

**Independent Auditor's report
To
Auditing Standards Board**

Report on the Financial Statements

We have audited the accompanying financial statements of the Auditing Standards Board, which comprise the Financial Position as of Ashad 31, 2072 (July 16, 2015), Statement of Income, Statement of changes in fund and Cash Flow Statement for the year ended on that date and a summary of significant accounting policies and other explanatory notes.

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 statements that are free from material misstatement, where 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 conducted our audit in accordance with Nepal Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

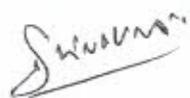
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion:

In our opinion, the financial statements present fairly, in all material respects, the financial position of Auditing Standards Board as of Ashad 31, 2072 (16th July 2015), and of its financial performance and its cash flows for the year then ended in accordance with Nepal Accounting Standards.

Date : 2072-09-19
Place : Bhaktapur, Nepal




Dipak Shivakoti
For D. S. & Associates
Chartered Accountants

AUDITING STANDARDS BOARD

Satdobato, Lalitpur

Statement of Financial Position

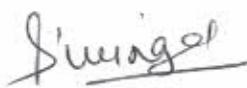
As at 31 Ashad 2072 (16 July 2015)

<u>Particulars</u>	<u>Notes</u>	<i>Amt. in NPR</i>	
		<u>AS At Ashad 31, 2072</u>	<u>AS At Ashad 32, 2071</u>
<u>Assets</u>			
<u>Non Current Assets</u>			
Property, Plant and Equipment	3.1	771,330	628,640
Total Non-Current Assets		771,330	628,640
<u>Current Assets</u>			
Inventories	3.2	718,782	374,311
Trade and Other Receivables	3.3	36,160	725,997
Cash and Cash Equivalents	3.4	102,583	56,934
Total Current Assets		857,525	1,157,242
Total Assets		1,628,855	1,785,882
<u>Funds & Liabilities</u>			
General Reserves	3.5	1,892,752	1,892,752
Retained Earnings		(884,045)	(567,520)
Capital Fund		-	14,732
Total Funds		1,008,707	1,339,964
<u>Non Current Liabilities:</u>			
Total Non-Current Liabilities		-	-
<u>Current Liabilities:</u>			
Trade and Other Payables	3.6	620,148	445,918
Total current liabilities		620,148	445,918
Total Liabilities		620,148	445,918
Total Funds and Liabilities		1,628,855	1,785,882

As per our report of even date

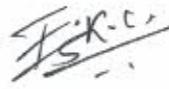
The notes on pages 1 -6 from part of these financial Statements. The Financial Statements were approved by the Board on poush 19, 2072.


.....
Mr. Sushil Kumar Ojha
Chief Executive Officer


.....
CA Sunir Kumar Dhungel
Chairman

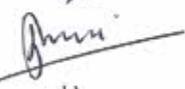

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CA. Dipak Shivakoti
Chartered Accountant

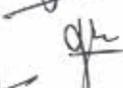
Members:

Mr. Tej Bahadur K.C. 

Mr. Uddhav Chandra Shrestha

CA. Anup Kumar Shrestha 

CA. Achyut Raj Joshi 

CA. Sujan Kumar Kafle 

RA. Kamal Kharel 



Date : 2072.09.19

Place : Satdobato, Lalitpur

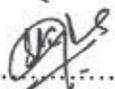

AUDITING STANDARDS BOARD
 Satdobato, Lalitpur
Statement of Income
 For the year ended 31 Ashad 2072 (16 July 2015)

Amt. in NPR

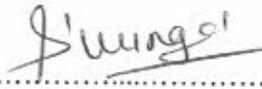
Particulars	Notes	For the Year Ended Ashad 31 2072	For the Year Ended Ashad 32 2071
INCOME			
Government Grants	3.8	2,000,000	2,000,000
Workshop Training Income	3.9	-	459,000
Other Income	3.10	5,326	7,073
Total Income		2,005,326	2,466,073
EXPENSES			
Staff Costs/Expenses	3.11	880,036	1,059,064
Depreciation	3.1	323,155	205,674
Administrative Expenses	3.12	761,751	1,407,332
Other Operating Expenses	3.13	369,311	499,413
Bad Debts	3.13.1	44,935	
Workshop Training Expenses	3.14	2,413	335,364
Total		2,381,601	3,506,847
Net Surplus/(Deficit) for the year		(376,275)	(1,040,774)

