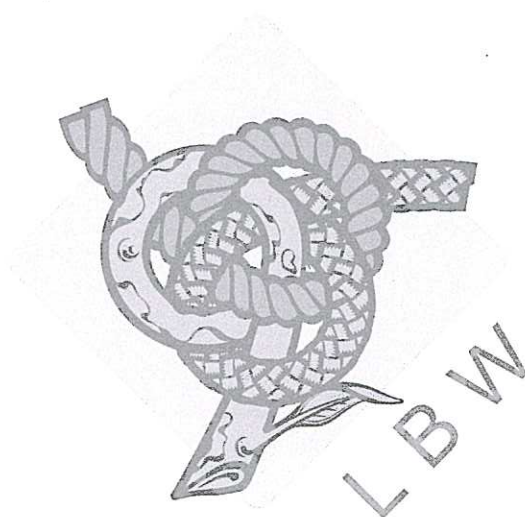


FOUR PAWS AUSTRALIA (ANIMAL WELFARE) LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018



LBW & Partners
Chartered Accountants & Business Advisers

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FOUR PAWS Australia (Animal Welfare) Limited
Contents
For the year ended 31 December 2018



Directors' report	2
Auditor's independence declaration	5
Statement of profit or loss and other comprehensive income	6
Statement of financial position	7
Statement of changes in equity	8
Statement of cash flows	9
Notes to the financial statements	10
Directors' declaration	19
Independent auditor's report	20

The directors present their report, together with the financial statements, on FOUR PAWS Australia (Animal Welfare) Limited (hereinafter referred to as 'FOUR PAWS Australia') for the year ended 31 December 2018.

Directors

The following persons were directors of FOUR PAWS Australia during the whole of the financial year and up to the date of this report, unless otherwise stated:

Helmut Dungler
Carole de Fraga
Jeroen van Kernebeek

Objectives

The objects for which FOUR PAWS Australia is established are to prevent or relieve unnecessary suffering of animals, including but not limited to:

- i) Providing direct assistance and relieving the suffering of animals in need of care and attention;
- ii) Providing veterinary care and treatment;
- iii) Rescuing, rehabilitating and rehoming animals;
- iv) Providing support and giving advice to owners, handlers and keepers;
- v) Promoting benevolence towards animals;
- vi) Promoting and providing education relating to the humane treatment of animals;
- vii) Improving the political climate for animal welfare to prevent animal suffering in the future, including lobbying at a national and international level;
- viii) Promoting and encouraging the abolition of animal testing and experimentation by all lawful means; and
- ix) Any other activities in furtherance of the above purposes.

Strategy for achieving the objectives

The strategies to achieve the objectives of FOUR PAWS Australia are in line with the global mission of FOUR PAWS, namely:

- Creating sustainable solutions for animals in need
- Touching hearts, changing consumer behaviour
- Driving legal changes
- Building powerful partnerships

Principal activities

During the financial year the principal continuing activities of FOUR PAWS Australia were to raise broad community awareness of animal welfare issues on which FOUR PAWS works globally, to campaign for the protection of the animals involved and to raise funds for this work.

No significant changes in the nature of these activities occurred during the year.

Information on directors

Name:	Helmut Dungler
Title:	Non-Executive Director, Chair of the Board
Qualifications:	Academic Degree in Crisis and Disaster Management
Experience and expertise:	Founder, CEO and Foundation President of VIER PFOTEN Freelance Fur Farming Expert, Austrian Environment Ministry Marine Ecology and Whaling Campaigner, Greenpeace Austria

FOUR PAWS Australia (Animal Welfare) Limited**Directors' report****For the year ended 31 December 2018**

Name: Carole de Fraga
Title: Non-Executive Director, Secretary
Qualifications: MA (European Studies), Diploma in Education, BA Hons. (German language and literature)
Experience and expertise: Director - Animals Australia
 Consultant - research, writing, liaison: animal welfare
 Field Representative (Oceania) - WSPA
 Research Officer - Animals Australia

Name: Jeroen van Kernebeek
Title: Executive Director
Qualifications: MSc in Educational Sciences (The Netherlands)
Experience and expertise: Director, GREY2K USA Worldwide
 Senior Campaigner, Animals Australia
 Campaign Manager, AAP - European sanctuary for exotic animals, The Netherlands
 Youth Education Manager, The Jane Goodall Institute, The Netherlands

Company secretary

Carole de Fraga has held the role of Secretary at FOUR PAWS since September 2014. Carole has over 25 years of involvement in animal welfare NGOs, as staff member and as a director and prior to this worked in university administration.

