

**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 2010**

**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 2010**

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

**REPORT OF THE EXECUTIVE COMMITTEE**

The executive committee members have pleasure in submitting their annual report together with the audited financial statements for the year ended 31 March 2010.

**PRINCIPAL ACTIVITIES**

The Charity is to protect and advance animal welfare, especially rabbits.

**ACCOUNTS**

The results of the Charity for the year are set out in the statement of comprehensive income on page 5.

The state of affairs of the Charity as at 31 March 2010 is set out in the balance sheet on page 6.

The statement of cash flows for the year ended 31 March 2010 is set out in the statement on page 8.

**EXECUTIVE COMMITTEE MEMBERS**

The executive committee members who held office during the year and at the date of this report were: -

|                     |                             |
|---------------------|-----------------------------|
| Tong Nga Yin        |                             |
| Tang Yuk Lin, Yuki  |                             |
| Chow Yuk Ha, Joanna | (Appointed on 14 July 2009) |
| Chow Yuen Man       | (Resigned on 14 July 2009)  |

In accordance with Article No.12 of the Charity's Articles of Association, the members of Executive Committee shall retire from office at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

**INTERESTS IN CONTRACTS**

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

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

**REPORT OF THE EXECUTIVE COMMITTEE**

**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.

**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.

By order of the Board



Chairman

HONG KONG, 5 March 2013

**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)**

**Report on the Financial Statements**

We have audited the financial statements of Hong Kong Rabbit Society Limited 香港兔友協會有限公司 set out on pages 5 to 17, which comprise the balance sheet as at 31 March 2010, and statement of comprehensive income, the statement of changes in general fund and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

**Executive Committee Members' responsibility for the financial statements**

The executive committee members are responsible for the preparation and the true and fair presentation of these financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

**Auditor's responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. This report is made solely to you, as a body, in accordance with Section 141 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.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.


**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)**

Basis for qualified opinion

However, the evidence available to us was limited because we did not attend any physical stocktaking held by the Company on 31 March 2010 and we were unable to carry out auditing procedures necessary to obtain adequate assurance regarding the quantities and condition of inventories, appearing in the balance sheet at HK\$63,835. There were no other satisfactory audit procedures that we could adopt to obtain sufficient evidence regarding the existence of inventories.

Qualified opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements give a true and fair view of the state of the Charity's affairs as at 31 March 2010, and of its surplus and cash flows for the year ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.



**K S YU & CO.**  
Certified Public Accountants  
(Practising)

HONG KONG, 5 March 2013

**HONG KONG RABBIT SOCIETY LIMITED 香港兔友協會有限公司**  
**Financial statements for the year ended 31 March 2010**

**Statement of comprehensive income for the year ended 31 March 2010**

|  | <u>Note</u> | <u>2010</u><br><u>HK\$</u> | <u>2009</u><br><u>HK\$</u> |
|--|-------------|----------------------------|----------------------------|
| Turnover   | 6           | 2,614,939                  | 1,933,676                  |
| Cost of sales  |             | (1,328,584)                | (1,209,468)                |
| Gross profit   |             | 1,286,355                  | 724,208                    |
| Other revenue  | 7           | 15,584                     | 29,032                     |
|  |             | 1,301,939                  | 753,240                    |
| Administrative expenses  |             | (1,094,817)                | (839,426)                  |
| <b>SURPLUS / (DEFICIT) AND TOTAL<br/>COMPREHENSIVE INCOME FOR THE YEAR</b> | 8           | 207,122                    | (86,186)                   |

The notes on pages 9 to 17 form an integral part of these financial statements.

