

B.R.S. Neupane & Co.
Chartered Accountants
Naya Basti Marg, House No. 22
P.O. Box 8137, Baluwatar
Kathmandu, Nepal

Tel : 977-1- 4511314
Fax : 977-1- 4520572
E-mail : chartered@brs.com.np
Web : www.brs.com.np

**B.R.S. Neupane
& Co.**

Independent Auditor's Report

To the Shareholders of N.R.N Development Fund Limited

Opinion

We have audited the financial statements of N.R.N Development Fund Limited (hereinafter referred to as "Company" or "NDF") which comprises of Statement of Financial Position, Statement of Profit or Loss, Statement of Cash Flows, Statement of Changes in Equity and Significant Accounting Policies and Notes to Accounts for the year ended 16th July 2023 (31st Ashad 2080)

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 16th July 2023 (31st Ashad 2080), and its financial performance for the year then ended in accordance with Nepal Accounting Standard.

Basis of Opinion

We conducted our audit in accordance with Nepal Standards on Auditing (NSA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements and we have fulfilled our other ethical responsibilities. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have concluded that there is no KAM which is required to be communicated in the audit report.




Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with **Nepal Accounting Standards**, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

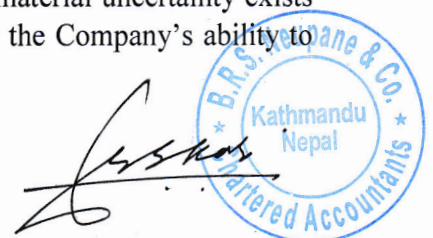
Management are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with NSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with NSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances on whether the organization has adequate internal financial controls with reference to the financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to



continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern; and

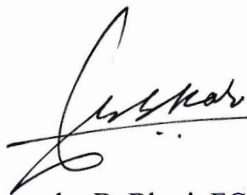
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on the Other Legal & Regulatory Requirements

As per Companies Act 2063, based on our audit carried out on sampling basis, we report that in our opinion,

1. We have been provided with the information and explanations asked for, which were necessary for the purpose of our audit.
2. Proper books of accounts as required by law relating to preparation of the aforesaid financial statements have been kept so far as it appears from our examination of those books.
3. Statement of Financial Position, Statement of Profit of Loss, Statement of Changes in Equity and Statement of Cash Flows have been prepared in accordance with the requirement of the Companies Act 2063 and are in agreement with the books of accounts of the Company.
4. During our examination of the books of accounts of the Company, we have not come across the cases where the Board of Directors or any members or any representative or any office holder or any employee of the Company has acted contrary to the provision of law or caused loss or damage to the Company, and
5. We have not come across any fraudulent activities in the books of accounts.



Gyanendra B. Bhari, FCA
Partner



COP: 07

UDIN: 231217CA00070eICJI

Place: Kathmandu

Date: 12.17.2023

N.R.N. Nepal Development Fund Limited
Statement of Financial Position
As on Ashad 31, 2080 (July 16, 2023)

<u>Particulars</u>	<u>Schedules</u>	<u>As on Ashad 31, 2080 (July 16, 2023) (NRS)</u>	<u>As on Ashad 32, 2079 (July 16, 2022) (NRS)</u>
<u>ASSETS</u>			
Non-Current Assets:			
Property, Plant & Equipments	1	716,447.80	936,333.97
Investments	2	356,400,000.00	349,300,000.00
Miscellaneous Assets	3	4,262,422.07	5,683,229.43
Total Non-Current Assets		<u>361,378,869.87</u>	<u>355,919,563.40</u>
Current Assets:			
Cash & Bank Balances	4	15,922,040.03	8,280,938.06
Trade & Other Current Receivables	5	7,369,152.40	4,207,850.68
Total Current Assets		<u>23,291,192.43</u>	<u>12,488,788.74</u>
Total Assets		<u>384,670,062.30</u>	<u>368,408,352.14</u>
<u>EQUITY AND LIABILITIES</u>			
Equity:			
Share Capital	6	79,983,294.00	79,983,294.00
Share Application Money	7	269,025,829.10	273,495,102.83
Reserve and Surplus	8	8,365,846.31	4,823,686.31
Total Equity		<u>357,374,969.41</u>	<u>358,302,083.14</u>
Liabilities:			
Non-Current Liabilities:			
Deferred Tax Liability		-	-
Total Non-Current Liabilities		<u>-</u>	<u>-</u>
Current Liabilities:			
Other Payables	9	27,295,092.89	10,106,269.00
Total Current Liabilities		<u>27,295,092.89</u>	<u>10,106,269.00</u>
Total Liabilities		<u>27,295,092.89</u>	<u>10,106,269.00</u>
Total Equity & Liabilities		<u>384,670,062.30</u>	<u>368,408,352.14</u>
Significant Accounting Policies & Notes to Accounts	13		

