

INDEPENDENT AUDITORS REPORT



To,
The Shareholders,

Genius Service Nepal Pvt. Ltd.

Kathmandu, Nepal

We have audited the accompanying financial statement and related schedules thereto of **Genius Service Nepal Pvt. Ltd.** which comprise the Balance Sheet as at Ashad 31, 2073 (corresponding to July 15, 2016) and the Income Statement, Statement of Change in Equity and Cash Flow Statement for the year then ended, and a summary of Significant Accounting Policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Nepal Accounting Standards. Their responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether 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 statements require that we comply with ethical statements 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 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion the financial statements give a true and fair view of the financial position of **Genius Service Nepal Pvt. Ltd.** as of Ashad 31, 2073 (corresponding to July 15, 2016), in accordance with Nepal Accounting Standards.

Date: 16/07/2073
Place: Kathmandu, Nepal


Dev Raj Upadhyaya
Registered Auditor



Genius Service Nepal Pvt. Ltd.

Kathmandu, Nepal

Balance Sheet

As on 31st Ashad 2073

Particulars	Schedule	As on 31.03.2073	As on 31.03.2072
Source of Funds:			
Share Capital	1	500,000.00	-
		500,000.00	-
Reserve & Surplus:			
Profit & Loss Appropriation A/C	2	(75,603.20)	-
Total (A)		424,396.80	-
Application of Fund:			
Non Current Assets			
Fixed Assets	3	85,261.52	-
Current Assets, Loans & Advances			
Trade Receivable	4	-	-
Advances & Deposits	5	17,874.05	-
Inventories		-	-
Cash & Bank Balances	6	344,136.23	-
Total Current Assets, Loans & Advances		362,010.28	-
Current Liabilities & Provisions			
Trade Payables	7	-	-
Other Current Liabilities	8	22,875.00	-
Provision for Tax	9	-	-
Total Current Liabilities & Provisions		22,875.00	-
Net Current Assets		339,135.28	-
Total (B)		424,396.80	-

Significant Accounting Policies

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Schedule 1 to 9 and notes to accounts are intergral part of the Balance Sheet

As per our attached report of even date

Chairman

Date: 16.07.2073
Place: Kathmandu




Dev Raj Upadhyaya
D.R. Upadhyaya & Associates

Registered Auditor



Genius Service Nepal Pvt. Ltd.

Kathmandu, Nepal

Income Statement

For the period from 1st Shrawan 2072 to 31st Ashad 2073

Particulars	Schedule	2072-73	2071-72
Incomes:			
Income From Sales	10	918,850.00	-
Less: Cost of sales	11	868,400.00	-
Gross Profit		50,450.00	-
Other Incomes:			
Other Income	12	-	-
Total		50,450.00	-
Less: Administration Expenses	13	118,302.15	-
Operating Profit before Interest & Depreciation		(67,852.15)	-
Less: Bank Interest		-	-
Less: Depreciation	3	7,751.05	-
Profit Before Provision for Bonus & Income Tax		(75,603.20)	-
Less: Employee Bonus		-	-
Profit/Loss Before Income Tax		(75,603.20)	-
Less: Net Loss Upto Last Year		-	-
Net Profit/Loss Before Income Tax		(75,603.20)	-
Provision for Income Tax		-	-
Additional Tax for earlier year		-	-
Net Profit Transferred to P/L Appropriation A/C		(75,603.20)	-

Significant Accounting Policies

14

Schedule 10 to 13 and notes to accounts are intergral part of the Income Statement

As per our attached report of even date

Chairman



Date: 16.07.2073

Place: Kathmandu


Dev Raj Upadhyaya
D.R. Upadhyaya & Associates
Registered Auditor



Genius Service Nepal Pvt. Ltd.

