

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

REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

PATHFINDERS LIMITED

**REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

Contents	Pages
Directors' report	1
Independent auditor's report	2 - 3
Statement of income and general fund	4
Statement of financial position	5
Statement of cash flows	6
Notes to the financial statements	7 - 11

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 2016.

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 2016 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	(appointed on 26 August 2016)
Jennifer Walke Meehan	(resigned on 31 May 2017)
Kelly Creel Gave	
Kestity Adyandini	(appointed on 9 December 2016)
Lara Melissa Fabregas Lynch	(appointed on 26 August 2016)
Poh Lee Tan	(resigned on 23 February 2017)
Vivien Webb Wong	

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

21 AUG 2017

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 4 to 11, which comprise the statement of financial position as at 31 December 2016, 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 2016, 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 ("HKSAs") 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)**

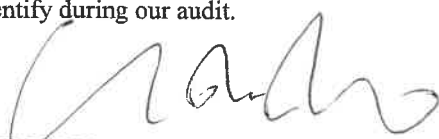
Auditor's Responsibilities for the Audit of the Financial Statements

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, 21 AUG 2017

**STATEMENT OF INCOME AND GENERAL FUND
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Notes	2016 HK\$	2015 HK\$
Income			
Donations		2,771,737	2,630,640
Grant income		1,389,648	1,144,755
Surplus on fund-raising events	4	2,060,510	2,784,136
Compensation income	12	440,082	-
Grant for renovation of centre		-	108,859
Interest received		19,994	15,188
Miscellaneous income		-	2,240
		<u>6,681,971</u>	<u>6,685,818</u>
Less: Expenditure			
Audit fee		20,500	19,000
Bank charges		2,888	3,801
Cleaning		2,611	2,371
Client expenses	5	5,438,690	4,970,896
Company secretarial fee		4,675	4,200
Computer expenses		-	3,765
Database development expenses		3,750	62,824
Electricity & water		1,553	1,514
Insurance		2,881	6,340
Local traveling		3,025	4,011
Meeting expenses		12,999	20,930
Postage, stationery and supplies		534	769
Legal fee	12	440,082	-
Social media and website expenses		16,572	31,440
Recruitment expenses		-	2,984
Renovation cost		-	107,362
Rent		25,146	26,972
Staff costs		965,513	634,272
Staff training		7,942	7,634
Stamp duty		63	-
Sundry expenses		35,446	2,725
Telephone and fax		4,943	3,611
		<u>6,989,813</u>	<u>5,917,421</u>
(Deficit)/surplus for the year		(307,842)	768,397
General fund brought forward		5,014,072	4,245,675
General fund carried forward		4,706,230	5,014,072

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

**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016**

	Notes	2016 HK\$	2015 HK\$
Current assets			
Prepayments and other receivables	8	743,640	178,221
Cash and cash equivalents	9	7,269,228	6,560,250
		<u>8,012,868</u>	<u>6,738,471</u>
Current liabilities			
Accruals and other payables	10	756,502	246,007
Deferred grant income		2,550,136	1,478,392
		<u>3,306,638</u>	<u>1,724,399</u>
Net current assets		<u>4,706,230</u>	<u>5,014,072</u>
Net assets		<u>4,706,230</u>	<u>5,014,072</u>
Funds			
General fund		<u>4,706,230</u>	<u>5,014,072</u>

Approved by:



Vivien Webb Wong
Director



Lara Melissa Fabregas Lynch
Director

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Note	2016 HK\$	2015 HK\$
Operating activities			
(Deficit)/surplus for the year		(307,842)	768,397
Adjustments for:			
Interest income		(19,994)	(15,188)
Operating (deficit)/surplus before movements in working capital		(327,836)	753,209
(Increase)/decrease in prepayments and other receivables		(565,419)	202,289
Increase in accruals and other payables		510,495	95,397
Increase in deferred grant income		1,071,744	927,147
Cash generated from operations		688,984	1,978,042
Interest received		19,994	15,188
Net cash generated from operating activities		708,978	1,993,230
Increase in cash and cash equivalents		708,978	1,993,230
Cash and cash equivalents at the beginning of the year		6,560,250	4,567,020
Cash and cash equivalents at the end of the year	9	7,269,228	6,560,250

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 2016****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 2D, 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.

(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 2016**

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>2016</u>	Income	Expenditure	Surplus
Fund-raising events	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>
<u>2015</u>	Income	Expenditure	Surplus
Fund-raising event	HK\$	HK\$	HK\$
6th Anniversary	1,260,772	(3,751)	1,257,021
7th Anniversary	1,832,603	(404,828)	1,427,775
Back-to-school lunch	149,560	(50,220)	99,340
	<u>3,242,935</u>	<u>(458,799)</u>	<u>2,784,136</u>

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2016

5 CLIENT EXPENSES

	2016	2015
	HK\$	HK\$
Allowances	76,260	62,243
Cleaning	23,499	21,340
Contraceptive cost	8,411	21,781
Electricity and water	31,409	39,142
Government and consulate	24,396	21,275
Home Country Integration Expenses	5,328	22,022
Insurance	28,038	17,390
Loan advance to clients written off	-	5,120
Maintenance	79,035	66,432
Medical costs	41,858	41,038
Meeting expenses	20,076	33,117
Minor equipment	44,663	26,311
Outreach	108,693	96,654
Postage, fax and calls	2,006	3,108
Presentors	38,139	59,875
Property agency fee for shelter	-	6,900
Remittance charges	2,328	1,527
Rental - shelter	316,200	282,884
Staff cost - programs	4,052,489	3,639,991
Stamp duty	568	902
Supplies	168,992	189,431
Telecommunication expenses	16,153	12,127
Traveling for clients	93,672	75,797
Venue cost - programs	256,477	224,489
	<u>5,438,690</u>	<u>4,970,896</u>

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2016**

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:

	2016	2015
	HK\$	HK\$
Client expenses - staff cost	4,052,489	3,639,991
Database development	-	62,824
Event cost	273,475	146,194
Staff cost (Office administration)	965,513	634,272
Renovation cost	-	11,900
	<u>5,291,477</u>	<u>4,495,181</u>

Analysis of the total staff costs is as follows:

	2016	2015
	HK\$	HK\$
Salaries	5,086,498	4,292,736
Retirement scheme contributions	194,459	167,139
Other benefits	10,520	35,306
	<u>5,291,477</u>	<u>4,495,181</u>

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

During the years ended 31 December 2016 and 31 December 2015, 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

	2016	2015
	HK\$	HK\$
Loan advance to clients	200	2,500
Other receivables	576,348	22,082
Prepayments	35,177	21,924
Rental and utility deposit	131,915	131,715
	<u>743,640</u>	<u>178,221</u>

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2016**

9 CASH AND CASH EQUIVALENTS

	2016	2015
	HK\$	HK\$
Cash and bank balances	1,268,576	2,544,972
Time deposit with maturity within 3 months	6,000,652	4,015,278
	<u>7,269,228</u>	<u>6,560,250</u>

10 ACCRUALS AND OTHER PAYABLES

	2016	2015
	HK\$	HK\$
Accruals	698,214	226,471
Other payables	58,288	19,536
	<u>756,502</u>	<u>246,007</u>

11 OPERATING LEASE COMMITMENTS

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

	2016	2015
	HK\$	HK\$
Within one year	375,073	504,795
Within two to five years	188,595	99,613
	<u>563,668</u>	<u>604,408</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.

13 APPROVAL OF FINANCIAL STATEMENTS

These financial statements were authorised for issue by the company's Board of Directors on **21 AUG 2017**