

**INDEPENDENT AUDITOR'S REPORT**

To the Members of,  
**Ishara Nepal**

**Report on Financial Statements**

I have audited the accompanying financial statements of **Ishara Nepal** ("NGO"), which comprise the Balance Sheet as at Ashad 31, 2074, the Statement of Income & Expenditure, Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

The Organization's Board of Directors is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Organization in accordance with accounting principles generally accepted in Nepal, including the Nepali Accounting Standards. The Organization is responsible for the maintenance of adequate accounting records for safeguarding the assets of the Organization and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of internal financial control, that were operating effectively for ensuring the accuracy and completeness of accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of Nepal. Those Standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 risks 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 Organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.



Contd.

## Opinion

In my opinion, the financial statements give a true and fair view of the financial position of **Ishara Nepal** as of Ashad 31, 2074 (corresponding to July 15, 2017) and of its financial performance and its cash flows for the year then ended in accordance with Nepal Accounting Standards.

I further report that:

1. I have obtained all the information and explanations which to the best of my knowledge and belief were necessary for the purpose of my audit.
2. In my opinion, the organization has kept proper books of accounts as required by the law so far, as appears from my examination of such books.
3. The Balance Sheet, the Statement of Income & Expenditure and the Cash Flow Statement referred to in this report are in agreement with the books of accounts maintained by the organization.
4. In my opinion, and to the best of my information and according to the explanations given to me, the directors or any employee of the organization has neither acted contrary to the legal provisions relating to accounts nor committed any misappropriation of funds or caused loss or damage to the organization.

For, **T. Sapkota & Associates**  
Chartered Accountants



**CA. Thaneshwor Sapkota**  
Principal

Date: 17/10/2074  
Place: Kathmandu

**Ishara Nepal**  
**Maipi - 29, Kathmandu**

**Balance Sheet**  
**As on Ashad 31, 2074 ( July 15, 2017)**

Particulars	Schedule	As on Ashad 31, 2074
<b>Source of Fund</b>		
Capital Fund	1	25,000.00
Reserve & Retained Earning	2	(17,097.00)
		<u>7,903.00</u>
<b>Current Liabilities &amp; Provisions</b>		
Current Liabilities & Other Payables	3	17,720.60
		<u>17,720.60</u>
<b>Total Sources of Funds</b>		<b>25,623.60</b>
<b>Application of Funds</b>		
<b>Current Assets</b>		
Loans & Advances		-
Cash & Bank Balances	4	25,623.60
		<u>25,623.60</u>
<b>Total Application Of Funds</b>		<b>25,623.60</b>

Significant Accounting Policies & Notes to Accounts 7  
Schedules 1 to 7 Form integral part of the Financial Statements

As per our separate report of even

For and on behalf of the Organization

For, T. Sapkota & Associates  
Chartered Accountants



Secretary



Chairman



CA. Thaneshwor Sapkota  
Principal

Date: 17/10/2074  
Place: Kathmandu



**Ishara Nepal**  
**Maipi - 29, Kathmandu**

**Statement of Income & Expenditure**  
**As on Ashad 31, 2074 ( July 15, 2017)**

Particulars	Schedule	Current Year
<b>Income</b>		
Revenue from Operation	5	21,138.00
<b>Gross Operating Income</b>		<b>21,138.00</b>
Cost of Services		-
<b>Gross Income</b>		<b>21,138.00</b>
Less: Administrative Expenses	6	38,235.00
<b>Operating Surplus/(Deficit)</b>		<b>(17,097.00)</b>
Depreciation Expenses		-
<b>Net Surplus/(Deficit) Before Interest &amp; Tax</b>		<b>(17,097.00)</b>
Finance Cost		-
<b>Net Surplus/(Deficit) Before Tax</b>		<b>(17,097.00)</b>
Provision for Income Tax		-
<b>Surplus/(Deficit) after Tax</b>		<b>(17,097.00)</b>
Surplus/(Deficit) up to last year		-
<b>Balance Transferred to Reserves &amp; Surplus</b>		<b>(17,097.00)</b>

As per our separate report of even date

For and on behalf of the Organization

For, T. Sapkota & Associates  
Chartered Accountants



Secretary



Chairman



CA. Thaneshwor Sapkota  
Principal

Date: 17/10/2074  
Place: Kathmandu



**Ishara Nepal**  
**Maipi - 29, Kathmandu**

**Cash Flow Statement**  
**As on Ashad 31, 2074 ( July 15, 2017)**

Particulars	Current Year
Net Profit (Loss) after tax as per Income & Expenditure A/c	(17,097.00)
Add: Depreciation	-
Add: Interest Cost	-
<b>Operating profit before working capital change</b>	<b>(17,097.00)</b>
<b>Change in Working Capital</b>	
Decreases/(Increases) in Current Assets	-
Increases/(Decreases) in Current Liabilities	17,720.60
Income Tax Payment	-
<b>Cash Flow from Operating Activities</b>	<b>623.60</b>
<b>Investing Activities:</b>	
Sales/(Purchase) of Fixed Assets	-
Decreases/(Increases) in Preliminary Exp.	-
<b>Cash Flow from Investing Activities</b>	<b>-</b>
<b>Financing Activities:</b>	
Increase/(Decreases) in Capital Fund	-
Increase/(Decreases) in Borrowing(Loan)	-
Interest Paid	-
<b>Cash Flow from Financing Activities</b>	<b>-</b>
<b>Net Cash Flow During the year</b>	<b>623.60</b>
Opening Cash & Cash Equivalents	-
<b>Closing Cash &amp; Cash Equivalents</b>	<b>623.60</b>

