

Nepal Digital Payments Company Limited (NDPC)
Tripureshwor, Kathmandu

Statement of Financial Position
As at 31st Ashadh, 2080 (16 July, 2023)

Figures in NPR

Particulars	Notes	FY 2079-80	FY 2078-79
Assets			
Non- Current Assets			
Property, Plant and Equipment	1	65,542,777	75,325,279
Intangible Assets	2	74,070,281	88,752,923
Capital Work in Progress	4	4,197,758	840,708
Deferred Tax Asset	23	25,489,103	8,801,336
Deposits	7.1	4,000,000	4,000,000
Total Non-Current Assets		173,299,919	177,720,246
Current Assets			
Inventory	5	347,706	578,628
Prepayments	6	1,096,323	653,011
Current Tax Assets		11,645,015	7,181,736
Accruals, Advance & Others Receivables	7	10,850,434	2,789,461
Investment in Term Deposits	3	270,000,000	324,000,000
Cash & Cash Equivalents	8	13,030,261	8,531,205
Total Current Assets		306,969,739	343,734,040
Total Assets		480,269,658	521,454,285
Equity and Liabilities			
Equity			
Share Capital	9	400,000,000	400,000,000
Reserve and Surplus	10	(86,715,279)	(33,468,191)
Total Equity		313,284,721	366,531,809
Non-Current Liabilities			
Deferred Tax Liability		-	-
Total Non-Current Liabilities		-	-
Current Liabilities and Provisions			
Current Tax Liabilities		-	-
Trust Account	11	8,252,476	2,341,688
Provisions		-	-
Current Liabilities	12	158,732,461	152,580,788
Total Current Liabilities and Provisions		166,984,937	154,922,476
Total Equity and Liabilities		480,269,658	521,454,285

As Per Our Report of Even Date

Prabin Raj Pokharel
Chief Executive Officer

Rajendra Aryal
Chairperson

Sarswati Adhikari
Director

CA. Anil Joshi
Partner
Kuber N.Bhattarai & Co.
Chartered Accountants

Binaya Bijukchhe
Deputy Chief Executive
Officer

Devendra Khatiwada
Director

Debesh Prasad Lohani
Director

Prakash Bhandari
Chief, Finance

Date: Mangsir 19, 2080
Location: Kathmandu, Nepal

Nepal Digital Payments Company Limited (NDPC)
Tripureshwor, Kathmandu

Statement of Profit or Loss

For the period ended 31 Ashadh, 2080 (16 July, 2023)

Particulars	Notes	FY 2079-80	FY 2078-79
Revenue from contract with customers	13	15,439,758	8,520,777
Finance Income	14	29,558,170	27,344,352
Other Income	15	43,129	-
Employee Benefit Expenses	16	(19,037,376)	(12,407,448)
Service Operation Expenses	17	(23,938,606)	(13,377,239)
Business Promotion and Marketing	18	(31,215,828)	(8,664,645)
Commission, Fees & Sales Network Expenses	19	(244,886)	(459,221)
Office Operation Expenses	20	(7,578,566)	(6,930,342)
Depreciation and Amortisation	21	(29,045,711)	(28,087,274)
Foreign Exchange (Loss)/Gain	22	(3,885,980)	(8,626,851)
Profit Before Tax		(69,905,896)	(42,687,892)
Income Tax Expenses			
Current Income Tax			
Deferred Taxes	23	16,687,767	9,430,334
Profit For the Year		(53,218,129)	(33,257,558)
Earnings Per Share (Basic) - Annualized		(13.30)	(8.31)
Earnings Per Share (Diluted) - Annualized		(13.30)	(8.31)

As Per Our Report of Even Date

Prabin Raj Pokharel
Chief Executive Officer

Rajendra Aryal
Chairperson

Sarswati Adhikari
Director

CA. Anil Joshi
Partner
Kuber N.Bhattarai & Co.
Chartered Accountants

Binaya Bijukchhe
Deputy Chief Executive
Officer

Devendra Khatiwada
Director

Debesh Prasad Lohani
Director

Prakash Bhandari
Chief, Finance

Date: Mangsir 19, 2080

Location: Kathmandu, Nepal

Nepal Digital Payments Company Limited (NDPC)

Tripureshwor, Kathmandu

Statement of Other Comprehensive Income

For the period ended 31 Ashadh, 2080 (16 July, 2023)

Particulars	Notes	FY 2079-80	FY 2078-79
Profit for the year		(53,218,129)	(33,257,558)
Other comprehensive income/(expense)			
Items that may be reclassified subsequently to profit or loss			
Exchange difference of translation of foreign operation			
Cash Flow Hedges			
Income Taxes relating to items that may be reclassified			
Items that will not be reclassified subsequently to profit or loss			
Gains on Property Revaluation			
Investments in Equity Instruments (FV changes)			
Remeasurements of defined retirement benefit plans of employees			
Shares of Other Comprehensive Income of Associates			
Income Taxes relating to items that will not be reclassified			
Total Comprehensive Income for the Year		(53,218,129)	(33,257,558)

