

RASTRIYA AWISKAR KENDRA

Kathmandu, Nepal

Audit Report

Annual Accounts

F/Y 2079/80 (2022/23)



Sanjay Kumar Chaudhary
(FCA, ISA, FAFD, MBS, LLB)

S.U.M. Associates

Chartered Accountants

Aloknagar-31, Kathmandu, Nepal

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF RASTRIYA AWISKAR KENDRA**

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the accompanying financial statements of Rastriya Awiskar Kendra (hereinafter referred to as "the Company") which comprise the Statement of Financial Position as at Asar 31, 2080 (July 16, 2023), the Statement of Income & Expenditure, the Statement of Changes in Reserve and the Statement of Cash Flows for the year then ended on that date, and a summary of the significant accounting policies and other explanatory information (hereafter referred to as "the financial statements").

In our opinion, and to the best of our information and according to the explanations given to us, and subject to the effect of matters mentioned in the Basis of Qualified Opinion paragraph, the aforesaid financial statements presents fairly, in all material respects, the financial position of the Company as at Asar 31, 2080 (July 16, 2023) and its financial performance, changes in reserve, cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, in accordance with Nepal Accounting Standards (NAS) and comply with Companies Act, 2063.

Basis of Qualified Opinion

We conducted our audit of the financial statements 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 Handbook of the Code of Ethics for Professional Accountants issued by the Institute of Chartered Accountants of Nepal (ICAN) and we have fulfilled our other ethical responsibilities in accordance with the ICAN's Handbook of the 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 audit opinion on the financial statements.

On review of the financial statements of the Company, we noted major issues described below which are not rectified by the management of the Company. Considering the effects of these issues, we consider to issue qualified audit report.



1. In compliance to the Labour Act, 2074, the company should provide employees with provident fund (under Section 52) and gratuity (under Section 53) and deposit to the social security fund. Similarly, it should also provide its employees with coverage of medical insurance (under Section 54) and accidental insurance (under Section 55).

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significant in the audit of the financial statements of the current period. Those matters were addressed in the context of the audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

1. There should be an employment contract entered into between the Company and its employee in compliance to Section 11 of the Labour Act, 2074.
2. The Company should carry out labour audit to review compliance of the Act, rules and any other prevailing law as prescribed and prepare the labor audit report under Section 100(1) of the Labour Act, 2074.
3. The Company needs to maintain proper record of the inventory and valuation of the inventory that the company has on hand at the end of the financial year.
4. The Company needs to comply its procurement procedures and Public Procurement Regulation, 2064.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the preparation of the other information. The other information comprises the information included in the Management Report, Report of the Board of Directors and Chairman's Statement but does not include the financial statements and our auditor's report thereon.

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 the financial statements, our responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements of our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



Responsibility of Management and those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Nepal Accounting 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 and error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as 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 the operations, or has no realistic alternative but to do so.

The Board of Directors is 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 through 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 the 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 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 Company'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 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 auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the business activities within the Company to express an opinion in the financial statements. We are responsible for the direction, suspension and performance of the Company audit. We remain solely responsible for our audit opinion.

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 the relevant ethical requirement 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

Based on our examination, we would like to further report that:

- i. We have obtained all the information and explanations, which were considered necessary for the purpose for our audit.
- ii. The financial statements are in agreement with the books of account maintained by the Company.
- iii. The proper books of accounts are required to be maintained under the prevailing laws.
- iv. During our examination of the books of account of the Company, we have not come across any cases where any office holder of the Company has acted contrary to the provisions of law or caused loss or damage to the Company.
- v. The company has been functioning within its jurisdiction.
- vi. We have not come across any fraudulence in the accounts, based on our sample examination of the books.



