

Certified as true by:-



Director

Karen Alyssa BRINDLE

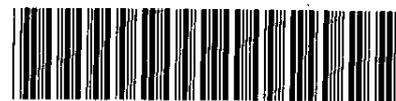
11 October 2021

Report of the Directors

Audited Financial Statements

Captivating International Foundation Limited

31 December 2020



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CAPTIVATING INTERNATIONAL FOUNDATION LIMITED

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CAPTIVATING INTERNATIONAL FOUNDATION LIMITED

REPORT OF THE DIRECTORS

The directors herein present their report and the audited financial statements of the Company for the year ended 31 December 2020.

Principal activities

The company is a charitable organization and its principal activities are to support those trapped in poverty, are at risk or vulnerable to human trafficking through providing: opportunities to develop self-sustainable industries, primarily through micro-finance programs and animal husbandry initiatives; prevention, awareness and education programs to communities, schools, government departments on the danger of human trafficking and cyber-sex; medical and hygiene education to remote village areas; access to vocational school scholarships and programs for women with limited educational background; relief and emergency assistance during disasters. The company works in partnership with local on-the-ground registered charities principally in China, Nepal and the Philippines.

The Company is incorporated in Hong Kong limited by guarantee and not having share capital. There were no significant changes in the nature of the activities of the Company during the year.

Results

The Company's surplus for the year ended 31 December 2020 and its state of affairs at that date are set out in the financial statements on pages 6 to 15.

Business review

Donors

The Company is generously supported by a wide variety of donors from different countries and efforts to increase the donor base will continue in the following year, through social media promotions, fundraising activities and maintaining consistent project updates.

Compliance with the laws and regulations

The Company is committed to compliance with all applicable laws and regulations in Hong Kong. These laws and regulations include those which apply specifically to charitable organisations, as well as those applicable to general business operation in Hong Kong. The company encourages responsible and sustainable environmental practices in Hong Kong and in the operations of its charitable partners.

Principal risks & uncertainties facing the Company

The Company has risks with regard to the amount, source and timing of donation income. Uncertainty around global economic developments may impact donors' ability to give and this was the case in 2020 due to COVID-19 down from USD965,080 to USD790,225. However this was offset by a reduction in expenditure, resulting in a surplus of USD87,054. The company will seek actively to mitigate these risks by diversifying its donor base and maintaining good contacts with donors to improve the Company's cash flow in the coming year.

Property, plant and equipment

Details of movements in property, plant and equipment of the Company are set out in note 5 to the financial statements.

CAPTIVATING INTERNATIONAL FOUNDATION LIMITED

REPORT OF THE DIRECTORS (continued)

Directors

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

Dean Andrew Beveridge (Chairman)

Glenn Ian Leslie Roberts

Gregory Scott Schultheis

Lynn Renee Velez

Karen Alyssa Brindle

(appointed on 20 November 2020)

Tom Tao Wang

(appointed on 20 November 2020)

Judene Marie Irvine

(resigned on 29 November 2020)

Scott Alan Irvine

(resigned on 29 November 2020)

In accordance with the Company's Articles of Association, all the directors retire and, being eligible, offer themselves for re-election.

Directors' interests

At no time during the year was the Company a party to any arrangements to enable the Company's directors to acquire benefits by means of the acquisition of shares in or debentures of the Company.

Directors' interests in contracts

Other than disclosed in note 8, no contracts of significance to which the Company 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.

The Company's administration is outsourced to an administration and consulting services company owned by one of the key management personnel. All services are provided at cost. The manager takes no salary or receives any financial benefit either directly or indirectly from this administration company.

Key management personnel

The Directors act in an honorary capacity and do not receive any remuneration from the company. The Directors may be reimbursed certain travel and other expenses incurred in connection with the business of the Company.

Auditors

Messrs. Au & Partners, Certified Public Accountants retire and a resolution for their reappointment as auditors of the Company will be proposed at the forthcoming annual general meeting.

