

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 2014

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 2014

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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 2014.

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 profit or loss and other comprehensive income on page 5.

The state of affairs of the Charity as at 31 March 2014 is set out in the statement of financial position on page 6.

The statement of cash flows for the year ended 31 March 2014 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	(Resigned on 25.2.2015)
Chow Yuk Ha, Joanna	(Resigned on 4.6.2015)
Yuen Chui Ling	(Appointed on 25.11.2013 and resigned on 15.3.2015)
Lam Wei Shing Wilson	(Appointed on 25.11.2013 and resigned on 1.11.2014)
Tang Chung Yee	(Appointed on 25.11.2013)
Tung Fong Yi	(Appointed on 1.1.2015)

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.

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

REPORT OF THE EXECUTIVE COMMITTEE

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.


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, 28 August 2015

**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 19, which comprise the statement of financial position as at 31 March 2014, and statement of profit or loss and other comprehensive income, the statement of changes in general fund and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Executive Committee Members' responsibility for the financial statements

The executive committee members are responsible for the preparation of financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the executive committee members determine is necessary to enable the presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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 about 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 of the financial statement that give a true and fair view 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 Charity on 31 March 2014 and we were unable to carry out auditing procedures necessary to obtain adequate assurance regarding the quantities and condition of inventories, appearing in the statement of financial position at HK\$48,962. 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 2014, and of its deficit and cash flows for the year ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of Hong Kong Companies Ordinance.



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

HONG KONG, 28 August 2015

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

Financial statements for the year ended 31 March 2014

Statement of profit or loss and other comprehensive income for the year ended 31 March 2014

	<u>Note</u>	<u>2014</u> <u>HK\$</u>	<u>2013</u> <u>HK\$</u>
Turnover	6	3,976,692	3,638,166
Cost of sales		(2,078,633)	(1,856,484)
Gross profit		1,898,059	1,781,682
Other revenue	7	67,687	81,170
Administrative expenses		(2,219,060)	(1,666,796)
Taxation	8	-	-
(DEFICIT) / SURPLUS AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR	9	(253,314)	196,056

The notes on pages 9 to 19 form an integral part of these financial statements.

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

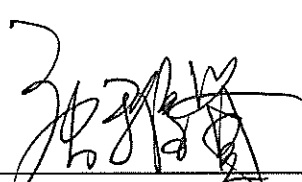
Financial statements for the year ended 31 March 2014

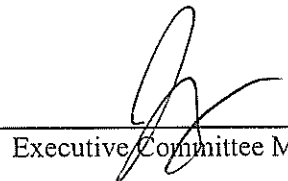
Statement of financial position as at 31 March 2014

	<u>Note</u>	<u>2014</u> <u>HK\$</u>	<u>2013</u> <u>HK\$</u>
Non-current assets			
Plant and equipment	12	160,296	140,257
Current assets			
Inventories		48,962	54,328
Deposits paid		65,400	36,500
Prepayment		35,026	3,242
Amount due from an executive committee member	11	4,279	1,407
Cash and bank balances	13	485,629	831,925
		<u>639,296</u>	<u>927,402</u>
Less: Current liabilities			
Accrued expenses		58,874	73,627
		<u>58,874</u>	<u>73,627</u>
Net Current Assets		<u>580,422</u>	<u>853,775</u>
NET ASSETS		<u>740,718</u>	<u>994,032</u>
GENERAL FUND			
Retained surplus		<u>740,718</u>	<u>994,032</u>

The financial statements were approved and authorised for issue by the executive committee on 28 August 2015.

Approved by:


Executive Committee Member


Executive Committee Member

The notes on pages 9 to 19 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 2014

Statement of changes in general fund for the year ended 31 March 2014

	<u>Retained surplus HK\$</u>
Balance as at 1 April 2012	797,976
Surplus for the year	<u>196,056</u>
Balance as at 31 March 2013	<u><u>994,032</u></u>
Balance as at 1 April 2013	994,032
Deficit for the year	<u>(253,314)</u>
Balance as at 31 March 2014	<u><u>740,718</u></u>

The notes on pages 9 to 19 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 2014

