

**FOUR PAWS AUSTRALIA (ANIMAL WELFARE)
LIMITED
A.C.N. 601 868 286**

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016

FOUR PAWS AUSTRALIA (ANIMAL WELFARE) LIMITED
A.C.N. 601 868 286

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016

CONTENTS

	Pages
Statement of Profit or Loss and Other Comprehensive Income	1
Statement of Financial Position	2
Statement of Changes in Equity	3
Statement of Cash Flows	4
Notes to Financial Statements	5 - 10
Responsible Entities' Declaration	11
Auditors' Independence Declaration	12
Independent Auditor's Report	13-15

FOUR PAWS AUSTRALIA (ANIMAL WELFARE) LIMITED
A.C.N. 601 868 286

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	2016 \$	2015 \$
Revenue from continuing operations	2(a)	947,223	212,136
Other income	2(b)	1,627	698
Animal Welfare and Education Programs expenses	3(a)	(870,838)	(383,085)
Management and administration expenses	3(b)	(16,310)	(23,011)
Donor services expenses	3(c)	(198,303)	(190,658)
Loss before income tax		<u>(136,601)</u>	<u>(383,920)</u>
Income tax expense	1(b)	-	-
Loss from continuing operations		<u>(136,601)</u>	<u>(383,920)</u>
Other comprehensive loss			
Foreign currency losses on loans		<u>(6,848)</u>	<u>(25,449)</u>
Other comprehensive loss for the period, net of tax		<u>(6,848)</u>	<u>(25,449)</u>
Total comprehensive loss for the year		<u><u>(143,449)</u></u>	<u><u>(409,369)</u></u>

The accompanying notes form part of these financial statements.

FOUR PAWS AUSTRALIA (ANIMAL WELFARE) LIMITED
A.C.N. 601 868 286

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

	Note	2016 \$	2015 \$
Assets			
Current Assets			
Cash and Cash Equivalents	4	366,748	140,157
Trade and Other Receivables	5	56,998	41,032
Prepayments		31,366	1,486
Total Current Assets		<u>455,112</u>	<u>182,675</u>
Non-Current Assets			
Loans Receivable	6	-	3,768
Property, Plant and Equipment	7	8,240	4,879
Total Non-Current Assets		<u>8,240</u>	<u>8,647</u>
Total Assets		<u><u>463,352</u></u>	<u><u>191,322</u></u>
Liabilities			
Current Liabilities			
Trade and Other Payables	8	89,988	75,623
Provisions		6,803	4,640
Total Current Liabilities		<u>96,791</u>	<u>80,263</u>
Non-Current Liabilities			
Borrowings	9	919,379	520,428
Total Non-Current Liabilities		<u>919,379</u>	<u>520,428</u>
Total Liabilities		<u><u>1,016,170</u></u>	<u><u>600,691</u></u>
Net Liabilities		<u><u>(552,818)</u></u>	<u><u>(409,369)</u></u>
Equity			
Accumulated Losses		(520,521)	(383,920)
Reserves		(32,297)	(25,449)
Total Equity		<u><u>(552,818)</u></u>	<u><u>(409,369)</u></u>

The accompanying notes form part of these financial statements.

FOUR PAWS AUSTRALIA (ANIMAL WELFARE) LIMITED
A.C.N. 601 868 286

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016

	Accumulated Losses \$	Foreign Currency Translation Reserve \$	Total \$
As at 1 January 2015	-	-	-
Total Comprehensive Loss:			
Loss for the period	(383,920)	-	(383,920)
Other comprehensive income	-	(25,449)	(25,449)
As at 31 December 2015	<u>(383,920)</u>	<u>(25,449)</u>	<u>(409,369)</u>
As at 1 January 2016	(383,920)	(25,449)	(409,369)
Total Comprehensive Loss:			
Loss for the period	(136,601)	-	(136,601)
Other comprehensive income	-	(6,848)	(6,848)
As at 31 December 2016	<u>(520,521)</u>	<u>(32,297)</u>	<u>(552,818)</u>

The accompanying notes form part of these financial statements.

