

INDEPENDENT AUDITOR'S REPORT

To The Members of Kathmandu Institute of Child Health (KIOCH), Kathmandu

Opinion

We have audited the financial statements of KIOCH for the year ended 31 Ashad 2076 (16 July 2019) which comprise of the Balance Sheet, Income Statement and Statement of Cash Flow for the year ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements:

- give a true and fair view of the financial position of the organization as at 31 Ashad 2076 (16 July 2019) and of its financial performance and cash flows for the year then ended;
- have been properly prepared in accordance with Generally Accepted Accounting Principles;

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 KIOCH in accordance with the hand book of code of ethics issued by ICAN, 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.

Use of Our Report

This report, including the opinion, has been prepared for and only for the members of KIOCH and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Responsibilities of Management for the Financial Statements

The management is responsible for the preparation of financial statements that give a true and fair view in accordance with generally accepted accounting principles, and for such internal control as the management 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, the management is responsible for assessing the organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intend to liquidate the organization or to cease operations, or have no realistic alternative but to do so.

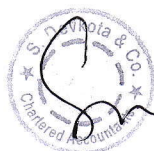
Auditor's Responsibilities for the Audit of the Financial Statements

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.

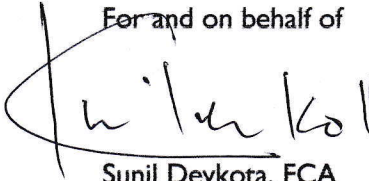
As part of an audit in accordance with NSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- 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;
- 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 organization's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the organization;
- Conclude on the appropriateness of the managements' 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 organization'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 organization to cease to continue as a going concern; and
- 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.

For and on behalf of



Sunil Devkota, FCA

Partner,

S. Devkota & Company

Chartered Accountants

Date: 29 July 2019

Kathmandu Institute of Child Health

Balance Sheet

As at Ashad 31, 2076 (July 16, 2019)


Particulars	Schedule	As at 7/16/2019 Rs.	As at 7/16/2018 Rs.
EQUITY & LIABILITIES			
Equity			
Member's Fund	1	6,225,829	2,270,329
Reserve Fund & Accumulated Profit	2	(702,775)	(316,829)
Total Equity		5,523,054	1,953,500
Non Current Liabilities			
Medium and Long Term Loan	3	-	-
Total Non Current Liabilities		-	-
Current Liabilities			
Trade & Other Payables	4	100,968	55,606
Short Term Loans	5	-	-
Provisions	6	-	-
Total Current Liabilities		100,968	55,606
TOTAL EQUITY & LIABILITIES		5,624,022	2,009,106
ASSETS			
Non Current Assets			
Property Plant & Equipment		-	-
Total Non Current Assets		-	-
Current Assets			
Inventories	7	-	-
Cash & Bank Balances	8	5,609,622	1,989,906
Prepayments, Loans, Advances & Deposits	9	-	-
Total Current Assets		5,609,622	1,989,906
Preoperating Expenses	10	14,400	19,200
TOTAL ASSETS		5,624,022	2,009,106

Significant Accounting Policies &
Notes to the Accounts

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As per our attached report on even date


Prakash GC
Accountant


Prof. Dr. Bhagwan Koirala
Director chairman


Sunil Devkota, FCA
Partner
S. Devkota & Company
Chartered Accountants



Location: Kathmandu

Date : 29 July 2019

Kathmandu Institute of Child Health

Income Statement

For the year ended Ashad 31, 2076 (July 16, 2019)

Particulars	Schedule	Current Year	Previous Year
Income			
Hospital Income	11	-	-
Direct Expenses			
Hospital Expenditure	12	151,515	60,606
Gross Profit		<u>(151,515)</u>	<u>(60,606)</u>
Other Business Income	13	-	-
Administrative Expenses	14	234,431	246,223
Depreciation		-	-
Operating Profit		<u>(385,946)</u>	<u>(306,829)</u>
Profit Before Tax		<u>(385,946)</u>	<u>(306,829)</u>
Provision for Staff Bonus		-	-
Profit Before Tax		<u>(385,946)</u>	<u>(306,829)</u>
Provision for Income Tax		-	-
Profit for the year		<u><u>(385,946)</u></u>	<u><u>(306,829)</u></u>


