

Corporate Office:

Address : Anamnagar-29, Kathmandu, Nepal
E-mail : ca.prsh@gmail.com, info@prsh.com.np
Website : www.prsh.com.np
Telephone : 01-5705233

**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF JYOTI CAPITAL LTD.**

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Jyoti Capital Ltd. (the 'Company'), which comprise the Statement of Financial Position as at Ashadh 32, 2079, Statement of Profit or Loss, Statement of Other Comprehensive Income, Statement of Changes in Equity, 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, in all material respects, the financial position of the company as at Ashadh 32, 2079 and its financial performance and its cash flows for the year then ended in accordance with Nepal Financial Reporting Standards (NFRSs).

Basis for opinion

We conducted our audit in accordance with Nepal Standards on Auditing (NSAs). 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 company in accordance with the ICAN's Handbook of Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to our audit of the financial statements in Nepal, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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 judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our audit opinion thereon, and we do not provide a separate opinion on these matters.

We have determined that there are no other key audit matters to communicate in our report.

Other Information

Management is responsible for the other information.

The other information comprises the financial or non-financial information included in the annual report, but does not include the financial statements and our auditor's report thereon. The annual report is expected to be made available for our review after the date of this auditor's report.

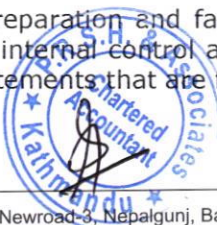
Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, we will consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to request management and those charged with governance to correct the material misstatement.

Responsibilities of Management and Those Charged with Governance for the financial statements

Management is responsible for the preparation and fair presentation of financial statements in accordance with NFRSs, and for such internal control as the directors determine 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 company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Board of Directors are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole 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 the 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:

- i) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ii) 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 Company's internal control.
- iii) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- iv) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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 Company to cease to continue as a going concern.
- v) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

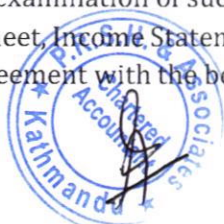
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

We report, based on our audit, on the requirements of the Companies Act, 2063, that:

- i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
- ii) In our opinion, proper books of accounts as required by law have been kept by the company so far as it appears from our examination of such books of accounts;
- iii) In our opinion, the Balance Sheet, Income Statement and Statement of Changes in Equity dealt with by this report are in agreement with the books of accounts;



- iv) To the best of our information and according to explanation given to us and from our examination of the books of account of the company necessary for the purpose of our audit, we have not come across cases where the board of directors or any representative or any employee of the company have acted contrary to the provisions of laws relating to accounts or committed any misappropriation or caused any loss or damage to the company.

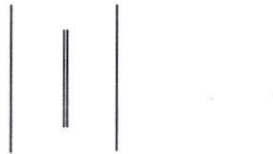
For P.R.S.H. & Associates
Chartered Accountants


.....
Subash Poudel, FCA

UDIN : 221125CA00991Xf3qX

Place : Kathmandu, Nepal
Date : 25th November, 2022

Jyoti Capital Limited
Kamalpokhari -01, Kathmandu



Audited Financial Statements

F.Y. 2078-79 [2021-22]

Auditor:
P.R.S.H & Associates
Chartered Accountants

Jyoti Capital Limited
Kamalpokhari -01, Kathmandu
Statement of Financial Position
As on Ashad 32, 2079 (16 July 2022)

Particulars	Schedule	Figures in NPR	
		For the Period Ended Ashad 32, 2079	For the Period Ended Ashad 31, 2078
Assets			
Non-Current Assets			
Property plant and equipment		-	-
Trade and other receivables	1	1,878,761.15	-
Total Non-current Assets		1,878,761.15	-
Investment in Fixed Deposit		215,000,000.00	-
Deferred Tax Assets		-	-
Current Assets			
Investments		-	-
Trade and other receivables		-	-
Other Current Assets		-	-
Cash and cash equivalents	2	5,607,142.26	-
Total Current Assets		5,607,142.26	-
TOTAL ASSETS		222,485,903.41	-
Equity			
Share Capital	3	210,000,000.00	-
Reserves and Surplus	4	8,577,062.49	-
Total Equity		218,577,062.49	-
Liabilities			
Non Current Liabilities		-	-
Employee Benefits		-	-
Deferred Tax Liabilities		-	-
Total Non-Current Liabilities		-	-
Current Liabilities			
Loans and Borrowings		-	-
Trade and other payables	5	232,957.00	-
Provision for Income Tax		3,675,883.92	-
Employee Benefits		-	-
Provisions		-	-
Total Current Liabilities		3,908,840.92	-
Total Liabilities		3,908,840.92	-
Total Equity and Liabilities		222,485,903.41	-

