



INDEPENDENT AUDITOR'S REPORT

To The Shareholders of **Aviyan Investment Group Of Nepal Ltd.**

Opinion

We have audited the accompanying financial statements of **Aviyan Investment Group of Nepal Ltd.** which comprise the Statement of Financial Position as at 32nd Ashadh 2082 (July 16, 2025), the Statement of Income & Expenditure, the Statement of Changes in Reserves and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

We do not express an opinion on the accompanying financial statements of **Aviyan Investment Group of Nepal Ltd.** Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements prepared in accordance with Nepal Accounting Standards (NASs)

Basis for Disclaimer of Opinion

We conducted our audit of the financial statements in accordance with Nepal Auditing Standards (NSAs). 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 Firm in accordance with the ICAN's Handbook of Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to our audit of the financial statements in Nepal, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAN's Handbook of Code of Ethics for Professional Accountants. The basis for disclaimer of opinion are presented below:

1. Financial statements have not been prepared as for Nepal financial reporting standards (NFRSs).

Responsibility of Management and Those Charged with Governance for Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with NASs and for such internal control as management determines 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, management is responsible for assessing the ability of the firm to continue as going concern, disclosing, as applicable, matters related to going concern, applying accounting policies based on going concern, unless the management either intends to liquidate the firm or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of 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 it is not a guarantee that an audit conducted in accordance with NSAs will always detect a material misstatement when it exists. Misstatements could 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 user taken on the basis of these financial statements.



As a part of an audit in accordance with NSAs, we exercise professional judgement 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, but not for the purpose of expressing an opinion on the effectiveness of the firm's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management'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 firm's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention to the related disclosures in the financial statements in our auditor's report or if those disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the audit report. However, future events or conditions may cause the firm to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements including the disclosures and whether the underlying transactions and events have been fairly presented in the financial statement.
- Communicate with those charged with governance regarding, among other matters, the audit work plan, schedule and significant audit findings of the firm, including any significant deficiencies in internal control system that we identify during our audit.
- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Reports on other legal and regulatory requirements

Based on our examination and according to the explanations given to us, we are of the view that the activities carried out are found to be within the objectives of company. To the best of our knowledge, we further report that company has complied generally with the provisions of applicable laws.

For,
S. Burlakoti & Associates,
Chartered Accountants

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Saroj Burlakoti, FCA
Place: Kathmandu, Nepal
Date: 10th Falgun, 2082



UDIN No: 260312CA01521CjCMB

Aviyan Investment Group of Nepal Limited

Kathmandu-09, Battisputali

Statement of Financial Position

As at end of Ashadh 32, 2082 (July 16, 2025)

Amount in NPR

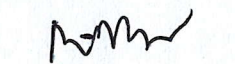
Particulars	Note	Ashadh 32, 2082	Ashadh 31, 2081
Non-Current Assets			
Property, Plant & Equipment	3.1	117,653	156,871
Intangible Assets	3.2	-	-
Investments	4	75,035,278	65,326,414
Total Non-Current Assets		75,152,931	65,483,285
Current Assets			
Income Tax Assets	13	-	-
Investments		-	-
Inventories	6	-	-
Trade & other receivables	5	3,691,014	466,020
Cash and Cash Equivalent	7	1,062,688	951,897
Total Current Assets		4,753,702	1,417,917
Total Assets		79,906,633	66,901,202
Equity & Liabilities			
Equity			
Shareholder's Capital	8	66,239,600	66,239,600
Advance For Share Capital		9,852,000	1,905,000
Reserves & Surplus	9	1,601,006	(1,412,473)
Total Equity		77,692,606	66,732,127
Non-Current Liabilities			
Loan & Borrowings	10	-	-
Liabilities for Employee Benefit	11	-	-
Provisions		-	-
Total Non-Current Liabilities (A)		-	-
Current Liabilities			
Loan & Borrowings	10	-	-
Trade & Other Payables	12	2,214,027	169,074
Income Tax Liability		-	-
Employee Benefits	11	-	-
Provisions		-	-
Total Current Liabilities (B)		2,214,027	169,074
Total Liabilities		2,214,027	169,074
Total Equity and Liabilities		79,906,633	66,901,202

