

Directors' Report

Audited Financial Statements

PAWS UNITED CHARITY LIMITED

For the period from 14 December 2018 (Date of Incorporation) to

31 December 2019



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PAWS UNITED CHARITY LIMITED

Directors' Report

The directors submit herewith their annual report and audited financial statements of Paws United Charity Limited ("the Association") for the period from 14 December 2018 (Date of Incorporation) to 31 December 2019.

Date of incorporation

The Association was incorporated in Hong Kong limited by guarantee on 14 December 2018.

Principal activities

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

- (a) to raise awareness of animal welfare issues;
- (b) to reduce the large number of dogs and cats that are abused, abandoned or destroyed everyday;
- (c) to provide proper treatment and medication to animals; and
- (d) to plan, organise and implement re-homing and/or adoption programmes for animals.

Financial performance

The results of the Association for the period ended 31 December 2019 and its statement of affairs as at that date are set out in the financial statements on pages 6 to 14.

Business review

The Association is exempted from preparation of a business review which the Association falls within the reporting exemption for the financial period, and the Association is not required to prepare a business review for the financial period.

Directors

The directors who held charity during the period and up to the date of this report were:

Jennifer Chan	(Appointed on 14 December 2018)
Chan Yau Kam Joseph	(Appointed on 14 December 2018)

In accordance with the Association's Articles of Association, unless otherwise specified in the appointment, a director holds office for an unlimited period of time.

The Association did not enter into any contract, other than the contracts of service with the directors or any person engaged in the full-time employment of the Association, whereby any individual, firm or body corporate undertakes the management and administration of the whole, or any substantial part of any business of the Association.

Arrangements to acquisition of debentures

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

Directors' material interests in transactions, arrangements or contracts

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 had a material interest, whether directly or indirectly, subsisted at the end of the period or at any time during the period.

Management contracts

Save as mentioned above, no other 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 period.

PAWS UNITED CHARITY LIMITED

Directors' Report

Equity-linked agreements

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

Permitted indemnity provisions

No permitted indemnity provision was in force during the period, 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) or a then director or a director of its holding company, subsidiary, or fellow subsidiary (if made by the Association).

Auditor

During the period, the auditor, Latitude CPA Limited, *Certified Public Accountants*, was appointed as the auditor of the Association.

A resolution will be submitted to the annual general meeting to re-appoint Latitude CPA Limited, *Certified Public Accountants*, as the auditor of the Association.

By order of the Board



Jennifer Chan, Director

11 NOV 2020



Independent Auditor's Report

To the members of

PAWS UNITED CHARITY 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 Paws United Charity Limited ("the Association") set out on pages 6 to 14, which comprise the statement of financial position as at 31 December 2019, and the income and expenditure account, statement of changes in reserve and fund, and statement of cash flows for the period 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 state of the Association's affairs as at 31 December 2019 and of its income and expenditure and cash flows for the period then ended in accordance with the Hong Kong Financial Reporting Standard ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAAs") 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 Association 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.

Material Uncertainty Related to Going Concern

We draw attention to the financial statements, which indicates that the Association's current liabilities exceeded its current assets by HK\$58,939. As stated in Note 3, these events or conditions, along with other matters as set forth in Note 3, indicate that a material uncertainty exists that may cast significant doubt on the Association's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Information Other than the Financial Statements and Auditor's Report Thereon

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 (Cont'd)

To the members of

PAWS UNITED CHARITY LIMITED

(incorporated in Hong Kong with limited by guarantee)

Information Other than the Financial Statements and Auditor's Report Thereon (Cont'd)

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 Directors and Those Charged with Governance for the Financial Statements

The directors are responsible for the preparation and the true and fair presentation of these financial statements 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 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 directors 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 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 HKSAAs 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 HKSAAs, 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.



Independent Auditor's Report (Cont'd)

To the members of
PAWS UNITED CHARITY LIMITED
(incorporated in Hong Kong with limited by guarantee)

Auditor's Responsibilities for the Audit of the Financial Statements (Cont'd)

- 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.

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.

