

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

REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

PATHFINDERS LIMITED

**REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

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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 2017.

FINANCIAL STATEMENTS

The financial performance for the year are set out in the statement of income and general fund on page 4.

The financial position of the company at 31 December 2017 is set out in the statement of financial position on page 5.

The cash flows of the company for the year are set out in the statement of cash flows on page 6.

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	
Jennifer Walke Meehan	(resigned on 31 May 2017)
Kelly Creel Gave	
Kestity Adyandini Pringgoharjono	
Lara Melissa Fabregas Lynch	
Poh Lee Tan	(resigned on 23 February 2017)
Vivien Webb Wong	
Meena Datwani	(appointed on 25 August 2017)
Martine Vanasse	(appointed on 25 August 2017)

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.

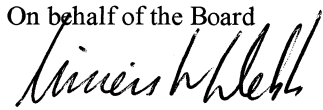
DIRECTORS' INTERESTS IN CONTRACTS

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.

AUDITORS

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

On behalf of the Board



Vivian Webb Wong
Chairman

18 SEP 2018

**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 4 to 11, which comprise the statement of financial position as at 31 December 2017, 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 2017, 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)**

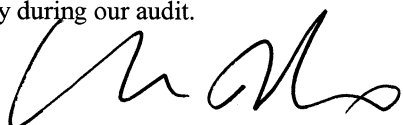
Auditor's Responsibilities for the Audit of the Financial Statements

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 HKSA's 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 HKSA's, 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, 18 SEP 2018

**STATEMENT OF INCOME AND GENERAL FUND
FOR THE YEAR ENDED 31 DECEMBER 2017**


	Notes	2017 HK\$	2016 HK\$
Income			
Donations		4,588,021	2,771,737
Grant income		1,726,370	1,389,648
Surplus on fund-raising events	4	1,406,743	2,060,510
Compensation income	12	309,933	440,082
Interest received		42,929	19,994
Miscellaneous income		7,215	-
		<u>8,081,211</u>	<u>6,681,971</u>
Less: Expenditure			
Audit fee		22,000	20,500
Bank charges		6,099	2,888
Cleaning		1,484	2,611
Client expenses	5	6,296,682	5,438,690
Company secretarial fee		3,333	4,675
Computer expenses		15,446	-
Database development expenses		4,500	3,750
Electricity & water		1,859	1,553
Insurance		5,654	2,881
Local traveling		5,846	3,025
Meeting expenses		58,146	12,999
Postage, stationery and supplies		13,586	534
Legal fee	12	309,933	440,082
Social media and website expenses		23,076	16,572
Recruitment expenses		1,280	-
Renovation cost		33,797	-
Rent		38,679	25,146
Staff costs		1,280,021	965,513
Staff training		516	7,942
Stamp duty		46	63
Sundry expenses		10,628	35,446
Telephone and fax		3,574	4,943
		<u>8,136,185</u>	<u>6,989,813</u>
Deficit for the year		(54,974)	(307,842)
General fund brought forward		<u>4,706,230</u>	<u>5,014,072</u>
General fund carried forward		<u><u>4,651,256</u></u>	<u><u>4,706,230</u></u>

The notes on pages 7 to 11 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

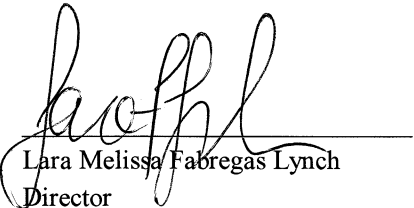
	Notes	2017 HK\$	2016 HK\$
Current assets			
Prepayments and other receivables	8	923,091	743,640
Cash and cash equivalents	9	7,073,977	7,269,228
		<u>7,997,068</u>	<u>8,012,868</u>
Current liabilities			
Accruals and other payables	10	278,344	756,502
Deferred grant income		3,067,468	2,550,136
		<u>3,345,812</u>	<u>3,306,638</u>
Net assets		<u>4,651,256</u>	<u>4,706,230</u>
Funds			
General fund		<u>4,651,256</u>	<u>4,706,230</u>

Approved by:



Vivien Webb Wong
Director

x



Lara Melissa Fabregas Lynch
Director

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Note	2017 HK\$	2016 HK\$
Operating activities			
Deficit for the year		(54,974)	(307,842)
Adjustments for:			
Interest income		<u>(42,929)</u>	<u>(19,994)</u>
Operating deficit before movements in working capital		(97,903)	(327,836)
Increase in prepayments and other receivables		(179,451)	(565,419)
(Decrease)/increase in accruals and other payables		(478,158)	510,495
Increase in deferred grant income		<u>517,332</u>	<u>1,071,744</u>
Cash (used in)/generated from operations		(238,180)	688,984
Interest received		<u>42,929</u>	<u>19,994</u>
Net cash (used in)/generated from operating activities		(195,251)	708,978
Investing activities			
(Decrease)/increase in cash and cash equivalents		(195,251)	708,978
Cash and cash equivalents at the beginning of the year		<u>7,269,228</u>	<u>6,560,250</u>
Cash and cash equivalents at the end of the year	9	<u><u>7,073,977</u></u>	<u><u>7,269,228</u></u>

The notes on pages 7 to 11 form an integral part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

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:

- * donations are recognised when the right to receive payment is established.
- * grants 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 grants and the grants will be received, 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.

grants which are general in nature but used by the company for a period specified are recognized on an accrual basis.
- * 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.