Sanjay Kumar Chaudhary, FCA
Managing Partner
S.U.M. Associates
Chartered Accountants

Date: 2080-06-19
UDIN: 231006CA00508xnha8

Rastriya Awiskar Kendra
Shivabhakta Marg - 02, Kathmandu
Statement of Financial Position
As at Ashadh 31, 2080 (16 July, 2023)

Particulars	Notes	Amount in Rs.	
		As at 31.03.2080	As at 32.03.2079
ASSETS			
Non - Current Assets			
Property, Plant & Equipment	2.7.1	22,012,407.06	23,546,043.71
Total Non - Current Assets		22,012,407.06	23,546,043.71
Current - Assets			
Cash & Cash Equivalents	4.1	84,822,405.31	76,972,055.93
Advance & Receivables	4.2	12,052,503.79	8,208,655.75
Total Current Assets		96,874,909.10	85,180,711.68
Total Assets		118,887,316.16	108,726,755.39
LIABILITIES & RESERVES			
Accumulated Reserves			
Corpus Fund		25,000.00	25,000.00
Restricted Funds	4.3	99,502,779.98	95,943,563.87
Total Accumulated Reserves		99,527,779.98	95,968,563.87
Current Liabilities			
Payables	4.4	19,359,536.18	12,758,191.52
Provisions		-	-
Total Current Liabilities		19,359,536.18	12,758,191.52
Total Liabilities & Reserves		118,887,316.16	108,726,755.39

Significant Accounting Policies & Notes to Account

1-3

As per our report of even date

Dr. Mahabir Pun
Chairperson

Dr. Dinesh Raj Bhuj
Director

Sanjay Kumar Chaudhary, FCA
Partner
S.U.M. Associates
Chartered Accountants

CA. Hari Kumar Silwal
Director

Rameshore Khanal
Director

Dr. Dambar Nepali
Director

Dr. Pramod Dhakal
Director

National Innovation Center
राष्ट्रिय आविष्कार केन्द्र

Sanjay Jha
General Manager

Rastriya Awiskar Kendra

Shivabhakta Marg - 02, Kathmandu

Statement of Income & Expenditure

For the period from 1 Shrawan, 2079 to 31 Ashadh, 2080 (17 July 2022 to 16 July 2023)

Particulars	Notes	Amount in Rs.	
		Year ended 31.03.2080	Year ended 32.03.2079
INCOME			
Project Sales & Donation Income	4.5	84,420,919.38	66,296,404.39
Other Income	4.6	4,531,611.45	1,985,158.70
Total Income		88,952,530.83	68,281,563.09
EXPENDITURE			
Project Expenses	4.7	84,420,919.38	62,853,040.39
Administrative Expenses	4.8	3,916,110.52	4,050,783.58
Depreciation	2.7.1	1,844,645.81	1,989,537.86
Total Expenditure		90,181,675.71	(611,798.74)
Net Surplus/(Deficit) Before Tax		(1,229,144.88)	(611,798.74)
Income Tax Expense		-	-
NET SURPLUS/(DEFICIT) FOR THE YEAR		(1,229,144.88)	(611,798.74)

Significant Accounting Policies & Notes to Account

1-3 As per our report of even date

Dr. Mahabir Pun
Chairperson

Dr. Dinesh Raj Bhuju
Director

Sanjay Kumar Chaudhary, FCA
Partner
S.U.M. Associates
Chartered Accountants



CA. Hari Kumar Silwal
Director

Rameshore Khanal
Director

Dr. Dambar Nepali
Director

Dr. Pramod Dhakal
Director

Sanjay Jha
General Manager



Rastriya Awiskar Kendra
Shivabhakta Marg - 02, Kathmandu
Statement of Cash Flows

For the period from 1 Shrawan, 2079 to 31 Ashadh, 2080 (17 July 2022 to 16 July 2023)

