

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 2023

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 2023

INDEX

CONTENTS	PAGE(S)
REPORT OF THE EXECUTIVE COMMITTEE MEMBERS	1 - 2
INDEPENDENT AUDITOR'S REPORT	3 - 5
INCOME STATEMENT	6
STATEMENT OF FINANCIAL POSITION	7
NOTES TO FINANCIAL STATEMENTS	8 - 12

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 2023.

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 2023 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.

Property, plant and equipment

The movements to property, 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.

Permitted indemnity provision

Pursuant to the Charity's articles of association, a permitted indemnity provision as defined in the Hong Kong Companies Ordinance was in force for the benefits of the executive committee members during the year ended 31 March 2023.

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.

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

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.

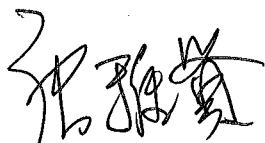
Equity-linked agreements

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

Auditor

During the year, the auditor, Lai Yan Wah Certified Public Accountant (Practising) had retired in the annual general meeting. Subsequently, Chin Chi Ho Stanley Certified Public Accountant (Practising), has been appointed as the auditor of the Charity. A resolution will be submitted to the forthcoming annual general meeting to re-appoint Chin Chi Ho Stanley Certified Public Accountant (Practising).

On behalf of the executive committee



Tong Nga Yin
Chairman

Hong Kong, 8 February 2024

CHIN CHI HO STANLEY CERTIFIED PUBLIC ACCOUNTANT (PRACTISING)

Unit E, 22/F., Tower A, Billion Centre, 1 Wang Kwong Road, Kowloon Bay, Kowloon, Hong Kong

Tel: 3622 2132 Fax: 3971 0870

**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 12, which comprise the statement of financial position as at 31 March 2023, 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

The Charity estimated the carrying amount of inventories as at 31 March 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. No sufficient appropriate audit evidence was provided for the cost and the net realisable value of the inventories held by the Charity as at 31 March 2021. Consequently, we were unable to determine whether any adjustments to the cost of sales for the year ended 31 March 2022. Any adjustments to these amounts might have consequential effect on the Charity's financial performance for the year ended 31 March 2022.

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") 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.

Other Matter

The financial statements of the Charity for the year ended 31 March 2022, were audited by another auditor who expressed a qualified opinion on the carrying amount of inventories as at 31 March 2021 and the cost of sales for the years ended 31 March 2021 and 2022 on those statements on 6 February 2023.

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.

CHIN CHI HO STANLEY CERTIFIED PUBLIC ACCOUNTANT (PRACTISING)

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**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 HKSAs 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 HKSAs, 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.

CHIN CHI HO STANLEY CERTIFIED PUBLIC ACCOUNTANT (PRACTISING)

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Tel: 3622 2132 Fax: 3971 0870

**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.



CHIN CHI HO STANLEY
Certified Public Accountant (Practising)
Practising Certificate Number P07911
Hong Kong, 8 February 2024

HONG KONG RABBIT SOCIETY LIMITED
香港兔友協會有限公司
INCOME STATEMENT
FOR THE YEAR ENDED 31 MARCH 2023

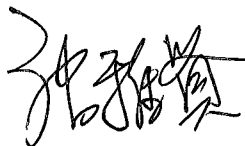
	Notes	<u>2023</u> HK\$	<u>2022</u> HK\$
Revenue	2	9,047,070	7,665,526
Cost of sales		<u>(3,727,860)</u>	<u>(3,755,885)</u>
Gross profit		5,319,210	3,909,641
Other income	2	220,320	174,744
Other operating and administrative expenses		(5,458,035)	(4,135,217)
Taxation	3	-	-
Surplus / (deficit) for the year	4	<u>81,495</u>	<u>(50,832)</u>

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

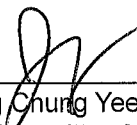
HONG KONG RABBIT SOCIETY LIMITED
香港兔友協會有限公司
STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2023

	Notes	<u>2023</u> HK\$	<u>2022</u> HK\$
NON-CURRENT ASSETS			
Property, plant and equipment	6	6,975	187,039
CURRENT ASSETS			
Inventories	7	196,003	228,710
Deposits paid		122,700	122,700
Bank balances and cash		1,739,440	1,392,805
		<u>2,058,143</u>	<u>1,744,215</u>
CURRENT LIABILITIES			
Amount due to an executive committee member	8	16,500	16,500
Trade and other payables		442,192	389,823
		<u>458,692</u>	<u>406,323</u>
NET CURRENT ASSETS		<u>1,599,451</u>	<u>1,337,892</u>
NET ASSETS		<u>1,606,426</u>	<u>1,524,931</u>
FUND			
General fund	9	<u>1,606,426</u>	<u>1,524,931</u>

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, 8 February 2024

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 2023

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 ceased 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.