As Per Our Report of Even Date

Prabin Raj Pokharel Chief
Executive Officer

Rajendra Aryal
Chairperson

Sarswati Adhikari
Director

CA. Anil Joshi
Partner
Kuber N.Bhattarai & Co.
Chartered Accountants

Binaya Bijukchhe
Deputy Chief Executive
Officer

Devendra Khatiwada
Director

Debesh Prasad Lohani
Director

Prakash Bhandari
Chief, Finance

Date: Mangsir 19, 2080

Location: Kathmandu, Nepal

Nepal Digital Payments Company Limited (NDPC)
Tripureshwor, Kathmandu

Statement of Cash Flow

For the period ended 31 Ashadh, 2080 (16 July, 2023)

Particulars	FY 2079-80	FY 2078-79
Cash Flow from Operating Activities		
Net Profit for the year ended	(53,218,129)	(33,257,558)
Adjustments		
Income Tax expense recognised in profit or loss	-	-
Foregin Currency Translation Loss	3,885,980	8,992,964
Deferred Tax expense recognised in profit or loss	(16,687,767)	(9,430,334)
Depreciation	13,563,070	12,643,647
Finance Income	(29,558,170)	(27,344,352)
Impairment Loss/Write-Off Expense	28,728	-
Finance Costs	-	-
Amortization of Intangible Assets	15,482,641	15,443,627
<i>Movements in Working Capital</i>		
Decrease/(Increase) in Inventory	230,922	(578,628)
(Increase)/Decrease in Prepayments	(443,312)	69,133
(Increase)/Decrease in Other Advances and receivable	(8,060,974)	(2,707,961)
(Increase)/Decrease in Deferred Taxes	-	-
Increase/(Decrease) in Provisions	-	-
Increase/(Decrease) in Current Liability	2,265,693	(5,957,807)
Increase/(Decrease) in Trust account	5,910,788	2,341,688
NFRS Adjustments	-	-
Previous Year Adjustments	(28,959)	-
Current Tax Assets	(4,463,280)	(4,103,867)
Total Adjustments	(17,874,640)	(10,631,890)
Net Cash flow from Operating Activities (A)	(71,092,768)	(43,889,447)
Cash Flow from Investing Activities		
Acquisition of Property, Plant and Equipment & Intangibles	(4,609,295)	(6,547,777)
Decrease/(Increase) in Capital Work in Progress	(3,357,050)	(840,708)
Decrease/(Increase) in Investment	54,000,000	16,000,000
Adjustment in Retained Earning	-	-
Income from Investment & Bank Deposit	29,558,170	27,344,352
Net Cash Flow from Investing Activities (B)	75,591,825	35,955,868
Cash Flow from Financing Activities		
Increase/(Decrease) in Capital	-	-
Dividend Paid	-	-
Net Cash Flow from Financing Activities (C)	-	-
Net Increase in Cash (A+B+C)	4,499,056	(7,933,580)
Cash at Beginning of the Year	8,531,205	16,464,785
Cash at the End of the Year	13,030,261	8,531,205

As Per Our Report of Even Date

Prabin Raj Pokharel Chief
Executive Officer

Rajendra Aryal
Chairperson

Sarswati Adhikari
Director

CA. Anil Joshi
Partner
Kuber N.Bhattarai & Co.
Chartered Accountants

Binaya Bijukchhe
Deputy Chief Executive
Officer

Devendra Khatiwada
Director

Debesh Prasad Lohani
Director

Prakash Bhandari
Chief, Finance

Date: Mangsir 19, 2080

Location: Kathmandu, Nepal

Nepal Digital Payments Company Limited (NDPC)
Tripureshwor, Kathmandu

Statement of Changes in Equity
For the period ended 31 Ashadh, 2080 (16 July, 2023)

Figures in NPR

Particulars (FY 2079/80)	Share capital	Retained earning	Total
Balance as on Ashadh 32, 2079	400,000,000	(33,468,191)	366,531,809
Previous Period Adjustments		(28,959)	(28,959)
Restated Opening Balance	400,000,000	(33,497,150)	366,502,850
Profit (loss) for the year		(53,218,129)	(53,218,129)
Dividend			-
Transfer Revaluation Reserve			-
Transferred To Deferred Tax Reserve		-	-
Balance as on Ashadh end, 2080	400,000,000	(86,715,279)	313,284,721

Statement of Changes in Equity
For the period ended 32nd Ashadh, 2079

Figures in NPR

Particulars (FY 2078/79)	Share capital	Retained earning	Total
Balance as on Shrawan 1, 2078	400,000,000	(210,633)	399,789,367
Previous Period Adjustments			
Restated Opening Balance	400,000,000	(210,633)	399,789,367
Profit (loss) for the year		(33,257,558)	(33,257,558)
Dividend			
Transfer Revaluation Reserve			
Transferred To Deferred Tax Reserve			
Balance as on Ashadh end, 2079	400,000,000	(33,468,191)	366,531,809

