

## THE SHAREHOLDERS OF KATHMANDU INSTITUTE OF CHILD HEALTH

### INDEPENDENT AUDITOR'S REPORT

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of Kathmandu Institute of Child Health ("the Company"), which comprise the balance sheet as of 31 Ashad 2074, and the related statements of income, changes in stockholders' equity, and cash flows for the year then ended, and the related notes to the financial statements.

#### ***Management's Responsibility to the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### ***Auditor's Responsibility***

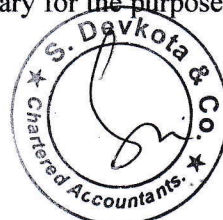
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Nepal Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence that we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

As per the requirement of the Companies Act, 2063 we also report that:

- a) we have obtained information and explanations, which, to the best of our knowledge and belief, were necessary for the purpose of our audit;
- b) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of such books;
- c) in our opinion, the Balance Sheet, Income Statement and the Cash Flow Statement dealt with by this report are in agreement with the books of account maintained by the Company;
- d) in our opinion, so far as appeared from our examination of the books, the business of the Company has been conducted satisfactorily; and
- e) to the best of our knowledge and in accordance with explanations 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 employees of the Company have acted contrary to the provisions of law, or committed any misappropriation or caused loss or damage to the Company.

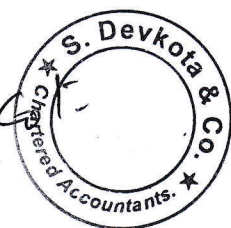
***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects the financial position of the Company as of 31 Ashad 2074, and the results of its operations and its cash flows for the year then ended in accordance with Nepal Accounting Standards, generally accepted accounting principles and comply with the provisions of the Companies Act, 2063.

For and on behalf of  
S. Devkota & Company  
Chartered Accountants



CA Sunil Devkota  
Partner



Date: 4 August 2017  
Place: Kathmandu

# Kathmandu Institute of Child Health

## Balance Sheet

As at Ashad 31, 2074 (July 15, 2017)

Particulars	Schedule	As at 15-Jul-17 Rs.
<b>EQUITY &amp; LIABILITIES</b>		
<b>Equity</b>		
Share Capital	1	-
Reserve Fund & Accumulated Profit	2	32,000.00
<b>Total Equity</b>		<b>32,000.00</b>
<b>Non Current Liabilities</b>		
Medium and Long Term Loan	3	-
<b>Total Non Current Liabilities</b>		<b>-</b>
<b>Current Liabilities</b>		
Trade & Other Payables	4	10,000.00
Short Term Loans	5	-
Provisions	6	-
<b>Total Current Liabilities</b>		<b>10,000.00</b>
<b>TOTAL EQUITY &amp; LIABILITIES</b>		<b>42,000.00</b>
<b>ASSETS</b>		
<b>Non Current Assets</b>		
Property Plant & Equipment		-
<b>Total Non Current Assets</b>		<b>-</b>
<b>Current Assets</b>		
Inventories	7	-
Cash & Bank Balances	8	18,000.00
Prepayments, Loans, Advances & Deposits	9	-
<b>Total Current Assets</b>		<b>18,000.00</b>
Preoperating Expenses		24,000.00
<b>TOTAL ASSETS</b>		<b>42,000.00</b>
Significant Accounting Policies & Notes to the Accounts	14	

As per our attached report on even date

For: S. Devkota & Company

Chartered Accountants

Prakash G.C.  
Accountant

Prof. Dr. Bhagwan Koirala  
Chairman

Sunil Devkota  
Partner



Kathmandu  
Date :



# Kathmandu Institute of Child Health

## Income Statement

For the year ended Ashad 31, 2074 (July 15, 2017)


Particulars	Schedule	Current Year
<b>Income</b>		
Hospital Income	10	-
		-
<b>Direct Expenses</b>		
Hospital Expenditure	11	-
		-
<b>Gross Profit</b>		-
Other Business Income	12	-
Administrative Expenses	13	(10,000.00)
Depreciation		-
<b>Operating Profit</b>		(10,000.00)
<b>Profit Before Tax</b>		(10,000.00)
Provision for Staff Bonus		-
<b>Profit Before Tax</b>		(10,000.00)
Provision for Income Tax		-
<b>Profit for the year</b>		(10,000.00)
Significant Accounting Policies & Notes to the Accounts	14	