For and on behalf of the Board

As per our report of even date

Anal Bhattarai
CEO

Rajeshwor Gyawali
Director

Dr. Upendra Mahato
Chairman

CA. Gyanendra Bahadur Bhari
Partner

Kumar Pd Panta
Director

Badri Key Si
Director

BRS Neupane & Co.
Chartered Accountants

Sonam lama
Director

Mahesh Shrestha
Director

Date: 10th December 2023

Place: Kathmandu

N.R.N. Nepal Development Fund Limited
Statement of Profit or Loss
For the year ended Ashad 31, 2080 (July 16, 2023)

<u>Particulars</u>	<u>Schedules</u>	<u>Year ended Ashad 31, 2080 (July 16, 2023) (NRS)</u>	<u>Year ended Ashad 32, 2079 (July 16, 2022) (NRS)</u>
Revenue	10	35,302,325.05	27,108,802.93
Total Revenue		35,302,325.05	27,108,802.93
<u>Expenditure:</u>			
Administrative Expenses	11	11,814,521.52	11,486,430.14
Interest Expenses	12	13,451,294.00	7,031,958.00
Depreciation	1	219,886.17	288,449.12
Amortization of Miscellaneous Assets	3	1,420,807.36	1,420,807.36
Total Expenditure		26,906,509.05	20,227,644.62
Profit before Tax		8,395,816.00	6,881,158.31
Less: Income Tax Expense			
Current Tax		2,454,156.00	2,057,472.00
Deferred Tax Expenses		-	-
Net Profit after tax for the Year		5,941,660.00	4,823,686.31
Significant Accounting Policies & Notes to Accounts	13		

For and on behalf of the Board

As per our report of even date

Anal Bhattarai
CEO

Rajeshwor Gyawali
Director

Dr. Upendra Mahato
Chairman

CA. Gyanendra Bahadur Bhari
Partner

Kumar Pd Panta
Director

Badri Key Si
Director

BRS Neupane & Co.
Chartered Accountants

Sonam lama
Director

Mahesh Shrestha
Director

Date: 10th December 2023

Place: Kathmandu

N.R.N. Nepal Development Fund Limited
Statement of Cash Flows
For the year ended Ashad 31, 2080 (July 16, 2023)

