

**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDER OF
PANCHASHIKHA CONSULTING PVT. LTD.**

Opinion

We have audited the financial statements of PANCHASHIKHA CONSULTING PVT. LTD. (the "Company") which comprise the Balance Sheet as at Ashadh 31, 2081 (July 15, 2024), and the Profit/Loss Account, Statement of Changes in Equity and Statement of Cash Flows for the period then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly in all material respects, the Financial Position of the company for the period from Shrawan 1, 2080 (July 17, 2023) to Ashadh 31, 2081 (15 July, 2024) in accordance with generally accepted accounting principles.

Basis for Opinion

We conducted our audit in accordance with Nepal Standards on Auditing (NSAs) and local related laws, our responsibilities under those standards and Local Laws are further described in the Auditors Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the firm in accordance with the ethical requirements that are relevant to our audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

Key audit matters are those audit matters that, in our professional judgment, were of most significance in our audit of the financial statement of the current period. These matters were addressed in the context of our audit of the financial statement as a whole, and in forming our opinion therein and we do not provide a separate opinion on these matters.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Nepal Accounting Standards (NAS), 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 Company's ability to continue 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 Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

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 misstatements, 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 NSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Report on Other Legal and Regulatory Requirements

We have obtained information and explanations asked for, which, to the best of our knowledge and belief, were necessary for the purpose of our audit. In our opinion, the Balance Sheet, the Profit & Loss Account, Statement of Changes in Equity and Statement of Cash Flows have been prepared in accordance with the requirements of the Companies Act 2063 and are in agreement with the books of account of the Company; and proper books of account as required by law have been kept by the Company.

To the best of our information and according to explanations given to us and so far appeared from our examination of the books of account of the organization necessary for the purpose of our audit, we have not come across cases where Proprietor or any employees of the organization have acted contrary to the provisions of law relating to the accounts, or committed any misappropriation or caused loss or damage to the organization relating to the accounts in the organization.

Date: 2081/07/25

Place: Kathmandu, Nepal




RA. Krishna Prasad Baskota

K.P. Baskota & Associates

Registered Auditor

Panchashikha Consulting Pvt. Ltd.

Anamnagar-29, Kathmandu

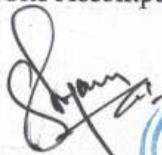
Statement Of Financial Position

As at 31st Ashadh 2081 (15th July 2024)


Figure in NPR

Particulars	Notes	As at 31 Ashadh 2081	As at 31 Ashadh 2080
Assets			
Non-Current Assets			
a) Property, Plant and Equipment	3.1	-	-
b) Intangible Assets	3.2	-	-
c) Investments	3.3	-	-
d) Other Receivables	3.5	-	-
Total Non-Current Assets (1)		-	-
Current Assets			
a) Investments	3.3	-	-
b) Inventory	3.4	-	-
c) Trade and Other Receivables	3.5	142,314.56	431,350.00
d) Other Current Assets	3.6	160,000.00	-
d) Cash and Cash Equivalents	3.7	42,661.00	56,529.56
Total Current Assets (2)		344,975.56	487,879.56
Total Assets (1) + (2)		344,975.56	487,879.56
Equity			
a) Share Capital	3.7	500,000.00	500,000.00
b) Advance for Share Capital		-	-
b) Reserves	3.8	(197,024.44)	(18,250.44)
Total Equity (3)		302,975.56	481,749.56
Non-Current Liabilities			
a) Loans and Borrowings	3.9	-	-
b) Liabilities for Employee Benefits	3.10	-	-
c) Deferred Tax Liability		-	-
Total Non-Current Liabilities (a)		-	-
Current Liabilities			
a) Loans and Borrowings	3.9	-	-
b) Trade and Other Payables	3.11	42,000.00	6,130.00
c) Income Tax Liability		-	-
d) Employee Benefits	3.10	-	-
e) Provisions		-	-
Total Current Liabilities (b)		42,000.00	6,130.00
Total Liabilities (a) + (b) (4)		42,000.00	6,130.00
Total Equity and Liabilities (3) + (4)		344,975.56	487,879.56

The Accompanying Notes to Account form an integral part of this Financial Statement


Shirjana G.C.
Chairperson




RA. Krishna Prasad Baskota
K.P. Baskota Associates
Registered Auditor



Panchashikha Consulting Pvt. Ltd.

