

*Animal Friends Limited*

*Directors' Report  
Audited Financial Statements*

*For the year ended 31 December 2018*

**D.C. (CPA) & Associates**

*Certified Public Accountants (Practising)*  
Hong Kong



23001973272  
AC  
16/10/2020

1544756

<b>Contents</b>	<b>Pages</b>
Directors' Report	1 - 2
Independent Auditor's Report	3 - 5
Income and Expenditure Account	6
Statement of Financial Position	7
Statements of Changes in Fund	8
Statement of Cash Flows	9
Accounting Policies and Explanatory Notes to the Financial Statements	10 - 12

**Director's Report**

---

The directors have pleasure in submitting their annual report and the audited financial statements for the year ended 31 December 2018.

**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 2018 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 was:

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**

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

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



Ng Wing Yee  
President

Hong Kong, 12 OCT 2020



## **Independent Auditor's Report**

To the Members of  
**Animal Friends Limited**  
*(incorporated in Hong Kong with limited 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 2018, 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 2018, 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 adverse 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.

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.



## **Independent Auditor's Report**

To the Members of

**Animal Friends Limited**

*(incorporated in Hong Kong with limited by guarantee)*

### **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.

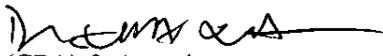
## Independent Auditor's Report

To the Members of  
**Animal Friends Limited**  
*(incorporated in Hong Kong with limited 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.

  
D.C. (CPA) & Associates  
Certified Public Accountants (Practising)  
Hong Kong, **12 OCT 2020**

CHAN Yui Hang  
Practising Certificate Number: P05134

**Animal Friends Limited**

**Income and Expenditure Account**

For the year ended 31 December 2018

	<i>Note</i>	<i>2018</i> <i>HK\$</i>	<i>2017</i> <i>HK\$</i>
<b>Revenue</b>			
Donation from directors	5	-	4,300
Donation	5	2,275,524	1,724,218
Bank interest	5	706	36
Exchange differences	5	783	-
		<u>2,277,013</u>	<u>1,728,554</u>
<b>Less:</b>			
<b>Expenditure</b>			
Adoption fee refund		4,200	-
Animal Friends Food Bank		249,525	223,460
Bank charges		3,015	1,275
Cost of charity sale		9,474	760
Desexing and medial expenses		873,899	1,224,811
Exchange difference		-	403
		<u>1,140,113</u>	<u>1,450,709</u>
<b>Surplus for the year</b>		<u><u>1,136,900</u></u>	<u><u>277,845</u></u>

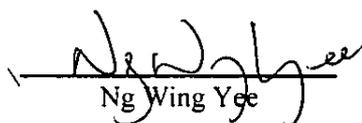
The accompanying Accounting Policies and Explanatory Notes form an integral part of, and should be read in conjunction with, these financial statements.

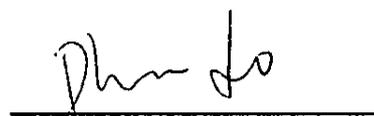
Statement of Financial Position

As at 31 December 2018

	<i>Note</i>	<i>2018</i> <i>HK\$</i>	<i>2017</i> <i>HK\$</i>
<b>Current assets</b>			
Prepayment		1,050,153	-
Cash and cash equivalents	8	1,007,113	866,379
		<u>2,057,266</u>	<u>866,379</u>
<b>Less: Current liabilities</b>			
Accrued expenses		41,515	-
Desex deposit received		200	200
Other payable		1,783	-
Due to a director	11	10,689	-
		<u>54,187</u>	<u>200</u>
<b>Net current assets</b>		<u>2,111,453</u>	<u>866,579</u>
<b>Reserves and funds</b>			
Funds		<u>2,111,453</u>	<u>866,579</u>

Approved and authorised for issue by board of directors on **12 OCT 2020** and signed on its behalf by

  
 Ng Wing Yee  
 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**

**Statements of Changes in Fund**

As at 31 December 2018

---

	<i>General fund HK\$</i>	<i>Subscriber's and members' fund HK\$</i>	<i>Total HK\$</i>
Balance as at 31 December 2017	866,179	-	866,179
Surplus for the year	<u>1,136,900</u>	<u>-</u>	<u>1,136,900</u>
<b>Balance as at 31 December 2018</b>	<b><u><u>2,003,079</u></u></b>	<b><u><u>-</u></u></b>	<b><u><u>2,003,079</u></u></b>

**Statement of Cash Flows**

For the year ended 31 December 2018

	<i>Note</i>	<b>2018</b> <b>HK\$</b>	<b>2017</b> <b>HK\$</b>
<b>Cash flow from operating activities</b>			
Surplus for the year		1,136,900	277,845
Adjustments for non-operating item:			
Bank interest income		(706)	(36)
		<u>1,136,194</u>	<u>277,809</u>
<b>Changes in operating assets and liabilities</b>			
Increase in prepayment		(1,050,153)	-
Increase in accrued expenses		41,515	-
Decrease in desex deposit received		-	(1,000)
Increase in other payable		1,783	-
Increase in due to directors		10,689	-
		<u>140,028</u>	<u>276,809</u>
<b>Net cash from operating activities</b>		<u>140,028</u>	<u>276,809</u>
<b>Cash flows from investing activities</b>			
Bank interest income		706	36
		<u>706</u>	<u>36</u>
<b>Net cash from investing activities</b>		<u>706</u>	<u>36</u>
<b>Net increase in cash and cash equivalents</b>		140,734	276,845
<b>Cash and cash equivalents at 1 January</b>		<u>866,379</u>	<u>589,534</u>
<b>Cash and cash equivalents at 31 December</b>	8	<u><u>1,007,113</u></u>	<u><u>866,379</u></u>

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 2018

---

### 1 General information

Animal Friends Limited ("the Association") 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 ("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 2018

**3 Basis of preparation and 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 2018 and 2017.

**5 Revenue**

	<i>2018</i>	<i>2017</i>
	<i>HK\$</i>	<i>HK\$</i>
Donation from directors	-	4,300
Donation	<b>2,275,524</b>	1,724,218
Bank interest	<b>706</b>	36
Exchange differences	<b>783</b>	-
	<u><b>2,277,013</b></u>	<u><b>1,728,554</b></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 Director's remuneration**

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

	<i>2018</i>	<i>2017</i>
	<i>HK\$</i>	<i>HK\$</i>
Fees	-	-
Other emoluments	-	-
	<u>-</u>	<u>-</u>
	<u><u>-</u></u>	<u><u>-</u></u>

Notes to the Financial Statements

For the year ended 31 December 2018

**8 Cash and cash equivalents**

	<i>2018</i>	<i>2017</i>
	<i>HK\$</i>	<i>HK\$</i>
Bank balances	<u>1,007,113</u>	<u>866,379</u>

**9 Due to a director**

The amount due to a directors is unsecured, interest-free and has no fixed repayment terms. At the end of the reporting period, there was no provision had been made for non-repayment of the advances.

**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:

	<i>2018</i>	<i>2017</i>
	<i>HK\$</i>	<i>HK\$</i>
Donation made by Ng Wing Yee, director of the company	<u>-</u>	<u>4,300</u>

**11 Commitments**

The Association had no significant contingent liabilities as at 31 December 2018.

**12 Contingent liabilities**

The Association had no significant contingent liabilities as at 31 December 2018.

**13 Comparative figures**

Comparative figures are audited by firm other than D.C. (CPA) & Associates, Certified Public Accountants (Practising).

**14 Approval of financial statements**

These financial statements were approved by the Company's board of director and authorised for issue on

**12 OCT 2020**