

KIRAT RAI ASSOCIATION HONG KONG LIMITED

REPORTS AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

RIGHTEOUS CPA & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

HONG KONG

KIRAT RAI ASSOCIATION HONG KONG LIMITED
REPORT OF THE DIRECTORS

The Directors hereby present the annual report together with the audited financial statements of the Association for the year ended 31 March 2020.

PRINCIPAL ACTIVITY

The principal activity of the Association is engaged in maintaining social integrity, acquire equality and justice, by protecting, preserving and promoting distinct social and cultural identity and linguistic diversity of Kirat Rai during the year.

PROPERTY, PLANT AND EQUIPMENT

Detail of movements in property, plant and equipment of the Association are set out in note 9 to the financial statements.

RESULTS AND DIVIDENDS

The results of the Association for the year ended 31 March 2020 and the state of affairs of the Association at that date are set out in the notes to the financial statements.

DIRECTORS

The Directors who held office during the year and up to the date of this report are:

Rai Gajendra Bahadur
Rai Ganga Ram
Rai Harichandra
Rai Bimal (Resigned on 08 June 2018)
Rai Yukprasad (Resigned on 08 June 2018)

There being no provision in the Association's articles of association for the retirement of directors, all directors continue in office.

KIRAT RAI ASSOCIATION HONG KONG LIMITED
REPORT OF THE DIRECTORS
(Continued)

BUSINESS REVIEW

According to Section 388(3)(a), the Association falls within the reporting exemption from preparing the business review.

PERMITTED INDEMNITY PROVISION

At no time during the financial year were there any permitted indemnity provisions in force for the benefit of the Directors of the Company. At the time of approval of this report, there are no permitted indemnity provisions in force for the benefit of the Directors of the Company.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Except for those disclosed in the financial statements, no other transactions, arrangements or contracts of significance in relation to the Association's business to which the Association was a party and in which a director had a material interest subsisted at the end of the year or at any time during the year.

ARRANGEMENTS TO ACQUIRE SHARES OR DEBENTURES

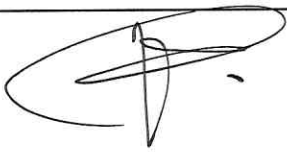
At no time during the year the Association, any of its holding companies, subsidiaries or fellow subsidiaries a party subsisted during the year to enable the Directors to acquire benefits by means of acquisition of shares in or debentures of the Association or any other body corporate.

EQUITY-LINKED ARRANGEMENTS

During the financial year, the Association entered into no equity-linked agreement. At the end of the financial period, the Association subsisted of no equity-linked agreement.

AUDITORS

During the year, Unique & Partners CPA, Certified Public Accountants, who acted as Auditor of the Company for last period, resigned and Righteous CPA & Company, Certified Public Accountants, was appointed as Auditor of the Company. The Company's Auditor, Righteous CPA & Company, Certified Public Accountants, being retired, and eligible, offer themselves for appointment.

FOR AND ON BEHALF OF THE BOARD

Rai Harichandra
DIRECTOR

HONG KONG, 25 SEPTEMBER 2020

RIGHTEOUS CPA & COMPANY**Certified Public Accountants**

Room 602, 6/F, Lemmi Centre, 50 Hoi Yuen Road, Kwun Tong, Hong Kong
Tel : (852) 3111 7476 Fax : (852) 3111 7535 E-mail: info@righteous.com.hk

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF****KIRAT RAI ASSOCIATION HONG KONG LIMITED
(Incorporated in Hong Kong with limited by guarantee)**

We have audited the financial statements of Kirat Rai Association Hong Kong Limited (the "Association") set out on pages 6 to 15, which comprise the statement of financial position as at 31 March 2020, and the income statement, and statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory notes.

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 ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditors' 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.

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**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF****KIRAT RAI ASSOCIATION HONG KONG LIMITED
(Incorporated in Hong Kong with limited by guarantee)
(continued)**

Information other than the financial statements and auditor's report thereon

The Directors are responsible for the other information. The other information comprises all information included in the Directors' report and financial statements, 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 Directors and those charged with governance for the financial statements

The Directors 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 Directors determine are 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 Directors 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 Directors either intend to liquidate the Association or to cease operations, or have 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 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. Our report is made solely to you, in accordance with section 405 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 contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's 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.

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**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF**

KIRAT RAI ASSOCIATION HONG KONG LIMITED
(Incorporated in Hong Kong with limited by guarantee)
(continued)

Auditor's responsibilities for the audit of the financial statements

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

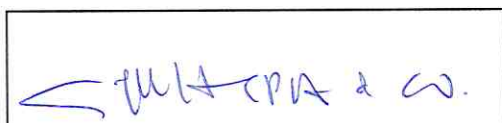
-Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting 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.

-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 Directors.

-Conclude on the appropriateness of the Directors' 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.



