

Audited Financial Statements

Animal Friends Limited

For the year ended 31 December 2017

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 2017.

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 2017 and its state of affairs at that date are set out in the financial statements on pages 6 to 12.

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

A resolution will be submitted to the annual general meeting to re-appoint Sky Way CPA & Co., Certified Public Accountants, as the auditor of the Company.

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


President
Ng Wing Yee 10 JAN 2019

Independent Auditor's Report

To the members of

Animal Friends Limited

(incorporated in Hong Kong with limited liability)

Opinion

We have audited the financial statements of Animal Friends Limited ("the Company") set out on pages 6 to 12, which comprise the statement of financial position as at 31 December 2017, 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 Company as at 31 December 2017, 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 the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Directors' Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Independent Auditor's Report (Continued)

To the members of

Animal Friends Limited

(incorporated in Hong Kong with limited liability)

Responsibilities of Directors and Those Charged with Governance for the Financial Statements

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with the 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 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 information, we are required to report this fact. We have nothing to report in this regard.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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

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. 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.

Independent Auditor's Report (Continued)

To the members of

Animal Friends Limited

(incorporated in Hong Kong with limited liability)

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to 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.


Sky Way CPA & Co.

Certified Public Accountants

Hong Kong,

Date

10 JAN 2019

Animal Friends Limited

Income And Expenditure Account

For the year ended 31 December 2017

	Note	2017 HK\$	2016 HK\$
Income			
Donation from directors	6	4,300	5,625
Donation	6	1,724,218	2,266,260
Bank interest	6	36	14
		<u>1,728,554</u>	<u>2,271,899</u>
Expenditure			
Animal Friends Food Bank		223,460	274,187
Bank charges		1,275	270
Cost of charity sale		760	-
Desexing and medical expense		1,224,811	1,607,305
Exchange difference		403	1,343
		<u>1,450,709</u>	<u>1,883,105</u>
Surplus for the year		<u><u>277,845</u></u>	<u><u>388,794</u></u>

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

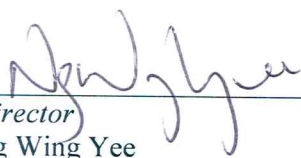
Animal Friends Limited

Statement of Financial Position

As at 31 December 2017

	Note	2017 HK\$	2016 HK\$
Current assets			
Cash at bank	9	<u>866,379</u>	<u>589,534</u>
		<u>866,379</u>	<u>589,534</u>
Less: Current liabilities			
Desex deposit received		<u>200</u>	<u>1,200</u>
		<u>200</u>	<u>1,200</u>
Net current assets		<u><u>866,179</u></u>	<u><u>588,334</u></u>
RESERVES AND FUNDS			
Funds		<u><u>866,179</u></u>	<u><u>588,334</u></u>

Approved and authorised for issue by the Board of Directors on 10 JAN 2019 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 2017

	General Fund HK\$	Subscriber's and member's fund HK\$	Total HK\$
Balance as at 31 December 2016	588,334	-	588,334
Surplus for the year	277,845	-	277,845
Balance as at 31 December 2017	866,179	-	866,179

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 2017

	<i>Note</i>	2017 <i>HK\$</i>	2016 <i>HK\$</i>
OPERATING ACTIVITIES			
Surplus / (deficit) for the year		277,845	388,794
Adjustment for non-operating and non-cash items:			
Bank interest income	6	(36)	(14)
Changes in working capital			
(Decrease) / increase in desex deposit received		(1,000)	(800)
Decrease in account payable		-	(9,255)
Net cash from operating activities		<u>276,809</u>	<u>378,725</u>
Cash flow from investing activities			
Bank interest income		<u>36</u>	<u>14</u>
Cash flow from financing activities		<u>-</u>	<u>-</u>
Net increase in cash and cash equivalents		276,845	378,739
Cash and cash equivalents at 1 January	9	<u>589,534</u>	<u>210,795</u>
Cash and cash equivalents at 31 December	9	<u><u>866,379</u></u>	<u><u>589,534</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 2017

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 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 2017

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.

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 2017 and 2016.

6. REVENUE

	2017 HK\$	2016 HK\$
Donation from directors	4,300	5,625
Donation	1,724,218	2,266,260
Bank interest income	36	14
	<u>1,728,554</u>	<u>2,271,899</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.

8. DIRECTORS' REMUNERATION

	2017 HK\$	2016 HK\$
Fees	-	-
Other emoluments	-	-
	<u>-</u>	<u>-</u>

9. CASH AND CASH EQUIVALENTS

	2018 HK\$	2016 HK\$
Bank balances	<u>866,379</u>	<u>589,534</u>

Animal Friends Limited

Notes to the Financial Statements

For the year ended 31 December 2017

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:

	2017 <i>HK\$</i>	2016 <i>HK\$</i>
Donation made by Ng Wing Yee, director of the company	4,300	5,525
Donation made by Lo Wing Ka, director of the company	-	100
	<u>4,300</u>	<u>5,625</u>

11. APPROVAL OF THE FINANCIAL STATEMENTS

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