**HONG KONG RABBIT SOCIETY LIMITED 香港兔友協會有限公司**  
**Financial statements for the year ended 31 March 2010**

**Balance sheet as at 31 March 2010**

|   | <u>Note</u> | <u>2010</u><br><u>HK\$</u> | <u>2009</u><br><u>HK\$</u> |
|---|-------------|----------------------------|----------------------------|
| <b>Non-current assets</b>                   |             |                            |                            |
| Plant and equipment                         | 10          | 34,194                     | 48,353                     |
| <b>Current assets</b>                       |             |                            |                            |
| Inventories                                 |             | 63,835                     | 39,423                     |
| Deposits paid                               |             | 32,276                     | 32,276                     |
| Prepayment                                  |             | 2,246                      | 2,246                      |
| Cash and bank balances                      | 11          | 348,437                    | 148,229                    |
|   |             | <u>446,794</u>             | <u>222,174</u>             |
| <b>Less: Current liabilities</b>            |             |                            |                            |
| Amount due to an executive committee member |             | 2,536                      | 2,536                      |
| Accrued expenses                            |             | 31,014                     | 27,675                     |
|   |             | <u>33,550</u>              | <u>30,211</u>              |
| <b>Net Current Assets</b>                   |             | <u>413,244</u>             | <u>191,963</u>             |
| <b>NET ASSETS</b>                           |             | <u>447,438</u>             | <u>240,316</u>             |
| <b>GENERAL FUND</b>                         |             |                            |                            |
| Retained surplus                            |             | <u>447,438</u>             | <u>240,316</u>             |

The financial statements were approved and authorised for issue by the executive committee on 5 March 2013.

Approved by:

  
 Executive Committee Member

  
 Executive Committee Member

The notes on pages 9 to 17 form an integral part of these financial statements.



**HONG KONG RABBIT SOCIETY LIMITED 香港兔友協會有限公司**  
**Financial statements for the year ended 31 March 2010**

**Statement of change in general fund for the year ended 31 March 2010**

|                             | <b><u>Retained<br/>surplus<br/>HK\$</u></b> |
|-----------------------------|---|
| Balance as at 1 April 2008  | 326,502                                     |
| Deficit for the year        | <u>(86,186)</u>                             |
| Balance as at 31 March 2009 | <u>240,316</u>                              |
| Balance as at 1 April 2009  | 240,316                                     |
| Surplus for the year        | <u>207,122</u>                              |
| Balance as at 31 March 2010 | <u>447,438</u>                              |

The notes on pages 9 to 17 form an integral part of these financial statements.

**HONG KONG RABBIT SOCIETY LIMITED 香港兔友協會有限公司****Financial statements for the year ended 31 March 2010****Statement of Cash Flows for the year ended 31 March 2010**

|   | <u>2010</u><br><u>HK\$</u> | <u>2009</u><br><u>HK\$</u> |
|---|----------------------------|----------------------------|
| <b>OPERATING ACTIVITIES</b>                                       |                            |                            |
| Surplus / (Deficit) from operations                               | 207,122                    | (86,186)                   |
| Adjustments for:  |                            |                            |
| Depreciation  | 24,198                     | 22,190                     |
| Operating surplus / (deficit) before movements in working capital | 231,320                    | (63,996)                   |
| Increase in inventories   | (24,412)                   | (1,033)                    |
| Decrease in accounts receivables                                  | -                          | 56,898                     |
| Increase in deposits paid   | -                          | (5,900)                    |
| Decrease in prepayment  | -                          | 11,094                     |
| Decrease in accounts payables                                     | -                          | (28,394)                   |
| Decrease in amount due to an executive committee member           | -                          | (3,455)                    |
| Increase in accrued expenses                                      | 3,339                      | 2,914                      |
|   | (21,073)                   | 32,124                     |
| <b>NET CASH INFLOW / (OUTFLOW) FROM OPERATING ACTIVITIES</b>      | 210,247                    | (31,872)                   |
| <b>INVESTING ACTIVITIES</b>                                       |                            |                            |
| Acquisition of plant and equipment                                | (10,039)                   | (5,452)                    |
| <b>NET CASH OUTFLOW IN INVESTING ACTIVITIES</b>                   | (10,039)                   | (5,452)                    |
| <b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>     | 200,208                    | (37,324)                   |
| <b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR</b>         | 148,229                    | 185,553                    |
| <b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>           | 348,437                    | 148,229                    |
| <b>ANALYSIS OF CASH AND CASH EQUIVALENTS</b>                      |                            |                            |
| Cash and bank balances  | 348,437                    | 148,229                    |

The notes on pages 9 to 17 form an integral part of these financial statements.

