

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 2016

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 2016

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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 2016.

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
Chow Yuk Ha, Joanna (Resigned on 4 June 2015)

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 25 January 2017.

On behalf of the board of
Executive Committee Members



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

25 January 2017

**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)**

We have audited the financial statements of Hong Kong Rabbit Society Limited 香港兔友協會有限公司 ("the Charity") set out on pages 5 to 19, which comprise the statement of financial position as at 31 March 2016, 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 the 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 preparation 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 405 of the Hong Kong Companies Ordinance (Cap.622), 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 statements 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 Executive Committee Members, as well as evaluating the overall presentation of the financial statements.

**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)**

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

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 2016 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\$127,702. 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 2016, 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 disclosure requirements of Hong Kong Companies Ordinance.



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

Hong Kong, 25 January 2017

HONG KONG RABBIT SOCIETY LIMITED 香港兔友協會有限公司
Financial statements for the year ended 31 March 2016

Statement of profit or loss and other comprehensive income for the year ended 31 March 2016

	<u>Note</u>	<u>2016</u> <u>HK\$</u>	<u>2015</u> <u>HK\$</u>
Turnover	6	5,703,351	4,048,219
Cost of sales		(2,713,443)	(2,056,473)
Gross profit		2,989,908	1,991,746
Other revenue	7	51,286	126,320
		3,041,194	2,118,066
Administrative expenses		(2,434,855)	(2,160,463)
Taxation	8	-	-
SURPLUS / (DEFICIT) AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR	9	<u>606,339</u>	<u>(42,397)</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 2016

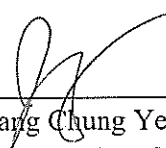
Statement of financial position as at 31 March 2016

	<u>Note</u>	<u>2016</u> <u>HK\$</u>	<u>2015</u> <u>HK\$</u>
Non-current assets			
Plant and equipment	11	85,210	115,422
Current assets			
Inventories		127,702	82,512
Deposits paid		77,600	76,400
Prepayment		48,913	39,103
Amount due from an executive committee member	10	4,279	4,279
Cash and bank balances	12	1,140,387	436,890
		<u>1,398,881</u>	<u>639,184</u>
Less: Current liabilities			
Trade and other payable		179,431	56,285
Net Current Assets		<u>1,219,450</u>	<u>582,899</u>
NET ASSETS		<u>1,304,660</u>	<u>698,321</u>
GENERAL FUND			
Retained surplus		<u>1,304,660</u>	<u>698,321</u>

On behalf of the board of executive committee members



Tong Nga Yin
Executive Committee Member



Tang Chung Yee
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 2016

Statement of changes in general fund for the year ended 31 March 2016

	Retained surplus <u>HKS</u>
Balance as at 1 April 2014	740,718
Deficit for the year	<u>(42,397)</u>
Balance as at 31 March 2015	<u>698,321</u>
Balance as at 1 April 2015	698,321
Surplus for the year	<u>606,339</u>
Balance as at 31 March 2016	<u>1,304,660</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 2016

Statement of Cash Flows for the year ended 31 March 2016

	<u>2016</u> <u>HK\$</u>	<u>2015</u> <u>HK\$</u>
OPERATING ACTIVITIES		
Surplus / (Deficit) from operations	606,339	(42,397)
Adjustments for:		
Depreciation	53,892	52,935
Operating surplus before movements in working capital	660,231	10,538
Increase in inventories	(45,190)	(33,550)
Increase in deposits paid	(1,200)	(11,000)
Increase in prepayment	(9,810)	(4,077)
Increase / (Decrease) in trade and other payable	123,146	(2,589)
	<u>66,946</u>	<u>(51,216)</u>
NET CASH INFLOW / (OUTFLOW) FROM OPERATING ACTIVITIES	<u>727,177</u>	<u>(40,678)</u>
INVESTING ACTIVITIES		
Acquisition of plant and equipment	(23,680)	(8,061)
NET CASH OUTFLOW USED IN INVESTING ACTIVITIES	<u>(23,680)</u>	<u>(8,061)</u>
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	703,497	(48,739)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	<u>436,890</u>	<u>485,629</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u><u>1,140,387</u></u>	<u><u>436,890</u></u>
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	<u><u>1,140,387</u></u>	<u><u>436,890</u></u>

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

Notes to financial statements for the year ended 31 March 2016

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 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.

(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. 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 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 2016, 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 2015. 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. Plant and equipment

Plant and equipments 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%

Notes to financial statements for the year ended 31 March 2016

3. Summary of significant accounting policies (continued)

b. Plant and equipment (continued)

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 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

Leases where substantially all the risks and rewards incidental to ownership of the leased assets are not transferred to the lessee are accounted for as operating leases. Annual rents applicable to such operating leases are charged to profit or loss on straight-line basis over the lease term. Incentives such as rent-free period or subsidy on decoration, if any, are recognised as a reduction of rental expenses over the lease term on a straight-line basis.

d. Inventories

Inventories are measured at initial recognition at cost and subsequently measured at the lower of cost and net realisable value. Cost is determined on first-in, first-out basis and comprises all costs of purchases, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is based on estimated selling prices in the ordinary course of business less further costs expected to be incurred to completion and disposal. Damaged and obsolete inventories are written down to net realisable value; the write-down and all losses are recognised immediately in profit or loss. When the inventories are sold, the carrying amount of inventories is recognised as an expense in the period in which the related revenue is recognised.

