

Animal Friends Limited

***Directors' Report
Audited Financial Statements***

For the year ended 31 December 2020

HK KCBC CPA Limited

Certified Public Accountants (Practising)

Hong Kong

Animal Friends Limited

For the year ended 31 December 2020

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Animal Friends Limited

Directors' Report

The directors have pleasure in submitting their annual report and the audited financial statements for the year ended 31 December 2020.

Principal place of business

Animal Friends Limited ("the Association") is a limited by guarantee company incorporated in Hong Kong. The address of its registered office and principal place of business is Room 605-6, 6/F., Kowloon Centre, 29-39 Ashley Road, Tsimshatsui, Kowloon, Hong Kong.

Activities

The Association is a non-profit organisation. Its activities are:-

- a) To promote in Hong Kong the caring and proper treatment of animals.
- b) To institute, establish, prepare, organise and promote non-profit making lectures, courses, talks, seminars, trainings, visits, video programmes, research (with results disseminated for public benefit), conferences, meetings, talks, exhibitions, concerts, charity sale, banquets, contests and/or competitions in furtherance of the objects of the Society.
- c) In furtherance of the objects of the Society but not otherwise and on a non-profit making basis, to plan, organise and implement trap-neuter-return programmes in Hong Kong.
- d) To provide financial, manpower, food, medication, hygiene, decorations, equipment, utilities and/or other support to non-profit making animal shelters and persons, associations, societies, institutions or bodies of persons established or to be established in Hong Kong operating or maintaining non-profit making animal shelters, provided that none of the funds of the Society shall subscribe to any association, society, institution or body of persons which does not prohibit the distribution of its income and property amongst its members to an extent at least as great as is imposed on the Society under or by virtue of Clause (c) hereof.
- e) To plan, organise and implement re-homing and/or adoption programmes for animals.

Business review

In accordance with section 388(3)(a) of the Hong Kong Companies Ordinance (Cap.622), the Association falls within the reporting exemption for the financial year and therefore it is exempted from preparing a business review.

Financial results

The financial results of the Association 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 12.

Directors

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

Law Ka Lok
Lo Wing Ka
Ng Wing Yee

All members of the Executive Committee shall retire from office and be eligible for re-election.

Directors' Report

Arrangements for acquisition of debentures

At no time during the year was the Association a party to any arrangements to enable directors of the Association to acquire benefits by means of the acquisition of debentures of the Association or any other company.

Material interests in transactions, arrangements or contracts

After consideration, except as disclosed in note 10 to the financial statements, the directors are of the opinion that no transactions, arrangements and contracts of significance in relation to the Association's business to which the Association was a party and in which a director of the Association has a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Management contracts

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

Equity-linked agreements

No equity-linked agreements into which the Association entered subsisted at any time during the year.

Permitted indemnity provisions

No permitted indemnity provision was in force during the year, or is in force at the date of this report, for the benefit of a then director or a director of the Association (whether made by the Association or otherwise).

Auditor

A resolution will be submitted to the annual general meeting to re-appoint HK KCBC CPA Limited, Certified Public Accountants (Practising), as the auditor of the Association.

Signed on behalf of the Board



Law Ka Lok
Director

Hong Kong, 17 NOV 2022



HK KCBC CPA LIMITED

Certified Public Accountants (Practising)

8/F., Linkchart Centre, 2 Tai Yip Street, Kwun Tong, Kowloon, Hong Kong

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Independent Auditor's Report

To the Members of

Animal Friends Limited

(incorporated in Hong Kong with limited liability by guarantee)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Animal Friends Limited ("the Association") set out on pages 6 to 12, which comprise the statement of financial position as at 31 December 2020, the income and expenditure account, statement of changes in fund and 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 Association 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 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 ("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 these requirements and 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 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.



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Independent Auditor's Report

To the Members of

Animal Friends Limited

(incorporated in Hong Kong with limited liability by guarantee)

Information other than the Financial Statements and Auditor's Report Thereon (continued)

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 in accordance 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 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 Association'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 director either intend to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

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

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 HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, where 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.