Particulars	Amount in Rs.	
	Year ended 31.03.2080	Year ended 32.03.2079
A. Cash Flow From Operating Activities		
Surplus/(Deficit) for the year	(1,229,144.88)	(611,798.74)
Add: Depreciation	1,844,645.81	1,989,537.86
Add: Income Tax Expense	-	-
Net Cash Flow Before Changes in Working Capital	615,500.93	1,377,739.12
(Increase)/decrease in other current assets	(3,843,848.04)	(3,314,347.75)
Increase/(decrease) in accounts payable	6,601,344.66	4,173,922.52
Cash generated from operations	3,372,997.55	2,237,313.89
Income tax paid	-	-
Net Cash Flow From Operating Activities	3,372,997.55	2,237,313.89
B. Cash Flow From Investing Activities		
Purchase of Fixed Assets	(311,009.16)	(7,352,987.57)
Sale of Fixed Assets	-	-
Net Cash Flow From Investing Activities	(311,009.16)	(7,352,987.57)
C. Cash Flow From Financing Activities		
Receipts from donors during the year	70,590,784.57	74,101,676.64
Utilization during the year	(65,802,423.58)	(60,736,757.03)
Net Cash Flow From Financing Activities	4,788,360.99	13,364,919.61
Net increase/(decrease) in cash and cash equivalents	7,850,349.38	8,249,245.93
Cash & cash equivalents at the beginning of the year	76,972,055.93	68,722,810.00
Closing Cash & Bank Balance	84,822,405.31	76,972,055.93

M.P.

Dr. Mahabir Pun
Chairperson

D.R.B.

Dr. Dinesh Raj Bhuju
Director

S.K.C.

Sanjay Kumar Chaudhary, FCA
Partner
S.U.M. Associates
Chartered Accountants

H.K.S.

CA. Hari Kumar Silwal
Director

R.K.

Rameshore Khanal
Director

D.N.

Dr. Dambar Nepali
Director

P.D.

Dr. Pramod Dhakal
Director

S.J.

Sanjay Jha
General Manager



Rastriya Awiskar Kendra
Shivabhakta Marg - 02, Kathmandu
Statement of Changes in Reserve

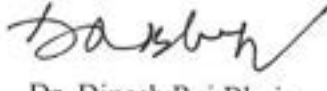
For the period from 1 Shrawan, 2079 to 31 Ashadh, 2080 (17 July 2022 to 16 July 2023)

Amount in Rs.

Particulars	Corpus Fund	Restricted Fund	Total
Opening Balance	25,000.00	95,943,563.87	95,968,563.87
Receipts from donors during the year		70,590,784.57	70,590,784.57
Utilization during the year		(65,802,423.58)	(65,802,423.58)
Surplus/(Deficit) for the year		(1,229,144.88)	(1,229,144.88)
Closing Balance	25,000.00	99,502,779.98	99,527,779.98



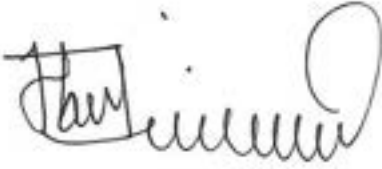
Dr. Mahabir Pun
Chairperson




Dr. Dinesh Raj Bhujju
Director



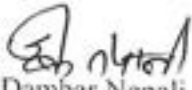
Sanjay Kumar Chaudhary, FCA
Partner
S.U.M. Associates
Chartered Accountants



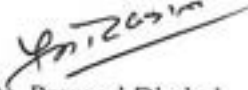
CA. Hari Kumar Silwal
Director



Rameshore Khanal
Director



Dr. Dambar Nepali
Director



Dr. Pramod Dhakal
Director



Sanjay Jha
General Manager



RASTRIYA AWISKAR KENDRA

Shivabhakta Marg-02, Kathmandu

Schedule forming part of the financial statements for the Year ended 31st Ashadh 2080

SIGNIFICANT ACCOUNTING POLICIES & NOTES TO ACCOUNTS

1. GENERAL INFORMATION

1.1 REGISTRATION OF THE COMPANY

Rastriya Awiskar Kendra, hereinafter referred to as "RAK" or "National Innovation Center" or 'The Company', is a Not-for-Profit organization incorporated to develop the culture of research, technology, and innovation in Nepal. The company was registered pursuant to Section 5 (1) of The Companies Act, 2063 as "Company Not Distributing Profit" on 24th of Kartik, 2069 (9th November 2012). The company has been registered with Inland Revenue Department vide PAN no. 601224047 on 2070.03.24.