As per our report of even date

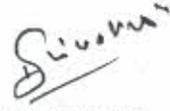
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 Chief Executive Officer



 CA Sunir Kumar Dhungel
 Chairman



 CA. Dipak Shivakoti
 Chartered Accountant

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Mr. Uddhav Chandra Shrestha

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CA. Achyut Raj Joshi

CA. Sujan Kumar Kafle

RA. Kamal Kharel



Date : 2072.09.19

Place : Satdobato, Lalitpur

AUDITING STANDARDS BOARD

Saddobato, Lalitpur

Statement of Cash Flows

For the year ended 31 Ashad 2072 (16 July 2015)

Amt. in NPR

Particulars	For the Year Ended Ashad 31 2072	For the Year Ended Ashad 32 2071
A Cash Flows from Operating Activities		
Profit for the Year	(376,275)	(1,040,774)
Adjustment for:		
Depreciation	323,155	205,674
Profit/(loss) Transfer from previous year	59,751	-
Capital Grant reserve written back	(3,683)	(4,911)
(Increase) / Decrease in Trade and other receivables	689,837	433,210
(Increase) / Decrease in Inventories	(344,471)	48,554
Increase / (Decrease) in other Liabilities	174,230	29,283
Net Cash Flows from Operating Activities	522,543	(328,964)
B Cash Flow from Investing Activities		
Acquisition of Property, plant and Equipment	(476,894)	(140,695)
Net Cash flows from Investing Activities	(476,894)	(140,695)
C Cash flow from financing activities		
Increase in capital fund	-	-
Net Increase in Cash and Cash Equivalentts	45,649	(469,659)
Cash and Cash Equivalentts at the beginning 32 Ashad 2071	56,934	526,593
Cash and Cash Equivalentts at the end 31 Ashad 2072	102,583	56,934

As per our report of even date

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Date : 2072.09.19

Place : Saddobato, Lalitpur

AUDITING STANDARDS BOARD

Satdobato, Lalitpur

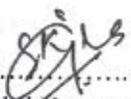


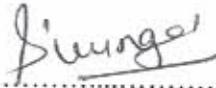
Statement of Changes in Funds
For the year ended 31 Ashad 2072 (16 July 2015)

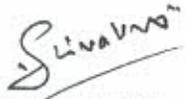
Particulars				Amt. in NPR
	General Reserve Fund	Grant Reserve Fund	Retained Earnings	Total
Balance at 01 Shrawan 2070	1,892,752	14,732	473,254	2,366,006
Change in Accounting Policies				
Restated Balance at 1st Shrawan 2070				
Profit for the year			(1,040,774)	(1,040,774)
Balance at 32 Ashad 2071	1,892,752	14,732	(567,520)	1,325,232
Balance at 1 Shrawan 2071	1,892,752	14,732	(567,520)	1,325,232
Addition (net)				
Changes in Accounting Policies			59,751	
Profit for the year		(3,683)	(376,275)	
Other Comprehensive Income			(11,049)	(11,049)
Balance at 31 Ashad 2072	1,892,752	11,049	(895,094)	1,008,707

As per our report of even date

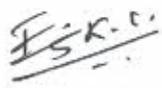
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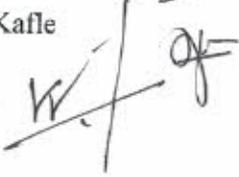
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RA. Kamal Kharel 



Date : 2072.09.19

Place : Satdobato, Lalitpur



AUDITING STANDARDS BOARD

Satdohate, Lalitpur

For the year ended 31 Ashad 2072 (16 July 2015)

Significant Accounting Policies and Notes to the financial statements

1 General Information

Auditing Standards Board (AuSB) has been constituted by the Government of Nepal on 26 Falgun 2059 corresponding to 10 March, 2003 under Nepal Chartered Accountants Act, 1997 (first amendment 2002). The AuSB consists of 7 members comprising a Chairman appointed by the Government of Nepal from Fellow Chartered Accountants and other members are representative of Ministry of Finance(MoF), representative of Office of the Auditor General(OAG), Three Chartered Accountants and One Registered Auditor nominated by the Government of Nepal on the recommendation of Institute of Chartered Accountants of Nepal(ICAN).

