

INDEPENDENT AUDITOR'S REPORT

To Shareholders,
Nepal Digital Payments Company Ltd,
Tripureshwor, Kathmandu

Opinion

We have audited the financial statements of '**Nepal Digital Payments Company Ltd**' (the Entity), which comprise the Statement of Financial Position as at 31 Ashad 2078 (15 July 2021), Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity, Statement of Cash flows for the year then ended, and Notes to the Financial Statements.

In our opinion, the accompanying financial statements, in all material respects, give a true and fair view of the financial position of Nepal Digital Payments Company Ltd as at 31 Ashad 2078 (15 July 2021), and its financial performance and its cash flows for the year then ended in accordance with Nepal Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Nepal Standard on Auditing (NSAs). Our responsibilities under those standards are further described in *Auditor's Responsibilities for the Audit of Financial Statements* section of our report. We are independent of the entity in accordance with ICAN's *Handbook of Code of Ethics for Professional Accountants* together with the ethical requirements that are relevant to our audit of financial statements 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgements, were of most significance in our audit of the financial statements of the current period and include higher or significant assessed risks of material misstatements identified, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team.

We summarize below the key audit matter, together with our key audit procedures followed to address that matter and our results for those procedures. This matter was addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.



Kuber N. Bhattarai & Co.
Chartered Accountants

Key Audit Matter	The risk	The response
Transfer of data from Wave Accounting System to Microsoft Dynamics 365 ERP	Initially, NDPC has maintained its books of accounts in Wave Accounting System (WAS) for the F/Y: 2077-78. WAS could not generate journal tracking number. Recently, NDPC has transferred the data from WAS to ERP software. Till audit period the data transfer has not been completed.	To address such risks for material error, our audit procedures included amongst others; <ul style="list-style-type: none"> • Obtained and verified the reconciliation of data between WAS and ERP Software. • Carried out the test of control of ERP software for major assertions. We assessed the appropriateness of the procedures performed and considered to be acceptable.

Other Matter

We draw your attention to audit findings, as included in the 'Management Letter' section of our report, which identify internal control weaknesses and audit recommendations to address them, which we came across during the course of our audit. Our opinion is not modified in respect of this matter.

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 Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of 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 entity'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 entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the entity'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 are 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



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Chartered Accountants

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 financial controls 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 entity's internal control.
- 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 entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.

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

Report on other Legal and Regulatory Requirements

- Information and explanations, to the best of our knowledge and belief which were necessary for the purpose of audit completion were obtained.
- The books of accounts of the company have been maintained as per requirement of the Companies Act, 2063
- The financial statements are in agreement with books of accounts of the Company
- We have not come across the cases where Board of Directors or any employees of the Company have acted contrary to the provision of law relating to the accounts or committed any misappropriation or caused loss or damage to the Company relating to the accounts in the Company.
- Books of accounts of the Company has been maintained and presented fairly.



CA. Anil Joshi

Partner

Place: Kathmandu, Nepal

Date: 30.07.2078, Tuesday

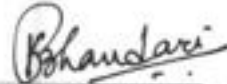
UDIN: 211116CA003677OgCk



Statement of Financial Position
As at Ashad 31, 2078 (July 15, 2021)

Particulars	Notes	Reporting Period
		(FY 2077-78) Amount (NPR)
ASSETS		
Non-Current Assets		
Property, Plant and Equipment	1	176,571,426
Intangible Assets	2	369,902
Accruals, Advance & Others Receivables	4	4,000,000
Total Non-Current Assets		180,941,328
Deferred Tax Asset	9	-
Current Assets		
Prepayments	3	722,144
Current Tax Assets		3,077,868
Accruals, Advance & Others Receivables	4	62,000
Investment in Term Deposits	5	340,000,000
Cash & Cash Equivalents	6	16,464,785
Total Current Assets		360,326,797
Total Assets		541,268,125
EQUITY AND LIABILITIES		
Equity		
Share Capital	7	400,000,000
Reserve and Surpluses	8	(1,700,251)
Total Equity		398,299,749
Non-Current Liabilities		
Deferred Tax Liability	9	628,998
Total Non-Current Liabilities		628,998
Current Liabilities and Provisions		
Current Tax Liabilities		-
Provisions	10	-
Current Liabilities	11	142,339,378
Total Current Liabilities and Provisions		142,339,378
Total Equity and Liabilities		541,268,125

