time during the 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

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Chairperson

Hong Kong, 12 September 2013

**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 29, which comprise the balance sheet as at 31 March 2013, and the income and expenditure statement, the statement of changes in total funds and the 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 141 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.

BDO Limited  
 香港立信德豪會計師事務所有限公司

BDO Limited, a Hong Kong limited company, is a member of BDO International Limited, a LK company limited by guarantee, and forms part of the International BDO network of independent member firms.

# BDO

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

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(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 state of affairs of the Company as at 31 March 2013 and of its surplus and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

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

Hong Kong, 12 September 2013

**HARMONY HOUSE LIMITED**  
(和譜之家有限公司)  
**INCOME AND EXPENDITURE STATEMENT**  
**FOR THE YEAR ENDED 31 MARCH 2013**

Notes	Shelter HK\$	JC Community Project Grant HK\$	Harmony Lane HK\$	Horticultural Therapy Project HK\$	Better Mom Neighborhood Network HK\$	Nurturing Heart Domestic Violence Prevention HK\$	Other Activities HK\$	2013 Total HK\$	2012 Total HK\$
<b>Income</b>									
Allocation from the Community Chest - baseline	593,013	-	-	-	-	-	340,827	933,840	907,810
Allocation from the Community Chest - time limited project	-	-	-	157,200	394,627	552,332	-	1,104,159	405,901
Donation from the Hong Kong Jockey Club Charities Trust	-	1,990,700	-	-	-	-	-	1,990,700	3,957,347
Donations	120,384	-	-	30,507	-	-	1,023,111	1,174,002	920,441
Utilisation of the Lotteries Fund	156,958	-	-	-	-	-	-	156,958	156,684
Interest income	25	2,715	5	-	-	-	4,259	7,004	1,101
Subvention from Social Welfare Department	5,960,802	-	-	-	-	-	179,993	6,140,795	5,771,279
Quality Education Fund (July 2010 - December 2012)	-	-	324,300	-	-	-	-	324,300	432,400
Hong Kong Bank ("HKB") Foundation	-	-	92,567	-	-	-	-	92,567	450,000
Partnership fund for the disadvantage ("PFD")	-	-	-	-	-	-	-	-	900,000
Other income	32,086	-	7,635	480	-	-	277,510	317,711	306,496
Remaining balance of Quality Education Fund (July 2010 – December 2012)	-	-	(37,311)	-	-	-	-	(37,311)	(19,791)
Remaining balance of Community Chest - baseline	-	-	-	-	-	-	(75,660)	(75,660)	(99,547)
Remaining balance of Community Chest - time limited project	-	-	-	350,531	449,483	276,657	-	1,076,671	817,787
Remaining balance of HKB Foundation	-	-	259,877	-	-	-	-	259,877	7,768
Remaining balance of JC	-	(407,564)	-	-	-	-	-	(407,564)	-
Remaining balance of Partnership fund for the disadvantage	-	-	135,587	-	-	-	-	135,587	(342,223)
Fund for acquisition of fixed asset (HKB)	-	-	(46,750)	-	-	-	-	(46,750)	(339,291)
Fund for acquisition of fixed asset (PFD)	-	-	-	-	-	-	-	-	(25,004)
Fund for acquisition of fixed asset (NHP)	-	-	-	-	-	(18,414)	-	(18,414)	-
	6,863,268	1,585,851	735,910	538,718	844,110	810,575	1,750,040	13,128,472	14,209,158
Deferred income for capital grants	17 641,516	-	132,288	-	-	4,604	28,461	806,869	969,999
	7,504,784	1,585,851	868,198	538,718	844,110	815,179	1,778,501	13,935,341	15,179,157

