

# **L. Thapa & Associates**

Registered Auditor

Regd. No. B3220

PAN No. 300990029

Newroad, Kathmandu

Ph. No.: 01-5713696

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## **INDEPENDENT AUDITOR'S REPORT**

To,

The Chairperson

Himalayan Project Nepal (HIPRON)

Lazimpat, Kathmandu.

### **Report on the Audit of the Financial Statements**

#### **Report on the Financial Statement**

We have audited the financial statements of Himalayan Project Nepal (HIPRON), which comprises the statement financial position as at 31<sup>st</sup> Ashadh 2081, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, give a true & fair view of the financial position of the Organization as at 31<sup>st</sup> Ashadh 2081, and its financial performance and its cash flows for the year then ended in accordance with Nepal Accounting Standards (NAS) for NPOs.

#### **Basis for Opinion**

We conducted our audit in accordance with Nepal Accounting Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Organization in accordance with the ICAN's Handbook code of Ethics for Professionals Accountants together with the ethical requirements that are relevant to our audit of the financial statements in, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAN's Handbook of code of Ethics for Professional Accountants. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Responsibilities of Managements 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 NPOs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error in preparing the financial statements, management is responsible for assessing the Organization'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 managements either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so. Those Charged with governance are responsible for understanding the Organization 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 are free from material misstatements, 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. Misstatement can arise from fraud or error and are considered material if, individually or in an aggregate, they could reasonably be expected to influence the economics 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 consolidated financial statement, 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 risks of not deducting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omission, 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 but not for the purpose of expressing an opinion on the effectiveness of the Group's internal audit.

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 noted.

**UDIN: 240927RA05513WEnNa**  
Place: Kathmandu  
Date: 2081.06.11

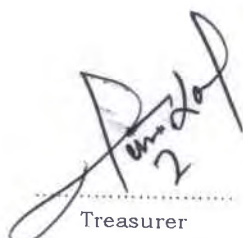
  
Laxman Thapa  
Registered Auditor  
For: L.Thapa & Associates  


**Himalayan Project Nepal (HIPRON)**  
 Neel Saraswati Marg, Lazimpat-2, Kathmandu, Nepal  
**STATEMENT OF FINANCIAL POSITION**  
 As at 31st Ashadh 2081 (15 July 2024)

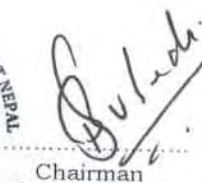
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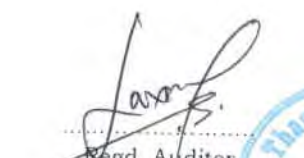
Particulars	Notes	As at 31st Ashad 2081	As at 32st Ashad 2080
<b>ASSETS</b>			
<b>Non - Current Assets</b>			
Property, Plant and Equipment	4.1	40,242.19	53,656.25
Intangible Assets	4.2	-	-
Investment Property	4.3	-	-
Long term investments	4.4	-	-
Other noncurrent assets	4.5	-	-
<b>Total Non - Current Assets</b>		<b>40,242.19</b>	<b>53,656.25</b>
<b>Current Assets</b>			
Inventories	4.6	-	-
Account receivable	4.7	-	-
Cash and cash equivalents	4.8	422,824.76	150,970.77
<b>Total Current Assets</b>		<b>422,824.76</b>	<b>150,970.77</b>
<b>Total Assets</b>		<b>463,066.95</b>	<b>204,627.02</b>
<b>LIABILITIES &amp; RESERVES</b>			
<b>Accumuated Reserves</b>			
Unrestricted Funds/accumulated surplus	4.9	413,066.95	159,427.02
Designated Funds	4.10	-	-
Restricted Funds	4.11	-	-
Endowment Fund	4.12	-	-
Other Capital Reserves	4.13	-	-
<b>Total Accumuated Reserves</b>		<b>413,066.95</b>	<b>159,427.02</b>
<b>Non - Current Liabilities</b>			
Loans and borrowings	4.14	-	-
Employee benefit liabilities	4.15	-	-
Deffered Revenue	4.16	-	-
Other non-current liabilities	4.17	-	-
<b>Total Non - Current Liabilities</b>		<b>-</b>	<b>-</b>
<b>Current Liabilities</b>			
Accounts payable	4.18	50,000.00	45,200.00
Loans and borrowings	4.19	-	-
Provisions	4.20	-	-
<b>Total Current Liabilities</b>		<b>50,000.00</b>	<b>45,200.00</b>
<b>Total Liabilities</b>		<b>50,000.00</b>	<b>45,200.00</b>
<b>Total Liabilities and Reserves</b>		<b>463,066.95</b>	<b>204,627.02</b>

