

Report of the Committee Members

Audited Financial Statements

KIRAT RAI ASSOCIATION HONG KONG LIMITED

31 March 2014

**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 Association for the year ended 31 March 2014.

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 surplus for the year ended 31 March 2014 and its state of affairs at that date are set out in the financial statements on page 3 to 10.

Property, Plant and Equipment

Details of movement in property, plant and equipment during the year are set out in note 5 in the financial statements.

Committee Members

The Committee Members of the Association during the year 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

During the year Janice C.M. Li Certified Public Accountant (Practising) retired as company's auditors. C.C. Alliance & Co. were appointed as auditors of the Association. A resolution for their reappointment as auditors of the Association will be proposed at the forthcoming annual general meeting.

ON BEHALF OF THE BOARD

CHAIRMAN, Hong Kong
30 March 2015

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 2014, and the income and expenditure account, statement of changes in funds and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Committee Members' responsibility for the financial statements

The Committee Members are responsible for the preparation and presentation of these financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with section 141 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the 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 and true and fair presentation of the financial statements 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 2014 and of its surplus and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

C.C. Alliance CPA & Co.
Certified Public Accountants
30 March 2015

KIRAT RAI ASSOCIATION HONG KONG LIMITED

INCOME AND EXPENDITURE ACCOUNT

For the year ended 31 March 2014

	Notes	2014 HK\$	Period from 9 August 2011 (date of incorporation) to 31 March 2013 HK\$
INCOME			
Income		333,607	174,352
OTHER INCOME		<u>333,607</u>	<u>174,352</u>
EXPENDITURE			
Accessories		2,858	-
Advertisement		3,000	-
Audit fees		3,000	4,000
Cleaning		-	52
Depreciation expense		302	302
Donations		3,355	-
Gifts, flowers and funeral expenses		3,070	-
Meals and refreshments		8,938	-
Office supplies		4,239	3,550
Printing & stationery		10,012	12,023
Rent, rates and management fees		14,400	6,800
Religious, cultural and social activities		209,785	108,791
Repairs & maintenance		250	-
Sundry expenses		2,792	679
Uniforms		633	-
Utilities		2,992	73
		<u>269,626</u>	<u>136,270</u>
Surplus for the year/period	3	<u>63,981</u>	<u>38,082</u>

KIRAT RAI ASSOCIATION HONG KONG LIMITED

BALANCE SHEET

As at 31 March 2014

	Notes	2014 HK\$	2013 HK\$
NON-CURRENT ASSETS			
Property, plant and equipment	5	<u>2,964</u>	<u>3266</u>
CURRENT ASSETS			
Deposits and prepayment		3,600	3,600
Cash and bank balance		<u>112,049</u>	<u>35,216</u>
		<u>115,649</u>	<u>38,816</u>
CURRENT LIABILITIES			
Accruals		3,000	4,000
Other payables		<u>13,550</u>	<u>-</u>
		<u>16,550</u>	<u>4,000</u>
NET CURRENT ASSETS		<u>99,099</u>	<u>34,816</u>
NET ASSETS		<u>102,063</u>	<u>38,082</u>
ACCUMULATED FUNDS		<u>102,063</u>	<u>38,082</u>

The financial statements on pages 3 to 10 were approved and authorized for issue by the board of Committee Members on 30 March 2015.

Committee member

Committee member

KIRAT RAI ASSOCIATION HONG KONG LIMITED

STATEMENT OF CHANGES IN FUNDS

For the year ended 31 March 2014

	2014 HK\$	2013 HK\$
Accumulated fund at beginning of year	38,082	-
Surplus for the year/period	63,981	38,082
Accumulated fund at 31 March	<u>102,063</u>	<u>38,082</u>

KIRAT RAI ASSOCIATION HONG KONG LIMITED

CASH FLOW STATEMENT

For the year ended 31 March 2014

	2014 HK\$	2013 HK\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Surplus for the year/period	63,981	38,082
Adjustments for:		
Depreciation	302	302
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Operating profit before working capital changes	64,283	38,384
CHANGE IN WORKING CAPITAL		
Increase in deposits and prepayment	-	(3,600)
Increase in other payables	13,550	-
(Decrease)/Increase in accruals	(1,000)	4,000
	-----	-----
CASH GENERATED FROM/(USED IN) OPERATING ACTIVITIES	12,550	400
INVESTING ACTIVITIES		
Purchase of fixed assets	-	(3,568)
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NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES	-	(3,568)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		
Cash and cash equivalents at beginning of year	76,833	35,216
	35,216	-
	-----	-----
Cash & cash equivalents at end of year/period	112,049	35,216
	=====	=====

KIRAT RAI ASSOCIATION HONG KONG LIMITED

ACCOUNTING POLICIES AND EXPLANATORY NOTES TO FINANCIAL STATEMENTS

31 March 2014

CORPORATE INFORMATION

KIRAT RAI ASSOCIATION HONG KONG Limited is a limited company incorporated in Hong Kong under the Hong Kong Companies Ordinance (Chapter 32) as a Company limited by guarantee and not having a share capital and 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.

1. SIGNIFICANT ACCOUNTING POLICIES

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 Statements of Standard Accounting Practice and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance. The financial statements have been prepared under the historical cost convention.

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.

Revenue recognition

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

KIRAT RAI ASSOCIATION HONG KONG LIMITED

ACCOUNTING POLICIES AND EXPLANATORY NOTES TO FINANCIAL STATEMENTS

31 March 2014

1. SIGNIFICANT ACCOUNTING POLICIES-CONTINUED

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after item of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the income statement in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment, and where the cost of the item can be measured reliably, the expenditure is capitalized as an additional cost of that asset or as a replacement.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are:

Property, plant & equipments	20%
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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.

KIRAT RAI ASSOCIATION HONG KONG LIMITED

ACCOUNTING POLICIES AND EXPLANATORY NOTES TO FINANCIAL STATEMENTS

31 March 2014

1. SIGNIFICANT ACCOUNTING POLICIES-CONTINUED

Income tax

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

2. LIQUIDITY RISK

Prudent liquidity risk management implies maintaining sufficient cash. To manage its liquidity risk, the Association has maintained an adequate cash position.

3. SURPLUS FOR THE YEAR/PERIOD

Surplus for the year/period is arrived at after charging:

	2014 HK\$	2013 HK\$
Auditor's remuneration	3,000	4,000
Depreciation	302	302
	=====	=====

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 2014

5. PROPERTY, PLANT AND EQUIPMENT

	Office Equipments	Furniture & Fixtures	Total
	HK\$	HK\$	HK\$
Cost:			
At beginning of year	2,480	1,088	3,568
At end of year	2,480	1,088	3,568
Accumulated Depreciation:			
At beginning of year	248	54	302
Charge for the year	248	54	302
At end of year	496	108	604
Net Book Value:			
At 31 March 2014	<u>59,321</u>	<u>3,198</u>	<u>2,964</u>
At 31 March 2013	<u>2,232</u>	<u>1,034</u>	<u>3,266</u>

6. LIMITATION OF GUARANTEE

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.