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

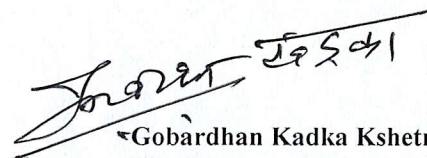
As per our attached report of even date



Baburam Thapa
Chariman

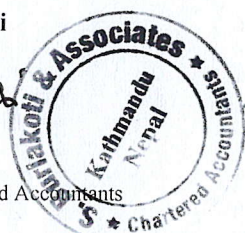

Mahendra Shrestha
Director





Gobardhan Kadka Kshetri
Director


Saroj Burlakoti, FCA
S.Burlakoti & Associates, Chartered Accountants



Aviyan Investment Group of Nepal Limited

Kathmandu-09, Battisputali

Statement of Income

For the ended Ashadh 32 2082 , (July 16,2025)

Amount in NPR

Particulars	Note	Ashadh 32, 2082	Ashadh 31, 2081
Revenue From Operations	14	2,032,717	1,319,902
Less: Cost of Operations	16	-	-
Gross Profits		2,032,717	1,319,902
Other Income	15	7,579	444,906
Expenses			
Employee Cost	17	(102,318)	-
Depreciation expenses	3	(39,218)	(52,290)
Financial Expenses	18	-	-
Administrative Expenses	19	(735,281)	(515,431)
Profit Before Tax		1,163,479	1,197,086
Income Tax Expenses	20	-	-
Net profit for the Year		1,163,479	1,197,086

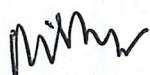
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As per our attached report of even date



Baburam Thapa
Chariman





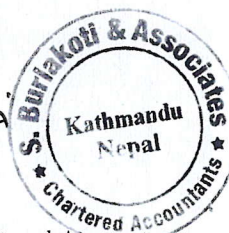
Mahendra Shrestha
Director



Gobardhan Kadka Kshetri
Director



Saroj Burlakoti, FCA
S.Burlakoti & Associates, Chartered Accountant



Aviyan Investment Group of Nepal Limited

Kathmandu-09, Battisputali

Cash Flow Statement

For the ended Ashadh 32 2082 , (July 16,2025)

Amount in NPR

Particulars	Ashadh 32, 2082	Ashadh 31, 2081
A.Cash Flow From Operating Activities		
Net Profit/(Loss) after Tax	1,163,479	1,197,086
Add: Depreciation Charges	39,218	52,290
Less:- Write Back	-	-
Add: Income Tax Expenses	-	-
Net Cash Flow Before Changes in Working Capital	1,202,697	1,249,376
(Increase)/Decrease in Trade & Other Receivables	(3,224,994)	604,076
(Increase)/Decrease in Inventories	-	-
Increase /(Decrease) in Trade & Other Payables	2,044,953	6,356
Increase /(Decrease) in Provision	-	-
Increase /(Decrease) in Other Liabilities	-	-
Cash generated from Operations	22,656	1,859,809
Interest Paid on OD/TR Loan	-	-
Income Tax Paid	-	-
Net Cash Flow From Operating Activities	22,656	1,859,809
B.Cash Flow From Investing Activities		
Proceeds from Sales of PPE/Investments	-	-
Interest/Dividend Received	-	-
Purchase of Intangible Assets	-	-
Purchase of Investment	(9,708,864)	(1,582,571)
Net Cash Flow From Investing Activities	(9,708,864)	(1,582,571)
C. Cash Flow From Financing Activities		
Proceeds from Capital Injection	7,947,000	-
Capital Reserve from Sammunati upto Shrawan 2080	1,850,000	-
Interest/Dividend Paid	-	-
Repayment of Borrowings	-	-
Bonus Tax Paid	-	-
Net Cash Flow From Financing Activities	9,797,000	-
Net Increases/Decrease in Cash & Cash Equivalents (A+B+C)	110,791	277,238
Add: Opening Cash & & Cash Equivalents	951,896	674,658
Closing Cash & Bank Balanace	1,062,688	951,896

