

KIRAT RAI ASSOCIATION HONG KONG LIMITED

Reports and Financial Statements

For the year ended 31 March 2021

KIRAT RAI ASSOCIATION HONG KONG LIMITED

Executive Committee Report

The executive committee members present the report and the annual financial statements for the year ended 31 March 2021.

Executive committee

The names of person who were the executive committee members of the Association during the financial year and up to the date of this report are as follows:

RAI GANGA RAM	
RAI HARICHANDRA	(resigned on 03.08.2021)
RAI GAJENDRA BAHADUR	(resigned on 09.11.2020)
RAI CHANDRAKA	(appointed on 03.08.2021)
RAI MANI RAJ	(appointed on 03.08.2021)

Principal activities

The Association's principal activities are set out in note 1 to financial statements.

Results and appropriations

The results of the Association for the year ended 31 March 2021 and the state of the Association's affairs as at 31 March 2021 are set out in the financial statements on pages 6 to 11.

Permitted indemnity provision

At no time during the financial year were there any permitted indemnity provisions in force for the benefit of the executive committee members of the Association.

At the time of approval of this report, there are no permitted indemnity provisions in force for the benefit of the executive committee members of the Association.

Management contract

At no time during the year was the Association a party to any contracts by which a person undertakes the management and administration of the whole or any substantial part of the Association, other than a contract of services which executive committee members of the Association or a person engaged in the fulltime employment of the Association.

Business review

The Association falls within reporting exemption for the financial year. Accordingly, the Association is exempted from preparing a business review.

Arrangements to purchase shares or debentures

At no time during the year was the Association a party to any arrangements to enable the executive committee members of the Association to acquire benefits by means of the 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 year, the Association subsisted of no equity-linked agreement.

Auditor

During the year, Righteous CPA & Company resigned and CLG CPA Limited was appointed as an auditor of the Company.

The financial statements have been audited by Messrs. CLG CPA Limited, who retire and, being eligible, offer themselves for re-appointment.

Approval of Executive Committee Report

This report was approved by the Executive Committee on **26 OCT 2021**

On behalf of the Executive Committee,



RAI GANGA RAM
Executive committee member

INDEPENDENT AUDITOR'S REPORT

To the members of
KIRAT RAI ASSOCIATION HONG KONG LIMITED
(Incorporated in Hong Kong with limited liability by guarantee without a share capital)

Opinion

We have audited the financial statements of KIRAT RAI ASSOCIATION HONG KONG LIMITED ("the Association") set out on pages 6 to 11, which comprise the statement of financial position as at 31 March 2021, and the income statement and statement of changes in funds for the year ended 31 March 2021, 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 ("HKSAs") 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 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.

Other information

The executive committee members are responsible for the other information. The other information comprises the information included in the Executive Committee Report set out on pages 1 to 2, 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.

INDEPENDENT AUDITOR'S REPORT

To the members of
KIRAT RAI ASSOCIATION HONG KONG LIMITED
(Incorporated in Hong Kong with limited liability by guarantee without a share capital)

Responsibilities of Executive Committee Members and Those Charged with Governance for the Financial Statements

The executive 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 executive committee members 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 executive 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 executive 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 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 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.

As part of an audit in accordance with HKSA's, 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 executive committee members.

INDEPENDENT AUDITOR'S REPORT

To the members of
KIRAT RAI ASSOCIATION HONG KONG LIMITED
(Incorporated in Hong Kong with limited liability by guarantee without a share capital)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- Conclude on the appropriateness of the executive committee members' 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.



CLG CPA LIMITED
Certified Public Accountants
LAW Chi Hung
Practising certificate no. P05729

Date: 26 OCT 2021

KIRAT RAI ASSOCIATION HONG KONG LIMITED

Income Statement

For the year ended 31 March 2021

	Notes	2021 HKD	2020 HKD
Revenue	4	24,835	217,621
Other revenue	4	45,754	222,277
Administrative and operating expenses		<u>(194,922)</u>	<u>(440,991)</u>
Deficit before taxation	5	(124,333)	(1,093)
Taxation	7	<u>-</u>	<u>-</u>
Deficit for the year		<u><u>(124,333)</u></u>	<u><u>(1,093)</u></u>

The accompanying Accounting Policies and Explanatory Notes form an integral part of, and should be read in conjunction with, these financial statements.

KIRAT RAI ASSOCIATION HONG KONG LIMITED

Statement of Financial Position

As at 31 March 2021

	Notes	2021 HKD	2020 HKD
Non-current assets			
Property, plant and equipment	8	<u>2,243,508</u>	<u>2,295,010</u>
Current assets			
Other receivables		141,174	118,513
Cash and cash equivalents		<u>11,084</u>	<u>9,624</u>
		<u>152,258</u>	<u>128,137</u>
Current liabilities			
Other payables		(244,467)	(147,515)
Accruals		<u>(6,500)</u>	<u>(6,500)</u>
		<u>(250,967)</u>	<u>(154,015)</u>
Net current liabilities		<u>(98,709)</u>	<u>(25,878)</u>
Net assets		<u>2,144,799</u>	<u>2,269,132</u>
Accumulated funds			
Accumulated surplus		<u>2,144,799</u>	<u>2,269,132</u>
Total equity		<u>2,144,799</u>	<u>2,269,132</u>

On behalf of the Executive Committee,



RAI GANGA RAM
Executive committee member



RAI CHANDRAKA
Executive committee member

The accompanying Accounting Policies and Explanatory Notes form an integral part of, and should be read in conjunction with, these financial statements.