As Per Our Report of Even Date



Krishna Prasad Bhandari
Chief Executive Officer



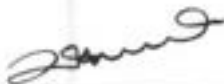
Rajendra Aryal
Chairperson



Sangun Pahadec
Director



CA. Anil Joshi
Partner
Kuber N. Bhattarai & Co.
Chartered Accountants
Date: 30.07.2078



Nirjal Shrestha
Deputy Chief Executive
Officer



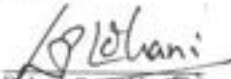
Anul Pradhan
Director



Sarwati Adhikari
Director



Pramod Bhurji
Chief, Finance



Debesh Prasad Lofani
Director



Date: 28 Kartik, 2078
Location: Kathmandu, Nepal

Nepal Digital Payments Company Limited (NDPC)
Tripureshwor, Kathmandu



Statement of Profit or Loss and other Comprehensive Income
From Shrawan 13, 2077 to Ashadh 31, 2078 (July 28, 2020 to July 15, 2021)

Particulars	Notes	Reporting Period (FY 2077-78)
		Amount (NPR)
Revenue from Contract with Customers	12	-
Finance Income	13	20,519,121
Other Income	14	288,000
Employee Benefit Expenses	15	(5,354,530)
Service Operation Expenses	16	(2,415,412)
Business Promotion and Marketing	17	(157,550)
Office Operation Expenses	18	(6,899,489)
Depreciation and Amortisation	19	(6,621,514)
Foreign Exchange (Loss)/Gain	20	(429,878)
Profit Before Tax		(1,071,252)
Income Tax Expenses		
Current Income Tax		-
Deferred Taxes		(628,998)
Profit For the Year		(1,700,251)
Earnings Per Share (Basic)		(0.43)
Earnings Per Share (Diluted)		(0.43)
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		(1,700,251)

As Per Our Report of Even Date

Krishna Prasad Bhandari
Chief Executive Officer

Rajendra Aryal
Chairperson

Sangita Pahadee
Director

CA. Anil Joshi
Partner
Kuber N. Bhattarai & Co.
Chartered Accountants
Date: 30.07.2078

Nirjal Shrestha
Deputy Chief Executive
Officer

Amul Pradhan
Director

Sarwati Adhikari
Director

Pramod Bhurji
Chief, Finance

Debesh Prasad Lofani
Director



Date: 28 Kartik, 2078
Location: Kathmandu, Nepal



Nepal Digital Payments Company Limited (NDPC)
Tripureshwar, Kathmandu

Statement of Changes in Equity

From Shrawan 13, 2077 to Ashadh 31, 2078 (July 28, 2020 to July 15, 2021)

Figures in NPR

Particulars	Share capital	Retained earning	Deferred Tax Reserve	FV/OCI Reserve	Revaluation Reserve	Total
Balance as on Shrawan 1, 2077						
Previous Period Adjustments						
Transfer to Deferred Tax reserve						
Previous Period Adjustments						
Restated Opening Balance						
Profit for the year	400,000,000	(1,700,251)				(1,700,251)
Dividend						
Transfer Revaluation Reserve						
Transferred To Deferred Tax Reserve						
Balance as on ashad end, 2078	400,000,000	(1,700,251)				(1,700,251)

As Per Our Report of Even Date

Krishna Prasad Bhandari
Chief Executive Officer

Nirjal Shrestha
Deputy Chief Executive Officer

Pramod Bhurji
Chief, Finance

Rajendra Aryal
Chairperson

Anul Pradhan
Director

Debesh Prasad Lohani
Director

Sangita Pahadec
Director

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Director

CA. Anil Joshi
Partner
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Chartered Accountants
Date: 30.07.2078



