



महालेखापरीक्षकको कार्यालय  
Office of the Auditor General  
बबरमहल/अनामनगर, काठमाण्डौं, नेपाल  
Babarmahal / Anamnagar, Kathmandu, Nepal

INDEPENDENT AUDITOR'S REPORT

Ref No- 2080/81- 83

Date: April 9, 2024

The Member Secretary,  
National Trust for Nature Conservation (NTNC),  
Khumaltar, Lalitpur.

**Opinion**

We have audited the financial statements of the National Trust for Nature Conservation (the Trust) which comprise the Consolidated Financial position for the fiscal year 2022/23 (2079/80), Consolidated Income and Expenditure, Consolidated statement of Cash Flow and a summary of accounting policies and other explanatory notes related to financial statements.

In our opinion, the accompanying financial statements of the Trust for the year ended 16<sup>th</sup> July, 2023 (31<sup>st</sup> Ashad, 2080) are prepared fairly in all material respects, in accordance with the financial reporting provisions and with Generally Accepted Accounting Principles (GAAP) used by the Trust. We found that the expenditures and any other resources incurred for the Trust are utilized for the intended purpose.

**Basis for opinion**

We conducted our audit in accordance with Nepal Government Auditing Standards (NGASs) that are substantially in compliance with INTOSAI Framework of Professional Pronouncements. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of audited entity in accordance with the ethical requirements that are relevant to our audit of the financial statements and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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 in the Trust is enclosed with this report.

**Responsibilities of Management and Those Charge with Governance for the Project Financial Statements**

Management is responsible for the preparation of the financial statements in accordance with the financial reporting provisions of applicable financial reporting framework – Generally Accepted Accounting Principles (GAAP) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Trust's ability to continuing as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Project or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Trust'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 NGASs 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 NGASs, 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 communicate 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.

(Padam Raj Poudel)  
Deputy Auditor General



# NATIONAL TRUST FOR NATURE CONSERVATION

Ref No. # 589/ 2023/24

February 12, 2024

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



Subject: **Written Representation Letter**

Honorable Sir,

In Connection with your audit of Balance Sheet as of 31 Ashad 2080 (July 16, 2023) of National Trust for Nature Conservation (NTNC) and Statements of Income and Expenditure including the Cash Flow Statements 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.
  - 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 -



# NATIONAL TRUST FOR NATURE CONSERVATION

- 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 to please certify the Balance Sheet as at July 16, 2023 (Ashad 31, 2080) and related Income and Expenditure Accounts and Cash Flows Statements of the Trust, which is attached here with for your kind perusal.

  


**Sharad Chandra Adhikari**  
Member Secretary

# NATIONAL TRUST FOR NATURE CONSERVATION

Khumaltar, Lalitpur, Nepal

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 Ashad 2080 (16th July, 2023) Fiscal Year 2022-2023

Amount in NPR

Particulars	Schedule	Current Year		Previous Year	
		Ashad 31, 2080 (Jul 16, 2023)	Ashadh 32, 2079 (Jul 16, 2022)	Ashad 31, 2080 (Jul 16, 2023)	Ashadh 32, 2079 (Jul 16, 2022)
<b>Assets :</b>					
<b>Non Current (Fixed Assets )</b>	<b>3.1</b>		377,026,909.30		365,993,368.94
<b>Investments</b>	<b>3.2</b>		1,094,745,500.00		862,571,500.00
General Investment		554,249,500.00		375,332,728.52	
Employee Benefit Fund Investment		520,496,000.00		467,238,771.48	
Human Wildlife Conflict Management Fund		20,000,000.00		20,000,000.00	
<b>Current Assets:</b>			<b>277,430,694.60</b>		<b>216,980,381.92</b>
Cash and Bank Balances	<b>3.3</b>	248,009,514.93		183,176,142.77	
Advances	<b>3.4</b>	3,881,060.16		4,979,862.16	
Accounts Receivable	<b>3.5</b>	25,540,119.51		28,824,376.99	
<b>TOTAL</b>			<b>1,749,203,103.90</b>		<b>1,445,545,250.86</b>