BY ORDER OF THE BOARD



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Chairman

Hong Kong
15 April 2021

REPORT OF THE AUDITORS

To the Members of
Captivating International Foundation Limited
(Incorporated in Hong Kong with limited by guarantee and not having a share capital)

Opinion

We have audited the financial statements of Captivating International Foundation Limited ("the Company") set out on pages 6 to 15, which comprise the balance sheet as at 31 December 2020, statement of comprehensive income, statement of change in funds available for future use and cash flow statement 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 2020, 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.

Information other than the financial statements and auditor's report thereon

The directors are responsible for the other information. The other information comprises all the information included in the directors' report.

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.

REPORT OF THE AUDITORS (continued)

To the Members of
Captivating International Foundation Limited

Responsibilities of the directors 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.

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. This report is made 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 judgement 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.

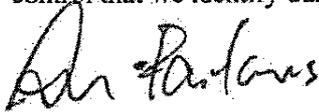
REPORT OF THE AUDITORS (continued)

To the Members of
Captivating International Foundation Limited

Auditor's responsibilities for the audit of the financial statements (continued)

- 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.



AU & PARTNERS
Certified Public Accountants
Hong Kong
15 April 2021

CAPTIVATING INTERNATIONAL FOUNDATION LIMITED

STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2020

	Notes	2020 USD	2019 USD
REVENUE			
Donations, fundraising activities and Gifts	2	790,225	965,080
Other income	2	<u>52</u>	<u>617</u>
Total Revenue		<u>790,277</u>	<u>965,697</u>
EXPENDITURE			
International Aid and Development Programs			
Funds to International programs		429,768	625,896
Program Support Costs		70,420	107,766
Fundraising costs			
Public		122,033	170,216
Accountability and Administration		<u>81,002</u>	<u>65,028</u>
Total Expenditure		<u>703,223</u>	<u>968,906</u>
SURPLUS/(DEFICIT) FOR THE YEAR	3	<u>87,054</u>	<u>(3,209)</u>

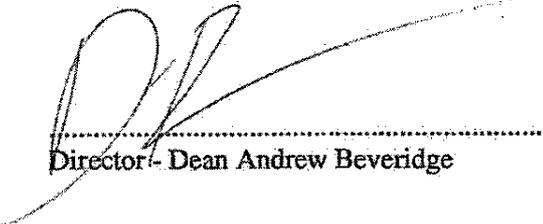
There is no other comprehensive income recognized during the year.

CAPTIVATING INTERNATIONAL FOUNDATION LIMITED

BALANCE SHEET

31 December 2020

		2020 USD	2019 USD
CURRENT ASSETS			
Cash and cash equivalents	4	452,938	336,888
Restricted cash	4	119,930	148,700
Trade receivables		22,321	30,299
Prepayment		65,397	22,274
Other receivables		<u>229</u>	<u>229</u>
		<u>660,815</u>	<u>538,390</u>
NON-CURRENT ASSETS			
Property, plant and equipment	5	<u>2,739</u>	<u>4,284</u>
TOTAL ASSETS		<u>663,554</u>	<u>542,674</u>
CURRENT LIABILITIES			
Trade payable		9,497	9,238
Accruals and other payable		1,677	1,669
Receipt in advance		37,970	-
Due to a related company	6	<u>18,942</u>	<u>23,353</u>
TOTAL LIABILITIES		<u>68,086</u>	<u>34,260</u>
NET ASSETS		<u>595,468</u>	<u>508,414</u>
RESERVES			
Funds available for future use		<u>595,468</u>	<u>508,414</u>


 Director - Dean Andrew Beveridge


 Director - Glenn Ian Leslie Roberts

CAPTIVATING INTERNATIONAL FOUNDATION LIMITED

STATEMENT OF CHANGES IN FUNDS AVAILABLE FOR FUTURE USE

Year ended 31 December 2020

	Funds available for future use USD
At 1 January 2019	511,623
Deficit for the year	<u>(3,209)</u>
At 31 December 2019	<u>508,414</u>
At 1 January 2020	508,414
Surplus for the year	<u>87,054</u>
At 31 December 2020	<u>595,468</u>