Meetings of directors

The number of meetings of the FOUR PAWS Australia's Board of Directors ('the Board') held during the year ended 31 December 2018, and the number of meetings attended by each director were:

	Full Board Attended	Held
Helmut Dungler	2	2
Carole de Fraga	2	2
Jeroen van Kernebeek	2	2

Held: represents the number of meetings held during the time the director held office.

Going Concern

FOUR PAWS Australia is a not-for-profit entity, whereby its ongoing operations are financed by donations, as well as funding received from its affiliates in order to fulfil its objectives.

As at 31 December 2018, FOUR PAWS Australia's statement of financial position reflected an excess of total liabilities over total assets of \$1,783,044 (2017: \$401,964), while the statement of comprehensive income reflects a deficit from operations for the year ended on 31 December 2018 of \$ 1,381,080 (2017: surplus \$150,854).

However, the financial statements have been prepared on a going concern basis as the affiliates have pledged their continuing support for a minimum of 12 months from the date of issuing these financial statements.

The directors believe that FOUR PAWS Australia is a going concern due to the continuing financial support of the affiliates.

Contributions on winding up

In the event of the entity being wound up, ordinary members are required to contribute a maximum of \$10 each.

The total amount that members of FOUR PAWS Australia are liable to contribute if it is wound up is \$10, based on 1 (2017: 1) current ordinary member.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under s60-40 of the Australian Charities and Not-for-profits Commission Act 2012 is set out immediately after this directors' report.

FOUR PAWS Australia (Animal Welfare) Limited
Directors' report
For the year ended 31 December 2018



This report is made in accordance with a resolution of the Board of Directors.

On behalf of the directors

A handwritten signature in black ink, consisting of several overlapping loops and a long horizontal stroke extending to the right.

Jeroen Van Kernebeek
Director

14 May 2019

**LBW & Partners**

Chartered Accountants & Business Advisers
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Partners

Rupa Dharmasiri

Alan M Perrott

George P Rochios

Mark W Willock

FOUR PAWS Australia (Animal Welfare) Limited

Auditor's Independence Declaration to the Directors of FOUR PAWS Australia (Animal Welfare) Limited

In accordance with the requirements of section 60-40 of the *Australian Charities and Not-for-profit Commission Act 2012*, as auditor of FOUR PAWS Australia (Animal Welfare) Limited for the year ended 31 December 2018, I declare that, to the best of my knowledge and belief, there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Australian Charities and Not-for-profit Commission Act 2012* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

Rupaninga Dharmasiri
Partner

LBW & Partners
Chartered Accountants
Level 3, 845 Pacific Highway
CHATSWOOD NSW 2067

Dated this 14th day of May 2019

FOUR PAWS Australia (Animal Welfare) Limited
Statement of profit or loss and other comprehensive income
For the year ended 31 December 2018



	Note	2018 \$	2017 \$
Revenue			
Revenue	4	3,736,933	2,522,447
Other income	5	8,722	3,451
Expenses			
Animal welfare and education programs expenses	6	(3,820,397)	(1,814,647)
Management and administration expenses	7	(132,694)	(42,021)
Donor services expenses	8	(1,069,975)	(471,135)
Unrealised losses on foreign exchange conversion		(103,669)	(47,241)
Surplus/(deficit) before income tax expense		(1,381,080)	150,854
Income tax expense		-	-
Surplus/(deficit) after income tax expense for the year		(1,381,080)	150,854
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		<u>(1,381,080)</u>	<u>150,854</u>

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

FOUR PAWS Australia (Animal Welfare) Limited
Statement of financial position
As at 31 December 2018



	Note	2018 \$	2017 \$
Assets			
Current assets			
Cash and cash equivalents	10	518,651	606,977
Trade and other receivables	11	242,541	61,467
Prepayments		28,230	12,345
Total current assets		<u>789,422</u>	<u>680,789</u>
Non-current assets			
Property, plant and equipment	12	27,412	13,497
Deposit	13	17,921	17,921
Total non-current assets		<u>45,333</u>	<u>31,418</u>
Total assets		<u>834,755</u>	<u>712,207</u>
Liabilities			
Current liabilities			
Trade and other payables	14	532,732	132,238
Borrowings	15	113,302	92,076
Employee benefits	16	28,532	13,607
Total current liabilities		<u>674,566</u>	<u>237,921</u>
Non-current liabilities			
Trade and other payables	17	-	769
Borrowings	18	1,942,296	874,544
Provisions	19	937	937
Total non-current liabilities		<u>1,943,233</u>	<u>876,250</u>
Total liabilities		<u>2,617,799</u>	<u>1,114,171</u>
Net liabilities		<u>(1,783,044)</u>	<u>(401,964)</u>
Equity			
Accumulated losses		<u>(1,783,044)</u>	<u>(401,964)</u>
Total deficiency in equity		<u>(1,783,044)</u>	<u>(401,964)</u>

