

Report of the Committee Members
Audited Financial Statements
KIRAT RAI ASSOCIATION HONG KONG LIMITED
31 March 2016

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 year ended 31 March 2016.

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 2016 and its state of affairs at that date are set out in the financial statements on page 3 to 9.

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 Lalparsad
Rai Shashi Madan
Rai Pitambar
Rai Kisan

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., retire and, being eligible, offer themselves for re-election.

ON BEHALF OF THE BOARD

CHAIRMAN, Hong Kong
6 October 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 9 which comprise the balance sheet as at 31 March 2016, 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 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 Hong Kong Companies Ordinance, 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 2016 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.

CC Alliance CPA & Co.
Certified Public Accountants
6 October 2016

KIRAT RAI ASSOCIATION HONG KONGLIMITED

INCOME AND EXPENDITURE ACCOUNT

For the year ended 31 March 2016

	Notes	2016 HK\$	2015 HK\$
INCOME		<u>31,421</u>	<u>47,870</u>
OTHER INCOME			
Donations for acquisition of a flat		1,568,946	615,188
Sundry Income		19,500	-
EXPENDITURE			
Accounting fees		1,000	1,000
Administrative expense		105	105
Agency fees		25,000	-
Audit fees		5,000	3,000
Bank service charges		160	-
Depreciation expense		62,523	302
Legal & consultancy fees		123,530	-
Printing & stationery		301	1,672
Rent, rates and management fees		60,000	60,000
Religious, cultural and social activities		19,420	10,400
Repairs & maintenance		75,000	10,000
Secretarial fees		2,000	2,000
Sundry expenses		<u>390</u>	<u>-</u>
		<u>374,429</u>	<u>105,479</u>
Surplus for the year	3	<u><u>1,245,438</u></u>	<u><u>557,579</u></u>

KIRAT RAI ASSOCIATION HONG KONG LIMITED

BALANCE SHEET

As at 31 March 2016

	Notes	2016 HK\$	2015 HK\$
NON-CURRENT ASSETS			
Property, plant and equipment	5	<u>2,369,659</u>	<u>2,662</u>
CURRENT ASSETS			
Deposits and prepayment		-	3,600
Cash and bank balance		1,168	178,716
Amount due from Nepal Finance Limited	6	-	450,000
Sundry Debtors		<u>17,254</u>	<u>31,664</u>
		<u>18,422</u>	<u>663,980</u>
CURRENT LIABILITIES			
Accruals		13,000	7,000
Other payables		<u>470,001</u>	-
		<u>483,001</u>	<u>7,000</u>
NET CURRENT ASSETS/(LIABILITIES)		<u>(464,579)</u>	<u>656,980</u>
NET ASSETS		<u>1,905,080</u>	<u>659,642</u>
ACCUMULATED FUNDS		<u>1,905,080</u>	<u>659,642</u>

The financial statements on pages 3 to 9 were approved and authorized for issue by the board of Committee Members on 06 October 2016.

Committee member

Committee member

KIRAT RAI ASSOCIATION HONG KONG LIMITED

STATEMENT OF CHANGES IN FUNDS

For the year ended 31 March 2016

	2016 HK\$	2015 HK\$
Accumulated fund at beginning of year	659,642	102,063
Surplus for the year	1,245,438	557,579
Accumulated fund at 31 March	1,905,080	659,642

KIRAT RAI ASSOCIATION HONG KONG LIMITED

CASH FLOW STATEMENT

For the year ended 31 March 2016

	2016 HK\$	2015 HK\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Surplus for the year	1,245,438	557,579
Adjustments for:		
Depreciation	62,523	302
	-----	-----
Operating profit before working capital changes	1,307,961	557,881
CHANGE IN WORKING CAPITAL		
Decrease/(Increase) in deposits and prepayment	3,600	-
Decrease/(Increase) in amount due from Nepal Finance Limited	450,000	(450,000)
Decrease/(Increase) in sundry debtors	14,410	(31,664)
(Decrease)/Increase in other payables	470,001	(13,550)
(Decrease)/Increase in accruals	6,000	4,000
	-----	-----
CASH GENERATED FROM OPERATING ACTIVITIES	2,251,972	66,667
INVESTING ACTIVITIES		
Purchase of fixed assets	(2,429,520)	-
	-----	-----
NET CASH OUTFLOW FROM INVESTING ACTIVITIES	(2,429,520)	-
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(177,548)	66,667
Cash and cash equivalents at beginning of year	178,716	112,049
	-----	-----
Cash & cash equivalents at end of year	1,168	178,716
	=====	=====

KIRAT RAI ASSOCIATION HONG KONG LIMITED

ACCOUNTING POLICIES AND EXPLANATORY NOTES TO FINANCIAL STATEMENTS

31 March 2016

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.

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 year in which the estimate is revised if the revision effects only that year, or in which the year of revision and future years if the revision affects both current and future years.

Revenue recognition

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

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 year 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.

KIRAT RAI ASSOCIATION HONG KONG LIMITED

ACCOUNTING POLICIES AND EXPLANATORY NOTES TO FINANCIAL STATEMENTS

31 March 2016

1. SIGNIFICANT ACCOUNTING POLICIES-CONTINUED

Property, plant and equipment (continued)

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:

Land & building	Over the estimated useful lives of 50 years or the remaining terms of leases, whichever is shorter
Furniture, fixtures and equipment	20%

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.

2. LIQUIDITY RISK

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

KIRAT RAI ASSOCIATION HONG KONG LIMITED

ACCOUNTING POLICIES AND EXPLANATORY NOTES TO FINANCIAL STATEMENTS

31 March 2016

3. SURPLUS FOR THE YEAR

Surplus for the year is arrived at after charging:

	2016 HK\$	2015 HK\$
Auditor's remuneration	7,000	7,000
Depreciation	62,523	302
	=====	=====

4. TAXATION

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

5. PROPERTY, PLANT AND EQUIPMENT

	Land & Building HK\$	Furniture, fixtures & equipments HK\$	Total HK\$
Cost:			
At the beginning of the year	-	3568	3,568
Addition	2,423,400	6,120	2,429,520
At the end of the year	----- 2,423,400	----- 9,688	----- 2,433,088
Accumulated Depreciation:			
At the beginning of the year	-	906	906
Charge for the year	60,585	1,938	62,523
At the end of the year	----- 60,585	----- 2,844	----- 63,429
Net Book Value:			
At 31 March 2016	----- 2,362,815	----- 6,844	----- 2,369,659
At 31 March 2015	----- -	----- 2,662	----- 2,662

6. AMOUNT DUE FROM NEPAL FINANCE LIMITED

The amount due from Nepal Finance Limited is unsecured, interest-free and has no fixed term of repayments. Rai Shashi Madan, one of the Association's committee members, is one of the director of Nepal Finance Limited. During the year, the maximum outstanding balance was HK\$450,000.

7. 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.