As Per Our Report of Eren Date

Prabin Raj Pokharel Chief
Executive Officer

Rajendra Aryal
Chairperson

Sarswati Adhikari
Director

CA. Anil Joshi
Partner
Kuber N.Bhattarai & Co.
Chartered Accountants

Binaya Bijukchhe
Deputy Chief Executive
Officer

Devendra Khatiwada
Director

Debesh Prasad Lohani
Director

Prakash Bhandari
Chief, Finance

Date: Mangsir 19, 2080
Location: Kathmandu, Nepal

Nepal Digital Payments Company Limited (NDPC)
Tripureshwor, Kathmandu

Notes to the Financial Statements & Significant Accounting Policies
for the period ended 31 Ashadh 2080 (16 July, 2023)

(Amounts are in Nepalese Rupees, unless otherwise stated)

i. General Information

Nepal Digital Payments Company Limited is a payment service provider registered under the Companies Act 2063, being incorporated on 13th Shrawan 2077 (28th July 2020). Nepal Digital Payments Company Limited has obtained license from Nepal Rastra Bank on 3rd of Chaitra, 2077 (16th March 2021).

Nepal Doorsanchar Company Limited and Rastriya Banijya Bank Limited are the promoters of the company. Nepal Doorsanchar Company Limited is the parent organization who substantially owns promoters share of the company.

The company has its registered office at Tripureshwor, Kathmandu. Nepal Digital Payments Company Limited has launched its service under Namaste Pay brand on 29th Bhadra, 2078 (September 14th, 2021) to provide digital payment service throughout the nation.

ii. Basis of Preparation

The financial statements of the Company have been prepared under the historical cost convention. The financial statements are prepared on an accrual basis.

The financial statements comprise the Statement of Financial Position, Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows and the Notes to the Accounts & Significant Accounting Policies.

iii. Compliance with NFRS

The financial statements of the Company have been prepared in accordance with Nepal Financial Reporting Standards (NFRS) issued by Accounting Standards Board Nepal (ASB) and pronounced by the Institute of Chartered Accountants of Nepal (ICAN).

iv. Accounting Polices, significant accounting estimates and judgements

"NFRS requires the Company to adopt accounting policies that are most appropriate to the circumstances. In determining and applying accounting policies, management is required to make judgements in respect of items where the choice of specific policy, accounting estimate or assumption to be followed could materially affect the company's reported financial position, results or cash flows.

The accounting policies adopted by the Company are consistently applied. Specific accounting policies have been included in the specific section of the notes for each item of financial statements which requires disclosures of accounting policies or changes in accounting policies. The effect and nature of the changes, if any, have been disclosed at appropriate places."

Accounting estimates and judgements

The preparation of the financial statements in accordance with NFRS requires the management to make judgements, estimates and assumptions in applying the accounting policies that affect the reported amounts of assets, liabilities, income and expenses, including contingencies and

Nepal Digital Payments Company Limited (NDPC)
Tripureshwor, Kathmandu

Notes to the Financial Statements & Significant Accounting Policies
for the period ended 31 Ashadh 2080 (16 July, 2023)

commitments. Due to the inherent uncertainty in making estimates, actual results reported in future periods may differ from those estimates. The estimates and the underlying assumptions are reviewed on on-going basis based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

v. Approval of Financial Statements

The accompanying financial statements have been approved and authorized for issue by the Board of Directors (BoD) of the company in its meeting held on 19 Mangsir 2080 (5th December 2023).

vi. Going Concern

The financial statements are prepared on a going concern basis, as management is satisfied that it has the resources to continue the business for the foreseeable future.

vii. Materiality

For the preparation of financial statements, materiality of an item is based on the nature or magnitude, or both. Materiality is a pervasive constraint in financial reporting because it is pertinent to all of the qualitative characteristics.

viii. Presentation of Financial Statements

1. The statement of profit or loss has been prepared using classification 'by nature' method.
2. The cash flows from operation within the statement of cash flows have been derived using the 'indirect' method.

ix. Presentation Currency

The financial statements have been presented in the nearest Nepalese Rupees (NPR). Nepalese Rupees (NPR) is the functional and presentation currency.

x. Current and Non-Current Distinction

Assets and liabilities, wherever applicable, are bifurcated into current and non-current based on their respective maturity. Such information has been disclosed in respective notes as applicable.

xi. Reporting Dates

Particulars	Nepalese Calendar Date/Period	Gregorian Calendar Date/Period
Comparative SFP*Date	32 Ashadh 2079	16 July 2022
Comparative reporting period	1 Shrawan 2078- 32 Ashadh 2079	16 July 2021- 16 July 2022
NFRS SFP*Date	31 Ashadh 2080	16 July 2023
NFRS reporting period	1 Shrawan 2079- 31 Ashadh 2080	17 July 2022- 16 July 2023

*SFP = Statement of Financial Position

Nepal Digital Payments Company Limited (NDPC)
Tripureshwor, Kathmandu

Notes to the Financial Statements & Significant Accounting Policies
for the period ended 31 Ashadh 2080 (16 July, 2023)

xii. Significant Accounting Policies

1. Property, Plant and Equipment (PPE)

"Property, plant and equipment are stated in the statement of financial position at their cost and are inclusive of all expenses necessary to bring the assets to working condition for its intended use less any subsequent accumulated depreciation and subsequent accumulated impairment losses, if applicable. Property, plant and equipment are recognized as assets, if and only if it is probable that future economic benefits associated with the item will flow to the company; and the cost of the item can be measured reliably.

