



**BAKER TILLY**  
**DEV ASSOCIATES**  
CHARTERED ACCOUNTANTS

Patan Dhoka, Lalitpur-3  
PO Box 252  
Lalitpur DPO 44700  
Nepal

T: +977 (1) 5521605  
F: +977 (1) 5520976

devassociates@ntc.net.np  
www.bakertillydev.com

**Independent Auditor's Report  
to Sathiko Sath Nepal**

We have audited the accompanying financial statements of Sathiko Sath Nepal for the period 16 July 2012 to 15 July 2013, corresponding to Shrawan 1, 2069 to Ashad 31, 2070. The financial statement comprises of Balance Sheet, Income and Expenditure account, Cash Flow Statement and related schedules thereto.

**Management Responsibility**

The responsibility of preparation of the financial statement lies on Sathiko Sath Nepal management.

**Our Responsibility**

Our responsibility is to express an opinion on the financial statements prepared by the management. We have conducted our audits 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 of material misstatements; an audit includes examining, on a test basis, evidence supporting the amount disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

**Audit Opinion**

With regard to the prevailing laws, we report that:

- a. 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.
- b. In our opinion, proper books of accounts have been kept by the organization so far as appears from the examination of those books.
- c. The Balance Sheet, Income Statement and Cash flow Statement dealt with by this report are in agreement with the books of accounts
- d. On the basis of our examination and according to the information and explanations made available to us, we express an opinion that the financial statements referred to above, present fairly, in all material respects, the financial information of Sathiko Sath Nepal as on 15 July 2013 and for the period 16 July 2012 to 15 July 2013 as they purport to present in conformity with generally accepted accounting principles.
- e. The organization has functioned as per its objectives and has complied with the requirements of Income Tax 2058 and Rules framed there under.

  
Mukunda Dev Adhikari, FCA  
Partner  
For, Dev Associates, Chartered Accountants



Date: 6 September 2013  
Place: Lalitpur



**Sathiko Sath Nepal**  
Hattiban-13, Kathmandu, Nepal  
Balance Sheet  
As on 31st Ashad, 2070

Figure in NRs.


Capital & Liabilities	Schedule	This Year Amount	Last Year Amount
<b>Surplus Upto this period</b>		621,418.59	1,028,575.85
Previous Year Surplus/(Deficit)		1,028,575.85	360,669.82
This Year Surplus /(Deficit)		(407,157.26)	667,906.02
Previous year adjustment		-	-
<b>Sundry Payables</b>	6	205,197.00	265,009.30
<b>Sundry Creditors</b>		376,480.33	376,480.33
<b>Total</b>		<b>1,203,095.92</b>	<b>1,670,065.48</b>
<b>This Year Assets</b>			
Cash In Hand		35,774.00	-
Prime Bank Ltd.		480,203.45	460,577.55
		-	-
<b>Fixed Assets</b>	5	681,616.07	854,423.93
<b>Advance and Receivables</b>	7	5,502.40	134,464.00
<b>Loan to Board Members</b>		-	100,000.00
<b>Pre-paid Rent</b>		-	120,600.00
<b>Total</b>		<b>1,203,095.92</b>	<b>1,670,065.48</b>


Schedule 1-9 are integral part of this financial statements



As per our report on even date

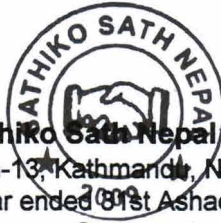
  
Treasurer

Date: 2060/2/20

  
President  
मिना  
खाईसुङ

  
Mukunda Dev Adhikari, FCA  
Dev Associates  
Chartered Accountants

  
कमला  




**Sathiko Sath Nepal**  
Hattiban-13, Kathmandu, Nepal  
For the year ended 31st Ashad, 2070  
Income Statement

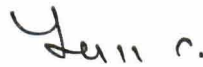
Figure in NRs.

Particular	Schedule	This Year Amount	Last Year Amount
<b>Income</b>			
Annual Member Fees		106,950.00	5,372.00
Trekking agent's contributions		-	37,270.00
Donation		37,500.00	15,484.00
Grant-Ndard Chartered Stichting Sathiko Sath		2,615,451.40	3,412,462.60
Dutch Foundation		2,471,700.00	2,013,384.60
Matching Grant-Rotary Club		773,606.00	126,394.00
Interest income		7,670.00	14,000.00
<b>Total Income</b>		<b>6,012,877.40</b>	<b>5,624,367.20</b>
<b>Expenses</b>			
Hostel Expenses	1	1,088,834.00	781,816.01
Office Expenses	2	1,547,449.86	1,283,813.57
School Expenses	3	2,850,881.00	2,139,778.60
Other Expenses	4	735,777.50	612,928.00
Ground Maintenance Expenses	8	197,092.30	138,125.00
<b>Total expenses</b>		<b>6,420,034.66</b>	<b>4,956,461.18</b>
<b>Net Surplus /(Deficit)</b>		<b>(407,157.26)</b>	<b>667,906.03</b>

