

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 2014.

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 2014 and the state of the Company's affairs as at that date are set out in the financial statements on pages 5 to 31.

RESULTS

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: Ms. Wong Hing Chun

Dr. Caroline Chan So Tuen

Mrs. Anna Koo Au Cheuk Ming

Mrs. Grace M. Atkinson

(retired on 26 Nov 2013)

Dr. Kam Chak Wah Prof. Ng Man Lun Ms. Yu Po Kwan

Dr. Huen Kwai Fun

Mr. Alexander Leung Hong Shun

HARMONY HOUSE LIMITED
(和譜之家有限公司)

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:

Prof. Ng Man Lun

Dr. Huen Kwaf Fun

Mr. Alexander Leung Hong Shun

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

Chairperson

Hong Kong, 25 SEP 2014

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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 31, which comprise the balance sheet as at 31 March 2014, 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 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.



**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 state of affairs of the Company as at 31 March 2014 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, 25 SEP 2014

HARMONY HOUSE LIMITED
(和譜之家有限公司)
INCOME AND EXPENDITURE STATEMENT
FOR THE YEAR ENDED 31 MARCH 2014

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\$	Teen Teen love to Respect HK\$	Other Activities HK\$	2014 Total HK\$	2013 Total HK\$
Income										
Allocation from the Community Chest ("CC")- baseline	628,252	-	-	-	-	-	-	248,548	876,800	933,840
Allocation from the CC-time limited project	-	-	-	462,623	659,829	991,050	-	-	2,113,502	1,104,159
Donation from the Hong Kong Jockey Club Charities Trust("JC")	-	1,990,700	-	-	-	-	-	-	1,990,700	1,990,700
Donations	-	-	-	-	-	-	-	-	775,544	1,174,002
Utilisation of the Lotteries Fund	194,123	-	-	-	-	-	-	-	194,123	156,958
Interest income	-	-	-	-	-	-	-	-	5,587	7,004
Subvention from Social Welfare Department	-	-	-	-	-	-	-	-	6,328,771	6,140,795
Quality Education Fund ("QEF")(May 2013 - April 2016)	-	-	-	-	-	-	980,736	-	980,736	-
QEF (July 2010 - December 2012)	-	-	-	-	-	-	-	-	-	324,300
Hong Kong Bank ("HKB") Foundation	-	-	664,536	-	-	-	-	-	664,536	92,567
Partnership fund for the disadvantage ("PFD")	-	-	553,780	-	-	-	-	-	553,780	-
Other income	-	-	-	-	-	-	-	-	411,624	317,711
Remaining balance of QEF (May 2013 - April 2016)	-	-	-	-	-	-	-	-	-	-
Remaining balance of QEF (July 2010 - December 2013)	-	-	-	-	-	-	-	-	-	(37,311)
Remaining balance of CC - baseline	-	-	-	-	-	-	-	76,180	76,180	(75,660)
Remaining balance of CC- time limited project	-	-	-	-	-	-	-	-	-	1,076,671
Remaining balance of HKB Foundation	-	-	-	-	-	-	-	-	-	259,877
Remaining balance of JC	-	-	-	-	-	-	-	-	-	(407,564)
Remaining balance of PFD	-	-	-	-	-	-	-	-	-	135,587
Fund for acquisition of fixed asset (HKB)	-	-	-	-	-	-	-	-	-	(46,750)
Fund for acquisition of fixed asset (QEF)	-	-	-	-	-	-	-	-	-	-
Fund for acquisition of fixed asset Nurturing Heart Domestic Violence Prevention ("NHP")	-	-	-	-	-	-	-	-	-	(18,414)
	-	-	-	-	-	-	-	-	14,971,883	13,128,472
Deferred income for capital grants	-	-	-	-	-	-	-	-	702,126	806,869
	-	-	-	-	-	-	-	-	15,674,009	13,935,341