CAPTIVATING INTERNATIONAL FOUNDATION LIMITED

CASH FLOW STATEMENT

Year ended 31 December 2020

	Notes	2020 USD	2019 USD
CASH FLOWS FROM OPERATING ACTIVITIES			
Surplus/(deficit) for the year		87,054	(3,209)
Adjustments for:			
Interest income	2	(52)	(617)
Depreciation	3	1,545	1,204
Surplus/(deficit) before working capital changes		88,547	(2,622)
Decrease in trade receivables		7,978	56,821
Increase in prepayment		(43,123)	(7,235)
Decrease in other receivables		-	1,374
Increase/(decrease) in trade payables		259	(1,140)
Increase in accruals and other payables		8	9
Increase in receipt in advance		37,970	-
Decrease in amount due to a related company		(4,411)	(2,659)
Net cash generated from operating activities		<u>87,228</u>	<u>44,548</u>
INVESTING ACTIVITIES			
Interest received		52	617
Acquisition of property, plant and equipment	5	-	(2,076)
Net cash generated from/(used in) investing activities		<u>52</u>	<u>(1,459)</u>
NET INCREASE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH			
Cash, cash equivalents and restricted cash at beginning of year		<u>87,280</u>	<u>43,089</u>
		<u>485,588</u>	<u>442,499</u>
CASH, CASH EQUIVALENTS AND RESTRICTED CASH AT END OF YEAR			
	4	<u>572,868</u>	<u>485,588</u>

CAPTIVATING INTERNATIONAL FOUNDATION LIMITED

NOTES TO FINANCIAL STATEMENTS

31 December 2020

REPORTING ENTITY

Captivating International Foundation Limited is a company incorporated in Hong Kong with limited by guarantee and not having a share capital. The liability of the members is limited to USD100 per member in the event of the Company being wound up, whilst they remain a member, or within one year after they ceased to be a member.

The Company's registered office is located at 7/F, Ruttonjee House, 11 Duddell Street, Central, Hong Kong. The company is a charitable organization and its principal activities are to support those trapped in poverty, are at risk or vulnerable to human trafficking through providing: opportunities to develop self-sustainable industries, primarily through micro-finance programs and animal husbandry initiatives; prevention, awareness and education programs to communities, schools, government departments on the danger of human trafficking and cyber-sex; medical and hygiene education to remote village areas; access to vocational school scholarships and programs for women with limited educational background; relief and emergency assistance during disasters. The company works in partnership with local on-the-ground registered charities principally in China, Nepal and the Philippines.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards 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.

Foreign currencies transactions

Foreign currency transactions are recorded at the applicable rates of exchange ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the applicable rates of exchange ruling at that date. Exchange differences are dealt with in the income statement.

Cash and cash equivalents

Cash and cash equivalents includes cash on hands, demand deposits and other short term highly liquid investments with original maturities of three months or less. Bank overdraft is shown within borrowings in current liabilities on the balance sheet.

Trade receivables and payables

Trade receivables and payables are recognized initially at the transaction price 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.

CAPTIVATING INTERNATIONAL FOUNDATION LIMITED

NOTES TO FINANCIAL STATEMENTS

31 December 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the income statement in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment, and where the cost of the item can be measured reliably, the expenditure is capitalized as an additional cost of the that asset or as a replacement.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Office equipment	20%
Computer equipment	25%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately.

Residual values, useful lives and the depreciation methods are reviewed, and adjusted if appropriate at each balance sheet date.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognized in the income statement in the year the asset is derecognised is the different between the net sales proceeds and the carrying amount of the relevant asset.

Taxation

No provision for Hong Kong profits tax is made in the financial statements as the organization is exempted from all taxes under section 88 of the Inland Revenue Ordinance.

Employee benefit obligations

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. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

Operating lease

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Rentals payable under the operating leases are charged to the income and expenditure statement on the straight-line basis over the lease terms.

CAPTIVATING INTERNATIONAL FOUNDATION LIMITED

NOTES TO FINANCIAL STATEMENTS

31 December 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of assets

An assessment is made at each balance sheet date to determine whether there is any indication of impairment or reversal of previous impairment, including items of property, plant and equipment, intangible assets and long-term investments. In the event that an asset's carrying amount exceeds its recoverable amount, the carrying amount is reduced to recoverable amount and an impairment loss is recognized in the income statement. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount, however not to an amount higher than the carrying amount that would have been determined (net of amortization or depreciation), had no impairment losses been recognized for the asset in prior year.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and is recognised when it is probable that the economic benefits will flow to the Organization and when the revenue can be measured reliably, on the following base,

- (a) donations are recognized in the period in which the donations are received and receivable; and
- (b) interest income, on a time proportion basis taking into account the principal outstanding and the effective interest rate applicable.

