

**EMPOWER – THE EMERGING MARKETS
FOUNDATION (HONG KONG) LIMITED**

**REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

Russell Bedford James Ngai CPA Limited

羅瑞貝德會計師事務所有限公司

Certified Public Accountants

Member of Russell Bedford International - a global network of independent professional services firms.

EMpower - The Emerging Markets Foundation (Hong Kong) Limited
Reports and financial statements
Year ended 30 June 2021

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EMpower - The Emerging Markets Foundation (Hong Kong) Limited

Report of the directors

The directors have pleasure in presenting herewith their report together with the audited financial statements for the year ended 30 June 2021.

Principal place of business

EMpower - The Emerging Markets Foundation (Hong Kong) Limited (the “Company”) is a charitable organisation incorporated and domiciled in Hong Kong and has its registered office at Room 1703, 17th Floor, Bonham Circus, 40-44 Bonham Strand, Sheung Wan, Hong Kong.

Principal activities

The principal activities of the Company are to raise funds and disburse funds to locally led organisations to support at-risk youth in emerging market countries around the world. The principal activities of its subsidiary are set out in note 7 to the financial statements.

Results and appropriations

The results of the Company and its subsidiary (collectively referred to as the “Group”) for the year ended 30 June 2021 are set out in the consolidated statement of comprehensive income on page 7.

Grants

Grants made by the Group during the year amounted to US\$698,500.

Directors

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

Stephen Andrew GLYNN	(Resigned on 1 February 2021)
FOO Yin Pheng	
Louise Marie Ariadne ROSENCRANTZ	(Resigned on 23 June 2021)
Andrew Victor SEIZ	(Resigned on 23 June 2021)
Marta Eugenia CABRERA	(Resigned on 23 June 2021)
Aasha Christine PAI	
Koon Bong Stephen CHANG	
Benjamin Ian HALL	
David Glenn FERNANDEZ	
Richard William JOHNSTON	
Aleem Azim JIVRAJ	
Edward Gary MORSE JR	
Ross Forde HAMOU JENNINGS	
Nicholas Siu Hong KOH	
Cynthia STEELE	
Benjamin John FALLOON	(Appointed on on 1 February 2021)
Rachel Claire ANDREWS	(Appointed on on 1 February 2021)
Fui Wearne TEU	(Appointed on on 1 February 2021)

In accordance with the Company’s Articles of Association, one-third of the directors, or the number nearest one-third, shall retire and, being eligible, offer themselves for re-election at the forthcoming Annual General Meeting.

EMpower - The Emerging Markets Foundation (Hong Kong) Limited
Report of the directors

Directors (Continued)

Directors of the Company's subsidiary during the year and up to the date of this report are:

Fernandez David Glenn
FOO Yin Pheng
Cynthia STEELE

(appointed on 20 August 2020)

Management contracts

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

Business review

Discussion and analysis of the Group's activities as required by Schedule 5 to the Companies Ordinance, including a discussion of the principal risks and uncertainties facing the Group and an indication of likely future developments in the Group's operation, can be found on the Annual Report of EMpower - The Emerging Markets Foundation (Hong Kong) Limited. This discussion forms part of this Directors' report.

Directors' interests

No contracts of significance to which the Company or its subsidiary was a party, and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

At no time during the year was the Company or its subsidiary a party to any arrangements to enable the directors of the Company to acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate.

Permitted indemnity provisions

At no time during the year and up to the date of this directors' report, there was or is, any permitted indemnity provision being in force for the benefit of any of the directors of the Company (whether made by the Company or otherwise) or an associated company (if made by the Company).

EMpower - The Emerging Markets Foundation (Hong Kong) Limited
Report of the directors

Auditors

The financial statements have been audited by Russell Bedford James Ngai CPA Limited, Certified Public Accountants, and a resolution to reappoint them as auditors will be proposed at the forthcoming Annual General Meeting.

For and on behalf of the Board



Aasha Christine PAI
Chairman

25 JAN 2022

Independent auditors' report
To the members of EMpower – The Emerging Markets Foundation (Hong Kong) Limited
(Incorporated in Hong Kong and limited by guarantee)

Opinion

We have audited the consolidated financial statements of EMpower – The Emerging Markets Foundation (Hong Kong) Limited ("the Company") and its subsidiary (collectively known as the "Group") set out on pages 7 to 27, which comprise the consolidated statement of financial position as at 30 June 2021, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated 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 consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") 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 auditors' responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group 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 audit opinion.