Significant Accounting Policies &

Notes to the Accounts

15

As per our attached report on even date


Prakash GC
Accountant


Prof. Dr. Bhagwan Koirala
Director
chairman


Sunil Devkota, FCA
Partner
S. Devkota & Company
Chartered Accountants




Location: Kathmandu


Date : 29 July 2019

Kathmandu Institute of Child Health
Cash Flow Statement
For the year ended Ashad 31, 2076 (July 16, 2019)

Particulars	Current Year	Previous Year
<u>Cash Flow form Operating Activities</u>		
Net Profit Before Tax	(385,946)	(306,829)
Adjustments		
Depreciation	-	-
Amortization of Pre-operating Expense	4,800	4,800
Cash Flow before change in Working Capital	(381,146)	(302,029)
<u>Changes in Working Capital</u>		
Decrease / (Increase) in Current Assets	-	-
(Decrease) / Increase in Current Liabilities	45,362	10,606
Decrease / (Increase) in Preoperating Expenses	-	-
Net Cash from Operative Activities (A)	(335,784)	(291,423)
<u>Cash Flow from Investing Activities</u>		
Increase in Share Investment	-	-
Sale of Fixed Assets	-	-
Purchase of Fixed Assets	-	-
Net Cash Used in Investing Activities (B)	-	-
<u>Cash Flow from Financial Activities</u>		
Increase / (Decrease) in Member's Fund	3,955,500	2,270,329
Increase / (Decrease) in Secured Loan	-	-
Net Cash used in Financial Activities (C)	3,955,500	2,270,329
Net Cash Increase / (Decrease) (A+B+C)	3,619,716	1,978,906
Cash and Cash Equivalent at the beginning of the year	1,989,906	11,000
Cash and Cash Equivalent at the end of the year	5,609,622	1,989,906
Significant Accounting Policies &		
Notes to the Accounts		

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Prakash GC
Accountant


Prof. Dr. Bhagwan Koirala
Director
Chairman

As per our attached report on even date


Sunil Devkota, FCA
Partner
S. Devkota & Company
Chartered Accountants

Location: Kathmandu
Date : 29 July 2019

Kathmandu Institute of Child Health
Statement of Changes in Equity
For the year ended Ashad 31, 2076 (July 16, 2019)

Particulars	Member's Fund	Reserve and Surplus	Total
	Rs	Rs	Rs
Balance as at 16 July 2018	2,270,329	(316,829)	1,953,500
Additions during the year	3,955,500	(385,946)	3,569,554
Closing Balance	6,225,829	(702,775)	5,523,054



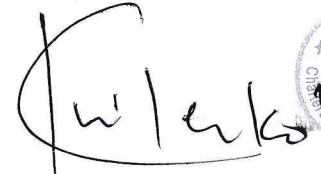
Prakash GC

Accountant



Prof. Dr. Bhagwan Koirala

Director
Chairman



Sunil Devkota, FCA

Partner

S. Devkota & Company
Chartered Accountants



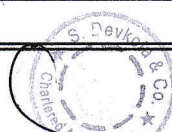
Location: Kathmandu

Date : 29 July 2019

Kathmandu Institute of Child Health

Schedules forming part of the Accounts for the year ended Ashad 31, 2076

Particulars	As at 16-Jul-19 Rs.	As at 43,297 Rs.
Schedule: 1		
<u>Member's Fund</u>		
Opening Balance	2,270,329	
Member's Contribution	3,955,500	2,240,329
Membership Fee	-	30,000
Total	6,225,829	2,270,329
Schedule: 2		
<u>Reserve & Surplus</u>		
Opening Balance	(316,829)	(10,000)
Add: Profit for the Year	(385,946)	(306,829)
Total	(702,775)	(316,829)
Schedule: 3		
<u>Non Current Liabilities</u>		
Loan from financial institutions	-	-
Total	-	-
Schedule: 4		
<u>Trade & Other Payables</u>		
Sundry Creditors	51,200	35,000
Audit Fee Payables	29,601	19,734
TDS Payable	18,046	266
SST Payables	2,121	606
Other Payables	-	-
Total	100,968	55,606
Schedule: 5		
<u>Short Term Loans</u>		
Secured Loans From Bank	-	-
Total	-	-
Schedule: 6		
<u>Provisions</u>		
Provision for Income Tax	-	-
Total	-	-



