

Report of the Directors

Audited Financial Statements

LIFELONG ANIMAL PROTECTION CHARITY LIMITED

31 December 2016



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 2016.

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 2016 and its state of affairs at that date are set out in the financial statements on pages 4 to 10.

Directors

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

Sheila McClelland

John William Elphinstone

Jennifer Chan

(Resigned on 3 August 2017)

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 exempted from preparing a business review.

Auditor

During the year, Latitude CPA Limited, Certified Public Accountants, resigned as the auditor of LAP.

Sabrina Chan & Company, Certified Public Accountants (Practising) was appointed to replace Latitude CPA Limited. Sabrina Chan & Company retire and a resolution for their reappointment as auditor of LAP will be proposed at the forthcoming annual general meeting.

On behalf of the Board



Sheila McClelland
Director
14 February 2018



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 10, which comprise the statement of financial position as at 31 December 2016, 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").

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") 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 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 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 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
14 February 2018

LIFELONG ANIMAL PROTECTION CHARITY LIMITED

INCOME AND EXPENDITURE ACCOUNT

For the year ended 31 December 2016

	2016 HK\$	2015 HK\$
<u>INCOME</u>		
Donations	2,295,522	1,748,888
Sales income	368,353	111,461
Sundry income	-	5,200
Bank interest income	12	7
	<u>2,663,887</u>	<u>1,865,556</u>
<u>LESS: EXPENDITURE</u>		
Accounting fee	4,500	4,500
Animal adoption events expenses	244,615	-
Animal centres expenses	26,656	5,670
Animal foods for self use and resale	233,445	158,917
Animal medical and consultation fee	795,127	912,759
Animal product for self use and resale	102,716	76,761
Animal transportation fee	112,300	166,433
Audit fee	5,500	5,000
Bank charges	21,222	18,062
Computer expense	11,330	17,743
Depreciation	103,083	38,173
Dog training fee	10,200	-
Insurance	3,030	-
Photography and design	78,150	-
Printing and stationery expenses	20,466	14,116
Professional fee	-	1,300
Promotion fee	-	3,788
Property agent commission	20,000	-
Repairs and maintenance	11,060	-
Rent	260,000	120,000
Stamp duty	602	905
Sundry expenses	5,540	68,523
Telephone and internet	7,488	6,078
Travelling	-	5,141
Utility expenses	65,172	16,752
Warehouse rent	<u>32,012</u>	<u>-</u>
	<u>2,174,214</u>	<u>1,640,621</u>
SURPLUS FOR THE YEAR	<u><u>489,673</u></u>	<u><u>224,935</u></u>

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

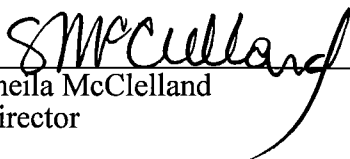
LIFELONG ANIMAL PROTECTION CHARITY LIMITED

STATEMENT OF FINANCIAL POSITION

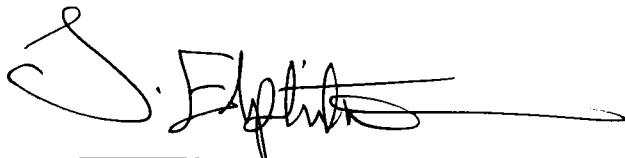
As at 31 December 2016

	Notes	2016 HK\$	2015 HK\$
NON-CURRENT ASSETS			
Property, plant and equipment	9	374,157	152,690
CURRENT ASSETS			
Cash and cash equivalents		982,939	933,733
Donation receivable		58,774	61,664
Deposits paid		134,300	67,150
Prepayments		18,620	-
Other receivable		2,910	-
Inventories	10	-	2,612
		<u>1,197,543</u>	<u>1,065,159</u>
CURRENT LIABILITIES			
Accruals		10,000	9,500
Accounts payable		97,028	233,350
		<u>107,028</u>	<u>242,850</u>
NET CURRENT ASSETS		<u>1,090,515</u>	<u>822,309</u>
NET ASSETS		<u>1,464,672</u>	<u>974,999</u>
RESERVES AND FUNDS			
Funds	11	<u>1,464,672</u>	<u>974,999</u>

Authorised for issue by the Board on 14 February 2018:



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 2016

1. REPORTING ENTITY

Lifelong Animal Protection Charity Limited (“LAP”) is a company incorporated in Hong Kong limited by guarantee and not having a share capital. LAP’s registered office is located at Room 1004, Tung Che Commercial Centre, 246 Des Voeux Road West, Sai Ying Pun, 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. TRANSITION TO SME-FRS

LAP’s financial statements for the year ended 31 December 2016 are its first annual financial statements prepared under accounting policies that comply with the SME-FRS. LAP applied Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes all applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASAs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants to prepare its financial statements prior to the application of the SME-FRS.

