

HONG KONG RABBIT SOCIETY LIMITED
香港兔友協會有限公司

EXECUTIVE COMMITTEE'S REPORT AND
FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

HONG KONG RABBIT SOCIETY LIMITED
香港兔友協會有限公司
EXECUTIVE COMMITTEE'S REPORT AND
FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

CONTENTS	<u>PAGE</u>
Executive committee's report	1 & 2
Auditor's report	3 to 5
Income statement	6
Statement of financial position	7
Notes to financial statements	8 to 14
Detailed income statement (For management information purpose only)	Appendix I

HONG KONG RABBIT SOCIETY LIMITED

香港兔友協會有限公司

EXECUTIVE COMMITTEE'S REPORT

The Executive Committee Members present their report and the annual financial statements of the Charity for the financial year ended 31 March 2018.

Executive committee members

The names of persons who were the Executive Committee Members of the Charity during the period beginning and the end of the financial year and ending on the date of this report are as follows:

Tong Nga Yin
Tang Chung Yee
Tung Fong Yi

Principal activities

The Charity's principal activities are set out in note 1 to the financial statements.

Permitted indemnity provision

At no time during the financial year were there any permitted indemnity provisions in force for the benefit of one or more Executive Committee Members of the Charity.

At the time of approval of this report, there are no permitted indemnity provisions in force for the benefit of one or more Executive Committee Members of the Charity.

Business review

The Charity falls within reporting exemption for the financial year. Accordingly, the Charity is exempted from preparing a business review.

Executive committee members' interests in contracts

No contract of significance in relation to the Charity's business to which the Charity, was a party, and in which an Executive Committee Member of the Charity had a material interest, subsisted at the end of the year or at any time during the year.

Arrangements to acquire benefits

At no time during the year was the Charity a party to any arrangement to enable the Executive Committee Members of the Charity to acquire benefits directly or indirectly from the operations of the Charity.

HONG KONG RABBIT SOCIETY LIMITED
香港兔友協會有限公司
EXECUTIVE COMMITTEE'S REPORT (CONTINUED)

Equity-linked arrangements

During the financial year, the Charity entered into no equity-linked agreement.

At the end of the financial year, the Charity subsisted of no equity-linked agreement.

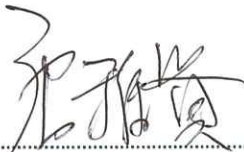
Auditor

K S Yu & Co., Certified Public Accountants retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of K S Yu & Co., Certified Public Accountants as the Charity's auditor is to be proposed at the forthcoming annual general meeting.

Approval of report of the executive committee

This report was approved by the Executive Committee Members on : **1 FEB 2019**

On behalf of the board of
Executive Committee Members



.....
Ms. Tong Nga Yin
Chairman
Hong Kong

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF HONG KONG RABBIT SOCIETY LIMITED**

香港兔友協會有限公司

(Incorporated in Hong Kong and limited by guarantee)

Opinion

We have audited the financial statements of Hong Kong Rabbit Society Limited 香港兔友協會有限公司 ("the company") set out on pages 6 to 14, which comprise the statement of financial position as at 31 March 2018, and the income statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion the financial statements of the Company are prepared, in all material respects, in accordance with the SME-FRS and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis of opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA's") and with reference to PN 900 (Revised) Audit of Financial Statements Prepared in Accordance with the SME-FRS issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The executive committee members are responsible for the other information. The other information obtained at the date of this auditor's report is information included in the executive committees' report set out on pages 1 & 2 and detailed income statement set out appendix I, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF HONG KONG RABBIT SOCIETY LIMITED
香港兔友協會有限公司
(Incorporated in Hong Kong and limited by guarantee) (Continued)**

Executive Committee Members' responsibility for the financial statements

The executive committee members are responsible for the preparation of the financial statements in accordance with the SME-FRS and the Hong Kong Companies Ordinance, and for such internal control as the executive committee members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the executive committee members 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 executive committee members 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 statements

Our responsibility is to express an opinion on these financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with sections 405 to 407 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with HKSA's, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF HONG KONG RABBIT SOCIETY LIMITED
香港兔友協會有限公司
(Incorporated in Hong Kong and limited by guarantee) (Continued)**

Auditor's responsibilities for the audit of the financial statements (continued)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on 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 statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