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

As per our attached report of even date

[Signature]

Baburam Thapa
Chariman

[Signature]

Mahendra Shrestha
Director



[Signature]

Gobardhan Kadka Kshetri
Director

Saroj Burlakoti ,FCA
S Burlakoti & Associates, Chartered Accountant

[Signature]



Aviyan Investment Group of Nepal Limited

Kathmandu-09, Battisputali

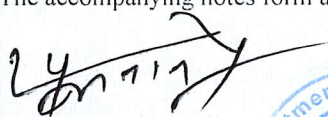
Statement of Changes in Equity

For the ended Ashadh 32 2082 , (July 16,2025)

Amount in NPR

Particulars	Note	Shareholder's Capital	Retained Earnings	Other Reserves	Total
Balance as at 01.04.2081		66,514,600	(1,412,473)	1,630,000	66,732,127
Changes in Accounting Policies					-
Restated Balance as at 01.04.2081	-	66,514,600	(1,412,473)	1,630,000	66,732,127
Profit for the Year			1,163,479		1,163,479
Injection of Capitals		-	-	7,947,000	7,947,000
Capital Withdrawals		-	-	-	-
Other Changes		-	-	1,850,000	1,850,000
Balance as at 31.03.2082	-	66,514,600	(248,994)	11,427,000	77,692,606

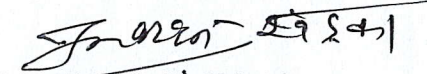
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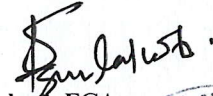

Baburam Thapa
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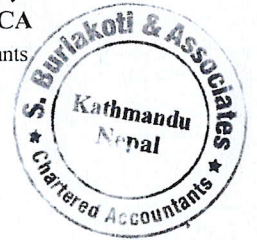

Mahendra Shrestha
Director



As per our attached report of even date


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Director


Saroj Burlakoti ,FCA
S.Burlakoti & Associates, Chartered Accountants



Aviyan Investment Group of Nepal Limited

Kathmandu-09, Battisputali

For the ended Ashadh 32 2082 , (July 16,2025)

Notes to the Financial Statements

(All amounts are stated in NPR, unless otherwise specifically stated)

3.1 Property Plant & Equipment

Amount in NPR

Cost	Office Equipment	Total
Balance at Sharawan 31 2081	410,631	410,631
Additions	-	-
Disposals	-	-
Balance at Ashadh 32 , 2082	410,631	410,631
Depreciation & Impairment Losses		
Balance at Sharawan 31 2081	253,760	201,470
Depreciation charged for the Year	39,218	52,290
Adjustment due to Impairment losses	-	-
Disposals	-	-
Balance at Ashadh 32 , 2082	292,978	253,760
Carrying Amount		
Balance at Sharawan 31 2081	156,871	209,162
Balance at Ashadh 32 , 2082	117,653	156,871

Security

There is no security on PPE.

Property Plant Equipment under Construction

There is no Property Plant Equipment under Construction.

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Aviyan Investment Group of Nepal Limited

Kathmandu-09, Battisputali

For the ended Ashadh 32 2082 , (July 16,2025)

Notes to the Financial Statements

(All amounts are stated in NPR, unless otherwise specifically stated)

