

Report of the Directors

Audited Financial Statements

**LIFELONG ANIMAL PROTECTION CHARITY LIMITED**

31 December 2019



**Chan & Yee CPA & Co.**

**陳余會計師事務所**

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 2019.

### 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 2019 and its state of affairs at that date are set out in the financial statements on pages 5 to 10.

### 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.

**LIFELONG ANIMAL PROTECTION CHARITY LIMITED**

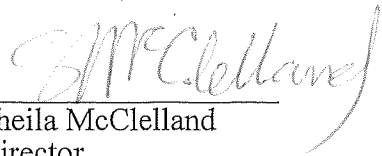
**REPORT OF THE DIRECTORS**

Auditors

Sabrina Chan & Company, Certified Public Accountants (Practising) resigned as the auditor of LAP.

Chan & Yee CPA & Co., Certified Public Accountants (Practising) were appointed to replace Sabrina Chan & Company. Chan & Yee CPA & Co. retire and, being eligible, offer themselves for re-appointment.

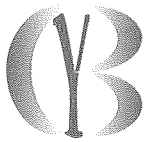
On behalf of the Board



Sheila McClelland

Director

21 December 2020



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 5 to 10, which comprise the statement of financial position as at 31 December 2019, 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 ("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 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.

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

**Auditor's Responsibilities for the Audit of the Financial Statements**

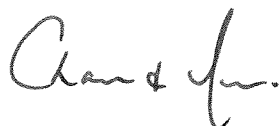
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with section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



Chan & Yee CPA & Co.  
Certified Public Accountants (Practising)  
Hong Kong  
21 December 2020

# LIFELONG ANIMAL PROTECTION CHARITY LIMITED

## INCOME AND EXPENDITURE ACCOUNT

For the year ended 31 December 2019

	2019 HK\$	2018 HK\$
<u>INCOME</u>		
Donations	2,594,720	2,945,655
Sales income	811,442	463,873
Bank interest income	742	351
Other income	<u>24,031</u>	<u>-</u>
	3,430,935	3,409,879
<u>LESS: EXPENDITURE</u>		
Accounting fee	4,500	4,500
Animal adoption events expenses	36,877	47,426
Animal centres expenses	38,844	16,822
Animal foods for self use and resale	189,186	118,869
Animal medical and consultation fee	1,510,499	1,402,188
Animal product for self use and resale	115,002	4,344
Animal transportation fee	79,363	104,581
Audit fee	5,500	5,500
Bank charges and interest	33,805	30,156
Building management fee and rates	2,400	4,630
Computer expense	11,000	21,463
Depreciation	174,296	149,494
Dog training fee	27,660	-
Insurance	3,002	3,001
Printing and stationery expenses	20,946	13,219
Property agent commission	-	9,803
Repairs and maintenance	3,650	7,465
Rent	635,000	511,000
Stamp duty	-	243
Sundry expenses	19,711	18,510
Telephone and internet	13,920	15,204
Utility expenses	64,158	65,823
Warehouse rent	<u>-</u>	<u>-</u>
	2,989,319	2,554,241
SURPLUS FOR THE YEAR	<u>441,616</u>	<u>855,638</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**

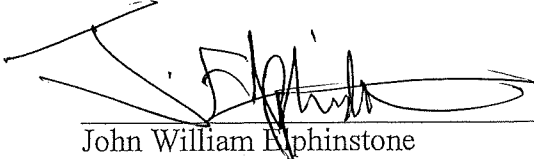
**STATEMENT OF FINANCIAL POSITION**

**As at 31 December 2019**

	Notes	2019 HK\$	2018 HK\$
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	7	267,747	383,854
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		1,507,439	1,305,270
Donations receivable from Paypal		763,864	361,337
Deposits paid		180,300	180,300
Prepayments		19,000	30,502
		<u>2,470,603</u>	<u>1,877,409</u>
<b>CURRENT LIABILITIES</b>			
Accruals		35,583	51,164
Accounts payable		105,346	81,727
Due to directors	8	122,130	94,697
		<u>263,059</u>	<u>227,588</u>
<b>NET CURRENT ASSETS</b>		<u>2,207,544</u>	<u>1,649,821</u>
<b>NET ASSETS</b>		<u><u>2,475,291</u></u>	<u><u>2,033,675</u></u>
<b>RESERVES AND FUNDS</b>			
Funds	9	<u><u>2,475,291</u></u>	<u><u>2,033,675</u></u>

Authorised for issue by the Board on 21 December 2020:

  
 \_\_\_\_\_  
 Sheila McClelland  
 Director

  
 \_\_\_\_\_  
 John William Alphinstone  
 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 2019

### 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 2019

### 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 (2018: 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 (2018: Exempted).

## LIFELONG ANIMAL PROTECTION CHARITY LIMITED

### ACCOUNTING POLICIES AND EXPLANATORY NOTES TO FINANCIAL STATEMENTS

For the year ended 31 December 2019

#### 7. PROPERTY, PLANT AND EQUIPMENT

	Furniture and equipment HK\$	Decoration HK\$	Total HK\$
Cost:			
At 1 January 2019	133,492	679,800	813,292
Additions	<u>7,189</u>	<u>51,000</u>	<u>58,189</u>
At 31 December 2019	<u>140,681</u>	<u>730,800</u>	<u>871,481</u>
Accumulated depreciation:			
At 1 January 2019	72,288	357,150	429,438
Charge for the year	<u>28,136</u>	<u>146,160</u>	<u>174,296</u>
At 31 December 2019	<u>100,424</u>	<u>503,310</u>	<u>603,734</u>
Net carrying amount:			
At 1 January 2019	<u>61,204</u>	<u>322,650</u>	<u>383,854</u>
At 31 December 2019	<u>40,257</u>	<u>227,490</u>	<u>267,747</u>

#### 8. DUE TO DIRECTORS

The amounts due to directors are unsecured, non-interest bearing and have no fixed repayment terms.

#### 9. CHANGES IN FUNDS

	HK\$
Balance at 1 January 2019	2,033,675
Surplus for the year	<u>441,616</u>
Balance at 31 December 2019	<u>2,475,291</u>

## LIFELONG ANIMAL PROTECTION CHARITY LIMITED

### ACCOUNTING POLICIES AND EXPLANATORY NOTES TO FINANCIAL STATEMENTS

For the year ended 31 December 2019

#### 10. OPERATING LEASE COMMITMENT

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

	2019 HK\$	2018 HK\$
Not later than one year	340,000	600,000
Later than one year	-	340,000
	<hr/>	<hr/>
	340,000	940,000
	<hr/> <hr/>	<hr/> <hr/>

#### 11. EVENTS AFTER REPORTING PERIOD

Subsequent to the end of the reporting period on 1 May 2020, the Company signed tenancy agreements with a total future minimum lease payments payable under non-cancellable operating leases of HK\$360,000.

#### 12. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were authorised for issue by the Board of Directors on 21 December 2020.