The rights and duties of Auditing Standards Board as stipulated in the Nepal Chartered Accountants Act include:(a) development of auditing standards, (b) redrafting, improvement and revising standards, (c) To interpreting the standards, d) undertaking other tasks related to auditing standards.

The Financial Statements for the year ended on Ashad 31, 2072 (16 July 2015) were approved by the Board in its meeting held on poush 19, 2072.

2 Significant Accounting Policies

2.1 Basis of preparation

The Statement of Financial position, Statement of Income, cash flows statement and statement of change in fund (all together referred to as "Financial Statements") together with the accounting policies and notes to the Financial Statements have been prepared in accordance with Nepal Accounting Standards where applicable.

2.2 Basis of Measurement

The financial statements have been prepared on historical cost basis and under accrual basis of accounting except otherwise stated.

2.3 Functional and Presentation Reporting Currency

The financial statements are prepared in Nepalese Rupees, which is also the functional currency. All the financial information presented in Nepalese Rupees has been rounded to the nearest Rupee and hence there may not add up and may have rounding difference.

2.4 Significant Accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below.

2.4.1 Property, plant and equipment

Items of property, plant and equipment are initially recognized at cost. Cost includes the purchase price and other directly attributable costs as well as the estimated present value of any future unavoidable costs of dismantling and removing items.

2.4.2 Depreciation

Depreciation is provided on all items of property, plant and equipment so as to write-off their carrying value over the expected useful economic lives.

Depreciation has been computed on Straight Line Method. The estimate useful lives for the assets and effective rates for depreciation are as follows:

Particulars of Assets	Useful Life (Years)	Rate
Furniture and Fixtures	4	25%
Computer Accessories	4	25%
Office Equipment	4	25%
Vehicles	5	20%
Office Partition	4	25%
Miscellaneous property	4	25%

2.4.3 Trade and other receivables

Trade and other receivables are stated at their cost less possible allowance for impairment.

2.4.4 Inventories

Inventories are initially recognized at cost, and subsequently at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the variable selling expenses.



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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.

2.4.5 Cash and cash equivalents

Cash and cash equivalents comprises cash balances, current deposit, saving account balance call deposits and other short term highly liquid investments having a maturity less than equal to the 90 days from the date of deposit has been considered as cash equivalent and considered as current assets.

2.4.6 Revenue Recognition

2.4.6.1 Unconditional and restricted grants

a Unconditional grants

General grants received from Government without any specific condition are accounted for as income in the year of receipt.

b Grants in kind

All grants in kind is valued at their fair value on the date of receipt and accounted for as income accordingly.

2.6.2 Other income

Income from workshop and training imparted by the Board are recognized on accrual basis.

2.4.7 Trade and other payables

Trade and other payables are stated at their amortized cost. All trade payable that are required to be settled after one year from the date of reporting period is classified as non current liabilities including all employees related liabilities reasonably estimated at reporting date are reflected as non current liabilities.

2.4.8 Income tax

2.4.8.1 Current tax

AuSB has obtained tax exempt statue from Inland Revenue Department as per the provisions of Income Tax Act, 2058. Accordingly, its income is not taxable. AuSB is however is required to comply with submission of Income Tax Returns and also the withholding tax provisions of Income Tax Act.

All its interest income is recorded after withholding tax and accounted for as income net off of such withholding tax as well.

2.4.8.2 Deferred tax

In view of its tax exempt status deferred tax calculation is not required.

3 Notes to Accounts and disclosures

Properties plant and equipments

The properties plant and equipments are stated at cost less depreciation. Depreciation has been changed from Diminishing Balance Method (DBM) to Straight Line Method (SLM) at the depreciation rate determined considering useful life of assets or property plant equipment as stated in the policies as below:

Particulars	Furniture	Computers & Peripheral	Office Equipment	Vehicles	Office Partition	Miscellaneous property	In Rupees
							Total
General Assets							
Opening Balance	320,393	96,022	406,062	76,450	400,380	8,600	1,307,907
Additions during the year	-	-	-	-	476,894	-	476,894
Balance as at 31 Ashad 2071	320,393	96,022	406,062	76,450	877,274	8,600	1,784,801
Accumulated balance	230,396	26,124	261,518	58,984	100,095	2,150	679,267
Depreciation Adjustment	57,599	6,532	65,380	11,797	25,024	537	166,868
Depreciation charge for current year	22,499	17,474	36,1	3,493	75,071	1,613	156,287
Accumulated depreciation	310,494	50,130	363,934	74,274	200,190	4,300	1,002,422
Impairment Loss	-	-	11,049	-	-	-	11,049
Carrying Amount as 32 Ashad 2072	9,899	45,893	31,979	2,176	677,084	4,300	771,330



