

Report of the Directors

Audited Financial Statements

LIFELONG ANIMAL PROTECTION CHARITY LIMITED

31 December 2018

 **SABRINA CHAN & COMPANY**
CERTIFIED PUBLIC ACCOUNTANTS

LIFELONG ANIMAL PROTECTION CHARITY LIMITED

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LIFELONG ANIMAL PROTECTION CHARITY LIMITED

REPORT OF THE DIRECTORS

The directors present their report together with the audited financial statements of Lifelong Animal Protection Charity Limited ("LAP") for the year ended 31 December 2018.

Principal activities

LAP is a non-profit making organisation. LAP's principal activities have not changed during the year and consist of protecting and preventing cruelty to animals, accepting donations and disbursing the donations in Hong Kong.

Results and dividends

LAP's result for the year ended 31 December 2018 and its state of affairs at that date are set out in the financial statements on pages 4 to 9.

Property, plant and equipment

Details of movement in the property, plant and equipment of LAP are set out in note 7 to the financial statements.

Directors

The directors of LAP during the year and up to the date of this report were:

Sheila McClelland
John William Elphinstone

In accordance with article 10 of LAP's Articles of Association, all directors shall retire from office at the forthcoming annual general meeting and be eligible for re-election.

Directors' interests

At no time during the year was LAP a party to any arrangements to enable the LAP's directors to acquire benefits by means of the acquisition of debentures of LAP or shares in or debentures of any other body corporate.

Directors' interests in contracts

None of the directors had a beneficial interest in any material contract to which LAP was a party during the year.

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

Business review

LAP falls within the reporting exemption for the financial year and accordingly, it is able to claim an exemption under section 388(3)(a) of the Companies Ordinance from preparing a business review.

Auditor

The financial statements have been audited by Sabrina Chan & Company, Certified Public Accountants (Practising) who retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board



Sheila McClelland
Director
8 November 2019



INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF LIFELONG ANIMAL PROTECTION CHARITY LIMITED
(Incorporated in Hong Kong and limited by guarantee)

Opinion

We have audited the financial statements of Lifelong Animal Protection Charity Limited ("LAP") set out on pages 4 to 9, which comprise the statement of financial position as at 31 December 2018, and the income and expenditure account for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements of LAP are prepared, in all material respects, in accordance with the Hong Kong Small and Medium-sized Entity Financial Reporting Standard ("SME-FRS") 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") and with reference to Practice Note 900 (Revised) "Audit of Financial Statements Prepared in Accordance with the Small and Medium-sized Entity Financial Reporting Standard" 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 LAP in accordance with the HKICPA's "Code of Ethics for Professional Accountants" ("the Code"), and we have fulfilled our other 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.

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 with the SME-FRS 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 LAP'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 LAP or to cease operations, or have no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

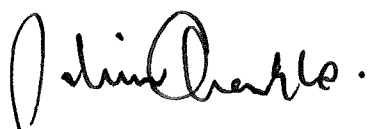
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with section 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 HKSA's 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 HKSA's, 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 LAP'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 LAP'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 LAP 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.



Certified Public Accountants (Practising)
Hong Kong
8 November 2019

LIFELONG ANIMAL PROTECTION CHARITY LIMITED

INCOME AND EXPENDITURE ACCOUNT

For the year ended 31 December 2018

	2018 HK\$	2017 HK\$
<u>INCOME</u>		
Donations	2,945,655	2,089,834
Sales income	463,873	505,056
Bank interest income	351	9
	<u>3,409,879</u>	<u>2,594,899</u>
<u>LESS: EXPENDITURE</u>		
Accounting fee	4,500	4,500
Animal adoption events expenses	47,426	43,365
Animal centres expenses	16,822	29,252
Animal foods for self use and resale	118,869	166,978
Animal medical and consultation fee	1,402,188	1,656,730
Animal product for self use and resale	4,344	27,319
Animal transportation fee	104,581	114,483
Audit fee	5,500	5,500
Bank charges and interest	30,156	21,853
Building management fee and rates	4,630	12,942
Computer expense	21,463	4,020
Depreciation	149,494	138,689
Dog training fee	-	23,000
Insurance	3,001	4,000
Photography and design	-	80,000
Printing and stationery expenses	13,219	22,163
Property agent commission	9,803	-
Repairs and maintenance	7,465	12,100
Rent	511,000	400,000
Stamp duty	243	-
Sundry expenses	18,510	19,159
Telephone and internet	15,204	15,219
Utility expenses	65,823	67,462
Warehouse rent	-	12,800
	<u>2,554,241</u>	<u>2,881,534</u>
SURPLUS/(DEFICIT) FOR THE YEAR	<u>855,638</u>	<u>(286,635)</u>

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

LIFELONG ANIMAL PROTECTION CHARITY LIMITED

STATEMENT OF FINANCIAL POSITION

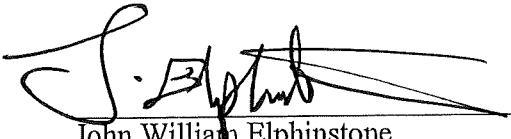
As at 31 December 2018

	Notes	2018 HK\$	2017 HK\$
NON-CURRENT ASSETS			
Property, plant and equipment	7	383,854	413,499
CURRENT ASSETS			
Cash and cash equivalents		1,305,270	803,983
Donations receivable from Paypal		361,337	36,065
Deposits paid		180,300	135,300
Prepayments		30,502	-
		<u>1,877,409</u>	<u>975,348</u>
CURRENT LIABILITIES			
Accruals		51,164	71,242
Accounts payable		81,727	121,665
Due to a director	8	94,697	17,903
		<u>227,588</u>	<u>210,810</u>
NET CURRENT ASSETS		<u>1,649,821</u>	<u>764,538</u>
NET ASSETS		<u><u>2,033,675</u></u>	<u><u>1,178,037</u></u>
RESERVES AND FUNDS			
Funds	9	<u><u>2,033,675</u></u>	<u><u>1,178,037</u></u>

