

HONG KONG PAWS FOUNDATION LIMITED

**REPORT OF THE EXECUTIVE COMMITTEE AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020**

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盧蔡棠會計師事務所
JOHN LO & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS
HONG KONG



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HONG KONG PAWS FOUNDATION LIMITED

REPORT OF THE EXECUTIVE COMMITTEE

The members of executive committee have pleasure in submitting their annual report together with the audited financial statements for the year ended March 31, 2020

Principal activities

The principal activities of the foundation during the year were protection of animals in Hong Kong, to collect abandoned pets and establishment of facilities for the abandoned pets.

Financial statements

The results of the foundation for the year ended March 31, 2020 and the state of the foundation's affairs at that date are set out in the financial statements on pages 6 to 15.

Share capital

The foundation is limited by guarantee and does not have a share capital.

Executive committee members

The members of the executive committee who held office during the financial year and up to the date of this report are:-

Cheung Siu Ching, Carol
Lechangco, Jessica Wong
Au, Mee Lin Alex

In accordance with articles 29 and 35 of the foundation's articles of association, the terms of office of members of the executive committee shall be two years and they shall retire and, being eligible, offer themselves for re-election.

Executive committee members' interests in transactions, arrangements and contracts that are significant in relation to the foundation's business

No transactions, arrangements or contracts of significance in relation to the foundation's business to which the foundation was a party, and in which an executive committee member of the foundation had a material interest, subsisted at the end of the year or at any time during the year.

Executive committee members (Continued)

At no time during the year was the foundation a party to any arrangements to enable the executive committee members of the foundation to acquire benefits by means of acquisition of shares in or debentures of the foundation or any other body corporate.

Management contracts

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

Auditors

A resolution for the re-appointment of Messrs. John Lo & Co. as auditors of the foundation is to be proposed at the forthcoming annual general meeting.

On behalf of the Executive committee



Cheung Siu Ching, Carol
Executive committee member
Hong Kong, 11 FEB 2021



JOHN LO & Co.

CERTIFIED PUBLIC ACCOUNTANTS (PRACTISING)

盧樂棠會計師事務所

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HONG KONG PAWS FOUNDATION LIMITED

(Incorporated in Hong Kong, limited by guarantee and not having a share capital)

Opinion

We have audited the financial statements of Hong Kong Paws Foundation Limited set out on pages 6 to 15, which comprise the balance sheet as at March 31, 2020, and the statement of comprehensive income, the statement of changes in accumulated deficits and the 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 foundation as at March 31, 2020, and of its financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRS") 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 ("HKSA") issued by the HKICPA. Our responsibilities under those standards are further described in the auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the foundation 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 executive committee members are responsible for the other information. The other information comprises the information included in the report of the executive committee and detailed income statement, but does not include the financial statements and our auditors' 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.

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Other information (Continued)

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.

Responsibilities of executive committee members and those charged with governance for the financial statements

The executive committee members are responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRS issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the executive committee members 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 executive committee members are responsible for assessing the foundation'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 executive committee members either intend to liquidate the foundation or to cease operations, or have no realistic alternative but to do so.

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

Auditors' responsibilities for the audit of the financial statements

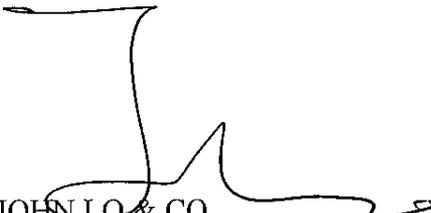
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA 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.

Auditors' responsibilities for the audit of the financial statements (Continued)

As part of an audit in accordance with HKSA, 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 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 foundation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the executive committee members.
- Conclude on the appropriateness of the executive committee members' 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 foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the foundation 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.



JOHN LO & CO.
Certified Public Accountants (Practising)
Hong Kong, 11 FEB 2021

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HONG KONG PAWS FOUNDATION LIMITED**STATEMENT OF COMPREHENSIVE INCOME****FOR THE YEAR ENDED MARCH 31, 2020**

	<u>Note</u>	<u>2020</u> HK\$	<u>2019</u> HK\$
Revenue	4	1,662,758	2,129,201
Administrative expenses		(2,546,562)	(1,875,488)
		<hr/>	<hr/>
(Deficit) / surplus for the year	5	(883,804)	253,713
Other comprehensive income		-	-
		<hr/>	<hr/>
Total comprehensive (loss) / income for the year		(883,804)	253,713
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The notes on pages 10 to 15 form part of these financial statements.