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Particulars	Current Year (Rs)	previous Year (Rs)
Carrying Amount of properties Plant and Equipment	771,330	628,640

Grant assets						
Balance at. 01 Shrawan 2070		99,613	-	-	-	99,613
Additions during the year	-	-	-	-	-	-
Balance as at 32 Ashad 2071		99,613	-	-	-	99,613
Accumulated balance		84,881	-	-	-	84,881
Depreciation charge for current year		3,683	-	-	-	3,683
Accumulated Depreciation		88,564	-	-	-	88,564
Impairment Loss		0	-	-	-	-
Carrying Amount as 31 Ashad 2072		-	-	-	-	11,049

3.2 Inventory

Inventory stated at cost comprises followings

	Current year (Rs)		Previous year (Rs)	
	Current	Non current	Current	Non current
Books & Stationary	718,782	-	374,311	-
Total	718,782	-	374,311	-

Management considers all inventory to be in good conditions and requires allowance for possible loss. These are consumable within a period of one year.

3.3 Trade and other receivables

Trade and other receivables stated at their cost less possible allowance for impairment comprises followings:

Particulars	Current Year (Rs)		Previous Year (Rs)	
	Current	Non current	Current	Non current
Trade Receivables (Net)	14,600	-	717,272	-
Other Receivable	21,560	-	8,725	-
	36,160	-	725,997	-
Less: Allowance for impairment	-	-	-	-
Carrying Amount	36,160	-	725,997	-

3.4 Cash and cash equivalents:

Cash and cash equivalents included following balances:

Particulars	Current Year (Rs)		Previous Year (Rs)	
	Current	Non current	Current	Non current
Cash at Bank	102,583	-	56,934	-
Carrying Amount	102,583	-	56,934	-

3.5 General Fund and reserves

3.5.1 General fund comprises followings:

Particulars	Current Year (Rs)	Previous Year (Rs)
Balance from previous year	1,892,752	1,892,752
General fund balance	1,892,752	1,892,752

These are free fund and available for used.

3.5.2 Retained Earnings

Balance in retained earnings is as below:

Particulars	Current Year (Rs)	Previous Year (Rs)
Balance from previous year	(567,520)	473,254
Prior year Adjustment	59,751	-
Surplus during the year	(376,275)	(1,040,774)
General fund balance	(884,045)	(567,520)

Retained Earning included Profit on Sales return Adjustment (i.e 59751)



3.5.3 Capital Fund

Assets purchase under the grant fund is initially charged off as Board expenditures with corresponding income. Subsequently such assets are capitalized into properties plant and equipment with corresponding credit to capital reserve fund. Depreciation charged on such assets is debited to capital fund with corresponding credit to respective property plant and equipments. Accordingly the status of such capital fund is as below:

Particulars	Current Year (Rs)	Previous Year (Rs)
Opening balance	14,732	19,643
Less depreciation	(3,683)	(4,911)
General fund balance	11,049	14,732

These balance has not been reflected after rearranging the previous year balances which were earlier reflected as deferred income liabilities previous year audited financial statements.

3.6 Trade payable and liabilities

Particulars	Current year (Rs)		Previous year (Rs)	
	Current	Non current	Current	Non current
Trade Payable	362,029	-	145,779	-
Social security and other taxes	27,374	-	14,762	-
Non-trade payables and accrued exp	29,471	-	180,671	-
Staff related liabilities	201,274	-	104,706	-
Carrying Amount	620,148	-	445,918	-

3.8 Government Grants

Government grant of Rs. 2 million (PY Rs. 2 Million) was received dur. the year. This is general grant for the administration of AuSB. Accordingly, since this is free grant, this has been accounted for as income in the year of receipt. Generally as normal practice, through budget provision annually, Government of Nepal has been providing grants.