**HARMONY HOUSE LIMITED**  
(和譜之家有限公司)  
**INCOME AND EXPENDITURE STATEMENT**  
**FOR THE YEAR ENDED 31 MARCH 2013**

	Notes	Shelter HK\$	JC Community Project Grant HK\$	Harmony Lane HK\$	Horticultural Therapy Project HK\$	Better Mom Neighborhood Network HK\$	Nurturing Heart Domestic Violence Prevention HK\$	Other Activities HK\$	2013 Total HK\$	2012 Total HK\$
<b>Expenses</b>										
Administrative expenses	9	104,305	105,187	33,707	50	1,515	41,603	75,405	361,772	195,867
Computer software		64,808	1,152	105,000	-	144	486	24,857	196,447	104,320
Depreciation		484,276	-	132,288	-	-	4,604	33,600	654,768	479,854
Food for clients		26,645	-	-	-	-	-	-	26,645	19,729
Garden set-up		-	-	-	71,100	-	-	-	71,100	41,950
Insurance		102,055	20,951	17,163	7,630	13,137	13,194	20,789	194,919	184,824
Loss on disposal of furniture and equipment		585	-	-	-	-	-	-	585	-
Building management fee		125,640	-	-	-	-	-	-	125,640	120,240
Miscellaneous expenses	10	26,516	1,024	5,791	-	-	-	5,924	39,255	22,988
Personnel emoluments	6	5,562,027	1,304,479	425,477	353,744	673,610	662,453	1,038,090	10,019,880	10,951,374
Programmes		168,176	58,230	126,128	90,507	96,999	52,594	210,178	802,812	955,641
Publicity/publication		5,500	3,200	3,695	-	56,269	34,913	56,296	159,873	62,260
Rent and rates		73,510	29,667	11,880	-	-	-	179,993	295,050	299,670
Staff training and development		73,768	-	-	480	-	-	23,171	97,419	94,628
Stores and equipment	11	141,631	38,320	22,002	15,207	2,130	3,720	53,472	276,482	251,723
Travelling		23,857	1,977	940	-	306	1,612	5,188	33,880	51,350
Utilities	12	245,611	21,664	3,612	-	-	-	34,928	305,815	287,181
		<u>7,228,910</u>	<u>1,585,851</u>	<u>887,683</u>	<u>538,718</u>	<u>844,110</u>	<u>815,179</u>	<u>1,761,891</u>	<u>13,662,342</u>	<u>14,123,599</u>
Net operating surplus/(deficit)		275,874	-	(19,485)	-	-	-	16,610	272,999	1,055,558
Surplus of Provident Fund									(46,192)	(96,242)
Deficit of rent and rates									2,680	47,778
Surplus/(deficit) transferred from/(to):										
-provision for annual leave									2,189	(25,853)
-provision for long service payment									22,492	7,704
-Social/recreational fund										(20,000)
-Building maintenance / renovation fund										(188,330)
Net surplus for the year	5								<u>254,168</u>	<u>780,615</u>

**HARMONY HOUSE LIMITED**  
(和譜之家有限公司)  
**BALANCE SHEET**  
**AS AT 31 MARCH 2013**

	Notes	2013 HK\$	2012 HK\$
<b>Assets</b>			
<b>Non-current asset</b>			
Property, plant and equipment	13	654,814	775,579
<b>Current assets</b>			
Utility deposits and prepayments		218,837	303,449
Other receivables		2,220,690	5,026,663
Cash and bank balances		9,364,619	8,721,258
<b>Total current assets</b>		<u>11,804,146</u>	<u>14,051,370</u>
<b>Total assets</b>		<u>12,458,960</u>	<u>14,826,949</u>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Accounts payable and accruals		1,809,503	2,575,690
Amount due to Social Welfare Department	14	(3,810)	(48,908)
Surplus of staff provident fund		620,086	573,894
Donation for specific purposes	15	5,212,038	5,755,366
Research and survey fund		2,666	2,666
Cash advance from Jockey Club		407,564	1,591,378
Surplus of Lotteries Fund	16	816,503	704,991
Deferred income for capital grants	17	743,487	1,015,769
<b>Total liabilities</b>		<u>9,608,037</u>	<u>12,170,846</u>
<b>TOTAL NET ASSETS</b>		<u>2,850,923</u>	<u>2,656,103</u>
<b>Representing by:</b>			
Capital	18	354,911	354,911
Specific funds	19	1,025,827	1,085,175
Lump sum grant reserve	20	1,203,082	1,130,174
Accumulated funds	21	267,103	85,843
<b>TOTAL FUNDS</b>		<u>2,850,923</u>	<u>2,656,103</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 2013**

