

Independent Auditor's report
To
Auditing Standards Board

Report on the Financial Statements

We have audited the accompanying financial statements of the Auditing Standards Board, which comprise the Financial Position as of Ashad 32, 2071 (July 16, 2014), Statement of Income, Statement of changes in fund and Cash Flow Statement for the year ended on that date and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the financial statements

Management is responsible for the preparation of these financial statements in accordance with Nepal Accounting Standards. This Responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, where due to fraud or error, selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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 risk 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion:

In our opinion, the financial statements present fairly, in all material respects, the financial position of Auditing Standards Board as of Ashad 32, 2071 (16th July 2014), and of its financial performance and its cash flows for the year then ended in accordance with Nepal Accounting Standards.

Date : 2070-05-10
Place : Bhaktapur, Nepal



Sivan
Dipak Shivakoti
For D. S. & Associates
Chartered Accountants

AUDITING STANDARDS BOARD

Anamannagar, Kathmandu

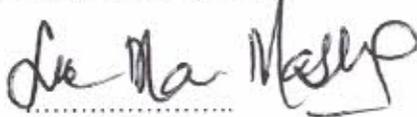
Statement of Financial Position

As at 32 Ashad 2071 (16 July 2014)

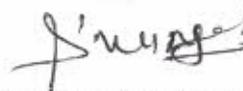
<u>Particulars</u>	<u>Notes</u>	<u>Amt. in NPR</u>	
		<u>AS At Ashad 32, 2071</u>	<u>AS At Ashad 31, 2070</u>
<u>Assets</u>			
<u>Non Current Assets</u>			
Property, Plant and Equipment	3.1	628,640	693,619
Total Non-Current Assets		628,640	693,619
<u>Current Assets</u>			
Inventories	3.2	374,311	422,865
Trade and other receivables	3.3	725,997	1,159,207
Cash and cash equivalents	3.4	56,934	526,593
Total Current Assets		1,157,242	2,108,665
Total Assets		1,785,882	2,802,284
<u>Funds & Liabilities</u>			
General Reserves	3.5	1,892,752	1,892,752
Retained Earnings		(567,520)	473,254
Capital Fund		14,732	19,643
Total Funds		1,339,964	2,385,649
<u>Non Current Liabilities:</u>			
Total Non-Current Liabilities		-	-
<u>Current Liabilities:</u>			
Trade and other payables	3.6	445,918	416,635
Total current liabilities		445,918	416,635
Total Liabilities		445,918	416,635
Total Funds and Liabilities		1,785,882	2,802,284

As per our report of even date

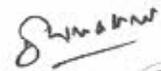
The notes on pages 1 -6 from part of these financial Statements. The Financial Statements were approved by the Board on Bhadra 10, 2071.



Mr. Lok Man Maskey
Chief Executive Officer



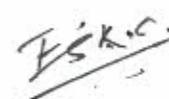
CA Sunir Kumar Dhungel
Chairman

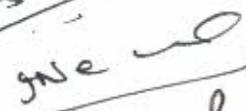


CA. Dipak Shiva Kofli
Chartered Accountant

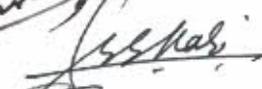


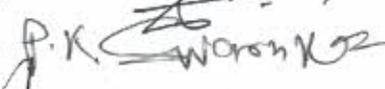
Members:

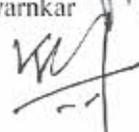
Mr. Tej Bahadur K.C. 

Mr. Ishwor Prasad Neupane 

CA. Kumud Tripathy 

CA. Gyanendra Bahadur Bhari 

CA. Pramod Kumar Swarnkar 

RA. Kamal Kharel 

Date : 2071.05.10

Place : Anamannagar, Kathmandu

AUDITING STANDARDS BOARD
Anamannagar, Kathmandu
Statement of Income
For the year ended 32 Ashad 2071 (16 July 2014)

Amt. in NPR

Particulars	Notes	For the Year Ended Ashad 32 2071	For the Year Ended Ashad 31 2070
INCOME			
Government Grants	3.8	2,000,000	2,000,000
Workshop training income	3.9	459,000	813,180
Other Income	3.10	7,073	79,438
Total Income		2,466,073	2,892,618
EXPENSES			
Staff Costs/Expenses	3.11	1,059,064	790,947
Depreciation	3.1	205,674	51,106
Administrative Expenses	3.12	1,407,332	1,000,492
Other Operating Expenses	3.13	499,413	379,715
Workshop training expenses	3.14	335,364	615,812
Total		3,506,847	2,838,072
Net Surplus/(Deficit) for the year		(1,040,774)	54,546

As per our report of even date

The notes on pages 1-6 from part of these financial Statements. The Financial Statements were approved by the Board on Bhadra 10, 2071.