FOUR PAWS AUSTRALIA (ANIMAL WELFARE) LIMITED
A.C.N. 601 868 286

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	2016 \$	2015 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		943,784	212,834
Payments to suppliers and employees		<u>(1,103,447)</u>	<u>(562,502)</u>
Net cash used in operating activities	10	<u>(159,663)</u>	<u>(349,668)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of plant and equipment		<u>(5,849)</u>	<u>(5,154)</u>
Net cash used in investing activities		<u>(5,849)</u>	<u>(5,154)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceed from borrowings		<u>392,103</u>	<u>494,979</u>
Net cash provided by financing activities		<u>392,103</u>	<u>494,979</u>
Net increase in cash held		226,591	140,157
Cash and cash equivalents at the beginning of the period		<u>140,157</u>	<u>-</u>
Cash and cash equivalents at end of the period	4	<u>366,748</u>	<u>140,157</u>

The accompanying notes form part of these financial statements.

FOUR PAWS AUSTRALIA (ANIMAL WELFARE) LIMITED
A.C.N. 601 868 286

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

1. Summary of Significant Accounting Policies

These financial statements are special purpose financial statements prepared to satisfy the financial reporting requirements of the *Australian Charities and Not-for-profits Commission Act 2012*. The directors have determined that Four Paws Australia (Animal Welfare) Limited ("the Company") is not a reporting entity, and is a non-disclosing entity, because there are no users dependent on the general purpose financial statements. The financial statements have been prepared solely to meet the needs and requirements of the Company.

The financial statements were authorised for issue by the directors of the Company on 28 April 2017.

The financial statements have been prepared in accordance with the mandatory Australian Accounting Standards applicable to entities reporting under the *Australian Charities and Not-for-profits Commission Act 2012* and the significant accounting policies disclosed below, which the Responsible Persons have determined are appropriate to meet the needs of the Company. Such accounting policies are consistent with previous periods, unless otherwise stated.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs, modified where applicable by the revaluation of selected non-current financial assets and liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar, in Australian currency.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

The following specific accounting policies have been adopted in the preparation of these statements:

(a) Revenue

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 measured reliably.

Interest revenue

Interest revenue is recognised on a cash basis in the period in which it is received.

All revenue is stated net of the amount of goods and service tax (GST).

(b) Income Tax

The Company is exempt from income tax, therefore no income tax has been provided for in the financial statements.

FOUR PAWS AUSTRALIA (ANIMAL WELFARE) LIMITED
A.C.N. 601 868 286

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). 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 ATO is included with other receivables or payables in the Statement of Financial Position.

(d) Property, Plant and equipment

Property, plant and equipment includes items of hardware utilised by the Company. These items are recorded within non-current assets, and are depreciated on a straight line basis over the asset's useful life.

Depreciation

Depreciation on fixed assets has been provided during the year at the following rates;

	Rate per annum
Hardware	33%

(e) Trade and Other Payables

Trade and other payables represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. Due to their short-term nature, they are measured at amortised cost and are not discounted. These amounts are unsecured and are usually paid within 45 days of recognition.

(f) Employee Benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to the reporting date. Employee benefits have been measured at the amounts expected to be paid if the liability was to be settled, and include the related on-costs.

(g) Critical Accounting Estimates and Judgements

Estimates and judgements are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Key estimates - restoration costs for leased property

Included in provisions for the period ended 31 December 2016 is an amount for restoration costs of the leased property. The directors believe that the provision is sufficient to return the property to the state required under the lease agreement. The current leases expires in July 2017.

(h) Accounting Standards Issued but not yet Effective

Certain Australian Accounting Standards have recent been issued or amended but do not have mandatory application for the 31 December 2016 reporting period. The Directors' assessment of the impact of new standards and interpretations will not affect any of the amounts recognised in the financial statements.

FOUR PAWS AUSTRALIA (ANIMAL WELFARE) LIMITED
A.C.N. 601 868 286

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) 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 affiliates in order to fulfil the Company's objectives.

As at 31 December 2016, the Company's statement of financial position reflected an excess of total liabilities over total assets of \$552,821, as well as the statement of comprehensive income reflecting a loss from operations for the period to 31 December 2016 of \$136,601.