**Notes to financial statements for the year ended 31 March 2010**

**1. General 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 is 1/F, No. 472A Reclamation Street, Mongkok, Hong Kong. The principal place of business is Unit 02, 5/F, Fuk Hong Industrial Building, 60-62 Tong Mi Road, Mongkok, Kowloon, Hong Kong. Its principal activity of the Charity is to protect and advance animal welfare, especially rabbits.

**2. Statement of compliance with Hong Kong Financial Reporting Standards**

The charity's financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. A summary of significant accounting policies is set out in note 3.

**3. Summary of significant accounting policies**

**a. Basis of preparation of the financial statements**

The measurement basis used in preparing the financial statements is historical cost.

**b. Fixed assets**

Fixed assets represent plant and equipment and are stated in the balance sheet at cost less accumulated depreciation and impairment losses, if any.

Depreciation is calculated to write off the cost of items of plant and equipment, less their estimated residual value, if any, on a straight-line basis over their estimated useful lives as follows:

|                                   |     |
|-----------------------------------|-----|
| Furniture, fixtures and equipment | 20% |
| Leasehold improvement             | 20% |

The residual value and the useful life of an asset are reviewed at least at each financial year end.

The charity assesses at each reporting date whether there is any indication that any items of plant and equipment may be impaired and that an impairment loss recognised in prior year for an item may have decreased. If any such indication exists, the charity estimates the recoverable amount of the item. An impairment loss, being the amount by which the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount, or a reversal of impairment loss is recognised immediately in profit or loss.

Gain or loss arising from the derecognition of an item of plant and equipment is included in the profit or loss when the item is derecognised and is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

**Notes to financial statements for the year ended 31 March 2010**

**3. Summary of significant accounting policies (continued)**

c. Leases

A lease is an agreement whereby the lessor conveys to the lessee in return for a payment or series of payments the right to use an asset for an agreed period of time. Determining whether an arrangement is, or contains, a lease is based on the substance of the arrangement and requires an assessment of whether fulfillment of the arrangement is dependent on the use of a specific asset or assets and arrangement conveys a right to use the asset.

Lease of assets are classified as finance lease when the leases transfer substantially all risks and rewards incidental to ownership of the assets to the charity. All other leases are classified as operating leases.

- Operating leases

Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term. The payments made on acquiring land held under an operating lease are recognised in the balance sheet as leases premium for land.

Contingent rents are charged as an expense in the year in which they are incurred.

d. Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition and is assigned by using the weighted average cost formula. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the year in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the year the write-down or loss occurs. The amount of any 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 an expense in the year in which the reversal occurs.

e. Cash and cash equivalents

Cash comprises cash on hand and at bank and demand deposits with bank. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purpose of statement of cash flows, bank overdrafts which are repayable on demand form an integral part of the charity's cash management are included as a component of cash and cash equivalents.

**Notes to financial statements for the year ended 31 March 2010**

**3. Summary of significant accounting policies (continued)**

f. Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the charity and when the revenue can be measured reliably, on the following bases:

- (i) Sale of goods  
Sale of goods is recognised when the goods are delivered and the risks and rewards
- (ii) Donation income  
Donation income are recognised as income upon receipt.
- (iii) Other income  
Other income is recognized in the accounts on a receivable basis.

g. Foreign currency translation

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. At each balance sheet date, monetary assets and liabilities in foreign currencies are translated at the foreign exchange rates ruling at that date. Non-monetary assets and liabilities that are measured at fair value in foreign currencies are translated at the foreign exchange rates ruling at the date when the fair value was determined. Exchange gains and losses are recognised in statement of comprehensive income.

h. 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 balance sheet date is permitted to be carried forward and utilised by the respective employees in the following year. An accrual is made at the balance sheet date for the expected future cost of such paid leave earned during the year by the employees and carried forward.

