

INDEPENDENT AUDITOR'S REPORT

To the Member,
Aasha Kiran Kendra,
Birgunj, Parsa
Report on Financial Statements:

We have audited the accompanying financial statements of **M/s Aasha Kiran Kendra, Birgunj, Parsa** which comprise the Balance Sheet as at Ashadh 32, 2082 (July 16, 2025), and the related Income statement, Cash Flow statement and the Changes in Equity with significant Accounting Policies & Notes to Accounts for the year then ended.

Management Responsibilities on Financial Statements:

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Nepal Accounting Standards (NAS) for NPOs. This responsibility includes designing, implementing, and maintaining internal control system relevant to the preparation and presentation of financial statements 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 at the circumstances.

Auditor's Responsibilities:

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 the ethical requirements and plan and perform the audit to obtain the reasonable assurance whether the financial statements are free from material misstatement.

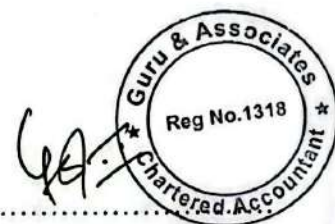
An audit involves performing procedures to obtain audit evidence about the amount and disclosure in the financial statements. The procedures selected depend on our professional judgment, including the assessment of risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we considered internal control system relevant to the entity's preparation and fair presentation of the financial statements to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of financial statements.

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

Opinion:

1. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
2. In our opinion, proper books of accounts have been kept by the company so far as appears from the examination of those books.
3. The Balance Sheet, Profit & Loss Account, and Cash Flow Statement dealt with by this report are prepared in compliance with the Nepal Accounting Standards.
4. In our opinion and to the best of our information and according to the explanation given to us and as shown by the books of the company, the accounts have been correctly drawn-up to reflect the financial position of the company:
 - a. In case of the Balance Sheet of the state of affairs of the company as at 32.03.2082.
 - b. In case of the Profit & Loss Account of the Net Profit for the year ended 32.03.2082.
 - c. In case of Cash Flow Statement of the cash flow for the year ended 32.03.2082.
5. In our opinion and to the best of our information and according to the explanation given to us, the Board of Directors, the representative, or any employee of the company has not acted contrary to the provision of law relating to accounts nor caused direct loss or damage to the company deliberately.

UDIN 5 251009CA02238VP49W



CA Guru Prasad Pokhrel
For
Guru & Associates
Chartered Accountant

Place: Birgunj, Parsa
Date: 9th October 2025

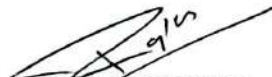
Aasha Kiran Kendra
Birgunj, Parsa, Nepal
Statement of Financial Position
As at 32 Ashadh 2082 (16 July 2025)

Particulars	Notes	Current Year (NPR)	Previous Year (NPR)
ASSETS			
Non - Current Assets			
Property Plant and Equipment	4.1	815,613.63	1,001,301.50
Total Non - Current Assets		815,613.63	1,001,301.50
Current Assets			
Accounts Receivable	4.2	-	-
Receivable from Donar	4.3	-	-
Cash and Cash Equivalents	4.4	2,442,874.08	1,140,192.00
Total Current Assets		2,442,874.08	1,140,192.00
TOTAL ASSETS		3,258,487.71	2,141,493.50
LIABILITIES & RESERVES			
Accumulated Reserves			
Operational Funds	4.5	3,228,294.25	195,135.50
Restricted Funds	4.6	-	1,595,770.00
Other Capital Reserves	4.6.1	-	-
Total Accumulated Reserves		3,228,294.25	1,790,905.50
Non - Current Liabilities			
Debt or Fund - Fixed Assets Balance	4.1	-	-
Total Non - Current Liabilities		-	-
Current Liabilities			
Accounts Payable	4.7	30,193.46	350,588.00
Total Current Liabilities		30,193.46	350,588.00
Total Liabilities		30,193.46	350,588.00
TOTAL LIABILITIES AND RESERVES		3,258,487.71	2,141,493.50

Significant Accounting Policies and Notes to Account form integral part of Statement of Financial Position


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Treasurer


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General Secretary


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Chairperson

As per our report of even date



CA Guru Prasad Pokhrel

For

Guru & Associates
Chartered Accountants



Location: Birgunj
Date : 9th October 2025



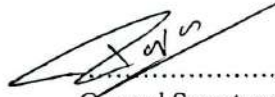
Aasha Kiran Kendra
Birgunj, Parsa, Nepal
Statement of Income and Expenditure
For the Year Ended 32 Ashadh 2082

