

PATHFINDERS LIMITED
(Incorporated in Hong Kong and limited by guarantee)

REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

PATHFINDERS LIMITED

**REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

Contents	Pages
Directors' report	1 - 2
Independent auditor's report	3 - 4
Statement of income and general fund	5
Statement of financial position	6
Statement of cash flows	7
Notes to the financial statements	8 - 12

DIRECTORS' REPORT

The directors have pleasure in presenting their report together with the audited financial statements of the company for the year ended 31 December 2018.

FINANCIAL STATEMENTS

The financial performance for the year are set out in the statement of income and general fund on page 5.

The financial position of the company at 31 December 2018 is set out in the statement of financial position on page 6.

The cash flows of the company for the year are set out in the statement of cash flows on page 7.

PRINCIPAL ACTIVITIES

The principal activities of the company are rendering assistance to distressed migrant women and their Hong Kong-born children to find a safe and legal way home.

There have been no significant changes in the nature of these activities during the year.

DIRECTORS

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

Judy Chan	
Kelly Creel Gave	(resigned on 11 September 2018)
Kestity Adyandini Pringgoharjono	
Lara Melissa Fabregas Lynch	
Vivien Webb Wong	
Meena Datwani	
Martine Vanasse	(resigned on 17 May 2019)
Allison Marie Creel	(appointed on 22 August 2018)
Wika Wariyanti Rawson	(appointed on 22 August 2018)
Elizabeth Wright	(appointed on 22 August 2018)
Kushal Chadha	(appointed on 22 August 2018 and resigned on 11 September 2018)
Aruni Weerasekera	(appointed on 14 December 2018)
David Jonathan Spencer	(appointed on 14 May 2019)
Victor Richard Hughes	(appointed on 14 May 2019)

All existing directors continue to hold office.

PERMITTED INDEMNITY PROVISIONS

The company's Articles provides that every director or other officer of the company shall be entitled to be indemnified out of the assets of the company against all losses or liabilities which he may sustain or incur in or about the execution of the duties of his office or otherwise in relation thereto.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the operation of the company were entered into or existed during the year.

DIRECTORS' INTERESTS IN CONTRACTS

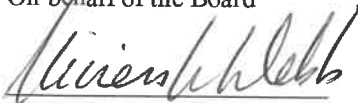
No contracts of significance, to which the company was a party and in which a director of the company had material interest, subsisted at the end of the year or at any time during the year.

DIRECTORS' REPORT - CONTINUED

AUDITORS

The auditors, Messrs. William Po & Co., Certified Public Accountants, retire and, eligible, offer themselves for re-appointment.

On behalf of the Board



Vivien Webb Wong
Chairman



LARA FABREGAS LYNCH

Certified Public Accountants
蒲錦文會計師事務所

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
PATHFINDERS LIMITED
(Incorporated in Hong Kong and limited by guarantee)**

Opinion

We have audited the financial statements of PathFinders Limited ("the company") set out on pages 5 to 12, which comprise the statement of financial position as at 31 December 2018, the statement of income and general fund and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the company as at 31 December 2018, and of its financial performance and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standard for Private Entities ("HKFRS for Private Entities") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the company in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the directors' report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors and Those Charged with Governance for the Financial Statements

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRS for Private Entities issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors' determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the company's financial reporting process.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
PATHFINDERS LIMITED - CONTINUED
(Incorporated in Hong Kong with limited by guarantee)**

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

WILLIAM PO & CO.
Certified Public Accountants
Hong Kong,

**STATEMENT OF INCOME AND GENERAL FUND
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Notes	2018 HK\$	2017 HK\$
Income			
Project income		4,908,660	4,840,211
General donation		2,063,935	1,474,180
Surplus on fund-raising events	4	1,968,314	1,406,743
Compensation income		419,207	309,933
Interest received		64,121	42,929
Miscellaneous income		-	7,215
		<u>9,424,237</u>	<u>8,081,211</u>
Less: Expenditure			
Audit fee		23,500	22,000
Bank charges		5,603	6,099
Client expenses	5	6,853,506	6,296,682
Company secretarial fee		5,000	3,333
Computer expenses		42,581	15,446
Electricity & water		2,228	1,859
Insurance		17,928	5,654
Legal fee		419,207	309,933
Local traveling		1,048	5,846
Logo design fee		3,800	-
Meeting expenses		29,379	58,146
Postage, stationery and supplies		4,624	13,586
Recruitment expenses		-	1,280
Renovation cost		11,416	33,797
Rent		168,517	38,679
Social media and website expenses		200,746	23,076
Staff costs		1,184,111	1,280,021
Staff training		2,400	516
Sundry expenses		12,378	16,658
Telephone and fax		3,550	3,574
		<u>8,991,522</u>	<u>8,136,185</u>
Surplus/ (deficit) for the year		432,715	(54,974)
General fund brought forward		4,651,256	4,706,230
General fund carried forward		5,083,971	4,651,256