The above statement of financial position should be read in conjunction with the accompanying notes

FOUR PAWS Australia (Animal Welfare) Limited
Statement of changes in equity
For the year ended 31 December 2018



	Accumulated losses \$	Total deficiency in equity \$
Balance at 1 January 2017	(552,818)	(552,818)
Surplus after income tax expense for the year	150,854	150,854
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income for the year	150,854	150,854
Balance at 31 December 2017	<u>(401,964)</u>	<u>(401,964)</u>
	Accumulated losses \$	Total deficiency in equity \$
Balance at 1 January 2018	(401,964)	(401,964)
Deficit after income tax expense for the year	(1,381,080)	(1,381,080)
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income for the year	<u>(1,381,080)</u>	<u>(1,381,080)</u>
Balance at 31 December 2018	<u>(1,783,044)</u>	<u>(1,783,044)</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes

FOUR PAWS Australia (Animal Welfare) Limited
Statement of cash flows
For the year ended 31 December 2018



	Note	2018 \$	2017 \$
Cash flows from operating activities			
Receipts from customers		3,562,600	2,526,970
Payments to suppliers and employees		(4,602,924)	(2,277,223)
Interest received		1,943	1,434
Net cash from/(used in) operating activities		<u>(1,038,381)</u>	<u>251,181</u>
Cash flows from investing activities			
Payments for property, plant and equipment	12	<u>(26,030)</u>	<u>(10,952)</u>
Net cash used in investing activities		<u>(26,030)</u>	<u>(10,952)</u>
Cash flows from financing activities			
Proceeds from borrowings		1,077,385	-
Repayment of borrowings		<u>(101,300)</u>	<u>-</u>
Net cash from financing activities		<u>976,085</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents		(88,326)	240,229
Cash and cash equivalents at the beginning of the financial year		<u>606,977</u>	<u>366,748</u>
Cash and cash equivalents at the end of the financial year	10	<u><u>518,651</u></u>	<u><u>606,977</u></u>

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. General information

The financial statements cover FOUR PAWS Australia (Animal Welfare) Limited as an individual entity. The financial statements are presented in Australian dollars, which is FOUR PAWS Australia (Animal Welfare) Limited's functional and presentation currency.

FOUR PAWS Australia (Animal Welfare) Limited is a not-for-profit unlisted public company limited by guarantee. The company is registered as a charity with the Australian Charities and Not-for-profits Commission.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 14 May 2019.

Note 2. Significant accounting policies

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

New or amended Accounting Standards and Interpretations adopted

The company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Going concern

The Company is a not-for-profit entity, whereby its ongoing operations are financed by donations, as well as funding received from its related parties in order to fulfil the company's objectives.

As at 31 December 2018, the company's statement of financial position reflected an excess of total liabilities over total assets of \$1,783,044 (2017: \$401,964), while the statement of profit or loss and other comprehensive income reflecting a deficit from operations for the year ended on 31 December 2018 of \$1,381,080 (2017: surplus \$150,854).

However, the financial statements have been prepared on a going concern basis as the related parties have pledged their continuing support for a minimum of 12 months from the date of issuing these financial statements.

The directors believe that FOUR PAWS Australia is a going concern due to the continuing financial support of the related parties.

The directors therefore believe that it is appropriate to prepare the financial statements in accordance with the going concern basis.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and Interpretations issued by the Australian Accounting Standards Board ('AASB'), the Australian Charities and Not-for-profits Commission Act 2012 and associated regulations, as appropriate for not-for profit oriented entities.

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the FOUR PAWS Australia's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Foreign currency translation

The financial statements are presented in Australian dollars, which is FOUR PAWS Australia (Animal Welfare) Limited's functional and presentation currency.