Statement of Cash Flows for the year ended 31 March 2014

	<u>2014</u> <u>HK\$</u>	<u>2013</u> <u>HK\$</u>
OPERATING ACTIVITIES		
(Deficit) / Surplus from operations	(253,314)	196,056
Adjustments for:		
Depreciation	55,361	41,372
Operating (deficit) / surplus before movements in working capital	(197,953)	237,428
Decrease in inventories	5,366	43,163
(Increase) / Decrease in deposits paid	(28,900)	13,361
Increase in prepayment	(31,784)	(636)
Increase in amount due from an executive committee member	(2,872)	(1,407)
Decrease in amount due to an executive committee member	-	(169)
(Decrease) / Increase in accrued expenses	(14,753)	30,291
	<u>(72,943)</u>	<u>84,603</u>
NET CASH (OUTFLOW) / INFLOW FROM OPERATING ACTIVITIES	<u>(270,896)</u>	<u>322,031</u>
INVESTING ACTIVITIES		
Acquisition of plant and equipment	(75,400)	(158,340)
NET CASH OUTFLOW USED IN INVESTING ACTIVITIES	<u>(75,400)</u>	<u>(158,340)</u>
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	(346,296)	163,691
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	<u>831,925</u>	<u>668,234</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u><u>485,629</u></u>	<u><u>831,925</u></u>
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	<u><u>485,629</u></u>	<u><u>831,925</u></u>

The notes on pages 9 to 19 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 2014

Notes to financial statements for the year ended 31 March 2014

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 and principal place of business is Unit 2, 5/F, Fuk Hong Industrial Building, 60-62 Tong Mi Road, Mongkok, Kowloon, Hong Kong. It's 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.

In 2013, the charity has initially applied the new and revised HKFRSs issued by the HKICPA that are first effective for accounting years beginning on or after 1 April 2013. A summary of the changes in accounting policies resulting from the charity's application of these HKFRSs is set out in note 4.

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 statement of financial position 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%
Computer equipment	30%

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

Notes to financial statements for the year ended 31 March 2014

3. Summary of significant accounting policies (continued)

b. Fixed assets (continued)

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 years 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 statement of profit or loss and other comprehensive income.

Gain or loss arising from the derecognition of an item of plant and equipment is included in statement of profit or loss and other comprehensive income 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.

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 statement of financial position 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.

3. Summary of significant accounting policies (continued)

d. Inventories (continued)

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.

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) Bank interest received

Bank interest received is recognized using the effective interest method.

(iv) 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 reporting 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 profit or loss and other comprehensive income.

Notes to financial statements for the year ended 31 March 2014

3. Summary of significant accounting policies (continued)

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 reporting 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 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. Changes in accounting policies

In 2013, the company 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 2013,

- o Amendments to HKAS 1 Presentation of Financial Statements
 - Presentation of Items of Other Comprehensive Income
- o HKFRS 11 Joint Arrangements
- o HKFRS 12 Disclosure of Interests in Other Entities
- o HKFRS 13 Fair Value Measurement
- o HKAS 19 (2011) Employee Benefits
- o HKAS 27 (2011) Separate Financial Statements
- o HKAS 28 (2011) Investments in Associates and Joint Ventures
- o Annual Improvements to HKFRSs 2009-2011 Cycle

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

Notes to financial statements for the year ended 31 March 2014

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>2014</u> <u>HK\$</u>	<u>2013</u> <u>HK\$</u>
Sales	3,448,051	3,174,187
Donation income	528,641	463,979
	<u>3,976,692</u>	<u>3,638,166</u>

7. Other revenue

	<u>2014</u> <u>HK\$</u>	<u>2013</u> <u>HK\$</u>
Bank interest received	12	1
Seminar income	19,951	26,710
Sundry income	47,724	54,459
	<u>67,687</u>	<u>81,170</u>

8. 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. (2013: NIL)

9. (Deficit) / Surplus for the year

(Deficit) / Surplus for the year is arrived at after charging:	<u>2014</u> <u>HK\$</u>	<u>2013</u> <u>HK\$</u>
Auditor's remuneration	10,000	10,000
Depreciation	55,361	41,372
Staff cost		
Salaries and allowances	559,518	506,450
Mandatory provident fund	19,944	21,252

HONG KONG RABBIT SOCIETY LIMITED 香港兔友協會有限公司
Financial statements for the year ended 31 March 2014

Notes to financial statements for the year ended 31 March 2014

10. Executive Committee Members' remuneration

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

	<u>2014</u> <u>HK\$</u>	<u>2013</u> <u>HK\$</u>
Executive Committee Members' fees	-	-
Salaries and allowances	-	-
Mandatory provident fund	-	-

11. Amount due from an executive committee member

The amount due from an executive committee member is unsecured, interest-free and has no fixed term of repayment. The information disclosed pursuant to Section 161B of the Companies Ordinance are as follows:

