नेपाल चार्टर्ड एकाउन्टेन्ट्स संस्था
THE INSTITUTE OF CHARTERED ACCOUNTANTS OF NEPAL
(Established under the Nepal Chartered Accountants Act, 1997)

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Office Type: NPOs	**Office Name:** Swastiya Sewa Sang Nepal
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Client PAN: 620590411	

Financial figures

S.N.	Heading	Value
1	**Total Assets/Liabilities**	**NRs. 939,823.32**
2	**Gross Revenue / Turnover**	**NRs. 557,192.62**
3	**Gross Expenses**	**NRs. 867,715.30**
4	**Net Profit or Loss**	**NRs. -310,522.68**

Status: Active Document

Document Description:

Swasthya Sewa Sang Nepal

Nagarjun Nagarpalika-01, Kathmandu, Nepal

AUDITORS REPORT

Financial Year 2081/82

Inside

Statement of Financial Position
Statement of Income & Expenditure
Statement of Cash Flows
Statement of Changes in Reserves
Funds Accountability Statement
Notes to the financial statement

Date - Kartik 28, 2082 (2025, Nov. 18)
Place of Signature - Kathmandu, Nepal
For & on behalf of Swasthya Sewa Sang Nepal
The accompanying notes form an integral part of the financial statements
As per our report of even date

For Sujit S. Tuladhar
Registered Auditor

President | Treasurer | Secretary

Mr. Sujit S. Tuladhar
Proprietor

HEALTH CARE ASSOCIATION OF NEPAL

Sujit S. Tuladhar & Associates
Kathmandu
Registered Auditor

Sujit. S. Tuladhar & Associates
Registered Auditor
Kathmandu, Nepal
Phone: 9841309306

COP: 1456
PAN: 304961009

Independent Auditor's Report

To the Founders of Swasthya Sewa Sang Nepal

Kathmandu, Nepal

Introduction

We have audited the attached Balance Sheet, Income Statement and Cash flow statement **of Swasthya Sewa Sang Nepal.** For The year ended 32 Ashad 2082.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements in accordance with Nepal Accounting Standards. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statement that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have conducted our audit in accordance with Nepal standards on auditing. Those standards require that we comply with ethical requirements, plan perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the appropriateness of accounting policies use and significant estimates made by the management as well as evaluating the overall presentation of the financial statement.

We believe that our audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

As per the requirement of the Company Act 2063 we report that:

a) We have obtained information and explanations but not sufficient audit evidence to the best of our knowledge and belief, were necessary for the purpose of our audit.

b) In our opinion, the balance sheet, profit loss account, statement of change equity, cash flow statement and notes to the account dealt with by this report are in agreement with the books of account maintained by the company.

c) During the year company has not provide all the bills which is approved by them self.

d) To the best of our information and according to explanation given to us and from our examination of the books of account of the company necessary for the purpose of our audit, we have not come across cases where Board of Directors or any employees of the company have acted contrary to the provisions of law, or committed any misappropriation or caused loss or damage to the company.

Opinion

In our opinion, the financial statements presents fairly, in all material respects, the financial position of **Swasthya Sewa Sang Nepal** for the year ended 32 Ashad 2082, the result of operations, statement of change in equity, cash flows and notes to the accounts for the year then ended in accordance with Nepal accounting standards to the extent that can be applied within the scope of prevailing statues, generally accepted accounting principles and comply with the provisions of the Company Act, 2063.

Sujit S. Tuladhar
For & on behalf of
Sujit S. Tuladhar & Associates
(Registered Auditor)

UDIN Number:

Swasthya Sewa Sang Nepal

Statement of Financial Position

as at 32-03-2082 (2025, July 16)

Particulars	Notes	32-03-2082	31-03-2081
Non - current assets			
Property, Plant and Equipment	3	466,125.00	-
Intangible assets		-	-
Total Non current Assets		**466,125.00**	**-**
Current Assets			
Inventories		-	-
Accounts Receivables	4	-	-
Cash & Cash Equivalents	5	473,698.32	520.00
Total Current Assets		**473,698.32**	**520.00**
Total Assets		**939,823.32**	**520.00**
Liabilities & Reserves			
Accumulated Reserves	6	(371,002.68)	(60,480.00)
Unrestricted Funds	7	-	-
Restricted Fund Balance	7.1	466,125.00	-
Total Accumulated Reserves		**95,122.32**	**(60,480.00)**
Non - current Liabilities			
Other non - current liabilities	8	-	-
Total Non - Current Liabilities		**-**	**-**
Current Liabilities		-	-
Account Payable	9	844,701.00	61,000.00
Provisions	10	-	-
Total Current Liabilities		**844,701.00**	**61,000.00**
Total Liabilities and Reserves		**939,823.32**	**520.00**