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 2016

3. Summary of significant accounting policies (continued)

f. Revenue recognition

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.

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, returns and sales-related taxes 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.

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.

h. Trade and other payables

Trade and other payables are initially measured at fair value and, after initial recognition, at amortised cost, except for short-term payables with no stated interest rate and the effect of discounting being immaterial, that are measured at their original invoice amount.

Notes to financial statements for the year ended 31 March 2016

3. Summary of significant accounting policies (continued)

i. 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.

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

During the year, 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 2015, including:

o Amendments to HKAS 19	Defined benefit plans: Employee contributions
o HKFRSs Amendments	Annual Improvements 2010-2012 Cycle
o HKFRSs Amendments	Annual Improvements 2011-2013 Cycle

The application of the new and revised HKFRSs has no material effects on the company'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.

HONG KONG RABBIT SOCIETY LIMITED 香港兔友協會有限公司
Financial statements for the year ended 31 March 2016

Notes to financial statements for the year ended 31 March 2016

6. Revenue

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

	<u>2016</u> <u>HK\$</u>	<u>2015</u> <u>HK\$</u>
Sales	4,337,098	3,512,884
Donation income	1,366,253	535,335
	<u>5,703,351</u>	<u>4,048,219</u>

7. Other revenue

	<u>2016</u> <u>HK\$</u>	<u>2015</u> <u>HK\$</u>
Bank interest received	5	4
Seminar income	550	79,292
Sundry income	50,731	47,024
	<u>51,286</u>	<u>126,320</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. (2015: NIL)

9. Surplus / (Deficit) for the year

	<u>2016</u> <u>HK\$</u>	<u>(Restated)</u> <u>2015</u> <u>HK\$</u>
Surplus / (Deficit) for the year is arrived at after charging:		
Auditor's remuneration	10,000	10,000
Depreciation	53,892	52,935
Operating lease charges	430,200	393,600
Staff cost		
Salaries and allowances	667,061	551,295
Mandatory provident fund	32,643	23,139
	<u>1,193,796</u>	<u>1,033,969</u>

Notes to financial statements for the year ended 31 March 2016

10. Executive Committee Members' remuneration

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>2016</u> <u>HK\$</u>	<u>2015</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	Outstanding principal and interest			Overdue amount	Provision
		At beginning of year	At end of year	Greatest outstanding		
		<u>HK\$</u>	<u>HK\$</u>	<u>HK\$</u>	<u>HK\$</u>	<u>HK\$</u>
Tong Nga Yin	Executive committee member	4,279	4,279	4,279	-	-

Principal terms:

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

11. Plant and equipment

	<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 1.4.2014	233,806	138,048	10,600	382,454
Additions during the year	-	7,162	899	8,061
As at 31.3.2015	233,806	145,210	11,499	390,515

HONG KONG RABBIT SOCIETY LIMITED 香港兔友協會有限公司
Financial statements for the year ended 31 March 2016

Notes to financial statements for the year ended 31 March 2016

11. 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>Aggregate depreciation and impairment losses</u>				
As at 1.4.2014	106,593	106,025	9,540	222,158
Charges during the year	39,164	12,441	1,330	52,935
As at 31.3.2015	<u>145,757</u>	<u>118,466</u>	<u>10,870</u>	<u>275,093</u>
<u>Net carrying amount</u>				
As at 31.3.2015	<u>88,049</u>	<u>26,744</u>	<u>629</u>	<u>115,422</u>
<u>Cost</u>				
As at 1.4.2015	233,806	145,210	11,499	390,515
Additions during the year	-	21,500	2,180	23,680
As at 31.3.2016	<u>233,806</u>	<u>166,710</u>	<u>13,679</u>	<u>414,195</u>
<u>Aggregate depreciation and impairment losses</u>				
As at 1.4.2015	145,757	118,466	10,870	275,093
Charges during the year	39,164	13,804	924	53,892
As at 31.3.2016	<u>184,921</u>	<u>132,270</u>	<u>11,794</u>	<u>328,985</u>
<u>Net carrying amount</u>				
As at 31.3.2016	<u>48,885</u>	<u>34,440</u>	<u>1,885</u>	<u>85,210</u>

12. Cash and bank balances

	<u>2016</u> <u>HK\$</u>	<u>2015</u> <u>HK\$</u>
Cash and cash equivalents in the statement of financial position and statement of cash flows	<u>1,140,387</u>	<u>436,890</u>

Notes to financial statements for the year ended 31 March 2016

13. Operating lease commitment

At 31 March 2016, the total future minimum lease payment falling due under non-cancelable operating leases in respect of land and buildings are payable as follows:

	<u>2016</u> <u>HK\$</u>	<u>2015</u> <u>HK\$</u>
Within one year	444,000	376,200
After one year but within five years	181,000	247,000
	<u>625,000</u>	<u>623,200</u>

14. Financial instruments

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

	<u>2016</u> <u>HK\$</u>	<u>2015</u> <u>HK\$</u>
<u>Loans and receivables</u>		
Deposits paid	77,600	76,400
Prepayment	48,913	39,103
Amount due from an executive committee member	4,279	4,279
Cash and bank balances	1,140,387	436,890
	<u>1,271,179</u>	<u>556,672</u>

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

	<u>2016</u> <u>HK\$</u>	<u>2015</u> <u>HK\$</u>
<u>Financial liabilities at amortised costs</u>		
Trade and other payable	179,431	56,285

All financial instruments are carried at amounts not materially different from their fair values as at 31 March 2015 and 31 March 2016.

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 2016

14. Financial instruments (continued)

a) Credit risk

At 31 March 2016, 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>2016</u> <u>HK\$</u>	<u>2015</u> <u>HK\$</u>
Deposits paid	77,600	76,400
Prepayment	48,913	39,103
Amount due from an executive committee member	4,279	4,279
Cash and bank balances	1,140,387	436,890
	<u>1,271,179</u>	<u>556,672</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> <u>3 months</u> <u>HK\$</u>	<u>Undeterminable</u> <u>period</u> <u>HK\$</u>	<u>Carrying</u> <u>amount</u> <u>HK\$</u>
<u>As at 31.3.2016</u>			
Trade and other payable	<u>179,431</u>	<u>-</u>	<u>179,431</u>
<u>As at 31.3.2015</u>			
Trade and other payable	<u>36,285</u>	<u>20,000</u>	<u>56,285</u>

Notes to financial statements for the year ended 31 March 2016

14. 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.

15. 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 years beginning <u>on or after</u>
HKFRS 9 Financial instruments	1 January 2018
HKFRS 15 Revenue from contracts with customers	1 January 2018
HKFRS 16 Leases	1 January 2019
HKFRSs Amendments Annual improvements to HKFRSs 2012-2014 cycle	1 January 2016
HKFRS 10 and HKAS 28 (Amendments) Sale or contribution of assets between an investor and its associate or joint venture	A date to be determined
HKFRS 10, HKFRS 12 and HKAS 28 (Amendments) Investment entities: Applying the consolidation exception	1 January 2016
HKFRS 11 (Amendments) Accounting for acquisitions of interests in joint operations	1 January 2016
HKFRS 15 (Amendments) Clarifications to HKFRS 15 revenue from contracts with customers	1 January 2018

HONG KONG RABBIT SOCIETY LIMITED 香港兔友協會有限公司
Financial statements for the year ended 31 March 2016

Notes to financial statements for the year ended 31 March 2016

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

	Effective for annual years beginning <u>on or after</u>
HKAS 1 (Amendment) Disclosure Initiative	1 January 2016
HKAS 16 and HKAS 38 (Amendments) Clarification of acceptable methods of depreciation and amortisation	1 January 2016
HKAS 16 and HKAS 41 (Amendments) Agriculture: Bearer plants	1 January 2016
HKAS 27 (Amendments) Equity method in separate financial statements	1 January 2016

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 PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**FOR THE YEAR ENDED 31 MARCH 2016****(For management information purpose only)**

	<u>2016</u> <u>HKS</u>	<u>2015</u> <u>HKS</u>
SALES	4,337,098	3,512,884
LESS: COST OF SALES	(2,713,443)	(2,056,473)
GROSS PROFIT	<u>1,623,655</u>	<u>1,456,411</u>
OTHER REVENUE		
Bank interest received	5	4
Donation income	1,366,253	535,335
Seminar income	550	79,292
Sundry income	50,731	47,024
	<u>3,041,194</u>	<u>2,118,066</u>
ADMINISTRATIVE EXPENSES		
Executive Committee Members' emolument - as members	-	-
- for management	-	-
Auditor's remuneration	10,000	10,000
Advertising	670	-
Bank charges	14,368	9,091
Bank interest	-	4
Cleaning fee	33,510	17,820
Computer accessories	4,543	4,349
Depreciation	53,892	52,935
Electricity and water	84,028	64,786
Expenses of activities	24,764	16,829
Insurance	3,650	4,314
Legal and professional fee	5,120	-
License fee	3,810	3,810
Local delivery service	266,147	136,194
Mandatory provident fund	32,643	23,139
Postage and courier	14,488	9,221
Printing and stationery	17,676	13,988
Rent, rates and building management fee	447,468	409,429
Repairs and maintenance	23,991	27,248
Salaries and allowances	667,061	551,295
Storage management fee	-	130,000
Sundry expenses	49,636	35,874
Telephone, fax and internet	9,120	8,701
Veterinary expenses	668,270	631,436
	<u>2,434,855</u>	<u>2,160,463</u>
SURPLUS / (DEFICIT) FOR THE YEAR	<u>606,339</u>	<u>(42,397)</u>