<b>Fund and Liabilities</b>					
<b>Endowment Fund</b>	<b>3.6</b>		73,930,000.00		68,930,000.00
<b>Employee Benefit Fund Payable</b>	<b>3.7</b>		519,379,479.67		467,238,771.48
Staff Welfare Fund	3.7.1	18,768,522.94		17,193,386.70	
Provision for Gratuity	3.7.2	401,598,204.56		361,347,165.00	
Provision for Annual and Sick Leave	3.7.3	99,012,752.17		88,698,219.78	
<b>Capital Assets Fund</b>	<b>3.8</b>		322,013,831.42		327,877,755.10
<b>Exchange Equalization Reserve</b>	<b>3.9</b>		304,583,176.05		279,154,444.72
<b>Restricted Fund Balance</b>	<b>3.10</b>				
<b>Projects</b>	<b>3.10.1</b>		127,404,415.72		(7,949,807.39)
Opening Balance upto last year		(12,949,807.39)		(40,782,333.25)	
Add : Current year balance (ACAP & C. Zoo)		140,354,223.11		32,832,525.86	
<b>Others (Restricted Fund)</b>	<b>3.10.2</b>		86,079,847.09		87,730,506.88
Opening Balance upto last year		87,730,506.88		77,047,467.28	
Add : Current year balance		(1,650,659.79)		10,683,039.60	
<b>Human Wildlife Conflict Management Fund</b>	<b>3.11</b>		28,545,536.98		25,850,777.50
Opening Balance upto last year		25,850,777.50		36,092,390.36	
Add : Current year balance		2,694,759.48		(10,241,612.86)	
<b>Accumulated Surplus:</b>			<b>203,881,859.82</b>		<b>115,605,471.52</b>
Surplus upto Last Year		115,605,471.52		53,820,116.80	
Less: Deficit adjusted in current year		0.00		-	
Add: Current Year Surplus/(Deficit)		88,276,388.30		61,785,354.72	
<b>Current Liabilities</b>	<b>3.12</b>		83,384,957.15		81,107,331.05
Current Liabilities		82,360,201.09		78,158,460.62	
Non Current Liabilities (Long term liabilities)		1,024,756.06		2,948,870.43	
<b>TOTAL</b>			<b>1,749,203,103.90</b>		<b>1,445,545,250.86</b>

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



**BIDUR PRASAD POKHAREL**  
HEAD-DEPARTMENT OF FINANCE



**SHARAD CHANDRA ADHIKARI**  
MEMBER SECRETARY



**PADAM RAJ POUDEL**  
DEPUTY AUDITOR GENERAL

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

**CONSOLIDATED INCOME AND EXPENDITURE**

For The Period 01 Shrawan 2079 to 31 Ashad 2080 (16 July 2022 to 16 July 2023)

Amount in NPR

Particulars	Schedule	Current Year	Previous Year
		for the year ended Ashadh 31, 2080 (July 16, 2023)	for the year ended Ashadh 32, 2079 (July 16, 2022)
<b>INCOME :</b>			
<b>External Sources</b>			
Received During the Year (Restricted)		301,343,541.97	213,435,597.06
NTNC- Human Wildlife Conflict Management Fund		7,305,240.52	14,069,285.46
<b>Internal Sources</b>			
	3.13	767,762,677.69	431,207,658.93
<b>Total Income</b>		<b>1,076,411,460.18</b>	<b>658,712,541.45</b>

**EXPENDITURES :**

Project Expenditures (Restricted)	3.16.2	287,913,476.05	235,500,333.24
NTNC- Human Wildlife Conflict Management Fund	3.16.2	7,305,240.52	14,069,285.46
<b>Sub Total</b>		<b>295,218,716.57</b>	<b>249,569,618.70</b>
<b>General Management (Internal)</b>			
Personnel Related Cost	3.14	143,363,562.67	94,595,700.64
General Management (Administrative and Support)	3.15	164,110,229.00	102,253,469.01
Project Cost and Support	3.16	231,658,274.61	139,740,608.70
<b>Sub Total</b>		<b>539,132,066.28</b>	<b>336,589,778.35</b>
<b>Total Expenditure</b>		<b>834,350,782.85</b>	<b>586,159,397.05</b>
<b>Total Internal Fund Surplus / (Deficit) Transferred to Balance Sheet</b>		<b>228,630,611.41</b>	<b>94,617,880.58</b>
<b>Surplus (Deficit) of Restricted Projects (ACAP &amp; C Zoo)</b>		<b>140,354,223.11</b>	<b>32,832,525.86</b>
<b>Internal Fund Surplus / (Deficit) Transferred to Balance Sheet</b>		<b>88,276,388.30</b>	<b>61,785,354.72</b>



