



# NATIONAL TRUST FOR NATURE CONSERVATION

Ref No. # 310 / 2017/18

December 29, 2017



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 31 Ashad 2074 (July 15, 2017) 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 -

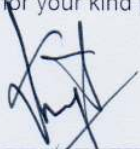


# NATIONAL TRUST FOR NATURE CONSERVATION



- 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 15, 2017 (Ashad 31, 2074) and related Income and Expenditure Accounts and Cash Flows Statements of the Trust, which is attached here with for your kind perusal.

  
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Deepak Kumar Singh  
Executive Director

# NATIONAL TRUST FOR NATURE CONSERVATION

Khumaltar, Lalitpur, Nepal

## CONSOLIDATED BALANCE SHEET

As at Ashad 31, 2074 (July 15, 2017)


Amount in NPR

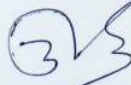

Particulars	Schedule	Current Year		Previous Year	
		Ashad 31, 2074 (July 15, 2017)		Ashad 31, 2073 (July 15, 2016)	
<b>Assets :</b>					
<b>Non Current (Fixed Assets )</b>	3.1	422,465,613.54		421,186,125.89	
<b>Investments</b>	3.2	745,773,629.51		720,889,062.57	
<b>Current Assets:</b>		269,469,309.10		240,627,793.90	
Cash and Bank Balances	3.3	210,885,220.02		197,050,957.85	
Advances	3.4	12,854,418.62		13,410,571.31	
Accounts Receivable	3.5	45,729,670.46		30,166,264.74	
<b>TOTAL</b>		<b>1,437,708,552.15</b>		<b>1,382,702,982.36</b>	
<b>Fund and Liabilities</b>					
<b>Endowment Fund</b>	3.6	68,930,000.00		68,930,000.00	
<b>Capital Assets Fund</b>	3.7	363,735,877.38		375,072,157.16	
<b>Exchange Equalization Reserve</b>	3.8	189,399,094.54		214,231,045.76	
<b>Restricted Fund Balance</b>		240,228,736.66		206,372,535.48	
<b>Others</b>		206,372,535.48		161,220,383.95	
Opening Balance upto last year		33,856,201.18		45,152,151.53	
Add : Current year balance	3.9	101,608,536.44		139,611,826.16	
<b>Accumulated Surplus:</b>		139,611,826.16		248,004,576.28	
Surplus upto Last Year		-		-	
Less: Deficit adjusted in current Year		(38,003,289.72)		(108,392,750.12)	
Add: Current Year Surplus/(Deficit)		473,806,307.13		378,485,417.80	
<b>Current Liabilities</b>	3.10	115,002,470.06		79,327,981.20	
Current Liabilities		358,803,837.07		299,157,436.60	
Non Current Liabilities (Long term liabilities)		1,437,708,552.15		1,382,702,982.36	
<b>TOTAL</b>		<b>1,437,708,552.15</b>		<b>1,382,702,982.36</b>	

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

  
DEEPAK KUMAR SINGH  
EXECUTIVE DIRECTOR



  
GOVINDA GAJUREL  
MEMBER SECRETARY

  
MOHADATTA TIMILSINA  
DEPUTY AUDITOR GENERAL  


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

**CONSOLIDATED INCOME AND EXPENDITURE**

For The Period 01 Shrawan 2073 to 31 Ashad 2074 (16 July 2016 to 15 July 2017)

*Amount in NPR*

Particulars	Schedule	Current Year	Previous Year
		for the year ended Ashad 31, 2074 (July 15, 2017)	for the year ended Ashad 31, 2073 (July 15, 2016)
<b>INCOME :</b>			
External Sources		566,176,177.91	459,099,208.08
Internal Sources	3.10	518,155,201.93	342,915,822.21
<b>Total Income</b>		<b>1,084,331,379.84</b>	<b>802,015,030.29</b>
<b>EXPENDITURES :</b>			
Project Expenditures (Restricted)	3.9	532,319,976.73	413,947,056.55
<b>Sub Total</b>		<b>532,319,976.73</b>	<b>413,947,056.55</b>
<b>General Management (Internal)</b>			
Personnel Related Cost	3.11	151,595,877.93	119,113,576.09
General Management (Administrative and Support)	3.13	124,026,741.31	101,952,010.97
Project Cost and Support	3.12	280,535,872.41	230,242,985.28
<b>Sub Total</b>		<b>556,158,491.65</b>	<b>451,308,572.34</b>
<b>Total Expenditure</b>		<b>1,088,478,468.38</b>	<b>865,255,628.89</b>
<b>Internal Fund Surplus / (Deficit) Transferred to Balance Sheet</b>		<b>(38,003,289.72)</b>	<b>(108,392,750.13)</b>
<b>External Fund Surplus / (Deficit) Transferred to Balance Sheet</b>		<b>33,856,201.18</b>	<b>45,152,151.53</b>