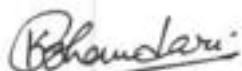
Date: 28 Karik, 2078
Location: Kathmandu, Nepal

Statement of Cash Flow

From Shrawan 13, 2077 to Ashadh 31, 2078 (July 28, 2020 to July 15, 2021)

Particulars	Reporting Period (FY 2077-78) Amount (NPR)
Cash Flow from Operating Activities	
Net Profit up to the Month / Year	(1,700,251)
Adjustments	
Income Tax expense recognised in profit or loss	-
Deferred Tax expense recognised in profit or loss	628,998
Depreciation	6,611,736
Finance Income	(20,519,121)
Impairment Loss	
Finance Costs	
Amortization of Intangible Assets	9,778
Movements in Working Capital	
Decrease/(Increase) in Inventory	
(Increase)/Decrease in Prepayments	(722,144)
(Increase)/Decrease in Other Advances and receivable	(4,062,000)
(Increase)/Decrease in Deferred Taxes	
Increase /(Decrease) in Provisions	-
Increase /(Decrease) in Current Liability	142,339,378
NFRS Adjustments	
Previous Year Adjustments	
Income Taxes Paid	(3,077,868)
Total Adjustments	121,208,757
Net Cash flow from Operating Activities (A)	119,508,506
Cash Flow from Investing Activities	
Acquisition of Property, Plant and Equipment	(183,562,842)
Decrease/ (Increase) in Capital Work in Progress	0
Decrease/ (Increase) in Investment	(340,000,000)
Income from Investment & Bank Deposit	20,519,121
Net Cash Flow from Investing Activities (B)	(503,043,721)
Cash Flow from Financing Activities	
Increase/ (Decrease) in Capital	400,000,000
Dividend Paid	
Net Cash Flow from Financing Activities (C)	400,000,000
Net Increase in Cash (A+B+C)	16,464,785
Cash at Beginning of the Year	0
Cash at the End of the Year	16,464,785

As Per Our Report of Even Date



Krishna Prasad Bhandari
Chief Executive Officer



Rajendra Aryal
Chairperson

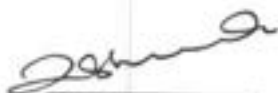


Sangita Pahadce
Director



CA. Anil Joshi
Partner
Kuber N. Bhattarai & Co.
Chartered Accountants
Date: 30-07-2078





Nirjal Shrestha
Deputy Chief Executive
Officer



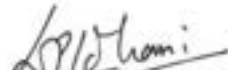
Amul Pradhan
Director



Sariswati Adhikari
Director



Pramod Bhurji
Chief, Finance



Debesh Prasad Lohani
Director

Date: 28 Kartik, 2078

Location: Kathmandu, Nepal

Nepal Digital Payments Company Limited

Notes to the Financial Statements

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) in order to provide digital payment service throughout the nation.

i. Basis of Preparation

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

ii. 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).

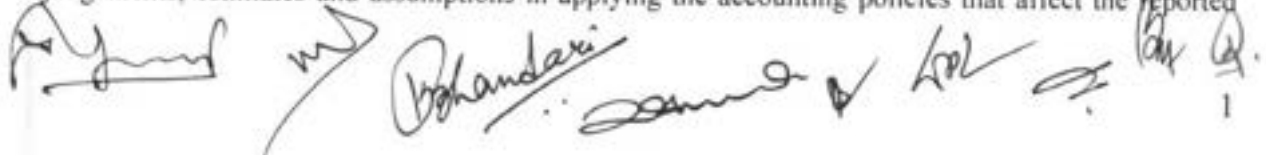
iii. Accounting Policies, significant accounting estimates and judgements

"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. 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



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amounts of assets, liabilities, income and expenses, including contingencies and 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.