The accompanying notes form an integral part of the financial statements

As per our report of even date

For & on behalf of Swasthya Sewa Sang Nepal

For Sujit S. Tuladhar
Registered Auditor

President | Treasurer | Secretary

Mr. Sujit S. Tuladhar
Proprietor

Date - Kartik 28, 2082 (2025, Nov. 18)
Place of Signature - Kathmandu, Nepal

Sujit S. Tuladhar & Associates Kathmandu Registered Auditor

ESTD 2025 HEALTH CARE ASSOCIATION OF NEPAL

Swasthya Sewa Sang Nepal

Statement of Income & Expenditure

for the year ended on 32-03-2082 (2025, July 16)

Particulars	Notes	32-03-2082	31-03-2081
Income			
Incoming Resources	11	557,192.62	-
Other Income	12	-	-
Total Income		**557,192.62**	**-**
Expenditure			
Employee benefit expenses	13	84,000.00	-
Program Expenses	14	581,461.30	13,600.00
General Administrative Expenditure	15	46,879.00	46,880.00
Depreciation & / or Amortization	3	155,375.00	-
Total Expenditure		**867,715.30**	**60,480.00**
Net surplus/ (deficit) before Taxation		**(310,522.68)**	**(60,480.00)**
Income Tax Expenses		-	-
Surplus / (Deficit) for the Year		**(310,522.68)**	**(60,480.00)**
Appropriation of surplus for the year		**-**	-
Allocation to Reserves		**(310,522.68)**	**(60,480.00)**

The accompanying notes form an integral part of the financial statements

As per our report of even date

For & on behalf of Swasthya Sewa Sang Nepal

For Sujit S. Tuladhar
Registered Auditor

President   Treasurer   Secretary

Mr. Sujit S. Tuladhar
Proprietor

Sujit S. Tuladhar & Associates Kathmandu Registered Auditor

Date - Kartik 28, 2082 (2025, Nov. 18)

Place of Signature - Kathmandu, Nepal

ESTD 2023 HEALTH CARE ASSOCIATION OF NEPAL

Swasthya Sewa Sang Nepal

Statement of Cash Flows

for the year ended on 32-03-2082 (2025, July 16)

Particulars	32-03-2082	31-03-2081
Cash Fows from Operating Activities		
Surplus / (deficit) for the Year (Before Tax)	(310,522.68)	(60,480.00)
Adjustments to reconcile surplus / (deficit) to net cash flows		
Depreciation and impairment of property, plant and equipment	155,375.00	-
Amortization and impairment of intangible assets	-	-
Provisions and losses on inventories	-	-
Increase/ Decrease in Current Liabilities	783,701.00	61,000.00
Movement in provisions, receivables and specific risks	-	-
Working capital adjustments:	628,553.32	520.00
Accounts receivable	-	-
Prepayments	-	-
Inventories	-	-
Other financial assets	-	-
Account Payable	-	-
Accrued expenses and deferred income	-	-
Other financial liabilities	-	-
Less:	-	-
Income Tax Paid	-	-
Interest Paid	-	-
Net cash from / (used in) operating activities	628,553.32	520.00
Cash Flows from Investing Activities		
Purchase of Property, Plant and Equipment	(621,500.00)	-
Purchase of Intangible Assets	-	-
Net cash from / (used in) investing activities	(621,500.00)	-
Cash flows from financiang activities		
Borrowing of government loans	-	-
Increase/ Decrease in Resticted Fund	466,125.00	
Repayment of government loans	-	-
Net cash from / (used in) financing activities	466,125.00	-
Net Increase / (Decrease) in Cash & Cash Equivalents)	473,178.32	520.00
Cash and Cash equivalents at beginning of the year	520.00	-
Cash and Cash equivalents at end of year	473,698.32	520.00