Information other than the consolidated financial statements and auditors' report thereon

The directors are responsible for the other information. The other information comprises the information included in the directors' report but does not include the consolidated financial statements and our auditors' report thereon. Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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 consolidated financial statements

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group'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 Group or to cease operations, or have no realistic alternative but to do so.

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

Independent auditors' report (Continued)
To the members of EMpower – The Emerging Markets Foundation (Hong Kong) Limited
(Incorporated in Hong Kong and limited by guarantee)

Auditors' responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes 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 consolidated financial statements.

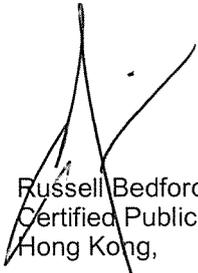
As part of an audit in accordance with HKSA's, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated 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 Group'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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated 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 auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Independent auditors' report (Continued)
To the members of EMpower – The Emerging Markets Foundation (Hong Kong) Limited
(Incorporated in Hong Kong and limited by guarantee)

Auditors' responsibilities for the audit of the consolidated financial statements (Continued)

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.



Russell Bedford James Ngai CPA Limited
Certified Public Accountants
Hong Kong, 27 JAN 2022

James Ngai
Practising Certificate Number P03430

EMpower - The Emerging Markets Foundation (Hong Kong) Limited
Consolidated statement of comprehensive income
Year ended 30 June 2021

	Note	2021 US\$	2020 US\$
Income			
Contributions		1,878,646	1,493,917
Interest income		16	533
Exchange gain, net		20,905	-
Government subsidy		13,935	13,934
Sundry income		12,044	2,647
		<u>1,925,546</u>	<u>1,511,031</u>
Expenditure			
Accounting and audit fee		35,580	45,000
Bad debt written off		5,717	3,000
Bank charges		2,639	2,650
Board representation		650	4,504
Depreciation		891	813
Exchange loss, net		-	1,441
Fundraising expenses		13,865	4,934
Grants		698,500	658,040
Knowledge development		3,839	8,715
Management fee		146,317	220,297
Office costs		1,320	4,780
Office occupancy		60,231	58,958
Printing and postage		457	1,667
Staff costs	5	351,910	302,642
Sundry expenses		954	2,256
Telephone and internet		-	458
Travel and transportation		6,420	5,953
Website management		15,472	10,771
		<u>1,344,762</u>	<u>1,336,879</u>
Surplus before taxation		580,784	174,152
Taxation	6	<u>4,931</u>	<u>(4,867)</u>
Surplus for the year and total comprehensive income for the year	12	<u><u>585,715</u></u>	<u><u>169,285</u></u>

EMpower - The Emerging Markets Foundation (Hong Kong) Limited
Consolidated statement of financial position
At 30 June 2021

	Note	2021 US\$	2020 US\$
Non-current assets			
Property, plant and equipment	8	2,603	2,245
Contribution receivables	9	-	290,000
		<u>2,603</u>	<u>292,245</u>
Current assets			
Contribution receivables	9	321,363	439,704
Amounts due from related companies	10	435,551	82,315
Other receivables and prepayments		12,785	18,981
Short term deposit		23,203	23,194
Cash and bank balance		1,699,741	1,157,453
		<u>2,492,643</u>	<u>1,721,647</u>
Current liabilities			
Grants payables		593,275	436,500
Deferred revenue		290,000	260,000
Other payable and accrued expenses		30,768	31,904
Amount due to a related company	11	1,496	1,496
Taxation		6,000	6,000
		<u>921,539</u>	<u>735,900</u>
Net current assets		<u>1,571,104</u>	<u>985,747</u>
Non-current liabilities			
Deferred revenue		-	290,000
Net assets		<u>1,573,707</u>	<u>987,992</u>
Financed by:			
General fund	12	1,273,707	687,992
Board designated reserve	12	300,000	300,000
Surplus fund		<u>1,573,707</u>	<u>987,992</u>