Particulars	Year ended Ashad 31, 2080 (July 16, 2023) (NRS)	Year ended Ashad 32, 2079 (July 16, 2022) (NRS)
<u>A. CASH FLOWS FROM OPERATING ACTIVITIES:</u>		
Profit Before Tax	8,395,816.00	6,881,158.31
Depreciation on Fixed assets	163,096.89	217,462.52
Amortisation of Intangibles	56,789.28	70,986.60
Miscellaneous Assets written off	1,420,807.36	1,420,807.36
Operating profit before working capital changes	10,036,509.53	8,590,414.79
(Increase)/Decrease in Current Assets	(3,161,301.72)	(4,196,564.90)
Increase/(Decrease) in Current Liabilities	14,734,667.89	7,825,671.00
Operating Cash Flows after Changes in working capital	11,573,366.17	3,629,106.10
Net Cash Flow from Operating Activities before Tax Paid	21,609,875.70	12,219,520.89
Income Tax	-	-
Net Cash Flow from Operating Activities	21,609,875.70	12,219,520.89
<u>B. CASH FLOWS FROM INVESTING ACTIVITIES:</u>		
Purchase/Sale of Property and Equipment	-	(869,850.09)
Purchase/Sales of Intangible Assets	-	(354,933.00)
Purchase/Sales of Capital WIP	-	-
Purchase/Sales of Investment	(7,100,000.00)	(349,300,000.00)
Other Non current assets	-	-
Net Cash Used in Investing Activities	(7,100,000.00)	(350,524,783.09)
<u>C. CASH FLOWS FROM FINANCING ACTIVITIES:</u>		
Increase in Equity	-	-
Increase in Share Application Money	(4,469,273.73)	273,077,087.83
Increase in non current Liabilities	-	-
Dividends Paid	(2,399,500.00)	-
Net Cash from Financing Activities	(6,868,773.73)	273,077,087.83
Net Increase (Decrease) in Cash and Cash Equivalents	7,641,101.97	(65,228,174.37)
Cash and Cash Equivalents at Opening	8,280,938.06	73,509,112.43
Effect of Exchange Rate fluctuations on Cash and Cash Equivalents Held	-	-
Cash and Cash Equivalents at Closing	15,922,040.03	8,280,938.06

For and on behalf of the Board

As per our report of even date

Anal Bhattarai
CEO

Rajeshwor Gyawali
Director

Dr. Upendra Mahato
Chairman

Kumar Pd Panta
Director

Badri Key Si
Director

Sonam lama
Director

Mahesh Shrestha
Director

CA. Gyanendra Bahadur Bhari
Partner
BRS Neupane & Co.
Chartered Accountants

Date: 10th December 2023
Place: Kathmandu

N.R.N. Nepal Development Fund Limited
Statement of Changes in Equity
For the year ended Ashad 31, 2080 (July 16, 2023)

Particulars	Share Capital (NRS)	Share Application Money (NRS)	Share Premium (NRS)	General Reserve (NRS)	Retained Earning (NRS)	Other Reserve (NRS)	Total (NRS)
Balance at Shrawan 01, 2079	79,983,294.00	273,495,102.83	-	4,823,686.31	-	-	358,302,083.14
Comprehensive Income for the year							
Profit for the year		-	-	5,941,660.00	-	-	5,941,660.00
Other Comprehensive Income, Net of Tax	-	-					-
Total Comprehensive Income for the year	-	-	-	5,941,660.00	-	-	5,941,660.00
Transfer to Reserves during the year							-
Refund application money to Owners	-	(4,469,273.73)	-	-	-	-	(4,469,273.73)
Transactions with Owners, directly recognized in Equity							-
Share Issued	-	-	-	-	-	-	-
Dividend to Equity-Holders	-	-	-	(2,399,500.00)	-	-	(2,399,500.00)
Total Contributions by and Distributions	-	(4,469,273.73)	-	(2,399,500.00)	-	-	(6,868,773.73)
Balance at Ashad 31, 2080	79,983,294.00	269,025,829.10	-	8,365,846.31	-	-	357,374,969.41

For and on behalf of the Board

As per our report of even date

Anal Bhattarai
CEO

Rajeshwor Gyawali
Director

Dr. Upendra Mahato
Chairman

CA. Gyanendra Bahadur Bhari
Partner

BRS Neupane & Co.
Chartered Accountants

Kumar Pd Panta
Director

Badri Key Si
Director

Sonam lama
Director

Mahesh Shrestha
Director

Date: 10th December 2023

Place: Kathmandu

N.R.N. Nepal Development Fund Limited
Schedules forming part of the Accounts
As on Ashad 31, 2080 (July 16, 2023)

