

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

REPORTS AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

HONG KONG RABBIT SOCIETY LIMITED
香港兔友協會有限公司
REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

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HONG KONG RABBIT SOCIETY LIMITED
香港兔友協會有限公司
REPORT OF THE EXECUTIVE COMMITTEE MEMBERS

The executive committee members present their report and the audited financial statements of Hong Kong Rabbit Society Limited 香港兔友協會有限公司 (the "Charity") for the year ended 31 March 2021.

The Charity qualifies for the reporting exemption as a small guarantee company under Section 359(1)(a) and 363 of the Hong Kong Companies Ordinance (Cap. 622) and is exempted from making certain disclosures and a business review in this report.

Principal activity

The Charity is a company incorporated in Hong Kong with limited liability by guarantee and not having a share capital. Its address of registered office and principal place of business is Room 303, 3/F., Fuk Hong Industrial Building, 60-62 Tong Mi Road, Mong Kok, Kowloon, Hong Kong. The principal activity of the Charity is to protect and advance animal welfare, especially rabbits.

Results

The state of the Charity's affairs as at 31 March 2021 and the results of the Charity for the year are set out in the attached financial statements.

General fund

The movements in general fund during the year are set out in note 9 to the financial statements.

Plant and equipment

The movements to plant and equipment are set out in note 6 to financial statements.

Executive committee members

The executive committee members of the Charity during the year and up to the date of this report were:

Tong Nga Yin
Tang Chung Yee
Tung Fong Yi

In accordance with the Charity's articles of association, all the executive committee members retire from office at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

Executive committee members' interests in transactions, arrangements or contracts

No significant transactions, arrangements or contracts 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, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Arrangements to acquire shares or debentures

At no time during the year was the Charity a party to any arrangements to enable the executive committee members of the Charity to acquire benefits by means of the acquisition of shares in or debentures of the Charity or any other body corporate.

HONG KONG RABBIT SOCIETY LIMITED
香港兔友協會有限公司
REPORT OF THE EXECUTIVE COMMITTEE MEMBERS

Equity-linked agreements

There were no equity-linked agreements entered into during the year or subsisting at the end of the year.

Permitted indemnity provision

During the year ended 31 March 2021 and up to the date of this report, there was or is permitted indemnity provisions in the Charity's articles of association being in force for the benefits or the executive committee members of the Charity.

Auditor

Lai Yan Wah Certified Public Accountant (Practising) was appointed as auditor of the Charity in 2021 upon retirement of K S Yu & Co. Certified Public Accountants (Practising).

Lai Yan Wah Certified Public Accountant (Practising) retire and, being eligible, offer themselves for re-appointment.

On behalf of the executive committee



Tong Nga Yin
Chairman

Hong Kong, 31 January 2022

**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 with limited liability by guarantee and not having a share capital)

Qualified Opinion

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 6 to 11, which comprise the statement of financial position as at 31 March 2021, and the income statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matters described in the Basis for Qualified Opinion section of our report, the financial statements of the Charity are prepared, in all material respects, in accordance with the Hong Kong Small and Medium-Sized Entity Financial Reporting Standard ("SME-FRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for Qualified Opinion

As a result of similar limitations of audit scope as mentioned below, a qualified opinion was expressed by the predecessor auditor in their report dated 5 January 2021 on the financial statements of the Charity for the year ended 31 March 2020.

The Charity estimated the carrying amount of inventories as at 31 March 2020 and 2021 by multiplying the selling price of the items of inventories with a predetermined gross profit ratio. It fails to comply with paragraph 7.1 of the SME-FRS that requires inventories be measured at the lower of cost and net realisable value. In addition, we were not provided with sufficient appropriate audit evidence for the cost and the net realisable value of the inventories held by the Charity at 31 March 2020 and 2021. Therefore, we were unable to determine whether any adjustments to the inventories at 31 March 2020 and 2021 were necessary and it is impracticable for us to quantify the financial effects on the carrying amount of inventories at 31 March 2020 and 2021 amounted to HK\$198,855 and HK\$209,560, respectively; and the cost of sales for the years ended 31 March 2020 and 2021 amounted to HK\$3,435,806 and HK\$3,590,515, respectively.