Law Ka Lok CPA

Latitude CPA Limited
Certified Public Accountants
Law Ka Lok
Practising Certificate Number – P04116

Hong Kong, 11 NOV 2020

PAWS UNITED CHARITY LIMITED

Income and Expenditure Account

For the period ended 31 December 2019

		14/12/2018 to 31/12/2019 <i>HK\$</i>
	Note	
INCOME		
Adoptions	5	92,700
Donations	5	123,936
Bank interest income	5	8
		<u>216,644</u>
EXPENDITURE		
Accounting fee		8,000
Advertising and promotions		8,550
Audit fee		8,000
Bank charges		2,522
Handling fee		187
Interest on bank overdraft	6	6
Local travelling		2,777
Motor vehicle running expenses		7,613
Pet food		8,546
Pet medical expenses		697
Preliminary fee		2,590
Printing and stationery		6,910
Rent, rates and building management fees		5,575
Sundry expenses		1,912
Transportation and freight		9,458
Veterinarian		110,072
		<u>183,415</u>
Surplus for the period		<u><u>33,229</u></u>

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

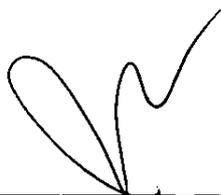
PAWS UNITED CHARITY LIMITED

Statement of Financial Position

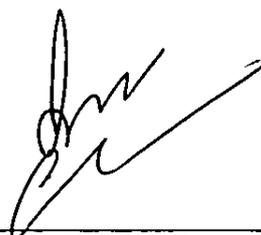
As at 31 December 2019

	Note	2019 HK\$
Non-current assets		
Property, plant and equipment	10	<u>92,500</u>
Current assets		
Deposits paid		19,964
Accounts receivables	9	3,260
Cash and bank balances	12	<u>90,655</u>
		<u>113,879</u>
Current liabilities		
Accruals		36,475
Accounts payables		100,281
Other payables		4,309
Amounts due to a director	13	<u>32,085</u>
		<u>173,150</u>
Net Current Liabilities		<u>(59,271)</u>
NET ASSETS		<u>33,229</u>
Reserve and Fund		
Surplus for the period		<u>33,229</u>

Approved on behalf of the Board by



Jennifer Chan
Director



Chan Yau Kam Joseph
Director

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

PAWS UNITED CHARITY LIMITED

Statement of Changes in Reserve and Fund

As at 31 December 2019

	General fund	Subscriber's and member's fund	Total
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
Surplus for the period	<u>33,229</u>	<u>-</u>	<u>33,229</u>
Balance as at 31 December 2019	<u>33,229</u>	<u>-</u>	<u>33,229</u>

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

PAWS UNITED CHARITY LIMITED

Statement of Cash Flows

For the period ended 31 December 2019

	Note	14/12/2018 to 31/12/2019 HK\$
Cash flows from operating activities		
Surplus from operations		33,229
Adjustments for:		
Bank interest income		(8)
Finance costs		6
Operating surplus before working capital changes		33,227
Increase in deposits paid		(19,964)
Increase in accounts receivables		(3,260)
Increase in accruals and other payables		40,784
Increase in accounts payables		100,281
Increase in amounts due to a director		32,085
Cash generated from operations		183,153
Finance costs		(6)
Net cash generated from operating activities		183,147
Cash flows from investing activities		
Purchases of property, plant and equipment		(92,500)
Bank interest income		8
Net cash generated from investing activities		(92,492)
Net increase in cash and cash equivalents		90,655
Cash and cash equivalents at beginning for the period	12	-
Cash and cash equivalents at end of the period	12	90,655

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

PAWS UNITED CHARITY LIMITED

Accounting Policies and Explanatory Notes to the Financial Statements

For the period ended 31 December 2019

1. GENERAL INFORMATION

Paws United Charity Limited (“the Association”) is incorporated in Hong Kong with limited by guarantee without a share capital on 14 December 2018. The address of its registered office and principal place of business is located at Shop B, Ground Floor, 130 Caine Road, Mid Levels, Hong Kong.

2. LIMITATION OF LIABILITY

Under the provisions of the Association’s Articles of Association, every member shall, in the event of dissolution of the Association, be responsible for the debts and obligations of the Association to the extent not exceeding HK\$100 per member.

3. BASIS OF PREPARATION AND ACCOUNTING POLICIES

These financial statements have been prepared in accordance with the Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the requirements of the Hong Kong Companies Ordinance.

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).

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

The measurement base adopted is the historical cost convention.

The following are the specific accounting policies that are necessary for a proper understanding of the financial statements:

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, demand deposits and other short-term highly liquid investments with original maturities of three months or less. Bank overdraft is shown within borrowings in current liabilities on the statement of financial position.