1.2 OBJECTIVES OF THE COMPANY

Its main objective is to foster research and development in the field of science and technology which will the overall economic as well as technological development of the country.

1.3 FINANCIAL STATEMENTS

The financial statements of the company for the year ended 31st Ashadh, 2080 comprises of:

- Statement of Financial Position as on that date
- Statement of Income and Expenditure for the period ending of 31st Ashadh, 2080.
- Statement of Cash Flows for the period ending on 31st Ashadh, 2080.
- Notes to Accounts comprising a summary of significant accounting policies and other explanatory notes.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below. The policies have been consistently applied throughout the period, unless otherwise stated. The financial statements are prepared on historical cost convention except where otherwise stated.

2.2 Going Concern

Management is satisfied that it has requisite resources to continue its business for foreseeable future. Furthermore, Management is not aware of any material discrepancies that may cast significant doubt upon company's ability to continue as a going concern and they do not intend either to liquidate or to cease its operations. Hence, financial statements are prepared on going concern basis.

2.3 Consistency

The company follows consistency in the application of accounting policies with those of previous financial year.

2.4 Basis of Accounting

Financial statements stated above have been prepared on accrual basis except cash flow statement.

2.5 Statement of Compliance

The financial statements have been prepared in accordance with General Accepted Accounting Principles (GAAP) and in conformity with the applicable laws.



Handwritten signatures and a circular stamp of the Institute of Cost Accountants of Nepal (ICAN) are present at the bottom of the page.

2.6 Use of Estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities on the date of the financial statements and the results of operations during the reporting periods. Although these estimates are based upon management's knowledge of current events and actions, actual results could differ from those estimates and revisions, if any, are recognized in the current and future periods.

2.7 Fixed Assets & Depreciation

Rastriya Awiskar Kendra is a not-for-profit company, and it operates various projects throughout the year. Parts and consumables used/consumed in the deliverables of such projects are allocated to such projects. Only such assets which are to be retained in the organization for day-to-day operation are recognized as capital assets. Fixed assets are stated at cost less accumulated depreciation. Depreciation on fixed assets has been charged on written down value method at the rates as specified in Income Tax Rules. Depreciation rate applied by Rastriya Awiskar Kendra is as follows:

Particulars	Rate
Building Structure	5%
Furniture, Computers & office Equipment etc.	25%
Vehicle, Automobiles	20%
Equipment & Machinery	15%

Depreciation for Intangible Assets: Amortization is provided on Straight Line Method (SLM), which reflect the management's estimate of the useful life of the intangible asset like software.

Details of fixed assets and depreciation have been mention in Note-2.7.1.

2.8 Income & Expenditure Recognition

Most of the receipts are from public donation. However, there are some interest receipts on financials assets which are also recorded in receipt basis.

Donations are assistance made by donors in the form of transfer of fund and kind to the company. Donations have been utilized to meet various project expenses and fulfill the objectives of the company. Any excess donations over project expenses have been transferred to restricted fund for utilization of such amount in future projects.

Expenditure of the Rastrya Awiskar Kendra has been broadly classified into following two categories namely: Project Expenses and Administrative Expenses.

2.9 Income Taxes

Rastriya Awiskar Kendra is a not-for-profit company, and it receives donation from public to meet project expenses and for carrying out its objectives as set out in its Memorandum. Gift, donations, and contributions received by such institution for carrying out their objectives are exempted from levy of Income Tax. In this regard, Inland Revenue Department (IRD) has granted Income Tax Exemption Certificate to the company vide letter no. 2966-2073/074 subject to fulfillment of certain conditions.