Lok Man Maskey

Mr. Lok Man Maskey
Chief Executive Officer

Sunir Kumar Dhungel

CA Sunir Kumar Dhungel
Chairman

Dipak Shivakoti

CA. Dipak Shivakoti
Chartered Accountant



Members:

Mr. Tej Bahadur K.C. *Tej Bahadur K.C.*

Mr. Ishwor Prasad Neupane *Ishwor Prasad Neupane*

CA. Kumud Tripathy *Kumud Tripathy*

CA. Gyanendra Bahadur Bhari *Gyanendra Bahadur Bhari*

CA. Pramod Kumar Swarnkar *P.K. Swarnkar*

RA. Kamal Kharel *Kamal Kharel*

Date : 2071.05.10

Place : Anamannagar, Kathmandu

AUDITING STANDARDS BOARD

Anamnagar, Kathmandu

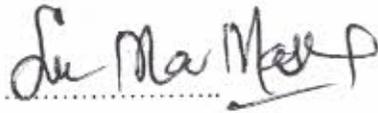
Statement of Changes in Funds

For the year ended 32 Ashad 2071 (16 July 2014)

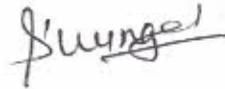
Particulars	Amt. in NPR			
	General Reserve Fund	Grant Reserve Fund	Retained Earnings	Total
Balance at 01 Shrawan 2069	1,892,752	19,643	-	1,892,752
Change in Accounting Policies				
Restated Balance at ..Shrawan 2069				
Profit for the year			473,254	473,254
Balance at 31 Ashad 2070	1,892,752	19,643	473,254	2,366,006
Balance at 1 Shrawan 2070	1,892,752	19,643	473,254	2,366,006
Addition (net)				
Changes in Accounting Policies				
Profit for the year		(4,911)	(1,040,774)	
Other Comprehensive Income				
Balance at 32 Ashad 2071	1,892,752	14,732	(567,520)	1,339,964

As per our report of even date

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Mr. Lok Man Maskey
Chief Executive Officer



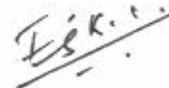
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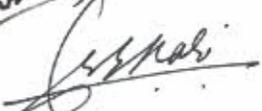


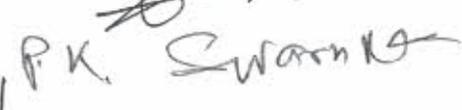
Members:

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Mr. Ishwor Prasad Neupane 

CA. Kumud Tripathy 

CA. Gyanendra Bahadur Bhari 

CA. Pramod Kumar Swarnkar 

RA. Kamal Kharel 

Date : 2071.05.10

Place : Anamnagar, Kathmandu

AUDITING STANDARDS BOARD

Anamannagar, Kathmandu

Statement of Cash Flows

For the year ended 32 Ashad 2071 (16 July 2014)

Amt. in NPR

Particulars	For the Year Ended Ashad 32 2071	For the Year Ended Ashad 31 2070
A Cash Flows from Operating Activities		
Profit for the Year	(1,040,774)	54,546
Adjustment for:		
Depreciation	205,674	51,106
Capital Grant reserve written back	(4,911)	(6,547)
(Increase) / Decrease in Trade and other receivables	433,210	(401,471)
(Increase) / Decrease in Inventories	48,554	217,823
Increase / (Decrease) in other Liabilities	29,283	168,964
Net Cash Flows from Operating Activities	(328,964)	84,421
B Cash Flow from Investing Activities		
Acquisition of Property, plant and Equipment	(140,695)	(562,102)
Net Cash flows from Investing Activities	(140,695)	(562,102)
C Cash flow from financing activities		
Increase in capital fund	-	-
Net Increase in Cash and Cash Equivalents	(469,659)	(477,681)
Cash and Cash Equivalents at the beginning 31 Ashad 2070	526,593	1,004,274
Cash and Cash Equivalents at the end 32 Ashad 2071	56,934	526,593

As per our report of even date

The notes on pages 1-6 from part of these financial Statements. The Financial Statements were approved by the Board on Bhadra 10, 2071.