The Notes on accounts form an integral part of the financial statements.

  
 Treasurer  
 Navaraj Kandel



  
 Chairman  
 Bishnu Subedi

  
 Regd. Auditor  
 Laxman Thapa  
 For:- L.Thapa & Associates





# Himalayan Project Nepal (HIPRON)

## STATEMENT OF INCOME & EXPENDITURE

From 1st Shrawan 2080 to 31 Ashadh 2081

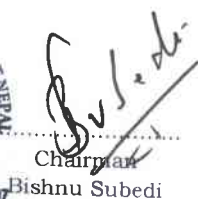
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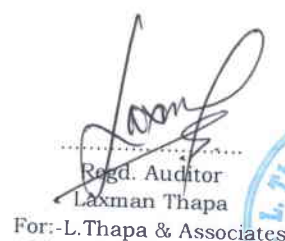
Particulars	Notes	FY 2080-81	FY 2079-80
<b>INCOME</b>			
Himalayan Project Denmark	4.22	6,371,817.62	7,352,832.43
Financial Income	4.23	5,240.40	8,286.75
School & Scholarship			
Other Income	4.24	8,200.00	6,000.00
<b>Total Income</b>		<b>6,385,258.02</b>	<b>7,367,119.18</b>
<b>EXPENDITURE</b>			
Staff Cost/Expenses	4.25	1,754,000.00	1,617,052.00
Program Expenses	4.26	3,513,528.00	5,053,391.00
General Administrative Expenditure	4.27	850,676.03	874,172.93
Depreciation	4.1.1	13,414.06	17,885.42
Other Expenditure	4.28	-	-
<b>Total Expenditure</b>		<b>6,131,618.09</b>	<b>7,562,501.35</b>
<b>Net surplus/(deficit) before Taxation</b>		<b>253,639.93</b>	<b>(195,382.17)</b>
Income Tax Expenses	4.29	-	-
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>253,639.93</b>	<b>(195,382.17)</b>
<b>APPROPRIATION OF SURPLUS FOR THE YEAR</b>			
Allocation to Reserves		253,639.93	(195,382.17)
Allocation to Endowment Fund		-	-

The Notes on accounts form an integral part of the financial statements.

  
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Navaraj Kandel



  
Chairman  
Bishnu Subedi

  
Regd. Auditor  
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# Himalayan Project Nepal (HIPRON)

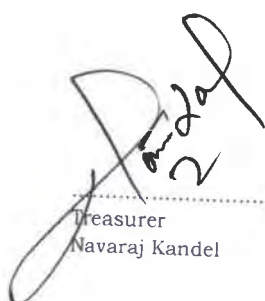
## STATEMENT OF CASH FLOWS

As at 31st Ashadh 2081 (15 July 2024)