	Capital HK\$	Specific funds HK\$	Lump sum grant reserve HK\$	Accumulated funds/ (Accumulated losses) HK\$	Total HK\$
At 1 April 2011	354,911	1,156,540	757,526	(322,124)	1,946,853
Net surplus for the year	-	-	-	780,615	780,615
Transfers (note 20)	-	-	372,648	(372,648)	-
Transferred from surplus / (deficit) (note 19)	-	208,330	-	-	208,330
Fund utilised during the year (note 19)	-	(279,695)	-	-	(279,695)
At 1 April 2012	354,911	1,085,175	1,130,174	85,843	2,656,103
Net surplus for the year	-	-	-	254,168	254,168
Transfers (note 20)	-	-	72,908	(72,908)	-
Fund utilised during the year (note 19)	-	(59,348)	-	-	(59,348)
At 31 March 2013	354,911	1,025,827	1,203,082	267,103	2,850,923



**HARMONY HOUSE LIMITED**  
(和譜之家有限公司)  
**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31 MARCH 2013**

	<b>2013</b>	<b>2012</b>
	<b>HK\$</b>	<b>HK\$</b>
<b>Cash flows from operating activities</b>		
<b>Net surplus for the year</b>	254,168	780,615
<b>Adjustments for:</b>		
Depreciation of property, plant and equipment	654,768	479,854
Capital grants recognised as income	(806,869)	(969,999)
Interest income	(7,004)	(1,101)
Loss/(gain) on disposal of property, plant and equipment	585	(5,000)
	<hr/>	<hr/>
<b>Operating profit before working capital changes</b>	95,648	284,369
Decrease in utility deposits and prepayments	84,612	88,925
Decrease in other receivables	2,805,973	610,554
Decrease in accounts payable and accruals	(766,187)	(186,917)
Increase/(decrease) in amount due to Social Welfare Department	45,098	(58,416)
Increase in surplus of staff provident fund	46,192	96,242
(Decrease)/increase in donation for specific purposes	(543,328)	1,059,464
Decrease in amount due to Friends of HH trust fund	-	(250,000)
Decrease in cash advance from Jockey Club	(1,183,814)	-
Increase in surplus of lotteries fund	111,512	330,820
Decrease in staff merit fund	(49,318)	(33,683)
(Decrease)/increase in social/recreational fund	(10,030)	26,633
Decrease in building maintenance/renovation fund	-	(64,315)
	<hr/>	<hr/>
<b>Net cash flows from operating activities</b>	636,358	1,903,676
	<hr/>	<hr/>
<b>Investing activities</b>		
Purchases of property, plant and equipment	(534,588)	(407,845)
Proceed from sales of property, plant and equipment	-	5,000
Interest received	7,004	1,101
	<hr/>	<hr/>
<b>Net cash flows used in investing activities</b>	(527,584)	(401,744)
	<hr/>	<hr/>
<b>Financing activity</b>		
Capital grants received	534,587	675,492
	<hr/>	<hr/>
<b>Net cash flows from financing activity</b>	534,587	675,492
	<hr/>	<hr/>
<b>Net increase in cash and cash equivalents</b>	643,361	2,177,424
<b>Cash and cash equivalents at beginning of year</b>	8,721,258	6,543,834
	<hr/>	<hr/>
<b>Cash and cash equivalents at end of year</b>	9,364,619	8,721,258
	<hr/>	<hr/>
<b>Analysis of cash and cash equivalents companies:</b>		
Cash available on demand	9,364,619	8,721,258
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**HARMONY HOUSE LIMITED**  
**(和譜之家有限公司)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**31 MARCH 2013**

## 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 January 2012

Amendments to HKFRS 7

Disclosures - Transfers of Financial Assets

The adoption of these new/revised standards and interpretations has no significant impact on the Company's financial statements.

### (b) New/revised HKFRSs that have been issued but 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 2009-2011 Cycle <sup>2</sup>
Amendments to HKAS 1 (Revised)	Presentation of Items of Other Comprehensive Income <sup>1</sup>
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities <sup>3</sup>
Amendments to HKFRS 7	Offsetting Financial Assets and Financial Liabilities <sup>2</sup>
HKFRS 9	Financial Instruments <sup>4</sup>
HKFRS 13	Fair Value Measurement <sup>2</sup>
HKAS 19 (2011)	Employee Benefits <sup>2</sup>

<sup>1</sup>Effective for annual periods beginning on or after 1 July 2012

<sup>2</sup>Effective for annual periods beginning on or after 1 January 2013

<sup>3</sup>Effective for annual periods beginning on or after 1 January 2014

<sup>4</sup>Effective for annual periods beginning on or after 1 January 2015

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.