Lok Man Maskey

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Sunil Kumar Dhungel

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Dipak Shivakoti

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Chartered Accountant



Members:

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CA. Kumud Tripathy *Kumud Tripathy*

CA. Gyanendra Bahadur Bhari *Gyanendra Bahadur Bhari*

CA. Pramod kumar Swarnakar *Pramod kumar Swarnakar*

RA. Kamal Kharel *Kamal Kharel*

Date : 2071.05.10

Place : Anamannagar, Kathmandu

AUDITING STANDARDS BOARD

Anamnagar, Kathmandu

For the year ended 32 Ashad 2071 (16 July 2014)

Significant Accounting Policies and Notes to the financial statements

1 General Information

Auditing Standards Board, constituted in 2003 under the Nepal Chartered Accountants Act (with amendments) 1997, is the statutory body for setting Auditing Standards in Nepal after following due processes. The Board comprised seven members including a chairman appointed by Ministry of Finance, Government of Nepal. four members are represented by various regulatory authorities of Nepal (i.e. Ministry of Finance, Office of Auditor General, four members are appointed (three CA members and one Registered Auditor) on the basis of recommendation of ICAN by Ministry of finance. Generally all members including that of Chairman have a tenure of three years from the date of appointment.

The rights and duties of Auditing Standards Board as stipulated in the Nepal Chartered Accountants Act include:(a) development of auditing standards, (b) redrafting, improvising and revising standards, (c) To interpreting the standards, d) undertaking other tasks related to auditing standards.

The Financial Statements for the year ended on Ashad 32, 2071 (16 July 2014) were approved by the Board in its meeting held on 2071.05.10

Significant Accounting Policies

1 Basis of preparation

The Statement of Financial position, Statement of Income, cash flows statement and statement of change in fund (all together referred to as "Financial Statements") together with the accounting policies and notes to the Financial Statements have been prepared in accordance with Nepal Accounting Standards where applicable.

2.2 Basis of Measurement

The financial statements have been prepared on historical cost basis and under accrual basis of accounting except otherwise stated.

2.3 Functional and Presentation Reporting Currency

The financial statements are prepared in Nepalese Rupees, which is also the functional currency. All the financial information presented in Nepalese Rupees has been rounded to the nearest Rupees and hence there may not add up and may have rounding difference.

2.4 Significant Accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below.

Property, plant and equipment

Items of property, plant and equipment are initially recognized at cost. Cost includes the purchase price and other directly attributable costs as well as the estimated present value of any future unavoidable costs of dismantling and removing items.

2.4.2 Depreciation

Depreciation is provided on all items of property, plant and equipment so as to write-off their carrying value over the expected useful economic lives.

Depreciation has been computed on diminishing Balance Method. The estimate useful lives for the assets and effective rates for depreciation are as follows:

Particulars of Assets	Useful Life (Years)	Rate
Furniture and Fixtures	4	25%
Computer Accessories	4	25%
Office Equipment	4	25%
Vehicles	5	20%

2.4.3 Trade and other receivables

Trade and other receivables are stated at their cost less possible allowance for impairment.

2.4.4 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.



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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.

2.4.5 Cash and cash equivalents

Cash and cash equivalents comprises cash balances, current deposit, saving account balance call deposits and other short term highly liquid investments having a maturity less than equal to the 90 days from the date of deposit has been considered as cash equivalent and considered as current assets.

2.4.6 Revenue Recognition

2.4.6.1 Unconditional and restricted grants

a Unconditional grants

General grants received including that of Government grants without any specific condition for their specific purpose utilization are accounted for as income in the year of receipt.

b Capitalization policy for assets purchased under project fund and depreciation there of.

Properties, plant and equipment purchase under project specific fund is initially charged of as project expenditure with corresponding income. Subsequently an equivalent amount of such assets are transferred to Board's properties plant and equipment with corresponding credit to Capital Fund. Depreciation there on is charged to Capital Fund with corresponding debit the specific properties plant and equipment.

Grants in kind

All grants in kind is valued at their fair value on the date of receipt and accounted for as income accordingly.

2.4.6.2 Other income

Income from workshop and training imparted by the Board are recognized on accrual basis.

2.4.7 Trade and other payables

Trade and other payables are stated at their amortized cost. All trade payable that are required to be settled after one year from the date of reporting period is classified as non current liabilities including all employees related liabilities reasonably estimated at reporting date are reflected as non current liabilities.

2.4.8 Income tax

2.4.8.1 Current tax

AuSB has obtained tax exempt statue from Inland Revenue Department as per the provisions of Income Tax Act, 2058. Accordingly, its income is not taxable. AuSB is however is required to comply with submission of Income Tax Returns and also the withholding tax provisions of Income Tax Act.

All its interest income is recorded after withholding tax and accounted for as income net off of such withholding tax as well.

2.4.8.2 Deferred tax

In view of its tax exempt status deferred tax calculation is not required.

