FOUR PAWS AUSTRALIA (ANIMAL WELFARE)

LIMITED

A.C.N. 601 868 286

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

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

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

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

RESPONSIBLE ENTITIES REPORT

The directors present their report, together with the financial statements of FOUR PAWS Australia (Animal Welfare) Limited for the financial year ended 31 December 2017.

Directors
The following persons were directors of the company 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 the Company 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 the company 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

Operating Results
The operating surplus for the year ended 31 December 2017: $150,854 (2016: deficit of $143,449)

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

RESPONSIBLE ENTITIES REPORT
(Continued)

Principal activities
The principal activities of FOUR PAWS Australia (Animal Welfare) Limited during the financial year 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.

Notable topics in 2017 were:

Wild animals
- The campaign to end the cruel keeping of bile bears in Vietnam, which tens of thousands of Australians and more than 750,000 people worldwide supported.
- The rescue of animals, including lions, tigers and bears, from war zones in Iraq and Syria.
- Representing the international Fur Free Retailers program in Australia.

Companion animals
- Campaign to protect animals from the unregulated online trade by calling on online market platforms to implement stricter seller verification and compliance measures.
- Stray animal care programs in Thailand and Indonesia and education about responsible pet ownership in indigenous communities in Australia with partner organisation AMRRIC (Animal Management in Rural and Remote Indigenous Communities).

Farm animals
- The welfare of sheep kept primarily for wool production.

Disaster relief
- Disaster relief preparedness to assist animals and communities.

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
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 Australia (Animal Welfare) Limited 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 company's Board of Directors ('the Board') held during the year ended 31 December 2017 was 2, and the number of meetings attended by each director were:

	Eligible to Attend	Number Attended
Helmut Dungler	2	2
Carole de Fraga	2	2
Jeroen van Kernebeek	2	2

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.

Likely developments and expected results
Disclosure of information regarding likely developments in the operations of the Company in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the Company. Therefore, this information has not been presented in this report.

Dividends paid, recommended and declared
The company is limited by guarantee. No dividends are permitted to be paid under the constitution of the company.

Contributions on winding up
In the event of the company being wound up, the constitution states that each member is required to contribute a maximum of $10 each. This would amount to the total of $10, based on 1 member.

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 2017, the Company's statement of financial position reflected an excess of total liabilities over total assets of $401,964, while the statement of comprehensive income reflecting income from operations for the period to 31 December 2017 of $150,854, due to the increase in income from donation and grant received from its affiliate.

The directors believe that the Company is a going concern due to the continuing financial support of its affiliate. Further, the directors believe the Company will continue to generate revenue from donations in FY2018 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.

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

RESPONSIBLE ENTITIES REPORT
(Continued)

Auditor's independence declaration
A copy of the Auditor's Independence Declaration as required under section s60-40 of the Australian Charities and Not-for-Profits Commission Act 2012 is set out on the page following this Directors' Report.

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

On behalf of the directors:

Jeroen van Kernebeek
Director

24th of May 2018
Sydney

PITCHER PARTNERS
ACCOUNTANTS • AUDITORS • ADVISORS

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 2017, 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.

Carl Millington
Partner

PITCHER PARTNERS
Sydney

24 May 2018

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 2017

	Note	2017 $	2016 $
Revenue from continuing operations	2(a)	2,522,447	947,223
Other income	2(b)	3,451	1,627
Animal Welfare and Education Programs expenses	3(a)	(1,814,647)	(870,838)
Management and administration expenses	3(b)	(42,021)	(16,310)
Donor services expenses	3(c)	(471,135)	(198,303)
Unrealised losses on foreign exchange conversion		(47,241)	(6,848)
Income / (Loss) before income tax		**150,854**	**(143,449)**
Income tax expense	1(b)	-	-
Income / (Loss) from continuing operations		**150,854**	**(143,449)**
Other comprehensive income		-	-
Total comprehensive Income / (loss) for the year		**150,854**	**(143,449)**

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 2017

	Note	2017 $	2016 $
Assets			
Current Assets			
Cash and Cash Equivalents	4	606,977	366,748
Trade and Other Receivables	5	61,467	56,998
Prepayments		12,345	31,366
Total Current Assets		**680,789**	**455,112**
Non-Current Assets			
Deposit	6	17,921	-
Property, Plant and Equipment	7	13,497	8,240
Total Non-Current Assets		**31,418**	**8,240**
Total Assets		**712,207**	**463,352**
Liabilities			
Current Liabilities			
Trade and Other Payables	8(a)	132,238	89,988
Borrowings	9(a)	92,076	-
Provisions	10(a)	13,607	6,803
Total Current Liabilities		**237,921**	**96,791**
Non-Current Liabilities			
Borrowings	9(b)	874,544	919,379
Other payable	8(b)	769	-
Provisions	10(b)	937	-
Total Non-Current Liabilities		**876,250**	**919,379**
Total Liabilities		**1,114,171**	**1,016,170**
Net Liabilities		**(401,964)**	**(552,818)**
Equity			
Accumulated Losses		(401,964)	(552,818)
Total Equity		**(401,964)**	**(552,818)**

