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Ref. No. - 485/2018/19 (2075/76)



Date: 03<sup>rd</sup> April, 2019.

**AUDIT REPORT**

The Secretary,  
Ministry of Forest & Environment,  
Singh Durbar, Kathmandu.

**Report on the Financial Statements**

We have audited the accompanying Financial Statements of the National Trust for Nature Conservation (NTNC) which comprise the consolidated Statement of Financial Position as on 16 July, 2018 (32 Ashadh, 2075 B.S), Consolidated Statement of Comprehensive Income and Cash Flow for the year then ended and a summary of accounting policies and other explanatory notes.

**Management's Responsibility for Financial Statements**

Management is responsible for the preparation and fair presentation of Financial Statement in accordance with Generally Accepted Accounting Principles (GAAP). This responsibility includes designing, implementing and maintaining internal control relevant to preparation and fair presentation of financial statement that are free from material misstatement, whether due to fraud and 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 opinion on these financial statements based on our audit. We conducted audit in accordance with Fundamental Principles of public sector auditing issued by the International Organisation of Supreme Audit Institutions (INTOSAI), Government auditing standards and directives and guidelines issued by the Office of Auditor General Nepal (OAGN). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud and error. In making those risk assessment, the auditor consider 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 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 accompanying financial statements present fairly, in all material respects, the financial position of the National Trust for Nature Conservation (NTNC) as at 16 July, 2018 (32 Ashadh, 2075 B.S), and its financial performance for the year then ended in accordance with Generally Accepted Accounting Principles (GAAP) used by the Trust.

(Baburam Gautam)  
Deputy Auditor General



# NATIONAL TRUST FOR NATURE CONSERVATION

Ref No. # <sup>464</sup> / 2018/19

January 16, 2019



Honorable Auditor General  
Office of the Auditor General of Nepal  
Babarmahal, Kathmandu  
Nepal.

Subject: **Management Representation Letter**

Honorable Sir,

In Connection with your audit of Balance Sheet as of 32 Ashad 2075 (July 16, 2018) of National Trust for Nature Conservation (NTNC), Statements of Income and Expenditure and Statement of Cash Flow for the year ended on that date for the purpose of expressing an opinion as to whether these statements present fairly, in all material respects, financial position, results of operations, and cash flows of National Trust for Nature Conservation in conformity with generally accepted accounting principle, we confirm, to the best of our knowledge and belief, the following representations made to you during your audit.

1. We are responsible for the fair presentation in the financial statements of financial position, results of operations, and cash flows in conformity with accounting policies and basis adapted by the NTNC. The significant accounting principles and basis adopted have been disclosed as significant accounting policies and notes to accounts and attached to Financial Statements.
2. We have made available to you all -
  - a) Financial records and related data.
  - b) Minutes of the meetings of the Board of Trustees and other committees.
3. There has been no -
  - a) Irregularities involving management of employees who have significant roles in the internal control structure.
  - b) Irregularities involving other employees that could have a material effect on the financial statements.
  - c) Communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices that could have a material effect on the financial statements.



# NATIONAL TRUST FOR NATURE CONSERVATION



- d) Non-compliances with provisions of NTNC Act - 2039 and Regulations- 2042 and Financial and Administrative Bi-laws - 2053 and Revised on 2066.
4. We have no plans or intentions that may materially affect the carrying value of classification of assets and liabilities.
  5. Other than disclosed, there are no -
    - a) Violations or possible violations of law or regulations whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.
    - b) Other materials liabilities or gain or loss contingencies are required to be accrued or disclosed by Accounting Standards.
  6. There are no unasserted claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed in accordance with Accounting Standards.
  7. There are no material transactions that have not been properly recorded in the accounting records underlying the financial statements.
  8. NTNC has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any assets been pledged.
  9. NTNC has not given facilities to trustees, relative of trustees otherwise than officially entitled.
  10. We have complied with all aspects of contractual agreements that would have material effects on the financial statements in the event of noncompliance.
  11. No events have occurred subsequent to the balance sheet date that would require adjustment to or disclosure in, the financial statements.

We request you please to certify the Balance Sheet as at July 16, 2018 (Ashad 32, 2075), related Income and Expenditure Accounts and Cash Flows of the Trust, which is attached here with for your kind perusal.