Approved by the Board of Directors on

25 JAN 2022



Aasha Christine PAI
Director

Aleem Azim JIVRAJ
Director

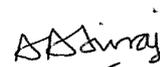
EMpower - The Emerging Markets Foundation (Hong Kong) Limited
Consolidated statement of financial position
At 30 June 2021

	Note	2021 US\$	2020 US\$
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Approved by the Board of Directors on

25 JAN 2022

Aasha Christine PAI
Director



Aleem Azim JIVRAJ
Director

EMpower - The Emerging Markets Foundation (Hong Kong) Limited
Consolidated statement of changes in equity
Year ended 30 June 2021

	General fund US\$	Board designated reserve US\$	Total US\$
At 1 July 2019	518,707	300,000	818,707
Surplus and total comprehensive income for the year	<u>169,285</u>	<u>-</u>	<u>169,285</u>
At 30 June 2020	<u>687,992</u>	<u>300,000</u>	<u>987,992</u>
At 1 July 2020	687,992	300,000	987,992
Surplus and total comprehensive income for the year	<u>585,715</u>	<u>-</u>	<u>585,715</u>
At 30 June 2021	<u>1,273,707</u>	<u>300,000</u>	<u>1,573,707</u>

EMpower - The Emerging Markets Foundation (Hong Kong) Limited
Consolidated statement of cash flows
Year ended 30 June 2021

	Note	2021 US\$	2020 US\$
Cash generated from operations	13	538,599	250,136
Tax refunded / (paid)		4,931	(5,367)
Net cash generated from operating activities		<u>543,530</u>	<u>244,769</u>
Cash flows from investing activities			
Interest received		16	533
Purchase of property, plant and equipment		(1,249)	-
Net cash (used in) / generated from investment activities		<u>(1,233)</u>	<u>533</u>
Cash flows from financing activities		<u>-</u>	<u>-</u>
Net increase in cash and cash equivalents		<u>542,297</u>	<u>245,302</u>
Cash and cash equivalents at beginning of year		<u>1,180,647</u>	<u>935,345</u>
Cash and cash equivalents at end of year		<u><u>1,722,944</u></u>	<u><u>1,180,647</u></u>
Analysis of cash and cash equivalents at end of year			
Short term deposit		23,203	23,194
Cash and bank balances		1,699,741	1,157,453
		<u><u>1,722,944</u></u>	<u><u>1,180,647</u></u>

1. Corporate status

The Group is a charitable organisation incorporated under the Hong Kong Companies Ordinance as a Group limited by guarantee and not having a share capital. The liability of the members is limited to HKD100 per member in the event of the Group being wound up, whilst they remain members, or within one year after they cease to be members. The address of its registered office is Room 1703, 17th Floor, Bonham Circus, 40-44 Bonham Strand, Sheung Wan, Hong Kong. Its principal activities are to raise funds and disburse funds to locally led organisations to support at-risk youth in emerging market countries around the world. The principal activities of its subsidiary are set out in note 7 to the financial statements.

2. Principal accounting policies

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (HKASs) and interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. Significant accounting policies adopted by the Group are set out below.

The HKICPA has issued certain amendments to HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. The adoption of the new / revised HKFRSs that are relevant to the Group and effective from current year had no significant effects on the result and financial position of the Group for the current and prior periods.

The HKICPA has issued a number of amendments, new standards and interpretations which are not yet effective for the year ended 30 June 2021 and which have not been adopted in these financial statements.

The Group has not early applied the following new and revised standards or interpretations that have been issued but are not yet effective:

- Amendments to HKFRS 3 – Reference to the Conceptual Framework³
- Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 – Interest Rate Benchmark Reform – Phase 2²
- Amendments to HKFRS 10 and HKAS 28 (2011) – Sales or Contribution of Assets between an Investor and its Associate or Joint Venture¹
- HKFRS 17 – Insurance Contracts⁴
- Amendments to HKFRS 17 – Insurance Contracts^{4,5}
- Amendments to HKAS 1 – Classification of Liabilities as Current or Non-current^{4,6}
- Amendments to HKAS 16 – Property, Plant and Equipment: Proceeds before Intended Use³
- Amendments to HKAS 37 – Onerous Contracts – Cost of Fulfilling a Contract³
- Annual Improvements to HKFRSs 2018-2020 Cycle³

2. Principal accounting policies (Continued)

(a) Statement of compliance (Continued)

