

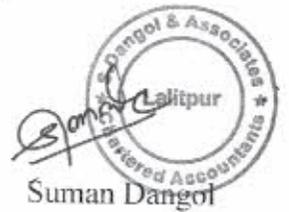
## INDEPENDENT AUDITOR'S REPORT

### 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, 2073, 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, 2073, 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: Kartik 23, 2073

Place: Lalitpur, Nepal

**AUDITING STANDARDS BOARD**

Satdobato, Lalitpur

**Statement of Financial Position**

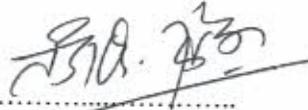
As at 31 Ashad 2073 (15 July 2016)

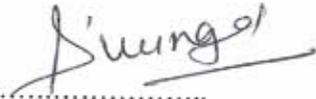
<u>Particulars</u>	<u>Notes</u>	<i>Amt. in NPR</i>	
		<u>AS At Ashad 31, 2073</u>	<u>AS At Ashad 31, 2072</u>
<b><u>Assets</u></b>			
<b><u>Non Current Assets</u></b>			
Property, Plant and Equipment	3.1	520,748	771,330
<b>Total Non-Current Assets</b>		<b>520,748</b>	<b>771,330</b>
<b><u>Current Assets</u></b>			
Inventories	3.2	924,926	718,782
Trade and Other receivables	3.3	251,533	36,160
Cash and Cash Equivalents	3.4	290,231	102,583
<b>Total Current Assets</b>		<b>1,466,690</b>	<b>857,525</b>
<b>Total Assets</b>		<b>1,987,438</b>	<b>1,628,855</b>
<b><u>Funds &amp; Liabilities</u></b>			
General Reserves	3.5	1,892,752	1,892,752
Retained Earnings		(351,586)	(884,045)
<b>Total Funds</b>		<b>1,541,166</b>	<b>1,008,707</b>
<b><u>Non Current Liabilities:</u></b>			
<b>Total Non-Current Liabilities</b>		<b>-</b>	<b>-</b>
<b><u>Current Liabilities:</u></b>			
Trade and Other Payables	3.6	446,272	620,148
<b>Total current liabilities</b>		<b>446,272</b>	<b>620,148</b>
<b>Total Liabilities</b>		<b>446,272</b>	<b>620,148</b>
<b>Total Funds and Liabilities</b>		<b>1,987,438</b>	<b>1,628,855</b>

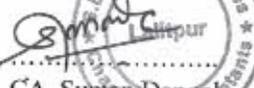
As per our report of even date

The notes on pages 1 -6 from part of these financial Statements. The Financial Statements were approved by the Board on 2073.07.23

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

  
.....  
Mr. Tej Bahadur K.C  
Member

  
.....  
CA. Sunir Kumar Dhungel  
Chairman

  
.....  
CA. Suman Dangol  
Chartered Accountant



Date : 2073.07.23

Place : Satdobato, Lalitpur

**AUDITING STANDARDS BOARD**  
Satdobato, Lalitpur  
**Statement of Income**  
For the year ended 31 Ashad 2073 (15 July 2016)

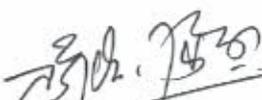
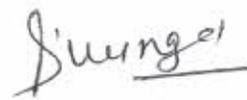
*Amt. in NPR*

Particulars	Notes	For the Year Ended Ashad 31 2073	For the Year Ended Ashad 31 2072
<b>INCOME</b>			
Government Grants	3.8	2,500,000	2,000,000
Awareness Programme Income	3.9	284,050	-
Other Income	3.10	187,629	5,326
<b>Total Income</b>		<b>2,971,679</b>	<b>2,005,326</b>
<b>EXPENSES</b>			
Staff Costs/Expenses	3.11	938,265	880,036
Depreciation	3.1	291,830	323,155
Administrative Expenses	3.12	457,550	761,751
Other Operating Expenses	3.13	522,197	369,311
Bad Debts		3,250	44,935
Awareness Programme Expenses	3.14	352,202	2,413
<b>Total</b>		<b>2,565,294</b>	<b>2,381,601</b>
<b>Net Surplus/(Deficit) for the year</b>		<b>406,385</b>	<b>(376,275)</b>

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 2073.07.23

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

   
.....  
Mr. Tej Bahadur K.C.      CA. Sunir Kumar Dhungel  
Member                      Chairman