The accompanying notes form an integral part of the financial statements

As per our report of even date

For & on behalf of Swasthya Sewa Sang Nepal

For Sujit S. Tuladhar
Registered Auditor

President   Treasurer   Secretary

Mr. Sujit S. Tuladhar
Proprietor

Sujit S. Tuladhar & Associates
Kathmandu
Registered Auditor

Date - Kartik 28, 2082 (2025, Nov. 18)

Place of Signature - Kathmandu, Nepal

ESTD 2023
HEALTH CARE
ASSOCIATION OF NEPAL

Swasthya Sewa Sang Nepal

Statement of Changes in Reserves

for the year ended on 32-03-2082 (2025, July 16)

Description	Restricted Reserves	Designated Fund	Unrestricted Reserves	Endowment Fund	Result for the year	Total
Balance as at 01 Shrawan, 2080	-	-	-	-	-	-
Result for the year	-	-	-	-	(60,480.00)	(60,480.00)
Allocation of results to Restricted Reserves	-	-	-	-	-	-
Allocation of results to Designated Fund	-	-	-	-	-	-
Allocation of results Unrestricted Fund	-	-	-	-	-	-
Allocation of results to Endowment Fund	-	-	-	-	-	-
Allocation of results to Capital Fund	-	-	-	-	-	-
Balance as at 31-03-2081	-	-	-	-	**(60,480.00)**	**(60,480.00)**
Result for the year	-	-	(310,522.68)	-	-	(310,522.68)
Allocation of results to Restricted Reserves	-	-	-	-	-	-
Allocation of results to Designated Fund	-	-	-	-	-	-
Allocation of results Unrestricted Fund	-	-	-	-	-	-
Allocation of results to Endowment Fund	-	-	-	-	-	-
Allocation of results to Capital Fund	-	-	-	-	-	-
Balance as at 32-03-2082	-	-	**(310,522.68)**	-	-	**(310,522.68)**

The accompanying notes form an integral part of the financial statements

As per our report of even date
For Sujit S. Tuladhar
Registered Auditor

For & on behalf of Swasthya Sewa Sang Nepal

President

Treasurer

Secretary

Mr. Sujit S. Tuladhar
Proprietor

Date - Kartik 28, 2082 (2025, Nov. 18)

Place of Signature - Kathmandu, Nepal

Swasthya Sewa Sang Nepal

Funds Accountability Statement

as at 32-03-2082 (2025, July 16)

Swasthya Sewa Sang Nepal	Notes	FY 2081-82	FY 2080-81
Opening Fund Balance			
Cash & Cash Equivalents		473,698.32	520.00
Other Receivables		-	-
Trade & Other Payables		844,701.00	61,000.00
Total Opening Fund Balance		**1,318,399.32**	**61,520.00**
Income			
Donation and Fees	11	557,192.62	-
Total Fund Balance - A		**557,192.62**	**-**
Expenditures			
Administration, Program and Personnel Cost	14/15	628,340.30	60,480.00
Total Expenditure - B		**628,340.30**	**60,480.00**
Balance (A-B)		**(71,147.68)**	**(60,480.00)**
Balance Represented By			
Cash & Bank Balance	5	473,698.32	520.00
Receivables	4	-	-
Payables	9	(844,701.00)	(61,000.00)

For & on behalf of Swasthya Sewa Sang Nepal

As per our report of even date
For Sujit S. Tuladhar
Registered Auditor

ESTD 2023 HEALTH CARE ASSOCIATION OF NEPAL

President   Treasurer   Secretary

Mr. Sujit S. Tuladhar
Proprietor

Sujit S. Tuladhar & Associates Kathmandu Registered Auditor

Date - Kartik 28, 2082 (2025, Nov. 18)
Place of Signature - Kathmandu, Nepal

Swasthya Sewa Sang Nepal

Notes to the financial statement

as at 32-03-2082 (2025, July 16)