Deepak Kumar Singh  
**Executive Director**

# NATIONAL TRUST FOR NATURE CONSERVATION

Khumaltar, Lalitpur, Nepal

## CONSOLIDATED BALANCE SHEET

As at Ashad 32, 2075 (July 16, 2018)

Amount in NPR

Particulars	Schedule	Current Year	Previous Year
		Ashad 32, 2075 (July 16, 2018)	Ashad 31, 2074 (July 15, 2017)
<b>Assets :</b>			
<b>Non Current (Fixed Assets )</b>	<b>3.1</b>	411,212,200.37	422,465,613.54
<b>Investments (Fixed Deposits)</b>	<b>3.2</b>	811,713,307.02	745,773,629.51
General		416,358,307.02	
Employee Benefit Fund		365,355,000.00	
Human Wildlife Conflict Management Fund		30,000,000.00	
<b>Current Assets:</b>		236,127,496.22	269,469,309.10
Cash and Bank Balances	<b>3.3</b>	173,545,648.85	210,885,220.02
Advances	<b>3.4</b>	5,299,668.94	12,854,418.62
Accounts Receivable	<b>3.5</b>	57,282,178.43	45,729,670.46
<b>TOTAL</b>		<b>1,459,053,003.61</b>	<b>1,437,708,552.15</b>

<b>Fund and Liabilities</b>			
<b>Endowment Fund</b>	<b>3.6</b>	68,930,000.00	68,930,000.00
<b>Employee Benefit Fund Payable</b>	<b>3.7</b>	364,051,711.36	
Staff Welfare Fund		11,787,510.75	
Provision for Gratuity		282,483,826.82	
Provision for Annual and Sick Leave		69,780,373.79	
<b>Capital Assets Fund</b>	<b>3.8</b>	356,425,704.15	363,735,877.38
<b>Exchange Equalization Reserve</b>	<b>3.9</b>	231,267,922.60	189,399,094.54
<b>Restricted Fund Balance</b>	<b>3.10</b>		
<b>Projects</b>		117,668,941.66	65,658,831.40
Opening Balance upto last year		65,658,831.40	
Add : Current year balance		52,010,110.26	
<b>Others Restricted</b>		90,830,107.48	183,986,679.19
Opening Balance upto last year		183,986,679.19	206,372,535.48
Add : Current year balance		(93,156,571.71)	33,856,201.18
<b>Human Wildlife Conflict Management Fund</b>	<b>3.11</b>	51,286,655.40	56,242,057.47
Opening Balance upto last year		56,242,057.47	
Add : Current year balance		(4,955,402.07)	
<b>Accumulated Surplus:</b>		101,234,083.35	35,949,705.04
Surplus upto Last Year		35,949,705.04	139,611,826.16
Less: Deficit adjusted in current Year		-	-
Add: Current Year Surplus/(Deficit)		65,284,378.31	(38,003,289.72)
<b>Current Liabilities</b>	<b>3.12</b>	77,357,877.61	473,806,307.13
Current Liabilities		76,543,377.84	113,802,470.06
Non Current Liabilities (Long term liabilities)		814,499.77	360,003,837.07
<b>TOTAL</b>		<b>1,459,053,003.61</b>	<b>1,437,708,552.15</b>

Significant accounting policies and notes to the accounts form integral part of this statements.



**DEEPAK KUMAR SINGH**  
EXECUTIVE DIRECTOR



**YAJNA NATH DAHAL**  
MEMBER SECRETARY



**BABURAM GAUTAM**  
DEPUTY AUDITOR GENERAL

*30/7/18 km*

# NATIONAL TRUST FOR NATURE CONSERVATION

Khumaltar, Lalitpur, Nepal

## CONSOLIDATED INCOME AND EXPENDITURE

For The Period 01 Shrawan 2074 to 31 Ashad 2075 (16 July 2017 to 16 July 2018)


Amount in NPR

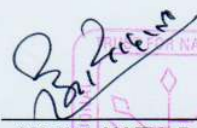
Particulars	Schedule	Current Year	Previous Year
		for the year ended Ashad 32, 2075 (July 16, 2018)	for the year ended Ashad 31, 2074 (July 15, 2017)
<b>INCOME :</b>			
<b>External Sources</b>			
Received During the Year (Restricted)		472,498,871.97	566,176,177.91
NTNC- Human Wildlife Conflict Management Fund		24,673,560.27	
<b>Internal Sources</b>	3.13	647,557,981.19	518,155,201.93
<b>Total Income</b>		<b>1,144,730,413.43</b>	<b>1,084,331,379.84</b>
<b>EXPENDITURES :</b>			
Project Expenditures (Restricted)		565,655,443.68	532,319,976.73
NTNC- Human Wildlife Conflict Management Fund		29,628,962.34	
<b>Sub Total</b>		<b>595,284,406.02</b>	<b>532,319,976.73</b>
<b>General Management (Internal)</b>			
Personnel Related Cost	3.14	123,578,793.60	151,595,877.93
General Management (Administrative and Support)	3.15	140,123,478.96	124,026,741.31
Project Cost and Support	3.16	266,561,220.06	280,535,872.41
<b>Sub Total</b>		<b>530,263,492.62</b>	<b>556,158,491.65</b>
<b>Total Expenditure</b>		<b>1,125,547,898.64</b>	<b>1,088,478,468.38</b>