4 Investment

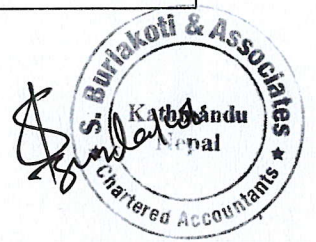
Particulars	Ashadh 32, 2082	Ashadh 31, 2081
Aviyan Capital Management Pvt Ltd	100,000.00	100,000
Aviyan Hydropower Pvt. Ltd	273,000.00	
Lalupate Hydropower Limited	5,493,900	5,493,900
Land	10,376,000	10,376,000
Unlisted Shares of Aviyan Eco and Agro Resort Pvt. Ltd.	673,520	673,520
IME Life Insurance (ILI)	339,075.00	348,468
Multipurpose Finance (MPFL)	-	350,369
Himalayan Reinsurance	433,260	
NIFRA	263,500	
Supermadi Hydroelectricity (388500 KITTA)	38,850,000	37,000,000
Portfolio with Nepal Life Capital Limited	9,333,023	10,984,157
Promoter Share Investment (Multiply Capital Mgmt)	6,900,000	-
Muktinath Darshan Ltd	1,500,000	-
Three D Nepal Private Limited	500,000	-
Total Investment	75,035,278	65,326,414

5 Trade & Other Receivable

Particulars	Ashadh 32, 2082	Ashadh 31, 2081
Trade Receivables	-	-
Less: Provison for impairment of Trade Receivables	-	-
Trade Receivables- Net	-	-
Other Advances	2,473,986	8,155
TDS Recievable	310,582	21,941
Advance (Aviyan Power Company)	-	-
Advance Rent	-	-
Nepal Life Capital	768,828	379,957
TDS - Interest Income	8.57	2,712
Capital Gain Tax	137,610.00	53,255
Total trade & other receivables	3,691,014	466,020
Less: Non-Current portion	-	-
Current Portions	3,691,014	466,020

Movements on the group provision for impairment of trade receivables are as follows

Particulars	Ashadh 32, 2082	Ashadh 31, 2081
Balance at the beginning of the period	-	-
Provided During the Year	-	-
Receivable W/O during the year as Uncollectible	-	-
Unused Amounts Reversed	-	-
Balance at the end of the period	-	-



6 Inventories

Particulars	Ashadh 32, 2082	Ashadh 31, 2081
Raw Materials & Consumables	-	-
Work-in-Progress	-	-
Finished Goods & goods for resale	-	-
Total	-	-

7 Cash and Cash Equivalent

Particulars	Ashadh 32, 2082	Ashadh 31, 2081
Cash in Hand	-	-
Cash Balance (As certified by management)	-	-
Cash at Bank	-	-
Prabhu Bank Limited	33,058	18,332
Agriculture Development Bank Limited	7,917	7,817
Siddhartha Bank Call	361,755	868,080
Siddhartha Bank Current	50,000	50,000
Fixed Deposit (Siddhartha Bank)	-	-
Prime Commercial Bank Limited	7,668	7,668
Kumari Bank Ltd	602,290	-
Total	1,062,688	951,897

8 Shareholders's Capital

Particulars	Ashadh 32, 2082	Ashadh 31, 2081
Registered Capital		
Ordinary Share 10000000 of 100 each	1,000,000,000	1,000,000,000
Issued Capital		
Ordinary Share 1366000 of 100 each	136,600,000	136,600,000
Paid up Capital		
Ordinary Share 66,2396 of 100 each	66,239,600	66,239,600
Total	66,239,600	66,239,600



9 Reserves

The reserves to be included within equity are share premium, retained earnings and other reserves.

Particulars	Ashadh 32, 2082	Ashadh 31, 2081
Balance at the beginning of the period	(1,906,373)	(3,103,459)
Profit for the Year	1,163,479	1,197,086
Capital Reserve	2,343,900	493,900
Total	1,601,006	(1,412,473)

10 Loans & Borrowing

Particulars	Ashadh 32, 2082	Ashadh 31, 2081
Non-Current		
Hire Purchase Loan		-
<i>Hire Purchase Loan</i>	-	-
<i>Unsecured Loan</i>	-	-
Total (A)	-	-
Current		
Suman Thapa	-	-
Hire Purchase Loan	-	-
Group Three Sixty Pvt.Ltd	-	-
Total (B)	-	-
Total loans & borrowings (A+B)	-	-

11 Liabilities for Employee Benefits

Particulars	Ashadh 32, 2082	Ashadh 31, 2081
Defined Benefit Scheme	-	-
Defined Contribution Scheme	-	-
Other Employee Benefits Payable	-	-
Total	-	-
Categorized as:		
Due within 1 Year or less	-	-
Due after more than 1 Year	-	-
Total	-	-