BIDUR PRASAD POKHAREL  
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# NATIONAL TRUST FOR NATURE CONSERVATION

Khumaltar, Lalitpur, Nepal

## CONSOLIDATED STATEMENT OF CASH FLOW

For The Period 01 Shrawan 2079 to 31 Ashad 2080 (16 July 2022 to 16 July 2023)

Particulars	Current Year	Previous Year
	As at end of Ashadh 31, 2080 (July 16, 2023)	As at end of Ashadh 32, 2079 (July 16, 2022)
<b>A. Cash Flows from Operating Activities</b>		
<b>Surplus/ (Deficit)</b>		
Surplus/ (Deficit) adjusted in current year	228,630,611.41	94,617,880.58
<b>Adjustment for:</b>		
<b>Add :</b>		
Depreciation of Fixed Assets	5,036,951.22	5,241,545.98
Disposal of Capital Assets (Write off)	-	-
<b>Less :</b>		
Income from Investment	(100,205,396.59)	(54,403,744.99)
Other Income	(48,252,635.89)	(50,202,383.45)
<b>Operating Surplus before Working Capital Changes</b>	<b>85,209,530.15</b>	<b>(4,746,701.88)</b>
<b>Adjustment for Working Capital Changes:</b>		
Advances	1,098,802.00	(634,340.25)
Accounts Receivable	3,284,257.48	(4,907,101.25)
Accounts Payable	54,418,334.29	(30,871,071.05)
<b>Net Cash from Operating Activities (A)</b>	<b>144,010,923.92</b>	<b>(41,159,214.43)</b>
<b>B. Cash Flows from Investing Activities:</b>		
<b>Less :</b>		
(Additions)/ Disposal of Fixed Assets	(11,033,540.36)	14,013,646.00
Depreciation of Fixed Assets	(5,036,951.22)	(5,241,545.98)
Decrease/(Increase) in Investment	(232,174,000.00)	(43,020,500.00)
<b>Add :</b>		
Interest received from Investment	100,205,396.59	54,403,744.99
Other Income	48,252,635.89	50,202,383.45
<b>Net Cash used in Investing Activities (B)</b>	<b>(99,786,459.11)</b>	<b>70,357,728.46</b>
<b>C. Cash Flows from Financing Activities:</b>		
Restricted Fund Balance	1,044,099.69	441,426.74
Endowment Fund	-	-
Capital Assets Fund (Donation in kind on capital)	(5,863,923.68)	(10,083,990.29)
Exchange Equalization Reserve	25,428,731.33	17,628,506.68
<b>Net Cash used in Financing Activities (C)</b>	<b>20,608,907.34</b>	<b>7,985,943.13</b>
<b>D. Net Increase/(Decrease) in Cash and Cash Equivalents (D=A+B+C)</b>	<b>64,833,372.16</b>	<b>37,184,457.16</b>
<b>E. Cash and Cash Equivalents at beginning of period</b>	<b>183,176,142.77</b>	<b>145,991,685.61</b>
<b>F. Cash and Cash Equivalents at end of period (F=D+E)</b>	<b>248,009,514.93</b>	<b>183,176,142.77</b>
<b>Cash comprises of Bank and Cash Balances</b>		
Cash in Hand	682,499.20	398,583.06
Cash at Bank	247,052,255.73	182,502,799.71
Gold and Silver Coins	274,760.00	274,760.00
<b>TOTAL</b>	<b>248,009,514.93</b>	<b>183,176,142.77</b>



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NEPAL 1992

SHARAD CHANDRA ADHIKARY  
MEMBER SECRETARY



PADAM RAJ POUDEL  
DEPUTY AUDITOR GENERAL

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

**Financial Year 2079/80 (2022/023)**

**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, Gaurishankar Conservation Area Project (GCAP) in Charikot, Dolakha District and Koshi Conservation Center (KCC) in Kushaha Sunsari.
- 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 25,428,731.33** 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.



**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, fees (calendar, filming in conservation area, house Rent, 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.

*[Handwritten signatures]*