3 Property, Plant and Equipment

Swasthya Sewa Sang Nepal	Building	Office Equipment	Automobiles	Machinery	Software	Total
2079-80						
Written Down Value as on 2080-04-01	-	-	-	-	-	-
Addition During 2080-81		-			-	-
Disposal During 2080-81	-	-	-	-	-	-
Depreciation for 2080-81	-	-	-	-	-	-
Written Down Value as on 2081-03-31	-	-	-	-	-	-
2081-82						
Written Down Value as on 2081-04-01	-	-	-	-	-	-
Addition During 2081-82		621,500.00			-	621,500.00
Disposal During 2081-82	-	-	-	-	-	-
Depreciation for 2081-82	-	155,375.00	-	-	-	155,375.00
Written Down Value as on 2082-03-32	-	466,125.00	-	-	-	466,125.00

The accompanying notes form an integral part of the financial statements

As per our report of even date

For Sujit S. Tuladhar

Registered Auditor

For & on behalf of Swasthya Sewa Sang Nepal

President Treasurer Secretary

For Sujit S. Tuladhar

Registered Auditor

Date - Kartik 28, 2082 (2025, Nov. 18)

Place of Signature - Kathmandu, Nepal

ESTD HEALTH CARE 2023 ASSOCIATION OF NEPAL

Sujit S. Tuladhar & Associates Kathmandu Registered Auditor

Swasthya Sewa Sang Nepal

Notes to the financial statement

as at 32-03-2082 (2025, July 16)

4.1 Accounts Receivables

Particulars	32-03-2082	31-03-2081
Sundry Debtors	-	-
Total	-	-

4.2 Cash & Cash Equivalents

Particulars	32-03-2082	31-03-2081
Cash in hand	-	519.00
Bank Balance	473,698.32	1.00
Total	473,698.32	520.00

4.3 Accumulated Reserves

Particulars	32-03-2082	31-03-2081
Balance at beginning of the year	(60,480.00)	-
Surplus /deficit in operating activities	(310,522.68)	(60,480.00)
Balance at end of the year	**(371,002.68)**	**(60,480.00)**

4.4 Unrestricted Funds / Accumulated Surplus

Particulars	32-03-2082	31-03-2081
Balance at beginning of the year	-	-
Balance at end of the year	-	-

4.4.1 Restricted Fund Balance

Particulars	32-03-2082	31-03-2081
Balance at beginning of the year	-	-
Additional Funds received during the year	621,500.00	
Less		
Transferred to Income & Expenditure Account	155,375.00	-
Less		
Balance at end of the year	466,125.00	-

4.5 Other Non - Current Liabilities

Particulars	FY 2081-82	FY 2080-81
Other Non - Current Liablilities	-	-
Total	-	-

4.6 Account Payable

Particulars	FY 2081-82	31-03-2081
Statutory Dues		
SST on Wages & Salaries	840.00	-
Audit Fee Payable	2,000.00	2,000.00
Payable To Member/President Team	841,861.00	59,000.00
	-	
Total	844,701.00	61,000.00

4.7 Provisions

Particulars	FY 2081-82	31-03-2081
Balance as at the beginning of the period	-	-
Total	-	-

HEALTH CARE

Kathmandu

Registered Auditor

Swasthya Sewa Sang Nepal

Notes to the financial statement

for the year ended on 32-03-2082 (2025, July 16)

4.8 Incoming Resources

Particulars	32-03-2082	31-03-2081
Donation received from General Public	-	-
Grant - Restricted Funding	155,375.00	-
Grants - Unrestricted Funding For COPD Project	256,832.80	-
Government Grant- Ward Office	-	-
Donations received in Kind	144,984.82	-
Total	**557,192.62**	**-**

4.9 Other Income

Particulars	32-03-2082	31-03-2081
Sale of Scraps	-	-
Total	-	-

4.10 Employee Benefit Expenses

Particulars	32-03-2082	31-03-2081
Salary	84,000.00	-
Total	**84,000.00**	**-**

4.11 Program Expenses

Particulars	32-03-2082	31-03-2081
Ear Project	100,000.00	-
NCD Youth Leaders Program	200,000.00	-
HCAN NCD Project	49,000.00	-
NIRI Collabration Programe	75,011.30	-
Diabetes Project	50,000.00	-
COPD Screening	50,000.00	-
Digital Campaign Awarness Programe	30,000.00	-
Certificate, Gift Hampers	27,450.00	13,600.00
Total	**581,461.30**	**13,600.00**