Authorised for issue by the Board on 8 November 2019:



 Sheila McClelland
 Director



 John William Elphinstone
 Director

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

LIFELONG ANIMAL PROTECTION CHARITY LIMITED

ACCOUNTING POLICIES AND EXPLANATORY NOTES TO FINANCIAL STATEMENTS

For the year ended 31 December 2018

1. REPORTING ENTITY

Lifelong Animal Protection Charity Limited (“LAP”) is a company incorporated under the Hong Kong Companies Ordinance and is limited by guarantee and not having a share capital. LAP’s registered office is located at Flat D, Ground Floor, Hing Yip Building, 5-23 First Street, Hong Kong.

The principal activities of LAP consist of protecting and preventing cruelty to animals, accepting donations and disbursing the donations in Hong Kong.

2. LIMITATION OF LIABILITY

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

3. BASIS OF PREPARATION

LAP qualifies for the reporting exemption as a small guarantee company under section 359(1)(a) of the Hong Kong Companies Ordinance (Cap. 622) and is therefore entitled to prepare and present its financial statements in accordance with the Small and Medium-sized Entity Financial Reporting Standard (SME-FRS) issued by the Hong Kong Institute of Certified Public Accountants.

These financial statements comply with the SME-FRS and have been prepared under the accrual basis of accounting and on the basis that LAP is a going concern.

The measurement base adopted is the historical cost convention.

The reporting currency of LAP is Hong Kong Dollars, which is the currency of the primary economic environment in which LAP operates.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue

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

- (a) Donation is recognised when cash is received;
- (b) Sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer, provided that LAP maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold; and
- (c) Interest income is recognised on a time proportion basis taking into account the principal outstanding and the interest applicable.

LIFELONG ANIMAL PROTECTION CHARITY LIMITED

ACCOUNTING POLICIES AND EXPLANATORY NOTES TO FINANCIAL STATEMENTS

For the year ended 31 December 2018

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of assets

An assessment is made at the end of each reporting period to determine whether there is any indication of impairment or reversal of previous impairment of items of property, plant and equipment. In the event that an asset's carrying amount exceeds its recoverable amount, the carrying amount is reduced to recoverable amount and an impairment loss is recognised in the income and expenditure account. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount, however not to an amount higher than the carrying amount that would have been determined (net of amortisation or depreciation), had no impairment losses been recognised for the asset in prior years.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

The depreciable amount of an item of property, plant and equipment is allocated on a systematic basis over its estimated useful life using the straight-line method. The principal annual rates used for depreciation are as follows:

Furniture and equipment	20%
Decoration	20%

Donations receivable

Donations receivable is stated at estimated realisable value after each debt has been considered individually. Where the payment of a debt becomes doubtful a provision is made and charged to the income and expenditure account.

Cash and cash equivalents

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

Leases

Leases where substantially all the rewards and risks of ownership of assets are not transferred to the lessee are accounted for as operating leases. Rental expenses applicable to such operating leases are charged to the income and expenditure account on the straight-line basis over the lease terms.

5. DIRECTORS' REMUNERATION

The directors did not receive any fees or emoluments in respect of their services rendered to LAP during the year (2017: Nil).

6. INCOME TAX

No provision for Hong Kong profits tax has been made since LAP is a charitable institution and is exempt under Section 88 of the Hong Kong Inland Revenue Ordinance from Hong Kong profits tax (2017: Exempted).

LIFELONG ANIMAL PROTECTION CHARITY LIMITED

ACCOUNTING POLICIES AND EXPLANATORY NOTES TO FINANCIAL STATEMENTS

For the year ended 31 December 2018

7. PROPERTY, PLANT AND EQUIPMENT

	Furniture and equipment HK\$	Decoration HK\$	Total HK\$
Cost:			
At 1 January 2018	123,643	569,800	693,443
Additions	<u>9,849</u>	<u>110,000</u>	<u>119,849</u>
At 31 December 2018	<u>133,492</u>	<u>679,800</u>	<u>813,292</u>
Accumulated depreciation:			
At 1 January 2018	45,754	234,190	279,944
Charge for the year	<u>26,534</u>	<u>122,960</u>	<u>149,494</u>
At 31 December 2018	<u>72,288</u>	<u>357,150</u>	<u>429,438</u>
Net carrying amount:			
At 1 January 2018	<u>77,889</u>	<u>335,610</u>	<u>413,499</u>
At 31 December 2018	<u>61,204</u>	<u>322,650</u>	<u>383,854</u>

8. DUE TO A DIRECTOR

The amount due to a director is unsecured, non-interest bearing and has no fixed repayment term.

9. CHANGES IN FUNDS

	HK\$
Balance at 1 January 2018	1,178,037
Surplus for the year	<u>855,638</u>
Balance at 31 December 2018	<u>2,033,675</u>

LIFELONG ANIMAL PROTECTION CHARITY LIMITED

ACCOUNTING POLICIES AND EXPLANATORY NOTES TO FINANCIAL STATEMENTS

For the year ended 31 December 2018

10. OPERATING LEASE COMMITMENT

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

	2018 HK\$	2017 HK\$
Not later than one year	600,000	-
Later than one year	340,000	-
	<hr/>	<hr/>
	940,000	-
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11. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were authorised for issue by the Board of Directors on 8 November 2019.