

Audited Financial Statements

Animal Friends limited

For the year ended 31 December 2015

Animal Friends Limited

Directors' Report

The directors submit herewith their report and audited financial statements of Animal Friends limited (the "Association") for the year ended 31 December 2015.

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.

Financial results

The financial results of the Association for the year ended 31 December 2015 and its state of affairs at that date are set out in the financial statements on pages 5 to 11.

Business review

The Association falls within the reporting exemption for the financial year.

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

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.

Animal Friends limited

Directors' Report

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.

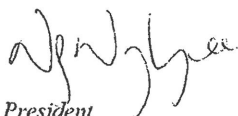
Permitted indemnity provisions

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

During the year, the auditor Latitude CPA Limited resigned and Sky Way CPA & Co., Certified Public Accountants, was appointed as the auditor of the Company. A resolution will be submitted to the annual general meeting to re-appoint Sky Way CPA & Co.

Approved by the Board of Directors and signed on its behalf by



President
Ng Wing Yee
- 9 MAY 2017

Independent Auditor's Report

To the members of
Animal Friends limited

(incorporated in Hong Kong with limited liability)

We have audited the financial statements of Animal Friends limited ("the Company") set out on pages 5 to 11, which comprise the statement of financial position as at 31 December 2015, the income and expenditure account, statement of changes in fund and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

SKY WAY

Your professional partner

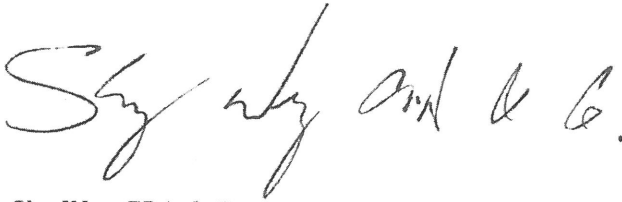
Independent Auditor's Report (Continued)

To the members of
Animal Friends limited

(incorporated in Hong Kong with limited liability)

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2015, and of its financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the Hong Kong Companies Ordinance.



Sky Way CPA & Co.
Certified Public Accountants

Hong Kong,
Date - 9 MAY 2017

Animal Friends Limited**Income And Expenditure Account**

For the year ended 31 December 2015

	Note	2015 HK\$	2014 HK\$
Income			
Donation from directors	6	118,175	101,000
Donation	6	1,450,440	1,727,363
Bank interest	6	24	7
Exchange difference	6	-	13
		<u>1,568,639</u>	<u>1,828,383</u>
Expenditure			
Animal Friends Food Bank		257,265	482,220
Bank charges		619	916
Cost of charity sale		5,044	-
Desexing and medical expense		1,117,132	1,551,857
Exchange difference		19	-
Fundraising activities cost		-	10,719
		<u>1,380,079</u>	<u>2,045,712</u>
Surplus / (deficit) for the year		<u><u>188,560</u></u>	<u><u>(217,329)</u></u>

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

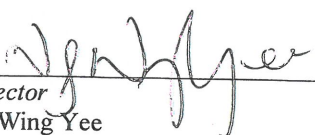
Animal Friends Limited

Statement of Financial Position

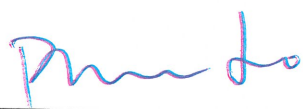
As at 31 December 2015

	Note	2015 HK\$	2014 HK\$
Current assets			
Cash at bank	9	<u>210,795</u>	<u>144,816</u>
		<u>210,795</u>	<u>144,816</u>
Less: Current liabilities			
Desex deposit received		2,000	-
Account payable		<u>9,255</u>	<u>133,836</u>
		<u>11,255</u>	<u>133,836</u>
Net current assets		<u>199,540</u>	<u>10,980</u>
RESERVES AND FUNDS			
Funds		<u>199,540</u>	<u>10,980</u>

Approved and authorised for issue by the Board of Directors on 9 May 2017 and signed on its behalf by



Director
Ng Wing Yee



Director
Lo Wing Ka

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

Statements of Changes in Fund

At 31 December 2015

	General Fund	Subscriber's and member's fund	Total
	HK\$	HK\$	HK\$
Balance as at 31 December 2014	10,980	-	10,980
Surplus for the year	188,560	-	188,560
Balance at 31 December 2015	199,540	-	199,540