The directors believe that the Company is a going concern due to the continuing financial support of its affiliates in which these loans will not be called upon in the next 12 months. Further, the directors believe the Company will continue to generate revenue from donations in FY2017 with a continued presence within Australia.

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

	2016	2015
	\$	\$
2. REVENUE		
(a) Revenue from continuing operations		
- Donations	298,263	69,442
- Grants from affiliates	648,960	142,694
	947,223	212,136
(b) Other income		
- Service income	917	-
- Interest income	710	698
	1,627	698
3. EXPENSES		
(a) Animal Welfare and Education Programs		
Project, Education and Information Expense	566,771	308,687
Staff and Program Expense	304,068	74,398
Total Animal Welfare and Education Programs expenses	870,838	383,085
(b) Management and Administration Expenses		
Staff and Administration Expense	16,310	23,011
Total Management and Administration Expenses	16,310	23,011

FOUR PAWS AUSTRALIA (ANIMAL WELFARE) LIMITED
A.C.N. 601 868 286

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

	2016 \$	2015 \$
3. EXPENSES (Continued)		
(c) Donor Services Expenses		
Donor Program Expense	146,974	171,658
Staff and Donor Support Expenses	51,328	19,000
Total Donor Services Expenses	<u>198,303</u>	<u>190,658</u>
4. CASH AND CASH EQUIVALENTS		
Cash on hand	34,578	-
Cash at Bank	332,170	140,157
	<u>366,748</u>	<u>140,157</u>
5. TRADE AND OTHER RECEIVABLES		
Current		
Security deposit	4,950	4,950
Other Receivables	5,157	-
Net GST receivable	46,891	36,082
	<u>56,998</u>	<u>41,032</u>
6. LOANS RECEIVABLE		
Non-Current		
Four Paws International	<u>-</u>	<u>3,768</u>
7. PROPERTY, PLANT AND EQUIPMENT		
Hardware		
At Cost	11,003	5,154
Accumulated depreciation	(2,763)	(275)
	<u>8,240</u>	<u>4,879</u>

The movement in the carrying amounts of each class of property, plant and equipment between the beginning of the period and the end of the period are as follows:

	Hardware \$	Total \$
Balance at 1 January 2016	4,879	4,879
Additions	5,849	5,849
Depreciation expense	(2,487)	(2,487)
Balance as at 31 December 2016	<u>8,240</u>	<u>8,240</u>

FOUR PAWS AUSTRALIA (ANIMAL WELFARE) LIMITED
A.C.N. 601 868 286

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

	2016 \$	2015 \$
8. TRADE AND OTHER PAYABLES		
Current		
Creditors	44,893	54,868
Employee payroll related payable	15,956	12,343
Other payables	29,139	8,412
	<u>89,988</u>	<u>75,623</u>
9. BORROWINGS		
Non-Current		
Loans payable to related parties	<u>919,379</u>	<u>520,428</u>
10. CASH FLOW INFORMATION		
Reconciliation of Cash Flow from Operations with Loss after Income Tax		
Loss after tax	(136,601)	(383,920)
Adjustments for:		
- Depreciation expense	2,488	275
Changes in assets and liabilities		
- Increase in trade and other receivables	(12,198)	(44,800)
- Increase in other assets	(29,880)	(1,486)
- Increase in trade and other payables	14,365	75,623
- Increase in provisions	2,163	4,640
	<u>(159,663)</u>	<u>(349,668)</u>

11. SUBSEQUENT EVENTS

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of the operations, or the state of affairs of the Company in future financial years.

12. CONTINGENT LIABILITIES

No contingent liabilities exist as at 31 December 2016 (2015: nil).