¹Effective period to be determined

²Effective for annual periods beginning on or after 1 January 2021

³Effective for annual periods beginning on or after 1 January 2022

⁴Effective for annual periods beginning on or after 1 January 2023

⁵As a consequence of the amendments to HKFRS 17 issued in October 2020, HKFRS 4 was amended to extend the temporary exemption that permits insurers to apply HKAS 39 rather than HKFRS 9 for annual periods beginning before 1 January 2023

⁶As a consequence of the amendments to HKAS 1, Hong Kong Interpretation 5 Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause was revised in October 2020 to align the corresponding wording with no change in conclusion

The Group is in the process of making an assessment of what the impact of these amendments and new interpretations is expected to be in the period of initial application. The Group does not expect the adoption of them to have a significant impact on the Group's financial statements.

(b) Basis of preparation of the financial statements

The measurement basis used in the preparation of the financial statements is the historical cost basis except that certain assets and liabilities are stated at their fair value as explained in the following accounting policies.

The preparation of financial statements in conformity with HKFRSs requires directors to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 3.

(c) Revenue recognition

Contributions are recognised when the donor makes a promise to give to the Group.

2. Principal accounting policies (Continued)

(d) Employee benefits

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees.

(e) Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax benefits.

Deferred taxation is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Taxation rates enacted or substantively enacted by the year end date are used to determine deferred taxation. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

2. Principal accounting policies (Continued)

(f) Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation of other property, plant and equipment is calculated using the straight-line method to allocate their costs less accumulated impairment losses over their estimated useful lives. The principal annual rates are as follows:

Computer equipment	20%
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The useful lives of assets are reviewed, and adjusted if appropriate, at the end of each reporting period. Their carrying amounts are written down immediately to their recoverable amounts if their carrying amounts are greater than the respective estimated recoverable amounts. Such impairment losses are recognised in the statement of comprehensive income.

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant assets and is recognised in statement of comprehensive income.

(g) Subsidiaries and basis of consolidation

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits/losses arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses are eliminated to the extent that there is no evidence of impairment.

Investment in a subsidiary is stated at cost less impairment losses, unless the investment is classified as held for sale. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Group on the basis of dividend received and receivable.

2. Principal accounting policies (Continued)

(h) Credit loss and impairment of assets

(i) Credit loss from financial instruments

The Group recognises a loss allowance for expected credit losses (“ECLs”) on the financial assets measured at amortised cost (including cash and cash equivalents contribution and other receivables).

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

The expected cash shortfalls are discounted using the following discount rates where the effect of discounting is material:

- fixed-rate financial assets, contribution and other receivables: effective interest rate determined at initial recognition or an approximation thereof;
- variable-rate financial assets: current effective interest rate.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

ECLs are measured on either of the following bases:

- 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for contribution and other receivables are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Group’s historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

For all other financial instruments, the Group recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument’s credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

2. Principal accounting policies (Continued)

(h) Credit loss and impairment of assets (Continued)

(i) Credit loss from financial instruments (Continued)

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(ii) Impairment of other non-current assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that property, plant and equipment may be impaired or an impairment loss previously recognised no longer exists or may have decreased. If any such indication exists, the asset's recoverable amount is estimated.

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

2. Principal accounting policies (Continued)

(i) Receivables

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due.

Receivables are stated at amortised cost using the effective interest method, less allowance for credit losses.

(j) Cash and cash equivalents

Cash and cash equivalents are short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of change in value.

(k) Payables

Payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discount would be immaterial in which case they are stated at cost.

(l) Translation of foreign currencies

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The financial statements are presented in United States Dollar, which is the Group’s functional and presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income and expenditure account.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates.

The results and financial position of all the entities within the Group (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows: assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position; income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and all resulting currency translation differences are recognised in other comprehensive income and accumulated loss separately in equity in the exchange reserve.

When a foreign operation is disposed, such exchange differences are reclassified from equity to the income and expenditure account when the profit or loss on disposal is recognised.

2. Principal accounting policies (Continued)

(m) Related parties

A person or a close member of that person's family is related to the Group if that person (i) has control or joint control over the Group; (ii) has significant influence over the Group; or (iii) is a member of the key management personnel of the Group or of a parent of the Group.