iv. Approval of Financial Statements

The accompanied financial statements have been approved and authorised for issue by the Board of Directors (BoD) of the company in its meeting held on Kartik 28, 2078 (14 November 2021).

v. 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.

vi. Materiality

For the preparation of financial statements determines materiality 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.

vii. 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.

viii. Presentation Currency

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

ix. Current and Non-Current Distinction

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

x. Reporting Dates

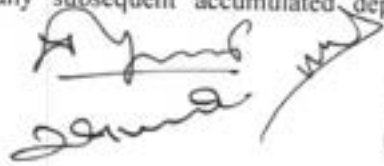
Particulars	Nepalese Calendar Date / Period	Gregorian Calendar Date / Period
Comparative SFP* Date	Not Available	Not Available
Comparative reporting period	Not Available	Not Available
NFRS SFP* Date	31 Ashadh 2078	15 July 2021
NFRS reporting period	13 Shrawan 2077 - 31 Ashadh 2078	28 July 2020 - 15 July 2021

* SFP - Statement of Financial Position

xi. Significant Accounting Policies

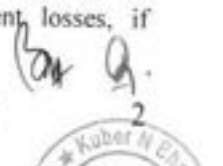
1. Property, Plant and Equipment (PPE)

"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 asset, 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.

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NDPC
नेपाल डिजिटल पैकेजिंग कं. लि.





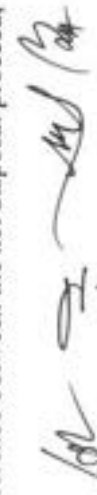

Property, Plant and Equipment

Amount in NPR

Particulars	LAND	BUILDINGS	LEASEHOLD ASSETS	PLANT & MACHINERY	HEATING, LIGHTING & AIR-CONDITION	FURNITURE & FIXTURE	OFFICE EQUIPMENT	VEHICLES	TOTAL
Original Cost	-	-	-	-	-	-	-	-	-
Opening Balance	-	-	-	-	-	-	-	-	-
Additions During the Year	-	-	576,131	176,234,160	771,692	3,132,070	2,469,109	-	183,183,162
Adjustment	-	-	-	-	-	-	-	-	-
As at Ashad end 2078	-	-	576,131	176,234,160	771,692	3,132,070	2,469,109	-	183,183,162
Depreciation									
Opening Balance	-	-	-	-	-	-	-	-	-
During the Year	-	-	46,212	6,144,777	80,703	214,690	125,353	-	6,611,736
Adjustments	-	-	-	-	-	-	-	-	-
As at Ashad end 2078	-	-	46,212	6,144,777	80,703	214,690	125,353	-	6,611,736
Net Block									
Impairment Loss as on As at Ashad end 2078)	-	-	-	-	-	-	-	-	-
Impairment Loss (Opening Balance)	-	-	-	-	-	-	-	-	-
As at Ashad end, 2078	-	-	529,919	170,089,383	690,989	2,917,380	2,343,756	-	176,571,426

De-recognition

An item of property, plant and equipment will be derecognized on 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.

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 amortisation period or method, as appropriate, and are treated as changes in accounting estimates in accordance with NAS 8.

Particulars	Amount in NPR	
	Reporting Period (FY 2077-78)	
Opening Balance	-	
Add: Addition During the Year	379,680	
Less: Amortization	9,778	
Total	369,902	

3. **Prepayments**

Instances where the payments have been made and where the expense pertain 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	Amount in NPR	
	Reporting Period (FY 2077-78)	
Prepaid expenses	474,752	
Prepayments to Vendor	247,392	
Total	722,144	

4. **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	Amount in NPR	
	Reporting Period (FY 2077-78)	
Current		
Interest Accrued	-	
Deposit with Service Provider	62,000	
Non-Current		
Deposit with Nepal Rastra Bank	4,000,000	
Total	4,062,000	

5. **Investment in Term Deposits**

The company recognizes terms deposits initially at fair value and subsequently at amortized cost using effective interest rate. The company has capacity and intention to hold on these investments until maturity so considering their nature, they can't be liquidated as per the



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requirement. That is why they are not included in cash and cash equivalents. It is company's business model to hold on these investments solely for the purpose of receiving principal and interest.