12 Trade & Other Payables

Particulars	Ashadh 32, 2082	Ashadh 31, 2081
Audit Fee Payable	59,204.00	59,204.00
Other Payable	2,131,625	-
TDS on Audit Fee	796	2,942
TDS on Consultant	3,617	-
TDS on Service (Advertisement)	793	137
Other TDS payable	2,509	-
TDS on Office Rent	6,000	24,556
Meeting Allowance Payable	-	72,420
TDS-Meeting Allowance	8,460	9,720
TDS on Bussiness Promotion	-	95
SST	1,023	-
Total	2,214,027	169,074

13 Income Tax Liabilities/(Assets)

Particulars	Ashadh 32, 2082	Ashadh 31, 2081
Opening Income Tax Liabilities/(Assets)	-	-
Prior Year income Tax including Fines	-	-
Previous Year Tax Balance Paid	-	-
Net Balance	-	-
Current year Taxes	-	-
Prior Year income Tax including Fines	-	-
Advance Income Tax	-	-
Total	-	-

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14 Revenue from Operation

Particulars	Ashadh 32, 2082	Ashadh 31, 2081
Cash Dividend /Bonus Share	125,534	789,287
Capital Gain Income (Nepal Life Capital) ,	1,907,183	477,400
NIBL Ace capital	-	11,208
Bonus Share	-	42,007
Total	2,032,717	1,319,902

15 Other Income

Particulars	Ashadh 32, 2082	Ashadh 31, 2081
Misc.Income	-	(300,412)
Interest on Bank Deposit	7,579	18,079
Total	7,579	(282,333)

16 Cost of Operation

Particulars	Ashadh 32, 2082	Ashadh 31, 2081
Cost of operation	-	-
Total	-	-

17 Employee Benefit Expenses

Particulars	Ashadh 32, 2082	Ashadh 31, 2081
Wages & Salaries	102,318	-
Short-term non-monetary benefits	-	-
Other Long-term employee benefits	-	-
Share-based Payment Expenses	-	-
Other contributions	-	-
Total	102,318	-

Key Management Personnel Compensation

Key Management Personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, including the director

NPR

Particulars	Ashadh 32, 2082	Ashadh 31, 2081
Salary	-	-
Other Long-term employee benefits	-	-
Total	102,318	-



18 Financial Expenses

Particulars	Ashadh 32, 2082	Ashadh 31, 2081
Interest Expenses	-	-
Bank Commission	-	-
Total	-	-

19 Administration Expenses

Particulars	Ashadh 32, 2082	Ashadh 31, 2081
Bank Charges	2,262	2,360
Advertisement Expenses	23,476	10,283
Audit Fees & Expenses	60,000	60,000
Dashain Allowance	-	-
AGM Expenses	-	15,000
Fuel Expenses	15,076	-
Guest Entertainment Expenses	-	-
Misc Expenses	-	-
Administration Expenses	149,645	15,005
Office Rent	60,000	245,556
Printing & Stationery	-	-
Legal Fees	5,000	-
Telephone and Internet	-	-
Water & Electricity	-	-
Consultancy Expenses	80,617	-
Communication	5,777	-
Business Promotion Expenses	57,925	7,159
Capital Contribution Certification	-	-
Meeting Allowance	66,000	64,800
Medical Expenses	61,540	-
Portfolio Management Fee (Nepal life Capital)	147,963	95,268
Parking Charges	-	-
Waste Management Expenses	-	-
Website Expenses	-	-
Travelling Expenses	-	-
Total	735,281	515,431



20 Tax Expenses

Particulars	Ashadh 32, 2082	Ashadh 31, 2081
Current Tax Expenses	-	-
Sub Total	-	-
Deferred Tax (Expenses)/Income	-	-
Sub Total	-	-
Total	-	-

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SCHEDULE FORMING PART OF FINANCIAL STATEMENT
Schedule – 15: SIGNIFICANT ACCOUNTING POLICIES AND NOTE TO THE ACCOUNTS

A. ACCOUNTING POLICIES

1. Company Background

Aviyan Investment Group of Nepal Ltd. is registered with Income tax Department under income tax act 2058 applicable within jurisdiction of Nepal having PAN no 604368937.