Kathmandu, Nepal

Cash Flow Statement

For the period from 1st Shrawan 2072 to 31st Ashad 2073

	Particulars	2072-73	7071-72
A	Cash Flow From Operating Activities:		
	Profit / (Loss) Before Tax	(75,603.20)	-
	Adjustments:		
	Add: Depreciation	7,751.05	-
	Less: Previous Year Tax	-	-
	Less: Provision for Tax	-	-
	Add: Interest Payment	-	-
	Cash Flow Before Change in Working Capital	(67,852.15)	-
	Changes In Working Capital		
	Decrease/ (Increase) in Inventories	-	-
	Decrease/ (Increase) in Sundry Debtors	-	-
	Decrease/ (Increase) Advances & Deposits	(17,874.05)	-
	(Decrease)/ Increase in Current Liabilities	22,875.00	-
	Cash Flow After Changes in Working Capital	5,000.95	-
	Less: Income Tax Paid	-	-
	Net Cash Flow From Operating Activities (A)	5,000.95	-
B	Cash Flow From Investing Activities		
	Addition to Fixed Assets	(93,012.57)	-
	Addition to CWIP Building	-	-
	Net Cash Flow From Investing Activities (B)	(93,012.57)	-
C	Cash Flow From Financing Activities		
	Capital Contribution	500,000.00	-
	Increase in Bank Loan	-	-
	Withdraw	-	-
	Net Cash Flow From Financing Activities (C)	500,000.00	-
D	Net Cash & Cash Equivalent for the year (A+B+C)	344,136.23	-
	Cash & Cash Equivalent at the Beginning of the year	-	-
	Cash & Cash Equivalent at the End of the year	344,136.23	-

As per our attached report of even date

Chairman

Date: 16.07.2073

Place: Kathmandu



Dev Raj Upadhyaya
D.R. Upadhyaya & Associates

Registered Auditor



Genius Service Nepal Pvt. Ltd.

Kathmandu, Nepal

As on 31st Asadh 2073

Amount in NRs.

S.No.	Particulars	Owner's Equity/ Share Capital	Accumulated Profit & Loss	General Reserve Fund	Other Fund	Total Amount
1	Opening Balance	-	-	-	-	-
2	Adjustment	-	-	-	-	-
Total Amount after Adjustment		-	-	-	-	424,396.80
3	This Year Added	500,000.00	(75,603.20)	-	-	-
4	Proposed Dividend	-	-	-	-	-
Total		500,000.00	(75,603.20)	-	-	424,396.80

[Signature]
Chairman



[Signature]
Registered Auditor



Genius Service Nepal Pvt. Ltd.

Kathmandu, Nepal

Schedules forming the part of Financial Statement as on 31st Ashad 2073

Schedule 1: Investment of Shareholders

S.N.	Particulars	2072-73	2071-72
1	Share Capital	500,000.00	-
	Balance Transferred to Balance Sheet	500,000.00	-

Schedule 2: Profit & Loss Appropriation A/C

S.N.	Particulars	2072-73	2071-72
1	This Year Profit	(75,603.20)	-
2	Less: Dividend	-	-
	Balance Transferred to Balance Sheet	(75,603.20)	-

Schedule 4: Trade Receivable

S.N.	Particulars	2072-73	2071-72
1	Sundry Debtors	-	-
	Balance Transferred to Balance Sheet,	-	-

Schedule 5: Advances & Deposits

S.N.	Particulars	2072-73	2071-72
1	Advance Tax	-	-
2	TDS Receivable	11,632.00	-
3	Staff Advance	-	-
4	Vat Receivable	6,242.05	-
	Total	17,874.05	-

Chairman



Registered Auditor



Schedule 6: Cash & Bank Balance

S.N.	Particulars	2072-73	2071-72
1	Cash In Hand	344,112.33	-
2	Laxmi Bank	23.90	-
	Total	344,136.23	-

Schedule 7: Trade Payables

S.N.	Particulars	2072-73	2071-72
1	Sundry Creditors	-	-
	Total	-	-

Schedule 8: Other Current Liabilities

S.N.	Particulars	2072-73	2071-72
1	TDS on Audit Fee	1,500.00	-
2	TDS on Rent	-	-
3	Salary payable	12,375.00	-
4	Audit Fee Payable	8,500.00	-
5	TDS on Salary	500.00	-
	Total	22,875.00	-

Schedule 9: Provision for Income Tax

S.N.	Particulars	2072-73	2071-72
1	Provision for Tax	-	-
	Total	-	-

Chairman



Registered Auditor



Genius Service Nepal Pvt. Ltd.