K S YU & CO.
Certified Public Accountants
Practising Certificate Number: P03960

Hong Kong, **1 FEB 2019**

HONG KONG RABBIT SOCIETY LIMITED

香港兔友協會有限公司

INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2018

	<u>Note</u>	<u>2018</u> <u>HK\$</u>	<u>2017</u> <u>HK\$</u>
Revenue	4	6,463,046	6,020,018
Cost of sales		(3,109,652)	(2,915,620)
Gross profit		3,353,394	3,104,398
Other revenue	5	28,880	60,430
		3,382,274	3,164,828
Administrative expenses		(2,974,060)	(2,877,200)
Taxation	6	-	-
SURPLUS FOR THE YEAR	7	408,214	287,628

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

HONG KONG RABBIT SOCIETY LIMITED

香港兔友協會有限公司

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2018

	<u>Note</u>	<u>2018</u> <u>HK\$</u>	<u>2017</u> <u>HK\$</u>
Non-current assets			
Plant and equipment	9	77,089	79,624
Current assets			
Inventories		172,465	183,088
Deposits paid		81,700	77,600
Prepayment		50,399	48,785
Amount due from an executive committee member	8	24,974	4,279
Cash and bank balances		1,935,976	1,519,178
		<u>2,265,514</u>	<u>1,832,930</u>
Less: Current liabilities			
Trade and other payable		342,101	320,266
Net Current Assets		<u>1,923,413</u>	<u>1,512,664</u>
NET ASSETS		<u>2,000,502</u>	<u>1,592,288</u>
FUND			
General fund	11	<u>2,000,502</u>	<u>1,592,288</u>

On behalf of the board of executive committee members

Tong Nga Yin
Executive Committee MemberTang Chung Yee
Executive Committee Member

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

HONG KONG RABBIT SOCIETY LIMITED

香港兔友協會有限公司

ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

1. General information

a. Corporate Information

Hong Kong Rabbit Society Limited 香港兔友協會有限公司 incorporated in Hong Kong under the Companies Ordinance as a Company limited by guarantee and not having a share capital. The address of its registered office and principal place of business is Room 303, 3/F., Fuk Hong Industrial Building, 60-62 Tong Mei Road, Mongkok, Kowloon, Hong Kong. Its principal activity of the Charity is to protect and advance animal welfare, especially rabbits.

b. Reporting currency

Unless stated otherwise, all currency figures in these financial statements are presented in Hong Kong Dollars (HK\$) rounded to the nearest one dollar.

2. Basis of preparation

a. Statement of compliance

These financial statements comply with all applicable sections of SME-FRS and have been prepared under the accrual basis of accounting and on the basis that the Society is a going concern.

b. Basis of measurement

The measurement bases used in preparing these financial statements are set out in note 3 to the financial statements.

3. Summary of significant accounting policies

The Company qualifies for the reporting exemption as a small guarantee company under sections 359(1)(a) and 363 of the Hong Kong Companies Ordinance and is therefore entitled to prepare and present its annual financial statements in accordance with SME-FRS. The financial statements have been prepared in accordance with SME-FRS.

The followings are the specific accounting policies that are necessary for a proper understanding of the financial statements.

a. Revenue

Revenue consists of turnover and other revenue but excludes the reversal of impairment and/or provisions. Turnover comprises revenue generated from the principal activities of the Company. Other revenue includes exchange gain (net of exchange loss) and gain on disposal of capital assets.

HONG KONG RABBIT SOCIETY LIMITED

香港兔友協會有限公司

ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

3. Summary of significant accounting policies (continued)

a. Revenue (continued)

Revenue is recognised as income when it is probable that the economic benefits associated with transaction will flow to the charity and when the amount of revenue as well as costs incurred for the transaction can be measured reliably. Revenue is measured at fair value of the consideration received or receivable and is shown net of discounts, rebates and returns on the following bases.

(i) Sale of goods

Sale of goods is recognised when the goods are delivered and the significant risks and rewards of ownership have been passed to the buyer and the charity retains neither continuing managerial involvement to the degree usually associated with the ownership nor effective control over the goods sold.

(ii) Donation income

Donation income are recognised as income upon receipt.

(iii) Bank interest received

Bank interest received is recognised on a time proportion basis taking into account the principal outstanding and the interest applicable.