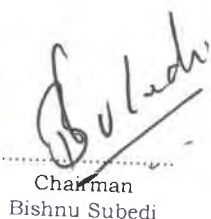
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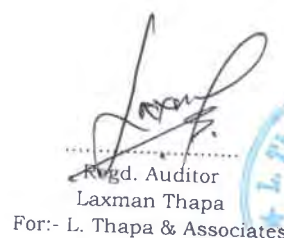
Particulars	Current Year	Previous Year
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Surplus/(deficit) for the year (Before Tax)		
Adjustments to reconcile surplus/(deficit) to net cash flows: Non-cash items:	253,639.93	(195,382.77)
Depreciation and impairment of property, plant and equipment		
Amortization and impairment of intangible assets	13,414.06	17,885.12
Provision and losses on inventories		
Movement in provisions, receivables and specific risks		
Losses/ (gains) on securities		
Gains from disposal of Fixed assets		
<b>Working capital adjustments:</b>		
Account receivable		
Prepayments		201,829.19
Inventories		
Other Financial assets		
Account payable		
Accrued expenses and deferred income	4,800.00	(363,448.15)
Other financial liabilities		
Less:		
Income Tax paid		
Interest paid		
<b>Net cash from/(used in) operating activities</b>		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Property Plant and Equipment		
Purchase of intangible assets		
Purchase from sale of equipment		
Purchase of securities		
Interest received		
Income from securities, net		
<b>Net cash from/(used in) investing activities</b>		
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Borrowing of government loans		
Repayments of government loans		
Net cash from/(used in) financing activities		
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		
<b>CASH AND CASH EQUIVALENTS AT 01 Shrawan 2080</b>	150,970.77	490,087.08
<b>CASH AND CASH EQUIVALENTS AT 31 Ashadh 2081</b>	422,824.76	150,970.47

The Notes on accounts form an integral part of the financial statements.

  
Treasurer  
Navaraj Kandel



  
Chairman  
Bishnu Subedi

  
Regd. Auditor  
Laxman Thapa  
For:- L. Thapa & Associates



Himalayan Project Nepal (HIPRON)  
NOTES TO FINANCIAL STATEMENTS

Property, Plant and Equipment

4.1

Item	Opening balance 01.04.2080	Revaluation Surplus/(Deficit)	Addition during the year	Disposal during the year	Balance at 31.03.2081
Computer equipment	-	-	-	-	-
Office Equipment	53,656.25	-	-	-	53,656.25
<b>Total</b>	<b>53,656.25</b>	-	-	-	<b>53,656.25</b>
<b>Depreciation</b>					

4.1.1

Item	Opening balance 01.04.2080	Charge for the year	Disposal during the year	Balance at 31.03.2081
Computer equipment	-	-	-	-
Office Equipment	-	13,414.06	-	13,414.06
<b>Total</b>	-	<b>13,414.06</b>	-	<b>13,414.06</b>
<b>Intangible Assets</b>				

4.2

Item	Opening balance 01.04.2080	Additions during the year	Disposal during the year	Balance at 31.03.2081
Software	-	-	-	-
<b>Total</b>	-	-	-	-

*[Signature]*  
Treasurer  
Navaraj Kandel



*[Signature]*  
Chairman  
Bishnu Subedi

*[Signature]*  
Regd. Auditor  
Laxman Thapa  
For: L. Thapa & Associates

*[Circular Stamp: L. Thapa & Associates, Kathmandu, Regd. Auditor]*



# Amortization

4.2.1

Item	Opening balance 01.04.2080	Additions during the year	Disposal during the year	Balance at 31.03.2081
Software	-	-	-	-
<b>Total</b>	-	-	-	-

# Investment Property

4.3

Item	Opening balance	Additional during the year	Disposal during the year	Balance at 31.03.2081
<b>Total</b>				

# Long Term Investment

4.4

Item	Opening balance	Additional during the year	Disposal during the year	Balance at 31.03.2081
<b>Total</b>				

  
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Bishnu Subedi



## Other Non Current Assets

4.5

Item	2081.03.31	2080.03.31
Total	-	-

## Inventories

4.6

Particulars	2081.03.31	2080.03.31
Total	-	-

## Accounts Receivables

4.7

Particulars	2081.03.31	2080.03.31
TDS Deposit	-	-
Advance	-	-
Less: Allowance for account receivable	-	-
Total	-	-

## Cash and cash equivalent

4.8

Particulars	2081.03.31	2080.03.31
Cash in hand	73,904.98	63,387.00
Cash at bank	348,919.78	87,583.77
Short-term deposits	-	-
Total	422,824.76	150,970.77