An entity is related to the Group if (i) the entity and the Company are members of the same group of companies, (ii) the entity is an associate or joint venture of either the Company or a member of a group of which the Company is a member, (iii) the Company is an associate or joint venture of either the entity or a member of a group of which the entity is a member, (iv) the entity and the Company are joint ventures of the same third party, (v) the entity is a joint venture of a third entity and the Company is an associate of that third entity, (vi) the Company is a joint venture of a third entity and the entity is an associate of that third entity, (vii) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company, (viii) the entity is controlled or jointly controlled by a person related to the Company or a close member of that person's family, (ix) a person who has control or joint control over the Company has significant influence over the entity, or (x) a person who has control or joint control over the Group is a member of the key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

3. Critical accounting estimates and judgements

In the application of the Group's accounting policies, the directors have made the following critical accounting estimates:

Useful lives and residual values of property, plant and equipment

The Group's management determines the useful lives, residual values and related depreciation charges for the Group's property, plant and equipment. This estimate is based on the historical experience of the actual useful lives and residual values of property, plant and equipment of similar nature and functions. It could change significantly as a result of technical innovations and competitor actions in response to severe industry cycles. Management will increase the depreciation charge when useful lives and residual values are less than previously estimated, or it will write off or write down technically obsolete or non-strategic assets that have been abandoned or sold. Actual economic lives may differ from estimated useful lives. Periodic review could result in a change in depreciable lives and, therefore, depreciation in the future periods.

Loss allowance for ECL

The Group's management estimates the loss allowance for receivables by using various inputs and assumptions including risk of a default and expected loss rate. The estimation involves high degree of uncertainty which is based on the Group's historical information as well as forward-looking estimates at the end of each reporting period. Where the expectation is different from the original estimate, such difference will impact the carrying amount of receivables.

EMpower - The Emerging Markets Foundation (Hong Kong) Limited
Notes to the financial statements
Year ended 30 June 2021

4. Directors' emoluments

	2021 US\$	2020 US\$
Directors' emoluments		
- fees	-	-
- other emoluments	-	-
	<u>-</u>	<u>-</u>

5. Staff costs

	2021 US\$	2020 US\$
Salaries	325,475	276,313
Retirement plan contribution - defined contribution plan	13,795	15,801
Staff welfare	12,640	10,528
	<u>351,910</u>	<u>302,642</u>

The key management of the Group did not receive any emoluments during the financial year (2020: Nil).

6. Taxation

The Company has been exempted from paying Hong Kong Profits Tax under Section 88 of the Inland Revenue Ordinance. Taxation arising outside Hong Kong, including Singapore, is calculated at the tax rates prevailing in the relevant jurisdictions.

Taxation in the consolidated statement of comprehensive income represents:

	2021 US\$	2020 US\$
Current tax: Singapore profits tax	-	4,867
Overprovision in prior year	(4,931)	-
	<u>(4,931)</u>	<u>4,867</u>

The income tax expense for the year can be reconciled to the surplus before taxation per consolidated statement of comprehensive income as follows:

	2021 US\$	2020 US\$
Surplus before taxation	<u>580,784</u>	<u>174,152</u>
Tax at Singapore tax rate of 17% (2020: 17%)	98,733	29,606
Tax effect on non-taxable income	(106,981)	(16,615)
Tax effect on non-taxable expenses	10,178	-
Partial tax exemption	(1,281)	(6,803)
Corporate income tax rebate	-	(1,547)
Over provision in prior year	(4,931)	(1,133)
Other	(649)	1,359
Income tax expense	<u>(4,931)</u>	<u>4,867</u>

EMpower - The Emerging Markets Foundation (Hong Kong) Limited
Notes to the financial statements
Year ended 30 June 2021

7. Subsidiary

	2021 US\$	2020 US\$
Unlisted investment, at cost	-	-

Details of the subsidiary is as follows:

<u>Name of subsidiary</u>	<u>Place of incorporation</u>	<u>Registered capital</u>	<u>Interest held</u>		<u>Principal activities</u>
			2021	2020	
EMpower – The Emerging Markets Foundation (Singapore) Limited	Singapore	Nil, company limited by guarantee	100% directly	100% directly	charitable and other supporting humanitarian work activities