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2017**

2 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(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.

(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

2017	Income	Expenditure	Surplus
Fund-raising events	HK\$	HK\$	HK\$
6th Anniversary	2,515	-	2,515
7th Anniversary	57,588	-	57,588
8th Anniversary	148,073	(990)	147,083
9th Anniversary	1,976,176	(851,540)	1,124,636
Back-to-school lunch	134,906	(59,985)	74,921
	<u>2,319,258</u>	<u>(912,515)</u>	<u>1,406,743</u>

2016	Income	Expenditure	Surplus
Fund-raising event	HK\$	HK\$	HK\$
6th Anniversary	6,946	-	6,946
7th Anniversary	472,003	(3,369)	468,634
8th Anniversary	2,114,802	(627,653)	1,487,149
Back-to-school lunch	160,097	(62,316)	97,781
	<u>2,753,848</u>	<u>(693,338)</u>	<u>2,060,510</u>

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2017**

5 CLIENT EXPENSES

	2017	2016
	HK\$	HK\$
Allowances	101,954	76,260
Cleaning	11,984	23,499
Contraceptive cost	9,880	8,411
Electricity and water	30,396	31,409
Field trip expenses	59,499	-
Government and consulate	35,766	24,396
Home Country Integration Expenses	4,689	5,328
Insurance	64,355	28,038
Maintenance	11,640	79,035
Medical costs	64,263	41,858
Meeting expenses	3,067	20,076
Minor equipment	106,199	44,663
Outreach	157,860	108,693
Postage, fax and calls	3,100	2,006
Presentors	48,186	38,139
Remittance charges	2,298	2,328
Rental - shelter	191,661	316,200
Staff cost - programs	4,781,617	4,052,489
Stamp duty	414	568
Supplies	87,549	168,992
Telecommunication expenses	19,884	16,153
Traveling for clients	56,313	93,672
Venue cost - programs	444,108	256,477
	<u>6,296,682</u>	<u>5,438,690</u>

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2017**

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:

	2017	2016
	HK\$	HK\$
Client expenses - staff cost	4,781,617	4,052,489
Event cost	510,000	273,475
Staff cost (Office administration)	1,280,021	965,513
	<u>6,571,638</u>	<u>5,291,477</u>

Analysis of the total staff costs is as follows:

	2017	2016
	HK\$	HK\$
Salaries	6,321,802	5,086,498
Retirement scheme contributions	237,056	194,459
Other benefits	12,780	10,520
	<u>6,571,638</u>	<u>5,291,477</u>

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

During the years ended 31 December 2017 and 31 December 2016, 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

	2017	2016
	HK\$	HK\$
Loan advance to clients	-	200
Other receivables	596,403	576,348
Prepayments	171,558	35,177
Rental and utility deposit	155,130	131,915
	<u>923,091</u>	<u>743,640</u>

9 CASH AND CASH EQUIVALENTS

	2017	2016
	HK\$	HK\$
Cash and bank balances	3,037,282	1,268,576
Time deposit with maturity within 3 months	4,036,695	6,000,652
	<u>7,073,977</u>	<u>7,269,228</u>

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2017**

10 ACCRUALS AND OTHER PAYABLES

	2017	2016
	HK\$	HK\$
Accruals	190,220	698,214
Other payables	<u>88,124</u>	<u>58,288</u>
	<u><u>278,344</u></u>	<u><u>756,502</u></u>

11 OPERATING LEASE COMMITMENTS

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

	2017	2016
	HK\$	HK\$
Within one year	371,655	375,073
Within two to five years	<u>40,844</u>	<u>188,595</u>
	<u><u>412,499</u></u>	<u><u>563,668</u></u>

12 CONTINGENT LIABILITIES

There has been an ongoing District Court Action against the company, alleging breach of the Personal Data (Privacy) Ordinance. Without any admission, the potential liability to the company for the alleged breach may be up to HK\$271,400 plus compensation of a currently unquantifiable amount which amounts shall be covered by liability insurance subject to the terms and conditions of the policy and hence no provision has been recognized in these financial statements.

The District Court Action was struck out by the Court on 28 February 2018. The Plaintiff has applied to the District Court for leave to appeal to the Court of Appeal. The case will be heard in September 2018.

13 APPROVAL OF FINANCIAL STATEMENTS

These financial statements were authorised for issue by the company's Board of Directors on **18 SEP 2018**