<b>Total Internal Fund Surplus / (Deficit) Transferred to Balance Sheet</b>	<b>117,294,488.57</b>	<b>(38,003,289.72)</b>
<b>Surplus (Deficit) of Restricted Projects (ACAP &amp; C Zoo)</b>	<b>52,010,110.26</b>	
<b>Internal Fund Surplus / (Deficit) Transferred to Balance Sheet</b>	<b>65,284,378.31</b>	

### External Fund Surplus / (Deficit) Transferred to Balance Sheet

<b>Received During the Year (Restricted)</b>	<b>(93,156,571.71)</b>	<b>33,856,201.18</b>
<b>NTNC- Human Wildlife Conflict Management Fund</b>	<b>(4,955,402.07)</b>	

  
DEEPAK KUMAR SINGH  
EXECUTIVE DIRECTOR

  
YAJNA NATH DAHAL  
MEMBER SECRETARY

  
BĀBURAM GAUTAM  
DEPUTY AUDITOR GENERAL

# NATIONAL TRUST FOR NATURE CONSERVATION

Khumaltar, Lalitpur, Nepal

## CONSOLIDATED STATEMENT OF CASH FLOW

For The Period 01 Shrawan 2074 to 32 Ashad 2075 (16 July 2017 to 16 July 2018)

Particulars	Current Year	Previous Year
	As at end of Ashad 32, 2075 (July 16, 2018)	As at end of Ashad 31, 2074 (July 15, 2017)
<b>A. Cash Flows from Operating Activities</b>		
<b>Surplus/ (Deficit)</b>		
Surplus/ (Deficit) adjusted in current year	117,294,488.57	(38,003,289.72)
<b>Adjustment for:</b>		
<b>Add :</b>		
Depreciation of Fixed Assets	9,799,549.52	10,120,085.73
Disposal of Capital Assets (Write off)		
<b>Less :</b>		
Income from Investment	(26,639,355.01)	(27,378,741.97)
Other Income	(105,073,983.16)	(24,912,348.66)
<b>Operating Surplus before Working Capital Changes</b>	<b>(4,619,300.08)</b>	<b>(80,174,294.62)</b>
<b>Adjustment for Working Capital Changes:</b>		
Advances	7,554,749.68	556,152.69
Accounts Receivable	(11,552,507.97)	(15,563,405.72)
Accounts Payable	(32,396,718.16)	95,320,889.33
<b>Net Cash from Operating Activities (A)</b>	<b>(41,013,776.53)</b>	<b>139,341.68</b>
<b>B. Cash Flows from Investing Activities:</b>		
<b>Less :</b>		
(Additions)/ Disposal of Fixed Assets	11,253,413.17	(1,351,413.11)
Depreciation of Fixed Assets	(9,799,549.52)	(10,048,160.27)
Decrease/(Increase) in Investment	(65,939,677.51)	(24,884,566.94)
<b>Add :</b>		
Interest received from Investment	26,639,355.01	27,378,741.97
Disposal of Capital Assets (Write off)	-	-
Other Income	105,073,983.16	24,912,348.66
<b>Net Cash used in Investing Activities (B)</b>	<b>67,227,524.31</b>	<b>16,006,950.31</b>
<b>C. Cash Flows from Financing Activities:</b>		
Restricted Fund Balance	(98,111,973.78)	33,856,201.18
Endowment Fund	-	-
Project Fund (NTNC)	-	-
Capital Assets Fund (Donation in kind on capital)	(7,310,173.23)	(11,336,279.78)
Exchange Equalization Reserve	41,868,828.06	(24,831,951.22)
<b>Payments:</b>		
Loans	-	-
<b>Net Cash used in Financing Activities (C)</b>	<b>(63,553,318.95)</b>	<b>(2,312,029.82)</b>
<b>D. Net Increase/(Decrease) in Cash and Cash Equivalents (D=A+B+C)</b>	<b>(37,339,571.17)</b>	<b>13,834,262.17</b>
<b>E. Cash and Cash Equivalents at beginning of period</b>	<b>210,885,220.02</b>	<b>197,050,957.85</b>
<b>F. Cash and Cash Equivalents at end of period (F=D+E)</b>	<b>173,545,648.85</b>	<b>210,885,220.02</b>
<b>Cash comprises of Bank and Cash Balances</b>		
Cash in Hand	2,326,024.70	3,914,096.88
Cash at Bank	170,944,864.15	206,696,363.14
Gold and Silver Coins	274,760.00	274,760.00
<b>TOTAL</b>	<b>173,545,648.85</b>	<b>210,885,220.02</b>