Anamnagar-29, Kathmandu

Statement of Income

For the Year Ended 31st Ashadh 2081 (15th, July, 2024)

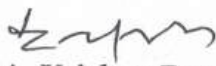
Figure in NPR

Particulars	Notes	As at 31 Ashadh 2081	As at 31 Ashadh 2080
Revenue From Operations	3.12	-	265,274.00
Grant Income		1,066,930.00	-
Total Income		1,066,930.00	265,274.00
Direct Expenses	3.13	1,157,104.00	211,233.44
Employee Benefit Expenses	3.14	-	48,000.00
Administrative Expenses	3.15	88,600.00	6,291.00
Selling and Distribution Expenses	3.16	-	-
Interest Expenses	3.17	-	-
Depreciation Expenses	3.1 & 3.2	-	-
Other Expenses	3.17	-	-
Total Expenses		1,245,704.00	265,524.44
Net Profit/(loss) Before Income Tax		(178,774.00)	(250.44)
Income Tax Expenses	3.15	-	-
Net Profit/(Loss) For the Year		(178,774.00)	(250.44)

The Accompanying Notes to Account form an integral part of this Financial Statement



Shirjana G.C.
Chairperson


RA. Krishna Prasad Baskota
K.P. Baskota Associates
Registered Auditor



Panchashikha Consulting Pvt. Ltd.

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Statement Of Cash Flows

For the Year Ended 31st Ashadh 2081 (15th, July, 2024)

Figure in NPR

Particulars	As at	As at
	31 Ashadh 2081	31 Ashadh 2080
Cash Flows From Operating Activities		
Profit (Loss) For the Year	(178,774.00)	(250.44)
Adjustment for :		
Depreciation/Impairment on Property, Plant and Equipment	-	-
Interest Income	-	-
Interest Expenses	-	-
Loss/ (Gain) on Sales of Property, Plant and Equipment	-	-
Income Tax Expenses Charged to profit or loss Statement	-	-
Increase/ Decrease in Trade and other receivables	129,035.44	-
Increase/ Decrease in Inventories	-	-
Increase/ Decrease in Trade and other Payables	35,870.00	480.00
Increase/ Decrease in Provisions	-	-
Increase/ Decrease in other Liabilities	-	-
Cash generated From Operations	(13,868.56)	229.56
Interest Paid	-	-
Income Tax Paid	-	-
Net Cash Flows From Operating Activities	(13,868.56)	229.56
Cash Flows From Investing Activities		
Proceeds from sale of PPE, Investments/ Financial Assets	-	-
Interest/ Dividend Received	-	-
Acquisition of Property, Plant and Equipment	-	-
Net Cash Flows from Investing Activities	-	-
Cash Flows From Financing Activities		
Proceeds from the issue of Equity and Preference Share	-	-
Proceeds from Advance for Share	-	-
Proceeds from the issue of Advance Share	-	-
Proceeds from others non- Current borrowings	-	-
Repayment of Borrowings	-	-
Dividend Paid	-	-
Net Cash Flows from Financing Activities	-	-
Net Increase (decrease) in Cash and Cash Equivalents	(13,868.56)	229.56
Cash and Bank Equivalents at the Beginning of Period	56,529.56	56,300.00
Exchanges (losses)/gains on Cash and cash equivalents	-	-
Cash and cash Equivalents at the end of Period	42,661.00	56,529.56

The Accompanying Notes to Account form an integral part of this Financial Statement




Shirjana G.C.
Chairperson

As per our report of even date


RA. Krishna Prasad Baskota
K.P. Baskota Associates
Registered Auditor



Panchashikha Consulting Pvt. Ltd.
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Statement of Changes in Equity

For the Year Ended 31st Ashadh 2081 (15th, July, 2024)

Figures in NPR

Particulars	Share Capital	Advance for Share Capital	Retained Earnings	Other Reserves	Total
Balance at 1 Shrawan 2079	500,000	-	(18,000)	-	482,000
Restatements on transition to NAS for MEs	-	-	-	-	-
Balance at 1 Shrawan 2079 (restated)	500,000	-	(18,000)	-	482,000
Profit for the year	-	-	(250)	-	(250)
Issue of Shares	-	-	-	-	-
Dividends to Shareholders	-	-	-	-	-
Advance for Share Capital	-	-	-	-	-
Balance at 31 Ashad 2080	500,000	-	(18,250)	-	481,750
Profit for the year	-	-	(178,774)	-	(178,774)
Issue of Shares	-	-	-	-	-
Dividends to Shareholders	-	-	-	-	-
Other Changes	-	-	-	-	-
Advance for Share Capital	-	-	-	-	-
Balance at 31 Ashad 2081	500,000	-	(197,024)	-	302,976

Shirjana C. C.
Shirjana C. C.
Chairperson

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R.A. Krishna Prasad Baskota
R.A. Krishna Prasad Baskota
K.P. Baskota Associates
Registered Auditor



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Schedule Forming Part of Financial Statement

