

INDEPENDENT AUDITOR'S REPORT

AUDITING STANDARDS BOARD

We have audited the accompanying Financial Statements of Auditing Standards Board relating to its operations in Nepal which comprise the Statement of Financial Position as of Ashad 31, 2074, Statement of Cash Flows and the income statement for the year then ended and significant accounting policies and other explanatory notes. These financial statements are the responsibility of the company's management.

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Nepal Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides reasonable basis for our opinion.

In our opinion, the financial statements give a true and fair view of the financial position of the Board as of Ashad 31, 2074, and of the results of its operations and its cash flows for the year then ended in accordance with Nepal Accounting Standards or relevant practices.



Suman Dangol
Engagement Principal
S. Dangol & Associates.
Chartered Accountants

Date: Ashwin 4, 2074

Place: Lalitpur, Nepal

AUDITING STANDARDS BOARD

Satdobato, Lalitpur
Statement of Financial Position
 As at 31st Ashad 2074 (15 July 2017)

<u>Particulars</u>	<u>Notes</u>	<i>Amt. in NPR</i>	
		<u>AS At</u> <u>Ashad 31, 2074</u>	<u>AS At</u> <u>Ashad 31, 2073</u>
Assets			
Non Current Assets			
Property, Plant and Equipment	3.1	771,710	520,748
Total Non-Current Assets		771,710	520,748
Current Assets			
Inventories	3.2	1,189,620	924,926
Trade and Other receivables	3.3	74,443	251,533
Cash and Cash Equivalents	3.4	588,518	290,231
Total Current Assets		1,852,581	1,466,690
Total Assets		2,624,291	1,987,438
Funds & Liabilities			
General Reserves	3.5	1,892,752	1,892,752
Retained Earnings	3.5.2	(199,479)	(351,586)
Total Funds		1,693,273	1,541,166
Non Current Liabilities:			
Capital Grant	3.5.3	625,724	-
Total Non-Current Liabilities		625,724	-
Current Liabilities:			
Trade and Other Payables	3.6	305,294	446,272
Total current liabilities		305,294	446,272
Total Liabilities		931,018	446,272
Total Funds and Liabilities		2,624,291	1,987,438

As per our report of even date

The notes on pages 1 -6 from part of these financial Statements.

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

.....
 CA. Achyut Raj Joshi
 Member

.....
 Mr. Uddhav Chandra Shrestha
 Chairman

.....
 CA. Suman Dangol
 Chartered Accountant

Date : 2074.06.04

Place : Satdobato, Lalitpur

AUDITING STANDARDS BOARD
 Satdobato, Lalitpur
Statement of Income
 For the year ended 31 Ashad 2074 (15 July 2017)



Particulars	Notes	<i>Amt. in NPR</i>	
		For the Year Ended Ashad 31 2074	For the Year Ended Ashad 31 2073
INCOME			
Government Grants	3.8	2,500,000	2,500,000
Awareness Programme Income	3.9	-	284,050
Other Income	3.10	289,969	187,629
Total Income		2,789,969	2,971,679
EXPENSES			
Staff Costs/Expenses	3.11	1,053,358	938,265
Depreciation	3.1	335,329	291,830
Administrative Expenses	3.12	848,712	457,550
Other Operating Expenses	3.13	456,395	522,197
Bad Debts		-	3,250
Awareness Programme Expenses	3.14	4,068	352,202
Total		2,697,862	2,565,294
Net Surplus/(Deficit) for the year		92,107	406,385

As per our report of even date

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

.....
 C.A. Suman Dangol
 Chartered Accountant



.....
 CA. Achyut Raj Joshi
 Member

.....
 Mr. Uddhav Chandra Shrestha
 Chairman

Date :2074.06.04

Place : Satdobato, Lalitpur

AUDITING STANDARDS BOARD

Satdobato, Lalitpur

Statement of Changes in Funds
For the year ended 31 Ashad 2074 (15 July 2017)

Particulars	General Reserve Fund	Retained Earnings	Amt. in NPR
			Total
Balance at 01 Shrawan 2072	1,892,752	-	1,892,752
Change in Accounting Policies			-
Restated Balance at 1st Shrawan 2072			-
Profit for the year	-	(351,586)	(351,586)
Other Comprehensive Income			-
Balance at 31 Ashad 2073	1,892,752	(351,586)	1,541,166
Balance at 1 Shrawan 2073	1,892,752	(351,586)	1,541,166
Addition (net)			-
Prior year adjustment(Receipt)		60,000	
Profit for the year		92,107	92,107
Other Comprehensive Income			-
Balance at 31 Ashad 2074	1,892,752	(199,479)	1,693,273