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 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.

**Notes to financial statements for the year ended 31 March 2010**

**4. Changes in accounting policies**

In 2009, the charity has initially applied the new and revised HKFRSs issued by the HKICPA that are first effective for accounting periods beginning on or after 1 April 2009, including:

|                       |  |
|-----------------------|--|
| HKAS 1 (revised 2007) | Presentation of financial statements   |
| Amendments to HKFRS 7 | Financial instruments: disclosures -<br>Improving disclosure about financial instruments |

The application of the new and revised HKFRSs has had no material effect on the charity's financial performance and positions.

**5. Critical accounting estimates and judgments**

The charity's management makes assumptions, estimates and judgments in the process of applying the charity's accounting policies that affect the assets, liabilities, income and expenses in the financial statements prepared in accordance with HKFRSs. The assumptions, estimates and judgments are based on historical experience and other factors that are believed to be reasonable under the circumstances. While the management reviews their judgments, estimates and assumptions continuously, the actual results will seldom equal to the estimates.

**6. Turnover**

|   |                            |                            |
|---|----------------------------|----------------------------|
| Turnover represents an invoiced value less returns and discounts: | <u>2010</u><br><u>HK\$</u> | <u>2009</u><br><u>HK\$</u> |
| Sales   | 2,327,828                  | 1,789,391                  |
| Donation income   | 287,111                    | 144,285                    |
|   | <u>2,614,939</u>           | <u>1,933,676</u>           |

**7. Other revenue**

|                        |                            |                            |
|------------------------|----------------------------|----------------------------|
|                        | <u>2010</u><br><u>HK\$</u> | <u>2009</u><br><u>HK\$</u> |
| Bank interest received | 4                          | 72                         |
| Seminar income         | 2,820                      | 3,760                      |
| Sundry income          | 12,760                     | 25,200                     |
|                        | <u>15,584</u>              | <u>29,032</u>              |

**8. Surplus / (Deficit) for the year**

|  |                            |                            |
|--|----------------------------|----------------------------|
| Surplus / (Deficit) for the year is arrived at after charging: | <u>2010</u><br><u>HK\$</u> | <u>2009</u><br><u>HK\$</u> |
| Auditor's remuneration   | 10,000                     | 9,000                      |
| Depreciation   | 24,198                     | 22,190                     |
| Staff cost   |                            |                            |
| Salaries and allowances  | 346,226                    | 267,747                    |
| Mandatory provident fund                                       | 17,237                     | 13,390                     |
|  | <u>397,661</u>             | <u>312,317</u>             |

Notes to financial statements for the year ended 31 March 2010

9. Executive Committee Members' remuneration

Executive Committee Members' remuneration disclosed pursuant to section 161 of the Hong Kong Companies Ordinance is as follows:

|                                   | <u>2010</u><br><u>HK\$</u> | <u>2009</u><br><u>HK\$</u> |
|-----------------------------------|----------------------------|----------------------------|
| Executive Committee Members' fees | -                          | -                          |
| Salaries and allowances           | -                          | -                          |
| Mandatory provident fund          | -                          | -                          |