Schedule 1 to 7 Forms integral part of Financial Statements

As per our attached report of even date

For P.R.S.H. & Associates
Chartered Accountants
FCA, Subash Poudel
Partner

Ram Kumar Shrestha
(Chairman)

Sushil Kumar Sharma
(Director)

Bikash Ranabhat
(Director)

Date : 2079-08-06
Place: Kathmandu

Jyoti Capital Limited

Kamalpokhari -01, Kathmandu

Statement of Profit or Loss

For the Period commencing on Shrawan 1, 2078 and ending on Ashad 32, 2079

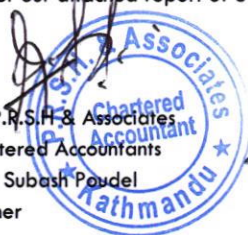
Figures in NPR

Particulars	Schedule	For the Period Ended Ashad 32, 2079	For the Period Ended Ashad 31, 2078
Revenue			
Revenue from Operation			
Other Income	5	12,568,663.41	-
Total Revenue		12,568,663.41	-
Expenses			
Operating Expenses		-	-
General and Administrative Expenses	6	315,717.00	-
Depreciation and Amortization		-	-
Total Expenses		315,717.00	-
Profit Before Tax		12,252,946.41	-
Income Tax Expense		3,675,883.92	-
Net Profit for the year		8,577,062.49	-

Schedule 1 to 7 Forms integral part of Financial Statements

As per our attached report of even date

For P.R.S.H. & Associates
Chartered Accountants
FCA, Subash Poudel
Partner



Ram Kumar Shrestha
(Chairman)

Sushil Kumar Sharma
(Director)

Bikash Ranabhat
(Director)

Date : 2079-08-06
Place: Kathmandu



Jyoti Capital Limited

Kamalpokhari -01, Kathmandu

Statement of Cash Flow

For the Period commencing on Shrawan 1, 2078 and ending on Ashad 32, 2079

Figures in NPR

Particulars	For the Period Ended Ashad 32, 2079	For the Period Ended Ashad 31, 2078
Cash Flow From Operating Activities		
Net profit	8,577,062.49	-
Adjustments for:		
Depreciation & Amortization	-	-
Cash Flow Before Changes in Working Capital	8,577,062.49	-
(Increase)/Decrease in Current Assets	-	-
(Increase)/Decrease in Trade and other receivables	(1,878,761.15)	-
Increase/(Decrease) in Liabilities	3,908,840.92	-
Increase/(Decrease) in Trade and other payables	-	-
Increase/(Decrease) in other non-current liabilities	-	-
Income taxes Paid	-	-
Net Cash Flows From Operating Activities	10607142.26	-
Cash Flow From Investing Activities		
Investment in Fixed Deposit	215,000,000.00	-
Net Cash Flows From Investing Activities	215000000	-
Cash Flow From Financing Activities		
Increase/(Decrease) in Share Capital	210,000,000.00	-
Increase/(Decrease) in Long Term Loan	-	-
Net Cash Flows From Financing Activities	210000000	-
Current Year's Cash Flow From All Activities	5607142.26	-
Opening Balance of Cash and Bank Balance	-	-
Closing Balance of Cash and Bank Balance	5,607,142.26	-

Schedule 1 to 7 Forms integral part of Financial Statements

As per our attached report of even date

For P.R.S.H. & Associates
Chartered Accountants
FCA, Subash Paudel
Partner



Ram Kumar Shrestha
(Chairman)