<u>Executive committee member</u>	<u>Dr / (Cr)</u> <u>Balance as</u> <u>at 31.3.2014</u> <u>HK\$</u>	<u>Dr / (Cr)</u> <u>Balance as</u> <u>at 31.3.2013</u> <u>HK\$</u>	<u>Dr / (Cr)</u> <u>Maximum</u> <u>Outstanding</u> <u>bal. during</u> <u>the year</u> <u>HK\$</u>
Ms. Tong Nga Yin	4,279	1,407	4,279

12. Plant and equipment

	<u>Leasehold</u> <u>improvement</u> <u>HK\$</u>	<u>Furniture,</u> <u>fixtures and</u> <u>equipment</u> <u>HK\$</u>	<u>Computer</u> <u>equipment</u> <u>HK\$</u>	<u>Total</u> <u>HK\$</u>
<u>Cost</u>				
As at 1.4.2012	37,986	100,128	10,600	148,714
Additions during the year	147,220	11,120	-	158,340
As at 31.3.2013	185,206	111,248	10,600	307,054
<u>Aggregate depreciation</u> <u>and impairment losses</u>				
As at 1.4.2012	37,765	84,480	3,180	125,425
Charges during the year	29,664	8,528	3,180	41,372
As at 31.3.2013	67,429	93,008	6,360	166,797
<u>Net carrying amount</u>				
As at 31.3.2013	117,777	18,240	4,240	140,257

HONG KONG RABBIT SOCIETY LIMITED 香港兔友協會有限公司
Financial statements for the year ended 31 March 2014

Notes to financial statements for the year ended 31 March 2014

12. Plant and equipment (continued)

	<u>Leasehold improvement</u> <u>HK\$</u>	<u>Furniture, fixtures and equipment</u> <u>HK\$</u>	<u>Computer equipment</u> <u>HK\$</u>	<u>Total</u> <u>HK\$</u>
<u>Cost</u>				
As at 1.4.2013	185,206	111,248	10,600	307,054
Additions during the year	48,600	26,800	-	75,400
As at 31.3.2014	<u>233,806</u>	<u>138,048</u>	<u>10,600</u>	<u>382,454</u>
<u>Aggregate depreciation and impairment losses</u>				
As at 1.4.2013	67,429	93,008	6,360	166,797
Charges during the year	39,164	13,017	3,180	55,361
As at 31.3.2014	<u>106,593</u>	<u>106,025</u>	<u>9,540</u>	<u>222,158</u>
<u>Net carrying amount</u>				
As at 31.3.2014	<u>127,213</u>	<u>32,023</u>	<u>1,060</u>	<u>160,296</u>

13. Cash and bank balances

	<u>2014</u> <u>HK\$</u>	<u>2013</u> <u>HK\$</u>
Cash and cash equivalents in the statement of financial position and statement of cash flows	<u>485,629</u>	<u>831,925</u>

14. Operating lease commitment

At 31 March 2014, the total future minimum lease payment falling due under non-cancelable operating leases in respect of land and buildings are payable as follows:

	<u>2014</u> <u>HK\$</u>	<u>2013</u> <u>HK\$</u>
Within one year	393,600	192,000
After one year but within five years	167,200	208,000
	<u>560,800</u>	<u>400,000</u>

HONG KONG RABBIT SOCIETY LIMITED 香港兔友協會有限公司
Financial statements for the year ended 31 March 2014

Notes to financial statements for the year ended 31 March 2014

15. Financial instruments

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

	<u>2014</u> <u>HK\$</u>	<u>2013</u> <u>HK\$</u>
<u>Loans and receivables</u>		
Deposits paid	65,400	36,500
Prepayment	35,026	3,242
Amount due from an executive committee member	4,279	1,407
Cash and bank balances	485,629	831,925
	<u>590,334</u>	<u>873,074</u>

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

	<u>2014</u> <u>HK\$</u>	<u>2013</u> <u>HK\$</u>
<u>Financial liabilities at amortised costs</u>		
Accrued expenses	58,874	73,627

All financial instruments are carried at amounts not materially different from their fair values as at 31 March 2013 and 31 March 2014.

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.

a) Credit risk

At 31 March 2014, 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>2014</u> <u>HK\$</u>	<u>2013</u> <u>HK\$</u>
Deposits paid	65,400	36,500
Prepayment	35,026	3,242
Amount due from an executive committee member	4,279	1,407
Cash and bank balances	485,629	831,925
	<u>590,334</u>	<u>873,074</u>

Notes to financial statements for the year ended 31 March 2014

15. Financial instruments (continued)

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 3 months HK\$</u>	<u>Undeterminable period HK\$</u>	<u>Carrying amount HK\$</u>
<u>As at 31.3.2014</u>			
Accrued expenses	27,434	31,440	58,874
	<u> </u>	<u> </u>	<u> </u>
	<u>Within 3 months HK\$</u>	<u>Undeterminable period HK\$</u>	<u>Carrying amount HK\$</u>
<u>As at 31.3.2013</u>			
Accrued expenses	26,577	47,050	73,627
	<u> </u>	<u> </u>	<u> </u>

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.