DEEPAK KUMAR SINGH  
EXECUTIVE DIRECTOR



YAJNA NATH DAHAL  
MEMBER SCERETARY



BABURAM GAUTAM  
DEPUTY AUDITOR GENERAL

**NATIONAL TRUST FOR NATURE CONSERVATION**  
**Khumaltar, Lalitpur, Nepal**

**Financial Year 2074/75 (2017/018)**

**Significant Accounting Policies and Notes to Accounts**

**1. Background**

- 1.1. National Trust for Nature Conservation (NTNC) was established in 1982 pursuant to National Trust for Nature Conservation Act 2039 BS (formally King Mahendra Trust for Nature Conservation). The main objective of NTNC is to conserve, manage and promote nature in all its diversity balancing human needs with the environment on a sustainable basis for posterity ensuring maximum community participation with due cognizance of the linkage between economics, environment and ethics through a process in which people are both the principal actors and beneficiaries. The Central office of NTNC is located at Khumaltar, Lalitpur, Nepal. It has different project offices namely: Annapurna Conservation Area Project (ACAP) in Kaski District, Biodiversity Conservation Center (BCC) in Sauraha, Chitwan District, Bardia Conservation Program (BCP) in Thakurdwara, Bardia District, Suklaphanta Conservation Program (SCP) in Suklaphanta, Mahendranagar District, Central Zoo in Jawalakhel, Lalitpur District, Manaslu Conservation Area Project (MCAP) in Gorkha District and Gaurishankar Conservation Area Project (GCAP), Charikot, Dolakha District.
- 1.2. These financial statements have been prepared under the responsibility of the management and have been endorsed by the management of NTNC.

**2. Accounting Principles and Policies**

The financial statements have been prepared under historical cost convention under generally accepted accounting principles. NTNC has followed all principles and policies consistent with previous's year otherwise than mentioned below. The principles and policies adopted are presented below:

**2.1. Fixed Assets**

Fixed assets have been stated under historical cost. Cost of fixed assets purchased under the project has been debited to fixed assets with corresponding credit to Capital Assets Fund. The project assets are first charged as project cost and later transferred to fixed assets in the year of purchase by crediting capital assets fund at the value at which it was procured.

Land received from Government of Nepal (GoN) has been included in the financial statement. NTNC has received the grants in kind for its own building with the assistance from the Government of The People's Republic of China. The values of such land received from the Government of Nepal and the building from the Government of the People's Republic of China are included in the fixed assets.



## 2.2. Depreciation

Depreciation has been considered under diminishing balance method. Rates have been as follows:

Furniture and Fixtures	25%
Vehicles and Automobiles	20%
Equipment	25%
Building	5%
Land	N/A

Depreciation on assets procured under project has been debited to capital assets fund with corresponding credit to the fixed assets

## 2.3. Inventory

NTNC has policy to expense off procurement of inventory and recurring items at the time of procurement. The inventory value of recurring items though available is insignificant.

## 2.4. Investment

Investment has been stated at par value (face value being cost price). This comprises mostly deposits with financial institutions. These investments are categorized as General investment, Employment Benefit Fund and Human Wildlife Conflict Management Fund.

## 2.5. Exchange Fluctuation

Assets in foreign currency (especially in deposits) have been revalued based on the exchange rate prevalent at the annual closure date. It is the policy of NTNC to credit difference arising from such revaluation to Exchange Equalization Reserve. Net revaluation/exchange fluctuation gain of **NPR 41,868,828.06** has been added to Exchange Equalization Reserve during this fiscal year.

## 2.6. Income from Entry and Entrance Fee

The income from entry and entrance fee is accounted on cash basis i.e. upon receipt of cash after issuing the entry permits and sales of the tickets.

## 2.7. Income from Investment

Income from investment has been accounted on accrual basis.

## 2.8. Endowment Fund

Endowment fund has been maintained as fixed deposit at 'A' class financial institutions and fund in foreign currency has been revalued based on the exchange rate prevalent at the annual closing date.

## 2.9. Employee Benefit Fund Payable

Employee benefit fund payable includes provision for gratuity, provision for annual & sick leave and staff welfare fund.





**2.10. Other Income**

Other income included donations, saleable items (calendar, landing charge for helicopter, penalties etc.). These are accounted on cash basis. Other incomes also included other donor's (restricted) fund remaining after all activities completed under donor's agreement and which remained unclaimed for longer period.

**2.11. Restricted Project Fund and treatment of income and expenditure**

NTNC has entered into agreements with different donors for projects implementation under agreed terms and conditions of funding. The fund received has been reflected under the restricted fund account reduced by the amount of utilization. Accordingly, restricted fund income for the purpose of statement of comprehensive income has been considered to the extent of the expenditures incurred for the projects during the year. Since the fund received is restricted and refundable in the event of premature termination or if the balance remains after the completion of projects, these are considered to be income only to the extent expenditure incurred for the project. Accordingly, all balances remaining, after the fund received is reduced by the amount of expenditures, have been considered as restricted fund balances and these are directly transferred to restricted fund balance.