Schedule 1-9 are integral part of this financial statements

As per our report on even date

  
Treasurer

  
President

Treasurer

President


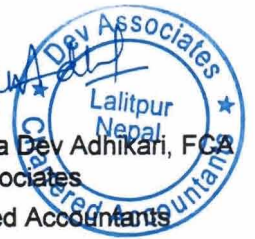
Date: 2060/12/20

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खाईसङ

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2/1/2071

  
Mukunda Dev Adhikari, FCA  
Dev Associates  
Chartered Accountants  




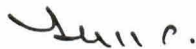
**Sathiko Sath Nepal**  
Hattiban-13, Kathmandu, Nepal  
For the year ended 20th Ashad, 2070  
Cash Flow Statement

Figure in NRs.

Particulars	This year Amount	Last year Amount
Surplus Fund During the year	(407,157.26)	667,906.02
Add/(Less) : Adjustment		
Depreciation	215,607.86	281,949.58
Cash Flow from Operation Before Working Capital	(191,549.40)	949,855.60
Increase(Decrease) in Current Liabilities	(59,812.30)	148,129.75
Decrease (Increase) in Current Assets	349,561.60	(205,064.00)
Cash Flow From Operating Activities	98,199.90	892,921.35
Purchase of Fixed Assets	(42,800.00)	(622,088.00)
Cash Flow From Investing Activities	(42,800.00)	(622,088.00)
Cash Flow From Financing Activities	-	-
Net Increase(Decrease) in Cash & Bank Balances	55,399.90	270,833.35
Cash & Bank Balances at the Beginning of the Year	460,577.55	189,744.20
Cash & Bank Balance at the end of the Year	515,977.45	460,577.55

As per our report on even date

  
Treasurer

  
President

Treasurer


President

Date: 2070-5-20

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Mukunda Dev Adhikari  
Dev Associates  
Chartered Accountants



#### Hostel Expenses

#### Schedule 1

Particular	Current Year	Previous Year
Lodging & Fooding	808,106.00	619,568.00
Electricity Expenses	19,913.00	14,947.18
Repair & maintenance	87,357.00	14,549.00
Medical Expenses	43,199.00	18,457.83
Toiletries Expenses	9,288.00	1,948.00
Cooking gas Expenses	79,575.00	64,358.00
Hair cutting	6,750.00	1,800.00
Drinking water expenses	17,166.00	46,188.00
Home Clothing	9,445.00	-
Newspaper Expenses	3,400.00	-
Sports Materials	4,635.00	-
<b>Total</b>	<b>1,088,834.00</b>	<b>781,816.01</b>

#### Office Expenses

#### Schedule 2

Particular	Current Year	Previous Year
Stationary	16,376.00	20,629.00
Office Expenses	-	55,490.50
Telephone expenses	33,500.00	12,826.49
Salary Expenses	438,000.00	401,000.00
House Rent Expenses	739,160.00	441,200.00
Ground Rent	56,800.00	24,000.00
Depreciation & Amortisation	215,607.86	281,949.58
Board Meeting Expenses	14,397.00	27,928.00
Bank Charges	1,000.00	1,275.00
Internet expenses	21,189.00	17,515.00
Security Charges	4,200.00	-
Registration Fee	7,220.00	-
<b>Total</b>	<b>1,547,449.86</b>	<b>1,283,813.57</b>

#### School Expenses

#### Schedule 3

Particular	Current Year	Previous Year
School Fee-little Angles'school	2,850,881.00	2,139,778.60
<b>Total</b>	<b>2,850,881.00</b>	<b>2,139,778.60</b>

#### Other Expenses

#### Schedule 4

Particular	Current Year	Previous Year
Refreshment & Entertainment Expenses	1,160.00	8,075.00
Transportation Expenses	198,791.00	201,046.00
Accounting Fee	144,000.00	72,000.00
Audit Fee	50,000.00	50,000.00
Training Expenses	43,500.00	54,812.00
Micelleneous Expenses	70,850.00	47,840.00
Counselling Expenses	57,600.00	34,650.00
Insurance expenses	83,450.50	62,794.00
Meeting Expenses	3,914.00	-
Donation	-	25,410.00
Picnic Expenses	-	56,301.00
Annual General Meeting Expenses	66,652.00	-
Duties & Taxes	15,860.00	-
<b>Total</b>	<b>735,777.50</b>	<b>612,928.00</b>



