

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

REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

PATHFINDERS LIMITED

**REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

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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 2019.

FINANCIAL STATEMENTS

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

The financial position of the company at 31 December 2019 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 to ensure the most vulnerable and unsupported children in Hong Kong are respected and protected, and their migrant mothers are empowered to find a path to a bright future.

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	
Vivien Webb Wong	
Meena Datwani	
Elizabeth Wright	
David Jonathan Spencer	(appointed on 14 May 2019)
Martine Vanasse	(resigned on 17 May 2019)
Victor Richard Hughes	(appointed on 14 May 2019 and resigned on 30 November 2019)
Kestity Adyandini Pringgoharjono	(resigned on 4 December 2019)
Allison Marie Creel	(resigned on 5 May 2020)
Wika Wariyanti Rawson	(resigned on 4 June 2020)
Lara Melissa Fabregas Lynch	(resigned on 31 July 2020)
Aruni Weerasekera	(resigned on 26 August 2020)
Keith Pogson	(appointed on 23 September 2020)

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

23 SEP 2020

**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 2019, 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 2019, 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)**

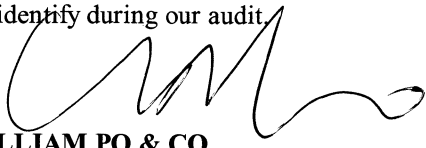
Auditor's Responsibilities for the Audit of the Financial Statements

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 HKSAAs 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 HKSAAs, 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, 29 SEP 2020

**STATEMENT OF INCOME AND GENERAL FUND
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Notes	2019 HK\$	2018 HK\$
Income			
Project income		5,346,362	4,908,660
General donation		1,359,065	2,063,935
Surplus on fund-raising events	4	2,957,607	1,968,314
Compensation income		115,543	419,207
Interest received		89,778	64,121
		<u>9,868,355</u>	<u>9,424,237</u>
Less: Expenditure			
Accounting fee		53,163	51,354
Audit fee		23,500	23,500
Bank charges		4,015	5,603
Consultancy fee		83,917	41,100
Client expenses	5	7,681,575	6,853,506
Company secretarial fee		5,000	5,000
Computer expenses		49,554	42,581
Design fee		12,586	3,800
Electricity & water		2,307	2,228
Insurance		20,122	17,928
Legal fee		115,543	419,207
Local travelling		1,209	1,048
Meeting expenses		65,959	29,379
Postage, stationery and supplies		30,728	16,040
Rent		48,242	168,517
Social media and website expenses		364,121	200,746
Staff costs	6	1,003,873	1,091,657
Staff training		6,661	2,400
Sundry expenses		11,707	12,378
Telephone and fax		5,062	3,550
		<u>9,588,844</u>	<u>8,991,522</u>
Surplus for the year		279,511	432,715
General fund brought forward		5,083,971	4,651,256
General fund carried forward		5,363,482	5,083,971

**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019**

	Notes	2019 HK\$	2018 HK\$
Current assets			
Prepayments and other receivables	8	1,148,933	560,436
Cash and cash equivalents	9	5,865,630	7,694,219
		<u>7,014,563</u>	<u>8,254,655</u>
Current liabilities			
Accruals and other payables	10	447,227	334,925
Deferred project income		1,203,854	2,835,759
		<u>1,651,081</u>	<u>3,170,684</u>
Net assets		<u>5,363,482</u>	<u>5,083,971</u>
Funds			
General fund		<u>5,363,482</u>	<u>5,083,971</u>

Approved by:



Vivien Webb Wong
Director



Meena Datwani
Director

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Note	2019 HK\$	2018 HK\$
Operating activities			
Surplus for the year		279,511	432,715
Adjustments for:			
Interest income		(89,778)	(64,121)
Operating surplus before movements in working capital		189,733	368,594
(Increase)/decrease in prepayments and other receivables		(588,497)	362,655
Increase in accruals and other payables		112,302	56,581
Decrease in deferred project income		(1,631,905)	(231,709)
Cash (used in)/generated from operations		(1,918,367)	556,121
Interest received		89,778	64,121
Net cash (used in)/generated from operating activities		(1,828,589)	620,242
(Decrease)/increase in cash and cash equivalents		(1,828,589)	620,242
Cash and cash equivalents at the beginning of the year		7,694,219	7,073,977
Cash and cash equivalents at the end of the year	9	5,865,630	7,694,219

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 2019**

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 to ensure the most vulnerable and unsupported children in Hong Kong are respected and protected, and their migrant mothers are empowered to find a path to a bright future. 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 2019**

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>2019</u>	Income	Expenditure	Surplus
Fund-raising events	HK\$	HK\$	HK\$
Anniversary celebration fund-raising dinner	3,493,999	(536,392)	2,957,607
	<u>3,493,999</u>	<u>(536,392)</u>	<u>2,957,607</u>
<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>

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2019**

5 CLIENT EXPENSES

	Note	2019 HK\$	2018 HK\$
Allowances		92,466	49,242
Cleaning		2,055	4,587
Contraceptive cost		1,810	143
Electricity and water		25,107	29,150
Field trip expenses		48,286	86,604
Government and consulate		36,385	19,514
Home Country Integration Expenses		31,185	168
Insurance		113,934	82,381
IT expenses		21,635	41,092
Medical costs		32,610	47,547
Meeting expenses		89,941	9,648
Minor equipment		12,433	96,646
Outreach		95,647	203,885
Postage, fax and calls		11,371	31,388
Property agency fee for shelter		-	1,959
Remittance charges		-	620
Rental - office and shelter		720,201	570,194
Staff cost - programs	6	6,005,110	5,458,588
Stamp duty		-	2,203
Supplies		218,276	19,577
Telecommunication expenses		33,078	24,785
Translation expenses		50,493	-
Travelling expenses		39,552	73,585
		<u>7,681,575</u>	<u>6,853,506</u>

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2019**

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:

	2019	2018
	HK\$	HK\$
Client expenses - staff cost	6,005,110	5,458,588
Fund-raising event expenditure	128,773	253,947
Staff cost (Office administration)	1,003,873	1,091,657
	<u>7,137,756</u>	<u>6,804,192</u>

Analysis of the total staff costs is as follows:

	2019	2018
	HK\$	HK\$
Salaries	6,840,905	6,500,569
Retirement scheme contributions	285,642	259,634
Other benefits	11,209	43,989
	<u>7,137,756</u>	<u>6,804,192</u>

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

During the years ended 31 December 2019 and 31 December 2018, 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

	2019	2018
	HK\$	HK\$
Other receivables	847,188	274,279
Prepayments	124,118	122,036
Rental and utility deposit	177,627	164,121
	<u>1,148,933</u>	<u>560,436</u>

9 CASH AND CASH EQUIVALENTS

	2019	2018
	HK\$	HK\$
Cash and bank balances	1,678,956	3,594,424
Time deposit with maturity within 3 months	4,186,674	4,099,795
	<u>5,865,630</u>	<u>7,694,219</u>

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2019**

10 ACCRUALS AND OTHER PAYABLES

	2019	2018
	HK\$	HK\$
Accruals	369,675	273,567
Other payables	<u>77,552</u>	<u>61,358</u>
	<u><u>447,227</u></u>	<u><u>334,925</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:

	2019	2018
	HK\$	HK\$
Within one year	624,636	331,053
Within two to five years	<u>46,289</u>	<u>213,741</u>
	<u><u>670,925</u></u>	<u><u>544,794</u></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 **29 SEP 2020**