Related parties

A party is considered to be related to the Company if:

- (a) the party, directly or indirectly through one or more intermediaries, (i) controls, is controlled by, or is under common control with, the Company; (ii) has an interest in the Company that gives it significant influence over the Company; or (iii) has joint control over the Company;
- (b) the party is an associate;
- (c) the party is a jointly-controlled entity;
- (d) the party is a member of the key management personal of the Company or its holding company;
- (e) the party is a close member of the family of any individual referred to in (a) or (d); or
- (f) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e).

CAPTIVATING INTERNATIONAL FOUNDATION LIMITED

NOTES TO FINANCIAL STATEMENTS

31 December 2020

2. INCOME AND REVENUE

Income represents the donations received and receivable. Income and revenue recognised by category are as follows:

	2020 USD	2019 USD
Donations, fundraising activities and Gifts	790,225	965,080
Bank interest income	<u>52</u>	<u>617</u>
Income and revenue	<u>790,277</u>	<u>965,697</u>

3. SURPLUS/(DEFICIT) FOR THE YEAR

Surplus/(deficit) for the year is arrived at after charging:

	2020 USD	2019 USD
Auditors' remuneration	1,710	1,669
Depreciation	1,545	1,204
Directors' remuneration:		
Fees	-	-
Other emoluments	-	-
Operating lease in respect of land and building	38,386	42,665
Staff cost of salaries	<u>201,527</u>	<u>261,902</u>

CAPTIVATING INTERNATIONAL FOUNDATION LIMITED

NOTES TO FINANCIAL STATEMENTS

31 December 2020

4. CASH, CASH EQUIVALENTS AND RESTRICTED CASH

	2020 USD	2019 USD
Cash and bank balances	<u>452,938</u>	<u>336,888</u>

Cash, cash equivalents and restricted cash include the following for the purpose of the statement of cash flows:

	2020 USD	2019 USD
Cash and cash equivalents	452,938	336,888
Restricted cash	<u>119,930</u>	<u>148,700</u>
	<u>572,868</u>	<u>485,588</u>

Restricted cash comprises a fund that is restricted in use for supporting charitable activities in China.

5. PROPERTY, PLANT AND EQUIPMENT

	Office equipment USD	Computer equipment USD	Total USD
Cost:			
At beginning of year	<u>2,985</u>	<u>17,981</u>	<u>20,966</u>
At 31 December 2020	<u>2,985</u>	<u>17,981</u>	<u>20,966</u>
Accumulated depreciation:			
At beginning of year	2,772	13,910	16,682
Charged for the year	<u>113</u>	<u>1,432</u>	<u>1,545</u>
At 31 December 2020	<u>2,885</u>	<u>15,342</u>	<u>18,227</u>
Net book value:			
At 31 December 2020	<u>100</u>	<u>2,639</u>	<u>2,739</u>
At 31 December 2019	<u>213</u>	<u>4,071</u>	<u>4,284</u>

CAPTIVATING INTERNATIONAL FOUNDATION LIMITED

NOTES TO FINANCIAL STATEMENTS

31 December 2020

6. DUE TO A RELATED COMPANY

The amount due to a related company is unsecured, interest-free and is repayable in 30 days.

7. EMPLOYEE BENEFIT OBLIGATIONS

The Company operates a Social Insurance and Welfare Fund for employees employed under the jurisdiction of the People's Republic of China Labor Act.

8. RELATED PARTY TRANSACTIONS

In addition to the transactions/information disclosed elsewhere in these financial statements, during the year, the Company had the following transactions with related parties.

	2020	2019
	USD	USD
Program Support, fundraising, accountability and administration expenses paid to Captivating Consulting (Shenzhen) Limited	<u>155,197</u>	<u>208,455</u>

9. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved by the board of directors on 15 April 2021.