The adoption of the SME-FRS does not have any material impact on LAP’s financial performance and positions.

LIFELONG ANIMAL PROTECTION CHARITY LIMITED

ACCOUNTING POLICIES AND EXPLANATORY NOTES TO FINANCIAL STATEMENTS

For the year ended 31 December 2016

5. CHANGE OF ACCOUNTING POLICY

During the year, LAP changed its accounting policy with respect to the recognition of inventories. Immaterial inventories are recorded as consumables and charged to the income and expenditure account in the period of purchase. Prior to this change in policy, all the inventories are measured at the lower of cost and net realisable value, and recognised as expenses when the inventories are sold or written down.

The change in the accounting policy of inventories does not have material effect on the current period or any prior period presented. No restatement of comparative information for prior year is made.

6. 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.

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 statement. 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 using the straight-line method over the following estimated useful lives:

Furniture and equipment	20%
Decoration	20%

LIFELONG ANIMAL PROTECTION CHARITY LIMITED

ACCOUNTING POLICIES AND EXPLANATORY NOTES TO FINANCIAL STATEMENTS

For the year ended 31 December 2016

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Inventories

Inventories are stated at the lower of cost (using a first-in-first-out basis) and net realisable value. In arriving at net realisable value an allowance has been made for deterioration and obsolescence.

Immaterial inventories are recorded as consumables and charged to the income and expenditure account in the period of purchase.

7. DIRECTORS' REMUNERATION

The directors did not receive any fees or emoluments in respect of their services rendered to LAP during the year (2015: Nil).

8. 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 (2015: Nil).

LIFELONG ANIMAL PROTECTION CHARITY LIMITED

ACCOUNTING POLICIES AND EXPLANATORY NOTES TO FINANCIAL STATEMENTS

For the year ended 31 December 2016

9. PROPERTY, PLANT AND EQUIPMENT

	Furniture and equipment HK\$	Decoration HK\$	Total HK\$
Cost:			
At 1 January 2016	39,763	151,100	190,863
Additions	<u>25,600</u>	<u>298,950</u>	<u>324,550</u>
At 31 December 2016	<u>65,363</u>	<u>450,050</u>	<u>515,413</u>
Accumulated depreciation:			
At 1 January 2016	7,953	30,220	38,173
Charge for the year	<u>13,073</u>	<u>90,010</u>	<u>103,083</u>
At 31 December 2016	<u>21,026</u>	<u>120,230</u>	<u>141,256</u>
Net carrying amount:			
At 1 January 2016	<u>31,810</u>	<u>120,880</u>	<u>152,690</u>
At 31 December 2016	<u>44,337</u>	<u>329,820</u>	<u>374,157</u>

10. INVENTORIES

An analysis of LAP's inventories is as follows:

	2016 HK\$	2015 HK\$
Animal foods for self use and resale	-	1,761
Pet product for self use and resale	<u>-</u>	<u>851</u>
	<u>-</u>	<u>2,612</u>

11. CHANGES IN FUNDS

	HK\$
Balance at 1 January 2016	974,999
Surplus for the year	489,673
Balance at 31 December 2016	<u>1,464,672</u>

LIFELONG ANIMAL PROTECTION CHARITY LIMITED

ACCOUNTING POLICIES AND EXPLANATORY NOTES TO FINANCIAL STATEMENTS

For the year ended 31 December 2016

12. OPERATING LEASE COMMITMENT

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

	2016 HK\$	2015 HK\$
Not later than one year	260,000	180,000
Later than one year	<u>-</u>	<u>240,000</u>
	<u>260,000</u>	<u>420,000</u>

13. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were authorised for issue by the Board of Directors on 14 February 2018.