Righteous CPA & Company
Certified Public Accountants

HONG KONG, 25 SEPTEMBER 2020

KIRAT RAI ASSOCIATION HONG KONG LIMITED
INCOME STATEMENT
FOR THE YEAR ENDED 31 MARCH 2020

	Note	2020 HK\$	2019 HK\$
Income	5	217,621	342,388
Other income	5	222,277	6,840
Operating expenses		(440,991)	(199,814)
(Deficit)/ Surplus before tax	6	(1,093)	149,414
Income tax expense	7	-	-
(Deficit)/ Surplus for the year		<u>(1,093)</u>	<u>149,414</u>

The accompanying notes form an integral part of these financial statements.

KIRAT RAI ASSOCIATION HONG KONG LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2020

	Note	2020 HK\$	2019 HK\$
Non-current assets			
Property, plant and equipment	9	2,295,010	2,208,049
		<u>2,295,010</u>	<u>2,208,049</u>
Current assets			
Trade receivables		118,513	-
Cash and bank balances		9,624	70,176
		<u>128,137</u>	<u>70,176</u>
Less: current liabilities			
Trade payables		(147,515)	-
Accrued charges		(6,500)	(8,000)
		<u>(154,015)</u>	<u>(8,000)</u>
Net current (liabilities)/ assets		<u>(25,878)</u>	<u>62,176</u>
Net assets		<u>2,269,132</u>	<u>2,270,225</u>
Capital and reserves			
Accumulated surplus		2,269,132	2,270,225
Total equity		<u>2,269,132</u>	<u>2,270,225</u>

Approved by the Board of Directors 25 SEP 2020



Rai Harichandra
Director



Rai Ganga Ram
Director

The accompanying notes form an integral part of these financial statements.

KIRAT RAI ASSOCIATION HONG KONG LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2020

	Accumulated surplus HK\$	Total HK\$
Balance at 31 March 2018	2,120,811	2,120,811
Surplus for the year	149,414	149,414
Balance at 31 March 2019	<u>2,270,225</u>	<u>2,270,225</u>
Deficit for the year	(1,093)	(1,093)
Balance at 31 March 2020	<u><u>2,269,132</u></u>	<u><u>2,269,132</u></u>

The accompanying notes form an integral part of these financial statements.

KIRAT RAI ASSOCIATION HONG KONG LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

1 . GENERAL INFORMATION

Kirat Rai Association Hong Kong Limited is a limited liability company domiciled and incorporated in Hong Kong. The address of its registered office and principal place of business are Room 1503, 15/F., Rightful Centre, 11-12 Tak Hing Street, Jordan, Kowloon, Hong Kong. Its principal activity is engaged in maintaining social integrity, acquire equality and justice, by protecting, preserving and promoting distinct social and cultural identity and linguistic diversity of Kirat Rai during the year. The reporting and functional currency are in Hong Kong Dollar.

2 . BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

The Association qualifies 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.

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 measurement base adopted is the historical cost convention.

3 . SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following are the specific accounting policies that are necessary for a proper understanding of the financial statements:

a Basis of preparation

The measurement basis used in the preparation of the financial statements is the historical cost basis.

b Income tax

Income tax expense represents current tax expense. The income tax payable represents the amounts expected to be paid to the taxation authority, using the tax rates (and tax laws) that have been enacted or substantively enacted by the statement of financial position date.

Deferred tax is not provided.

c 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
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

3 . SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d Related parties

For the purpose of these financial statements, a party is considered to be related to the Association if:

- i) the party has the ability, directly or indirectly through one or more intermediaries, to control the Association or exercise significant influence over the Association in making financial and operating policy decisions, or has joint control over the Association;
- ii) the Association and the party are subject to common control;
- iii) the party is an associate of the Association or a joint venture in which the Association is a venturer;
- iv) the party is a member of key management personnel of the Association or the Association is a parent, or close family member of such an individual, or is an entity under the control, joint control or significant influence of such individuals;
- v) the party is a close family member of a party referred to in (i) or is an entity under the control, joint control or significant influence of such individuals; or
- vi) the party is a post-employment benefit plan which is for the benefit of employees of the Association or of any entity that is a related party of the Association

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

e Impairment of assets

An assessment is made at each date of statement of financial position to determine whether there is any indication of impairment or reversal of previous impairment, including items of property, plant and equipment, intangible assets and long-term investments. 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 recognized in the statement of comprehensive income. A previously recognized 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 amortization or depreciation), had no impairment losses been recognized for the asset in prior years.

f Accrued charges

Accrued charges are recognized initially at the transaction price and subsequently measured at amortized cost using the effective interest method.

g Foreign currency translations

Foreign currency transactions during the year are converted into Hong Kong Dollar at rates of exchange ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies at the date of statement of financial position are translated into Hong Kong Dollar at the rates of exchange ruling at that date. Any exchange differences are dealt with in the profit or loss.

KIRAT RAI ASSOCIATION HONG KONG LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

3 . SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

h Revenue recognition

Revenue is recognized when it is probable that the economic benefits will flow to the Association and when the revenue can be measured reliably.