Kathmandu Institute of Child Health

Schedules forming part of the Accounts for the year ended Ashad 31, 2076

Particulars	As at 16-Jul-19 Rs.	As at 43,297 Rs.
Schedule: 7		
<u>Inventories</u>		
Stock in Hand	-	-
Total	-	-
Schedule: 8		
<u>Cash & Bank Balances</u>		
Cash balances	11,000	11,000
Bank Balances	5,598,622	1,978,906
Total	5,609,622	1,989,906
Schedule: 9		
<u>Prepayments, Loans, Advances & Deposits</u>		
Advance to Suppliers & Others	-	-
Deposits	-	-
Prepaid Expenses	-	-
Staff Advance	-	-
Other Receivable	-	-
Total	-	-
Schedule: 10		
<u>Pre-operating Expense</u>		
Pre-operating Expense	14,400	19,200
	14,400	19,200



Kathmandu Institute of Child Health

Schedules forming part of the Accounts for the year ended Ashad 31, 2076

Particulars	Current Year	Previous Year
Schedule: 11		
Income		
Hospital Income	-	-
Total	-	-
Schedule: 12		
Direct Expenses		
Salary & Allowance	151,515	60,606
Other Direct Hospital Expenses	-	-
Total	151,515	60,606
Schedule: 13		
Other Business Income		
Hospital Other Income	-	-
Grant Income	-	-
Total	-	-
Schedule: 14		
Administrative Expenses		
Insurance	13,490	-
Visa	22,240	-
Printing and Stationery	2,325	-
Consultancy expense	117,647	-
Meeting Expense	30,812	53,241
Bank Charge	55	90
Workshop Expense	-	118,092
Transportation Expense	32,500	32,959
Office Utilities	-	27,041
Amortization of Pre-operating Expense	4,800	4,800
Miscellaneous Expense	562	-
Audit Fees	10,000	10,000
Total	234,431	246,223



Kathmandu Institute of Child Health

Sub-Schedules forming part of the Accounts for the year ended Ashad 31, 2076

Particulars

Sub-Schedule: I

Member's Contribution During the Year

	Current Year
Bhuwan Dahal	100,000
Bhagwan Koirala	100,000
Creating Possibilities	1,090,000
Rajan Rai	2,500,000
Deepak Raj Sapkota	165,500
Total	3,955,500



Schedule 15: Significant Accounting Policies & Notes to Accounts

Kathmandu Institute of Child Health is a not for profit company registered with the Office of Companies Registrar on Ashad 2074 and registered under PAN with the Inland Revenue Department. The objective of the company is to provide medical facilities especially focusing on the child health care and undertaking research in the pediatric segment. The company has already obtained "Letter of No Objection" for establishment of the child care hospital from the Ministry of Health and Population. The company is still under preliminary phase as no letter of permission is yet issued by the Ministry of Health and Population.

The financial statements are prepared and presented in accordance with Generally Accepted Accounting Policies for not for profit organization. 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 recognized immediately on raising of the invoices after the customers have acquired the services.

b. Interest income:

Interest Income from the bank deposit is recognized on the basis of receipt 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 directly attributable costs required to bring the asset to location and condition for its use.

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 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. Further, no profit is accrued for the related financial year hence no provision for tax has been created.

6. Pre-operating Expenses

Expenses incurred on the registration of the company are categorized as pre-operating expenses which are amortized over a period of 5 years. As such, pre-operating expenses totaling Rs. 4,800 has been amortized in this year 2075/76. The remaining balance of Rs. 19,200 shall be amortized in following years.

The expenses incurred till the current financial year is a part of the preliminary expenses which shall be amortized only after the company comes into commercial operation.

7. Comparative Figures:

The previous year's comparative figures are presented in the Financial Statements and they have been regrouped and re-arranged wherever necessary.