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Independent Auditor's Report

To the Members of

Animal Friends Limited

(incorporated in Hong Kong with limited liability by guarantee)

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

- 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 Association'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 Association'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 Association 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.


HK KCBC CPA Limited

Certified Public Accountants (Practising)

Hong Kong, 17 NOV 2022

CHAN Yui Hang

Practising Certificate Number: P05134

Animal Friends Limited

Income and Expenditure Account

For the year ended 31 December 2020

	<i>Note</i>	2020 HK\$	2019 HK\$
Revenue			
Donation	5	1,170,904	1,342,493
Donation from directors	5	266	6,111
Government subsidies	5	150,000	45,000
Bank interest income	5	834	1,427
		<u>1,322,004</u>	<u>1,395,031</u>
Less:			
Expenditure			
Animal Friends Food Bank		181,712	401,129
Bank charges		8,285	2,124
Cost of fund raising		310	3,140
Desexing and medical expenses		1,028,822	1,561,455
Exchange loss, net		476	480
		<u>1,219,605</u>	<u>1,968,328</u>
Surplus / (Deficit) for the year		<u><u>102,399</u></u>	<u><u>(573,297)</u></u>

The accompanying Accounting Policies and Explanatory Notes form an integral part of, and should be read in conjunction with, these financial statements.

Animal Friends Limited

Statement of Financial Position

As at 31 December 2020

	<i>Note</i>	<i>2020</i> <i>HK\$</i>	<i>2019</i> <i>HK\$</i>
Current assets			
Prepayment		200,075	470,418
Cash and cash equivalents	8	1,684,984	1,297,780
		<u>1,885,059</u>	<u>1,768,198</u>
Less: Current liabilities			
Accrued expenses		323,972	289,510
Desex deposit received		200	200
Other payable		11,183	11,183
Due to directors	9	17,523	37,523
		<u>352,878</u>	<u>338,416</u>
Net current assets		<u>1,532,181</u>	<u>1,429,782</u>
Reserves and funds			
Funds		<u>1,532,181</u>	<u>1,429,782</u>

Approved and authorised for issue by the board of directors on 17 NOV 2022 and signed on its behalf by



Law Ka Lok
Director



Lo Wing Ka
Director

The accompanying Accounting Policies and Explanatory Notes form an integral part of, and should be read in conjunction with, these financial statements.

Animal Friends Limited

Statement of Changes in Fund

For the year ended 31 December 2020

	<i>General fund HK\$</i>	<i>Total HK\$</i>
Balance as at 31 December 2018	2,003,079	2,003,079
Deficit for the year	<u>(573,297)</u>	<u>(573,297)</u>
Balance as at 31 December 2019	1,429,782	1,429,782
Surplus for the year	<u>102,399</u>	<u>102,399</u>
Balance as at 31 December 2020	<u>1,532,181</u>	<u>1,532,181</u>

Animal Friends Limited

Statement of Cash Flows

For the year ended 31 December 2020

	<i>Note</i>	<i>2020</i> <i>HK\$</i>	<i>2019</i> <i>HK\$</i>
Cash flow from operating activities			
Surplus / (Deficit) for the year		102,399	(573,297)
Adjustments for non-operating item:			
Bank interest income	5	(834)	(1,427)
		101,565	(574,724)
Changes in operating assets and liabilities			
Decrease in prepayment		270,343	579,735
Increase in accrued expenses		34,462	247,995
Increase in other payable		-	9,401
(Decrease) / Increase in due to directors		(20,000)	26,833
Net cash from operating activities		386,370	289,240
Cash flows from investing activities			
Bank interest income	5	834	1,427
Net cash from investing activities		834	1,427
Net increase in cash and cash equivalents		387,204	290,667
Cash and cash equivalents at 1 January		1,297,780	1,007,113
Cash and cash equivalents at 31 December	8	1,684,984	1,297,780

The accompanying Accounting Policies and Explanatory Notes form an integral part of, and should be read in conjunction with, these financial statements.