-Service income is recognized upon the delivery of service to clients

i Trade and other receivables

Trade and other receivables are recognized initially at the transaction price. They are subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of trade and other receivables is established when there is objective evidence that the Association will not be able to collect all amounts due according to the original terms of the receivables.

j Trade and other payables

Trade and other payables are recognized initially at the transaction price and subsequently measured at amortized cost using the effective interest method.

k Provisions and contingent liabilities

Provisions are recognized for liabilities of uncertain timing or amount when the Association has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure to settle the obligation. Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probable of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liability unless the probability of outflow of economic benefits is remote.

KIRAT RAI ASSOCIATION HONG KONG LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

l Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition and is assigned by using the weighted average cost formula. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

m Operating leases

Rental payable under operating leases are charges to profit or loss on a straight-line basis over the term of the relevant lease.

n 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:

Furniture, fixture and equipment: 20%

Leasehold improvement: 20%

Leasehold land and buildings: 20%

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant assets, and is recognised in the income statement

KIRAT RAI ASSOCIATION HONG KONG LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

4 . CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

Estimates and judgment are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Estimate of fair value of current assets and liabilities

The fair value of the current assets and liabilities are assumed to approximate their carrying amounts because of the nature of their short-term maturity.

5 . INCOME AND OTHER INCOME

Income represents total services income received and receivable from clients.

Other income represents the following:

	2020 HK\$	2019 HK\$
Donation from members	222,277	5,990
Sundry income	-	850
	<u>222,277</u>	<u>6,840</u>

6 . (DEFICIT)/ SURPLUS BEFORE TAX

(Deficit)/ Surplus before tax is arrived at after charging:

	2020 HK\$	2019 HK\$
Auditors' remuneration	4,000	5,000
Staffs' costs		
Staffs' salaries and bonus	13,200	-
Depreciation	110,832	71,274
	<u>117,032</u>	<u>76,274</u>

7 . INCOME TAX EXPENSE

Hong Kong profits tax is not provided as the Company is an approved charity that is exempted from tax under section 88 of the Inland Revenue Ordinance.

KIRAT RAI ASSOCIATION HONG KONG LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

8 . EMOLUMENTS OF THE DIRECTORS

Emoluments of the Directors disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance (Cap. 622) and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation for the year are as follows:

	2020 HK\$	2,019 HK\$
Directors' fees	-	-
Directors' remuneration	-	-
Directors' quarter	-	-
MPF contributions- Director(s)	-	-
Other emoluments	-	-

There were no payments made or benefit provided in respect of the termination of the service of directors, whether in the capacity of directors or in any other capacity while directors.

Loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate and other connected entities: Loans to directors and bodies corporates controlled by them were set out in notes to financial statements.

Directors' material interests in transactions, arrangements or contracts: The directors were of the opinion that no transactions, arrangements and contracts of significance in relation to the company's business to which the company was a party and in which a director of the company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year and the previous year.

Guarantees to banks for loans granted to directors of the company: The company had not paid or incurred any liability for the purpose of fulfilling the guarantee or discharging the security given to banks for loans granted to the directors during the year and the previous year.

There were no consideration provided to or receivable by third parties for making available the services of a person as director or in any other capacity while director.

KIRAT RAI ASSOCIATION HONG KONG LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

9 . PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings	Leasehold improvement	Furniture, fixture and equipment	Total
	HK\$	HK\$	HK\$	HK\$
<u>Cost</u>				
31 March 2019	2,423,400	-	53,444	2,476,844
Addition	-	100,000	97,793	197,793
31 March 2020	2,423,400	100,000	151,237	2,674,637
<u>Accumulated Depreciation</u>				
31 March 2019	(242,340)	-	(26,455)	(268,795)
Charge for the year	(60,585)	(20,000)	(30,247)	(110,832)
31 March 2020	(302,925)	(20,000)	(56,702)	(379,627)
<u>Net Book Value</u>				
31 March 2020	2,120,475	80,000	94,535	2,295,010
31 March 2019	2,181,060	-	26,989	2,208,049

10 . APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorized to issue by the Board of Directors on 25 September 2020.

(FOR MANAGEMENT PURPOSE ONLY)

KIRAT RAI ASSOCIATION HONG KONG LIMITED

DETAILED INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH 2020

	2020 HK\$	2019 HK\$
<u>Income</u>		
Religious, Cultural and Social Activities income	217,621	342,388
	<u>217,621</u>	<u>342,388</u>
<u>Other income</u>		
Donation from members	222,277	5,990
Sundry income	-	850
	<u>222,277</u>	<u>6,840</u>
<u>Operating expenses</u>		
Accounting fee	2,500	3,000
Auditors' remuneration	4,000	5,000
Bank charges	1,140	1,180
Depreciation	110,832	71,274
Printing and stationery	13,524	6,152
Penalty	-	3,000
Repair and maintenance	12,280	5,454
Religious, cultural and social activities	208,443	96,663
Secretarial fee	2,000	-
Staffs' salaries and bonus	13,200	-
Sundry expenses	66,481	5,743
Travelling	-	2,348
Utilities	1,964	-
Website expenses	4,627	-
	<u>440,991</u>	<u>199,814</u>
(Deficit)/ Surplus before tax	<u>(1,093)</u>	<u>149,414</u>