3 Notes to Accounts and disclosures

3.1 Properties plant and equipments

The properties plant and equipments are stated at cost less depreciation. The depreciation has been considered at Diminishing Balance Method (DBM) at the depreciation rate determined considering useful life of assets or property plant equipment as stated in the policies as below:

Particulars	Furniture	Computers & Peripheral	Office Equipment	Vehicles	Office Partition	Miscellaneous property	In Rupees
							Total
General Assets							
Opening Balance	262,723	27,122	391,937	76,450	400,380	8,600	1,167,212
Additions during the year	57,670	68,900	14,125	-	-	-	140,695
Balance as at 31 Ashad 2070	320,393	96,022	406,062	76,450	400,380	8,600	1,307,907
Accumulated balance	201,244	2,825	214,906	54,618	-	-	473,593
Depreciation charge for current year	29,152	23,299	46,612	4,366	100,095	2,150	205,674
Accumulated depreciation	230,396	26,124	261,518	58,984	100,095	2,150	679,267
Impairment Loss	-	-	-	-	-	-	-
Carrying Amount as 32 Ashad 2071	89,997	69,898	144,544	17,466	300,285	6,450	628,640



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Particulars	Current year (Rs)	previous Year (Rs)
Carry Amount of properties Plant and Equipement	628,640	693,619

Grant assets					
Balance at. 01 Shrawan 2069	99,613	-	-	-	99,613
Additions during the year	-	-	-	-	-
Balance as at 31 Ashad 2070	99,613	-	-	-	99,613
Accumulated balance	79,970	-	-	-	79,970
Depreciation charge for current year	4,911	-	-	-	4,911
Accumulated Depreciation	84,881				84,881
Impairment Loss	0	-	-	-	-
Carrying Amount as 32 Ashad 2071	99,613	-	-	-	14,732

3.2 Inventory

Inventory stated at cost comprises followings

	Current year (Rs)		Previous year (Rs)	
	Current	Non current	Current	Non current
Books & Stationary	374,311	-	422,865	-
Total	374,311	-	422,865	-

Management considers all inventory to be in good conditions and requires no allowance for possible loss. These are consumable within a period of one year. The obsolete stock of books amounting Rs. 40,831 has been writeoff during the

3.3 Trade and other receivables

Trade and other receivables stated at their cost less possible allowance for impairment comprises followings:

Particulars	Current year (Rs)		Previous year (Rs)	
	Current	Non current	Current	Non current
Trade Receivables (Net)	717,272	-	1,145,622	-
Other Receivable	8,725	-	8,000	-
Deposits	-	-	500	-
Advances	-	-	5,085	-
	725,997	-	1,159,207	-
Less: Allowance for impairment	-	-	-	-
Carrying Amount	725,997	-	1,159,207	-

3.4 Cash and cash equivalents:

Cash and cash equivalents included following balances:

Particulars	Current year (Rs)		Previous year (Rs)	
	Current	Non current	Current	Non current
Cash at Bank	56,934	-	526,593	-
Carrying Amount	56,934	-	526,593	-

3.5 General Fund and reserves

3.5.1 General fund comprises followings:

Particulars	Current Year (Rs)	Previous Year (Rs)
Balance from previous year	1,892,752	1,892,752
General fund balance	1,892,752	1,892,752

These are free fund and available for used.





3.5.2 Retained Earnings

Balance in retained earnings is as below:

Particulars	Current Year (Rs)	Previous Year (Rs)
Balance from previous year	473,254	418,708
Surplus during the year	(1,040,774)	54,546
General fund balance	(567,520)	473,254

3.5.3 Capital Fund

Assets purchase under the grant fund is initially charged off as project expenditures with corresponding income. Subsequently such assets are capitalized into properties plant and equipment with corresponding credit to capital reserve fund. Depreciation charged on such assets is debited to capital fund with corresponding credit to respective property plant and equipments. Accordingly the status of such capital fund is as below:

Particulars	Current Year (Rs)	Previous Year (Rs)
Opening balance	19,643	26,190
Less depreciation	(4,911)	(6,547)
General fund balance	14,732	19,643

These balance has been reflected after rearranging the previous year balances which were earlier reflected as deferred income liabilities previous year audited financial statements.

3.6 Trade payable and liabilities

Particulars	Current year (Rs)		Previous year (Rs)	
	Current	Non current	Current	Non current
Trade Payable	145,779	-	175,269	-
Social security and other taxes	14,762	-	7,103	-
Non-trade payables and accrued exp	180,671	-	182,249	-
Staff related liabilities	104,706	-	52,014	-
Carrying Amount	445,918	-	416,635	-

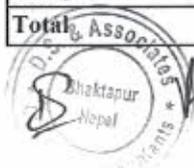
3.8 Government Grants

Government grant of Rs. 2 million (PY Rs. 2 Million) was received during the year. This is general grant for the administration of AuSB. Accordingly, since this is free grant, this has been accounted for as income in the year of receipt. Generally as normal practice, through budget provision annually, Government of Nepal has been providing grants.