4.12 General Administrative Expenditure

Particulars	32-03-2082	31-03-2081
Management Expenses	-	-
Audit Fee	2,000.00	2,000.00
Organization Renewal	-	-
Printing & Stationary	22,680.00	17,680.00
Other Expenses	5,690.00	7,340.00
Lunch & Tiffin Expenses	15,910.00	19,260.00
Bank Charge	599.00	600.00
Total	**46,879.00**	**46,880.00**

HEALTH CARE ASSOCIATION NEPAL

Sujit S. Tuladhar & Associates Kathmandu Registered Auditor

Swasthya Sewa Sang Nepal
Nagarjun Nagarpalika-01, Kathmandu, Nepal
Statement of Accounting Policies and Notes to Financial Statements
for the year ended on 32-03-2082 (2025, July 16)

1 General Information

Swasthya Sewa Sangh Nepal (hereinafter referred to as "AN" or "NPO"), is a non - governmental not for profit organization duly registered with Office of CDO.
The financial statements have been prepared under the responsibility of executive committee. This financial statement has been authorized for issue by the Executive Committee of AN on 30th Kartik, 2082.

Except for certain activities that will conclude on the realization of their relevant activities in accordance with the relevant terms of reference, the financial statements have been prepared on going concern basis.

2 Basis of Preparation

2.1 Statement of Compliance

The Statement of Financial Position, Statement of Income & Expenditure, Statement of Changes in Reserves, Statement of Cash Flows together with the Accounting Policies and Notes to the financial statements as at 32 Asadh, 2082 and for the year then ended comply with the Generally Accepted Accounting Principles to the extent applicable and the Nepal Accounting Standards for NPOs (NAS for NPOs) issued by Accounting Standard Board of Nepal. The Financial Statements were authorized for issue as per decision of the Board or Executive Committee dated 2082 Kartik 30.

2.2 Basis of measurement

The financial statements have been prepared using the historical cost convention or at Fair value wherever specifically disclosed.

2.3 Functional and presentation currency

The financial statements are prepared and presented in Nepalese Rupees (NRs.), which happens to be the NPO's functional currency too. All financial information presented in Rupees have been rounded up to the nearest rupees / thousands / million, except when otherwise indicated.

2.4 Changes in Accounting Policies and Disclosures

The Accounting policies have been consistently applied, unless otherwise stated, and are consistent with those used in previous years.

2.5 Significant Accounting Judgments, Estimates and Assumptions

The preparation of the financial statements requires the use of certain critical accounting estimates and judgments. It also requires management to exercise judgment in the process of applying the accounting policies.

The management makes certain estimates and assumptions regarding the future events. Estimates and judgments are continuously evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In the future, actual result may differ from these estimates and assumptions. (The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are to be disclosed).

Sujit S. Tuladhar & Associates
Kathmandu
Registered Auditor

3 Summary of significant accounting policies

3.1 Property Plant and Equipment

A. Cost and Valuation

All items of property, plant and equipment are initially recorded at cost. Subsequent to the initial recognition of an asset, property plant and equipment are carried at cost less any subsequent depreciation. Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the item of property and equipment.

All other expenditure is recognized in the Statement of Income & Expenditure as an expense as incurred. Buildings owned are used for purposes of organization only and not for income generating purpose and therefore do not fall under the definition of Investment Property.

B. Depreciation

Depreciation is provided for on all Property Plant and Equipment on the straight-line basis and is calculated on the cost of all property, plant and equipment other than land, in order to write off such amounts less any terminal value over the estimated useful lives of such assets. The annual rates of depreciation currently being used by organization based on useful life less residual/terminal value are:

Assets	Life (in years)
Buildings	0
Motor Vehicles	0
Computer Equipments	0
Office Equipments	0
Furniture and Fittings	0
Machineries	0

Donated Assets

Where property plant and equipment is purchased as a part of a project through restricted funds which initially written off as project cost with corresponding income, if on conclusion of the project, the asset is not handed over to the beneficiary or returned to the original donor, the asset is valued on the conclusion of the project with the approval from funding agencies and brought into the financial statements under property plant and equipment with corresponding credit to a Capital Reserve.

Depreciation provided on such assets will be charged against such capital Reserve. For purpose of depreciation the date of valuation for inclusion in the financial statements is considered the date of purchase.