Sushil Kumar Sharma
(Director)

Bikash Ranabhat
(Director)

Date : 2079-08-06
Place: Kathmandu



Jyoti Capital Limited

Kathmandu, 01 - Kamalpokhari

Statement of Changes in Equity

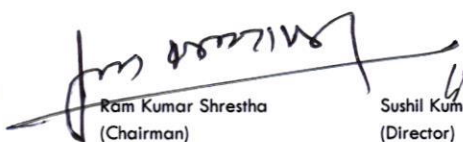
For the Period commencing on Shrawan 1, 2078 and ending on Ashad 32, 2079

Particulars	For the Period Ended Ashad 32, 2079		For the Period Ended Ashad 31, 2078
	Share Capital	Retained Earning	Total
Balance as at Shrawan 1, 2078			
Profit for the year	-	8,577,062.49	8,577,062.49
Other Comprehensive Income	-	-	-
Issue of Share Capital	210,000,000.00	-	210,000,000.00
Dividends to Shareholders	-	-	-
General Reserve	-	-	-
CSR Reserve	-	-	-
Balance at 32nd Ashadh 2079	210,000,000.00	8,577,062.49	218,577,062.49

Schedule 1 to 7 Forms integral part of Financial Statements

As per our attached report of even date


 P.R.S.H. & Associates
 Chartered Accountants
 FCA, Subash Poudel
 Partner


 Ram Kumar Shrestha
 (Chairman)


 Sushil Kumar Sharma
 (Director)


 Bikash Ranabhat
 (Director)

Date : 2079-08-06
 Place: Kathmandu



Jyoti CAPITAL LTD.

Kathmandu, 01 - Kamalpokhari

Schedule forming part of the financial statements

For the Period Ended Ashadh 32, 2079

*Figures in NPR***1 Trade and other receivables****Particulars**

TDS Receivable

Total

For the Period Ended

Ashadh 32, 2079

For the Period Ended

Ashadh 31, 2078

As on	Ashadh 32, 2079	As on	Ashadh 31, 2078
	1,878,761.15		-
Total	1,878,761.15		-

2 Cash and cash equivalents**Particulars**

Cash In Hand

Cash at Bank-Jyoti Bikash Bank

Total

As on	Ashadh 32, 2079	As on	Ashadh 31, 2078
	-		-
	5,607,142.26		-
Total	5,607,142.26		-

3 Share Capital**Particulars****Authorized**

Ordinary Share of Rs 100 each

Issued and Fully Paid up

At the End of the year

As on Ashadh 32, 2079		As on Ashadh 31, 2078	
Number	Amounts (Rs)	Number	Amounts (Rs)
3,000,000.00	300,000,000.00	-	-
2,100,000.00	210,000,000.00	-	-
2,100,000.00	210,000,000.00	-	-

4 Reserves and Surplus**Particulars**

Retained Earning

Total

As on	Ashadh 32, 2079	As on	Ashadh 31, 2078
	8,577,062.49		-
Total	8,577,062.49		-

5 Trade and other payables**Particulars**

Jyoti Bikash bank Ltd.

Payable to Director

Audit Fee payable

TDS Payable

Payable to Samir Dhungel

Total

As on	Ashadh 32, 2079	As on	Ashadh 31, 2078
	136,627.00		-
	47,600.00		-
	39,400.00		-
	9,000.00		-
	330.00		-
Total	232,957.00		-



[Handwritten signature]

[Handwritten signature]

[Handwritten signature]



Jyoti CAPITAL LTD.