Amount in NPR

Particulars	Reporting Period (FY 2077-78)
Government and Corporate Bonds	
Term Deposits	
With Commercial Banks	
Current	340,000,000
Non-Current	340,000,000
Total	340,000,000

6. Cash and Cash Equivalents

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.

Amount in NPR

Particulars	Reporting Period (FY 2077-78)
Bank Balances	
Interest Bearing Account	16,455,651
Non-interest bearing	8,000
Petty Cash	1,135
Cash Balance	-
Total	16,464,785

7. 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 2077-78)
Authorised	10,000,000	100	1,000,000,000.00
Issued	4,000,000	100	400,000,000.00
Paid up	4,000,000	100	400,000,000.00

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Particulars	Capital Structure (in %)	Reporting Period (FY 2077-78)
Promoter	90	
a. Nepal Doorsanchar Company Limited		62.22%
b. Rastriya Banijya Bank Limited		37.78%
General Public	10	
		100.00%

Share ownership percentage of General Public shall be changed to 20% as per the provision of Payment and Settlement Act, 2077.

8. 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	Reporting Period (FY 2077-78)
Retained Earning	(1,700,251)
Revaluation Reserve	-
Deferred Tax Reserve	-
Fair Value through OCI Reserve	-
Total	(1,700,251)

9. Deferred Tax

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. Deferred tax is computed using statement of financial position liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences.

Particulars	Carrying Amount	Tax Base	Temporary Difference
Assets			
Property, Plant & Equipment	176,571,426	173,441,145	3,130,281
Intangible Assets	369,902	984,189	(614,287)
Liability and Provisions			
Provision for expenses	-	-	-
Total			2,515,994
		Tax Rate @ 25%	628,998
		Deferred Tax Liability / (Asset) - FY 2077-78 (Ashad)	628,998
		Deferred Tax Expense / (Income) - FY 2077-78 (Ashad)	628,998

(Signatures)

10. Provisions

"Provisions are obligations with uncertain timing and amount. It is the policy of the company to account legal and constructive obligation computed based on the legal provisions and company's bylaws. The timing and actual payment is subject to further approvals.

The company estimates that these obligations will be settled within the next 12 months, therefore no discounting has been applied. The carrying amount represents the amortized cost. The amount of provision recognized is the management's best estimate of expenditure required to settle the present obligation at the reporting date. Management reviews provisions at each balance sheet date and is adjusted to reflect the best current estimate. If it is no longer probable that a transfer of economic benefits will be required to settle the obligation, the provision is reversed."

11. Current Liabilities

Other non-financial liabilities include the liabilities on the part of the company to the customers for the offered services.

Particulars	Amount in NPR	
	Reporting Period (FY 2077-78)	
Sundry Creditors - Suppliers	-	
Other Fee Collection Payable	-	
Accounts Payable (NTC)	1,729,726.36	
Accounts Payable (Comviva Technologies Ltd.)	12,185,830	
Accounts Payable	128,034,867.72	
Trade Payable	-	
Advance from Subscribers	-	
Retention money of Contractor	63,500	
Inland Revenue Office (TDS)	164,823	
Others Liabilities	160,632	
Total	142,339,378.00	

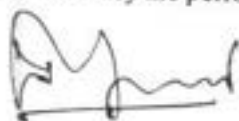
The management team is composed of four members where three members are deputed from Nepal Doorsanchar Company Limited and one from Rastriya Banijya Bank Limited. Employee Benefits of these persons were paid by the respective organizations on cost-to-cost basis and reimbursement of such expenses have been provided for.