Note 2. Significant accounting policies (continued)

Foreign currency transactions

Foreign currency transactions are translated into Australian dollars 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 financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Revenue recognition

The company recognises revenue as follows:

Donation revenue and grant income

Revenue received from donations can only be recognised in the underlying books and records when they are received. Grant income is recognised when receipt of the grant is virtually certain and the value can be reliably measured. In cases where certain conditions are attached to the grant, revenue is recognised after those conditions are met.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

Income tax

As the company is a charity in terms of subsection 50-5 of the Income Tax Assessment Act 1997, as amended, it is exempt from paying income tax.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the company's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the company's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

Financial instruments

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument. For financial assets, this is equivalent to the date that the Group commits itself to either purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless, an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the company has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Note 2. Significant accounting policies (continued)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the asset is derecognised or impaired.

Financial assets at amortised cost

A financial asset is measured at amortised cost only if both of the following conditions are met: (i) it is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and (ii) the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

Impairment of financial assets

The company recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the company's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets measured at fair value through other comprehensive income, the loss allowance is recognised within other comprehensive income. In all other cases, the loss allowance is recognised in profit or loss.

Property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Hardware	33%
----------	-----

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the company. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

Leases

Operating lease payments, net of any incentives received from the lessor, are charged to profit or loss on a straight-line basis over the term of the lease.

Trade and other payables

These amounts represent liabilities for goods and services provided to the company prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Note 2. Significant accounting policies (continued)

Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

Provisions

Provisions are recognised when the company has a present (legal or constructive) obligation as a result of a past event, it is probable the company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Defined contribution superannuation expense

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. The directors continually evaluate their judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. The directors base their judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements are discussed below.

Classification of expenses

The company reports total expenses incurred under 3 main categories viz. animal welfare and education programs expenses, management and administration expenses and donor service expenses.

The company carries out fundraising activities concurrently with campaigns and education programs to raise awareness about animal welfare issues, change people's attitudes towards animals and motivate them to speak up and take action for animals. Therefore, for allocation of cost between animal welfare and education program expenses and donor service expenses management makes judgement and estimates, which is common practice in the sector.



Note 4. Revenue

	2018	2017
	\$	\$
Donations	1,573,375	746,009
Grants from affiliates	2,163,558	1,776,438
	<u>3,736,933</u>	<u>2,522,447</u>

Note 5. Other income

	2018	2017
	\$	\$
Service income	-	2,017
Interest income	1,943	1,434
Other income	6,779	-
	<u>8,722</u>	<u>3,451</u>

Note 6. Animal welfare and education programs expenses

	2018	2017
	\$	\$
Project, education and information expense	2,769,814	1,109,799
Staff and program expense	1,050,583	704,848
	<u>3,820,397</u>	<u>1,814,647</u>

Note 7. Managment and administration expenses

	2018	2017
	\$	\$
Staff and administration expense	120,579	36,326
Depreciation expense	12,115	5,695
	<u>132,694</u>	<u>42,021</u>

Note 8. Donor services expenses

	2018	2017
	\$	\$
Donor program expense	891,419	337,188
Staff and donor support expenses	178,556	133,947
	<u>1,069,975</u>	<u>471,135</u>

Note 9. Expenses

	2018 \$	2017 \$
Surplus/(deficit) before income tax includes the following specific expenses:		
<i>Net foreign exchange loss</i>		
Net foreign exchange loss (realised)	9,224	-
<i>Rental expense relating to operating leases</i>		
Total rental expense relating to operating leases	64,520	51,389
<i>Superannuation expense</i>		
Defined contribution superannuation expense	50,623	34,169
<i>Depreciation on property, plant and equipment</i>		
Depreciation expenses	12,115	5,695

Note 10. Current assets - cash and cash equivalents

	2018 \$	2017 \$
Cash at bank	518,651	606,977

Note 11. Current assets - trade and other receivables

	2018 \$	2017 \$
Debtors & transitory items	2,555	2,596
Lease asset (rent free period)	-	1,537
Net GST receivable	239,986	57,334
	242,541	61,467

Note 12. Non-current assets - property, plant and equipment

	2018 \$	2017 \$
Hardware - at cost	47,985	21,955
Less: Accumulated depreciation	(20,573)	(8,458)
	27,412	13,497

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial year are set out below:

	Hardware \$	Total \$
Balance at 1 January 2018	13,497	13,497
Additions	26,030	26,030
Depreciation expense	(12,115)	(12,115)
Balance at 31 December 2018	27,412	27,412