### Sundry Payables

### Schedule 6

Particular	Current Year	Previous Year
Ratna Kaji Dangol	-	2,111.30
TDS payables on Salary	4,380.00	4,010.00
TDS payables on Audit fee	750.00	750.00
TDS payable on Accounting Fee	2,160.00	1,080.00
Chandra Tamang	-	8,300.00
Accrued Telephone Exepenses	6,134.00	2,194.00
School Fee Payable	-	126,394.00
Accounting Fee payable	140,760.00	70,920.00
Audit fee payable	48,500.00	49,250.00
Kamala Sangtang	2,513.00	-
<b>Total</b>	<b>205,197.00</b>	<b>265,009.30</b>

### Advance and Receivables

### Schedule 7

Particular	Current Year	Previous Year
Matching Grant-Rotary Club	-	126,394.00
Kamala Sangtang	-	8,070.00
Advance for House Expenses (Ratna Kaji Dangol)	5,502.40	-
<b>Total</b>	<b>5,502.40</b>	<b>134,464.00</b>

### Ground Maintenance Expenses

### Schedule 8

Particular	Current Year	Previous Year
Bricks	12,550.00	-
Cement	63,081.80	-
Chips	14,700.00	-
Gravel	4,100.00	-
Lunch	1,654.00	-
Others	14,849.00	-
Plastics	3,717.50	-
Rod	6,090.00	-
Sand	22,600.00	-
Soil	1,600.00	-
Wages	52,150.00	-
Ground Maintenance (lump sum)	-	138,125.00
<b>Total</b>	<b>197,092.30</b>	<b>138,125.00</b>

**Schedule-5**

S.No.	Particulars	Rate	Balance B.F	This Year		Total To Date	Depreciation/ Amortization for the year	Balance
			1st Srawan 2069	Addition	Sales/Disposal			31st Ashad 2070
1	Furniture & Fixture	25%	477,306.00		-	477,306.00	119,326.50	357,979.50
2	Office Equipment	25%	106,305.00		-	106,305.00	26,576.25	79,728.75
3	Other Assets	25%	241,912.13	40,900.00	-	282,812.13	64,088.45	218,723.68
4	Intangibles	20%	22,780.80		-	22,780.80	4,556.16	18,224.64
5	Machinery	15%	6,120.00	1,900.00		8,020.00	1,060.50	6,959.50
<b>TOTAL</b>			<b>854,423.93</b>	<b>42,800.00</b>	<b>-</b>	<b>897,223.93</b>	<b>215,607.86</b>	<b>681,616.07</b>

## Significant Accounting Policies and Notes to Accounts

### Background

Sathiko Sath Nepal is Non-Governmental Organization registered with District Administration Office on Shrawan, 2066 with registration No 21. The registered office of the organization is located at Ka.ma.na.pa 13, Lalitpur, Nepal. The major business of the organization is to provide quality education & hostel facilities to 53 children. Out of total children, 9 of them are financed by Rotary Club Nepal and remaining 44 are financed by Dutch foundation.

### **Summary of Accounting Policies**

The accounting policies of the organization are as follows. The organization follows these policies regularly while preparing its financial statements unless otherwise stated.

#### **1. Basis of Preparation**

The financial statements are prepared in accrual basis of accounting under the historical cost concept unless otherwise separately stated.

#### **2. School Fee Expenses**

This head comprises of fee for 53 students paid to Little Angles' School out of which Rs. 379,181.00 for 9 students is paid through Matching Grant and remaining Rs. 2,471,700.00 for 44 students is directly paid by Dutch Foundation (for the academic year Baisakh to Chaitra 2069). The Academic year of students for school fees fall into two fiscal years on ratio of 9:3 month. So till previous year, receivables relating to Matching Grant-Rotary income of Baisakh to Ashad was shown as receivable (amounting Rs. 126,394.00 in Fiscal Year 2011/12), but from this year accounting policy have been changed for better reconciliation/understanding such that income and expenses are not accrued for three months. Previous year figures are not restated in this year.

#### **3. Fixed Assets**

Fixed assets are recorded in historical cost basis with a systematic depreciation charging to income. Depreciation on additions is calculated from the subsequent month of purchase.

#### **4. Intangible Assets**

The accounting software "Tally" has been booked as intangible assets and amortized over five years period.

#### **5. Income Tax**

Sathiko Sath Nepal is a tax exempted entity vide Tax Exemption Certificate of Inland Revenue Department dated 2067/09/05. Hence no tax provision is maintained in the financial statements.

#### **6. Major Expenses**

- School Expenses – This relates to the school fees paid to the Little Angles School.

- Hostel Expenses – This relates to normal expenses incurred during operation of hostel i.e lodging, fooding, repair etc.
- Office Expenses – This relates to the expenses incurred for the official purpose i.e registration, depreciation, internet etc.
- Other Expenses – This relates to the expenses incurred other than school, hostel and office purposes i.e. miscellaneous, meeting, insurance, audit etc.
- Ground Maintenance Expenses – This relates to the expenses incurred during the construction of basketball & table tennis courts.