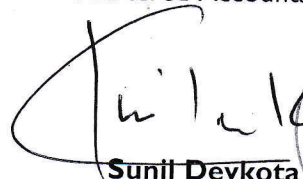
As per our attached report on even date

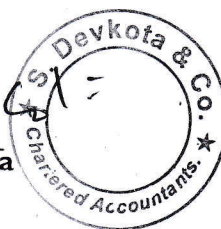
**For: S. Devkota & Company**

Chartered Accountants

  
**Prakash G.C.**  
Accountant

  
**Prof. Dr. Bhagwan Koirala**  
Chairman

  
**Sunil Devkota**  
Partner



Kathmandu  
Date :

# Kathmandu Institute of Child Health

## Statement of Preoperating Expenses

For the year ended Ashad 31, 2074 (July 15, 2017)

Particulars	Current Year
Rental Expenses	9,000
Registration Expenses	15,000
<b>Total</b>	<b>24,000</b>

Significant Accounting Policies &  
Notes to the Accounts


As per our attached report on even date

**For: S. Devkota & Company**

Chartered Accountants

  
**Prakash G.C.**  
Accountant

Kathmandu  
Date :

  
**Prof. Dr. Bhagwan Koirala**  
Chairman

  
**Sunil Devkota**  
Partner



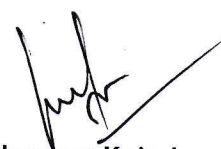
**Kathmandu Institute of Child Health**  
**Cash Flow Statement**  
For the year ended Ashad 31, 2074 (July 15, 2017)

Particulars	Current Year
<b><u>Cash Flow form Operating Activities</u></b>	
Net Profit Before Tax	(10,000.00)
Adjustments	
Cash Flow before change in Working Capital	(10,000.00)
<b><u>Changes in Working Capital</u></b>	
Decrease / (Increase) in Current Assets	-
(Decrease) / Increase in Current Liabilities	10,000.00
Preliminary Expenses	(24,000.00)
<b>Net Cash from Operative Activities (A)</b>	<b>(24,000.00)</b>
<b><u>Cash Flow from Investing Activities</u></b>	
Increase in Share Investment	-
Sale of Fixed Assets	-
Purchase of Fixed Assets	-
<b>Net Cash Used in Investing Activities (B)</b>	<b>-</b>
<b><u>Cash Flow from Financial Activities</u></b>	
Increase / (Decrease) in Share Capital	-
Increase / (Decrease) in Membership Fund	42,000.00
<b>Net Cash used in Financial Activities (C)</b>	<b>42,000.00</b>
<b>Net Cash Increase / (Decrease) (A+B+C)</b>	<b>18,000.00</b>
Cash and Cash Equivalent at the beginning of the year	-
<b>Cash and Cash Equivalent at the end of the year</b>	<b>18,000.00</b>
Significant Accounting Policies & Notes to the Accounts	

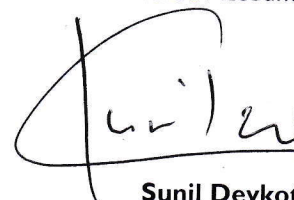
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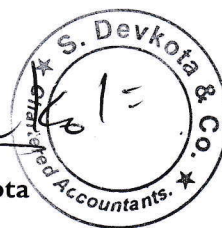
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**Prakash G.C.**  
Accountant

  
**Prof. Dr. Bhagwan Koirala**  
Chairman

As per our attached report on even date  
**For: S. Devkota & Company**  
Chartered Accountants

  
**Sunil Devkota**  
Partner



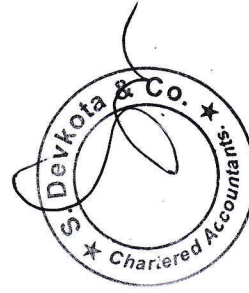
Kathmandu  
Date :

# Kathmandu Institute of Child Health

## Statement of Changes in Equity

For the year ended Ashad 31, 2074 (July 15, 2017)

Particulars	Share Capital		Profit and Loss Account		Membership Fund		Total	
	Rs		Rs		Rs		Rs	
Opening Balance	-		-		-		-	
Balance as at 15 July 2016	-		-		-		-	
Additions during the year	-		(10,000.00)		42,000.00		32,000.00	
Closing Balance	-		(10,000.00)		42,000.00		32,000.00	



*[Signature]*

# Kathmandu Institute of Child Health

Schedules forming part of the Accounts for the year ended Ashad 31, 2074

## Particulars

As at  
15-Jul-17  
Rs.