Schedule - 1

Property, Plant & Equipment

<u>Particulars</u>	<u>Dep. Rate</u>	<u>Opening Balance (NRS)</u>	<u>Additions (NRS)</u>	<u>Total (NRS)</u>	<u>Depreciation (NRS)</u>	<u>Closing Balance as on</u>	
						<u>Ashad 31, 2080 (NRS)</u>	<u>Ashad 32, 2079 (NRS)</u>
Block 'B'							
Furniture and Fixtures	25%	787,850.09	-	787,850.09	147,721.89	443,165.68	590,887.57
Computer & Laptop	25%	82,000.00	-	82,000.00	15,375.00	46,125.00	61,500.00
Block 'E'							
Software	20%	354,933.00	-	354,933.00	56,789.28	227,157.12	283,946.40
Current Year Total		1,224,783.09	-	1,224,783.09	219,886.17	716,447.80	936,333.97
Previous Year Total		-	1,224,783.09	1,224,783.09	288,449.12	936,333.97	-

N.R.N. Nepal Development Fund Limited
Schedules forming part of the Accounts
As on Ashad 31, 2080 (July 16, 2023)

Schedule - 2

Investments

<u>Particulars</u>	<u>As on Ashad 31, 2080 (July 16, 2023) (NRS)</u>	<u>As on Ashad 32, 2079 (July 16, 2022) (NRS)</u>
MBL FD Account	123,200,000.00	121,100,000.00
Sanima FD Account	233,200,000.00	228,200,000.00
Total	356,400,000.00	349,300,000.00

Schedule - 3

Pre-operating Expenses

<u>Particulars</u>	<u>As on Ashad 31, 2080 (July 16, 2023) (NRS)</u>	<u>As on Ashad 32, 2079 (July 16, 2022) (NRS)</u>
Opening Balance	5,683,229.43	7,104,036.79
Less: Amortized during the year	(1,420,807.36)	(1,420,807.36)
Total	4,262,422.07	5,683,229.43

Schedule - 4

Cash & Bank Balances

<u>Particulars</u>	<u>As on Ashad 31, 2080 (July 16, 2023) (NRS)</u>	<u>As on Ashad 32, 2079 (July 16, 2022) (NRS)</u>
Cash in Hand (As Certified By Management)	10,000.00	10,000.00
Bank Balances:		
Machhapuchre Bank - Current & Call AC	6,307,163.64	4,205,662.97
Sanima Bank - Current & Call AC	9,594,912.99	4,055,311.69
Sanima Bank - EUR AC	2,591.40	2,591.40
Sanima Bank - USD AC	2,564.00	2,564.00
Sanima Bank - GBP AC	3,055.80	3,055.80
Sanima Bank - AUD AC	1,752.20	1,752.20
Total	15,922,040.03	8,280,938.06

Schedule - 5

Trade & Other Current Receivables

<u>Particulars</u>	<u>As on Ashad 31, 2080 (July 16, 2023) (NRS)</u>	<u>As on Ashad 32, 2079 (July 16, 2022) (NRS)</u>
DOI Deposit	20,000.00	20,000.00
Prepaid Expenses	39,196.87	33,435.62
Advance for Expenses	1,443.00	76,808.00
Advance Tax (Net)	7,308,512.53	4,077,607.06
Total	7,369,152.40	4,207,850.68

N.R.N. Nepal Development Fund Limited
Schedules forming part of the Accounts
As on Ashad 31, 2080 (July 16, 2023)

Schedule - 6

Share Capital

<u>Particulars</u>	<u>As on Ashad 31, 2080 (July 16, 2023) (NRS)</u>	<u>As on Ashad 32, 2079 (July 16, 2022) (NRS)</u>
Authorised: 100,000,000 shares @ Rs.100 per share	10,000,000,000.00	10,000,000,000.00
Issued: 40,000,000 shares @ Rs.100 per share	4,000,000,000.00	4,000,000,000.00
Called, Subscribed & Paid up: First Call Received	79,983,294.00	79,983,294.00
Total	79,983,294.00	79,983,294.00