The depreciation period is based on the expected useful life of an asset. Items of property plant and equipment are depreciated on pro rata basis in the year of acquisition."

De-recognition

An item of property, plant and equipment will be derecognized at disposal or when no future economic benefits are expected from the use of that asset. The gain or loss arising from the disposal of an item of property, plant and equipment is the difference between the net disposal proceed, if any, and the carrying amount.

Nepal Digital Payments Company Limited (NDPC)
Tripureshwor, Kathmandu

Notes to the Financial Statements & Significant Accounting Policies
for the period ended 31 Ashadh 2080 (16 July, 2023)

Property Plant & Equipment:

Description	Leasehold assets	Plant & Machinery	Heating, Lighting & Air-condition	Furniture & Fixture	Office Equipment	Total (FY 2079-80)	Total (FY 2078-79)
Original Cost (Rs.)							
Opening Balance	1,169,714	78,136,556	1,119,692	6,650,016	4,070,631	91,146,609	183,183,161
Additions During the Year		2,231,757		216,497	1,361,041	3,809,295	6,547,777
Adjustment (write-off)			-	(40,680)		(40,680)	(98,584,330)
As at Ashadh end 2080	1,169,714	80,368,313	1,119,692	6,825,833	5,431,672	94,915,224	91,146,609
Depreciation (Rs.)							
Opening Balance	162,087	13,812,296	270,792	717,688	858,466	15,821,330	6,611,736
During the Year	233,943	11,256,510	223,939	908,543	940,136	13,563,070	12,643,647
Adjustments (write-off)				(11,952)		(11,952)	(3,434,053)
As at Ashadh end 2080	396,030	25,068,806	494,731	1,614,279	1,798,602	29,372,448	15,821,330
Net Block						-	-
Impairment Loss as at Ashadh end 2080						-	-
Impairment Loss (Opening Balance)				-		-	-
WDV As at Ashadh end 2080	773,684	55,299,507	624,962	5,211,554	3,633,070	65,542,777	75,325,279
WDV As at Ashadh end 2079	1,007,627	64,324,260	848,900	5,932,328	3,212,165	75,325,279	81,421,149

Nepal Digital Payments Company Limited (NDPC)
Tripureshwor, Kathmandu

Notes to the Financial Statements & Significant Accounting Policies
for the period ended 31 Ashadh 2080 (16 July, 2023)

2. Intangible Assets

Intangible Assets with finite useful lives are stated at acquisition cost less accumulated amortization and accumulated impairment losses. The useful lives and the amortization methods of the assets are reviewed at least annually. Changes in the estimated useful life or the expected pattern of consumption of future economic benefit embodied in the assets are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates in accordance with NAS 8.

Particulars	FY 2079-80	FY 2078-79
Opening Balance original cost	107,953,518	107,953,518
Add: Addition during the period	800,000	-
Add: Adjustment per reclassification	-	-
Adjusted Cost	108,753,518	107,953,518
Less: Amortization for the period	(15,482,641)	(15,443,627)
Less: Amortization Adjustment	(0)	-
Less: Accumulated Amortization	(19,200,596)	(3,756,968)
Closing Balance (WDV)	74,070,281	88,752,923

3. Investment in Term Deposits

The company recognizes terms deposits initially at fair value and subsequently at amortized cost using an effective interest rate. The company has the capacity and intention to hold on to these investments until maturity so considering their nature, they can't be liquidated as per the requirement. That is why they are not included in cash and cash equivalents. It is the company's business model to hold on to these investments solely for the purpose of receiving principal and interest.

Particulars	FY 2079-80	FY 2078-79
Term Deposits		
Current	270,000,000	324,000,000
Non-Current	-	-
Total	270,000,000	324,000,000

4. Work-In- Progress

The UI/UX under development phase is recognized as Work-In-Progress measured on actual cost basis.

Particulars	FY 2079-80	FY 2078-79
Opening Balance	840,708	-
Net Addition / (Net Transfer)	3,357,050	840,708
Impairment during the year		
Total	4,197,758	840,708

5. Inventory

Inventories are assets held for sale in the ordinary course of business, or in the process of production for such sale or in the form of materials or supplies to be consumed in the production process or in the rendering of services. Company holds inventory of Top-Up balances for resale purposes.

Nepal Digital Payments Company Limited (NDPC)
 Tripureshwor, Kathmandu

Notes to the Financial Statements & Significant Accounting Policies
 for the period ended 31 Ashadh 2080 (16 July, 2023)

Particulars	FY 2079-80	FY 2078-79
Gross Inventory	347,706	578,628
Allowance Adjustments		
Inventory net of allowances		
Total	347,706	578,628

6. Prepayments

Instances where the payments have been made and where the expense pertains to the future period(s) are recognized as prepayments. These amounts are charged to statement of profit or loss in the period to which they relate with. Other Non-Financial Assets include Advances for spare parts and to suppliers, employees, and other working advances on which the company receives the goods and services in the future during the normal course of business.