## Unrestricted Funds/Accumulated Surplus

4.9

Particulars	2081.03.31	2080.03.31
Balance at beginning of the year	159,427.02	354,809.79
Unrestricted surplus/deficit in operating activities	253,639.93	(195,382.77)
Balance at end of the year	413,066.95	159,427.02

## Designated Funds

4.10

Particulars	2081.03.31	2080.03.31
Balance as at beginning of year	-	-
Balance as at year end	-	-

## Designated for

4.10.1

Particulars	2081.03.31	2080.03.31
Total	-	-

## Restricted Funds

4.11

Particulars	2081.03.31	2080.03.31
Balance as at beginning of year	-	-
Additional funds received during the year	-	-
Transfer to unrestricted funds	-	-
Balance As at end	-	-

## Endowment Funds

4.12

Particulars	2081.03.31	2080.03.31
Balance at beginning of the year	-	-
Addition During the Year	-	-
Surplus/deficit for the year	-	-
Balance at the end of the year	-	-

treasurer  
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Bishnu Subedi

Regd. Auditor  
Laxman Thapa

For:- L. Thapa & Associates





# Other Capital Reserves

4.13

Particulars	2081.03.31	2080.03.31
Revaluation Surplus		-
Deferred Income Machine		-
Less: Depreciation for the Year		-
Balance at the end of the year	-	-

# Loans and Borrowings

4.14

Particulars	2081.03.31	2080.03.31
Term Loan		
Less: Current Portion of Term Loan		
Balance at the end of the year	-	-

# Employees Benefit Liabilities

4.15

Particulars	2081.03.31	2080.03.31
Defined Employment Benefit Plan		
	-	-

# Deferred Revenue

4.16

Particulars	2081.03.31	2080.03.31
Deferred Income		
Less: Transferred to Statement of Income and Expenditure		-
Total	-	-

# Other Non Current Liabilities

4.17

Particulars	2081.03.31	2080.03.31

# Account Payable

4.18

Particulars	2081.03.31	2080.03.31
Accrued Expenses		
Advance Received		
Other Payables		
Total	50,000.00	45,200.00
	50,000.00	45,200.00

# Loans and Borrowings

4.19

Particulars	2081.03.31	2080.03.31
Current portion of Term Loan		
Total	-	-

# Provisions

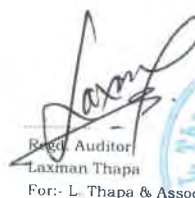
4.20

Particulars	2081.03.31	2080.03.31
Balance as at the beginning of the		
Allocation during the year	-	-
Use of provision during the year	-	-
Release of provision during the year	-	-
Total	-	-

  
Treasurer  
Navaraj Kandel



  
Chairman  
Bishnu Subedi

  
Regd. Auditor  
Laxman Thapa

For:- L. Thapa & Associates



**Himalayan Project Nepal (HIPRON)**  
**NOTES TO FINANCIAL STATEMENTS**

**Incoming Resources**

4.22

Particulars	2080/81	2079/80
Himalayan Project Denmark	3,772,164.78	4,723,784.18
Scholarship Project Income	2,599,652.84	2,629,048.25
School & Scholarship		
<b>Total</b>	<b>6,371,817.62</b>	<b>7,352,832.43</b>

**Financial Income**

4.23

Particulars	2080/81	2079/80
Interest income	5,240.40	8,286.75
<b>Total</b>	<b>5,240.40</b>	<b>8,286.75</b>

**Other Income**

4.24

Particulars	2080/81	2079/80
Other Income		-
Membership Fee	8,200.00	6,000.00
<b>Total</b>	<b>8,200.00</b>	<b>6,000.00</b>

**Staff Cost**

4.25

Particulars	2080/81	2079/80
Salaries	1,754,000.00	1,617,052.00
<b>Total</b>	<b>1,754,000.00</b>	<b>1,617,052.00</b>