HARMONY HOUSE LIMITED
(和譜之家有限公司)
INCOME AND EXPENDITURE STATEMENT
FOR THE YEAR ENDED 31 MARCH 2014

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\$	Teen Teen love to Respect HK\$	Other Activities HK\$	2014 Total HK\$	2013 Total HK\$
Income										
Administrative expenses	9	-	-	-	-	-	-	-	342,829	361,772
Computer software		-	-	300	-	240	180	-	113,341	196,447
Depreciation		-	-	-	-	-	-	-	612,203	654,768
Food for clients		520	-	-	-	-	-	-	520	26,645
Garden set-up		-	-	-	-	-	-	-	-	71,100
Insurance		-	-	-	-	-	-	-	157,368	194,919
Loss on disposal of furniture and qipment		-	-	-	-	-	-	-	-	585
Building management fee		67,260	-	-	-	-	-	-	67,260	125,640
Miscellaneous expenses	10	-	-	-	-	-	-	-	36,776	39,255
Personnel emoluments	6	-	-	-	-	600	-	-	10,039,336	10,019,880
Programmes		-	-	-	-	-	-	-	985,216	802,812
Publicity / publication		-	-	-	-	-	-	-	246,010	159,873
Rent and rates		-	-	-	-	-	-	-	329,763	295,050
Staff training and development		-	-	-	-	640	-	-	16,322	97,419
Stores and equipment	11	-	-	-	-	-	-	-	335,665	276,482
Travelling		-	-	-	-	-	-	-	35,915	33,880
Utilities	12	-	-	-	-	-	-	-	360,379	305,815
		-	-	-	-	-	-	-	13,678,903	13,662,342
Net operating surplus		-	-	-	-	-	-	-	322,451	272,999
Surplus of Provident Fund									(97,089)	(46,192)
Deficit of rent and rates									14,492	2,680
Surplus transferred from										
- provision for annual leave									19,855	2,189
- provision for long service payment									12,262	22,492
- Social / recreational fund									(14,000)	-
Net surplus for the year	5								257,971	254,168

HARMONY HOUSE LIMITED
(和譜之家有限公司)
BALANCE SHEET
AS AT 31 MARCH 2014

	Notes	2014 HK\$	2013 HK\$
Assets			
Non-current asset			
Property, plant and equipment	13	140,039	654,814
Current assets			
Utility deposits and prepayments		230,984	218,837
Other receivables		2,184,279	2,220,690
Cash and bank balances		10,807,864	9,364,619
Total current assets		13,223,127	11,804,146
Total assets		13,363,166	12,458,960
Liabilities			
Current Liabilities			
Accounts payable and accruals		1,710,227	1,809,503
Amount due to Social Welfare Department	14	(18,302)	(3,810)
Surplus of staff provident fund		717,175	620,086
Donation for specific purposes	15	5,935,368	5,212,038
Research and survey fund		2,666	2,666
Cash advance from Jockey Club		1,006,886	407,564
Surplus of Lotteries Fund	16	848,884	816,503
Deferred income for capital grants	17	138,789	743,487
Total liabilities		10,341,693	9,608,037
TOTAL NET ASSETS		3,021,473	2,850,923
Representing by:			
Capital	18	354,911	354,911
Specific funds	19	938,406	1,025,827
Lump sum grant reserve	20	1,331,702	1,203,082
Accumulated funds	21	396,454	267,103
TOTAL FUNDS		3,021,473	2,850,923

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 2014

	Capital HK\$	Specific funds HK\$	Lump sum grant reserve HK\$	Accumulated fund HK\$	Total HK\$
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 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 years (note 19)	-	(101,421)	-	-	(101,421)
At 31 March 2014	354,911	938,406	1,331,702	396,454	3,021,473