Particulars	Notes	Current Year (NPR)	Previous Year (NPR)
INCOME			
Annual Program Income	4.8	1,116,990.00	-
Income	4.8	2,624,911.96	940,780.00
Other Income	4.8	356,778.58	80,002.00
TOTAL INCOME		4,098,680.54	1,020,782.00
EXPENDITURE			
Expenses	4.9	2,430,753.92	1,216,263.00
Depreciation	4.1	230,537.88	282,100.50
TOTAL EXPENDITURE		2,661,291.80	1,498,363.50
Net surplus/(deficit) before Taxation		1,437,388.75	(477,581.50)
Income Tax Expenses	4.10	-	-
SURPLUS/(DEFICIT) FOR THE YEAR		1,437,388.75	(477,581.50)

As per our report of even date



Treasurer



General Secretary



Chairperson



CA Guru Prasad Pokhrel

For

Guru & Associates
Chartered Accountants



Location: Birgunj
Date : 9th October 2025

Aasha Kiran Kendra
Birgunj, Parsa, Nepal
Statement Of Cash Flows
For the Year Ended 32 Ashadh 2082

Particular	Current Year (NPR)	Previous Year (NPR)
Cash Flows From Operating Activities		
Surplus/ (Deficit) For The Year (Before Tax)	1,437,388.75	(477,581.50)
Adjustments to Reconcile Surplus/(Deficit) to Net Cash Flows: Non-Cash Items:		
Depreciation and Impairment of Property, Plant and Equipment	230,537.88	282,100.50
Working Capital Adjustments:		
Increase/ (Decrease) in Accounts Receivable	-	-
Increase/ (Decrease) in Accounts Payable	(320,394.54)	21,861.00
Net Cash From/(Used In) Operating Activities	1,347,532.08	(173,620.00)
Cash Flows From Investing Activities		
Purchase of Property Plant and Equipment	(44,850.00)	(866,000.00)
Net Cash From/(Used In) Investing Activities	(44,850.00)	(866,000.00)
Unrestricted Funds/ Accumulated Surplus		
Increase/(Decrease) in Fund Balance	-	-
Unrestricted excluding surplus/(deficit) during the year	-	-
Increase/(Decrease) in Donor Fund - Fixed Assets Balance	-	-
Net Cash From/(Used In) Financing Activities	-	-
Net Increase/(Decrease) In Cash And Cash Equivalents	1,302,682.08	(1,039,620.00)
Cash And Cash Equivalents at the Beginning of the Period	1,140,192.00	2,179,812.00
Cash And Cash Equivalents at the End of the Period	2,442,874.08	1,140,192.00

Significant Accounting Policies and Notes to Account form integral part of Statement of Cash Flows

As per our report of even date


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Treasurer


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General Secretary


.....

Chairperson


.....

CA Guru Prasad Pokhrel

For

Guru & Associates
Chartered Accountants

Location: Birgunj
Date : 9th October 2025



AASHA KIRAN KENDRA
BIRGUNJ-14, PARSA, NEPAL

Aasha Kiran Kendra
Birgunj, Parsa, Nepal
Statement Of Changes In Reserves
For the Year Ended 32 Ashadh 2082


Particulars	Restricted Reserves	Operational Fund	Other Capital Reserve	Result for the Year	Total
Balance as at 16th July, 2023 (32 Ashadh, 2080)	-	672,717.00	-		672,717.00
Result for the Year	-			(477,581.50)	(477,581.50)
Addition/(Utilization) in Restricted Reserves	1,595,770.00				1,595,770.00
Allocation of results to Operational Reserves		-	-	-	-
Addition/(Utilization) in Capital Reserves					
Balance as at 16th July, 2024 (31 Ashadh, 2081)	1,595,770.00	672,717.00	-	(477,581.50)	1,790,905.50
Result for the Year	-			-	-
Addition/(Utilization) in Restricted Reserves	(1,595,770.00)	1,595,770.00			-
Allocation of results to Operational Reserves		-	-	1,437,388.75	1,437,388.75
Addition/(Utilization) in Capital Reserves					-
Balance as at 16th July, 2025 (32 Ashadh, 2082)	-	2,268,487.00	-	959,807.25	3,228,294.25