10. Plant and equipment

|   | <u>Leasehold</u><br><u>improvement</u><br><u>HK\$</u> | <u>Furniture,</u><br><u>fixtures and</u><br><u>equipment</u><br><u>HK\$</u> | <u>Total</u><br><u>HK\$</u> |
|---|---|---|-----------------------------|
| <u>Cost</u>   |   |   |                             |
| As at 1.4.2008  | 36,886  | 68,613  | 105,499                     |
| Additions during the year                                     | 1,100   | 4,352   | 5,452                       |
| As at 31.3.2009   | 37,986  | 72,965  | 110,951                     |
| <u>Aggregate depreciation</u><br><u>and impairment losses</u> |   |   |                             |
| As at 1.4.2008  | 14,754  | 25,654  | 40,408                      |
| Charges during the year                                       | 7,597   | 14,593  | 22,190                      |
| As at 31.3.2009   | 22,351  | 40,247  | 62,598                      |
| <u>Net carrying amount</u>                                    |   |   |                             |
| As at 31.3.2009   | 15,635  | 32,718  | 48,353                      |
| <u>Cost</u>   |   |   |                             |
| As at 1.4.2009  | 37,986  | 72,965  | 110,951                     |
| Additions during the year                                     | -   | 10,039  | 10,039                      |
| As at 31.3.2010   | 37,986  | 83,004  | 120,990                     |
| <u>Aggregate depreciation</u><br><u>and impairment losses</u> |   |   |                             |
| As at 1.4.2009  | 22,351  | 40,247  | 62,598                      |
| Charges during the year                                       | 7,597   | 16,601  | 24,198                      |
| As at 31.3.2010   | 29,948  | 56,848  | 86,796                      |
| <u>Net carrying amount</u>                                    |   |   |                             |
| As at 31.3.2010   | 8,038   | 26,156  | 34,194                      |

**HONG KONG RABBIT SOCIETY LIMITED 香港兔友協會有限公司**  
**Financial statements for the year ended 31 March 2010**

**Notes to financial statements for the year ended 31 March 2010**

**11. Cash and bank balances**

|  | <u>2010</u><br><u>HK\$</u> | <u>2009</u><br><u>HK\$</u> |
|--|----------------------------|----------------------------|
| Cash and cash equivalents in the balance sheet and statement of cash flows | 348,437                    | 148,229                    |

**12. Operating lease commitment**

At 31 March 2010, the total future minimum lease payment falling due under non-cancelable operating leases are payable as follows:

|                                      | <u>2010</u><br><u>HK\$</u> | <u>2009</u><br><u>HK\$</u> |
|--------------------------------------|----------------------------|----------------------------|
| Within one year                      | 79,200                     | 158,400                    |
| After one year but within five years | -                          | 79,200                     |
|                                      | <u>79,200</u>              | <u>237,600</u>             |

**13. Financial instruments**

The Charity has classified its financial assets in the following categories:

|                              | <u>2010</u><br><u>HK\$</u> | <u>2009</u><br><u>HK\$</u> |
|------------------------------|----------------------------|----------------------------|
| <u>Loans and receivables</u> |                            |                            |
| Deposits paid                | 32,276                     | 32,276                     |
| Prepayment                   | 2,246                      | 2,246                      |
| Cash and bank balances       | 348,437                    | 148,229                    |
|                              | <u>382,959</u>             | <u>182,751</u>             |

The Charity has classified its financial liabilities in the following categories:

|   | <u>2010</u><br><u>HK\$</u> | <u>2009</u><br><u>HK\$</u> |
|---|----------------------------|----------------------------|
| <u>Financial liabilities at amortised costs</u> |                            |                            |
| Amount due to an executive committee member     | 2,536                      | 2,536                      |
| Accrued expenses                                | 31,014                     | 27,675                     |
|   | <u>33,550</u>              | <u>30,211</u>              |

All financial instruments are carried at amounts not materially different from their fair values as at 31 March 2009 and 31 March 2010.

The charity is exposed to credit risk, liquidity risk and market risk arising in the normal course of its business and financial instruments. The charity's risk management objectives, policies and processes mainly focus on minimizing the potential adverse effects of these risks on its financial performance and position by closely monitoring the individual exposure.



**Notes to financial statements for the year ended 31 March 2010**

**13. Financial instruments (continued)**

a) Credit risk

At 31 March 2010, the charity has no concentration of risk and the maximum exposure to credit risk is represented by the carrying amount of each financial asset.