Kathmandu, 01- Kamalpokhari

Schedule forming part of the financial statements

For the Period Ended Ashadh 32, 2079

Figures in NPR**5 Other Income****Particulars**

Interest Income

TotalFor the Period Ended
Ashad 32, 2079For the Period Ended
Ashad 31, 2078

As on	Ashad 32, 2079	As on	Ashad 31, 2078
	12,568,663.41		-
	12,568,663.41		-

6 General and Administrative Expenses**Particulars**

Audit Fee

Business Registration & Renewal

Meeting Allowance

Other Expenses

Total

As on	Ashad 32, 2079	As on	Ashad 31, 2078
	40,000.00		-
	100,000.00		-
	56,000.00		-
	119,717.00		-
	315,717.00		-



**Jyoti Capital Ltd.
Kathmandu Nepal**

Notes to the Financial Statements for the Period ended 32st Ashad 2079 (16th July 2022)

1. Entity Information and Financial Statements :

A. Reporting Entity and its introduction

Jyoti Capital Limited, a Public Limited Company having its registered office at Kathmandu Metropolitan City-1, Kathmandu is registered with The Office of Company Registrar (OCR) under the Companies Act, 2063 on 2078 Karthik 2 (19th Oct, 2021) with registration number 274998/078/079. It is in process to obtain the license from SEBON. It is registered with Inland Revenue department with PAN No 610126796.

B. Responsibility for Financial Statements

The Board of Directors are responsible for preparation and presentation of these Financial Statements as per Nepal Financial Reporting Standards (NFRS). The accompanied financial statements of company for the year ended Ashad end 2079 were authorized for issue by board of Directors on 24th Kartik 2079.

2. BASIS OF PREPARATION, MEASUREMENT AND SIGNIFICANT ACCOUNTING POLICIES

A. Basis of preparation and measurement

a. Basis of preparation:

The financial statements have been prepared in accordance with Nepal Financial Reporting Standards (NFRS) issued by Accounting Standard Board, Nepal. The financial statements have been prepared on accrual and going concern basis.

b. Basis of measurement:

The Financial Statements have been prepared under historical cost convention basis.

c. Materiality and Aggregation

Each item which is similar in nature is presented separately if material. Items of dissimilar nature or function are presented separately unless they are immaterial as permitted by NAS 1.

d. Going Concern

The Directors have made an assessment of the Company's ability to continue as a going concern and is satisfied about the ability to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the company's ability to continue as a going concern. Therefore, the financial statements are prepared on a going concern basis.

e. Fair value measurement



[Handwritten signature]



Various accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. The company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

B. Accounting Estimates

The preparation of Financial Statements requires management to make judgments, estimates and assumptions in the application of accounting policies that affect the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Any revision in is recognized prospectively in the period of change and material revision, including its impact on Financial Statements, is reported in the Notes to Financial Statements in the year of incorporation of revision. Estimates and judgments are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable.

C. Functional and Presentation Currency

The financial statement is prepared in Nepalese Rupees (NPR), which is the official functional currency.

D. Significant accounting policies

Preparation of financial statements in accordance with Nepal Financial Reporting Standards (NFRS) requires the management to make use of significant accounting policies, judgments and estimates that affect the reported amount of assets and liabilities, income and expenses, and disclosures of contingent items during the reporting period. These accounting policies adopted are used on consistent basis. Estimates are reviewed on continuous basis. Revision to accounting estimates are recognized in the period in which the estimates are revised. The significant accounting policies adopted, judgments and estimates while preparing these financial statements in accordance with NFRS are set out in corresponding notes.

i. Current versus non-current classification

The corporation presents assets and liabilities in the Statement of Financial Position based on Current / Non-Current classification. Based on the nature of service and the time of their realization in cash and cash equivalents, the corporation has ascertained its operating cycle as 12 months for the purpose of Current/Non-Current classification of Assets and Liabilities.

The corporation classifies an asset as current when it is:

- i) Expected to be realized or intended to be consumed in normal operating cycle.
- ii) Held primarily for the purpose of trading.
- iii) Expected to be realized within twelve months after the reporting period or
- iv) Cash or Cash Equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

The corporation classifies a liability as current when:



- i) Expected to be settled in normal operating cycle.
- ii) Held primarily for the purpose of trading.
- iii) Settled within twelve months after the reporting period or
- v) No unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

ii. Property, plant and equipment

- All items of property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.
- Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when 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 carrying amount of any component accounted for as a separate assets are derecognized when replaced. All other repairs and maintenance are charged to profit and loss during the reporting period in which they are incurred.
- The Company identifies and determines cost of each component/ part of the asset separately, if the component/ part has a cost which is significant to the total cost of the asset having useful life that is materially different from that of the remaining asset. These components are depreciated over their useful lives; the remaining asset is depreciated over the life of the principal asset.
- Management adopts the Income Tax Method for capitalization of Fixed Assets viz. if the Fixed Assets are procured within Poush of the Fiscal Year, then full amount of Fixed Assets is capitalized and if the assets are procured within Magh to Chaitra and within Baisakh to Ashadh then 2/3rd and 1/3rd of total value of assets is capitalized respectively.
- The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.
- An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognized.

iii. Other Intangible Assets

- Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Intangible assets with indefinite useful lives are carried at cost less accumulated impairment losses.
- Certain computer software costs are capitalized and recognized as intangible assets based on materiality, accounting prudence and significant benefits expected to flow there from for a period longer than one year.



[Handwritten signature]

[Handwritten signature]

[Handwritten signature]



- Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

iv. Depreciation and Amortization

- Depreciation is recognized to write off the cost of assets less their residual values over their useful lives, using the Written Down Value Method (WDV)
- Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.
- Depreciation is provided on the written down method based on the estimated useful lives of the assets determined by the management. Depreciation on additions to fixed assets is charged on pro-rata basis in the year of purchase. The useful life of the assets and the corresponding rates at which the assets are depreciated are as follows:-

Category of asset	Depreciation Rate
Office equipment	25%
Furniture and fixtures	25%
Computers and accessories	25%
Vehicles	20%
Other Assets	15%

Computer software has been amortized over an estimated useful life of 5 years on straight line basis.

Useful life is either the period which the asset is expected to be used or the number of production or similar units expected to be obtained from the use of asset. The estimated useful life, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

- Leasehold improvements are depreciated over the period of lease or estimated useful life, whichever is lower, on straight line basis.

v. Impairment of tangible and intangible assets

- At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable



[Handwritten signature]

[Handwritten signature]



amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest Company of cash-generating units for which a reasonable and consistent allocation basis can be identified.

- b. Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.
- c. Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.
- d. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in Statement of Profit and Loss.
- e. When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in Statement of Profit and Loss.

vi. Investments

Investments in debt and equity securities

Investments held for trading are classified as current assets and are stated at fair value, through Profit and Loss Account.

vii. Trade and other receivables

Trade and other receivables are stated at their cost less provision for impairment. The amount of the provision is recognized in the income statement.

viii. Inventories

Inventories are initially recognized at cost, and subsequently at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the variable selling expenses.

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.

ix. Cash and cash equivalents

Cash and cash equivalents comprise cash balances, call and current deposits at Bank.



x. Impairment

The carrying amounts of the company's assets, other than biological assets, investment property, inventories and deferred tax assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. Intangible assets that are not yet available for use, the recoverable amount are estimated at each balance sheet date. An impairment loss is recognized when the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognized in the income statement.

xi. Risk Management Frameworks

Risk

Risk is inherent in the Company's activities, it is managed through an integrated risk management framework, including ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Company's continuing profitability and each individual within the company is accountable for the risk exposures relating to his or her responsibilities. The company is exposed to Liquidity Risk, Market Risk and Operational Risk. It is also subject to country risk and various operating and business risks.

Risk Management

Company has implemented Internal Control Procedure identify the risk, assess the risk, and to manage the risk as per management decision.

xii. Share capital

Financial instruments issued by the company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The company's equity shares are classified as equity instruments.

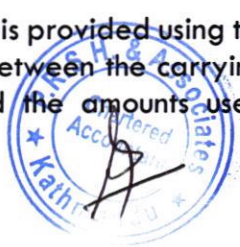
xiii. Employee Benefit

The company has not deputed any employee till the reporting date.

xiv. Taxation (including deferred taxes)

Income tax on the profit or loss for the year comprises current taxes and deferred taxes. Income tax is recognized in the income statement except to the extent that it relates to items recognized directly to equity. Current tax is the expected tax payable on the taxable income for the year using tax rate 30% at the balance sheet date and any adjustment to tax payable in respect of previous years as specified by the Income Tax Act 2058.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax



Three handwritten signatures are present. The signature on the right is over a circular blue stamp that reads 'KATHMANDU CAPITAL LTD.' and 'KAMALPOKHARI, KATHMANDU'.

provided is based on the expected-on realization or settlement of the carrying amount of assets and liabilities using tax rate 30% at the balance sheet date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend.