Responsibility of Financial Statements

The financial statements were adopted by the company and responsibility of the financial statement is taken by directors of Company as on 2082.10.15.

2. Accounting Convention

The Balance Sheet, Income Statement and Cash Flow Statement, together with the Accounting Policies and Notes (Financial Statements) are prepared under the historical cost convention on an accrual basis and are in accordance with Nepal Accounting Standards and relevant practices in Nepal except otherwise stated.

3. Expenses

Expenses encompass losses as well as the expenses that arise in the course of the ordinary activities of the entity. Expenses that arise in the course of the ordinary activities of the entity include, for example, cost of sales, wages and depreciation. They usually take the form of an outflow or depreciation of assets such as cash and cash equivalents, inventory, property, plant and equipment.

4. Current Assets

An asset is classified as current assets when it satisfies any of the following criteria:

- a) it is expected to be realized in, or is held for sale or consumption in, the normal course of the entity's operating cycle; or
- b) it is held primarily for the trading purposes or for the short – term and expected to be realized within twelve months of the balance sheet date; or
- c) is cash or a cash equivalent asset which is not restricted in its use for at least twelve months after the balance sheet date.

5. Current Liabilities

A liability shall be classified as a current liability when it satisfies any of the following criteria:

- a) it is expected to be settled in the normal course of entity's operating cycle; or
- b) it is held primarily for the purpose of being trade;
- c) is due to be settled within twelve months of the balance sheet date; or
- d) the entity does not have an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

Page 1 of 5

**SIGNIFICANT ACCOUNTING POLICIES AND NOTE TO THE ACCOUNTS OF
AVIYAN INVESTMENT GROUP OF NEPAL LTD. FY 2081.82**



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6. Cash and Cash Equivalents

Cash and cash equivalents are defined as cash in hand, demand deposits and short term highly liquid investments, readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

For the purpose of cash flow statements, cash and cash equivalents consists of cash in hand and deposits in banks.

7. Property, Plant and Equipment

The cost of an item of property, plant and equipment are recognized as an asset, if and only if:

- a) it is probable that future economic benefits associated with the item will flow to the entity; and
- b) the cost of the item can be measured reliably.

Property, plant and equipments are stated at cost of acquisition less accumulated depreciation. Acquisition cost includes taxes, duties, freight, insurance and other incidental expenses related to acquisition and installation. Revenue expenses incidental and related to projects are capitalized along with the related fixed assets, where appropriate.

8. Depreciation.

Depreciation on fixed assets is provided using the diminishing balance method by the management. Depreciation is charged on a pro-rata basis for assets purchased/sold during the year.

9. Impairment

Impairment is recognized whenever carrying value of an asset is less than the recoverable amount of asset.

10. Revenue Recognition.

Revenue is the gross inflow of economic benefits during the period arising in the course of the ordinary activities of an entity when those inflows result in increases in equity, other than increases relating to contributions from equity participants. Revenue is recognized to the extent that is probable that economic benefits will flow to the company and the revenue and associated costs incurred or to be incurred can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

11. Borrowing Costs

Borrowing costs are interest and other costs incurred by an entity in connection with the borrowing of funds.

Borrowing costs are recognized as an expense in the period in which they are incurred, except to the extent that they are capitalized as stated below.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset. The amount of borrowing costs eligible for capitalization are determined as the borrowing costs incurred that borrowing during the period less any investment income on the temporary investment of those borrowings.

12. Government Grants

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**SIGNIFICANT ACCOUNTING POLICIES AND NOTE TO THE ACCOUNTS OF
AVIYAN INVESTMENT GROUP OF NEPAL LTD. FY 2081.82**



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Government grants are assistance by government in the form of transfers of resources to an entity in return for past or future compliance with certain conditions relating to the operating activities of the entity. They exclude those forms of government assistance which cannot reasonably have a value placed upon them and transactions with government which cannot be distinguished from the normal trading transactions of the entity.