Schedule- 6.1

<u>Particulars</u>	<u>As on Ashad 31, 2080 (July 16, 2023) (NRS)</u>	<u>As on Ashad 32, 2079 (July 16, 2022) (NRS)</u>
Share Capital:		
Promoters:		
Upendra Mahato	17,999,936.00	17,999,936.00
Chiranjibi Thapa	14,000,000.00	14,000,000.00
Kumar Pd. Panta	10,000,000.00	10,000,000.00
Jibanath Lamichhane	9,991,830.00	9,991,830.00
Badri Key Si	2,000,000.00	2,000,000.00
Sonam Lama	10,000,000.00	10,000,000.00
Mahesh Shrestha	10,000,000.00	10,000,000.00
Khagendra Chhetry	1,991,528.00	1,991,528.00
Haribol Bhandari	4,000,000.00	4,000,000.00
Total	79,983,294.00	79,983,294.00

Schedule - 7

Share Application Money

<u>Particulars</u>	<u>As on Ashad 31, 2080 (July 16, 2023) (NRS)</u>	<u>As on Ashad 32, 2079 (July 16, 2022) (NRS)</u>
Share application Money Received	269,025,829.10	273,495,102.83
Total	269,025,829.10	273,495,102.83

N.R.N. Nepal Development Fund Limited
Schedules forming part of the Accounts
As on Ashad 31, 2080 (July 16, 2023)

Schedule - 8

Reserve and Surplus

<u>Particulars</u>	As on Ashad 31, 2080 (July 16, 2023) (NRS)	As on Ashad 32, 2079 (July 16, 2022) (NRS)
Opening Balance	4,823,686.31	-
Profit/(Loss) for the Year	5,941,660.00	4,823,686.31
Dividend paid	(2,399,500.00)	-
Total	8,365,846.31	4,823,686.31

Schedule - 9

Other Payable

<u>Particulars</u>	As on Ashad 31, 2080 (July 16, 2023) (NRS)	As on Ashad 32, 2079 (July 16, 2022) (NRS)
TDS Payable	2,300,942.75	1,100,858.70
Meeting Fee Payable	790,500.00	510,000.00
B.K Agrawal & Co	274,260.00	-
Audit Fee Payable	98,379.00	68,950.00
Salary Payable	423,333.00	-
Professional Computer System (P) Ltd	31,171.44	30,774.00
Smart Solutions	562.50	-
NRNA	75,600.00	1,050.00
Pioneer Law Associates	434,850.00	-
Interest Payable to Investors	17,410,764.20	5,977,164.30
Festival Allowances Payable	720,000.00	360,000.00
Other Payables	1,050.00	-
Dividend Payable	2,279,524.00	-
Income Tax Payable	2,454,156.00	2,057,472.00
Total	27,295,092.89	10,106,269.00

N.R.N. Nepal Development Fund Limited
Schedules forming part of the Accounts
For the year ended Ashad 31, 2080 (July 16, 2023)

Schedule - 10

Interest Income

<u>Particulars</u>	Year ended Ashad 31, 2080 (July 16, 2023) (NRS)	Year ended Ashad 32, 2079 (July 16, 2022) (NRS)
Interest Income Sanima	23,174,777.46	17,406,909.54
Interest Incom MBL	12,127,547.59	9,701,893.39
Exchange Flctuation Gain	-	-
Total	<u>35,302,325.05</u>	<u>27,108,802.93</u>

Schedule - 11

Administrative Expenses

<u>Particulars</u>	Year ended Ashad 31, 2080 (July 16, 2023) (NRS)	Year ended Ashad 32, 2079 (July 16, 2022) (NRS)
Advertisement Expenses	12,000.00	14,916.00
Audit Fee	100,000.00	70,000.00
Bank Charges	40.00	6,957.28
Capital Service Fee	300,000.00	300,000.00
AMC Website Charge	70,513.75	-
Meeting Expenses	169,618.80	230,800.86
Legal Fee	1,762,800.00	1,762,800.00
Meeting Fee	390,000.00	500,000.00
Municipal Registration Renewals	43,000.00	43,000.00
Office Rent	312,290.33	252,000.00
Accounting Service Cost	745,800.00	745,800.00
Salary Expenses	7,200,000.00	7,200,000.00
Festival Allowances	360,000.00	360,000.00
Software Support Charges	29,940.48	-
Exchange Loss	15,010.04	156.00
Road Show Travelling Expenses	303,508.12	-
Total	<u>11,814,521.52</u>	<u>11,486,430.14</u>