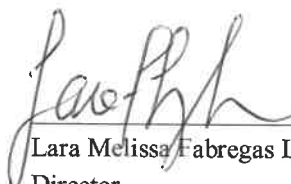
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	Notes	2018 HK\$	2017 HK\$
Current assets			
Prepayments and other receivables	8	560,436	923,091
Cash and cash equivalents	9	7,694,219	7,073,977
		<u>8,254,655</u>	<u>7,997,068</u>
Current liabilities			
Accruals and other payables	10	334,925	278,344
Deferred project income		2,835,759	3,067,468
		<u>3,170,684</u>	<u>3,345,812</u>
Net assets		<u>5,083,971</u>	<u>4,651,256</u>
Funds			
General fund		<u>5,083,971</u>	<u>4,651,256</u>

Approved by:



 Vivien Webb Wong
 Director



 Lara Melissa Fabregas Lynch
 Director

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Note	2018 HK\$	2017 HK\$
Operating activities			
Surplus/(deficit) for the year		432,715	(54,974)
Adjustments for:			
Interest income		(64,121)	(42,929)
Operating surplus/(deficit) before movements in working capital		368,594	(97,903)
Decreased/(increase) in prepayments and other receivables		362,655	(179,451)
Increase/(decrease) in accruals and other payables		56,581	(478,158)
(Decrease)/increase in deferred project income		(231,709)	517,332
Cash generated from/(used in) operations		556,121	(238,180)
Interest received		64,121	42,929
Net cash generated from/(used in) operating activities		620,242	(195,251)
Investing activities			
Increase/(decrease) in cash and cash equivalents		620,242	(195,251)
Cash and cash equivalents at the beginning of the year		7,073,977	7,269,228
Cash and cash equivalents at the end of the year	9	7,694,219	7,073,977

The notes on pages 8 to 12 form an integral part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

1 GENERAL

The company has been incorporated under the Companies Ordinance as a company limited by guarantee without share capital. The company's registered office is located at Unit 11C, Worldwide Center, 123 Tung Chau Street, Tai Kok Tsui, Kowloon, Hong Kong. The principal activities of the company are rendering assistance to distressed migrant women and their Hong Kong-born children to find a safe and legal way home. Under the provision of its Articles of Association, every member shall, in the event of the company being wound up, contribute such amount as may be required to meet the liabilities of the company but not exceeding the sum of HK\$100 each.

2 SIGNIFICANT ACCOUNTING POLICIES**(a) Basis of preparation**

These financial statements have been prepared in accordance with the Hong Kong Financial Reporting Standard for Private Entities (HKFRS for Private Entities) issued by the Hong Kong Institute of Certified Public Accountants and the requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention.

(b) Recognition of revenue

Revenue is recognised when it is probable that the economic benefits will flow to the company and when revenue can be measured reliably, on the following bases:

- * general donations are recognised when the right to receive payment is established.
- * project income earmarked for specific purposes are initially recognised as deferred income. When there is reasonable assurance that the company will comply with the conditions attaching to the project, they are recognised in the statement of income and general fund over the period necessary to match with the related costs which they are intended to compensate.
- * interest on a time proportion basis that takes into account the effective yield on the asset.

(c) Employee benefits

- i) Salaries, annual bonuses, paid annual leave, leave passage and the cost to the company of non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the company. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.
- ii) The company operates a Mandatory Provident Fund scheme ("MPF scheme") for the employees. Contributions are made based on a percentage of the employee's basic salaries and are charged to the income statement as they become payable. The assets of the MPF Scheme are held in an independently administered fund. The company's contributions vest fully with the employees when contributed into the MPF Scheme.

