



महालेखापरीक्षकको कार्यालय Office of the Auditor General

बबरमहल/बनभन्ज्याङ, काठमाण्डौं, नेपाल
Babarmahal/Banbhanjyang, Kathmandu, Nepal



Ref. No.: 2079/80-13.

Date: 28 June, 2023

To,
The Member Secretary
National Trust for Nature Conservation
Khumaltar, Lalitpur.

Subject: Independent Auditor's Report

Opinion

We have audited the accompanying consolidated statement of financial position of the National Trust for Nature Conservation (NTNC), which comprise the Project Financial Statements showing sources and applications of project fund as at 16 July 2022 (32 Ashadh, 2079) and for the year then ended and a summary of significant accounting policies and notes relating to the project financial reporting requirement of the project.

In our opinion, the consolidated statement of financial position give a true and fair view of the financial position of the National Trust for Nature Conservation (NTNC), as of 16 July 2022 (32 Ashadh, 2079), and of the results of its operations and its cash flows for the year then ended in accordance with accounting policy of Government of Nepal.

Basis for opinion

We conducted our audit in accordance with Nepal Government Auditing Standards (NGAS) issued by the Office of the Auditor General of Nepal (OAGN). The OAGN is an independent constitutional body mandated to conduct public sector audits in Nepal. Our responsibilities as provisioned in NGAS are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of audited project in accordance with the Code of Ethics for Public Sector Auditors issued by the Auditor General of Nepal. These Codes are based on the ISSAI 130 Code of Ethics issued by the INTOSAI. We have fulfilled our other ethical responsibilities in accordance with OAGN Codes. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management Letter

Management letter highlighting the areas of improvement for the internal control system and other aspects in this project is enclosed with this report.

Management's Responsibilities for the Financial Statements

Project management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting policy of Government of Nepal and for such internal controls as management determines is necessary to enable that preparation of financial statements that are free from material misstatement, whether due to fraud or error. Those charged with governance are responsible for overseeing the Project's financial reporting process.

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"जनहितका लागि जवाफदेहिता, पारदर्शिता र निष्ठा प्रवर्धनमा विश्वसनीय लेखापरीक्षण संस्था"

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 Nepal Government Auditing Standards (NGAS) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably expect to influence the economic decisions of users taken on the basis of these financial statements.

As a part of audit in accordance with Nepal Government Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risk of material misstatement of the financial statement whether due to fraud or error, design and perform audit procedure responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide an opinion. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentation, or the override of internal control.
- Obtain an understanding of internal control 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 internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Evaluate the overall presentation, structure, and content of 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 project activities to express an opinion on the financial statements. We remain solely responsible for our audit opinion.

We have communicated 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 identified during our audit.


(Bindu Bista)
Deputy Auditor General

NATIONAL TRUST FOR NATURE CONSERVATION
Khumaltar, Lalitpur, Nepal

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 32 Ashad 2079 (16th July, 2022) Fiscal Year 2021-2022

Amount in NPR

Particulars	Schedule	Current Year		Previous Year	
		Ashad 32, 2079 (Jul 16, 2022)		Ashadh 31, 2078 (July 15, 2021)	
Assets :					
Non Current (Fixed Assets)	3.1	365,993,368.94		379,246,258.94	
Investments	3.2	862,571,500.00		819,551,000.00	
General Investment		375,332,728.52		280,409,000.00	
Employee Benefit Fund Investment		467,238,771.48		509,142,000.00	
Human Wildlife Conflict Management Fund		20,000,000.00		30,000,000.00	
Current Assets:		216,980,381.92		174,254,483.26	
Cash and Bank Balances	3.3	183,176,142.77		145,991,685.61	
Advances	3.4	4,979,862.16		4,345,521.91	
Accounts Receivable	3.5	28,824,376.99		23,917,275.74	
TOTAL		1,445,545,250.86		1,373,051,742.20	

Fund and Liabilities					
Endowment Fund	3.6	68,930,000.00		68,930,000.00	
Employee Benefit Fund Payable	3.7	467,238,771.48		480,901,567.37	
Staff Welfare Fund	3.7.1	17,193,386.70		17,048,871.35	
Provision for Gratuity	3.7.2	361,347,165.00		377,348,064.53	
Provision for Annual and Sick Leave	3.7.3	88,698,219.78		86,504,631.49	
Capital Assets Fund	3.8	327,877,755.10		337,200,989.39	
Exchange Equalization Reserve	3.9	279,154,444.72		261,525,938.04	
Restricted Fund Balance	3.10				
Projects	3.10.1	(7,949,807.39)		(40,782,333.25)	
Opening Balance upto last year		(40,782,333.25)		61,914,147.85	
Add : Current year balance		32,832,525.86		(102,696,481.10)	
Others (Restricted Fund)	3.10.2	87,730,506.88		77,047,467.28	
Opening Balance upto last year		77,047,467.28		121,471,561.97	
Add : Current year balance		10,683,039.60		(44,424,094.69)	
Human Wildlife Conflict Management Fund	3.11	25,850,777.50		36,092,390.36	
Opening Balance upto last year		36,092,390.36		51,430,495.99	
Add : Current year balance		(10,241,612.86)		(15,338,105.63)	
Accumulated Surplus:		115,605,471.52		53,820,116.80	
Surplus upto Last Year		53,820,116.80		48,683,664.49	
Less: Deficit adjusted in current year		-		-	
Add: Current Year Surplus/(Deficit)		61,785,354.72		5,136,452.31	
Current Liabilities	3.12	81,107,331.05		98,315,606.21	
Current Liabilities		78,158,460.62		97,527,810.88	
Non Current Liabilities (Long term liabilities)		2,948,870.43		787,795.33	
TOTAL		1,445,545,250.86		1,373,051,742.20	