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

Information Other than the Financial Statements and Auditor's Report Thereon

The executive committee members are responsible for the other information. The other information comprises the information included in the report of executive committee members and detailed income statement in the appendix, but does not include the financial statements and our auditor's report thereon.

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

**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 with limited liability by guarantee and not having a share capital)

Information Other than the Financial Statements and Auditor's Report Thereon (continued)

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

Responsibilities of Executive Committee Members for the Financial Statements

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

In preparing the financial statements, the executive committee members are responsible for assessing the Charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the executive committee members either intend to liquidate the Charity or to cease operations, or has no realistic alternative but to do so.

The executive committee members are also responsible for overseeing the Charity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion 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.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
HONG KONG RABBIT SOCIETY LIMITED**
香港兔友協會有限公司

(Incorporated in Hong Kong with limited liability by guarantee and not having a share capital)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

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

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

Report on other matters under sections 407(2) and 407(3) of the Hong Kong Companies Ordinance

In respect alone of the inability to obtain sufficient appropriate audit evidence as described in the Basis for Qualified Opinion section of our report above:

- we were unable to determine whether adequate accounting records had been kept; and
- we have not obtained all the information or explanations that, to the best of our knowledge and belief, are necessary and material for the purpose of our audit.



LAI Yan Wah
Certified Public Accountant (Practising)
Practising Certificate Number P07491

Hong Kong, 31 January 2022

HONG KONG RABBIT SOCIETY LIMITED
香港兔友協會有限公司
INCOME STATEMENT
FOR THE YEAR ENDED 31 MARCH 2021

	Notes	<u>2021</u> HK\$	<u>2020</u> HK\$
Revenue	2	7,102,232	6,810,079
Cost of sales		<u>(3,590,515)</u>	<u>(3,435,806)</u>
Gross profit		3,511,717	3,374,273
Other income	2	398,281	121,074
Other operating and administrative expenses		<u>(3,905,332)</u>	<u>(3,947,513)</u>
Taxation	3	<u>-</u>	<u>-</u>
Surplus / (deficit) for the year	4	<u>4,666</u>	<u>(452,166)</u>

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

HONG KONG RABBIT SOCIETY LIMITED
香港兔友協會有限公司
STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2021

	Notes	2021 HK\$	2020 HK\$
NON-CURRENT ASSETS			
Plant and equipment	6	367,717	572,846
CURRENT ASSETS			
Inventories	7	209,560	198,855
Deposits paid		120,700	120,700
Bank balances and cash		1,353,829	1,145,852
		1,684,089	1,465,407
CURRENT LIABILITIES			
Amount due to an executive committee member	8	16,500	16,500
Trade and other payables		459,543	450,656
		476,043	467,156
NET CURRENT ASSETS		1,208,046	998,251
NET ASSETS		1,575,763	1,571,097
FUND			
General fund	9	1,575,763	1,571,097

Approved and authorised for issue by the executive committee of the Charity



Tong Nga Yin
Executive Committee Member



Tang Chung Yee
Executive Committee Member

Hong Kong, 31 January 2022

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

HONG KONG RABBIT SOCIETY LIMITED
香港兔友協會有限公司
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

Reporting entity

Hong Kong Rabbit Society Limited 香港兔友協會有限公司 (the "Charity") is a company incorporated in Hong Kong with limited liability by guarantee and not having a share capital. Its address of registered office and principal place of business is Room 303, 3/F., Fuk Hong Industrial Building, 60-62 Tong Mi Road, Mong Kok, Kowloon, Hong Kong. The principal activity of the Charity is to protect and advance animal welfare, especially rabbits.