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 2017

	Accumulated Losses $	Total $
As at 1 January 2016	**(409,369)**	**(409,369)**
Total Comprehensive Loss:		
Loss for the period	(143,449)	(143,449)
Other comprehensive income / (loss)	-	-
As at 31 December 2016	**(552,818)**	**(552,818)**
		-
As at 1 January 2017	**(552,818)**	**(552,818)**
Total Comprehensive Loss:		
Income for the period	150,854	150,854
Other comprehensive income / (loss)	-	-
As at 31 December 2017	**(401,964)**	**(401,964)**

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 2017

	Note	2017 $	2016 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		2,528,404	943,784
Payments to suppliers and employees		(2,277,223)	(1,103,447)
Net cash used in operating activities	**11**	**251,181**	**(159,663)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of plant and equipment		(10,952)	(5,849)
Net cash used in investing activities		**(10,952)**	**(5,849)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceed from borrowings		-	392,103
Net cash provided by financing activities		-	**392,103**
Net increase in cash held		240,229	226,591
Cash and cash equivalents at the beginning of the period		366,748	140,157
Cash and cash equivalents at end of the period	**4**	**606,977**	**366,748**

The accompanying notes form part of these financial statements.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements, Interpretations and other applicable authoritative pronouncements of the Australian Accounting Standards Board 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)*,*Charitable Collections Act 1946 (WA) and* the *Collections for Charitable Purposes Act 1939 (SA).* The financial statements have been prepared solely to meet the needs and requirements of the Company.

The financial report was approved by the directors on 24 May 2018.

The financial report is for the entity FOUR PAWS Australia (Animal Welfare) Limited as an individual entity. FOUR PAWS Australia (Animal Welfare) Limited is an entity limited by guarantee, incorporated and domiciled in Australia. FOUR PAWS Australia is a not-for-profit entity for the purpose of preparing the financial statements.

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

The following is a summary of the material accounting policies adopted by the entity in the preparation and presentation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(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 reliably measured.

Service income
Revenue from rendering a service is recognised only when the Company has a right to be compensated, it is probable that compensation will be received, and the amount of revenue and the stage of completion of a transaction can be reliably measured.

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.

(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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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 for 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 2017 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 lease expires in May 2019.

(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 2017 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.

(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 2017, the Company's statement of financial position reflected an excess of total liabilities over total assets of $401,964, while the statement of comprehensive income reflecting a income from operations for the period to 31 December 2017 of $150,854, due to the increase in income from donation and grant received from its affiliate.

1. SUMMARY OF SIGNICANT ACCOUNTING POLICIES (Continued)

The directors believe that the Company is a going concern due to the continuing financial support of its affiliates. Further, the directors believe the Company will continue to generate revenue from donations in FY2018 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.

	2017 $	2016 $
2. REVENUE		
(a) Revenue from continuing operations		
- Donations	746,009	298,263
- Grants from affiliates	1,776,438	648,960
	2,522,447	947,223
(b) Other income		
- Service income	2,017	917
- Interest income	1,434	710
	3,451	1,627
3. EXPENSES		
(a) Animal Welfare and Education Programs		
- Project, Education and Information expense	1,109,799	566,771
- Staff and Program expense	704,848	304,068
Total Animal Welfare and Education Program expenses	1,814,647	870,838
(b) Management and Administration expenses		
- Staff and Administration expense	36,326	13,823
- Depreciation expense	5,695	2,487
Total Management and Administration expenses	42,021	16,310
(c) Donor Services expenses		
- Donor Program expense	337,188	146,974
- Staff and Donor Support expenses	133,947	51,328
Total Donor Service expenses	471,135	198,303

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

	2017 $	2016 $
4. CASH AND CASH EQUIVALENTS		
Cash on hand	-	34,578
Cash at Bank	606,977	332,170
	606,977	366,748
5. TRADE AND OTHER RECEIVABLES		
Current		
Security deposit	-	4,950
Debtors & Transitory items	2,596	-
Lease asset (rent free period)	1,537	5,157
Net GST receivable	57,334	46,891
	61,467	56,998
6. DEPOSIT		
Non-current		
Security deposit	17,921	-
7. PROPERTY, PLANT AND EQUIPMENT		
Hardware		
At Cost	21,955	11,003
Accumulated depreciation	(8,458)	(2,763)
	13,497	8,240

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 2017	8,240	8,240
Additions	10,952	10,952
Depreciation expense	(5,695)	(5,695)
Balance as at 31 December 2017	13,497	13,497