Income recognition

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

- (i) adoptions and donations are recognised when cash is received and includes all sums received up to the date of the statement of financial position; and
- (ii) interest income is recognised on a time proportion basis taking into account the principal outstanding and the interest applicable.

PAWS UNITED CHARITY LIMITED

Accounting Policies and Explanatory Notes to the Financial Statements

For the period ended 31 December 2019

Foreign currency translation

(a) **Functional and presentation currency**

Items included in the financial statements of the Association are measured using the currency of the primary economic environment in which the entity operates (the functional currency). These financial statements are presented in Hong Kong Dollars, which is the Association's functional and presentation currency.

(b) **Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in surplus or deficit.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in surplus or deficit within "finance costs". All other foreign exchange gains and losses are presented in surplus or deficit within "other income" or "other expenses".

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Impairment of assets

At each reporting date, property, plant and equipment is reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in surplus or deficit.

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount (selling price less costs to complete and sell, in the case of inventories), but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset (group of related assets) in prior years. A reversal of an impairment loss is recognised immediately in surplus or deficit.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the Association. All other leases are classified as operating leases.

Rights to assets held under finance leases are recognised as assets of the Association at the fair value of the leased property (or, if lower, the present value of minimum lease payments) at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are deducted in measuring surplus or deficit. Assets held under finance leases are included in property, plant and equipment, and depreciated and assessed for impairment losses in the same way as owned assets.

Rentals payable under operating leases are charged to surplus or deficit on a straight-line basis over the term of the relevant lease.

PAWS UNITED CHARITY LIMITED

Accounting Policies and Explanatory Notes to the Financial Statements

For the period ended 31 December 2019

Accounts payables

Accounts payables are obligations on the basis of normal credit terms and do not bear interest. Accounts payables denominated in a foreign currency are translated into Hong Kong Dollars using the exchange rate at the reporting date. Foreign exchange gains or losses are included in other income or other expenses.

Taxation

Income tax expense represents current tax expense. The income tax payable represents the amounts expected to be paid to the taxation authority, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The Association's activities are exempted from Hong Kong tax under Section 88 of the Hong Kong Inland Revenue Ordinance by reason of being a charitable institution of a public character.

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 period ended 31 December 2019.

5. INCOME

	14/12/2018 to 31/12/2019 <i>HK\$</i>
Adoptions	92,700
Donations	123,936
Bank interest income	8
	<u>216,644</u>

6. FINANCE COSTS

	14/12/2018 to 31/12/2019 <i>HK\$</i>
Interest on bank overdraft	<u>6</u>

PAWS UNITED CHARITY LIMITED

Accounting Policies and Explanatory Notes to the Financial Statements

For the period ended 31 December 2019

7. DIRECTORS' REMUNERATION

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

	14/12/2018
	to
	31/12/2019
	<i>HK\$</i>
Fees	-
Other emoluments	-
	<u>-</u>
	<u>-</u>

8. INCOME TAX EXPENSE

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

9. ACCOUNTS RECEIVABLES

	14/12/2018
	to
	31/12/2019
	<i>HK\$</i>
Adoption receivable	1,787
Donation due from Coin Dragon Limited	1,473
	<u>3,260</u>

10. PROPERTY, PLANT AND EQUIPMENT

	Decoration
	<i>HK\$</i>
Cost:	
Additions	92,500
Disposals	-
At 31 December 2019	<u>92,500</u>

PAWS UNITED CHARITY LIMITED

Accounting Policies and Explanatory Notes to the Financial Statements

For the period ended 31 December 2019

11. COMMITMENTS UNDER OPERATING LEASES

The Association had the following total future minimum lease payments payable under non-cancellable operating leases:

	14/12/2018
	to
	31/12/2019
	<i>HK\$</i>
Not later than one year	62,856
Later than one year	26,190
	<u>89,046</u>

12. CASH AND CASH EQUIVALENTS

	14/12/2018
	to
	31/12/2019
	<i>HK\$</i>
Bank balances	89,890
Paypal balances	765
	<u>90,655</u>

13. AMOUNTS DUE TO A DIRECTOR

The amounts due to a director are unsecured, interest-free and have no fixed repayment term.

14. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were authorized for issue by the Association's Board of Directors on **11 NOV 2020**