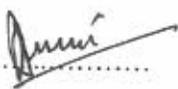
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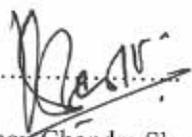
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Mr. Sushil Kumar Ojha
Chief Executive Officer



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CA. Achyut Raj Joshi
Member



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Mr. Uddhav Chandra Shrestha
Chairman



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CA. Suman Dango
Chartered Accountant

Date : 2074.06.04

Place : Satdobato, Lalitpur

AUDITING STANDARDS BOARD

Satdobato, Lalitpur

Statement of Cash Flows

For the year ended 31 Ashad 2074 (15 July 2017)

Amt. in NPR

Particulars	For the Year Ended	For the Year Ended
	Ashad 31 2074	Ashad 31 2073
A Cash Flows from Operating Activities		
Profit for the Year	92,107	406,385
Adjustment for:		
Depreciation	335,329	291,830
Interest	(3,165)	-
Profit/(loss) Transfer from previous year	60,000	126,073
Capital Grant reserve written back	(74,276)	-
(Increase) / Decrease in Trade and other receivables	177,090	(215,373)
(Increase) / Decrease in Inventories	(264,694)	(206,144)
Increase / (Decrease) in other Liabilities	(140,978)	(173,876)
Net Cash Flows from Operating Activities	181,413	228,895
B Cash Flow from Investing Activities		
Acquisition of Property, plant and Equipment	(586,292)	(41,246)
Net Cash flows from Investing Activities	(586,292)	(41,246)
C Cash flow from financing activities		
Capital fund received	700,000	-
Interest	3,165	-
Net Cash Flow from Financing Activities	703,165	-
Net Increase in Cash and Cash Equivalents	298,286	187,649
Cash and Cash Equivalents at the beginning 31 Ashad 2073	290,231	102,582
Cash and Cash Equivalents at the end 31 Ashad 2074	588,518	290,231

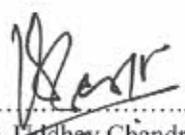
As per our report of even date

The notes on pages 1-6 from part of these financial Statements.


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Mr. Sushil Kumar Ojha
Chief Executive Officer


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CA. Suman Dangol
Chartered Accountant


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CA. Achyut Raj Joshi
Member


.....
Mr. Gadhav Chandra
Shrestha
Chairman

Date : 2074.06.04

Place : Satdobato, Lalitpur

AUDITING STANDARDS BOARD

Satdobato, Lalitpur

For the year ended 31 Ashad 2074 (15 July 2017)

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, 2074 (15 July 2017) were approved by the Board in its meeting held on 2074.06.04.

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 Rupees 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%

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.

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.

2.4.6.2 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 status 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

3.1 Properties plant and equipments

The properties plant and equipments are stated at cost less depreciation. The depreciation has been considered at 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	Total (In Rupees)
General Assets							
Opening Balance	324,393	96,022	413,313	76,450	907,270	8,600	1,826,048
Additions during the year	-	-	-	-	-	-	-
Balance as at 31 Ashad 2071	324,393	96,022	413,313	76,450	907,270	8,600	1,826,048
Accumulated balance	321,143	74,136	406,364	76,450	420,758	6,450	1,305,301
Depreciation charge for current year	3,250	21,886	6,949	-	226,818	2,150	261,053
Accumulated depreciation	324,393	96,022	413,313	76,450	647,576	8,600	1,566,354
Impairment Loss	-	-	-	-	-	-	-
Carrying Amount as 32 Ashad 207	-	-	-	-	259,694	-	259,694



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Capital Grant Assets

Balance at. 01 Shrawan 2073	-	-	-	-	-
Additions during the year	-	127,213	-	459,079	586,292
Balance at 31 Ashad 2074	-	127,213	-	459,079	586,292
Accumulated balance	-	-	-	-	-
Depreciation charge for current year	-	16,891	-	57,385	74,276
Accumulated Depreciation	-	-	-	-	74,276
Impairment Loss	-	-	-	-	-
Carrying Amount as 31 Ashad 2074	-	110,322	-	401,694	512,016

During the year Ministry of Finance released additional budget of Rs. 7 Lakh to purchase Fixed Assets . From which five lakh eighty six thousand two hundred and ninety two rupees has been used to purchase PPE and remaining amount Rs. One lakh thirteen thousand seven hundred and eight rupees has been under capital grant.

Particulars	Current year (Rs)	previous Year (Rs)
Carrying Amount of Properties Plant and Equipme	771,356	520,748

3.2 Inventory

Inventory stated at cost comprises followings

	Current year (Rs)		Previous year (Rs)	
	Current	Non current	Current	Non current
Books & Stationary	1,189,620	-	924,926	-
Total	1,189,620	-	924,926	-

Management considers all inventory to be in good conditions and requires no 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)	48,137	-	231,950	-
Other Receivable	26,306	-	19,583	-
	74,443	-	251,533	-
Less: Allowance for impairment	-	-	-	-
Carrying Amount	74,443	-	251,533	-

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	588,518	-	290,231	-
Carrying Amount	588,518	-	290,231	-

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.