(iv) Other income

Other income is recognized in the accounts on a receivable basis.

b. Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

The depreciable amount of an item of plant and equipment is allocated on a systematic basis over its estimated useful life using the straight-line method. The principal annual rates used for depreciation are as follows:

Furniture, fixtures and equipment	20%
Leasehold improvement	20%
Computer equipment	30%

c. Leases

Leases that retain substantially all the risks and rewards incidental to ownership of the leased assets by the lessor are accounted for as operating leases. Lease payments under an operating lease are recognised as expenses on a straight-line basis over the lease term. All incentives for agreement of a new or renewed operating lease are recognised as an integral part of the net consideration agreed for the use of the leased assets. The aggregate benefit of incentives is recognised as a reduction of rental expenses over the lease term.

HONG KONG RABBIT SOCIETY LIMITED

香港兔友協會有限公司

ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

3. Summary of significant accounting policies (continued)

d. Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out basis and comprises cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. In arriving at net realisable value an allowance has been made for deterioration and obsolescence. Inventories are recognised as cost of sales or expenses when they are sold or written-down to net realisable value. A reversal of any write-down of inventories arising from an increase in net realisable value is recognised as a reduction in the amount of inventories recognised as cost of sales or expenses in the period in which the reversal occurs.

e. Foreign currency translation

The reporting currency of the Company is Hong Kong Dollar. Foreign currency transactions are translated into the reporting currency at the approximate rates of exchange ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are translated at the approximate rates of exchange ruling at that date. Exchange differences arising on the settlement of monetary items or on translation of foreign currency monetary assets and liabilities are recognised as income or expenses.

f. Impairment of assets

An assessment is made at the end of each reporting period to determine whether there is any indication of impairment or reversal of previous impairment, including items of plant and equipment. In the event that an asset's carrying amount exceeds its recoverable amount, the carrying amount is reduced to recoverable amount and an impairment loss is recognised in the income statement. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount, however not to an amount higher than the carrying amount that would have been determined (net of amortisation or depreciation), had no impairment losses been recognised for the asset in prior years.

g. Employee benefits

i) Paid leave carried forward

The Charity provides paid annual leave to its employees under their employment contracts on a calendar year basis. Under certain circumstances, such leave which remains untaken as at the reporting date is permitted to be carried forward and utilised by the respective employees in the following year. An accrual is made at the reporting date for the expected future cost of such paid leave earned during the year by the employees and carried forward.

HONG KONG RABBIT SOCIETY LIMITED

香港兔友協會有限公司

ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

3. Summary of significant accounting policies (continued)

g. Employee benefits (continued)

ii) Retirement benefits costs

The Charity operates a defined contribution Mandatory Provident Fund retirement benefits scheme in Hong Kong (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance, for those employees who are eligible to participate in the MPF scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to the statement of profit or loss and other comprehensive income as they become payable in accordance with the rules of the MPF Scheme. The Charity's employer contributions vest fully with the employees when contributed into the MPF Scheme.

4. Revenue

An analysis of the charity's revenue is as follow:

	<u>2018</u> <u>HKS</u>	<u>2017</u> <u>HKS</u>
Sales	4,950,141	4,931,436
Donation income	1,512,905	1,088,582
	<u>6,463,046</u>	<u>6,020,018</u>

5. Other revenue

	<u>2018</u> <u>HKS</u>	<u>2017</u> <u>HKS</u>
Bank interest received	17	19
Seminar income	28,850	15,638
Sundry income	13	44,773
	<u>28,880</u>	<u>60,430</u>

6. Taxation

The charity is exempted under section 88 of the Inland Revenue Ordinance (Cap.112) as charitable institution which is not subject to Hong Kong Profits Tax. (2017: NIL)

HONG KONG RABBIT SOCIETY LIMITED

香港兔友協會有限公司

ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

7. Surplus for the year

	<u>2018</u> <u>HK\$</u>	<u>2017</u> <u>HK\$</u>
Surplus for the year is arrived at after charging:		
Depreciation	45,315	68,608
Operating lease charges	445,500	444,000
Staff cost		
Salaries and allowances	877,785	821,020
Mandatory provident fund	40,860	39,976

8. Executive Committee Members' remuneration and loans

Remuneration of the executive committee members (including former executive committee members and shadow executive committee members) of the Charity disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of executive committee members) Regulation are as follow:

	<u>2018</u> <u>HK\$</u>	<u>2017</u> <u>HK\$</u>
Emoluments (including benefit in kind)		
Acting as executive committee member	-	-
Provision of management services	-	-
Mandatory provident fund	-	-