As per our report of even date


 Treasurer


 General Secretary




 Chairperson


 CA Guru Prasad Pokhrel
 For
 Guru & Associates
 Chartered Accountants



Location: Birgunj
 Date : 9th October 2025

Notes to Financial Statement
Aasha Kiran Kendra
Birgunj, Parsa, Nepal
For the Year Ended 32 Ashadh 2082

4.1 Property Plant and Equipment

Particulars	Depreciation Rate	Opening Balance	Gross Block			Depreciation			Net Block	
			Additions during the Year	Adjustment during the Year	As on Ashadh 31, 2081 (16 July 2024)	Adjustments	During the Year	As on Ashadh 31, 2081 (16 July 2024)	As on Ashadh 32, 2082 (16 July 2025)	
Assets										
Land	0%	-	-	-	-	-	-	-	-	-
Furniture & Fixture	25%	198,911.25	-	-	198,911.25	-	49,727.81	49,727.81	-	149,183.44
Computer & Office Equipment	25%	182,390.25	44,850.00	-	227,240.25	-	56,810.06	56,810.06	-	170,430.19
Vehicle	20%	620,000.00	-	-	620,000.00	-	124,000.00	124,000.00	-	496,000.00
Other Assets	15%	-	-	-	-	-	-	-	-	-
Project Equipments	15%	-	-	-	-	-	-	-	-	-
Sub-Total Assets		1,001,301.50	44,850.00	-	1,046,151.50	-	230,537.88	230,537.88	-	815,613.63
Total		1,001,301.50	44,850.00	-	1,046,151.50	-	230,537.88	230,537.88	-	815,613.63

Purchase Details

Items	Amount
Music speaker	13,200.00
CCTV camera	4,500.00
Mobile	14,100.00
Web camera for LED TV & USB hub	4,550.00
Fingerprint time attendance	8,500.00
Total	44,850.00


Treasurer


General Secretary



AASHA KIRAN KENDRA
BIRGUNJ-44, PARSA, NEPAL


Chairperson



CA Guru Prasad Pokhrel
For
Guru & Associates
Chartered Accountants

Notes to Financial Statement
Aasha Kiran Kendra
Birgunj, Parsa, Nepal
For the Year Ended 32 Ashadh 2082

4.2 Accounts Receivables

Particulars	Current Year (NPR)	Previous Year (NPR)
Receivable	-	-
Total	-	-

4.3 Receivable from Donor

Particulars	Current Year (NPR)	Previous Year (NPR)
		-
Balance at the Beginning of the Year	-	
Transfer from Restricted Fund	-	-
Balance at the end of Year	-	-
Total	-	-

4.4 Cash and Cash Equivalents

Particulars	Current Year (NPR)	Previous Year (NPR)
Bank Balance	2,442,874.08	1,140,192.00
Cash Balance	-	-
Total	2,442,874.08	1,140,192.00

4.5 Operational Funds

Particulars	Current Year (NPR)	Previous Year (NPR)
Balance at the Beginning of the Year	195,135.50	672,717.00
Unrestricted Surplus/(Deficit) in Operating Activities	1,437,388.75	(477,581.50)
Transfer from Restricted Fund	1,595,770.00	-
Total	3,228,294.25	195,135.50

4.6 Restricted Funds

Particulars	Current Year (NPR)	Previous Year (NPR)
Balance at the Beginning of the Year	1,595,770.00	1,595,770.00
Additional Funds Received During The Year	-	-
Transfer to Operational Fund	(1,595,770.00)	-
Balance at the end of Year	-	1,595,770.00
Total	-	1,595,770.00

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Accounts Payable

Particulars	Current Year (NPR)	Previous Year (NPR)
Audit Fee Payable	19,700.00	20,350.00
SST Payable	10,193.46	17,586.00
Income Tax payable	-	500.00
TDS on Audit Fee	300.00	300.00
Directors Funds Payable	-	311,852.00
Total	30,193.46	350,588.00

4.6.1 Other Capital Reserve

Particulars	Current Year (NPR)	Previous Year (NPR)
Opening fund Balance	-	-
Addition during the year	-	-
Balance at the end of Year	-	-
Total	-	-



AASHA KIRAN KENDRA
BIRGUNJ-14, PARSA, NEPAL



Notes to Financial Statement
Aasha Kiran Kendra
Birgunj, Parsa, Nepal
For the Year Ended 32 Ashadh 2082