Note 13. Non-current assets - Deposit

	2018 \$	2017 \$
Security deposit	<u>17,921</u>	<u>17,921</u>

Note 14. Current liabilities - trade and other payables

	2018 \$	2017 \$
Creditors	347,410	59,168
Employee payroll related payable	44,793	36,470
Accrued expenses	132,835	33,377
Lease incentive liability	769	2,306
Other payables	6,925	917
	<u>532,732</u>	<u>132,238</u>

Note 15. Current liabilities - borrowings

	2018 \$	2017 \$
Loans payable to related parties	<u>113,302</u>	<u>92,076</u>

Note 16. Current liabilities - employee benefits

	2018 \$	2017 \$
Annual leave	<u>28,532</u>	<u>13,607</u>

Note 17. Non-current liabilities - Trade and other payables

	2018 \$	2017 \$
Other payables - Lease incentive liability	<u>-</u>	<u>769</u>

Note 18. Non-current liabilities - borrowings

	2018 \$	2017 \$
Loans payable to related parties	<u>1,942,296</u>	<u>874,544</u>

Note 19. Non-current liabilities - provisions

	2018 \$	2017 \$
Lease make good	<u>937</u>	<u>937</u>

Note 20. Financial assets and financial liabilities

The company holds the following financial instruments

Note 20. Financial assets and financial liabilities (continued)

	2018 \$	2017 \$
Financial assets		
Financial assets at amortised cost:		
- Trade and other receivables (Note 11)	242,541	61,429
- Cash and cash equivalents (Note 10)	518,651	606,977
	<u>761,192</u>	<u>668,406</u>
Total financial assets	<u>761,192</u>	<u>668,406</u>
	2018	2017
Financial liabilities		
Liabilities at amortised cost:		
Trade and other payables (Note 14 & 17)	532,732	132,200
Loans payable (Note 15 & 18)	2,055,598	966,620
	<u>2,588,330</u>	<u>1,098,820</u>
Total financial liabilities	<u>2,588,330</u>	<u>1,098,820</u>

Note 21. Key management personnel disclosures

Compensation

The aggregate compensation made to the members of key management personnel of the company is set out below:

	2018 \$	2017 \$
Short-term employee benefits	<u>99,517</u>	<u>84,838</u>

Note 22. Contingent liabilities

As per the opinion of the directors, the company had no contingent liabilities as at 31 December 2018 (31 December 2017: None).

Note 23. Commitments

	2018 \$	2017 \$
<i>Lease commitments - operating</i>		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	22,520	65,284
One to five years	-	22,520
	<u>22,520</u>	<u>87,804</u>

Operating lease commitments includes contracted amounts for office premises under non-cancellable operating leases expiring in April 2019 with an option to renew the lease for further 2 years. On renewal, the terms of the leases are renegotiated.

The company has received incentives in the form of rent free periods on entering into the lease.

Note 24. Related party transactions

Key management personnel

Disclosures relating to key management personnel are set out in note 21.

Note 24. Related party transactions (continued)

Transactions with related parties

The following transactions occurred with related parties:

	2018 \$	2017 \$
Other income:		
Grants received	2,163,558	1,776,438
Payment for goods and services:		
Brand license fees paid	4,478	4,478

Receivable from and payable to related parties

There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans from related parties

The entity has received loans from its related parties under multiple loan agreements all of which are denominated in Euro, unsecured and interest free. All of the loans are repayable in equal annual instalments over a five year period starting from the year specified in respective loan agreements and maturing between 2022 and 2027. The following are the balances outstanding at the reporting date in relation to such loans:

	2018 EUR	2018 AUD	2017 EUR	2017 AUD
Current borrowings:				
VIER PFOTEN International	30,000	48,558	30,000	46,038
Tierschutzverein VIER PFOTEN	40,000	64,744	30,000	46,038
Non Current borrowings:				
VIER PFOTEN International	1,070,000	1,731,902	400,000	613,840
Tierschutzverein VIER PFOTEN	130,000	210,394	170,000	260,704
	<u>1,270,000</u>	<u>2,055,598</u>	<u>630,000</u>	<u>966,620</u>

Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates (except interest free loans).