Kathmandu, Nepal

Schedules forming the part of Financial Statement as on 31st Ashad 2073

Schedule 10: Income From Sales

S.N.	Particulars	2072-73	2071-72
1	Sales	918,850.00	-
	Total	918,850.00	-

Schedule 11: Cost of Disposed Trading Stock

S.N.	Particulars	2072-73	2071-72
1	Opening Stock	-	-
	Add: Purchase	868,400.00	-
	Less: Closing Stock	868,400.00	-
	Total	868,400.00	-

Schedule 12: Other Incomes

S.N.	Particulars	2072-73	2071-72
1	Other Income	-	-
	Total	-	-

Schedule 13: Administration Expenses

S.N.	Particulars	2072-73	2071-72
	Audit Fees	10000.00	
	Bank Charges	1090.00	
	Books and Periodicals	700.00	
	Communication Expenses	50.00	
	Discount	362.00	
	Fuel Expenses	2495.00	
	Office Expenses	11708.90	
	Printing & Stationary	19095.00	
	Rent Expenses	20000.00	
	Repair and Maintenance A/c	1221.25	
	Salary Ac	50000.00	
	Staff Welfare	1580.00	
	Total	118,302.15	

Chairman



Upadhyaya & Associates
Registered Auditor

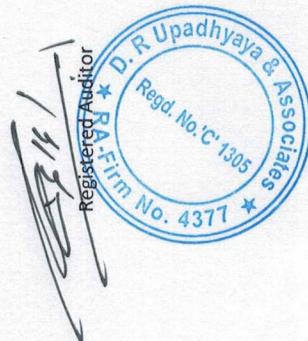


Genius Service Nepal Pvt. Ltd.
Kathmandu, Nepal
Fixed Assets and Depreciation As on Ashad 31, 2073

Schedule:3

(As per Income Tax Act 2058)

S.N.	Particulars	Opening Balance	Up To Poush	This Year Addition Up To Chaitra	End of Asadh	Total	Rate of Dep	Depreciation	Closing Balance
1	Pool A Building & Construction	-	-	-	-	-	5%	-	-
2	Pool B Furniture & Fixtures Office Equipments Computer & Printer	-	-	93,012.57	-	93,012.57	25%	7,751.05	85,261.52
3	Pool C Vehicle	-	-	-	-	-	25%	-	-
4	Pool D Tools & Equipments	-	-	-	-	-	20%	-	-
	Total	-	-	-	93,012.57	93,012.57	15%	7,751.05	85,261.52



Genius Service Nepal Pvt. Ltd.
Kathmandu, Nepal

Financial Year 2072/73

Computation of Assessable Income and Income Tax thereon for the year 2072/73

<u>Particular</u>	<u>Amount</u>
Profit Before Tax	(75,603.20)
Adjustment:	
Disallowable Expenses	
Assessable Income	(75,603.20)
Income Tax Liability	-

Calculation of interest under section 118 for non-deposit of installment

Total tax liability -

Installment	Installment Amount	Paid Amount	Shortfall/ (Excess)	Cum Shortfall (Excess)	Interest
I	-	-	-	-	-
II	-	-	-	-	-
III	-	-	-	-	-
Total	-	-	-	-	-