Loans, quasi-loans and other dealings in favour of executive committee members (including shadow executive committee members) of the Charity disclosed pursuant to section 383(1)(d) of the Hong Kong Companies Ordinance and Part 3 of the Companies (Disclosure of information about Benefit of executive committee members) Regulation are as follow:

Loans, quasi-loans and credit transactions entered into by the Charity for an executive committee member of the Charity

Name of borrower	Relationship	<u>Outstanding principal and interest</u>			Greatest outstanding HK\$	Provision / Overdue amount HK\$
		Principal terms HK\$	At beginning of year HK\$	At end of year HK\$		
Tong Nga Yin	Executive committee member	1	4,279	24,974	24,974	-

Principal terms:

1. The loans, quasi-loans and credit transactions are interest free, unsecured and have no fixed repayment terms

HONG KONG RABBIT SOCIETY LIMITED

香港兔友協會有限公司

ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**9. Plant and equipment**

	<u>Leasehold improvement</u> <u>HKS</u>	<u>Furniture, fixtures and equipment</u> <u>HKS</u>	<u>Computer equipment</u> <u>HKS</u>	<u>Total</u> <u>HKS</u>
<u>Cost</u>				
As at 1 April 2017	233,806	203,732	39,679	477,217
Addition during the year	-	42,780	-	42,780
As at 31 March 2018	<u>233,806</u>	<u>246,512</u>	<u>39,679</u>	<u>519,997</u>
<u>Aggregate depreciation and impairment losses</u>				
As at 1 April 2017	224,085	152,990	20,518	397,593
Depreciation for the year	9,720	27,052	8,543	45,315
As at 31 March 2018	<u>233,805</u>	<u>180,042</u>	<u>29,061</u>	<u>442,908</u>
<u>Net carrying amount</u>				
As at 31 March 2018	<u>1</u>	<u>66,470</u>	<u>10,618</u>	<u>77,089</u>
As at 31 March 2017	<u>9,721</u>	<u>50,742</u>	<u>19,161</u>	<u>79,624</u>

10. Operating lease commitment

At 31 March 2018, the total future minimum lease payment falling due under non-cancelable operating leases in respect of land and buildings are payable as follows:

	<u>2018</u> <u>HKS</u>	<u>2017</u> <u>HKS</u>
Within one year	450,000	181,000
After one year but within five years	185,500	-
	<u>635,500</u>	<u>181,000</u>

HONG KONG RABBIT SOCIETY LIMITED

香港兔友協會有限公司

ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

11. Changes in general fund

	<u>Retained</u> <u>surplus</u> <u>HK\$</u>
Balance as at 1 April 2017	1,592,288
Surplus for the year	408,214
Balance as at 31 March 2018	<u>2,000,502</u>

12. Approval of financial statements

These financial statements were approved and authorized for issue by the society's Board of Executive Committee Members on **1 FEB 2019**

HONG KONG RABBIT SOCIETY LIMITED

香港兔友協會有限公司

DETAILED INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2018**(For management information purpose only)**

	<u>2018</u> <u>HKS</u>	<u>2017</u> <u>HKS</u>
REVENUE	4,950,141	4,931,436
LESS: COST OF REVENUE	(3,109,652)	(2,915,620)
GROSS PROFIT	1,840,489	2,015,816
OTHER REVENUE		
Bank interest received	17	19
Donation income	1,512,905	1,088,582
Seminar income	28,850	15,638
Sundry income	13	44,773
	3,382,274	3,164,828
ADMINISTRATIVE EXPENSES		
Executive Committee Members' emolument - as members	-	-
- for management	-	-
Auditor's remuneration	13,000	12,000
Advertising	-	426
Bank charges	11,215	12,096
Cleaning fee	31,177	29,200
Computer accessories	8,537	4,616
Depreciation	45,315	68,608
Electricity and water	76,006	75,721
Expenses of activities	29,083	6,250
Insurance	11,101	4,519
Legal and professional fee	573	2,805
License fee	3,810	3,810
Local delivery service	371,089	341,191
Mandatory provident fund	40,860	39,976
Postage and courier	15,025	15,855
Printing and stationery	30,501	30,422
Rent, rates and building management fee	462,768	461,268
Repairs and maintenance	26,740	40,160
Salaries and allowances	877,785	821,020
Sundry expenses	58,686	39,080
Telephone, fax and internet	8,675	8,848
Veterinary expenses	852,114	859,329
	2,974,060	2,877,200
SURPLUS FOR THE YEAR	408,214	287,628