4.8 Incoming Resources

Particulars	Current Year (NPR)	Previous Year (NPR)
Annual Program Income		
Annual Program Sponsorship	529,990.00	-
Ticket Sale For Event	587,000.00	-
Total Annual Program Income	1,116,990.00	-
Income		
Life Membership Fee	595,000.00	100,000.00
Lunch Sponser	60,700.00	-
Annual Student Sponser	985,000.00	-
Other Donation	840,211.96	526,780.00
Donation By Quest Pharmaceuticals Pvt. Ltd.	144,000.00	314,000.00
Interest Income	44,926.58	80,002.00
Other Income (payable written off)	311,852.00	-
Total Income	2,981,690.54	1,020,782.00
Grand Total Income	4,098,680.54	1,020,782.00

4.9 Expenses

Particulars	Current Year (NPR)	Previous Year (NPR)
Salary Expenses	1,019,346.17	686,133.00
Van Fuel Expenses	151,128.00	83,179.00
Annual Function and Charity Dinner Expenses	641,095.00	186,559.00
Van Repair and Maintainance	29,450.00	66,376.00
Van Tax And Insurance Expenses	38,130.00	52,230.00
School Maintainance Expenses	56,635.00	15,000.00
Audit Fee	20,000.00	15,000.00
Office Expenses	98,610.75	111,786.00
Old Outstanding Electricity Bill	167,660.00	
Electricity Expense	4,015.00	-
School Renovation Expenses	204,684.00	-
Food Commodity Purchase	9,285.00	-
Total	2,430,753.92	1,216,263.00

4.10 Income Tax Expenses

Particulars	Current Year (NPR)	Previous Year (NPR)
Provision for Income Tax	-	-
Total	-	-

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Aasha Kiran Kendra
Birgunj, Parsa, Nepal
Salary Sheet

S.N.	Staff Name	Basic Salary	Dearness Allow.	Dashain allowance	Monthly Allow.	Total	Gross Total	Leave Days	Net Salary	Total Deduct.@1%	Net Salary Payable
1	Sidhu Kusuwoha	107,292.00	54,708.00	8,941.00	6,000.00	176,941.00	176,941.00	11,122.00	165,819.00	1,658.19	164,160.81
2	Anuradha Devi Joshi	91,968.00	46,032.00	-	6,000.00	144,000.00	144,000.00	4,800.00	139,200.00	1,392.00	137,808.00
3	Kanti Devi	68,976.00	33,024.00	5,748.00	6,000.00	113,748.00	113,748.00	5,400.00	108,348.00	1,083.48	107,264.52
4	Sahawan Miya	87,816.00	43,684.00	6,387.00	6,000.00	143,887.00	143,887.00		143,887.00	1,438.87	142,448.13
5	Sayada Khatun	56,199.00	26,301.00	-	5,500.00	88,000.00	88,000.00	10,797.83	77,202.17	772.02	76,430.15
6	Apsana Khatun	115,230.00	58,410.00	-	6,000.00	179,640.00	179,640.00	15,750.00	163,890.00	1,638.90	162,251.10
7	Prakash	7,664.00	3,336.00	-	1,500.00	12,500.00	12,500.00		12,500.00	125.00	12,375.00
8	Kiran Singh	42,152.00	18,348.00	-	5,500.00	66,000.00	66,000.00		66,000.00	660.00	65,340.00
9	Prakash Karn	34,488.00	15,512.00	-	4,000.00	54,000.00	54,000.00	8,500.00	45,500.00	455.00	45,045.00
10	Sunil Yadav	61,312.00	30,688.00	-	4,000.00	96,000.00	96,000.00	4,000.00	92,000.00	920.00	91,080.00
11	Nipendra Karna	3,193.00	1,307.00	-	500.00	5,000.00	5,000.00		5,000.00	50.00	4,950.00
TOTAL		676,290.00	331,350.00		51,000.00	1,079,716.00	1,079,716.00	60,369.83	1,019,346.17	10,193.46	1,009,152.71


Treasurer


General Secretary




Chairperson



CA Guru Prasad Paudyal
For
Guru & Associates
Chartered Accountants



**Aasha Kiran Kendra
Birgunj, Parsa, Nepal**

Profit from Charity Dinner and Annual Function

Particulars	Amount
Revenue	
Annual Program Sponsorship	529,990.00
Ticket Sale For Event	587,000.00
Total	1,116,990.00
Expenses	
Printing & Stationery	40,220.00
Decoration Items	25,350.00
Food	22,205.00
Flight Ticket	15,370.00
Ananda Karki (Singer)	100,000.00
Musician	18,000.00
Town Hall Party Palace	300,000.00
Tent & Sound	100,000.00
Cameraman- Photography Package	10,000.00
Total	631,145.00
Surplus Amount	485,845.00