### Schedule: 1

#### Share Capital

#### Authorised Capital

-

#### Issued Capital

-

#### Total

-

### Schedule: 2

#### Reserve & Surplus

#### Profit and Loss Account

(10,000.00)

#### Membership Fund

42,000.00

#### Total

32,000.00

### Schedule: 3

#### Non Current Liabilities

#### Loan from financial institutions

-

#### Total

-

### Schedule: 4

#### Trade & Other Payables

#### Sundry Creditors

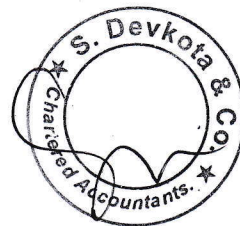
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#### Audit fee payable

10,000.00

#### Total

10,000.00





# Kathmandu Institute of Child Health

Schedules forming part of the Accounts for the year ended Ashad 31, 2074

## Particulars

As at  
15-Jul-17  
Rs.

### Schedule: 5

#### Short Term Loans

Secured Loans From Bank

Total

-

-

### Schedule: 6

#### Provisions

Provision for Income Tax

Total

-

-

### Schedule: 7

#### Inventories (As Certified by the Management)

Stock in Hand

Total

-

-

### Schedule: 8

#### Cash & Bank Balances

Cash balances

Bank Balances

Total

-

-

-

### Schedule: 9

#### Prepayments, Loans, Advances & Deposits

Advance to Suppliers & Others

Deposits

Prepaid Expenses

Staff Advance

Other Receivable

Total

-

-

-

-

-

-

*[Handwritten Signature]*



# Kathmandu Institute of Child Health

Schedules forming part of the Accounts for the year ended Ashad 31, 2074

## Particulars

## Current Year

### Schedule: 10

#### Income

Hospital Income

#### Total

-

-

### Schedule: 11

#### Direct Expenses

Salary & Allowance

Other Direct Hospital Expenses

#### Total

-

-

-

### Schedule: 12

#### Other Business Income

Hospital Other Income

Grant Income

#### Total

-

-

-

### Schedule: 13

#### Administrative Expenses

Electricity and Water Expenses

Audit Expenses

Audit Fees

#### Total

-

-

10,000.00

10,000.00



## **Schedule 15: Significant Accounting Policies & Notes to Accounts**

The financial statements are prepared and presented in accordance with the generally accepted accounting policies for not for profit organization based on Nepal Accounting standards. Major policies are described as follows:

### **1. Basis of Accounting**

The financial statements are prepared under the historical cost convention on an accrual basis except as stated in the related notes.

### **2. Revenue Recognition**

#### **a) Sales Income**

The sales income is recognized immediately on raising of the invoices after the customers have availed the services.

#### **b) Interest Income**

Interest income from bank deposit is recognized on the basis of receipt at net of tax.

### **3. Property Plant and Equipment**

The value of fixed assets is capitalized on the basis of the cost of acquisition less depreciation for the period used in the various projects. The cost of acquisition is composed of invoice price plus duties and other capital costs.

Depreciation is charged on written value method based on the estimated useful life of the assets. No depreciation is charged in the year when the assets are disposed off or written off.

### **4. Contingent Liabilities**

Management has not estimated any material contingent liability associated with the business of the program conducted by this organization.

### **5. Income Tax**

The entity is a not for profit organization. No profit is accrued for the related financial year hence no provision for tax has been created.

### **6. Pre-operating Expenses**

The entity is yet to commence its commercial operation hence the expenses incurred are categorized as pre-operating expenses which shall be amortized over a period of 5 years from the succeeding year.

### **7. Comparative Figures**

Comparative figures are not presented as the entity is registered in the current year only.