FOUR PAWS AUSTRALIA (ANIMAL WELFARE) LIMITED
A.C.N. 601 868 286

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

	2016 \$	2015 \$
13. COMMITMENTS		
Operating lease commitments		
Payable - minimum lease payments		
- not later than 12 months	9,360	9,000
- later than 12 months but not later than 5 years	-	-
- later than 5 years	-	-
	<u>9,360</u>	<u>9,000</u>

14. COMPANY DETAILS

The registered office of the Company and principal place of business are:

Suite 16, Level 5
155 King Street
SYDNEY NSW 2000

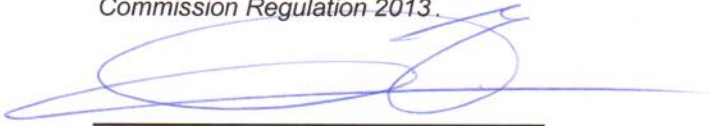
FOUR PAWS AUSTRALIA (ANIMAL WELFARE) LIMITED
A.C.N. 601 868 286

RESPONSIBLE ENTITIES' DECLARATION

The Responsible Entities of Four Paws Australia (Animal Welfare) Limited declare that:

1. The financial statements and notes, as set out on pages 1 to 10, are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*, and;
 - a) comply with the Australian Accounting Standards as described in Note 1 to the financial statements; and
 - b) give a true and fair view of the financial position of the Company as at 31 December 2016 and of its financial performance for the year ended on that date.
2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with subsection 60.15(2) of the *Australian Charities and Not-for-profit Commission Regulation 2013*.



Jeroen Van Kernebeek
Responsible Person (Director)

Dated in Sydney, this 28th day of April 2017.

**AUDITOR'S INDEPENDENCE DECLARATION
TO THE RESPONSIBLE ENTITIES OF FOUR PAWS AUSTRALIA (ANIMAL WELFARE) LIMITED
ACN 601 868 286**

In relation to the independent audit for the year ended 31 December 2016, to the best of my knowledge and belief, there have been:

- (i) no contraventions of the auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012*; and
- (ii) no contraventions of any applicable code of professional conduct.

This declaration is in respect of Four Paws Australia (Animal Welfare) Limited during the year.



S TZANNES
Partner

PITCHER PARTNERS
Sydney

28 April 2017

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF FOUR PAWS AUSTRALIA (ANIMAL WELFARE) LIMITED
ACN 601 868 286**

Qualified Opinion

We have audited the financial report of Four Paws Australia (Animal Welfare) Limited (the Company), which comprises the statement of financial position as at 31 December 2016, 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, other explanatory information and the responsible entities' declaration.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the 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*, including:

- a) giving a true and fair view of the Company's financial position as at 31 December 2016 and of its financial performance and its cash flows for the year ended on that date; and
- b) complying with Australian Accounting Standards to the extent described in Note 1 to the financial statements, and Division 60 of the *Australian Charities and Not-for-profits Regulation 2013*.

Basis for Qualified Opinion

Donations are a significant source of fundraising revenue for 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 Four Paws Australia (Animal Welfare) Limited 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 *Australian Charities and Not-for-profits Commission Act 2012*, and 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.

Emphasis of Matter – Going concern

We draw attention to Note 1(i) to the financial report, which states that as at 31 December 2016, the Company's total liabilities exceeds its total assets by \$552,818. Further the Company generated a loss from operations of \$136,601 for the year ended 31 December 2016.

The ability of the Company to continue as a going concern is dependent on the continued support of its affiliates, in which the affiliates' entities will not request repayment of the Company's loans within the next twelve months where such repayment would cause the Company to be unable to pay its other debts as and when they fall due. In the event that such repayments were to be requested immediately, these conditions would indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern, and therefore, the Company may be unable to realise its assets and discharge its liabilities in the normal course of the business at the amounts stated in the financial statements.

Emphasis of Matter – Basis of Accounting

We draw your attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the Company's financial reporting requirements under the *Australian Charities and Not-for-profits Commission Act 2012*. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Responsible Entities' Responsibility for the Financial Report

The Responsible Entities of the Company are responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the *Australian Charities and Non-for profits Commission Act 2012* and is appropriate to meet the needs of the members. The Responsible Entities' responsibility also includes such internal controls as the Responsible Entities determine is necessary to enable the preparation of a 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 Responsible Entities are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the Responsible Entities either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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 the 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 this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, 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 controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Responsible Entities.
- Conclude on the appropriateness of the Responsible Entities' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company'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 report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors 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.



S TZANNES
Partner



PITCHER PARTNERS
Sydney

28 April 2017