  
.....  
CA. Suman Dangol  
Chartered Accountant



**Date : 2073.07.23**

**Place : Satdobato, Lalitpur**

**AUDITING STANDARDS BOARD**

Satdobato, Lalitpur

**Statement of Changes in Funds  
For the year ended 31 Ashad 2073 (15 July 2016)**

Particulars	General Reserve Fund	Grant Reserve Fund	Retained Earnings	Amt. in NPR
				Total
Balance at 01 Shrawan 2071	1,892,752	-	-	1,892,752
Change in Accounting Policies				-
Restated Balance at 1st Shrawan 2071				
Profit for the year	-	-	(884,044)	(884,044)
Other Comprehensive Income		(11,049)		(11,049)
Balance at 31 Ashad 2072	1,892,752	(11,049)	(884,044)	1,008,708
Balance at 1 Shrawan 2072	1,892,752	-	(884,044)	1,008,708
Addition (net)				-
Changes in Accounting Policies			126,073	
Profit for the year			406,385	406,385
Other Comprehensive Income				
Balance at 31 Ashad 2073	1,892,752	-	(351,586)	1,541,166

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 2073.07.23

Mr. Sushil Kumar Ojha  
Chief Executive Officer

Mr. Tej Bahadur K.C  
Member

CA. Sunir Kumar Dhungel  
Chairman

  
CA. Suman Dangol  
Chartered Accountant

Date : 2073.07.23

Place : Satdobato, Lalitpur

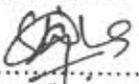
**AUDITING STANDARDS BOARD**  
Satdobato, Lalitpur  
**Statement of Cash Flows**  
For the year ended 31 Ashad 2073 (15 July 2016)

*Amt. in NPR*

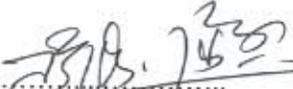
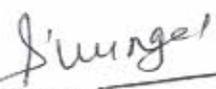
<u>Particulars</u>	<u>For the Year Ended Ashad 31 2073</u>	<u>For the Year Ended Ashad 31 2072</u>
<b>A Cash Flows from Operating Activities</b>		
Profit for the Year	406,385	(376,275)
<b>Adjustment for:</b>		
Depreciation	291,830	323,155
Profit/(loss) Transfer from previous year	126,073	59,751
Capital Grant reserve written back	-	(3,683)
(Increase) / Decrease in Trade and other receivables	(215,373)	689,837
(Increase) / Decrease in Inventories	(206,144)	(344,471)
Increase / (Decrease) in other Liabilities	(173,876)	174,230
<b>Net Cash Flows from Operating Activities</b>	<b>228,894</b>	<b>522,544</b>
<b>B Cash Flow from Investing Activities</b>		
Acquisition of Property, plant and Equipment	(41,246)	(476,894)
<b>Net Cash flows from Investing Activities</b>	<b>(41,246)</b>	<b>(476,894)</b>
<b>C Cash flow from financing activities</b>		
Increase in capital fund	-	-
<b>Net Increase in Cash and Cash Equivalents</b>	<b>187,648</b>	<b>45,650</b>
Cash and Cash Equivalents at the beginning 31 Ashad 2072	102,583	56,934
<b>Cash and Cash Equivalents at the end 31 Ashad 2073</b>	<b>290,231</b>	<b>102,583</b>

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 2073.07.23



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

.....  
Mr. Tej Bahadur K.C.      CA Sunir Kumar Dhungel  
Member                              Chairman



.....  
CA. Suman Dangol  
Chartered Accountant



**Date : 2073.07.23**  
**Place : Satdobato, Lalitpur**

# AUDITING STANDARDS BOARD

Satdobato, Lalitpur

For the year ended 31 Ashad 2073 (15 July 2016)

## 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, 2073 (15 July 2016) were approved by the Board in its meeting held on 2073.07.23

### 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.



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#### 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.

###### 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 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

#### 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)
<b>General Assets</b>							
Opening Balance	320,393	96,022	406,062	76,450	877,274	8,600	1,784,801
Additions during the year	4,000	-	7,250	-	29,996		41,246
<b>Balance as at 31 Ashad 2071</b>	<b>324,393</b>	<b>96,022</b>	<b>413,312</b>	<b>76,450</b>	<b>907,270</b>	<b>8,600</b>	<b>1,826,047</b>
Accumulated balance	310,494	50,130	374,083	74,274	200,190	4,300	1,013,470
Depreciation charge for current year	10,649	24,006	32,281	2,176	220,568	2,150	291,830
<b>Accumulated depreciation</b>	<b>321,143</b>	<b>74,136</b>	<b>406,364</b>	<b>76,450</b>	<b>420,758</b>	<b>6,450</b>	<b>1,305,300</b>
Impairment Loss	-	-	-	-	-	-	-
<b>Carrying Amount as 31 Ashad 2071</b>	<b>3,250</b>	<b>21,886</b>	<b>6,949</b>	<b>-</b>	<b>486,513</b>	<b>2,150</b>	<b>520,748</b>