Summary quantitative data

|                        | <u>2010</u><br><u>HK\$</u> | <u>2009</u><br><u>HK\$</u> |
|------------------------|----------------------------|----------------------------|
| Deposits paid          | 32,276                     | 32,276                     |
| Prepayment             | 2,246                      | 2,246                      |
| Cash and bank balances | 348,437                    | 148,229                    |
|                        | <u>382,959</u>             | <u>182,751</u>             |

b) Liquidity risk

The charity is exposed to liquidity risk on financial liabilities. It manages its funds conservatively by maintaining a comfortable level of cash and cash equivalents in order to meet continuous operational need.

The following table is the undiscounted cash flow of financial liabilities based on the earliest date on which the charity can be required to pay:

Summary quantitative data

|   | <u>Within</u><br><u>3 months</u><br><u>HK\$</u> | <u>Undeterminable</u><br><u>period</u><br><u>HK\$</u> | <u>Carrying</u><br><u>amount</u><br><u>HK\$</u> |
|---|---|---|---|
| <u>As at 31.3.2010</u>                      |   |   |   |
| Amount due to an executive committee member | -   | 2,536   | 2,536   |
| Accrued expenses                            | 7,714   | 23,300  | 31,014  |
|   | <u>7,714</u>                                    | <u>25,836</u>   | <u>33,550</u>                                   |
| <br>  |   |   |   |
|   | <u>Within</u><br><u>3 months</u><br><u>HK\$</u> | <u>Undeterminable</u><br><u>period</u><br><u>HK\$</u> | <u>Carrying</u><br><u>amount</u><br><u>HK\$</u> |
| <u>As at 31.3.2009</u>                      |   |   |   |
| Amount due to an executive committee member | -   | 2,536   | 2,536   |
| Accrued expenses                            | 27,675  | -   | 27,675  |
|   | <u>27,675</u>                                   | <u>2,536</u>  | <u>30,211</u>                                   |

**Notes to financial statements for the year ended 31 March 2010**

**13. Financial instruments (continued)**

c) Market risk

Interest rate risk

It has exposure on cash flow interest rate risk which is mainly arising from its deposits with banks.

The charity mainly holds deposits with banks and the exposure is considered not significant. In consequence, no material exposure on fair value interest rate risk is expected.

**14. Hong Kong Financial Reporting Standards issued but not yet effective for the year**

HKFRSs that have been issued but are not yet effective for the year include the following HKFRSs which may be relevant to the company's operations and financial statements:

|  | Effective for annual<br>periods beginning<br><u>on or after</u> |
|--|---|
| HKFRS 1 Amendments<br>Amendments to HKFRS 1 First-time Adoption of Hong Kong Financial Reporting Standards – Government Loans          | 1 January 2013  |
| HKFRS 7 Amendments<br>Amendments to HKFRS 7 Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities | 1 January 2013  |
| HKFRS 9<br>Financial Instruments   | 1 January 2015  |
| HKFRS 10<br>Consolidated Financial Statements  | 1 January 2013  |
| HKFRS 11<br>Joint Arrangements   | 1 January 2013  |
| HKFRS 12<br>Disclosure of Interests in Other Entities  | 1 January 2013  |
| HKFRS 10, HKFRS 11 and HKFRS 12 Amendments<br>Amendments to HKFRS 10, HKFRS 11 and HKFRS 12 – Transition Guidance                      | 1 January 2013  |
| HKFRS 10, HKFRS 12 and HKAS 27 (2011) Amendments<br>Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) – Investment Entities          | 1 January 2014  |
| HKFRS 13<br>Fair Value Measurement   | 1 January 2013  |