**HARMONY HOUSE LIMITED**  
**(和譜之家有限公司)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**31 MARCH 2013**

### 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 disclosure requirements of Hong Kong Companies Ordinance.

#### (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.

### 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 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 2013**

**4. SIGNIFICANT ACCOUNTING POLICIES - Continued**

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

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.

**(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:

**HARMONY HOUSE LIMITED**  
(和譜之家有限公司)  
**NOTES TO THE FINANCIAL STATEMENTS**  
**31 MARCH 2013**

**4. SIGNIFICANT ACCOUNTING POLICIES - Continued**

**(c) Financial Instruments - Continued**

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

- 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 a 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.

**(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**  
**(和諧之家有限公司)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**31 MARCH 2013**

**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 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.

**(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**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**31 MARCH 2013**

**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.

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**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:

	<b>2013 HK\$</b>	<b>2012 HK\$</b>
Staff costs (note 6)	10,019,880	10,951,374
Depreciation of property, plant and equipment	654,768	479,854
Loss/(gain) on disposal of property, plant and equipment	585	(5,000)
Auditor's remuneration	36,000	39,500
	<hr/>	<hr/>

**6. STAFF COSTS**

	<b>2013 HK\$</b>	<b>2012 HK\$</b>
Staff costs (including directors) comprise:		
Wages and salaries	9,462,224	10,416,493
Contributions to defined contributions retirement plan	557,656	534,881
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	10,019,880	10,951,374
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**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**

The aggregate amounts of the directors' emoluments, disclosed pursuant to Section 161 of the Companies Ordinance, are as follows:

	<b>2013 HK\$</b>	<b>2012 HK\$</b>
Fees	-	-
Other emoluments	-	-
	<hr/>	<hr/>
	-	-
	<hr/>	<hr/>

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**9. ADMINISTRATIVE EXPENSES**

	Shelter HK\$	JC Community Project Grant HK\$	Harmony Lane HK\$	Horticultural Therapy project HK\$	Better Mom Neighborhood Network HK\$	Nurturing Heart Domestic Violence Prevention HK\$	Other Activities HK\$	2013 Total HK\$	2012 Total HK\$
Auditor's remuneration	31,200	-	6,000	-	-	-	7,800	45,000	49,500
Bank charges	2,245	-	150	-	-	-	2,003	4,398	3,117
Postage	2,022	340	-	-	-	-	180	2,542	2,310
Telephone and facsimile	37,424	16,330	6,058	50	197	198	39,317	99,574	80,944
Medical expenses	1,050	1,470	-	-	210	210	420	3,360	3,990
Secretarial service fee	3,640	-	-	-	-	-	910	4,550	4,860
Recruitment	26,724	11,530	1,022	-	1,108	2,045	3,295	45,724	39,445
Vehicle Running expenses	-	-	20,477	-	-	-	280	20,757	9,951
IEPS Charges	-	-	-	-	-	-	1,200	1,200	1,750
Admin cost sharing	-	75,517	-	-	-	39,150	20,000	134,667	-
	104,305	105,187	33,707	50	1,515	41,603	75,405	361,772	195,867

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**10. MISCELLANEOUS EXPENSES**

	Shelter HK\$	JC Community Project Grant HK\$	Harmony Lane HK\$	Horticultural Therapy project HK\$	Better Mom Neighborhood Network HK\$	Nurturing Heart Domestic Violence Prevention HK\$	Other Activities HK\$	2013 Total HK\$	2012 Total HK\$
Board retreat	4,576	-	-	-	-	-	1,144	5,720	-
Staff retreat	8,874	-	-	-	-	-	2,218	11,092	-
Membership fee	4,550	-	-	-	-	-	-	4,550	4,500
Sundry expenses	8,516	1,024	5,791	-	-	-	2,562	17,893	18,488
	26,516	1,024	5,791	-	-	-	5,924	39,255	22,988

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**11. STORES AND EQUIPMENT**

