

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

REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

PATHFINDERS LIMITED

**REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

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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 2021.

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 2021 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
Keith Pogson

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, being eligible, offer themselves for re-appointment.

On behalf of the Board

Vivien Webb Wong
Chairman

**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 2021, 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 2021, 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 and 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,

STATEMENT OF INCOME AND GENERAL FUND
FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 HK\$	2020 HK\$
Income			
Project income - Save the Children Hong Kong		600,000	-
Project income - others		5,913,654	6,072,581
General donation		1,779,526	1,840,626
Surplus on fund-raising events	4	565,376	236,440
Employment Support Scheme subsidy		-	1,289,148
Interest received		15,318	54,065
Miscellaneous income		42,746	33,902
		8,916,620	9,526,762
Less: Expenditure			
Accounting fee		5,358	89,370
Audit fee		23,500	23,500
Bank charges		13,771	25,378
Consultancy fee		111,167	40,050
Client expenses	5	7,012,927	7,759,494
Company secretarial fee		5,000	5,000
Computer expenses		119,497	39,532
Design fee		20,028	14,567
Electricity & water		2,258	833
Insurance		29,046	29,525
Local travelling		783	477
Meeting expenses		392	2,191
Postage, stationery and supplies		5,908	34,216
Rent		46,970	50,413
Social media and website expenses		9,326	84,850
Staff costs	6	1,376,820	1,418,588
Staff training		10,520	443
Sundry expenses		6,118	3,438
Telephone and fax		2,172	1,347
		8,801,561	9,623,212
Surplus/(deficit)for the year		115,059	(96,450)
General fund brought forward		5,267,032	5,363,482
General fund carried forward		5,382,091	5,267,032

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

**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021**

	Notes	2021 HK\$	2020 HK\$
Current assets			
Prepayments and other receivables	8	443,910	786,637
Cash and cash equivalents	9	<u>8,022,098</u>	<u>6,490,549</u>
		<u>8,466,008</u>	<u>7,277,186</u>
Current liabilities			
Accruals and other payables	10	257,324	512,237
Deferred project income		<u>2,826,593</u>	<u>1,497,917</u>
		<u>3,083,917</u>	<u>2,010,154</u>
Net assets		<u><u>5,382,091</u></u>	<u><u>5,267,032</u></u>
Funds			
General fund		<u><u>5,382,091</u></u>	<u><u>5,267,032</u></u>

Approved by:

Vivien Webb Wong
Director

Keith Pogson
Director

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Note	2021 HK\$	2020 HK\$
Operating activities			
Surplus/(deficit) for the year		115,059	(96,450)
Adjustments for:			
Interest income		<u>(15,318)</u>	<u>(54,065)</u>
Operating surplus before movements in working capital		99,741	(150,515)
Decrease in prepayments and other receivables		342,727	362,296
(Decrease)/increase in accruals and other payables		(254,913)	65,010
Increase in deferred project income		<u>1,328,676</u>	<u>294,063</u>
Cash generated from operations		1,516,231	570,854
Interest received		<u>15,318</u>	<u>54,065</u>
Net cash generated from operating activities		<u>1,531,549</u>	<u>624,919</u>
Increase in cash and cash equivalents		1,531,549	624,919
Cash and cash equivalents at the beginning of the year		<u>6,490,549</u>	<u>5,865,630</u>
Cash and cash equivalents at the end of the year	9	<u>8,022,098</u>	<u>6,490,549</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

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 2021**

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

2021	Income	Expenditure	Surplus / (Deficit)
Fund-raising events	HK\$	HK\$	HK\$
Anniversary celebration	455,208	(57,377)	397,831
Help the moms who help us	162,900	(225)	162,675
More than a mask	47,400	(23,539)	23,861
Others	40,384	(59,375)	(18,991)
	<u>705,892</u>	<u>(140,516)</u>	<u>565,376</u>
2020	Income	Expenditure	Surplus
Fund-raising events	HK\$	HK\$	HK\$
Anniversary celebration	168,407	(536)	167,871
Charity Wine Campaign	185,700	(117,131)	68,569
	<u>354,107</u>	<u>(117,667)</u>	<u>236,440</u>

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2021**

5 CLIENT EXPENSES

	Note	2021 HK\$	2020 HK\$
Advertising		52,262	26,297
Allowances		116,401	72,518
Cleaning		198	21,782
Consultancy fee		301,613	-
Contraceptive cost		8,370	4,875
Design fee		77,969	-
Electricity and water		30,469	11,664
Government and consulate		7,850	16,620
Home Country Integration Expenses		36,271	29,997
Insurance		128,030	126,345
IT expenses		45,469	74,697
Medical costs		34,860	41,417
Meeting expenses		16,737	28,010
Outreach		23,169	-
Postage, fax and calls		4,825	1,813
Rental - office and shelter		674,667	685,670
Social media		44,200	-
Staff cost - programs	6	5,220,752	6,358,581
Staff training		17,593	-
Sundry expenses		6,401	528
Supplies		108,810	190,857
Telecommunication expenses		21,500	43,363
Translation expenses		7,892	-
Travelling expenses		15,819	24,460
Venue cost		10,800	-
		<u>7,012,927</u>	<u>7,759,494</u>

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2021**

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:

	2020	2020
	HK\$	HK\$
Client expenses - staff cost	5,220,752	6,358,581
Fund-raising event expenditure	-	13,258
Staff cost (Office administration)	1,376,820	1,418,588
	<u>6,597,572</u>	<u>7,790,427</u>

Analysis of the total staff costs is as follows:

	2020	2019
	HK\$	HK\$
Salaries	6,273,683	7,353,265
Retirement scheme contributions	270,711	293,951
Other benefits	53,178	143,211
	<u>6,597,572</u>	<u>7,790,427</u>

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

During the years ended 31 December 2021 and 31 December 2020, 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

	2021	2020
	HK\$	HK\$
Prepayments	147,756	170,676
Rental and utility deposit	159,130	176,827
Other receivables	137,024	439,134
	<u>443,910</u>	<u>786,637</u>

9 CASH AND CASH EQUIVALENTS

	2021	2020
	HK\$	HK\$
Cash and bank balances	3,766,147	2,249,852
Time deposit with maturity within 3 months	4,255,951	4,240,697
	<u>8,022,098</u>	<u>6,490,549</u>

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2021**

10 ACCRUALS AND OTHER PAYABLES

	2021	2020
	HK\$	HK\$
Accruals	235,503	393,450
Other payables	21,821	118,787
	<u>257,324</u>	<u>512,237</u>

11 OPERATING LEASE COMMITMENTS

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

	2021	2020
	HK\$	HK\$
Within one year	434,520	109,876
Within two to five years	96,949	-
	<u>531,469</u>	<u>109,876</u>

12 APPROVAL OF FINANCIAL STATEMENTS

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