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 Cash Flows

For the year ended 31 December 2015

	<i>Note</i>	2015 <i>HK\$</i>	2014 <i>HK\$</i>
OPERATING ACTIVITIES			
Surplus / (deficit) for the year		188,560	(217,329)
Adjustment for non-operating and non-cash items:			
Bank interest income	6	(24)	(7)
Changes in working capital			
Increase in desex deposit received		2,000	-
(Decrease) / increase in account payable		(124,581)	133,836
Net cash from / (used in) operating activities		<u>65,955</u>	<u>(83,500)</u>
Cash flow from investing activities			
Bank interest income		<u>24</u>	<u>7</u>
Cash flow from financing activities		<u>-</u>	<u>-</u>
Net increase / (decrease) in cash and cash equivalents		65,979	(83,493)
Cash and cash equivalents at 1 January	9	<u>144,816</u>	<u>228,309</u>
Cash and cash equivalents at 31 December	9	<u><u>210,795</u></u>	<u><u>144,816</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

Notes to the Financial Statements

For the year ended 31 December 2015

1. GENERAL INFORMATION

Animal Friends limited is incorporated in Hong Kong with limited by guarantee and not having a share capital on 26 November 2003. 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 (the "HKICPA"), accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance.

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

The financial-reporting requirements of Part 9 "Accounts and Audit" of the Ordinance comes into operation for the preparation of these financial statements and as a result, there are changes to the presentation and disclosures of certain information as compared with the 2014 financial statements. Where appropriate, the comparative information has been amended to achieve a consistent presentation.

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

Going concern

The financial statements have been prepared in conformity with the principles applicable to a going concern basis. The applicability of these principles is dependent upon continued availability of adequate finance or attaining profitable operations in the future in view of the excess of current liabilities over current assets. The members have confirmed their intention to make available adequate funds to the company as and when required to maintain the company as a going concern.

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 Group 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.

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

Animal Friends Limited

Notes to the Financial Statements

For the year ended 31 December 2015

4. FUTURE CHANGES IN HKFRSs

At the date of authorisation of these financial statements, the HKICPA has issued a number of new / revised HKFRSs that are not yet effective for the current year, which the company has not early adopted.

Amendments to HKAS 1	Disclosure Initiative
Amendments to HKASs 16 and 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKASs 16 and 41	Bearer Plants ⁽¹⁾
Amendments to HKAS 27 (2011)	Equity Method in Separate Financial Statements
Amendments to HKFRS 10 and HKAS 28 (2011)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations
HKFRS 14	Regulatory Deferral Accounts
Annual Improvements Project	2012-2014 Cycle
HKFRS 15	Revenue from Contracts with Customers
HKFRS 9 (2014)	Financial Instruments

The directors do not anticipate that the adoption of the new / revised HKFRSs in future periods will have any material impact on the results of the company. The directors are in the process of assessing the possible impact on the future adoption of the new / revised HKFRSs, but are not yet in a position to reasonably estimate their impact on the company's consolidated financial statements.

5. RISK MANAGEMENT OBJECTIVES AND POLICIES

Funds management

The objectives of the company'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 2015 and 2014.

6. REVENUE

	2015 HK\$	2014 HK\$
Donation from directors	118,175	101,000
Donation	1,450,440	1,727,363
Bank interest income	24	7
Exchange difference	-	13
	<u>1,568,639</u>	<u>1,828,383</u>

7. TAXATION

The company 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.

Animal Friends Limited

Notes to the Financial Statements

For the year ended 31 December 2015

8. DIRECTORS' REMUNERATION

	2015 HK\$	2014 HK\$
Fees	-	-
Other emoluments	-	-
	<u>-</u>	<u>-</u>

9. CASH AND CASH EQUIVALENTS

	2015 HK\$	2014 HK\$
Bank balances	<u>210,795</u>	<u>144,816</u>

10. 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:

	2015 HK\$	2014 HK\$
Donation made by Ng Wing Yee, director of the company	118,175	1,000
Donation made by Law Ka Lok, director of the company	-	100,000
	<u>118,175</u>	<u>101,000</u>

11. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 9 May 2017.