Deferred Tax has not been created since no timing difference has arisen.

xv. Trade and other payables

Trade and other payables are stated at their cost.

xvi. Revenue

Revenue is recognized on accrual basis and is measured at the fair value of the consideration received or receivable. The management of the company determines the amount of revenue based on the applicable service agreement. Fees and commission arising from transactions are recognized on the basis of completion of underlying transaction. Accounting policies, estimates and judgments used by management for each item of revenue is detailed below:

a. Portfolio Management Fee

Annual Management fee and Performance fee is recognized as revenue when it is due.

b. Corporate Advisory Fee

Corporate Advisory service fee is the consultancy fee charged to the clients as per the performance and completion of assigned job responsibilities. Income is booked when job responsibilities are completed and tax invoice/payment letter is issued to client in respect of such completion of consultancy and other advisory functions.

c. Other Income

Other income is recognized when it is probable that consideration associated with the relevant event is confirmed or realized.

xvii. Expenses

All Expenses except specially mentioned are accounted on accrual basis.

All expenses incurred in running of the business and in maintaining the property, plant and equipment in a state of efficiency has been charged to revenue in arriving at the profit for the year and presented in statement of profit or loss.

Repairs and renewals are charged to the income statement in the year in which the expenditure is incurred. The profit earned by the company is before income tax expense



and after making provision for all known liabilities and for the depreciation of Property, Plant and Equipment.

Bonus for staff is provided as per the requirement of Bonus Act.

xviii. Provision and Contingencies

Provisions comprise liabilities of uncertain timing or amount. Provisions are recognized when the company recognizes it has a present obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount can be reasonably estimated.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Loss contingencies arising from claims, litigation, assessment, fines, penalties, etc. are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated.

xix. Prior period items:

Prior period items are income or expenses which arise in the current period as a result of errors or omissions in the preparation of the financial statements of one or more prior periods are prior period items. Effects of prior period expenses and income are adjusted against general reserve.

xx. Events Occurring after Balance Sheet Date:

Events which occur between the balance sheet date and the date on which the financial statements are approved, may indicate the need for adjustments to assets and liabilities as at the balance sheet date or may require disclosure. Events providing further evidence of conditions that existed at the reporting date are adjusting events and result in adjustment to the financial statements. Whereas events indicative of a condition that arose after the end of the reporting period and do not result in adjustment to the financial statements are non-adjusting events.

3. Additional Disclosures

3.1 Events after Balance Sheet Date

There are no adjusting events after the balance sheet date which requires adjustment in the financial statements. Also there are no non adjusting events that require disclosure.

3.2 Related party transaction

The following persons are identified as Related Parties.

Key Management Personnel



Key Management Personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity. Following are identified as Key Management Personnel (KMP):

Related Parties	Relationship
Mr. Ram Kumar Shrestha	Chairman
Mr. Sushil Kumar Sharma	Director
Mr. Bikash Ranabhat	Director

Transaction and Nature of Transaction with Related Parties

Related Parties	Relationship
Jyoti Bikash Bank	Deposit Outstanding
Jyoti Bikash Bank	Interest Received on deposit
Jyoti Bikash Bank	Banking Charges

a) Related Parties

Opening Deposit	Debit transaction	Credit Transaction	Closing Balance	Interest Earned
-	210,000,000.00	83,090.00	220,607,142.26	12,568,663

b) Director and Key Managerial Personnel

Particulars	Transaction during the year	Outstanding Amount
Directors		
Meeting Allowance	48,000.00	48,000.00
Other expenses	-	-
Total	48,000.00	48,000.00

3.3 There is no comparative figure of last year as it is the first year of incorporation of the company.



Handwritten signature and initials.