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Particulars	Current year (Rs)	previous Year (Rs)
Carrying Amount of Properties Plant and Equipm	520,748	771,330

### 3.2 Inventory

Inventory stated at cost comprises followings

	Current year (Rs)		Previous year (Rs)	
	Current	Non current	Current	Non current
Books & Stationary	924,926	-	718,782	-
<b>Total</b>	<b>924,926</b>	<b>-</b>	<b>718,782</b>	<b>-</b>

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)	231,950	-	14,600	-
Other Receivable	19,583	-	21,560	-
	<b>251,533</b>	<b>-</b>	<b>36,160</b>	<b>-</b>
Less: Allowance for impairment	-	-	-	-
<b>Carrying Amount</b>	<b>251,533</b>	<b>-</b>	<b>36,160</b>	<b>-</b>

### 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	290,231	-	102,583	-
<b>Carrying Amount</b>	<b>290,231</b>	<b>-</b>	<b>102,583</b>	<b>-</b>

### 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
<b>General fund balance</b>	<b>1,892,752</b>	<b>1,892,752</b>

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	(884,044)	(567,520)
Prior year Adjustment	126,073	59,751
Surplus during the year	406,385	(376,275)
<b>General fund balance</b>	<b>(351,586)</b>	<b>(884,044)</b>



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### 3.6 Trade payable and liabilities

Particulars	Current year (Rs)		Previous year (Rs)	
	Current	Non current	Current	Non current
Trade Payable	12,750	-	362,029	-
Social security and other taxes	12,038	-	27,374	-
Non-trade payables and accrued expenses	90,866	-	29,471	-
Staff related liabilities	30,618	-	201,274	-
Provision for Overhead Sharing expenses	300,000	-	-	-
<b>Carrying Amount</b>	<b>446,272</b>	<b>-</b>	<b>620,148</b>	<b>-</b>

### 3.8 Government Grants

Government grant of Rs. 2.5 million was received during 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 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	-
<b>Total</b>	<b>284,050</b>	<b>-</b>

### 3.10 Other income

Other income comprises following incomes:

Particulars	Current Year (Rs)	Previous Year (Rs)
Capital Grant Assets Depreciation Written back	-	3,683
Other Income	-	265
Publication related Income	187,629	1,378
<b>Total</b>	<b>187,629</b>	<b>5,326</b>

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	709,902	694,493
Medical Allowance	47,574	51,200
Leave Encashment	87,922	74,763
Dasain Allowances	59,580	59,580
Fuel Expenses	33,287	-
<b>Total</b>	<b>938,265</b>	<b>880,036</b>

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



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### 3.12 Administrative Expenses

Administration expenses included following expenditures accounted for on accrual basis:

Particulars	Current Year (Rs.)	Previous Year (Rs.)
Communication Expenses	28,720	22,341
Printing, Stationery and Reproduction costs	15,297	35,656
Travel and Transportation costs	27,925	361,546
Office Expenses	8,780	-
Advertisement Expenses	-	27,618
Audit Fees and Expenses	23,040	21,808
Standard Development & Research Expenses	258,163	175,782
Board Meeting Allowances	58,500	69,000
committee & sub commettemeeting Allowances	37,125	48,000
<b>Total</b>	<b>457,550</b>	<b>761,751</b>

### 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
Hospitality Expenses	30,721	33,424
Newspaper, Magazine & Journal Expenses	11,767	6,450
Renewal Expenses	4,399	2,870
Water & Electricity	7,375	22,261
Fuel Expenses	14,694	23,883
Repair & Maintenance	23,927	34,809
Overhead Sharing Expenses	300,000	-
Cleaning Expenses	19,203	-
Ceremonial Expenses	71,184	1,599
Office Transfer Expenses	-	38,910
low value capital item	38,054	12,850
Miscellaneous Expenses	873	255
<b>Total</b>	<b>522,197</b>	<b>369,311</b>

### 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	352,202	2,413
<b>Total</b>	<b>352,202</b>	<b>2,413</b>

### 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.



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S.n	Particulars	Numbers	Rate	Allowances (Rs)
1	Board Meeting	5	1,500	58,500
	<b>Total</b>			<b>58,500</b>

#### Committees & Sub-committees

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

S.n	Particulars	Numbers	Rate	Allowances (Rs)
	<b>Committees</b>			
1	NSA Revision & Development Committee	4	1500	15,000
2	Capacity Development Committee	2	1500	12,000
3	Tranalation Committee	0	1500	-
4	Editorial committee	0	1500	-
5	strategic Planning Development	0	1500	-
6	Recruitment Committee	4	750	1,125
7	Audit committee	3	1500	9,000
	<b>Total Amount</b>			<b>37,125</b>

#### 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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