HARMONY HOUSE LIMITED
(和譜之家有限公司)
CASH FLOW STATEMENT FOR THE YEAR
ENDED 31 MARCH 2014

	2014	2013
	HK\$	HK\$
Cash flows from operating activities		
Net surplus for the year	257,971	254,168
Adjustments for:		
Depreciation of property, plant and equipment	612,203	654,768
Capital grants recognised as income	(702,126)	(806,869)
Interest income	(5,587)	(7,004)
Loss on disposal of property, plant and equipment	-	585
Operating profit before working capital changes	162,461	95,648
(Increase) / decrease in utility deposits and prepayments	(12,147)	84,612
Decrease in other receivables	36,411	2,805,973
Decrease in accounts payable and accruals	(99,276)	(766,187)
(Increase) / decrease in amount due to Social Welfare Department	(14,492)	45,098
Increase in surplus of staff provident fund	97,089	46,192
Increase / (decrease) in donation for specific purposes	723,330	(543,328)
Increase / (decrease) in cash advance from Jockey Club	599,322	(1,183,814)
Increase in Surplus of Lotteries Fund	32,381	111,512
Decrease in staff merit fund	(90,878)	(49,318)
Increase / (decrease) in social / recreational fund	3,457	(10,030)
Net cash flows from operating activities	1,437,658	636,358
Investing activities		
Purchases of property, plant and equipment	(97,428)	(534,588)
Interest received	5,587	7,004
Net cash flows used in investing activities	(91,841)	(527,584)
Financing activity		
Capital grants received	97,428	534,587
Net cash flows from financing activity	97,428	534,587
Net increase in cash and cash equivalents	1,443,245	643,361
Cash and cash equivalents at beginning of year	9,364,619	8,721,258
Cash and cash equivalents at end of year	10,807,864	9,364,619
Analysis of cash and cash equivalents companies:		
Cash available on demand	10,807,864	9,364,619

HARMONY HOUSE LIMITED
(和譜之家有限公司)
NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2014

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 2013

HKFRSs (Amendments)	Annual improvements 2009-2011 Cycle
HKFRSs (Amendments)	Annual improvements 2010-2012 Cycle
HKFRSs (Amendments)	Annual improvements 2011-2013 Cycle
Amendments to HKAS 1 (Revised)	Presentation of Items of Other Comprehensive Income
Amendments to HKFRS 7	Offsetting Financial Assets and Financial Liabilities
HKFRS 13	Fair Value Measurement
HKAS 19 (2011)	Employee Benefits

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.

Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities ¹
HKFRS 9	Financial Instruments
Amendments to HKAS 19 (2011)	Defined Benefit Plans: Employee Contributions ¹
HK(IFRIC)21	Levies ¹
HKFRSs (Amendments)	Annual improvements 2010-2012 Cycle ¹
HKFRSs (Amendments)	Annual improvements 2011-2013 Cycle ²

¹ Effective for annual periods beginning on or after 1 January 2014

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

³ Effective for annual periods beginning, or transactions occurring, on or after 1 July 2014

HARMONY HOUSE LIMITED
(和譜之家有限公司)
NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2014

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.

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.

HARMONY HOUSE LIMITED
(和譜之家有限公司)
NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2014

4. SIGNIFICANT ACCOUNTING POLICIES - Continued

(a) Property, plant and equipment - Continued

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 2014

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 2014

4. SIGNIFICANT ACCOUNTING POLICIES - Continued

(c) Financial Instruments

(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 2014

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 2014

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 2014

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.

HARMONY HOUSE LIMITED
(和譜之家有限公司)
NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2014

5. NET SURPLUS FOR THE YEAR

Net surplus for the year is stated after charging:

	2014 HK\$	2013 HK\$
Staff costs (note 6)	10,039,336	10,019,880
Depreciation of property, plant and equipment	612,203	654,768
Loss on disposal of property, plant and equipment	-	585
Auditor's remuneration	35,200	36,000
Operating lease expenses	329,763	295,050
	<hr/>	<hr/>

6. STAFF COSTS

	2014 HK\$	2013 HK\$
Staff costs (including directors) comprise:		
Wages and salaries	9,497,304	9,462,224
Contributions to defined contributions retirement plan	542,032	557,656
	<hr/>	<hr/>
	10,039,336	10,019,880
	<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