Under the articles of association of the Charity, every member of the Charity undertakes to contribute to the assets of the Charity, in the event of its being wound up while the person is a member, or within one year after the person ceases to be a member, for payment of the debts and liabilities of the Charity contracted before the person ceases to be a member, and of the costs, charges and expenses of winding up, and for the adjustment of the rights of the contributories among themselves, such amount as may be required not exceeding HK\$100.

1. Basis of preparation and accounting policies

The Charity qualifies for the reporting exemption as a small guarantee company under section 359(1)(a) and 363 of the Hong Kong Companies Ordinance (Cap. 622) and is therefore entitled to prepare and present its financial statements in accordance with the Small and Medium-sized Entity Financial Reporting Standard (SME-FRS) issued by the Hong Kong Institute of Certified Public Accountants.

These financial statements comply with the SME-FRS and have been prepared under the accrual basis of accounting and on the basis that the Charity is a going concern. The measurement base adopted is the historical cost convention.

The following are the specific accounting policies that are necessary for a proper understanding of the financial statements:

Revenue

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 basis:

- sale of goods is recognised when the goods are delivered and the risks and rewards of ownership have passed to the customer;
- donation income and subsidy income are recognised upon receipt; and
- interest income is recognised on a time proportion basis taking into account the principal outstanding and the interest applicable.

Foreign exchange

The reporting currency of the Charity is Hong Kong Dollars, which is the currency of the primary economic environment in which the Charity operates.

Foreign currency transactions are converted at the exchange rate applicable at the transaction date. Foreign currency monetary items are translated into Hong Kong Dollars using exchange rates applicable at the end of the reporting period. Gains and losses on foreign exchange are recognised in the income statement.

Taxation

The Charity is a non-profit-making charitable organisation and the charge for Hong Kong profits tax is exempted. Deferred tax is not provided.

HONG KONG RABBIT SOCIETY LIMITED
香港兔友協會有限公司
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

1. Basis of preparation and accounting policies (continued)

Plant and equipment

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

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

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

Impairment of assets

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

Leases

Leases where substantially all the risks and rewards of ownership of assets are not transferred to the lessee are accounted for as operating leases. Annual rents applicable to such operating leases are charged to the income statement on a straight-line basis over the lease term.

Inventories

Inventories are stated at the lower of cost (using a first-in-first-out basis) and net realisable value. In arriving at net realisable value an allowance has been made for deterioration and obsolescence.

2. Revenue and other income

An analysis of the Charity's revenue and other income is as follows:

	2021 HK\$	2020 HK\$
<u>Revenue</u>		
Sales	4,991,111	5,470,279
Donation income	2,111,121	1,339,800
	<u>7,102,232</u>	<u>6,810,079</u>
<u>Other income</u>		
Bank interest income	11	424
Seminary income	2,200	2,200
Subsidy income (note)	396,070	118,450
	<u>398,281</u>	<u>121,074</u>

HONG KONG RABBIT SOCIETY LIMITED
香港兔友協會有限公司
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

2. Revenue and other income (continued)

Note:

During the year ended 31 March 2021, the Charity received funding support of HK\$246,070 (2020: nil) from the Employment Support Scheme under the Anti-epidemic Fund, set up by the Government from Hong Kong Special Administrative Region. The purpose of the funding is to provide financial support to enterprises to retain their employees who would otherwise be made redundant. Under the terms of the grant, the Charity is required not to make redundancies during the subsidy period and to spend all the funding on paying wages to the approved list of employees.

During the year ended 31 March 2021, the Charity received funding support of HK\$150,000 (2020: HK\$118,450) from the Agriculture, Fisheries and Conservation Department under the scheme named "Subvention to Animal Welfare Organisations". The fund was used for the education programme and the nutritional supplements and veterinary medical costs for rehoming rabbits.

3. 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 (2020: nil).