KIRAT RAI ASSOCIATION HONG KONG LIMITED

Statement of Changes in Funds
For the year ended 31 March 2021

	Accumulated surplus HKD
Balance at 1 April 2019	2,270,225
Deficit for the year	<u>(1,093)</u>
Balance at 31 March 2020	2,269,132
Deficit for the year	<u>(124,333)</u>
Balance at 31 March 2021	<u><u>2,144,799</u></u>

The accompanying Accounting Policies and Explanatory Notes form an integral part of, and should be read in conjunction with, these financial statements.

Accounting Policies and Explanatory Notes to the Financial Statements

For the year ended 31 March 2021

1. General Information

KIRAT RAI ASSOCIATION HONG KONG LIMITED ("the Association") is an Association incorporated in Hong Kong with limited liability by guarantee without a share capital. The address of its registered office is located at G/F, Lee Shing Mansion, 13 Wai Ching Street, Yau Ma Tei, Kowloon. The Association's principal activity is engaged in maintaining social integrity, acquire equality and justice, by protecting, preserving and promoting distinct during the year.

2. Basis of Preparation and Accounting Policies

The Association qualifies for the reporting exemption as a small private Association under sections 359(1)(a) of the Hong Kong Companies Ordinance (Cap. 622) and is therefore entitled to prepare and present its annual financial statements in accordance with Hong Kong 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 the requirements of the Hong Kong Companies Ordinance. These financial statements 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.

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

3. Summary of Significant Accounting Policies

(a) Revenue

Revenue is recognised when it is probable that the economic benefits will flow to the Association and when the revenue can be measured reliably, on the following bases.

- i. Religious activities income is recognized when fund is received.
- ii. Donation income is recognized when donation is received.

(b) Taxation

The Association was approved by the Inland Revenue Department to be a charitable institution, which is entitled to exemption from tax under Section 88 of the Inland Revenue Ordinance with effect from 19 March 2012.

(c) 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 estimated useful lives used for depreciation are as follows:

Furniture, fixtures and equipment	5 years
Leasehold improvement	5 years
Leasehold land and buildings	40 years

(d) Impairment of assets

An assessment is made at the end of each reporting period to determine whether there is any indication of impairment or reversal of previous impairment, including items of property, plant and equipment. 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 recognised in the income statement. A previously recognised 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 amortisation or depreciation), had no impairment losses been recognised for the asset in prior years.

(e) Other receivables

Other receivables are stated at estimated realisable value after each debt has been considered individually. Where the payment of a debt becomes doubtful a provision is made and taken in the income statement.

4 Revenue

	2021 HKD	2020 HKD
Revenue		
Religious, cultural and social activities income	<u>24,835</u>	<u>217,621</u>
Other revenue		
Sundry income	6,680	-
Donation income	<u>39,074</u>	<u>222,277</u>
	<u>45,754</u>	<u>222,277</u>
Total revenue	<u><u>70,589</u></u>	<u><u>439,898</u></u>

5 Deficit before taxation

	2021 HKD	2020 HKD
Deficit before taxation is arrived at after charging the following items:		
Depreciation	<u><u>125,665</u></u>	<u><u>110,832</u></u>

6 Executive committee members' remuneration

The Executive committee members received no remuneration for the service to the Association during the year (2020: Nil).

7 Taxation

No provision for Hong Kong profits tax has been made as the Association was approved by the Inland Revenue Department to be a charitable institution, which is entitled to exemption from tax under Section 88 of the Inland Revenue Ordinance with effect from 19 March 2012. (2020:Nil)

8 Property, plant and equipment

	Cost HKD	Accumulated depreciation HKD	Carrying amount HKD
Furniture and equipment			
Balance at beginning of year	151,237	(56,702)	94,535
Additions	74,163	-	74,163
Depreciation	-	(45,080)	(45,080)
Balance at end of year	225,400	(101,782)	123,618
Leasehold improvement			
Balance at beginning of year	100,000	(20,000)	80,000
Depreciation	-	(20,000)	(20,000)
Balance at end of year	100,000	(40,000)	60,000
Leasehold land and building			
Balance at beginning of year	2,423,400	(302,925)	2,120,475
Depreciation	-	(60,585)	(60,585)
Balance at end of year	2,423,400	(363,510)	2,059,890
Total			
As at 31 March 2021	2,748,800	(505,292)	2,243,508
As at 31 March 2020	2,674,637	(379,627)	2,295,010

9 Approval of financial statements

These financial statements were authorised for issue by the executive committee on **26 OCT 2021**

(For management purposes only)

KIRAT RAI ASSOCIATION HONG KONG LIMITED

DETAILED INCOME STATEMENT

For the year ended 31 March 2021

	2021 HKD	2020 HKD
Revenue		
Religious, cultural and social activities income	<u>24,835</u>	<u>217,621</u>
Other revenue		
Sundry income	6,680	-
Donation income	<u>39,074</u>	<u>222,277</u>
	<u>45,754</u>	<u>222,277</u>
Administrative and operating expenses		
Accounting fee	(2,500)	(2,500)
Advertisement and promotion	(2,500)	-
Auditors' remuneration	(4,000)	(4,000)
Bank charges	(540)	(1,140)
Depreciation	(125,665)	(110,832)
Printing and stationery expenses	(5,500)	(13,524)
Religious, cultural and social activities expenses	(16,550)	(208,443)
Repair and maintenance	(9,500)	(12,280)
Secretarial fee	(4,000)	(2,000)
Staff salaries	(14,400)	(13,200)
Sundry expenses	-	(66,481)
Website expenses	(7,004)	(4,627)
Utilities expenses	<u>(2,763)</u>	<u>(1,964)</u>
	<u>(194,922)</u>	<u>(440,991)</u>
Deficit before taxation	<u><u>(124,333)</u></u>	<u><u>(1,093)</u></u>