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

	2014 HK\$	2013 HK\$
Fees	-	-
Other emoluments	-	-
	<hr/>	<hr/>
	-	-
	<hr/>	<hr/>

HARMONY HOUSE LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2014

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\$	Teen Teen love to Respect HK\$	Other Activities HK\$	2014 Total HK\$	2013 Total HK\$
Auditor's remuneration	30,560	-	-	-	-	-	-	7,640	38,200	45,000
Bank charges	3,200	130	-	-	-	-	180	2,210	4,710	4,398
Postage	1,963	280	-	-	-	-	1,846	150	4,349	2,542
Telephone and facsimile	39,879	15,484	14,696	-	138	184	-	31,339	102,120	99,574
Medical expenses	3,200	490	230	-	420	-	1,080	210	4,570	3,360
Secretarial service fee	4,600	-	-	-	-	-	-	1,150	5,750	4,550
Recruitment	30,818	15,109	3,749	-	-	-	4,771	2,102	58,544	45,724
Vehicle Running expenses	-	-	-	-	-	-	-	-	-	20,757
IEPS Charges	-	-	-	-	-	-	-	1,200	1,200	1,200
Admin cost sharing	-	66,346	-	-	-	37,065	-	20,000	123,411	134,667
	114,220	98,219	18,675	-	558	37,249	7,877	66,001	342,854	361,772

HARMONY HOUSE LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
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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\$	Teen Teen love to Respect HK\$	Other Activities HK\$	2014 Total HK\$	2013 Total HK\$
Board retreat	-	-	-	-	-	-	-	-	-	5,720
Staff retreat	7,376	-	-	-	-	-	-	2,777	10,153	11,092
Membership fee	4,400	-	-	-	-	-	-	-	4,400	4,550
Sundry expenses	7,812	-	5,752	-	-	600	3,184	5,875	22,223	17,893
	19,588	-	5,752	-	-	600	3,184	8,652	36,776	39,255

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NOTES TO THE FINANCIAL STATEMENTS
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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\$	Teen Teen love to Respect HK\$	Other Activities HK\$	2014 Total HK\$	2013 Total HK\$
Cleaning charges and materials	44,755	17,491	6,263	-	-	-	-	24,327	92,736	63,799
Furniture and equipment	6,858	-	1,820	-	-	-	-	9,380	18,558	33,297
Newspapers and periodicals	5,736	2,049	334	-	-	-	-	400	8,519	7,140
Printing and stationery	19,611	9,314	21,589	-	2,567	1,277	1,390	2,971	58,619	41,810
Repairs and maintenance	111,214	2,618	950	-	-	-	-	6,087	120,809	98,027
Recurrent plant and tools	5,056	-	-	3,761	-	-	-	-	8,817	15,207
Safety and security equipment	6,600	5,344	-	-	-	-	-	4,380	16,264	13,344
Security service	-	3,059	-	-	-	-	-	8,884	11,343	3,593
Toys and books for children	-	-	-	-	-	-	-	-	-	265
	199,830	39,875	30,956	3,761	2,567	1,277	1,390	56,009	335,665	276,482

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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\$	Teen Teen love to Respect HK\$	Other Activities HK\$	2014 Total HK\$	2013 Total HK\$
Electricity	171,650	21,290	6,767	-	-	-	-	31,936	231,643	215,317
Gas	85,471	-	-	-	-	-	-	-	85,471	64,433
Water and Sewage charge	42,798	187	-	-	-	-	-	280	43,265	26,065
	299,919	21,477	6,767	-	-	-	-	32,216	360,379	305,815

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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 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
31 MARCH 2014

13. PROPERTY, PLANT AND EQUIPMENT – Continued

	Motor vehicle HK\$	Furniture and equipment HK\$	Leasehold improvement HK\$	Total HK\$
Cost				
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
Accumulated depreciation				
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
Net book value				
At 31 March 2013	-	102,141	552,673	654,814

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 (2013: HK\$2,554,434) sponsored by Hong Kong Jockey Club Charities Trust.