8. Property, plant and equipment

	Computer equipment US\$
Cost:	
At 1 July 2020	4,774
Additions	1,249
At 30 June 2021	<u>6,023</u>
Accumulated depreciation and impairment losses:	
At 1 July 2020	2,529
Charge for the year	891
At 30 June 2021	<u>3,420</u>
Net book value:	
At 30 June 2021	<u>2,603</u>
	Computer equipment US\$
Cost:	
At 1 July 2019 and at 30 June 2020	<u>4,774</u>
Accumulated depreciation and impairment losses:	
At 1 July 2019	1,716
Charge for the year	813
At 30 June 2020	<u>2,529</u>
Net book value:	
At 30 June 2020	<u>2,245</u>

EMpower - The Emerging Markets Foundation (Hong Kong) Limited
Notes to the financial statements
Year ended 30 June 2021

9. Contribution receivables

	2021 US\$	2020 US\$
Contribution receivables	<u>321,363</u>	<u>729,704</u>

There is no credit period for the contribution receivables as they are due upon commitment by donors.

As at the end of the reporting period, the aging analysis of contribution receivables, net of loss allowance is as follows:

	2021 US\$	2020 US\$
0 - 90 days	164,443	355,677
Over 90 days	<u>156,920</u>	<u>374,027</u>
	<u>321,363</u>	<u>729,704</u>

10. Amounts due from related companies

Particulars of amounts due from related companies, disclosed pursuant to Section 383(1)(d) of the Hong Kong Companies Ordinance and section 15(3) of Companies (Disclosure of Information about Benefits of Directors) Regulation, are as follows:

Name of related company	: EMpower – The Emerging Markets Foundations Limited (US)
Name of connected director	: Cynthia STEELE
Terms	
Duration and repayment	: Repayable on demand
Interest rate	: Nil
Security	: Nil
Balances	
- at 30 June 2021	: US\$435,551
- at 30 June 2020	: US\$44,758
Maximum amount outstanding during the year	: US\$435,551
Provision made as at 30 June 2021	: Nil

Name of related company	: EMpower – The Emerging Markets Foundations Limited (UK)
Name of connected director	: Cynthia STEELE
Terms	
Duration and repayment	: Repayable on demand
Interest rate	: Nil
Security	: Nil
Balances	
- at 30 June 2021	: Nil
- at 30 June 2020	: US\$37,557
Maximum amount outstanding during the year	: US\$37,557
Provision made as at 30 June 2021	: Nil

EMpower - The Emerging Markets Foundation (Hong Kong) Limited
Notes to the financial statements
Year ended 30 June 2021

11. Amount due to a related company

The amount due to a related company is unsecured, non-interest bearing and repayable on demand.

12. Surplus fund

	General fund US\$	Board designated reserve US\$	Total US\$
At 1 July 2020	687,992	300,000	987,992
Surplus and total comprehensive income for the year	<u>585,715</u>	<u>-</u>	<u>585,715</u>
At 30 June 2021	<u>1,273,707</u>	<u>300,000</u>	<u>1,573,707</u>
At 1 July 2019	518,707	300,000	818,707
Surplus and total comprehensive income for the year	<u>169,285</u>	<u>-</u>	<u>169,285</u>
At 30 June 2020	<u>687,992</u>	<u>300,000</u>	<u>987,992</u>

13. Reconciliation of surplus before taxation to cash generated from operations:

	2021 US\$	2020 US\$
Surplus before taxation	580,784	174,152
Depreciation	891	813
Interest income	<u>(16)</u>	<u>(533)</u>
Operating surplus before working capital changes (Increase) / decrease in amounts due from related companies	581,659	174,432
Decrease / (increase) in contribution receivables	(353,236)	23,691
Decrease in other receivable and prepayments	408,341	(403,489)
Increase in amounts due to related companies	6,196	856
Increase / (decrease) in grants payable	-	1,496
(Decrease) / increase in deferred revenue	156,775	(102,000)
(Decrease) / increase in other payables and accruals	<u>(260,000)</u>	<u>550,000</u>
Cash generated from operations	<u>(1,136)</u>	<u>5,150</u>
	<u>538,599</u>	<u>250,136</u>

14. Deferred taxation

Deferred taxation is calculated in full on temporary differences under the liability method using a principal taxation rate of 16.5% (2020: 16.5%).

