

Report of the Committee Members

Audited Financial Statements

KIRAT RAI ASSOCIATION HONG KONG LIMITED

FOR THE PERIOD FROM 9 AUGUST 2011 (DATE OF INCORPORATION)

TO 31 MARCH 2012

**C.C. Alliance CPA & Co.
Certified Public Accountants**

KIRAT RAI ASSOCIATION HONG KONG LIMITED

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KIRAT RAI ASSOCIATION HONG KONG LIMITED

REPORT OF THE COMMITTEE MEMBERS

The Committee Members herein present their report and the audited financial statements of the KIRAT RAI ASSOCIATION HONG KONG LIMITED (the “Association”) for the period from 9 August 2011 (date of incorporation) to 31 March 2012.

Principal activities

The Association’s principal activities are to maintain social integrity, acquire equality and justice, by protecting, preserving and promoting distinct social and cultural identity and linguistic diversity of Kirat Rai.

Results

The Association’s deficit for the period ended 31 March 2012 and its state of affairs at that date are set out in the financial statements on page 3 to 10.

Committee Members

The Committee Members of the Association during the period and at the balance sheet date were:

Rai Bimal
Rai Kisan
Rai Lalparsad
Rai Pitambar
Rai Shashi Madan

There being no provision to the contrary in the Articles of Association for rotation, all committee members continue in office.

Committee Members’ interests in contracts

No contracts of significance to which the Association was a party in which a committee member of the Association had a material interest subsisted at the end of the year or at any time during the financial year.

Auditors

The auditors, Messrs. CC Alliance CPA & Co. were appointed as auditors of the Association.

ON BEHALF OF THE BOARD

CHAIRMAN, Hong Kong
1 June 2016

INDEPENDENT AUDITORS' REPORT

To the members of
KIRAT RAI ASSOCIATION HONG KONG LIMITED
(incorporated in Hong Kong with limited by guarantee)

Report on the Financial Statements

We have audited the financial statements of KIRAT RAI ASSOCIATION HONG KONG LIMITED set out on pages 3 to 10 which comprise the balance sheet as at 31 March 2012, and the income and expenditure account, the statement of changes in funds and the cash flow statement for the period from 9 August 2011 (date of incorporation) to 31 March 2012, and a summary of significant accounting policies and other explanatory information.

Committee Members' responsibility for the financial statements

The 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 predecessor Hong Kong Companies Ordinance (Cap. 32), and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the content of this report.

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 auditors consider internal control relevant to the entity's preparation of 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 the Committee Members, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Association as at 31 March 2012 and of its results and cash flows for the period then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the predecessor Hong Kong Companies Ordinance (Cap. 32).

CC Alliance CPA & Co.
Certified Public Accountants
1 June 2016

KIRAT RAI ASSOCIATION HONG KONG LIMITED

INCOME AND EXPENDITURE ACCOUNT

For the period ended 31 March 2012

	Notes	Period from 9 August 2011 (date of incorporation) to 31 March 2012 HK\$
INCOME		<u>28,700</u>
EXPENDITURE		
Accounting fees		1,500
Audit fees		2,000
Company formation charges		10,500
Computer & internet expense		2,255
Rent, rates and management fees		1,400
Religious, cultural and social activities		<u>12,557</u>
		<u>30,212</u>
Deficit for the period	3	<u><u>(1,512)</u></u>

KIRAT RAI ASSOCIATION HONG KONG LIMITED

BALANCE SHEET

As at 31 March 2012

	2012 HK\$
CURRENT ASSETS	
Cash and bank balance	12,488
CURRENT LIABILITIES	
Accruals	3,500
Other payables	10,500
	<u>14,000</u>
DEFICIENCY IN ASSETS	<u>(1,512)</u>
ACCUMULATED FUNDS	<u>(1,512)</u>

The financial statements on pages 3 to 10 were approved and authorized for issue by the board of Committee Members on 1 June 2016.

Committee member

Committee member

KIRAT RAI ASSOCIATION HONG KONG LIMITED

STATEMENT OF CHANGES IN FUNDS

For the period ended 31 March 2012

	Period from 9 August 2011 (date of incorporation) to 31 March 2012 HK\$
Deficit for the period	(1,512)

Accumulated fund at end of period	(1,512)
	=====

KIRAT RAI ASSOCIATION HONG KONG LIMITED

CASH FLOW STATEMENT

For the period ended 31 March 2012

	Period from 9 August 2011 (date of incorporation) to 31 March 2012 HK\$
CASH FLOWS FROM OPERATING ACTIVITIES	
Deficit for the period	(1,512)
CHANGE IN WORKING CAPITAL	
Increase in other payables	10,500
Increase in accruals	3,500

CASH GENERATED FROM OPERATING ACTIVITIES AND NET INCREASE IN CASH & CASH EQUIVALENTS	12,488
Cash & cash equivalents at beginning of period	-

CASH & CASH EQUIVALENTS AT END OF PERIOD	12,488 =====

KIRAT RAI ASSOCIATION HONG KONG LIMITED

ACCOUNTING POLICIES AND EXPLANATORY NOTES TO FINANCIAL STATEMENTS

31 March 2012

CORPORATE INFORMATION

KIRAT RAI ASSOCIATION HONG KONG LIMITED (the “Association”) is a limited company incorporated in Hong Kong under the Hong Kong Companies Ordinance as a company limited by guarantee and not having a share capital. It is engaged to maintain social integrity, acquire equality and justice by protecting, preserving and promoting distinct social and cultural identity and linguistic diversity of Kirat Rai.