14. AMOUNT DUE TO SOCIAL WELFARE DEPARTMENT

	2014 HK\$	2013 HK\$
At 1 April	(3,810)	(48,908)
Grant received for rent and rates for the year	130,663	196,470
Rent and rates for the year	(150,555)	(199,150)
Grant received from social welfare department in respect of previous years	5,400	47,778
At 31 March	(18,302)	(3,810)

HARMONY HOUSE LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2014

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

		2014 HK\$	2013 HK\$
Furniture and Equipment Replenishment and Works			
Block Grant Reserve	(i)	476,665	385,665
IT projects and non-IT projects Social Welfare			
Development Fund (phase I)	(ii)(a)	279,625	430,838
IT projects and non-IT projects Social Welfare			
Development Fund (phase II)	(ii)(b)	92,594	-
		<u>848,884</u>	<u>816,503</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:

	2014 HK\$	2013 HK\$
Surplus as at 1 April	385,665	313,390
Block grant received during the year	<u>91,000</u>	<u>86,000</u>
	<u>476,665</u>	<u>399,390</u>
Less: Expenditure during the year:		
Purchase of furniture and equipment	-	(13,725)
	<u>-</u>	<u>(13,725)</u>
Surplus as at 31 March	<u>476,665</u>	<u>385,665</u>

As at 31 March 2014, there is no capital commitment in respect of F&E Replenishment and Minor Works.

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NOTES TO THE FINANCIAL STATEMENTS
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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.

(a) Movement of the grants (phase I) is as follows:

	2014 HK\$	2013 HK\$
Surplus as at 1 April	430,838	391,601
Allocation received during the year	-	107,000
Refund from IT project contractor	-	88,000
Interest from Block Grant	4	5
	<hr/> 430,842	<hr/> 586,606
Less: Expenditure during the year:		
Development of software	(64,000)	(64,000)
Trainings	-	(91,768)
Research	(87,217)	-
	<hr/> (151,217)	<hr/> (155,768)
Surplus as at 31 March	<hr/> 279,625	<hr/> 430,838

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

	2014 HK\$	2013 HK\$
Surplus as at 1 April	-	-
Allocation received during the year	135,500	-
	<hr/> 135,500	<hr/> -
Less: Expenditure during the year:		
Non-IT system upgrading project	(35,530)	-
Trainings	(7,376)	-
	<hr/> (42,906)	<hr/> -
Surplus as at 31 March	<hr/> 92,594	<hr/> -

HARMONY HOUSE LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2014

17. DEFERRED INCOME FOR CAPITAL GRANTS

	2014 HK\$	2013 HK\$
At 1 April	743,487	1,015,769
Capital grant received	97,428	534,587
Recognised as income	(702,126)	(806,869)
At 31 March	<u>138,789</u>	<u>743,487</u>

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
31 MARCH 2014

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 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 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

HARMONY HOUSE LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2014

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

	2014 HK\$	2013 HK\$
At 1 April	1,203,082	1,130,174
Transferred from accumulated funds (note 21)	128,620	72,908
	<hr/>	<hr/>
At 31 March	1,331,702	1,203,082

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

HARMONY HOUSE LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2014

21. ACCUMULATED FUND

	Accumulated funds HK\$
At 31 March 2012	85,843
Net surplus for the year	254,168
Transfer to lump sum grant reserve (note 20)	(72,908)
At 31 March 2013	<u>267,103</u>
Net surplus for the year	257,971
Transfer to lump sum grant reserve (note 20)	(128,620)
At 31 March 2014	<u>396,454</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\$ 10,341,693 (2013: HK\$ 9,608,037) are due in less than one year.

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NOTES TO THE FINANCIAL STATEMENTS
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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:

	2014	2013
	HK\$	HK\$
Not later than one year	226,968	25,872
Later than one year and not later than five years	226,968	51,744
	<hr/>	<hr/>
	453,936	77,616
	<hr/>	<hr/>

24. APPROVAL OF FINANCIAL STATEMENTS

The financial statement were approved and authorised for issue by the Board of Directors on 25 SEP 2014.