	Shelter HK\$	JC Community Project Grant HK\$	Harmony Lane HK\$	Horticultural Therapy project HK\$	Better Mom Neighborhood Network HK\$	Nurturing Heart Domestic Violence Prevention HK\$	Other Activities HK\$	2013 Total HK\$	2012 Total HK\$
Cleaning charges and materials	24,944	16,559	4,522	-	-	-	17,774	63,799	59,983
Furniture and equipment	18,069	-	1,192	-	-	2,150	11,886	33,297	26,676
Newspapers and periodicals	4,896	1,764	-	-	-	-	480	7,140	9,020
Printing and stationery	14,024	9,637	10,328	-	2,130	1,570	4,121	41,810	55,534
Repairs and maintenance	73,061	6,134	5,960	-	-	-	12,872	98,027	76,807
Recurrent plant and tools	-	-	-	15,207	-	-	-	15,207	3,446
Safety and security equipment	6,372	2,789	-	-	-	-	4,183	13,344	15,918
Security service	-	1,437	-	-	-	-	2,156	3,593	3,369
Toys and books for children	265	-	-	-	-	-	-	265	970
	141,631	38,320	22,002	15,207	2,130	3,720	53,472	276,482	251,723

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**12. UTILITIES**

	Shelter HK\$	JC Community Project Grant HK\$	Harmony Lane HK\$	Horticultural Therapy project HK\$	Better Mom Neighborhood Network HK\$	Nurturing Heart Domestic Violence Prevention HK\$	Other Activities HK\$	2013 Total HK\$	2012 Total HK\$
Electricity	155,591	21,473	3,612	-	-	-	34,641	215,317	197,230
Gas	64,433	-	-	-	-	-	-	64,433	57,290
Water and Sewage charge	25,587	191	-	-	-	-	287	26,065	32,661
	245,611	21,664	3,612	-	-	-	34,928	305,815	287,181

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**13. PROPERTY, PLANT AND EQUIPMENT**

	Motor vehicle HK\$	Furniture and equipment HK\$	Leasehold improvement HK\$	Total HK\$
<b>Cost</b>				
At 1 April 2012	776,902	1,328,401	13,849,107	15,954,410
Additions	-	60,905	473,683	534,588
Disposals	-	(52,845)	-	(52,845)
At 31 March 2013	776,902	1,336,461	14,322,790	16,436,153
<b>Accumulated depreciation</b>				
At 1 April 2012	776,902	1,174,841	13,227,088	15,178,831
Depreciation	-	111,739	543,029	654,768
Eliminated on disposals	-	(52,260)	-	(52,260)
At 31 March 2013	776,902	1,234,320	13,770,117	15,781,339
<b>Net book value</b>				
At 31 March 2013	-	102,141	552,673	654,814

	Motor vehicle HK\$	Furniture and equipment HK\$	Leasehold improvement HK\$	Total HK\$
<b>Cost</b>				
At 1 April 2011	776,902	1,285,071	13,524,987	15,586,960
Additions	-	83,725	324,120	407,845
Disposals	-	(40,395)	-	(40,395)
At 31 March 2012	776,902	1,328,401	13,849,107	15,954,410
<b>Accumulated depreciation</b>				
At 1 April 2011	776,902	1,049,362	12,913,108	14,739,372
Depreciation	-	165,874	313,980	479,854
Eliminated on disposals	-	(40,395)	-	(40,395)
At 31 March 2012	776,902	1,174,841	13,227,088	15,178,831
<b>Net book value</b>				
At 31 March 2012	-	153,560	622,019	775,579

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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 (2012: HK\$2,554,434) sponsored by Hong Kong Jockey Club Charities Trust.

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

	<b>2013 HK\$</b>	<b>2012 HK\$</b>
At 1 April	(48,908)	9,508
Grant received for rent and rates for the year	196,470	148,692
Rent and rates for the year	(199,150)	(196,470)
Grant received from/(Refund to) social welfare department in respect of previous years	47,778	(10,638)
At 31 March	<u>(3,810)</u>	<u>(48,908)</u>

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**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**

		<b>2013 HK\$</b>	<b>2012 HK\$</b>
Furniture and Equipment Replenishment and Minor Works Block Grant Reserve	(i)	385,665	313,390
IT projects and non-IT projects Social Welfare Development Fund	(ii)	<u>430,838</u>	<u>391,601</u>
		<u>816,503</u>	<u>704,991</u>