Note 25. Events after the reporting period

No matter or circumstance has arisen since 31 December 2018 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

FOUR PAWS Australia (Animal Welfare) Limited
Directors' declaration
For the year ended 31 December 2018



In the directors' opinion:

- the attached financial statements and notes comply with the Australian Charities and Not-for-profits Commission Act 2012, as well as the Charitable Collections Act 2003 (ACT), the Collections Act 1966 (QLD), Charitable Collections Act 1946 (WA) and the Collections for Charitable Purposes Act 1939 (SA) and associated regulations, and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the FOUR PAWS Australia's financial position as at 31 December 2018 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the FOUR PAWS Australia will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to sub section 60.15(2) of the Australian Charities and Not-for-profits Commission Regulation 2013.

On behalf of the directors

A handwritten signature in black ink, consisting of a large, stylized loop followed by a horizontal line.

Jeroen Van Kernebeek
Director

14 May 2019

**LBW & Partners**

Chartered Accountants & Business Advisers
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Mark W Willock

FOUR PAWS Australia (Animal Welfare) Limited**Independent Auditor's Report to the members of FOUR PAWS Australia (Animal Welfare) Limited****Report on the Audit of the Financial Report****Qualified opinion**

We have audited the accompanying financial report, being a general purpose financial report of FOUR PAWS Australia (Animal Welfare) Limited (the company), which comprises the statement of financial position as at 31 December 2018, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the Directors' declaration.

In our opinion, except for the effects of the matter described in the *Basis for qualified opinion* section of our report, the accompanying financial report of FOUR PAWS Australia (Animal Welfare) Limited has been prepared in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012* as well as the requirements of the *Charitable Collections Act 2003 (ACT)*, the *Collections Act 1966 (QLD)*, the *Charitable Collections Act 1946 (WA)* and the *Collections for Charitable Purposes Act 1939 (SA)*, including:

- (a) Giving true and fair view of the company's financial position as at 31 December 2018 and of its financial performance and its cash flows for the year then ended;
- (b) Complying with *Australian accounting standards – Reduced Disclosure Requirements*, and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*;
- (c) Maintaining proper accounting and associated records during the year in accordance with the *Charitable Collections Act 2003 (ACT)*, the *Collections Act 1966 (QLD)*, the *Charitable Collections Act 1946 (WA)* and the *Collections for Charitable Purposes Act 1939 (SA)*; and
- (d) Proper accounting for and application of monies received as a result of fundraising appeals conducted during the year in accordance with the *Charitable Collections Act 2003 (ACT)*, the *Collections Act 1966 (QLD)*, the *Charitable Collections Act 1946 (WA)* and the *Collections for Charitable Purposes Act 1939 (SA)*.





FOUR PAWS Australia (Animal Welfare) Limited

Independent Auditor's Report to the members of FOUR PAWS Australia (Animal Welfare) Limited

Basis for qualified opinion

Donations form a significant source of fundraising revenue of FOUR PAWS Australia (Animal Welfare) Limited. As is common with organisations of this type, it is impracticable for the company to establish control over the collection of donations prior to entry into its financial records. Accordingly, as the evidence available to us regarding fundraising revenue from this source was limited, our audit procedures with respect to donations had to be restricted to the amounts recorded in the financial records. We therefore are unable to express an opinion on whether the recorded donations of the company are complete.

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the company in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also 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 matter

The financial report of the company for the year ended 31 December 2017 was audited by another firm of chartered accountants whose report dated 24 May 2018 expressed a qualified opinion similar to the matter described under the basis of qualified opinion above concerning their inability to verify the completeness of donations income.

Responsibilities of directors for the financial report

The directors of the company are responsible for the preparation and fair presentation of the financial report that gives a true and fair view in accordance with the *Australian accounting standards – Reduced Disclosure Requirements* and the *Australian Charities and Not-for-profits Commission Act 2012* as well as the requirements of the *Charitable Collections Act 2003 (ACT)*, the *Collections Act 1966 (QLD)*, the *Charitable Collections Act 1946 (WA)* and the *Collections for Charitable Purposes Act 1939 (SA)*. The director's responsibility also includes such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the company'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 company or to cease operations, or have no realistic alternative but to do so.



FOUR PAWS Australia (Animal Welfare) Limited

Independent Auditor's Report to the members of FOUR PAWS Australia (Animal Welfare) Limited

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 Australian Auditing Standards 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 the financial report.

A further description of our responsibilities for the audit of the financial report is located in the auditing and Assurance Standards Board website at: <http://www.auasb.gov.au/Home.aspx>. This description forms part of our auditor's report.

Rupaninga Dharmasiri
Partner

LBW & Partners
Chartered Accountants
Level 3, 845 Pacific Highway
CHATSWOOD NSW 2067

Dated this^{15th}..... day of^{May}.....2019