3.9 Training Income

AuSB conducted various Training programmes previous year. Accordingly, all income from participants of these training has been accounted for as income from training. These are general activities of the AuSB. During the year,

Income from Trainings	Current Year	Previous Year
Stake holder Expectation Training	-	200,000
NSQC	-	259,000
Total	-	459,000

3.10 Other income

Other income comprises following incomes:

Particulars	Current Year (Rs)	Previous Year (Rs)
Capital Grant Assets Depreciation Written back	3,683	4,911
Other Income	265	745
Publication related Income	1,378	1,417
Total	5,326	7,073

The interest income is net off of withholding tax deducted as source by commercial banks.

3.11 Staff cost and expenses

AuSB has engaged on contract basis 4 number of staff. CEO and office Assistant are under the joint cost sharing with Accounting Standards Board. The total staff cost of Board are as below:

Particulars	Current Year (Rs)	Previous Year (Rs)
Salary Expenses	754,073	935,499
Medical Allowance	51,200	64,200
Leave Encashment	74,763	59,365
Total	880,036	1,059,064

AuSB does not have any long term liabilities in respect of employees gratuity.

3.12 Administrative Expenses

Administration expenses included following expenditures accounted for on accrual basis:

Particulars	Current Year (Rs.)	Previous Year (Rs.)
Communication Expenses	22,341	122,395
Printing, Stationery and Reproduction costs	35,656	39,316
Travel and Transportation costs	361,546	715,780
Advertisement Expenses	27,618	16,950
Audit Fees and Expenses	21,808	20,340
Standard Development & Research Expenses	175,782	294,551
Board Meeting Allowances	69,000	150,000
Committee & sub committee meeting Allowances	48,000	48,000
Total	761,751	1,407,332

3.13 Other Operating Expenses

Other operating expenses included following expenditures accounted for on accrual basis:

Particulars	Current Year (Rs.)	Previous Year (Rs.)
House rent	192,000	264,000
Hospitality Expenses	33,424	33,426
Insurance Expenses	-	4,426
Newspaper, Magazine & Journal Expenses	6,450	13,370
Renewal Expenses	2,870	2,000
Water & Electricity	22,261	29,761
Fuel Expenses	23,883	27,648
Repair & Maintenance	34,809	107,511
Ceremonial Expenses	1,599	-
Office Transfer Expenses	38,910	-
Low value capital item	12,850	13,070
Miscellaneous Expenses	255	4,201
Total	369,311	499,413

3.13.1 Bad Debts

Particulars	Current Year	Previous Year
Bad Debts	44,935	-

Bad Debts included write off value of Trade receivable (i.e 44935) .

3.14 Workshop training expenses

Workshop training expenses are general expenditures incurred in connection with workshop and training and comprises of expenses on stationary printing and general supplies. These are as below

Particulars	Current Year (Rs.)	Previous Year (Rs.)
Workshop training expenses	2,413	335,364
	2,413	335,364



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3.15 Related parties transactions

3.15.1 AUSB members

Except for the Board meeting fee and specific standard review fee made to members of AUSB under project activities, there has not been any related parties transactions. During the year 16 number of AUSB Board meeting has been held. Generally Board member fee of Rs. 1500.00 to Chairman and members present in the meeting.

S.n	Particulars	Numbers	Rate	Allowances (Rs)
1	Board Meeting	6	1,500	69,000
	Total			69,000

Committees & Sub-committees

AUSB has formed 6 Committees and 1 Sub Committee. Following are allowances distributed to the committees, sub committees and task force members which has been shown below

S.n	Particulars	Numbers	Rate	Allowances (Rs)
	Committees			
1	NSA Revision & Development Committee	4	1500	19,500
2	Capacity Development Committee	3	1500	15,000
3	Translation Committee	0	1500	-
4	Editorial committee	0	1500	-
5	strategic Planning Development	0	1500	-
6	Recruitment Committee	4	1500	6,000
7	Audit committee	2	1500	7,500
	Total Amount			48,000

3.15.2 Employees

As stated in note 3.11, employees have no interest on financial transaction of the board.

3.16 Event after reporting period

3.16.1 There has not been any event that would required consideration and adjustment in the financial statement.

3.17 Contingent Liabilities

There has not be any claim against AUSB nor has AUSB had any capital commitment or guarantee or legal case pending against it.

3.18 Figures have been rearrangement to reflect appropriate presentation of operational result including that of previous year.



J.S.K.C.

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J.S.K.C.

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