Handwritten signatures and initials, including 'MBF', 're', 'A.', 'JK', and 'Shashan', along with a blue circular stamp of the Institute of Cost Accountants of India.



Rastriya Awiskar Kendra
Shivbhakta Marg - 02, Kathmandu
Notes Forming Part of Financial Statements
For the period from 1 Shrawan, 2079 to 31 Ashadh, 2080 (17 July 2022 to 16 July 2023)

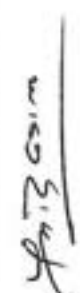
Property, Plant & Equipment

Particulars	Depn Rate	Opening Balance (WDA)	Addition During The Year			Disposal	Total Assets	Depreciation Base	Current Year Depreciation	Closing Balance (WDA)
			Up to Poush End (Till 14 Jan 23)	Up to Chaitra End (Till 13 April 23)	Up to Ashad End (Till 16 July 23)					
<i>Non-Depreciable</i>										
Sub Total										
Pool A	5%									
Building		13,974,199.80				13,974,199.80	13,974,199.80	698,709.99	13,275,489.81	
Trust Construction		4,555,267.04	141,690.59		1,500.00	4,698,457.63	4,697,457.63	234,872.88	4,463,584.75	
Safety Tank		194,047.20	6,790.30	4,480.00		205,317.50	203,824.17	10,191.21	195,126.29	
Site Clearance		319,679.75				319,679.75	319,679.75	15,983.99	303,695.76	
Sub Total		19,043,193.79	148,480.89	4,480.00	1,500.00	19,197,654.68	19,195,161.35	959,758.07	18,237,896.61	
Pool B	25%									
Computer & Laptop		583,758.22				583,758.22	583,758.22	145,939.55	437,818.66	
Printer And Scanner		27,947.93				27,947.93	27,947.93	6,986.98	20,960.95	
Battery		28,023.60				28,023.60	28,023.60	7,005.90	21,017.70	
Chair		17,775.00				17,775.00	17,775.00	4,443.75	13,331.25	
Doorj		112,106.04				112,106.04	112,106.04	28,026.51	84,079.53	
Office Equipments		881,756.83	53,188.10	10,500.00	92,860.17	1,038,205.10	972,898.32	243,224.58	795,080.52	
Furniture & Fixtures		133,714.50				133,714.50	133,714.50	33,428.63	100,285.88	
Sub Total		1,785,082.12	53,188.10	10,500.00	92,860.17	1,941,630.39	1,876,223.61	469,655.90	1,472,574.49	
Pool C	20%									
Motor Vehicle										
Sub Total										
Pool D	15%									
Plant & Machinery		1,553,170.15				1,553,170.15	1,553,170.15	232,975.52	1,320,194.63	
Air Dryer & Compressor		672,350.00				672,350.00	672,350.00	100,852.50	571,497.50	
Fiber Cutting Lodger Maker		212,500.00				212,500.00	212,500.00	31,875.00	180,625.00	
Laser Cutter Machine		209,145.05				209,145.05	209,145.05	31,371.76	177,773.29	
Coffee Maker		4,943.60				4,943.60	4,943.60	741.54	4,202.06	
Laser Machine Tools & Equipment		18,474.75				18,474.75	18,474.75	2,771.21	15,703.54	
Plasma Cutter		23,850.91				23,850.91	23,850.91	3,577.64	20,273.27	
Sub Total		2,694,434.46				2,694,434.46	2,694,434.46	404,165.17	2,290,269.29	
Pool E	3 Years									
Tally		23,333.33				23,333.33	23,333.33	11,666.67	11,666.67	
Sub Total		23,333.33				23,333.33	23,333.33	11,666.67	11,666.67	
Grand Total		23,546,043.71	201,668.99	14,989.00	94,360.17	23,857,052.87	23,789,152.75	1,844,645.81	22,012,407.06	








 27.3.2023