12. Revenue from contract with customers

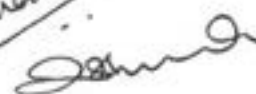
Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The company recognises revenue when it transfers control over a product or service is rendered to a customer.

The company follows the following 5 stage process in recognition of revenue from contract 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. Recognise revenue when (or as) the performance obligations are satisfied

Particulars	Amount in NPR	
	Reporting Period (FY 2077-78)	
Commission, Fee and Charges		-
Sales to Top-up or Recharge or Package		-
Local & International Remittance (Cash Out)		-
Subscription Fee		-
Advertisement and Value-Added Service Fee		-
Service Integration / API Charge		-
Total		-

The company has launched its mobile financial service application as "Namaste Pay" on 29th Bhadra, 2078 which was after the financial year end of 2077-78. Therefore, there was no revenue from mobile financial service in FY 2077-78.

13. Finance Income

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

Particulars	Amount in NPR	
	Reporting Period (FY 2077-78)	
Interest Income on Government Bonds		-
Interest on Corporate Bonds		-
Interest on Term Deposits with Banks		-
Total		20,519,121
		20,519,121

14. Other Income

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

Particulars	Amount in NPR	
	Reporting Period (FY 2077-78)	
Dividend Income		-
Others		-
Total		288,000
		288,000

15. 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.

Particulars	Amount in NPR	
	Reporting Period (FY 2077-78)	
Salary Expenses		4,927,006

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Dasha in Expenses	-
Wages Expenses	-
Overtime Expenses	84,540
Clothing Expenses	345
Contribution to Social Security	-
Training Expenses	231,694
Employee Bonus	110,945
Total	5,354,530

Contribution Plan

All employee 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 follow:

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%

16. Service Operation Expenses

Service Operation Expenses includes all the cost directly associated while delivering the services.

Particulars	Amount in NPR	
	Reporting Period (FY 2077-78)	
Cost of Recharge/Top-up	-	-
Testing Expenses	19,150	-
Repair & Maintenance Expenses	1,113,614	-
Power, Heat and Light Expenses	-	-
Electricity Expenses	41,590	-
Insurance Expenses	3,779	-
Internet/Connectivity Expenses	98,923	-
Telephone Expenses	14,500	-
Technical Service Fee	21,981	-
Call Centre Expenses	-	-
Certification Expenses (PCI, PA) Developer Program Expenses	-	-
Service Subscription Expenses	-	-
Special Audit Fee expenses	-	-
Software Service Expenses	1,101,876	-
Total	2,415,412	-

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17. **Business Promotion and Marketing Expenses**

Particulars	Amount in NPR	
	Reporting Period (FY 2077-78)	
Advertisement		157,550
Business Promotion		-
Campaign and Marketing Expenses		-
Total		157,550

18. **Office Operation Expenses**

Particulars	Amount in NPR	
	Reporting Period (FY 2077-78)	
Rent Expenses		1,054,122
Rate & Taxes		335,000
Printing & Stationary		556,201
Subscription		-
Postage		4,320
Office Supplies		488,852
Recruitment Expenses		364,174
Meeting Allowance		353,200
Meeting Expenses		5,975
Audit Fee Expenses		100,000
Internal Audit Fee Expenses		169,500
Audit Expenditure		-
Travelling Expenses		41,489
Bank Charges and Commission Expenses		643,693
Water Expenses		11,177
Security Expenses		-
Facility Expenditure		93,911
Office Furnishing Expenses		50,220
Office Health and Safety Expenses		49,795
Professional Fees Expenses		2,116,649
Outsourcing Expenses		458,107
Hospitality Expenses		3,050
Miscellaneous Expenses		55
Total		6,899,489

19. **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.

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Behandari

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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.

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

20. 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 in to the reporting currency of the company using the rates prevailing on the reporting date. 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.