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HONG KONG PAWS FOUNDATION LIMITED
STATEMENT OF CHANGES IN ACCUMULATED DEFICITS
FOR THE YEAR ENDED MARCH 31, 2020

	Accumulated (deficits) / <u>surplus</u> HK\$
At April 1, 2018	(98,451)
Total comprehensive income for the year	253,713
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At March 31, 2019 and at April 1, 2019	155,262
Total comprehensive loss for the year	(883,804)
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At March 31, 2020	(728,542)
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HONG KONG PAWS FOUNDATION LIMITED**BALANCE SHEET AS AT MARCH 31, 2020**

	<u>Note</u>	<u>2020</u> HK\$	<u>2019</u> HK\$
Current assets			
Rental and utilities deposits		28,800	28,800
Amount due from an executive committee member	8	-	127,711
Cash at bank		70,189	6,751
		98,989	163,262
Current liabilities			
Accruals		18,490	8,000
Amount due to an executive committee member	9	809,041	-
		827,531	8,000
Net (liabilities) / assets		(728,542)	155,262
Reserves			
Accumulated (deficit) / surplus		(728,542)	155,262

Approved by the Executive Committee on 11 FEB 2021



Cheung Siu Ching, Carol
Executive committee member



Au, Mee Lin Alex
Executive committee member

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The notes on pages 10 to 15 form part of these financial statements.

HONG KONG PAWS FOUNDATION LIMITED**STATEMENT OF CASH FLOWS****FOR THE YEAR ENDED MARCH 31, 2020**

	<u>2020</u> HK\$	<u>2019</u> HK\$
Operating activities		
Operating (deficit) / surplus	(883,804)	253,713
Operating (deficit) / surplus before working capital changes	(883,804)	253,713
Decrease / (increase) in amount due from an executive committee member	127,711	(127,711)
Increase / (decrease) in accruals	10,490	(100,449)
Increase / (decrease) in amount due to an executive committee member	809,041	(29,979)
Net cash generated from / (used in) operating activities and net increase / (decrease) in cash and cash equivalents	63,438	(4,426)
Cash and cash equivalents at beginning of the year	6,751	11,177
Cash and cash equivalents at end of the year	70,189	6,751
Analysis of the balances of cash and cash equivalents		
Cash at bank	70,189	6,751

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HONG KONG PAWS FOUNDATION LIMITED**NOTES TO THE FINANCIAL STATEMENTS****1. General**

Hong Kong Paws Foundation Limited is a limited liability company incorporated in Hong Kong. The foundation's registered office is located at 2601, Universal Trade Centre, 3-5A Arbuthnot Road, Central, Hong Kong. The foundation is engaged in protection of animals in Hong Kong, to collect abandoned pets and establishment of facilities for the abandoned pets.

These financial statements are presented in Hong Kong dollars, unless otherwise stated.

2. Significant accounting policies**a) Statement of compliance**

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (HKFRSs), the collective term which includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (HKASs) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (HKICPA) and accounting principles generally accepted in Hong Kong. These financial statements also comply with the applicable requirements of the Hong Kong Companies Ordinance.

The HKICPA has issued certain new and revised HKFRSs that are effective or available for early adoption for the current accounting period of the foundation. Note 3 provides information on any changes in accounting policies resulting from initial application of these standards to the extent that they are relevant to the foundation for the current and prior accounting periods reflected in these financial statements.

b) Basis of preparation

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The measurement basis used in preparing the financial statements is historical cost.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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2. Significant accounting policies (Continued)

b) Basis of preparation (Continued)

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

c) Cash and cash equivalents

Cash comprises cash on hand and at bank and demand deposits with banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

d) Revenue

Revenue is recognised when control over a product or service is transferred to the customer, or the lessee has the right to use the asset, at the amount of promised consideration to which the foundation is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts. Donations and sponsorship are accounted for on cash basis.

e) Operating leases

Payments associated with short-term leases of equipments, vehicles and buildings and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets mainly comprise IT equipment.

3. Application of new and revised Hong Kong Financial Reporting Standards

(a) New and revised HKFRSs which are effective in 2019 and adopted by the foundation

In 2019, the foundation has initially applied the new and revised HKFRSs issued by the HKICPA that are first effective for accounting periods beginning on or after January 1, 2019, including:

Annual Improver	Annual Improvements 2015-2017 Cycle (amendments)
HKFRS 16	Leases

The adoption of these new and revised HKFRSs does not have any material effect on the results or financial position of the foundation for the current and/or prior accounting 0021 periods. Accordingly, no prior period adjustment has been required.

3. Application of new and revised Hong Kong Financial Reporting Standards (Continued)

- (b) New and amended standards which are effective in 2019 and not relevant to the foundation's operation

The HKICPA has issued a number of HKAS, HKFRS, amendments and interpretations which are effective for the foundation's financial year beginning on April 1, 2019. The executive committee members of the foundation consider these standards, amendments and interpretations do not have any impact on the foundation's financial statements since they are not relevant to the foundation.

- (c) Standards, amendments and interpretations to existing standards that are not yet effective

Certain new standards, amendments and interpretations to existing standards (collectively, the "Amendments") have been published that are mandatory for accounting periods commencing on or after January 1, 2020. Some of the Amendments are relevant and applicable to the foundation; however, they have not been early adopted in these financial statements. The executive committee members are of the view that the impact on the financial statements will not be significant other than certain additional disclosures.

4. Revenue

Revenue represents donations and sponsorship received by the foundation.