No deferred tax is recognised as the Group has no carry forward of unused tax losses and unused tax credits that can be utilised in the future (2020: Nil).

EMpower - The Emerging Markets Foundation (Hong Kong) Limited
Notes to the financial statements
Year ended 30 June 2021

15. Statement of financial position of the Company

(a) Company-level statement of financial position

	2021 US\$	2020 US\$
Non-current assets		
Property, plant and equipment	2,603	2,245
Contribution receivable	-	290,000
	<u>2,603</u>	<u>292,245</u>
Current assets		
Contribution receivables	321,363	414,704
Amounts due from related companies	434,756	81,521
Other receivables and prepayments	12,785	18,981
Short term deposit	23,203	23,194
Cash and bank balance	1,467,342	1,056,457
	<u>2,259,449</u>	<u>1,594,857</u>
Current liabilities		
Amount due to subsidiary	142,957	196,766
Grants payables	593,275	436,500
Deferred revenue	290,000	260,000
Other payable and accrued expenses	24,322	19,328
	<u>1,050,554</u>	<u>912,594</u>
Net current assets	<u>1,208,895</u>	<u>682,263</u>
Non-current liabilities		
Deferred revenue	-	290,000
	<u>-</u>	<u>290,000</u>
Net assets	<u>1,211,498</u>	<u>684,508</u>
Financed by:		
General fund	911,498	384,508
Board designated reserve	300,000	300,000
Surplus fund	<u>1,211,498</u>	<u>684,508</u>

Approved by the Board of Directors on

25 JAN 2022

Aasha C Pai

Aasha Christine PAI
Director

Aleem Azim JIVRAJ
Director

EMpower - The Emerging Markets Foundation (Hong Kong) Limited
Notes to the financial statements
Year ended 30 June 2021

15. Statement of financial position of the Company

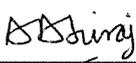
(a) Company-level statement of financial position

	2021 US\$	2020 US\$
Non-current assets		
Property, plant and equipment	2,603	2,245
Contribution receivable	-	290,000
	<u>2,603</u>	<u>292,245</u>
Current assets		
Contribution receivables	321,363	414,704
Amounts due from related companies	434,756	81,521
Other receivables and prepayments	12,785	18,981
Short term deposit	23,203	23,194
Cash and bank balance	1,467,342	1,056,457
	<u>2,259,449</u>	<u>1,594,857</u>
Current liabilities		
Amount due to subsidiary	142,957	196,766
Grants payables	593,275	436,500
Deferred revenue	290,000	260,000
Other payable and accrued expenses	24,322	19,328
	<u>1,050,554</u>	<u>912,594</u>
Net current assets	<u>1,208,895</u>	<u>682,263</u>
Non-current liabilities		
Deferred revenue	-	290,000
	<u>-</u>	<u>290,000</u>
Net assets	<u>1,211,498</u>	<u>684,508</u>
Financed by:		
General fund	911,498	384,508
Board designated reserve	300,000	300,000
Surplus fund	<u>1,211,498</u>	<u>684,508</u>

Approved by the Board of Directors on

25 JAN 2022

Aasha Christine PAI
Director



Aleem Azim JIVRAJ
Director

EMpower - The Emerging Markets Foundation (Hong Kong) Limited
Notes to the financial statements
Year ended 30 June 2021

15. Statement of financial position of the Company (Continued)

(b) Movement in components of equity of the Company

	General fund US\$	Board designated reserve US\$	Total US\$
At 1 July 2019	287,191	300,000	587,191
Surplus and total comprehensive income for the year	<u>97,317</u>	<u>-</u>	<u>97,317</u>
At 30 June 2020	<u>384,508</u>	<u>300,000</u>	<u>684,508</u>
At 1 July 2020	384,508	300,000	684,508
Surplus and total comprehensive income for the year	<u>526,990</u>	<u>-</u>	<u>526,990</u>
At 30 June 2021	<u>911,498</u>	<u>300,000</u>	<u>1,211,498</u>

16. Related party transactions

During the year, the Group undertook the following material related party transactions:

	2021 US\$	2020 US\$
Management fee paid or payable to a related company, EMpower - The Emerging Markets Foundation Limited (US) (note)	146,317	220,297
Contributions from directors	<u>442,892</u>	<u>341,748</u>

Note: Cynthia STEELE is the common director of the related company and the Company.