Particulars	FY 2079-80	FY 2078-79
Prepaid expenses	586,363	149,261
Prepayments to Vendor	509,960	503,750
Total	1,096,323	653,011

7. Accruals, Advances and Other Receivables

Accruals, Advances and Other Receivables are recognized initially at cost and subsequently at fair value through profit or loss.

Particulars	FY 2079-80	FY 2078-79
Deposit with Service Provider	102,000	102,000
Accounts Receivables	1,617,868	138,868
VAT Receivable	7,377,129	2,510,404
Advance to and Claims Against Employees	656,033	25,328
Prabhu Kiosk Receivable	278,479	12,355
Interest Receivable	818,925	506
Total	10,850,434	2,789,461

7.1 Deposits

Following deposit as 1% of the paid-up share capital of the company is maintained with Nepal Rastra Bank per licensing policy of the regulator.

Particulars	FY 2079-80	FY 2078-79
Deposit with Nepal Rastra Bank	4,000,000	4,000,000
Total	4,000,000	4,000,000

8. Cash and Cash Equivalent

Cash and cash equivalents are recognized initially at fair value and subsequently at fair value through profit or loss. They are reported at their carrying value. The carrying amount of cash and cash equivalents approximate their fair value.

Nepal Digital Payments Company Limited (NDPC)
Tripureshwor, Kathmandu

Notes to the Financial Statements & Significant Accounting Policies
for the period ended 31 Ashadh 2080 (16 July, 2023)

Particulars	FY 2079-80	FY 2078-79
Operating Bank	3,055,696	5,421,337
Party settlement bank	1,049,619	691,668
Settlement bank	8,874,734	2,340,579
Petty Cash	7,053	15,017
Corporate Wallet	37,719	59,393
Namaste Pay Kiosk	5,440	3,210
Total	13,030,261	8,531,205

9. Share Capital

Nepal Doorsanchar Company Limited and Rastriya Banijya Bank Limited are the shareholders of the company and their shareholding pattern is presented below:

Amount in NPR

Share Capital	No. of shares	Face Value	Reporting Period (FY 2079-80)
Authorized	10,000,000	100	1,000,000,000
Issued	4,000,000	100	400,000,000
Paid up	4,000,000	100	400,000,000

Particulars	Capital Structure (in %)	Reporting Period (FY 2079-80)
Promoter	90	
a. Nepal Doorsanchar Company Ltd.		62.22%
b. Rastriya Banijya Bank Limited		37.78%
General Public	10	
		100.00%

NDPC has structured its share capital in line with regulatory IPO requirement under rule 38 of the Payment and Settlement Bylaw, 2077. Accordingly, it has been decided to increase total issued and paid-up share capital to NPR 416,800,000 where promotor group holding and General Public holding will be 80% and 20% respectively. The increased issued capital of NPR 16,800,000 will be called from the promoter group in FY 2080/81.

10. Reserve and Surpluses

Surplus of profit from statement of profit and loss after distribution of dividends to shareholders and after appropriate appropriations to other reserves by the management under financial reporting requirements and legal requirements shall be maintained as retained earnings or accumulated profit.

Particulars	FY 2079-80	FY 2078-79
Retained Earning	(86,715,279)	(33,468,191)
Revaluation Reserve		
Deferred Tax Reserve		
Fair Value through OCI Reserve		
Total	(86,715,279)	(33,468,191)

Nepal Digital Payments Company Limited (NDPC)
Tripureshwor, Kathmandu

Notes to the Financial Statements & Significant Accounting Policies
for the period ended 31 Ashadh 2080 (16 July, 2023)

11. Trust Account

Company maintains a dedicated trust account for holding customers' wallet balances on fiduciary capacity. The company maintains adequate balances for settlement of wallet transactions initiated by customers. The trust account balance represents wallet money of 322,139 and 82,672 wallet user base in FY 2079-80 and FY 2078-79 respectively.

Particulars	FY 2079-80	FY 2078-79
Trust Account Balance	8,252,476	2,341,688
Total	8,252,476	2,341,688

12. Current Liabilities

Other non-financial liabilities include the liabilities of the company to the customers for the services offered. During the year, the management team included two members deputed from Nepal Doorsanchar Company Limited. Employee Benefits of these people were paid by the respective organizations on a cost-to-cost basis and reimbursement of such expenses has been provided for.

Particulars	FY 2079-80	FY 2078-79
Accounts Payable	155,858,075	151,032,775
Trade Payable	244,412	98,736
Agent & Super-agent Payable	880,849	172,956
Advance from Subscribers	-	792,389
Retention money of Contractor	1,030,699	
Inland Revenue Office (TDS)	242,912	231,596
Transaction Payable	681	21,895
Merchant Payable	68,089	80
Others Liabilities	406,743	230,364.00
Total	158,732,461	152,580,788

13. Revenue from contract with customers

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The company recognizes revenue when it transfers control over a product or service is rendered to a customer.