- (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:

	<b>2013 HK\$</b>	<b>2012 HK\$</b>
Surplus as at 1 April	313,390	236,644
Block grant received during the year	<u>86,000</u>	<u>80,000</u>
	<u>399,390</u>	<u>316,644</u>
Less: Expenditure during the year:		
Purchase of furniture and equipment	<u>(13,725)</u>	<u>(3,254)</u>
	<u>(13,725)</u>	<u>(3,254)</u>
Surplus as at 31 March	<u>385,665</u>	<u>313,390</u>

As at 31 March 2013, there is no capital commitment in respect of F&E Replenishment and Minor Works.



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**16. SURPLUS OF LOTTERIES FUND - 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 grants is as follows:

	<b>2013 HK\$</b>	<b>2012 HK\$</b>
Surplus as at 1 April	391,601	137,527
Allocation received during the year	107,000	407,500
Refund from IT project contractor	88,000	-
Interest from Block Grant	5	4
	<u>586,606</u>	<u>545,031</u>
Less: Expenditure during the year:		
Development of software	(64,000)	(88,000)
Trainings	(91,768)	(65,430)
	<u>(155,768)</u>	<u>(153,430)</u>
Surplus as at 31 March	<u>430,838</u>	<u>391,601</u>

As at 31 March 2013, there is no capital commitment in respect of IT projects and non IT projects

**17. DEFERRED INCOME FOR CAPITAL GRANTS**

	<b>2013 HK\$</b>	<b>2012 HK\$</b>
At 1 April	1,015,769	1,310,276
Capital grant received	534,587	675,492
Recognised as income	<u>(806,869)</u>	<u>(969,999)</u>
At 31 March	<u>743,487</u>	<u>1,015,769</u>

**18. CAPITAL**

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

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**19. SPECIFIC FUNDS**

	<b>Community education fund HK\$</b>	<b>Capital development fund HK\$</b>	<b>Service development fund HK\$</b>	<b>Building maintenance / renovation fund HK\$</b>	<b>Social / recreational fund HK\$</b>	<b>Staff merit fund HK\$</b>	<b>Total HK\$</b>
At 1 April 2011	100,000	70,000	100,000	353,470	-	533,070	1,156,540
Transferred from surplus/(deficit)	-	-	-	188,330	20,000	-	208,330
Transfers	-	-	-	-	6,633	(6,633)	-
Utilised during the year	-	-	-	(252,645)	-	(27,050)	(279,695)
At 1 April 2012	100,000	70,000	100,000	289,155	26,633	499,387	1,085,175
Utilised during the year	-	-	-	-	(10,030)	(49,318)	(59,348)
At 31 March 2013	100,000	70,000	100,000	289,155	16,603	450,069	1,025,827

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**19. SPECIFIC FUNDS – Continued**

<b>Name</b>	<b>Designated purpose</b>
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 / recreational fund	For enhance relationship between staffs in different locations
Staff merit fund	For staff merit and recognition

**20. LUMP SUM GRANT RESERVE**

	<b>2013 HK\$</b>	<b>2012 HK\$</b>
At 1 April	1,130,174	757,526
Transferred from accumulated funds (note 21)	72,908	372,648
At 31 March	<u>1,203,082</u>	<u>1,130,174</u>

The purpose of lump sum grant reserve is to support the Company's operation by the Social Welfare Department.

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**21. ACCUMULATED FUND/(ACCUMULATED LOSSES)**

	<b>Accumulated funds/ (Accumulated losses) HK\$</b>
At 31 March 2011	(322,124)
Net surplus for the year	780,615
Transfer to lump sum grant reserve (note 20)	(372,648)
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At 31 March 2012	85,843
Net surplus for the year	254,168
Transfer to lump sum grant reserve (note 20)	(72,908)
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At 31 March 2013	<u>267,103</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\$9,608,037 (2012: HK\$12,170,846) 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:

	<b>2013 HK\$</b>	<b>2012 HK\$</b>
Not later than one year	25,872	208,440
Later than one year and not later than five years	51,744	-
	<u>77,616</u>	<u>208,440</u>

## 24. APPROVAL OF FINANCIAL STATEMENTS

The financial statement were approved and authorised for issue by the Board of Directors on 12 September 2013.