**Program Expenses**

4.26

Particulars	2080/81	2079/80
PONA Sep		40,626.00
Pona SEP Salary	256,000.00	1,160,426.00
Chhimbu School Running Cost		37,498.00
Chhimbu School Running Salary	409,211.00	483,613.00
School Empowerment Project		436,995.00
Scholarship Project	2,590,025.00	2,567,514.00
Sagardanda School		259,399.00
Tea Nursery Support	152,302.00	
Agricultural Project	105,990.00	67,320.00
<b>Total</b>	<b>3,513,528.00</b>	<b>5,053,391.00</b>

Treasurer  
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Bishnu Subedi

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Laxman Thapa

For:- L. Thapa & Associates





## General Administrative Expenses

4.27

Particulars	2080/81	2079/80
Transportation	113,020.00	156,340.00
Gift/Present		2,700.00
Telephone	48,500.00	44,000.00
Insurance	26,415.00	65,127.00
House Rent	168,000.00	156,000.00
Field lodging and food	117,170.00	131,050.00
Electricity	13,311.00	9,639.00
Water	7,440.00	6,240.00
Garbage & Cleaning Stuffs	9,925.00	10,805.00
Internet	18,760.00	24,860.00
Post Office Exp.		1,400.00
Printing & Stationery	13,005.00	43,939.00
Maintanance	25,000.00	30,700.00
Tea & Coffee Refreshment	29,657.00	22,066.00
Office Material Purchase	5,800.00	37,860.00
Audit Fee	50,000.00	45,200.00
Fine & Penalty		6,071.08
Meeting Expenses	13,840.00	14,205.00
SWC Monitaring & Supervision Expenses	171,858.00	31,598.00
Bank Charge	705.03	1,332.85
Registration & Renewal Expenses	18,270.00	33,040.00
<b>Total</b>	<b>850,676.03</b>	<b>874,172.93</b>

## Other Expenditure

4.28

Particulars	2080/81	2079/80
Interest Expenses	-	-
Amortisation of Intangible Assets	-	-
Allowance for Doubtful Accounts for Accounts Receivable	-	-
Fair Value of Long Term Investment	-	-
Revaluation Deficit on Building	-	-
<b>Total</b>	-	-

## Income Tax Expense

4.29

Particulars	2080/81	2079/80
Current tax expense	-	-
Current tax on profits for the year	-	-
<b>Total Tax Expense</b>	-	-

Treasurer  
Navaraj Kandel



Chairman  
Bishnu Subedi

Regd. Auditor  
Laxman Thapa  
For:- L. Thapa & Associates





**Himalayan Project Nepal (HIPRON)**  
**STATEMENT OF CHANGES IN RESERVES**  
For the Year Ended 31 Ashadh 2081 (15 July 2024)

Figures in NPR

Description	Restricted Reserves	Designated Fund	Unrestricted Reserves	Endowment Funds	Capital Reserves	Result For the Year	Total
Balance as at 01 Shrawan 2080			159,427.02				159,427.02
Result for the Year						253,639.93	253,639.93
Allocation of results to Restricted Reserves							
Allocation of results to Designated Fund							
Allocation of results to Unrestricted Fund			253,639.93			(253,639.93)	
Allocation of results to Endowment Fund							
Allocation of results to Capital Fund							
Balance as at 31 Ashadh 2081			413,066.95				413,066.95

The Notes on accounts form an integral part of the financial statements.

  
Treasurer  
Navraj Kandel



  
Chairman  
Bishnu Subedi

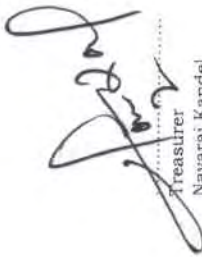
  
Regd. Auditor  
Laxmin Thapa  
For: L.Thapa & Associates  


Himalayan Project Nepal (HIPRON)  
Statement of Equipment  
As at 31st Ashadh 2081 (15 July 2024)

Type / Description	Brand / Model	Opening Cost	Addition During the Year	Disposals During the Year	Balance	Depreciation Rate	Opening Accumulated Depreciation
COMPUTER	COMPUTER						
OFFICE EQUIPMENT	OFFICE EQUIPMENT	53,656.25			53,656.25	25%	13,414.06
		53,656.25	-	-	53,656.25		13,414.06