Under the provisions of the Association’s Memorandum and Articles of Association, every member shall, in the event of the Association being wound up, contribute such amount as may be required to meet the liabilities of the Association but not exceeding HK\$ 100 each.

1.1 BASIS OF PRESENTATION

Basis of preparation of financial statements

These financial statements have been prepared in accordance with the Hong Kong Financial Reporting Standards (HKFRSs) (which also include all 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 predecessor Hong Kong Companies Ordinance (Cap. 32). The financial statements have been prepared under the historical cost convention.

1.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

The Association has adopted the following new and revised HKFESs for the first time for the current period’s financial statements.

HKFRS 1 Amendment	Amendment to HKFRS 1 First-time Adoption of Hong Kong Financial Reporting Standards – Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters
HKAS 24 (Revised)	Related Party Disclosures
HK(IFRIC) – Int 14 Amendments	Amendments to HK(IFRIC) – Int 14 Prepayments of a Minimum Funding Requirement
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments
Improvements to HKFRSs 2010	Amendments to a number of HKFRSs issued in May 2010

The adoption of the new and revised HKFRSs has had no significant financial effect on these financial statements.

KIRAT RAI ASSOCIATION HONG KONG LIMITED

ACCOUNTING POLICIES AND EXPLANATORY NOTES TO FINANCIAL STATEMENTS

31 March 2012

1.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue recognition

Revenue is recognized on the basis of cash received and receivable from membership fee, donation and other contribution.

Impairment of assets

Assets that have an indefinite useful life are not subject to amortization, which are at least tested annually for impairment and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Operating leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Rentals applicable to such leases are dealt with in the income and expenditure account over the terms of the lease.

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.

Income tax

The Association is exempted from Hong Kong profits tax under the provision of Section 88 of the Hong Kong Inland Revenue Ordinance.

1.4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenditure. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in which the period of revision and future periods if the revision affects both current and future periods.

KIRAT RAI ASSOCIATION HONG KONG LIMITED

ACCOUNTING POLICIES AND EXPLANATORY NOTES TO FINANCIAL STATEMENTS

31 March 2012

2. ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Association has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

HKFRS 7 Amendments	Amendment to HKFRS 7 Financial Instruments: Disclosures – Transfer of Financial Assets ¹
HKFRS 7 Amendments	Amendments to HKFRS 7 Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities ³
HKFRS 9	Financial Instruments ⁵
HKFRS 13	Fair Value Measurement ³
HKAS 1 Amendments	Amendments to HKAS 1 Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income ²
HKAS 19 (2011)	Employee Benefits ³
HKAS 32 Amendments	Amendments to HKAS 32 Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities ⁴
Annual Improvements Projects	Annual Improvements to HKFRSs 2009-2011 Cycle ³

- 1 Effective for annual periods beginning on or after 1 July 2011
- 2 Effective for annual periods beginning on or after 1 July 2012
- 3 Effective for annual periods beginning on or after 1 January 2013
- 4 Effective for annual periods beginning on or after 1 January 2014
- 5 Effective for annual periods beginning on or after 1 January 2015

3. DEFICIT FOR THE PERIOD

Deficit for the period is arrived at after charging:

	2012 HK\$
Auditor's remuneration	2,000 =====

4. TAXATION

The Association is exempt from payment of tax by virtue of Section 88 of the Inland Revenue Ordinance.

KIRAT RAI ASSOCIATION HONG KONG LIMITED

ACCOUNTING POLICIES AND EXPLANATORY NOTES TO FINANCIAL STATEMENTS

31 March 2012

5. FINANCIAL INSTRUMENTS BY CATEGORY

All the Association financial assets as at 31 March 2012, including cash and bank balance, are categorized as loans and receivables.

All the Association's financial liabilities as at 31 March 2012, including accruals and other payables, are categorized as financial liabilities at amortised cost.

6. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Association's principal financial instruments comprise cash and cash equivalents. The main purpose of these financial statements is to raise finance for the Association's operations.

The main risk arising from the Association's financial instruments is liquidity risk.

Credit risk

The credit risk of the Association's financial assets which comprise cash and cash equivalents arises from default of the counterparties, with a maximum exposure equal to the carrying amounts of these instruments.

Liquidity risk

The Association monitors its risk to a shortage of funds by considering the maturity of both its financial assets and projected cash flows from operations. Prudent liquidity risk management implies maintaining sufficient cash.

7. COMPARATIVE AMOUNTS

As these are the first set of financial statements of the Association, no comparative amounts are presented accordingly.

8. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorized for issue by the board of committee members on 1 June 2016.