Schedule - 12

Interest Expenses

<u>Particulars</u>	Year ended Ashad 31, 2080 (July 16, 2023) (NRS)	Year ended Ashad 32, 2079 (July 16, 2022) (NRS)
Interest Expenses	13,451,294.00	7,031,958.00
Total	<u>13,451,294.00</u>	<u>7,031,958.00</u>

N.R.N. Nepal Development Fund Limited

Schedules forming part of the Accounts for the year ended Ashad 31, 2080 (July 16, 2023)

Schedule - 13

Significant Accounting Policies & Notes to the Accounts

A) Corporate Overview:

N.R.N. Nepal Development Fund Limited (hereinafter referred to as "Company" or "NDF") is a public limited company incorporated under Companies Act, 2063 of Nepal with Government of Nepal being one of the promoters with initially 5% ownership, vide Registration No. 260678/077/078 dated 2077/12/17 having PAN 609983777. The registered office is located at Ward No. 4, Baluwatar, Kathmandu Metropolitan City, Bagmati Province.

The NDF is a collective investment scheme. It is aimed to create opportunities to various small and large Non-Resident Nepalese (NRN) investors to invest in projects that are likely to improve standard of living of Nepalese population and generate employment and provide permanent income sources of income NRN, allowing to participate in National development through close collaboration with local stakeholders, governmental agencies and other collaborating organizations, private or governmental. The NDF has three major objectives. The First being to bring rupees ten billion worth of investment and the second and third are to issue public shares and to participate in the national development respectively. Apart from the three major objectives, NDF also aims to participate in green financing, participate in development activities, invest in basic agriculture projects, provide line of credit with or without options of equity conversion and raise the standard of living.

The financial statements have been approved by the Board of Directors.

B) Significant Accounting Policies:

1) Accounting Convention:

The financial statements are prepared under historical cost conventions on an accrual concept and are in accordance with applicable Nepal Accounting Standards, unless otherwise stated and other laws Prevalent in Nepal. The accounting policies are consistently applied by the company.

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) Fixed Assets and Depreciation:

- i) Property, Plant & Equipment are stated at cost inclusive of all expenses incurred in commissioning/ putting them into use, less accumulated depreciation.
- ii) Depreciation on Property, Plant & Equipment has been charged on Written Down Value (WDV) Method as per the rates prescribed in the Income Tax Act, 2058. The rates of depreciation are as per Schedule 2 of Income Tax Act, 2058.
- iii) The rate of depreciation applied are as follows:

Particulars	Rate
Office Equipment	25%
Computer & Laptop	25%
Software	20%

4) Provisions, Contingent Liability and Contingent Assets:

Provisions are recognized when the Company has a present obligation as a result of past event; it is more likely than not that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the reporting date. These are reviewed at each reporting date and adjusted to reflect the current best estimates in accordance with applicable Nepal Accounting Standards.

A contingent liability is disclosed where there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources.

Contingent assets are not recognized in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an economic benefit will arise, the assets and related income are recognized in the period in which the charge occurs.

N.R.N. Nepal Development Fund Limited

Schedules forming part of the Accounts for the year ended Ashad 31, 2080 (July 16, 2023)

Schedule - 13 (Contd...)

5) Foreign currency transaction:

Transactions in foreign currency are recorded at the original rates of exchange in force at the time transactions are effected.

Foreign currency denominated assets and liabilities are reported as follows:

Monetary items are translated into rupees at the exchange rates prevailing at the reporting date. Non-Monetary items such as fixed assets are carried at their historical rupee values.

Gains/losses arising on the settlement of foreign currency transactions or restatement of foreign currency denominated assets and liabilities (monetary Items) are recognized in the Statement of Profit or Loss.