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Treasurer


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General Secretary


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Chairperson




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CA Guru Prasad Pokhrel
For
Guru & Associates
Chartered Accountants

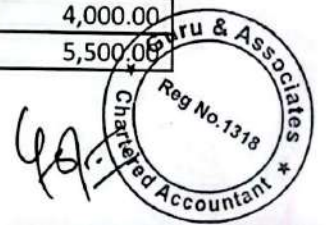


**Aasha Kiran Kendra
Birgunj, Parsa, Nepal
Income Details**

Name	Amount
Abishekh Barnwal	2,000.00
Aditya Engineering - Charity Dinner Sponser	10,000.00
Amita / Shailendra Pd. Verma - Student Sponser	120,000.00
Anil Jaisawal - Hotel Sales Sponser	7,000.00
Annapurna Vegetable Products Pvt. Ltd.- Student Sponser	45,000.00
Anu Rateria- Student Sponser	60,000.00
Anuj Poddar + Rubi Poddar - Life Member	51,000.00
Autocare Center- Charity Dinner Sponser	10,000.00
Bina K. Chaulagain- Lunch Sponser	5,100.00
Birgunj Mobile Security- Charity Dinner Sponser	10,000.00
Birgunj Udyog Banjiya Sangha- Charity Dinner Sponser	10,000.00
Chandrasekhar subramaniam (BD)- Donation	11,000.00
Chandrasekhar Subramanian- Donation	11,000.00
Charity Dinner Sponser	10,000.00
Chaudhary Colour World- Charity Dinner Sponser	10,000.00
Chaudhary Tyre	2,000.00
Chhipaharmai Ga.Pa. - Donation	10,000.00
Citizen Bank Ltd	4,000.00
CSR Nabil Bank Ltd.- Charity Dinner Sponser	25,000.00
Devaki Chachan- Life Member	25,000.00
Dharmendra Subedi - Donation	11,600.00
Dibya Khurana- Student Sponser	51,000.00
Dipa Karki- Lunch Sponser	12,000.00
Donation	15,510.00
Dr. Ayush Sah- Lunch Sponser	5,500.00
Dr. Rajeev K. Jha- Lunch Sponser	5,100.00
Dr. Rajendra Pd. Koirala - Donation	10,000.00
Eastern International - Charity Dinner Sponser	10,000.00
Ganesh Prasad Lath- Ticket Sales	20,000.00
Godawari Oil and Lubricant- Charity Dinner Sponser	10,000.00
Guru Prasad Pokhrel - Donation	5,000.00
Hari Adhikari- Lunch Sponser	5,500.00
Harinarayan Kabra- Student Sponser	100,000.00
Himalayan Eve- Charity Dinner Sponser	25,000.00
Hotel Bishwa Pvt. Ltd.- Charity Dinner Sponser	10,000.00
Interest Income	44,926.58
Jagdamba Enterprises Pvt. Ltd.- Student Sponser	45,000.00
Khadga Pulami- Charity Dinner Sponser	20,000.00
Madhu Rama- Student Sponser	60,000.00
Mahabir power system- Ticket Sales	4,000.00
Mahakal Lohesti and Cargo- Charity Dinner Sponser	10,000.00
Manmohan Krishna Shrestha- Student Sponser	60,000.00
Matching Center- Ticket Sales	4,000.00
MS. Dhoni Fan Club Birgunj - Lunch Sponser	5,500.00

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**Aasha Kiran Kendra
Birgunj, Parsa, Nepal
Income Details**