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 2023

1. Basis of preparation and accounting policies (continued)

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.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

The depreciable amount of an item of property, 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 property, 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:

	<u>2023</u>	<u>2022</u>
	HK\$	HK\$
<u>Revenue</u>		
Sales	6,177,353	5,792,823
Donation income	2,869,717	1,872,703
	<u>9,047,070</u>	<u>7,665,526</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 2023

2. Revenue and other income (continued)

	<u>2023</u>	<u>2022</u>
	HK\$	HK\$
Other income		
Bank interest income	36	14
Seminary income	2,200	2,200
Subsidy income (note)	218,084	172,530
	<u>220,320</u>	<u>174,744</u>

Note:

During the year ended 31 March 2023, the Charity received funding support of HK\$144,000 (2022: HK\$ 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 2023, the Charity received funding support of HK\$74,084 (2022: HK\$129,930) 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 (2022: nil).

4. Surplus / (deficit) for the year

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

	<u>2023</u>	<u>2022</u>
	HK\$	HK\$
Auditor's remuneration	10,000	10,000
Depreciation	182,864	183,218
Operating lease charges	558,000	558,000
Staff costs		
- salaries and allowance	1,165,893	1,125,827
- mandatory provident fund	54,696	55,598
	<u>1,911,453</u>	<u>1,932,643</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 (2022: nil).

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 2023

6. Property, plant and equipment

	Leasehold improvement HK\$	Furniture, fixtures and equipment HK\$	Computer equipment HK\$	Total HK\$
<u>Cost</u>				
At 1 April 2022	819,310	86,780	46,347	952,437
Additions	-	2,800	-	2,800
At 31 March 2023	<u>819,310</u>	<u>89,580</u>	<u>46,347</u>	<u>955,237</u>
<u>Accumulated depreciation</u>				
At 1 April 2022	655,448	64,900	45,050	765,398
Charge for the year	163,862	17,916	1,086	182,864
At 31 March 2023	<u>819,310</u>	<u>82,816</u>	<u>46,136</u>	<u>948,262</u>
<u>Net carrying amount</u>				
At 31 March 2023	<u>-</u>	<u>6,764</u>	<u>211</u>	<u>6,975</u>
At 31 March 2022	<u>163,862</u>	<u>21,880</u>	<u>1,297</u>	<u>187,039</u>

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 2022	1,524,931
Surplus for the year	<u>81,495</u>
Balance as at 31 March 2023	<u><u>1,606,426</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 2023

10. Operating lease commitment

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

	<u>2023</u>	<u>2022</u>
	HK\$	HK\$
Not later than one year	558,000	558,000
Later than one year	232,500	790,500
	<u>790,500</u>	<u>1,348,500</u>

11. Approval of financial statements

These financial statements were approved and authorised for issue by the executive committee of the Charity on 8 February 2024.

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 2023

(for management information purpose only)

	2023 HK\$	2022 HK\$
Revenue	9,047,070	7,665,526
Cost of sales	(3,727,860)	(3,755,885)
Gross profit	5,319,210	3,909,641
Other income		
Bank interest income	36	14
Seminary income	2,200	2,200
Subsidy income	218,084	172,530
	220,320	174,744
Other operating and administrative expenses		
Executive committee members' emolument		
- as members	-	-
- for management	-	-
Accounting fee	10,000	10,000
Auditor's remuneration	10,000	10,000
Bank charges	10,687	12,878
Cleaning fee	41,057	29,846
Computer accessories	7,706	5,782
Depreciation	182,864	183,218
Electricity and water	33,435	66,231
Expenses of activities	43,209	72,890
Insurance	850	7,055
Licence fee	3,810	-
Local delivery service	564,110	551,103
Mandatory provident fund	54,696	55,598
Postage and courier	1,853	4,383
Printing and stationery	14,610	10,003
Rent	558,000	558,000
Repairs and maintenance	83,989	28,210
Salaries and allowance	1,165,893	1,125,827
Stamp duty	-	1,398
Sundry expenses	154,985	41,811
Telephone, fax and internet	10,086	10,668
Veterinary expenses	2,506,195	1,350,316
	5,458,035	4,135,217
Surplus / (deficit) for the year	81,495	(50,832)