Accounting Policies and Explanatory Notes to the Financial Statements

For the year ended 31 December 2020

1 General information

Animal Friends Limited ("the Association") is incorporated in Hong Kong with limited liability by guarantee and not having a share capital on 24 December 2010. The address of its registered office is Room 605-6, 6/F., Kowloon Centre, 29-39 Ashley Road, Tsimshatsui, Hong Kong.

2 Limitation of liability

Under the provisions of the Association's memorandum, every member shall, in the event of the dissolution of the association, be responsible for the debts and obligations of the association to the extent not exceeding HK\$50 per member.

3 Significant accounting policies

Basis of preparation of the accounts

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable 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 Hong Kong Companies Ordinance.

Impact of the Hong Kong Companies Ordinance (Cap. 622)

The Association qualifies for the reporting exemption as a small guarantee company under section 359(1)(a) of the Hong Kong Companies ordinance (Cap.622).

Basis of measurement

The measurement basis used in the preparation of these financial statements is historical cost.

Cash and cash equivalents

For the purpose of the statement of cash flows, cash equivalents represent short-term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, net of bank overdrafts.

Recognition of income

Revenue is recognised when it is probable that the economic benefits will flow to the Association and when the revenue and costs, if applicable, can be measured reliably and on the following bases:

Income from donations is recognised when cash is received and includes all sums received up to the date of the statement of financial position.

Accounting Policies and Explanatory Notes to the Financial Statements

For the year ended 31 December 2020

3 Significant accounting policies (continued)

Recognition of income (continued)

Interest income is recognised on a time proportion basis taking into account the principal outstanding and the interest applicable.

4 Risk management objectives and policies

Funds management

The objectives of the Association's funds management are to safeguard the entity's ability to continue as a going concern and to carry out charitable activities. No changes were made in the objectives, policies or processes during the years ended 31 December 2020 and 2019.

5 Revenue

	<i>2020</i>	<i>2019</i>
	<i>HK\$</i>	<i>HK\$</i>
Donation	1,170,904	1,342,493
Donation from directors	266	6,111
Government subsidies	150,000	45,000
Bank interest income	834	1,427
	<u>1,322,004</u>	<u>1,395,031</u>

6 Taxation

The Association has been exempted under Section 88 of the Inland Revenue Ordinance from any tax by reason of being a charitable institution of a public character.

7 Directors' remuneration

Directors' remuneration disclosed pursuant to Section 383(1) of the Hong Kong Companies Ordinance is as follows:

	<i>2020</i>	<i>2019</i>
	<i>HK\$</i>	<i>HK\$</i>
Fees	-	-
Other emoluments	-	-
	<u>-</u>	<u>-</u>

Animal Friends Limited

Accounting Policies and Explanatory Notes to the Financial Statements

For the year ended 31 December 2020

8 Cash and cash equivalents

	<i>2020</i>	<i>2019</i>
	<i>HK\$</i>	<i>HK\$</i>
Bank balances	<u>1,684,984</u>	<u>1,297,780</u>

9 Due to directors

The amounts due to directors are unsecured, interest-free and have no fixed repayment terms.

10 Related party transactions

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

	<i>2020</i>	<i>2019</i>
	<i>HK\$</i>	<i>HK\$</i>
Donation made by Law Ka Lok, director of the Association	-	3,000
Donation made by Lo Wing Ka, director of the Association	266	2,051
Donation made by Ng Wing Yee, director of the Association	-	1,060
Donation made by Euroland International Holdings Limited, a company controlled by Ng Wing Yee, director of the Association	<u>50,000</u>	<u>-</u>

11 Commitments

The Association had no significant commitments as at 31 December 2020.

12 Contingent liabilities

The Association had no significant contingent liabilities as at 31 December 2020.

13 Approval of financial statements

These financial statements were approved by the Association's board of directors and authorised for issue on 17 NOV 2022