Calculation of interest under section 119 for non payment of tax

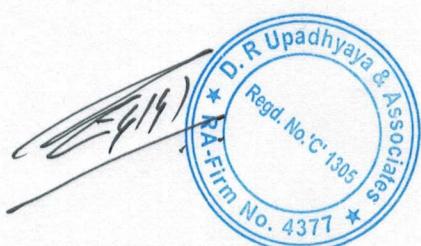
Total Tax Liability	0.00
Less: Advance Income Tax	-
Non payment of Tax	0.00

Computation of fine under section 117 for non-filing Provisional income tax return

Computation of fine under section 117 for late filing income tax return

Not Applicable -

Total Tax liability & Penalty
Less: Advance tax deposit
Net Tax Liability/(Excess Tax Deposit)



Genius Service Nepal Pvt. Ltd.

Kathmandu, Nepal

Total Tax Payable

Amount In NRs

S.No.	Particulars		Total Amount to be	Revenue Code No.
1	Income Tax Liability	-		
	Add: Interest under section 118	-		
	Add: Fine Under Section 119	-		
	Less: Advance Tax Paid	-		11123
2	TDS Payable			
a	TDS on Salary Interest	500.00 25.00	525.00	11121
b	TDS on Audit Fee Interest	1,500.00 75.00	1,575.00	11111
c	TDS On Consultancy Fee Interest	-	-	11123
d	TDS on Rent Interest	-	-	11131
	Total Tax to be paid		2,100.00	



Genius Service Nepal Pvt. Ltd.

Schedule forming part of the financial statements

SIGNIFICANT ACCOUNTING POLICIES & NOTES TO ACCOUNTS

NOTE 14

1.1. Basis of preparation of Financial Statements

The Financial Statements are prepared on accrual basis under the historical cost convention in accordance with Nepal Accounting Standard ('NAS') except as stated otherwise, generally accepted accounting principles, and the Company Act, 2063.

1.2. Basis of Preparation

The preparation of the financial statements is in conformity with NAS and generally accepted accounting principles requires the use of certain accounting estimates as well as management's judgment & discretion in the process of applying the company's accounting policies. The company follows the mercantile system of accounting and recognizes income and expenditure on accrual basis.

1.3. Fixed Assets

An item of property, plant and equipment that qualifies for recognition as an asset are measured at its cost. Fixed assets are stated at carrying amount i.e. subject to deduction of accumulated depreciation.

1.4. Depreciation

Depreciation on fixed assets is charged to profit & loss account on written down value (WDV) method on the basis of effective useful life of an asset as per NAS 06, "Property Plant and Equipment".

Amortization of leasehold assets is made as per the lease period.

1.5. Revenue Recognition

Service Income is recognized as soon as the Sales is made & recorded on the date of transaction.

1.6. Inventories

Inventories are carried at cost on First in First out (FIFO) basis or Net Realizable Value (NRV) whichever is higher.

1.7. Foreign Exchange Gain/ Loss

Foreign Exchange Gain/Loss has been calculated as per NAS 11, "The Effect of Change in Foreign Exchange Rates".

1.8. Income Taxes

The liability of company on account of income tax is estimated considering the provisions of the Income Tax Act, 2058.

Deferred Tax is recognized and provided for timing differences between taxable income and accounting income. Deferred tax assets are not recognized unless there is virtual/reasonable certainty that there will be sufficient future taxable income available to realize such assets.



Genius Service Nepal Pvt. Ltd.

Schedule forming part of the financial statements

1.9. Contingent Liabilities

Depending on the facts of each case and after due evaluation of relevant legal aspects, claims against the Company not acknowledged as debts are provided or disclosed as contingent liabilities. In respect of statutory matters, contingent liabilities are provided or disclosed only for those demands that are contested by the Company.

2.0. CASH& CASH EQUIVALENTS

Cash & Cash equivalents for the purpose of Cash Flow Statement comprise of cash in hand and balance with banks.

2.1. Previous year Figures

Previous year figures have been changed and restated wherever necessary.