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



BIDUR PRASAD POKHAREL
HEAD OF FINANCE



SHARAD CHANDRA ADHIKARY
MEMBER SECRETARY



BINDU BISTA
DEPUTY AUDITOR GENERAL

NATIONAL TRUST FOR NATURE CONSERVATION
Khumaltar, Lalitpur, Nepal

CONSOLIDATED INCOME AND EXPENDITURE

For The Period 01 Shrawan 2078 to 31 Ashad 2079 (16 July 2021 to 16 July 2022)

Amount in NPR

Particulars	Current Year	Previous Year
	for the year ended Ashadh 31, 2079 (July 16, 2022)	for the year ended Ashadh 31, 2078 (July 15, 2021)

INCOME :

External Sources		
Received During the Year (Restricted)	213,435,597.06	166,421,139.67
NTNC- Human Wildlife Conflict Management Fund	14,069,285.46	18,681,115.25
Internal Sources	431,207,658.93	154,069,568.81
Total Income	658,712,541.45	339,171,823.73

EXPENDITURES :

Project Expenditures (Restricted)	235,500,333.24	161,570,885.54
NTNC- Human Wildlife Conflict Management Fund	14,069,285.46	18,681,115.25
Sub Total	249,569,618.70	180,252,000.79
General Management (Internal)		
Personnel Related Cost	94,595,700.64	101,716,023.60
General Management (Administrative and Support)	102,253,469.01	51,337,178.22
Project Cost and Support	139,740,608.70	98,576,395.78
Sub Total	336,589,778.35	251,629,597.60
Total Expenditure	586,159,397.05	431,881,598.39

Total Internal Fund Surplus / (Deficit) Transferred to Balance Sheet	94,617,880.58	(97,560,028.79)
Surplus (Deficit) of Restricted Projects (ACAP & C Zoo)	32,832,525.86	✓ (102,696,481.10)
Internal Fund Surplus / (Deficit) Transferred to Balance Sheet	61,785,354.72	5,136,452.31



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Khumaltar, Lalitpur, Nepal

CONSOLIDATED STATEMENT OF CASH FLOW

For The Period 01 Shrawan 2078 to 31 Ashad 2079 (16 July 2021 to 16 July 2022)

Particulars	Current Year	Previous Year
	As at end of Ashadh 31, 2079 (July 16, 2022)	As at end of Ashadh 31, 2078 (July 15, 2021)
A. Cash Flows from Operating Activities		
Surplus/ (Deficit)		
Surplus/ (Deficit) adjusted in current year	94,617,880.58	(97,560,028.79)
Adjustment for:		
Add :		
Depreciation of Fixed Assets	5,241,545.98	6,582,954.27
Disposal of Capital Assets (Write off)	-	-
Less :		
Income from Investment	(54,403,744.99)	(50,149,134.66)
Other Income	(50,202,383.45)	(41,246,440.33)
Operating Surplus before Working Capital Changes	(4,746,701.88)	(182,372,649.51)
Adjustment for Working Capital Changes:		
Advances	(634,340.25)	907,097.25
Accounts Receivable	(4,907,101.25)	19,776,812.79
Accounts Payable	(30,871,071.05)	(58,823,558.16)
Net Cash from Operating Activities (A)	(41,159,214.43)	(220,512,297.63)
B. Cash Flows from Investing Activities:		
Less :		
(Additions)/ Disposal of Fixed Assets	14,013,646.00	15,553,956.86
Depreciation of Fixed Assets	(5,241,545.98)	(6,509,890.73)
Decrease/(Increase) in Investment	(43,020,500.00)	160,572,000.00
Add :		
Interest received from Investment	54,403,744.99	50,149,134.66
Other Income	50,202,383.45	41,246,440.33
Net Cash used in Investing Activities (B)	70,357,728.46	261,011,641.12
C. Cash Flows from Financing Activities:		
Restricted Fund Balance	441,426.74	(59,762,200.32)
Endowment Fund	-	(8,505,000.00)
Capital Assets Fund (Donation in kind on capital)	(10,083,990.29)	(9,004,148.37)
Exchange Equalization Reserve	17,628,506.68	(6,133,914.42)
Net Cash used in Financing Activities (C)	7,985,943.13	(83,405,263.11)
D. Net Increase/(Decrease) in Cash and Cash Equivalents (D=A+B+C)	37,184,457.16	(42,905,919.62)
E. Cash and Cash Equivalents at beginning of period	145,991,685.61	188,897,605.23
F. Cash and Cash Equivalents at end of period (F=D+E)	183,176,142.77	145,991,685.61
Cash comprises of Bank and Cash Balances		
Cash in Hand	398,583.06	543,888.41
Cash at Bank	182,502,799.71	145,173,037.20
Gold and Silver Coins	274,760.00	274,760.00
TOTAL	183,176,142.77	145,991,685.61


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DEPUTY AUDITOR GENERAL

NATIONAL TRUST FOR NATURE CONSERVATION
Khumaltar, Lalitpur, Nepal

Financial Year 2078/79 (2021/022)

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 **NPR 17,628,506.68** has been adjusted from 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.



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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.

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