Government grants are recognized as income over the periods necessary to match them with the related costs which they are intended to compensate on a systematic basis.

13. Foreign Currency Transaction

Transactions in foreign currency are accounted for at the exchange rates prevailing on the date of transactions.

Exchange differences arising on foreign currency transactions settled during the year are recognized in the Profit and Loss Account for the year, Other than exchange differences related to the liabilities for acquisition of fixed assets that are adjusted to the cost of the related fixed assets. All monetary items denominated in foreign currency are translated at exchange rates prevailing on the balance sheet date. The resultant exchange differences are recognized in the Profit and Loss Account for the year, other than exchange differences related to the liabilities for acquisition of fixed assets that are adjusted to the cost of fixed assets.

In the case of forward contracts, the difference between the forward rate and the exchange rate on the date of the transaction is recognized in the Profit and Loss Account over the life of the contract, except in case of liabilities relating to acquisition of fixed assets, which is adjusted to the carrying cost of the fixed asset.

14. Contingent Liability

A contingent liability is:

- a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
- b) a present obligation that arises from past events but is not recognized because:
 - i. it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - ii. the amount of the obligation cannot be measured with sufficient reliability.

Any liability of contingent nature, if material, is disclosed in separate schedule, forming the part of Balance Sheet.

15. Contingent Assets

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

Any asset of contingent nature, if material, is disclosed in separate schedule, forming the part of Balance Sheet.

16. Provision

Provision is an obligation of uncertain timing or amount.



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Provisions are recognized when the following three conditions are met:

- a) an entity has a present obligation (legal or constructive) as a result of a past event;
- b) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- c) a reliable estimate can be made of the amount of the obligation.

17. Construction Contracts

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs associated with the construction contract is recognized as revenue and expenses respectively by reference to the stage of completion of the contract activity at the balance sheet date. An expected loss on the construction contract is immediately recognized as an expense.

18. Income Tax

Provision for Income Tax is made on the total income at the rate applicable for that year in accordance with the Income Tax Act. Any excess or shortfall in tax provision is adjusted to the profit and loss account in the year, when tax assessment is completed. Further, deferred tax liability has been calculated in accordance with the provisions of Nepal Accounting Standard.

19. Leases

A lease has been classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease has been classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

20. Related Party

Any related party transaction is disclosed in separate schedule, forming the part of financial statements.

21. Amortization

Amortization of intangible asset is provided using the straight-line method based on useful lives of assets as estimated by the management.

22. Investment Property

Investment property is property (land or a building-or part of a building-or both) held (by the owner or by the lessee under a finance lease) to earn rentals or for capital appreciation or both, rather than for:

- a) use in the production or supply of goods or services or for administrative purposes; or
- b) sale in the ordinary course of business.

Investment property is measured at initially at cost at recognition. Transaction costs are included in initial measurement. After recognition either the fair value model or cost model is applied and the same policy is applied to all the investments.

23. Non-current Assets Held for Sale and Discontinued Operations

A non-current asset (or disposal group) are classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use.

A non-current asset (or disposal group) classified as held for sale are measured at the lower of its carrying amount and fair value less costs to sell.



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24. Intangible Assets

An intangible asset is if and only if it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably.

25. Employee Benefits

Employee benefits are forms of consideration given by an entity in exchange for service rendered by employee.

26. Research and Development Expenditure

All revenue expenses pertaining to research and development are charged to the Profit and Loss Account in the year in which these are incurred and expenditure of capital nature is capitalized as fixed assets.

27. Use of estimates

The preparation of the financial statements in conformity with Nepal Accounting Standard requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of Balance Sheet. Actual amount could differ from those estimates. Any differences from those estimates are recorded in the period in which they are identified.

B. NOTES TO ACCOUNTS

1. Previous year figures are reclassified and rearranged wherever necessary. The figures are stated in nearest Rupees.