Mukti Narayan Bhada Pasal- Charity Dinner Sponser	10,000.00
Munna Devi Kalwar - Student Sponser	45,000.00
Navshakti Enterprises - Lunch Sponser	5,100.00
Nayan Krishna Shrestha- Student Sponser	60,000.00
Nepal Ausadhi Bewsai Sangh - Lunch Sponser	5,500.00
Nepal Machinery and Equipment - Charity Dinner Sponser	10,000.00
Nepal Machinery Traders - Student Sponser	60,000.00
NIMB sponsor- Charity Dinner Sponser	20,000.00
Nmet- Charity Dinner Sponser	25,000.00
Nutan Sarawagi- Ticket Sales	10,000.00
Om Prakash & Lata Agrawal - Lunch Sponser	5,500.00
Om Prakash Agrawal - Lunch Sponser	5,500.00
Omni Agro pvt.ltd- Charity Dinner Sponser	25,000.00
Pinky Singh - Donation	5,000.00
Piyush Bajra Bajracharya (Life members)	25,000.00
Pokhariya Municipality - Donation	15,000.00
Ticket sales	494,000.00
Prinsha Sah - Lunch Sponser	5,500.00
Rabindra- Dinner Sponser	25,000.00
Rachana Khetan- Donation	2,500.00
Rashmi Das- Lunch Sponser	5,500.00
Ratan kumar- Lunch Sponser	5,500.00
Premire Insurance- Dinner Sponser	9,990.96
RR Pandey- Hotel Sales Sponser	7,000.00
Rungta Welfare Society- Student Sponser	60,000.00
Sandeep Kumar Mohta- Student Sponser	45,000.00
Sanjay Joshi- Life Member	25,000.00
Santosh Sah	2,000.00
Sapna Garawal- Life Member	25,000.00
Shanjay Joshi- Ticket Sales	10,000.00
SIBA Mithala- Life Member	25,000.00
Dinner Sponser	451,501.00
Steel Wood Enterprise	4,000.00
Sunil General Store	2,000.00
Techno Mid Pharma	4,000.00
Tiberal Implex- Dinner Sponser	10,000.00
Umesh Lal Shrestha- Student Sponser	120,000.00
Uttama Kumar Shrestha- Student Sponser	120,000.00
Vinay Kabra- Student Sponser	100,000.00
Life Membership	525,000.00
Quest Annual Driver Allowance	144,000.00
Charity Dinner Sponser- Quest	200,000.00
Birendra Sanghai - Ticket Sales	40,000.00
Total	3,786,828.54

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Aasha Kiran Kendra
Birjung, Parsa
Notes to Financial Statements

Significant Accounting Policies and Notes to Accounts

1. General information

Aasha Kiran Kendra is a non-governmental not for profit organization registered in District Administration Office and Social Welfare Council. Its registered office is in Birgunj, Nepal as a principle place of activities.

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. Significant Accounting Policies

2.1 Basis of preparation and accounting policies

2.1.1 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 31st Asadh, 2082.

2.2.2 Basis of Measurement

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

2.2.3 Significant Accounting Policies and Disclosures

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).

2.4 Functional and Presentation Currency

The financial statements are prepared in Nepalese Rupees, which is the Company's functional currency. All the financial information presented in Nepalese Rupees has been rounded to the nearest rupee, except otherwise indicated.

2.2 Accounting Policies

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

2.2.1 Impairment of non-financial assets (excluding inventories)

Non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount, the asset is written down accordingly. Impairment charges are included in profit or loss.

2.2.2. Foreign currency

Transactions entered into by company entities in a currency other than the currency of the primary economic environment in which they operate (the functional currency is NPR) are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the reporting date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognized immediately in profit or loss.

2.2.3. Property, plant and equipment

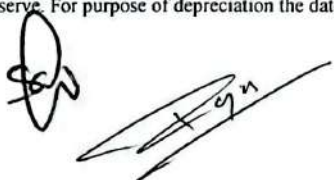
Items of property, plant and equipment are initially recognized at cost. Cost includes the purchase price and other directly attributable costs. Subsequently, items of property, plant and equipment are measured at cost less depreciation less impairment.

2.2.4. 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

Donated Assets

Intangible 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.



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2.2.5. Intangible Asset

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.

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

2.2.6 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 organization's cash management are included as a component of cash and cash equivalents for the purpose of the Statement of Cash flows.

2.2.7. 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.

2.2.9. 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.

2.2.10. 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.

2.2.11. Loans and Borrowings and Account Payables

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

2.2.12. Taxation

The organization has got tax exempted status from Inland Revenue Department and accordingly no provision for tax has been made.

2.2.14. 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.

2.2.15. Trade and other payables

Trade and other payables are stated at their cost.

2.2.17. Accounting for the receipt and utilization of Funds/Reserves

Reserves

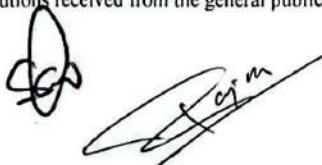
Reserves are classified as either restricted or unrestricted reserves.

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.



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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 Reserves/Funds. Such restricted fund may include conditions for refund should there be balance of fund at the end of the project

2.2.18. 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.

2.2.19 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.