Intangible Assets

Type / Description	Brand / Model	Opening Cost	Addition During the Year	Disposals During the Year	Balance	Depreciation Years	Opening Accumulated Depreciation
						5	
Total							

  
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For:- L. Thapa & Associates  


# Himalayan Project Nepal (HIPRON)

Neel Saraswati Marg, Lazimpat-2 Kathmandu Nepal  
Staffs Salary of F/Y 2080/81

S.N	Name	Designation	Salary	Allowance	Total	CIT	Ins- urance	G. Total	Total Tax Liability	Total TDS Paid	Over TDS Paid
1	Janaki Khadka	Manager	660,000.00	55,000.00	715,000.00	214,500.00	25,000.00	475,500.00	4,755.00	4,950.00	195.00
2	Jyoti Sunuwar	Officer	321,000.00	29,000.00	350,000.00	65,000.00	25,000.00	260,000.00	2,600.00	2,630.00	30.00
3	Amrit Ghimire	Officer	273,000.00	13,000.00	286,000.00	-	25,000.00	261,000.00	2,610.00	2,160.00	-450.00
4	Shova Thapa	Officer	72,000.00	6,000.00	78,000.00	-	-	78,000.00	780.00	780.00	-
5	Dorjee Tamang	Field staff	120,000.00	10,000.00	130,000.00	-	-	130,000.00	1,300.00	1,300.00	-
6	Bishnu Bdr. Thami	Field staff	120,000.00	10,000.00	130,000.00	-	-	130,000.00	1,300.00	1,300.00	-
7	Kailash Basnet	Field staff	60,000.00	5,000.00	65,000.00	-	-	65,000.00	650.00	650.00	-
8	Debin Basnet	Teacher	236,000.00	20,000.00	256,000.00	-	-	256,000.00	2,560.00	2,560.00	-
9	Jangbu Sherpa	Teacher	352,010.00	35,201.00	387,211.00	-	-	387,211.00	3,872.11	3,872.00	-0.11
10	Serkini Thami	School Attendant	20,000.00	2,000.00	22,000.00	-	-	22,000.00	220.00	220.00	-
		<b>Total</b>			<b>2,419,211.00</b>	<b>279,500.00</b>	<b>75,000.00</b>	<b>2,064,711.00</b>	<b>20,647.11</b>	<b>20,422.00</b>	<b>-225.11</b>

S.N	Name	Designation	Total taxable Income	1.5%	15%	Total TDS Paid	TDS Payable
1	Indra Bdr. Saru Magar	Trainer	80,000.00	0.00	12,000.00	12,000.00	0.00
2	Pemba Tamang	Ass. Director	3,000.00	0.00	450.00	450.00	0.00
	<b>Total</b>		<b>83,000.00</b>	<b>0.00</b>	<b>12,450.00</b>	<b>12,450.00</b>	<b>0.00</b>

  
Treasurer  
Navaraj Kandel



  
Chairman  
Bishnu Subedi

  
Regd. Auditor  
Laxman Thapa  
For:- L. Thapa & Associates





# Himalayan Project Nepal (HIPRON)

Neel Saraswati Marg, Lazimpat-2, Kathmandu, Nepal

## Statement of Accounting Policies and Notes to Financial Statements

For the year ended 2080/81

### 5. General Information

Himalayan Project Nepal is a non-governmental not for profit organization established under Institute Registration Act ("Sanstha Darta Ain") 2034. It is established on 2063-12-08 and affiliated with Social Welfare Council/District Administration Office. Its registered office is in Lazimpat, Kathmandu as principal 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.

### 6. Basis of Preparation

#### 6.1 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 31 Ashadh 2081 and for the year then ended comply with the Generally Accepted Accounting Principles to the extent applicable and the Nepal Accounting Standards for NPOs (NAS for NPOs) issued by Accounting Standard Board of Nepal.

