

**Report of the Committee Members**

**Audited Financial Statements**

**KIRAT RAI ASSOCIATION HONG KONG LIMITED**

**31 March 2018**

**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 2018.

### 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 year ended 31 March 2018 and its state of affairs at that date are set out in the financial statements on page 4 to 8.

### 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 date of this report were:

Rai Bimal  
Rai Lalparsad  
Rai Harichandra  
Rai Ajay  
Rai Gajendra Bahadur  
Rai Ganga Ram  
Rai Yukprasad

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  
20 February 2019



**CC ALLIANCE CPA & CO.**

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## **INDEPENDENT AUDITORS' REPORT**

To the members of Kirat Rai Association Hong Kong Limited  
(incorporated in Hong Kong with limited by guarantee)

### **Opinion**

We have audited the financial statements of Kirat Rai Association Hong Kong Limited ("the Association") set out on pages 4 to 8, which comprise the statement of financial position as at 31 March 2018, 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, the financial statements of the Association 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 Opinion**

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") and with reference to Practice Note 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 Association 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 opinion.

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

The committee members are responsible for the other information. The other information comprises the information included in the committee members' report, 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.

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 Committee Members and Those Charged with Governance for the Financial Statements**

The 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 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 committee members are responsible for assessing the Association'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 committee members either intend to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association's financial reporting process.



### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our responsibility is to express an opinion on these financial statements based on our audit. The report is made solely to you, as a body, in accordance with section 405 of Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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. 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 risks 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.
- 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 Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the committee members.
- Conclude on the appropriateness of the director's 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 Association'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 Association 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.



CC Alliance CPA & Co.  
Certified Public Accountants  
20 February 2019

KIRAT RAI ASSOCIATION HONG KONG LIMITED

INCOME AND EXPENDITURE ACCOUNT

For the year ended 31 March 2018

	Notes	2018 HK\$	2017 HK\$
INCOME		<u>224,475</u>	<u>515,857</u>
OTHER INCOME			
Donations		94,823	343,809
Sundry Income		3,520	5,293
EXPENDITURE			
Accounting fees		2,000	2,000
Administrative expense		870	1,740
Advertisement & promotion		-	4,000
Audit fees		5,000	5,000
Bank service charges		1,020	1,990
Depreciation expense		68,518	65,574
Penalty		-	4,000
Printing & stationery		-	300
Professional fees		-	1,000
Religious, cultural and social activities		205,190	424,015
Repairs & maintenance		118,588	38,653
Secretarial fees		2,000	2,000
Sundry expenses		500	-
Telephone & communications		5,244	864
Utilities		<u>4,373</u>	<u>6,607</u>
		<u>413,303</u>	<u>557,743</u>
(Deficit)/Surplus for the year	3	<u>(90,485)</u>	<u>307,216</u>

KIRAT RAI ASSOCIATION HONG KONG LIMITED

STATEMENT OF FINANCIAL POSITION

As at 31 March 2018

	Notes	2018 HK\$	2017 HK\$
NON-CURRENT ASSETS			
Property, plant and equipment	5	<u>2,265,544</u>	<u>2,319,340</u>
CURRENT ASSETS			
Cash and bank balance		23,829	216,607
Sundry Debtors		<u>38,624</u>	<u>9,900</u>
		<u>62,453</u>	<u>226,507</u>
CURRENT LIABILITIES			
Accruals		10,870	9,000
Other payables		<u>196,316</u>	<u>324,551</u>
		<u>207,186</u>	<u>333,551</u>
NET CURRENT LIABILITIES		<u>(144,733)</u>	<u>(107,044)</u>
NET ASSETS		<u>2,120,811</u>	<u>2,212,296</u>
ACCUMULATED FUNDS		<u>2,120,811</u>	<u>2,212,296</u>

The financial statements on pages 4 to 8 were approved and authorized for issue by the board of Committee Members on 20 February 2019.



Committee member



Committee member

# KIRAT RAI ASSOCIATION HONG KONG LIMITED

## ACCOUNTING POLICIES AND EXPLANATORY NOTES TO FINANCIAL STATEMENTS

31 March 2018

### 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. BASIS OF PREPARATION

The Association qualified for the reporting exemption as a small private company under section 359(1)(a) 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 (the “HKICPA”).

These financial statements comply with the SME-FRS and have been prepared under the accrual basis of accounting and on the basis that the Association is a going concern.

The financial statements have been prepared under the historical cost convention.

#### 2. 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.

##### Property, plant and equipment

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

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%



KIRAT RAI ASSOCIATION HONG KONG LIMITED

ACCOUNTING POLICIES AND EXPLANATORY NOTES TO FINANCIAL STATEMENTS

31 March 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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).

Income tax

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

3. (DEFICIT)/SURPLUS FOR THE YEAR

(Deficit)/Surplus for the year is arrived at after charging:

	2018 HK\$	2017 HK\$
Auditor's remuneration	5,000	5,000
Depreciation	68,518	65,574

No council members received any fees or other emoluments in respect of their services rendered to the Association during the year.

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 2018

5. PROPERTY, PLANT AND EQUIPMENT

	Land & Building HK\$	Furniture, fixtures & equipments HK\$	Total HK\$
<b>Cost:</b>			
At the beginning of the year	2,423,400	24,943	2,448,343
Addition	-	14,722	14,722
At the end of the year	<u>2,423,400</u>	<u>39,665</u>	<u>2,463,065</u>
<b>Accumulated Depreciation:</b>			
At the beginning of the year	121,170	7,833	129,003
Charge for the year	<u>60,585</u>	<u>7,933</u>	<u>68,518</u>
At the end of the year	<u>181,755</u>	<u>15,766</u>	<u>197,521</u>
<b>Net Book Value:</b>			
At 31 March 2018	<u>2,241,645</u>	<u>23,899</u>	<u>2,265,544</u>
At 31 March 2017	<u>2,302,230</u>	<u>17,110</u>	<u>2,319,340</u>

6. CHANGE IN EQUITY

	Accumulated funds HK\$
At the beginning of year	2,212,296
Deficit for the year	<u>(91,485)</u>
At 31 March 2018	<u>2,120,811</u>

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.