4. Surplus / (deficit) for the year

Surplus / (deficit) for the year is arrived at after charging the following items:

	2021 HK\$	2020 HK\$
Auditor's remuneration	10,000	15,000
Depreciation	182,710	204,941
Loss on disposal of plant and equipment	24,517	-
Operating lease charges	558,000	558,000
Staff costs		
- salaries and allowance	1,128,187	1,051,892
- mandatory provident fund	53,478	50,426
	<u> </u>	<u> </u>

5. Executive committee members' remuneration

None of the executive committee members received or will receive any fees or emoluments in respect of their services to the Charity for the year (2020: nil).

6. Plant and equipment

	Leasehold improvement HK\$	Furniture, fixtures and equipment HK\$	Computer equipment HK\$	Total HK\$
Cost				
At 1 April 2020	1,053,116	330,752	44,249	1,428,117
Additions	-	-	2,098	2,098
On disposals	(233,806)	(246,512)	-	(480,318)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 March 2021	819,310	84,240	46,347	949,897
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

HONG KONG RABBIT SOCIETY LIMITED
香港兔友協會有限公司
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

6. Plant and equipment (continued)

	Leasehold improvement HK\$	Furniture, fixtures and equipment HK\$	Computer equipment HK\$	Total HK\$
<u>Accumulated depreciation</u>				
At 1 April 2020	561,529	252,692	41,050	855,271
Charge for the year	163,863	16,847	2,000	182,710
On disposals	(233,806)	(221,995)	-	(455,801)
At 31 March 2021	491,586	47,544	43,050	582,180
<u>Net carrying amount</u>				
At 31 March 2021	327,724	36,696	3,297	367,717
At 31 March 2020	491,587	78,060	3,199	572,846

7. Inventories

Inventories comprise entirely of stock in trade.

8. Amount due to an executive committee member

The amount due to an executive committee member is unsecured, interest-free and repayable on demand.

9. General fund

	HK\$
Balance as at 1 April 2020	1,571,097
Surplus for the year	4,666
Balance as at 31 March 2021	1,575,763

10. Operating lease commitment

The Charity had the following total future minimum lease payments payable under non-cancellable operating leases:

	2021 HK\$	2020 HK\$
Not later than one year	-	232,500
Later than one year	-	-
	-	232,500

11. Approval of financial statements

These financial statements were approved and authorised for issue by the executive committee of the Charity on 31 January 2022.

HONG KONG RABBIT SOCIETY LIMITED
APPENDIX

香港兔友協會有限公司

DETAILED INCOME STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

(for management information purpose only)

	2021 HK\$	2020 HK\$
Revenue	7,102,232	6,810,079
Cost of sales	(3,590,515)	(3,435,806)
Gross profit	3,511,717	3,374,273
Other income		
Bank interest income	11	424
Seminary income	2,200	2,200
Subsidy income	396,070	118,450
	398,281	121,074
Other operating and administrative expenses		
Executive committee members' emolument		
- as members	-	-
- for management	-	-
Accounting fee	10,000	10,000
Auditor's remuneration	10,000	15,000
Bank charges	13,108	14,235
Cleaning fee	28,926	28,518
Computer accessories	3,056	13,406
Depreciation	182,710	204,941
Electricity and water	27,312	69,589
Expenses of activities	9,658	9,035
Insurance	7,626	6,828
Legal and professional fee	2,400	2,305
Licence fee	7,620	3,810
Local delivery service	505,609	472,052
Loss on disposal of fixed assets	24,517	-
Mandatory provident fund	53,478	50,426
Postage and courier	2,174	1,348
Printing and stationery	48,483	23,188
Rent	558,000	558,000
Repairs and maintenance	19,352	29,086
Salaries and allowance	1,128,187	1,051,892
Sundry expenses	29,160	84,844
Telephone, fax and internet	7,492	9,405
Veterinary expenses	1,226,464	1,289,605
	3,905,332	3,947,513
Surplus / (deficit) for the year	4,666	(452,166)