The company follows the following 5 stage process in recognition of revenue from contracts with customers.

1. Identify contract with the customer
2. Identify the performance obligation within the contract
3. Determine the transaction price
4. Allocate the transaction price to each of the performance obligations
5. Recognize revenue when (or as) the performance obligations are satisfied

Particulars	FY 2079-80	FY 2078-79
Commission, Fee and Charges	330,791	55,261
Sales to Top-Up	15,108,967	8,465,516
Total	15,439,758	8,520,777

Nepal Digital Payments Company Limited (NDPC)
Tripureshwor, Kathmandu

Notes to the Financial Statements & Significant Accounting Policies
for the period ended 31 Ashadh 2080 (16 July, 2023)

14. Finance Income

The finance income from financial instruments is recognized in accordance with NFRS 9.

Particulars	FY 2079-80	FY 2078-79
Interest on Bank Balance	423,912	438,756
Interest on Term Deposits with Banks	29,134,258	26,905,596
Total	29,558,170	27,344,352

15. Other Income

Other incomes are recognized when the amounts can be reliably measured, and the amount is probable to be received.

Particulars	FY 2079-80	FY 2078-79
Miscellaneous Income	43,129	-
Total	43,129	-

16. Employee Benefits

Employee benefits, such as salaries, paid leave, and social security costs are recognized over the period in which the employees provide the related services.

Contribution Plan

All employees shall be entitled to Social Security Fund (SSF) contribution. A total of 31% of the basic salary of an employee shall be contributed to SSF. The contribution ratio between the Employer and the Employee shall be as follows:

1. Provident Fund: Contribution by Employer - 10% and Contribution by employee- 10%
2. Gratuity: Contribution by Employer- 8.33%
3. Accident and Disability Protection Scheme: Contribution by Employer - 1.40%
4. Dependent Family Protection Scheme: Contribution by Employer 0.27%
5. Social Security Fees: Contribution by Employee - 1%

Particulars	FY 2079-80	FY 2078-79
Salary Expenses	13,229,045	9,790,459
Festival Allowance Expenses	543,441	161,328
Wages Expenses	25,371	18,520
Off-hour & Overtime Expenses	363,281	248,895
Contribution to Social Security	2,367,925	1,237,408
Training Expenses	333,521	251,879
Employee Bonus	-	-
Leave Encashment	180,063	185,202
Performance Allowance	60,000	45,000
Lunch Expenses	1,248,876	468,755
Vehicle Funding Allowance	486,804	-
Vehicle Fuel Allowance	190,371	-
Vehicle Repair and maintenance allowance	8,679	-
Total	19,037,376	12,407,448

Nepal Digital Payments Company Limited (NDPC)
 Tripureshwor, Kathmandu

Notes to the Financial Statements & Significant Accounting Policies
 for the period ended 31 Ashadh 2080 (16 July, 2023)

17. Service Operation Expenses

Particulars	FY 2079-80	FY 2078-79
Cost of Recharge/Top-Up	14,434,579	8,097,223
Repair & Maintenance Expenses	39,005	290,519
Power, Heat and Light Expenses	-	-
Electricity Expenses	-	-
Insurance Expenses	522,504	51,401
Internet/Connectivity Expenses	578,726	615,576
Telephone Expenses	105,861	93,572
Data Centre Rent	625,000	520,887
Technical Service Fee	187,575	47,137
Call Centre Expenses	1,280,577	1,265,103
Certification Expenses (PCI, PA)/ Developer Program Expenses	138,980	55,713
Special Audit Fee expenses	385,000	-
Software Service Expenses	784,324	663,329
Testing Expenses	163,731	112,363
Service Integration Expenses	58,333	515,000
Service Subscription Expenses	184,778	192,421
SMS Expenditures	4,374,984	852,642
Repair and Maintenance Expenses (Leasehold Improvement)	3,568	-
Repair and Maintenance Expenses (Furniture and Fixture)	16,700	-
Repair and Maintenance Expenses (Office Equipment)	53,380	-
Repair and Maintenance Expenses (Intangible Assets)	1,000	-
Revenue Share Expenses	-	4,354
Total	23,938,606	13,377,239

18. Business Promotion & Marketing

Particulars	FY 2079-80	FY 2078-79
Advertisement	8,689,260	915,743
Business Promotion	14,698,546	6,441,880
Campaign and Marketing Expenses	3,153,432	1,307,022
Cashback to Customers	4,582,030	403,276
Public Relation/ Service Outreach	92,560	-
Total	31,215,828	9,067,921

Cashback to customers was previously reported under Commission, Fees & Network Expenses.