6) Cash and cash equivalents:

Cash & Cash Equivalents consists of Cash in Hand, Balances with Banks including Euro & USD Accounts.

7) Taxation:

Current Tax:

Current Income tax is measured at the amount expected to be paid to the tax authorities in accordance with Nepalese Income Tax Act, 2058.

Deferred Tax:

Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the reporting date.

No deferred tax has been recognized and accounted for in the books of accounts in view of no or negligible temporary difference.

8) Revenue Recognition:

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue and associated costs incurred or to be incurred can be reliably measured.

Revenue is measured at the fair value of the consideration received or receivable. The following specific criteria are used for the revenue recognition:

i) Interest Income:

Interest income are recognized under accrual basis in the profit or loss for all interest-bearing financial instruments meeting NRB directives for interest recognition in Financial Statement.

ii) Dividend Income:

Dividend income is recognized when the right to receive payment is established. This is the ex-dividend date for listed equity securities, and usually the date when shareholders approve the dividend for unlisted equity securities.

9) Cash Flow Statements:

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, investing and financing activities of the Company are segregated. The Cash flow statement is separately attached with the Financial Statements of the company.

10) Other Payables:

Liability for other payables are carried at cost which is the fair value of services.

11) Trade Debts and Other Receivables:

Trade Debts and other Receivables are originated by the Company and are stated at cost less provisions for any uncollectible amount.

12) Going Concern:

The financial statements have been prepared on going concern basis.

N.R.N. Nepal Development Fund Limited

Schedules forming part of the Accounts for the year ended Ashad 31, 2080 (July 16, 2023)

Schedule - 13 (Contd...)

C) Notes to the Accounts:

1) Share Capital:

The company has called Share Capital amounting to Rs. 90,000,000 out of which a sum of Rs. 79,983,294 has been received during the previous period. The Shares committed by the Nepal Government has not been called and paid.

2) Share Application Money:

The company has received up to the reporting date the share application money amounting to Rs.269,025,29.10

3) Pre-operating and preliminary Expenses:

As per the board decision, the company has booked expenses before incorporation and operation as Pre-operating Expenses which stands at Rs. 71.04 Lakhs (net of interest accrued on call account) as on 2078 Ashad 32. The same shall be amortized over a period of 5 years effective the current year. Accordingly, a sum of Rs. 14,20,807.36 has been amortized during the year.

4) Income Tax:

Current Income tax is measured at the amount expected to be paid to the tax authorities in accordance with Nepalese Income Tax Act, 2058. The provision for Income Tax has been made as per the applicable rates and methods as prescribed in the Income Tax Act, 2058.

Income tax has been computed as per the provisions of Income Tax Act, 2058 (as amended) and accordingly provision has been made.

5) Commencement of Operation:

The Company has obtained permission for commencement of transaction from 14th Shrawan 2078 from Company Registrar's Office vide letter reference No. 78/79; Dispatch No. 3015 dated 2078.04.14. Therefore the company has commenced its operation with effect from financial Year 2078-79.

6) FDI Approval:

The Company has obtained Foreign Direct Investment (FDI) approval under Foreign Investment and Technology Transfer Act, 2075 from the Department of Industry (DOI) as an Investment Company to invest in various projects in Nepal.

7) Events after reporting date:

The management of the company has not identified any adjusting or no-adjusting events after reporting date, thus no any disclosure in this regard required.

8) Interest to Investors:

The Board of directors have decided to pay interest @ 5% (Previous Year 3%) on the investment made by the investors.

9) Proposed Dividend:

The Board of Directors have proposed a dividend of 5% (Previous Year 3%) which shall be distributed after approval from the forthcoming general meeting.

10) Miscellaneous:

- i) All amounts are stated in Nepalese Rupees.
- ii) Provision for bonus is not required as the Bonus Act, 2030 is not applicable to the company vide section 1(3)(Ka) of Bonus Act, 2030, being less than 10 employee in the company.
- iii) Schedules 1 to 13 form an integral part of the Statement of Financial Position and Statement of Profit or Loss.