3.9 Training Income

AuSB conducted various Training programmes during the year. Accordingly, all income from participants of these training has been accounted for as income from training. These are general activities of the AuSB. During the year, AuSB has conducted two Training Programmes for which the following income has been earned:

Income from trainings	Current Year (Rs)	Previous Year (Rs)
Risk Based Audit Training	-	813,180
Stake holder Expectation Training	200,000	-
NSQC	259,000	-
Total	459,000	813,180





3.10 Other income

Other income comprises following incomes:

	Current Year (Rs)	Previous Year (Rs)
Capital Grant Assets Depreciation Written back	4,911	6,547
Other Income	745	12,558
Publication related Income	1,417	60,333
Total	7,073	79,438

The interest income is net off of withholding tax deducted as source by commercial banks.

3.11 Staff cost and expenses

AuSB has engaged on contract basis 6 number of staff under joint cost sharing with Auditing Standards Board. The total staff cost of Board are as below:

Particulars	Current year (Rs)	Previous year (Rs)
Salary Expenses	935,499	691,180
Medical Allowance	64,200	43,793
Leave Encashment	59,365	55,974
Total	1,059,064	790,947

AuSB does not have any long term liabilities in respect of employees gratuity.

3.12 Administrative Expenses

Administration expenses included following expenditures accounted for on accrual basis:

Particulars	Current Year (Rs.)	Previous Year (Rs.)
Communication Expenses	122,395	122,752
Printing, Stationery and Reproduction costs	39,316	40,763
Travel and Transportation costs	715,780	3,565
Advertisement Expenses	16,950	19,832
Audit Fees and Expenses	20,340	22,542
Standard Development & Research Expenses	294,551	599,038
Board Meeting Allowances	150,000	99,000
commette & sub commettemeeting Allowances	48,000	93,000
Total	1,407,332	1,000,492

3.13 Other Operating Expenses

Other operating expenses included following expenditures accounted for on accrual basis:

Particulars	Current Year (Rs.)	Previous Year (Rs.)
House rent	264,000	182,800
Hospitality Expenses	33,426	26,465
Insurance Expenses	4,426	-
Newspaper, Magazine & Journal Expenses	13,370	5,675
Renewal Expenses	2,000	2,635
Water & Electricity	29,761	10,717
Fuel Expenses	27,648	17,900
Repair & Maintenance	107,511	64,526
Ceremonial Expenses	-	36,699
Office Transfer Expenses	-	29,780
low value capital item	13,070	-
Miscellaneous Expenses	4,201	2,518
Total	499,413	379,715

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3.14 Workshop training expenses

Workshop training expenses are general expenditures incurred in connection with workshop and training and comprises of

Particulars	Current Year (Rs.)	Previous Year (Rs.)
Workshop training expenses	335,364	615,812
Total	335,364	615,812

3.15 Related parties transactions

3.15.1 AUSB members

Except for the Board meeting fee and specific standard review fee made to members of AUSB under project activities, there has not been any related parties transactions. During the year 12 number of AuSB Board meeting has been held. Generally Board member fee of Rs. 1500.00 to Chairman and members present in the meeting.

S.n	Particulars	Numbers	Rate	Allowances (Rs)
1	Board Meeting	12	1,500	150,000
	Total			150,000

Committees & Sub-committees

AuSB has formed 6 Committees and 1 Sub Committee. Following are allowances distributed to the committees, sub committees and task force members which has been shown below

S.n	Particulars	Numbers	Rate	Allowances (Rs)
	Committies			
1	NSA Revision & Development Committee	5	1500	10,500
2	Capacity Development Committee	7	1500	18,000
3	Tranulation Committee	2	1500	13,500
4	NewsLetter	0	1500	6,000
5	strategic Planning Development	0	1500	-
6	Recruitment Committee	0	1500	-
	Sub-committies			
1	O & M Sub-Committee		1500	-
	Total Amount			48,000

3.15.2 Employees

As stated in note 3.11, employees have no interest on financial transaction of the Board.

3.16 Event after reporting period

3.16.1 There has not been any event that would required consideration and adjustment in the financial statement.

3.17 Contingent Liabilities

There has not be any claim against AuSB nor has AUSB had any capital commitment or guarantee or legal case pending

3.18 Figures have been rearrangement to reflect appropriate presentation of operational result including that of previous year.