3.2 Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost minus any accumulated amortization, except for assets with indefinite useful lives. Internally generated intangible assets are not capitalized; expenditure is therefore reflected in the Statement of Income & Expenditure in the year in which the expenditure is incurred. The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite useful lives are amortized over their useful economic life. The amortization period and method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Accordingly, straight line amortization over the useful life is carried out.

Sujit S. Tuladhar & Associates
Kathmandu
Registered Auditor

Intangible assets with indefinite useful lives are tested for impairment annually. Such intangibles are not amortized. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

3.3 Foreign Currency Transactions

Transactions in currencies other than Nepal Rupees are converted into Nepal Rupees at rates which approximate the actual rates at the transaction date.

At the reporting date, monetary assets (including securities) and liabilities denominated in foreign currency are converted into Nepal Rupees at the rate of exchange at that date. Realized and unrealized exchange differences are reported in the Statement of Income & Expenditure.

3.4 Cash and cash equivalents

The organization considers and classifies cash in hand, amounts due from banks and short-term deposits with an original maturity of three months or less under the category of “Cash and cash equivalents”. Bank borrowings that are repayable on demand and form an integral part of the orgnaization's cash management are included as a component of cash and cash equivalents for the purpose of the Statement of Cash flows.

3.5 Inventories

Inventories are valued at the lower of cost and net realizable value. Net realizable value is the price at which inventories can be reasonably expected to be sold in the market place, less any estimated cost necessary to make the sale. The cost is determined on first in first out (FIFO) method and includes expenditure incurred in acquiring the inventories and bringing them to their present location and condition. Items donated for distribution or resale are not included in the financial statements until such time they are distributed or resold.

3.6 Provisions

A provision is recognized in the statement of financial position when the organization has a legal or constructive obligation as a result of a past event, it is probable that an outflow of assets will be required to settle the obligation, and the obligation can be measured reliably.

3.7 Employee Benefits Liabilities

The organization's obligation in respect of the defined future benefit plans is calculated separately for each benefit plans by estimating the amount of future benefit that employees have earned in the current and prior periods. The calculation of the defined benefit obligations is performed annually. Gratuity, medical facilities & accumulated leave provision has been provided as per Bye Laws, assuming that all the staffs will be retired at the reporting date.

3.8 Loans and Borrowings and Account Payables

Loans and Borrowings and Accounts payables are stated at their cost.

3.9 Accounting for the receipt and utilization of Funds/Reserves

Reserves

Reserves are classified as either restricted or unrestricted reserves.

a. **Unrestricted Reserves/Funds/accumulated surplus**

Unrestricted funds are those that are available for use by the organization at the discretion of the Board, in furtherance of the general objectives of the organization and which are not designated for any specific purpose.

Surplus funds are transferred from restricted funds to unrestricted funds in terms of the relevant Donor Agreements or with the prior approval of the Donor.

Contributions received from the general public are recognized in the Statement of Income & Expenditure on a cash basis.

Sujit S. Tuladhar & Associates
Kathmandu
Registered Auditor

b. **Designated Reserves/Funds**

Unrestricted funds designated by the Board to a specific purpose are identified as designated funds. The activities for which these funds may be used are identified in the financial statements. Where grants are received for use in an identified project or activity, such funds are held in a restricted fund account and transferred to the Statement of Income & Expenditure to match with expenses incurred in respect of that identified project.

Unutilized funds are held in their respective Fund accounts and included under accumulated fund in the Statement of Financial Position until such time as they are required.

Funds collected through a fund raising activity for any specific or defined purpose are also included under this category. Where approved grant expenditure exceeds the income received and there is certainty that the balance will be received such amount is recognized through Debtors in the Statement of Financial position.

c. Restricted Fund

The activities for which these restricted funds may and are being used are identified in the notes to the financial statements restricted funds. Such restricted fund may include conditions for refund should there be balance of fund at the end of the project. Investment income and other gains realized from funds available under each of the above categories are allocated to the appropriate funds, unless the relevant agreement or minute provides otherwise. Where such income can be used for several purpose, same shall be treated as income in the Statement of Income & Expenditure.

d. **Endowment Reserves / Funds**

Where assets are received as an endowment, which are not exhausted, only the income earned from such assets may be recognized and used as income.

e. **Investment Income**

Investment Income and other gains realized from funds available under each of the above categories are allocated to the appropriate funds, unless the relevant agreement or minute provides otherwise. Where such income can be used for general purpose, same shall be treated as income in the Statement of Income & expenditure.