19. Commission, Fees & Sales Network Expenses

Particulars	FY 2079-80	FY 2078-79
Commission to Settlement Bank	-	914
Commission to Service Aggregator	16,605	-
Commission to Agent	228,281	55,031
Total	244,886	55,945

Nepal Digital Payments Company Limited (NDPC)
 Tripureshwor, Kathmandu

Notes to the Financial Statements & Significant Accounting Policies
 for the period ended 31 Ashadh 2080 (16 July, 2023)

20. Office Operation Expenses

Particulars	FY 2079-80	FY 2078-79
AGM Expenses	45,900	9,400
Anniversary Expenses	132,368	134,117
Audit Expenditure	372	1,004
Audit Fee Expenses	239,867	206,239
Bank Charges and Commission Expenses	605,231	708,700
BOD Meeting Allowance	246,000	234,000
Facility Service Expenditure	285,048	274,673
Hospitality Expenses	86,669	95,382
Write-off Expense	28,728	-
Internal Audit Fee Expenses	230,000	200,000
Meeting Expenses	38,156	134,632
Miscellaneous Expenses	3,330	1
Office Furnishing Expenses	114,000	65,000
Office Health and Safety Expenses	196,903	251,821
Office Supplies	257,764	231,806
Outsource Staff Expenses	-	229,949
Outsourcing Expenses	639,613	1,306,615
Postage	28,940	350
Printing & Stationary	189,697	146,578
Professional Fees Expenses	74,000	50,000
Rate & Taxes	41,050	1,380
Recruitment Expenses	942,438	844,976
Rent Expenses	1,338,917	1,117,030
Security Expenses	333,600	-
Subscription	5,000	41,369
TADA	258,374	
Travelling Expenses	139,086	266,590
Vehicle Expenses	1,009,680	328,345
Water Expenses	67,834	50,384
Total	7,578,566	6,930,342

21. Depreciation and Amortization

Depreciation is charged using straight line method over their estimated useful lives. The residual values, useful life and depreciation methods will be reviewed at least at each financial year end. If expectations differ from the previous estimates the changes are accounted for as changes in estimates in accordance with NAS 8.

Amortization is charged to Statement of Profit or Loss on a straight-line basis over the useful life of intangible assets.

Useful Life

If an item of property, plant and equipment consists of several components with different useful lives, those components that are significant are depreciated over their individual useful life.

Nepal Digital Payments Company Limited (NDPC)
 Tripureshwor, Kathmandu

Notes to the Financial Statements & Significant Accounting Policies
 for the period ended 31 Ashadh 2080 (16 July, 2023)

Particulars	Useful life (Years)
Plant and Machinery	7
Wooden Furniture	7
Aluminum Furniture	10
Plastic Furniture	5
Office Equipment	
Digital attendance, refrigerator, printers, TV, Firewalls	5
Others	5
Lighting, heating and Air conditioner	5
Leasehold Assets	5
Intangible Assets	Individual Useful life
Namaste Pay	7
Other Software	5

Particulars	FY 2079-80	FY 2078-79
Depreciation on Leasehold Assets	233,943	115,875
Depreciation on Furniture & Fixture	908,543	502,998
Depreciation on Heating, Lighting & Air Condition	223,939	190,089
Depreciation on Office Equipment	940,136	733,113
Depreciation on Plant & Machinery	11,256,510	11,101,572
Amortization on Intangible Assets	15,482,641	15,443,627
Total	29,045,711	28,087,274

22. Foreign Exchange (Loss)/Gain

Foreign currency transactions are converted into functional currency using the exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currency are translated into the reporting currency of the company using the rates prevailing on the reporting date (**exchange rate published by NRB is used i.e. NRs. 131.77 per USD**). The resulting gain or loss due to translation is taken to statement of profit or loss. Non-monetary assets are recorded using the rate of exchange prevalent as on the date of initial recognition and are not subsequently restated.

Particulars	FY 2079-80	FY 2078-79
Realized gain / (Loss)		366,113
Translation gain / (Loss)	(3,885,980)	(8,992,964)
Foreign Exchange Gain/Loss		
Total	(3,885,980)	(8,626,851)

23. Taxes

The company applies NAS 12 for accounting and reporting income taxes. Income tax on the profit for the year comprises current and deferred tax. Income tax is recognized directly in the statement of profit or loss except to the extent that it relates to items recognized directly in equity or other comprehensive income.

Current income tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the reporting date, and any adjustment made to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of

Nepal Digital Payments Company Limited (NDPC)
Tripureshwor, Kathmandu

Notes to the Financial Statements & Significant Accounting Policies
for the period ended 31 Ashadh 2080 (16 July, 2023)

the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any.

Deferred tax is the tax expected to be payable or recoverable in future arising from temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in computation of taxable profit. It is computed using statement of financial position liability method.

Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets recognized to the extent that is probable that the temporary differences or taxable profit will be available against which deductive temporary differences can be utilized.

Current tax assets and liabilities are offset only when there is both a legal right of offset and the intention to settle on a net basis or to realize the asset and settle the liability simultaneously."