5. (Deficit) / surplus for the year

	<u>2020</u>	<u>2019</u>
	HK\$	HK\$
(Deficit) / surplus for the year is arrived at after charging:-		
Auditors' remuneration	8,000	8,000
Staff costs - Executive committee members' remuneration (Note 6)	-	-
Operating lease charges on short-term leases	<u>285,000</u>	<u>280,900</u>

6. Executive committee members' remuneration

Executive committee members' remuneration disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation is as follows:-

	<u>2020</u>	<u>2019</u>	
	HK\$	HK\$	
Fees	Nil	Nil	0022
Salaries and other benefits	<u>Nil</u>	<u>Nil</u>	0022

7. Income tax

The foundation is exempted from the charge to profits tax under Section 88 of the Inland Revenue Ordinance.

8. Loan in favour of an executive committee member

Loan in favour of an executive committee member disclosed pursuant to section 15 of the Hong Kong Companies (Disclosure of Information about Benefits of Directors) Regulation (Cap. 622G) is as follows:-

a) Name of borrower	:	Cheung Siu Ching, Carol
b) Relationship	:	Executive committee member
c) Terms of the loan	:	Repayable on demand
d) Interest rate	:	Nil
e) Security	:	None
f) Maximum balance during the year	:	HK\$127,711
g) Balance at the beginning of the year	:	HK\$127,711
h) Balance at the end of the year	:	Nil

9. Amount due to an executive committee member

The amount due to an executive committee member is unsecured, non-interest bearing and has no specified repayment terms.

10. Financial instruments

The foundation has classified its financial instruments in the following categories:

	<u>2020</u>	<u>2019</u>
	HK\$	HK\$
Financial assets		
<i>At amortised cost:-</i>		
- Rental and utilities deposits	28,800	28,800
- Amount due from an executive committee member	-	127,711
- Cash at bank	70,189	6,751
	<u>98,989</u>	<u>163,262</u>

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10. Financial instruments (Continued)

	<u>2020</u> HK\$	<u>2019</u> HK\$
Financial liabilities		
<i>At amortised cost:-</i>		
- Accruals	18,490	8,000
- Amount due to an executive committee member	809,041	-
	<u>827,531</u>	<u>8,000</u>

The foundation is exposed to credit risk, liquidity risk and market risk (currency risk and interest rate risk) arising in the normal course of its business. The foundation's risk management objectives, policies and processes mainly focus on minimising the potential adverse effects of these risks on its financial performance and position by closely monitoring the individual exposure.

a) Credit risk

The foundation's maximum exposure to credit risk in the event of the counterparties failure to perform their obligations as at March 31, 2020 in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the balance sheet.

The foundation reviews the recoverable amount of each individual financial assets at each balance sheet date to ensure that adequate impairment losses, if necessary, are made for irrecoverable amounts. In this regard, The executive committee members of the foundation consider that the foundation's credit risk is significantly reduced.

Summary quantitative data

	<u>2020</u> HK\$	<u>2019</u> HK\$
Rental and utilities deposits	28,800	28,800
Amount due from an executive committee member	-	127,711
Cash at bank	70,189	6,751
	<u>98,989</u>	<u>163,262</u>

The foundation's management considers that all the above financial assets that are not impaired for each of the reporting dates under review are of good credit quality.

10. Financial instruments (Continued)**b) Liquidity risk**

Prudent liquidity risk management implies maintaining sufficient cash balance to meet its financial commitments and to ensure adequate funding from the members so as to enable the foundation to meet its liabilities as and when they fall due and to continue operating for the foreseeable future.

As at March 31, 2020, the aging of the foundation's financial liabilities based on the remaining period at the balance sheet date to the maturity date, in contractual undiscounted cash flows, is as follows:

	<u>2020</u>	<u>2019</u>
	HK\$	HK\$
<i>Current liabilities:-</i>		
Less than one year	827,531	8,000
	<u> </u>	<u> </u>

c) Market risk

i) Currency risk

The foundation's exposure to currency risk is minimal as all material financial assets and liabilities are denominated in its functional currency.

ii) Interest rate risk

The foundation's exposure to cash flow interest rate risk is minimal because the foundation does not have any floating rate borrowings.

(For management purposes only)

HONG KONG PAWS FOUNDATION LIMITED

DETAILED INCOME STATEMENT

FOR THE YEAR ENDED MARCH 31, 2020

	<u>2020</u>	<u>2019</u>
	HK\$	HK\$
Income		
Donation income	1,662,758	2,129,201
	-----	-----
Expenditure		
Animal cremation	17,208	9,144
Auditor's remuneration	8,000	8,000
Bank charges	2,309	3,476
Food, medicine and supplies expenses	938,490	927,421
Legal and professional fees	500	500
Miscellaneous	4,277	2,308
Printing and stationery	-	291
Rental expenses	285,000	280,900
Repairs and maintenance	60,000	51,913
Training and boarding	6,300	-
Transportation	22,434	12,171
Travelling expenses	13,412	6,145
Veterinary fees	1,180,209	560,917
Water and electricity	8,423	12,302
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	2,546,562	1,875,488
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(Deficit) / surplus for the year	(883,804)	253,713
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