(d) Receivables

Receivables are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2018**

2 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(e) Cash and cash equivalents

Cash and cash equivalents includes cash on hand and demand deposits with original maturities of three months or less.

(f) Payables

Payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

3 TAXATION

No provision for Hong Kong profits tax is made in the financial statements as the company is an approved charitable institution, and has obtained exemption from Hong Kong profits tax.

4 SURPLUS ON FUND-RAISING EVENTS

<u>2018</u>	Income	Expenditure	Surplus
Fund-raising events	HK\$	HK\$	HK\$
Anniversary celebration fund-raising dinner	2,645,905	(684,741)	1,961,164
Back-to-school lunch	7,150	-	7,150
	<u>2,653,055</u>	<u>(684,741)</u>	<u>1,968,314</u>
<u>2017</u>	Income	Expenditure	Surplus
Fund-raising event	HK\$	HK\$	HK\$
Anniversary celebration fund-raising dinner	2,184,352	(852,530)	1,331,822
Back-to-school lunch	134,906	(59,985)	74,921
	<u>2,319,258</u>	<u>(912,515)</u>	<u>1,406,743</u>

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2018**

5 CLIENT EXPENSES

	2018	2017
	HK\$	HK\$
Allowances	49,242	101,954
Cleaning	4,587	11,984
Contraceptive cost	143	9,880
Electricity and water	29,150	30,396
Field trip expenses	86,604	59,499
Government and consulate	19,514	35,766
Home Country Integration Expenses	168	4,689
Insurance	82,381	64,355
IT expenses	41,092	11,640
Medical costs	47,547	64,263
Meeting expenses	9,648	3,067
Minor equipment	96,646	106,199
Outreach	203,885	157,860
Postage, fax and calls	31,388	3,100
Presentors	-	48,186
Property agency fee for shelter	1,959	-
Remittance charges	620	2,298
Rental - office and shelter	570,194	635,769
Staff cost - programs	5,458,588	4,781,617
Stamp duty	2,203	414
Supplies	19,577	87,549
Telecommunication expenses	24,785	19,884
Travelling expenses	73,585	56,313
	<u>6,853,506</u>	<u>6,296,682</u>

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2018**

6 STAFF COSTS

The company has allocated staff costs included to respective activities. Total staff costs of the company for the year are summarised as follows:

	2018	2017
	HK\$	HK\$
Client expenses - staff cost	5,458,588	4,781,617
Event cost	253,947	510,000
Staff cost (Office administration)	1,184,111	1,280,021
	<u>6,896,646</u>	<u>6,571,638</u>

Analysis of the total staff costs is as follows:

	2018	2017
	HK\$	HK\$
Salaries	6,593,023	6,321,802
Retirement scheme contributions	259,634	237,056
Other benefits	43,989	12,780
	<u>6,896,646</u>	<u>6,571,638</u>

7 DIRECTORS' REMUNERATION (EQUIVALENT TO KEY MANAGEMENT PERSONNEL COMPENSATION)

During the years ended 31 December 2018 and 31 December 2017, no amounts have been paid in respect of directors' emoluments, directors' or directors' pensions or for any compensation to directors or past directors in respect of loss of office.

8 PREPAYMENTS AND OTHER RECEIVABLES

	2018	2017
	HK\$	HK\$
Other receivables	274,279	596,403
Prepayments	122,036	171,558
Rental and utility deposit	164,121	155,130
	<u>560,436</u>	<u>923,091</u>

9 CASH AND CASH EQUIVALENTS

	2018	2017
	HK\$	HK\$
Cash and bank balances	3,594,424	3,037,282
Time deposit with maturity within 3 months	4,099,795	4,036,695
	<u>7,694,219</u>	<u>7,073,977</u>

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2018**10 ACCRUALS AND OTHER PAYABLES**

	2018	2017
	HK\$	HK\$
Accruals	273,567	190,220
Other payables	61,358	88,124
	<u>334,925</u>	<u>278,344</u>

11 OPERATING LEASE COMMITMENTS

At the year end date, the company had commitments under non-cancellable operating leases, which fall due as follows:

	2018	2017
	HK\$	HK\$
Within one year	331,053	371,655
Within two to five years	213,741	40,844
	<u>544,794</u>	<u>412,499</u>

12 COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current year's presentation of the financial statements.

13 APPROVAL OF FINANCIAL STATEMENTS

These financial statements were authorised for issue by the company's Board of Directors on