Particulars	Carrying Amount	Tax Base	Temporary Diff (Ashad)
Assets			
Property, Plant & Equipment	65,542,777	63,230,267	2,312,510
Intangible Assets	74,070,281	76,900,651	(2,830,370)
Carried forward of deductible loss		101,438,551	(101,438,551)
Total	139,613,058	241,569,469	(101,956,411)
		Tax Rate@25%	(25,489,103)
Deferred Tax Liability / (Asset) - FY 2079-80 (Ashadh)			(25,489,103)
Deferred Tax Expense / (Income) - FY 2079-80 (Ashadh)			(16,687,767)
Opening Deferred Tax			(8,801,336)

24. Earnings Per Share

Basic earnings per share are calculated by dividing the net profit attributable to equity shareholders by the weighted average number of ordinary shares in issue during the year.

25. Related Party Disclosures

The following have been identified as related parties of the company:

1. Directors of Company
2. Member of Management Committee
3. Relatives of directors and Management Committee
4. Nepal Doorsanchar Company limited
5. Rastriya Banijya Bank Limited (RBB)

Related Party transactions

1. The company has paid rent for NPR. 1,963,917.42 of Corporate Office and Data Center and paid NPR 16,050,131.95 for MPOS (Airtime Balance) purchase till Ashad end, 2080.
2. The company has been purchasing Air-time Balance and lease line service through Nepal Doorsanchar Company Limited.

Nepal Digital Payments Company Limited (NDPC)
Tripureshwor, Kathmandu

Notes to the Financial Statements & Significant Accounting Policies
for the period ended 31 Ashadh 2080 (16 July, 2023)

3. The company has earned bank interest income of NPR. 14,589,802.92 till Ashad end, 2080 from Rastriya Banijya Bank Limited.
4. The company has paid a bank commission charge of NPR. 565,217.00 till Ashad end, 2080 to Rastriya Banijya Bank Limited.

Purchases & Payment transactions with Nepal Doorsanchar Company Limited

Transaction	Opening Balance [CR(DR)]	Amount [CR]	(-) TDS [DR]	(-) Payment made [DR]	Outstanding Balance [Cr (Dr)]
Office Rent/ Data Center Rent	(94,397)	1,963,917	213,429	1,767,526	(111,435)
Toll Free	12,431	58,226	-	40,000	30,657
Internet	20,882	250,589	-	211,163	60,308
(Advance for) SMS	(500,000)	3,900,000	-	3,400,000	-
MPOS Purchase	-	16,050,132	-	16,050,132	-
Total	(561,084)	22,224,864	213,429	21,468,821	(20,470)

Transactions with Rastriya Banijya Bank Limited

Transaction	Amount	(-) TDS	(-) Receipt
Interest Income	14,589,803	2,188,470	12,401,332

Provision for Management Team Salary for FY 2079/80

Particulars	Opening Balance	Provisioned Amount for the Year	Closing Balance
Reimbursable to NTC	5,859,749	1,137,462	6,997,211
Reimbursable to RBB	1,483,833	-	1,483,833
Total	7,343,582	1,137,462	8,481,044

All transactions between the Company and the related parties are executed on an arm's length basis.

25.1 Directors and Key Management Personnel

During the fiscal year ended on 31st Ashadh 2080, neither any directors nor any key management personnel or any associate or family member (relative) of the directors and key management personnel was indebted to the company.

There have been no material transactions or proposed transactions with directors and key management personnel or their relatives and associates except for the meeting fees paid under the company's regulations.

Board Meeting Fees

S.N.	Name	Designation	FY 2079-80	
			Number of Meetings	Total Allowance
1	Mr. Rajendra Aryal	Chairperson	16	48,000
2	Ms. Sangita Pahadee	Member	16	48,000

Nepal Digital Payments Company Limited (NDPC)
Tripureshwor, Kathmandu

Notes to the Financial Statements & Significant Accounting Policies
for the period ended 31 Ashadh 2080 (16 July, 2023)

S.N.	Name	Designation	FY 2079-80	
			Number of Meetings	Total Allowance
3	Mr. Amul Pradhan	Member	14	42,000
4	Ms. Sarswati Adhikari	Member	16	48,000
5	Mr. Debesh Prasad Lohani	Member	16	48,000
Total				234,000

Risk and Compliance Committee Meeting fee

S.N.	Name	Designation	FY 2079-80	
			Number of Meetings	Total Allowance
1	Ms. Sangita Pahadee	Chairperson	1	3,000
2	Mr. Debesh Prasad Lohani	Member	1	3,000
Total				6,000

Audit Committee Meeting fee

S.N.	Name	Designation	FY 2079-80	
			Number of Meetings	Total Allowance
1	Ms. Sarswati Adhikari	Chairperson	1	3,000
2	Mr. Amul Pradhan	Member	1	3,000
Total				6,000

As per our report of even date

Prabin Raj Pokharel
Chief Executive Officer

Rajendra Aryal
Chairperson

Sarswati Adhikari
Director

CA. Anil Joshi
Partner
Kuber N. Bhattarai & Co.
Chartered Accountants

Binaya Bijukchhe
Deputy Chief Executive
Officer

Devendra Khatiwada
Director

Debesh Prasad Lohani
Director

Prakash Bhandari
Chief, Finance

Date: Mangsir 19, 2080

Location: Kathmandu, Nepal