8. TRADE AND OTHER PAYABLES		
(a) Current		
Creditors	59,168	44,893
Employee payroll related payable	36,470	15,956
Other payables	36,600	29,139
	132,238	89,988

	2017 $	2016 $
8. TRADE AND OTHER PAYABLES		
(b) Non-current		
Oher payables- Lease incentive liability	769	-

	2017 $	2016 $
9. BORROWINGS		
(a) Current		
Loans payable to related parties - current portion of long term loans	92,076	-
(b) Non-current		
Loans payable to related parties	874,544	919,379
10. PROVISIONS		
(a) Current		
Annual leave	13,607	6,331
Make Good	-	472
	13,607	6,803
(b) Non-current		
Make Good	937	-

The movement in the carrying amounts of each provision
between the beginning of the period and the end of the period are as follows:

	Annual Leave $	Make good $	Total $
Balance at 1 January 2017	6,331	472	6,803
Additional provisions during the year	7,276	937	8,213
Provisions (used) / (reversed) during the year	-	(472)	(472)
Balance as at 31 December 2017	13,607	937	14,544

11. CASHFLOW INFORMATION

Reconciliation of Cash Flow from Operations with Loss after Income Tax

Income (Loss) after tax	150,854	(143,449)

	2017 $	2016 $
11. CASHFLOW INFORMATION		
Adjustment for:		
- Depreciation expenses	5,695	2,488
- Unrealised FX movements	47,241	6,848
Changes in assets and liabilities		
- (Increase) in trade and other receivables	(22,390)	(12,198)
- Decrease / (Increase) in other assets	19,021	(29,880)
- Increase in trade and other payables	43,019	14,365
- Increase in provisions	7,741	2,163
	251,181	(159,663)

12. KEY MANAGEMENT PERSONNEL COMPENSATION

- Short-term employee benefits	84,838	80,196

The totals represent the remuneration paid to key management personnel of the Company during the year. The directors have not received any compensation during the year.

13. 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.

14. CONTINGENT LIABILITIES

No contingent liabilities exist as at 31 December 2017 (2016: nil).

	2017 $	2016 $
15. COMMITMENTS		
Operating lease commitments		
Payable - minimum lease payments		
- not later than 12 months	65,284	9,360
- later than 12 months but not later than 5 years	22,520	-
- later than 5 years		
	87,804	9,360

The Company has received incentives in the form of rent free periods on entering into property operating leases.

16. MEMBERS' GUARANTEE

The company is limited by guarantee and has no share capital.

In the event of the company being wound up, the constitution states that each member is required to contribute a maximum of $10 each. This would amount to the total of $10, based on 1 member.

17. COMPANY DETAILS

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

Suite 2a Level 2
255 Broadway
Glebe NSW 2037

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

RESPONSIBLE ENTITIES' DECLARATION

The Responsible Entitles of FOUR PAWS Australia (Animal Welfare) Limited declare that:

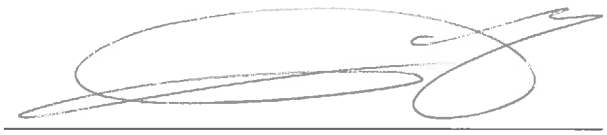
1. The financial statements and notes, as set out on pages 6 to 16, are in accordance with the Australian Charities and Not-for-profit Commission Act 2012, as well as the *Charitable Collections Act 2003 (ACT)*, the *Collections Act 1966 (QLD)*, *Charitable Collections Act 1946 (WA) and* the *Collections for Charitable Purposes Act 1939 (SA)* and;

   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 2017 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 24th day of May 2018

PITCHER PARTNERS
ACCOUNTANTS • AUDITORS • ADVISORS

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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 2017, 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* 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 a true and fair view of the Company's financial position as at 31 December 2017 and of its financial performance and its cash flows for the year ended on that date;

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*;

c) the accounting and associated records have been properly kept during the year in accordance with the *Charitable Collections Act 2003 (ACT),* the *Collections Act 1966 (QLD),* the *Charitable Collections Act 1946 (WA),* the *Collections for Charitable Purposes Act 1939 (SA)*; and

d) money received as a result of fundraising appeals conducted during the year has been properly accounting for and applied 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)*.

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

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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.

Material Uncertainty in relation to going concern

We draw attention to Note 1(i) in the financial report, which indicates that the company's total liabilities exceeded its total assets by $401,964 as at 31 December 2017. These events or conditions, along with other matters as set forth in Note 1(i) indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern.

The ability of the Company to continue as a going concern is dependent on the continued support of its affiliates, as well as the affiliates' entities not requesting the 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, and continued financial support ceased, 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 business at the amounts stated in the financial statements. 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 responsible entities 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.

Carl Millington
Partner

PITCHER PARTNERS
Sydney

24 May 2018