DEEPAK KUMAR SINGH  
EXECUTIVE DIRECTOR



GOVINDA GAJUREL  
MEMBER SECRETARY

MOHABATTA TIMILSINA  
DEPUTY AUDITOR GENERAL



**NATIONAL TRUST FOR NATURE CONSERVATION  
KHUMALTAR, LALITPUR, NEPAL**

**CONSOLIDATED STATEMENT OF CASH FLOWS**

For The Period 01 Shrawan 2073 to 31 Ashad 2074 (16 July 2016 to 15 July 2017)

Amount in NPR

Particulars	Current Year	Previous Year
	for the year ended Ashad 31, 2074 (July 15, 2017)	for the year ended Ashad 31, 2073 (July 15, 2016)
<b>A. Cash Flows from Operating Activities</b>		
Surplus/(Deficit)	(38,003,289.72)	(108,392,750.13)
Deficit adjusted in Current Year	-	-
<b>Adjustment for:</b>		
<b>Add :</b>		
Depreciation on Fixed Assets	10,120,085.73	8,827,775.82
<b>Less :</b>		
Income from Investment	(27,378,741.97)	(17,636,718.62)
Other Income	(24,912,348.66)	(40,952,189.03)
<b>Operating Surplus before Working Capital Changes</b>	<b>(80,174,294.62)</b>	<b>(158,153,881.96)</b>
<b>Adjustment for Working Capital Changes:</b>		
Advances	556,152.69	801,504.03
Accounts Receivable	(15,563,405.72)	29,804,385.07
Accounts Payable	95,320,889.33	14,996,106.30
<b>Net Cash from Operating Activities (A)</b>	<b>139,341.68</b>	<b>(112,551,886.56)</b>
<b>B. Cash Flows from Investing Activities:</b>		
<b>Less :</b>		
Additions to Fixed Assets	(1,351,413.11)	2,581,442.68
Depreciation on Fixed Assets	(10,048,160.27)	(8,827,775.82)
Increase in Investment	(24,884,566.94)	(48,122,848.79)
<b>Add :</b>		
Interest received from Investment	27,378,741.97	17,636,718.62
Other Income	24,912,348.66	40,952,189.03
<b>Net Cash used in Investing Activities (B)</b>	<b>16,006,950.31</b>	<b>4,219,725.72</b>
<b>C. Cash Flows from Financing Activities:</b>		
Restricted Fund Balance	33,856,201.18	45,152,151.53
Projects	-	-
Endowment Fund	-	-
Capital Assets Fund	(11,336,279.78)	(9,588,519.38)
Exchange Equalization Reserve	(24,831,951.22)	25,246,903.00
<b>Payments:</b>		
Loans	-	-
<b>Net Cash used in Financing Activities (C)</b>	<b>(2,312,029.82)</b>	<b>60,810,535.15</b>
<b>D. Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)</b>	<b>13,834,262.17</b>	<b>(47,521,625.69)</b>
<b>E. Cash and Cash Equivalents at beginning of period</b>	<b>197,050,957.85</b>	<b>244,572,583.54</b>
<b>F. Cash and Cash Equivalents at end of period (D+E)</b>	<b>210,885,220.02</b>	<b>197,050,957.85</b>
<b>Cash Comprises of Bank and Cash Balances</b>		
Cash in Hand	3,914,096.88	1,653,508.60
Cash at Bank	206,696,363.14	195,122,689.25
Gold and Silver Coins	274,760.00	274,760.00
<b>TOTAL</b>	<b>210,885,220.02</b>	<b>197,050,957.85</b>

DEEPAK KUMAR SINGH  
EXECUTIVE DIRECTOR



GOVINDA GAJUREL  
MEMBER SECRETARY

MOHADATTA TIMLSINA  
DEPUTY AUDITOR GENERAL



# NATIONAL TRUST FOR NATURE CONSERVATION

Financial Year 2073/074 (2016/017)

## 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 known as 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 main 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, Kanchanpur 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 and approved by 52<sup>nd</sup> Governing Board of Trustees on its meeting held on June 21<sup>st</sup>, 2016 (BS Ashad 07, 2073).

### **2. Accounting Principles and Policies**

The financial statements have been prepared under historical cost convention under generally accepted accounting principles and methods. 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	05%
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 " A " class banking and financial institutions.

## 2.5 Exchange Fluctuation

Assets in foreign currency (especially in deposits) have been revalued at the exchange rate prevalent on closure date. It is the policy of NTNC to credit difference arising on such revaluation to Exchange Equalization Reserve. Net revaluation/exchange fluctuation loss of **NPR 24,831,951.22** has been reduced to Exchange Equalization Reserve during the year.

## 2.6 Income from Entry and Entrance Fee

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

## 2.7 Income from Investment

Income from investment has been accounted for on accrual basis.

## 2.8 Endowment Fund

Endowment fund has been placed as deposit with financial institutions and fund in foreign currency has been revalued at the exchange rate prevailing on closure date of every months.

## 2.9 Other Income

Other incomes included donations, saleable items (calendar, landing charge for helicopter, penalties etc.). These are accounted for 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.



**2.10 Restricted Project Fund and treatment of income and expenditure**

NTNC has entered into agreements with different donors for projects implementation under agreed funding and terms and conditions. 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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T.N.C.

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