**HONG KONG RABBIT SOCIETY LIMITED 香港兔友協會有限公司**  
**Financial statements for the year ended 31 March 2010**

**Notes to financial statements for the year ended 31 March 2010**

**14. Hong Kong Financial Reporting Standards issued but not yet effective for the year (continued)**

|  | Effective for annual<br>periods beginning<br><u>on or after</u> |
|--|---|
| HKAS 1 Amendments<br>Amendments to HKAS 1 Presentation of Financial Statements –<br>Presentation of Items of Other Comprehensive Income    | 1 July 2012   |
| HKAS 19 (2011)<br>Employee Benefits  | 1 January 2013  |
| HKAS 27 (2011)<br>Separate Financial Statements  | 1 January 2013  |
| HKAS 28 (2011)<br>Investments in Associates and Joint Ventures   | 1 January 2013  |
| HKAS 32 Amendments<br>Amendments to HKAS 32 Financial Instruments: Presentation –<br>Offsetting Financial Assets and Financial Liabilities | 1 January 2014  |
| HK(IFRIC)-Int 20<br>Stripping Costs in the Production Phase of a Surface Mine  | 1 January 2013  |
| Annual Improvements 2009-2011 Cycle<br>Amendments to a number of HKFRSs issued in June 2012  | 1 January 2013  |

The charity has not early adopted these HKFRSs. Initial assessment has indicated that the adoption of these HKFRSs would not have a significant impact on the company's financial statements in the year of initial application. The charity will be continuing with the assessment of the impact of these HKFRSs and other significant changes may be identified as a result.

**HONG KONG RABBIT SOCIETY LIMITED**

香港兔友協會有限公司

**DETAILED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2010****(For management information purpose only)**

|   | <u>2010</u><br><u>HK\$</u> | <u>2009</u><br><u>HK\$</u> |
|---|----------------------------|----------------------------|
| <b>SALES</b>  | 2,327,828                  | 1,789,391                  |
| <b>LESS: COST OF SALES</b>                          | (1,328,584)                | (1,209,468)                |
| <b>GROSS PROFIT</b>                                 | 999,244                    | 579,923                    |
| <b>OTHER REVENUE</b>                                |                            |                            |
| Bank interest received                              | 4                          | 72                         |
| Donation income                                     | 287,111                    | 144,285                    |
| Seminar income                                      | 2,820                      | 3,760                      |
| Sundry income                                       | 12,760                     | 25,200                     |
|   | 1,301,939                  | 753,240                    |
| <b>ADMINISTRATIVE EXPENSES</b>                      |                            |                            |
| Executive Committee Members' emolument - as members | -                          | -                          |
| - for management                                    | -                          | -                          |
| Accountancy fee                                     | 4,000                      | 4,000                      |
| Animal cremation                                    | -                          | 2,400                      |
| Auditor's remuneration                              | 10,000                     | 9,000                      |
| Bank charges  | 8,612                      | 6,744                      |
| Cleaning fee  | 10,859                     | 8,938                      |
| Computer accessories                                | 2,945                      | 265                        |
| Depreciation  | 24,198                     | 22,190                     |
| Electricity and water                               | 16,351                     | 15,740                     |
| Expenses of activities                              | 2,464                      | 3,460                      |
| Insurance   | 2,304                      | 5,304                      |
| Legal and professional fee                          | 5,850                      | 3,705                      |
| License fee   | 7,620                      | 3,810                      |
| Local transportation                                | 129,741                    | 89,210                     |
| Mandatory provident fund                            | 17,237                     | 13,390                     |
| Postage and courier                                 | 2,031                      | 390                        |
| Printing and stationery                             | 4,022                      | 5,436                      |
| Rent and rates                                      | 167,383                    | 160,026                    |
| Repairs and maintenance                             | 7,200                      | 3,440                      |
| Salaries and allowances                             | 346,226                    | 267,747                    |
| Sundry expenses                                     | 5,973                      | 10,616                     |
| Telephone, fax and internet                         | 7,711                      | 7,694                      |
| Veterinary expenses                                 | 312,090                    | 195,921                    |
|   | 1,094,817                  | 839,426                    |
| <b>SURPLUS / (DEFICIT) FOR THE YEAR</b>             | 207,122                    | (86,186)                   |