#### 6.2 Basis of measurement

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

#### 6.3 Functional and presentation currency

The financial statements are presented in Nepali Rupees (NRs.), which is the organization's functional and presentation currency. All financial information presented in Rupees has been rounded to the nearest rupees/thousands/million, except when otherwise indicated.

#### 6.4 Changes in Accounting Policies and Disclosures

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

#### 6.5 Significant Accounting Judgments, Estimates and Assumptions

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).



## 7. Summary of significant accounting policies

### 7.1 Property Plant and Equipment

#### c. Cost and Valuation

All items of property, plant and equipment are initially recorded at cost. Subsequent to the initial recognition of an asset, property plant and equipment are carried at cost less any subsequent depreciation. Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the item of property and equipment. All other expenditure is recognized in the Statement of Income & Expenditure as an expense as incurred.

#### d. 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 HIPRON based on useful life less residual/terminal value are:

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.

### 7.2 Intangible Assets

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.

### 7.3 Foreign-currency transactions

Transactions in currencies other than Nepal Rupees are converted into Nepal Rupees at rates which approximate the actual rates at the transaction date. At the reporting date, monetary assets (including securities) and liabilities denominated in foreign currency are converted into Nepal Rupees at the rate of exchange at that date. Realized and unrealized exchange differences are reported in the Statement of Income & Expenditure.



#### 7.4 Cash and cash equivalents

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

#### 7.5 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.

#### 7.6 Provisions

A provision is recognized in the statement of financial position when HIPRON 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.

#### 7.7 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.

#### 7.8 Loans and Borrowings and Account Payables

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

#### 7.9 Accounting for the receipt and utilization of Funds/Reserves

##### Reserves

Reserves are classified as either restricted or unrestricted reserves.

##### f. Unrestricted Reserves/Funds/accumulated surplus

Unrestricted funds are those that are available for use by HIPRON at the discretion of the Board, in furtherance of the general objectives of HIPRON 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.





**g. 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.

**h. 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.

**i. Endowment Reserves/Funds**

Where assets are received as an endowment, which are not exhausted, only the income earned from such assets may be recognized and used as income.

- j. Investment Income and other gains realized from funds available under each of the above categories are allocated to the appropriate funds, unless the relevant agreement or minute provides otherwise. Where such income can be used for general purpose, same shall be treated as income in the Statement of Income & expenditure.

**7.10 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.



## 7.11 Income recognition

### d. Contributions/ Incoming Sources

Income realized from restricted funds is recognized in the Statement of Income & Expenditure only when there is certainty that all of the conditions for receipt of the funds have been complied with and the relevant expenditure that it is expected to compensate has been incurred and charged to the Statement of Income & Expenditure. Unutilized funds are carried forward as such in the Statement of Financial Position.

Gifts and donations received in kind are recognized at fair value at the time that they are distributed to beneficiaries, or if received for resale with proceeds being used for the purpose of HIPRON at the point of such sale. Items not sold or distributed are inventoried but not recognized in the financial statements. All other income is recognized when HIPRON is legally entitled to the use of such funds and the amount can be quantified. This would include income receivable through fund raising activities and donations.

### e. Financial Income

Interest earned is recognized on an accrual basis when there is certainty of receipt.

Dividend received is recognized when the right to receive dividend is established.

Revenues earned on services rendered are recognized in the accounting period in which the services were rendered and accepted by the clients.

Net gains and losses on the disposal of property, plant and equipment and other non-current assets, including investments, are recognized in the Statement of Income & Expenditure after deducting from the proceeds on disposal, the carrying value of the item disposed of and any related selling expenses.

f. Other income is recognized on an accrual basis except otherwise categorically explained to be on cash basis.

## 7.12 Expenditure recognition

Expenses in carrying out the projects and other activities HIPRON are recognized in the Statement of Income & Expenditure during the period in which they are incurred. Other expenses incurred in administering and running HIPRON and in restoring and maintaining the property plant and equipment to perform at expected levels are accounted for on an accrual basis and charged to the Statement of Income & Expenditure.