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3.5.2 Retained Earnings

Balance in retained earnings is as below:

Particulars	Current Year (Rs)	Previous Year (Rs)
Balance from previous year	(351,586)	(884,044)
Prior year Adjustment	60,000	126,073
Surplus during the year	92,107	406,385
General fund balance	(199,479)	(351,586)

3.5.3 Capital Fund

Assets purchase under the grant fund is initially recognized into Property, plant and equipment with corresponding credit to capital reserve account. Government grant relating to the purchase of property, plant and equipment are included in the non-current liabilities, as other liabilities, and are credited to the income statement on a straight line basis, over the expected lives of the related assets. Accordingly the status of capital fund is as below:

Particulars	As At Ashad 31, 2074	As At Ashad 31, 2073
Opening Balance	700,000.00	0
Less: Depreciation	(74,276)	0
General Fund Balance	625,724	0

These Balance has been reflected after rearranging the previous year balance which were earlier reflected as deferred income liabilities previous year audited financial statement.

3.6 Trade payable and liabilities

Particulars	Current year (Rs)		Previous year (Rs)	
	Current	Non current	Current	Non current
Trade Payable	250,875	-	12,750	-
Social security and other taxes	2,068	-	12,038	-
Non-trade payables and accrued expenses	52,351	-	90,866	-
Staff related liabilities	-	-	30,618	-
Provision for Overhead Sharing Expenses	-	-	300,000	-
Carrying Amount	305,294	-	446,272	-

All these liabilities are current in nature and obliged to be settled with in a year

3.8 Government Grants

Government grant of Rs. 2.5 million was received during the year. This is the grant for generally covering Administrative expenses without any condition hence a free grant. Accordingly, since this is under the head 3.03 social service Unconditional Government Grant of heading 35.3.110 as per red book of Nepal Government budget, this has been accounted for as income in the year of receipt.

3.9 Awareness Programme Income

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

Income from Awareness Programme	Current Year	Previous Year
Standards Awareness Programme	-	284,050
Total	-	-

3.10 Other income

Other income comprises following incomes:



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Particulars	Current Year (Rs)	Previous Year (Rs)
Capital Grant Assets Depreciation Written back	74,276	-
Other Income/ Bank Interest	3,165	-
Publication related Income	210,103	187,629
Scrap Assets Disposal	2,425	-
Total	289,969	187,629

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	819,840	709,902
Medical Allowance	77,826	47,574
Leave Encashment	89,872	87,922
Dasain Allowances	65,820	59,580
Fuel Expenses	-	33,287
Total	1,053,358	938,265

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	21,687	28,720
Printing, Stationery and Reproduction costs	32,078	15,297
Travel and Transportation costs	6,450	27,925
Office Expenses	2,162	8,780
Audit Fees and Expenses	24,860	23,040
Standard Development & Research Expenses	606,976	258,163
Board Meeting Allowances	61,500	58,500
Committee & Sub Committee Meeting Allowances	93,000	37,125
Total	848,712	457,550

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	-	-
Hospitality Expenses	37,908	30,721
Newspaper, Magazine & Journal Expenses	9,700	11,767
Renewal Expenses	-	4,399
Water & Electricity	33,823	7,375
Fuel Expenses	40,571	14,694
Repair & Maintenance	15,566	23,927
Overhead Sharing Expenses	240,000	300,000
Cleaning Expenses	-	19,203
Ceremonial Expenses	38,450	71,184
Office Transfer Expenses	-	-
low value capital item	13,130	38,054
Miscellaneous Expenses	25,179	873
Postal and Courier Expenses	2,068	-
Total	456,395	522,197



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3.14 Awareness Programme Expenses

Awareness Programme 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.)
Awareness Programme Expenses	4,068	352,202
Total	4,068	352,202

3.15 Related parties transactions

3.15.1 AUSB members

During the year 5 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	61,500
	Total			61,500

Committees & Sub-committees

AuSB has formed 7 Committees . Following are allowances distributed to the committees, sub committees which has been shown below

S.n	Particulars	Numbers	Rate	Allowances (Rs)
	Committees			
1	NSA Revision & Development Committee	12	1500	81,000
2	Capacity Development Committee	1	1500	6,000
3	Translation Committee	0	1500	-
4	Editorial committee	0	1500	-
5	strategic Planning Development	0	1500	-
6	Recruitment Committee	0	1500	-
7	Audit committee	3	1500	6,000
	Total Amount			93,000

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.



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