3.10 Grants and Subsidies

Grants and subsidies are recognized in the financial statements at their fair value. When the grant or subsidy relates to an expense it is recognized as deferred income necessary to match it with the costs over the accounting years, which is intended to compensate for on a systematic basis.

Grants and subsidies in the form of PPE (Fixed assets) are generally shown as deferred income in the Statement of Financial Position and credited to the Statement of Income & Expenditure over the useful life of the asset by the amount of depreciation with corresponding debit to deferred income over more than one accounting period.

In the case of grants received to fund an entire project or activity, which includes the purchase of an asset, and the cost of such asset is charged with the project costs to the Statement of Financial Performance, the grant value is recognized as income in the same period as the cost of the asset is charged to the Statement of Income & Expenditure.

At the end of the project, when there is certain fair value remains of such assets charged to Statement of Income & Expenditure, same will be recognized as capital reserve at fair value with corresponding value of PPE. Each year and over its useful life, the depreciation will be charged to capital reserve with corresponding credit to related PPE.

3.11 Income recognition

a. **Contributions / Incoming Sources**

Income realized from restricted funds is recognized in the Statement of Income & Expenditure only when there is certainty that all of the conditions for receipt of the funds have been complied with and the relevant expenditure that it is expected to compensate has been incurred and charged to the Statement of Income & Expenditure. Unutilized funds are carried forward as such in the Statement of Financial Position.

Gifts and donations received in kind are recognized at fair value at the time that they are distributed to beneficiaries, or if received for resale with proceeds being used for the purpose of the organization at the point of such sale. Items not sold or distributed are inventoried but not recognized in the financial statements.

All other income is recognized when the organization is legally entitled to the use of such funds and the amount can be quantified. This would include income receivable through fund raising activities and donations.

b. **Financial Income**

Interest earned is recognized on an accrual basis when there is certainty of receipt. Dividend received is recognized when the right to receive dividend is established. Revenues earned on services rendered are recognized in the accounting period in which the services were rendered and accepted by the clients.

Net gains and losses on the disposal of property, plant and equipment and other non-current assets, including investments, are recognized in the Statement of Income & Expenditure after deducting from the proceeds on disposal, the carrying value of the item disposed of and any related selling expenses.

c. **Other income**

Other income is recognized on an accrual basis except otherwise categorically explained to be on cash basis.

3.12 Expenditure recognition

Expenses in carrying out the projects and other activities of the organization are recognized in the Statement of Income & Expenditure during the period in which they are incurred. Other expenses incurred in administering and running the organization and in restoring and maintaining the property plant and equipment to perform at expected levels are accounted for on an accrual basis and charged to the Statement of Income & Expenditure.

Sujit S. Tuladhar & Associates Kathmandu Registered Auditor

3.13 Taxation

a. Current Taxes

AN is yet to obtain the tax exemption certificate from lnland Revenue office and accordingly provision for income taxes is made, if there happen to be a surplus. Earning and spending of AN has been as per it''s constitution.

The organization is in due compliance in relation to the withholding tax requirements as specified by Income Tax Act, 2058 and has been duly depositing such withheld tax within the time frame specified.

b. Value added taxes

Value added taxes (VAT) that are payable on services and goods purchased are normally included in the cost of such item. An exception would be where the organization is exempted and entitled to refund, in such case, same would be reflected as receivable in the Statement of Financial Position.

3.14 Borrowing costs

Borrowing costs that are attributable to the acquisition, construction or production of a qualifying asset, are charged off to Statement of Income & Expenditure as expense. Other borrowing costs are treated as an expense in the period in which it is incurred.

3.15 Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only on the occurrence or non - occurrence of one or more uncertain future events that are not wholly within the control of the organization. It may also be a present obligation that arises from past events but in respect of which an outflow of economic benefit is not probable or which cannot be measured with sufficient reliability. Such contingent liabilities are recorded under Notes. For certain operational claims reported as contingent liabilities, it is not practical to disclose detailed information on their corresponding nature and uncertainties.

3.16 Regrouping & Round off

Figures have been regrouped and re arranged and rounded off to nearest rupee. Insignificant rounding off differences may still exist.

Sujit S. Tuladhar & Associates
Kathmandu
Registered Auditor