As per our separate report of even date

**For, T. Sapkota & Associates**  
**Chartered Accountants**

For and on behalf of the Organization



**Secretary**



**Chairman**



**CA. Thaneshwor Sapkota**  
**Principal**

Date: 17/10/2074  
Place: Kathmandu



**Ishara Nepal**  
**Maipi - 29, Kathmandu**

**Cash Flow Statement**  
**As on Ashad 31, 2074 ( July 15, 2017)**

Particulars	Current Year
Net Profit (Loss) after tax as per Income & Expenditure A/c	(17,097.00)
Add: Depreciation	-
Add: Interest Cost	-
<b>Operating profit before working capital change</b>	<b>(17,097.00)</b>
<b>Change in Working Capital</b>	
Decreases/(Increases) in Current Assets	-
Increases/(Decreases) in Current Liabilities	17,720.60
Income Tax Payment	-
<b>Cash Flow from Operating Activities</b>	<b>623.60</b>
<b>Investing Activities:</b>	
Sales/(Purchase) of Fixed Assets	-
Decreases/(Increases) in Preliminary Exp.	-
<b>Cash Flow from Investing Activities</b>	<b>-</b>
<b>Financing Activities:</b>	
Increase/(Decreases) in Capital Fund	-
Increase/(Decreases) in Borrowing(Loan)	-
Interest Paid	-
<b>Cash Flow from Financing Activities</b>	<b>-</b>
<b>Net Cash Flow During the year</b>	<b>623.60</b>
Opening Cash & Cash Equivalents	-
<b>Closing Cash &amp; Cash Equivalents</b>	<b>623.60</b>

As per our separate report of even date

**For, T. Sapkota & Associates**  
**Chartered Accountants**

For and on behalf of the Organization



**Secretary**



**Chairman**



**CA. Thaneshwor Sapkota**  
**Principal**

Date: 17/10/2074  
Place: Kathmandu



**Ishara Nepal**  
**Maipi-29, Kathmandu**

**Schedules Forming Part of the Balance Sheet**  
**As on Ashad 31, 2074 ( July 15, 2017)**

<b>Capital Fund:</b>		<b>Schedule-1</b>
<b>Particulars</b>		<b>As on 31.03.2074</b>
Members Fund		25,000.00
<b>Total</b>		<b>25,000.00</b>
<b>General Reserves and Retained Earning:</b>		<b>Schedule-2</b>
<b>Particulars</b>		<b>As on 31.03.2074</b>
Surplus /(Deficit) up to last year		-
Add: Surplus / (Deficit) for the year		(17,097.00)
<b>Total</b>		<b>(17,097.00)</b>
<b>Current Liabilities &amp; Other Payables:</b>		<b>Schedule-3</b>
<b>Particulars</b>		<b>As on 31.03.2074</b>
TDS on Rent		500.00
TDS on Audit Fee		75.00
Audit Fee Payable		4,925.00
Min Bahadur Gurung (Chairman)		12,220.60
<b>Total</b>		<b>17,720.60</b>
<b>Cash and Cash Equivalent:</b>		<b>Schedule-4</b>
<b>Particulars</b>		<b>As on 31.03.2074</b>
<b>Cash at Bank:</b>		
Nepal Investment Bank Ltd.		25,623.60
<b>Total</b>		<b>25,623.60</b>

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**Ishara Nepal**  
**Maipi - 29, Kathmandu**

**Schedules Forming Part of the Statement of Income & Expenditure**  
**As on Ashad 31, 2074 ( July 15, 2017)**

<b>Revenue from Operation:</b>	<b>Schedule-5</b>
<b>Particulars</b>	<b>Current Year</b>
Donation	21,138.00
<b>Total</b>	<b>21,138.00</b>

<b>Administrative Expenses:</b>	<b>Schedule-6</b>
<b>Particulars</b>	<b>Current Year</b>
Audit Fee	5,000.00
House Rent	20,000.00
Registration Expenses	5,235.00
Office Expenses	8,000.00
<b>Total</b>	<b>38,235.00</b>

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# Ishara Nepal

Maipi-29, Kathmandu

## Schedules forming part of the Financial Statements

F.Y. 2073-74

### Schedule 7: Significant Accounting Policies & Notes to the Accounts

#### A. Corporate Information:

**Ishara Nepal** (the "NGO") is a non-profit making organization incorporated in Nepal. The registered office of the organization is located at Maipi, Kathmandu, Nepal.

#### B. Significant Accounting Policies:

##### 1. Accounting Conventions:

The financial statements are prepared under the historical cost conventions on an accrual concept and are in accordance with Nepal Accounting Standards and others as applicable laws prevalent in Nepal.

##### 2. Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Differences between actual results and estimates are recognized in the periods in which the results are known /materialized.

##### 3. Going Concern:

The financial statements are prepared on the assumption that the firm is a going concern.

##### 4. Revenue Recognition:

The organization follows the basis of accounting for all revenue transactions since there is higher uncertainty for the misuse of donation from donor. Receipts of donation from Donor are directly deposited in bank account of organization to discourage misuse of fund.



**C. Notes to the Accounts :**

**1. Income Tax:**

Provision for Tax was not computed as organization has got tax exempt certificate.

2. All amounts are stated in the Nepalese Rupees.

3. As confirmed by the management, there is no any dispute claimed to/by the organization.

4. Schedules 1 to 7 forms the integral part of Balance Sheet and Profit & Loss Account.

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