## 7.13 Taxation

### d. Current Taxes

Income tax is provided in accordance with the provisions of the Income Tax Act on the profits earned by HIPRON subject to exemptions referred to in Note to the financial statements.

### e. Deferred Taxes

Deferred Tax is provided on the difference between the values of assets and liabilities as per the Statement of Financial Position and as listed for the purpose of Income Tax as at the date of the Statement of Financial Position adjusting for any differences that will not reverse in the foreseeable future.

The carrying amount of such deferred taxes will be reviewed at each date of the Statement of Financial Position and will be increased by virtue of any new assets being included or be reduced by the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.



**f. Value added taxes**

Value added taxes (VAT) that are payable on services and goods purchased are normally included in the cost of such item. An exception would be where HIPRON is exempted and entitled to refund, in such case, same would be reflected as receivable in the Statement of Financial Position.

Or

In case of NPO is VAT registered and required to file returns, in such case, VAT paid on services and goods will be shown as receivable. Generally, in such VAT NPO, income will also be vatatable hence will be required to issue VAT invoices. In such case, VAT invoices are shown as payable and on monthly filing difference between payable and receivable will be swapped and difference if payable is settled.

**7.14 Borrowing costs**

Borrowing costs that are attributable to the acquisition, construction or production of a qualifying asset, are charged off to Statement of Income & Expenditure as expense. Other borrowing costs are treated as an expense in the period in which it is incurred.

**7.15 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 HIPRON. 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. For certain operational claims reported as contingent liabilities, it is not practical to disclose detailed information on their corresponding nature and uncertainties.

**8. Notes to The Financial Statement**

- 8.1 Property Plant and Equipment-40,242.19
- 8.2 Intangible Asset-0
- 8.3 Inventories-0
- 8.4 Accounts Receivable-0
- 8.5 Cash and cash equivalents-422,824.76
- 8.6 Unrestricted Funds-413,066.95
- 8.7 Designated Funds-0
- 8.8 Endowment Funds-0
- 8.9 Other Capital Reserves-0
- 8.10 Accounts Payable-50,000.00
- 8.11 Provisions-0
- 8.12 Bank Overdrafts-0
- 8.13 Incoming Resources
  - b. Profit from trading activities-0
- 8.14 Staff Cost-1,754,000.00
- 8.15 Program Expenses-3,513,528.00
- 8.16 Income Tax Expenses-0





# Fiscal Year 2080/81

S.N	Vo. No.	Date	Particular	Total	Janaki	Jyoti	Amrit	Shova	Jangbu Sherpa	Debin Basnet	Bishnu B. Thami	Serkini Thami	Dorjee Tamang	Kailash Basnet	Indra B. Saru Magar	Pemba Tamang	L. Thapa & Associates
1	19	29.08.2023	1% & 1.5% Tax Paid	2,452	550	290	130	60	352	200	100	20	100	50			600
2	33	29.09.2023	1% Tax Paid	1,852	550	290	130	60	352	200	100	20	100	50			
3	49	16.10.2023	1% Tax Paid	3,704	1,100	580	260	120	704	400	200	40	200	100			
4	76	13.12.2023	1% Tax Paid	3,794	1,100	580	350	120	704	400	200	40	200	100			
5	96	30.01.2024	1% & 15% Tax Paid	13,942	550	290	220	60	352	200	100	20	100	50	12,000		
6	121	29.02.2024	1% Tax Paid	1,902	550	250	220	60	352	200	100	20	100	50			
7	140	28.03.2024	1% & 15% Tax Paid	2,352	550	250	220	60	352	200	100	20	100	50			
8	168	29.05.2024	1% Tax Paid	2,304	0	100	440	120	704	400	200	40	200	100		450	
9	181	27.06.2024	1% Tax Paid	700	0	0	190	60	0	200	100	0	100	50			
10	199	12.07.2024	1% Tax Paid	470	0	0	0	60	0	160	100	0	100	50			
Total tax to be paid				33,472	4,950	2,630	2,160	780	3,872	2,560	1,300	220	1,300	650	12,000	450	600

*[Signature]*

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HIPRON Estd. 2007