The directors were of the opinion that the above transactions were entered into in the normal course of operation and at terms agreed between the Group and the related parties.

EMpower - The Emerging Markets Foundation (Hong Kong) Limited
Notes to the financial statements
Year ended 30 June 2021

17. Financial instruments

The Group has exposure to credit, liquidity, foreign currency, interest and fair value risks arise in the normal course of the Group's operation. These risks are limited by the Group's financial management policies and practices described below:

(a) Credit risk

The Group's credit risk is primarily attributable to contribution receivables and bank balance. For contribution receivable, management keep monitoring collection of committed contribution with frequent communication with donor and credit risk is considered low. The Group's cash at bank was held by major financial institutions located in Hong Kong and Singapore, which management believes is of high credit rating. Accordingly the overall credit risk is considered limited.

The maximum exposure to credit risk represented by the carrying amount of the financial assets as at the end of the report period is as follows:

	2021 US\$	2020 US\$
Contribution receivables	321,363	729,704
Amounts due from related companies	435,551	82,315
Other receivables	8,950	8,950
Short term deposit	23,203	23,194
Bank balance	1,699,741	1,157,288
	<u>2,488,808</u>	<u>2,001,451</u>

(b) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements and to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

Maturities of the financial liabilities of the Group as at 30 June 2021 were as follows:

	2021 US\$	2020 US\$
Total amounts of contractual undiscounted obligations		
Grants payables	593,275	436,500
Amount due to a related company	1,496	1,496
Other payable and accrued expenses	30,768	31,904
Due for payment on demand or within one year	<u>625,539</u>	<u>469,900</u>

17. Financial instruments (Continued)

(c) Foreign currency risk

The Group is mainly exposed to foreign currency risk on bank balances. The Group considers that as the currency risk of the Group is not significant, the Company did not employ any financial instruments for hedging purposes.

The carrying amounts of the Group's foreign currency denominated monetary assets and liabilities at the reporting date are as follows:

	Assets		Liabilities	
	2021 US\$	2020 US\$	2021 US\$	2020 US\$
Singapore dollar ("SGD")	209,588	172,165	8,816	12,576
Hong Kong Dollars ("HKD")	<u>332,543</u>	<u>253,445</u>	<u>21,952</u>	<u>-</u>

The foreign exchange risk in the translation of United States Dollar to Hong Kong Dollars is limited as Hong Kong Dollar is being pegged to United States Dollar.

10% is the sensitivity rate used by management in the assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding SGD denominated monetary item and adjusts its translation at the year end for a 10% change in SGD rates. A 10% increase in the SGD against USD and all other variables were held constant, it would have increased the surplus of the Group by US\$20,077 (2020: US\$15,959).

(d) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The majority of the Group's financial assets and liabilities are non-interest bearing, as a result, the Group is not subject to significant amounts of risk due to fluctuations in the prevailing level of market interest rates. The Group had bank balances at year end which had exposed to interest rate risks on these bank balances are US\$1,467,255 (2020: US\$1,056,292).

If interest rates had been 100 basis points higher / lower and all other variables were held constant, the Group's surplus for the year ended 30 June 2021 would be decreased / increased by US\$14,673 (2020: US\$10,563). A 100 basis point increase or decrease in interest rate is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

(e) Fair value

The carrying amounts of the Group's financial instruments approximate their fair values due to their short maturity.

18. Banking facility

At 30 June 2021, the Company had two credit cards for use by the Company's employees with a total credit limit of US\$23,135 (equivalent to HK\$180,000) (2020: US\$23,135). This was secured by the Company's deposit in the amount of US\$23,196 (equivalent to HK\$180,479) (2020: US\$23,194).

19. Capital risk management

The Group's objective when managing capital is to safeguard the Group's ability to continue as a going concern so that it can continue its operation and achieve its mission.

The Group manage the capital structure and makes adjustments to it in the light of changes in economic conditions and the deficits arising from its operations. No changes were made in the objective, policies and processes during the year ended 30 June 2021.

The Group's policy is to keep the capital at a reasonable level in order to fund its projects. The Group is not subject to externally imposed capital requirements.

20. Approval of financial statements

The financial statements were approved by the Board of Directors on **25 JAN 2022**.