Notes to financial statements for the year ended 31 March 2014

16. 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 charity's operations and financial statements:

	Effective for annual periods beginning <u>on or after</u>
HKFRS 1 Amendments Amendments to HKFRS 1 First-time Adoption of Hong Kong Financial Reporting Standards - Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters	1 July 2011
HKFRS 7 Amendments Amendments to HKFRS 7 Financial Instruments: Disclosures - Transfers of Financial Assets	1 July 2011
HKFRS 7 Amendments Amendments to HKFRS 7 Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities	1 January 2013
HKFRS 10 Consolidated Financial Statements	1 January 2013
HKFRS 12 Disclosure of Interests in Other Entities	1 January 2013
HKFRS 13 Fair Value Measurement	1 January 2013
HKAS 1 Amendments Presentation of Financial Statements - Presentation of Items of Other Comprehensive Income	1 July 2012
HKAS 12 Amendments Amendments to HKAS 12 Income Taxes - Deferred Tax: Recovery of Underlying Assets	1 January 2012
HKAS 19 (2011) Employee Benefits	1 January 2013
HKAS 32 Amendments Amendments to HKAS 32 Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities	1 January 2014
HK(IFRIC)-Int 20 Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
Amendments to HKFRSs Annual improvements to HKFRSs 2009 to 2011 cycle	1 January 2013

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Financial statements for the year ended 31 March 2014

Notes to financial statements for the year ended 31 March 2014

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

	Effective for annual periods beginning <u>on or after</u>
Amendments to HKFRS 7 Disclosures - offsetting financial assets and financial liabilities	1 January 2013
Amendments to HKFRS 9 and HKFRS 7 Mandatory effective date of HKFRS 9 and transition disclosures	1 January 2015
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12 Consolidated financial and disclosure of interests in other entities: Transition guidance	1 January 2013
Amendments to HKFRS 10, HKFRS 12 and HKAS 27 Investment entities	1 January 2014
HKFRS 11 Joint arrangements	1 January 2013
HKAS 19 (as revised in 2011) Employee benefits	1 January 2013
HKAS 27 (as revised in 2011) Separate financial statements	1 January 2013
HKAS 28 (as revised in 2011) Investments in associates and joint ventures	1 January 2013
HKFRS 9 Financial Instruments	No mandatory effective date yet
Amendments to HKAS 36 Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014
Annual Improvements to HKFRSs 2010-2012 Cycle	1 July 2014
Annual Improvements to HKFRSs 2011-2013 Cycle	1 July 2014

The company 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 company 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 PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**FOR THE YEAR ENDED 31 MARCH 2014****(For management information purpose only)**

	<u>2014</u> <u>HKS</u>	<u>2013</u> <u>HKS</u>
SALES	3,448,051	3,174,187
LESS: COST OF SALES	(2,078,633)	(1,856,484)
GROSS PROFIT	<u>1,369,418</u>	<u>1,317,703</u>
OTHER REVENUE		
Bank interest received	12	1
Donation income	528,641	463,979
Seminar income	19,951	26,710
Sundry income	47,724	54,459
	<u>1,965,746</u>	<u>1,862,852</u>
ADMINISTRATIVE EXPENSES		
Executive Committee Members' emolument - as members	-	-
- for management	-	-
Auditor's remuneration	10,000	10,000
Advertising	37,150	-
Bank charges	8,086	10,771
Bank interest	36	-
Cleaning fee	14,928	16,034
Commission paid	-	8,000
Computer accessories	7,270	8,946
Depreciation	55,361	41,372
Electricity and water	39,066	29,775
Expenses of activities	24,752	12,292
Insurance	3,290	2,651
License fee	155	3,965
Local transportation	83,565	124,703
Mandatory provident fund	19,944	21,252
Postage and courier	9,209	5,406
Printing and stationery	26,911	24,296
Rent and rates	242,400	217,846
Repairs and maintenance	5,520	7,980
Salaries and allowances	559,518	506,450
Storage management fee	230,000	215,565
Sundry expenses	29,385	33,819
Telephone, fax and internet	8,771	10,123
Uniform	-	39,080
Veterinary expenses	803,743	316,470
	<u>2,219,060</u>	<u>1,666,796</u>
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(DEFICIT) / SURPLUS FOR THE YEAR	<u>(253,314)</u>	<u>196,056</u>