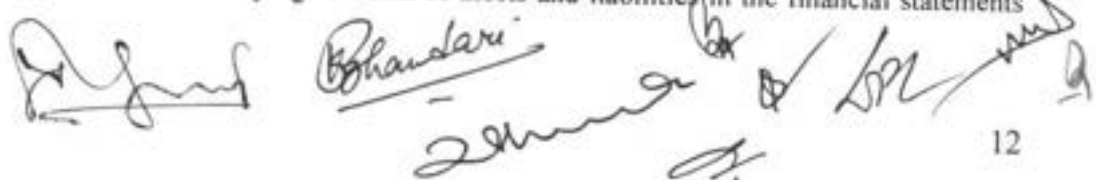
Particulars	Amount in NPR	
	Reporting Period (FY 2077-78)	
Realised gain / (Loss)	(82,071)	
Translation gain / (Loss)	(347,807)	
Total	(429,878)	

21. 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 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."

22. Preliminary and pre-operating Expenses

Preliminary Expenses are the expenses incurred prior to the incorporation of company. Details of preliminary expenses are presented as below:

<i>Amount in NPR</i>			
S.N.	Particulars	Amount	Remarks
1.	Preparation of Bylaws and policies as per Policy of NRB	3,84,998.91	For Letter of Intent of NRB
2.	MOA/ AOA Drafting, Financial Feasibility, Accounting Policies	3,70,000.00	
3.	Technical Feasibility, Business Strategy and Business Plan	2,26,000.00	For Letter of Intent of NRB
4.	Company registration fee paid to OCR	310,000.00	For Letter of Intent of NRB
4.	Application fee for letter of Intent	25,000.00	
6.	Consultancy charge for company registration	84,750.00	
7.	Hot Water Boiler	5,932.50	
8.	Commercial Feasibility, proposed business model and business continuity plan	3,39,000.00	
	Total	1,745,681.41	

23. 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.

24. Related Party Disclosures

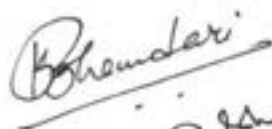
Following has been identified as related parties of the company:

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 of NPR. 594,351.05 till Baisakh end, 2078 to Nepal Doorsanchar Company Limited.
2. The company has paid Telephone expenses of NPR. 33,650.00 till Ashad end, 2078 to Nepal Doorsanchar Company Limited.
3. The company has earned bank interest income of NPR. 18,730,115.68 till Ashad end, 2078 from Rastriya Banijya Bank Limited.











4. The company has paid bank commission charge of NPR. 643,708.00 till Ashad end, 2078 to Rastriya Banijya Bank Limited.

Inter Party Balances

Out of total transaction amount NPR. 2,349,697.96, the company has paid NPR. 619,971.30 and NPR. 1,729,726.36 is payable to Nepal Doorsanchar Company Limited.

All transaction between the Company and the related parties are executed on arm's length principle. Effects of all inter-company transactions and outstanding balances are excluded in Group Financial Statements.

24.1 Directors and Key Management Personnel


During the fiscal year ended on 31st Ashadh 2078, 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	Board Meetings FY 2077-78	
			Number of meetings attended	Total Allowance
1	Mr. Rajendra Aryal	Chairman	27	48,000
2	Ms. Sangita Pahadee	Member	27	48,000
3	Mr. Amul Pradhan	Member	27	48,000
4	Ms. Sarwati Adhikari	Member	27	48,000
5	Mr. Debesh Prasad Lohani	Member	27	48,000
Total				240,000


As per our Even Date Report



Krishna Prasad Bhandari
Chief Executive Officer


Rajendra Aryal
Chairperson



Sangita Pahadee
Director



CA. Anil Joshi
Partner
Kuber N.Bhattarai & Co.
Chartered Accountants
Date: 30.07.2078


Nirjal Shrestha
Deputy Chief
Executive Officer


Amul Pradhan
Director


Sarwati Adhikari
Director


Pramod Bhurji
Chief, Finance


Debesh Prasad Lohani
Director



Date: 28 Kartik, 2078
Location: Kathmandu, Nepal