3 Other Explanatory Notes

3.1 Property, Plant and Equipment

Particulars	Building	Plant and Machinery	Furniture and Fixture	Computer & Accessories	Vehicle	Total
Cost						
Balance at 1st Shrawan 2079	-	-	-	-	-	-
Additions	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Balance at 31st Ashadh 2080	-	-	-	-	-	-
Additions	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Balance at 31st Ashadh 2081	-	-	-	-	-	-
Accumulated Depreciation						
Balance at 01 Shrawan 2079	-	-	-	-	-	-
Charge for the Year	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Balance at 31st Ashadh 2080	-	-	-	-	-	-
Charge for the Year	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Balance at ashadh 2081	-	-	-	-	-	-
Net Book Value						
As at 1st Shrawan 2079	-	-	-	-	-	-
As at 31st Ashadh 2080	-	-	-	-	-	-
As at 31st Ashadh 2081	-	-	-	-	-	-

3.2 Intangible Assets

Particulars	Software	Total
Cost		
Balance at 1st Shrawan 2079	-	-
Additions	-	-
Disposals	-	-
Balance at 31st Ashadh 2080	-	-
Additions	-	-
Disposals	-	-
Balance at 31st Ashadh 2081	-	-
Accumulated Amortization		
Balance at 01 Shrawan 2079	-	-
Charge for the Year	-	-
Disposals	-	-
Balance at 31st Ashadh 2080	-	-
Charge for the Year	-	-
Disposals	-	-
Balance at ashadh 2081	-	-
Net Book Value		
As at 1st Shrawan 2079	-	-
As at 31st Ashadh 2080	-	-
As at 31st Ashadh 2081	-	-



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Schedule Forming Part of Financial Statement

3.3 Investment

A. In Listed Share

Particulars	As at 31 Ashadh 2081	As at 31 Ashadh 2080
Balance as at 01 Shrawan	-	-
Additions	-	-
Disposals	-	-
Balance as at Ashadh	-	-
Gain/ (loss) on subsequent measurement at the date of statement of financial position	-	-
Net carrying amount	-	-
Less: non-current portion	-	-
Current portion	-	-

B. Other investment

Particulars	As at 31 Ashadh 2081	As at 31 Ashadh 2080
Cost		-
Balance as at 01 Shrawan	-	-
Additions	-	-
Disposals	-	-
Balance as at Ashadh	-	-
Provision for impairment	-	-
Balance as at 01 Shrawan	-	-
Movement during the year	-	-
Balance as at Ashadh	-	-
Net carrying amount	-	-
Less: non-current portion	-	-
Current portion	-	-

3.4 Inventories

Particulars	As at 31 Ashadh 2081	As at 31 Ashadh 2080
Raw Materials and Consumables	-	-
Work-in-progress	-	-
Finished goods and goods for resales	-	-
Total	-	-

3.5 Trade and Other Receivables

Particulars	As at 31 Ashadh 2081	As at 31 Ashadh 2080
Trade receivables	142,314.56	431,350.00
Less: Provision for impairment of trade receivables	-	-
Trade Receivables net	142,314.56	431,350.00
Receivables from related parties	-	-
Total trade and other receivables	142,314.56	431,350.00
Less: non-current portion	-	-
Current portion	142,314.56	431,350.00

Signature

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Schedule Forming Part of Financial Statement

Provision for impairment of trade receivables:

Particulars	As at 31 Ashadh 2081	As at 31 Ashadh 2080
Opening Balance	-	-
Provided during the year	-	-
Receivable written off during the year as Uncollectable	-	-
Unused amount reversed	-	-

3.6 Other Current Assets

Particulars	As at 31 Ashadh 2081	As at 31 Ashadh 2080
VAT Receivable	-	-
Program Advance	160,000.00	-
Rent Security	-	-
Security Deposit (Telephone)	-	-
Advance tax	-	-
Total	160,000.00	-

3.7 Cash and Cash Equivalents

Cash and cash equivalents for purposes of statement of cash flow comprises.

Particulars	As at 31 Ashadh 2081	As at 31 Ashadh 2080
Cash and Bank Balance	42,661.00	56,529.56
Total	42,661.00	56,529.56

3.7 Share Capital

Authorised Share Capital

Particulars	As at 31 Ashadh 2081	As at 31 Ashadh 2080
Authorised Share Capital		
25,000 Shares of NRs. 100 Each	2,500,000.00	2,500,000.00
Issued Share Capital		
25,000 Shares of NRs. 100 Each	2,500,000.00	2,500,000.00
Paid Up Share Capital		
5,000 Shares of NRs. 100 Each	500,000.00	500,000.00
Total	500,000.00	500,000.00

3.8 Reserves

The reserves to be included within the equity are share premium, retained earnings and other reserves.

Particulars	As At 31 Ashadh 2081	As At 31 Ashadh 2080
Opening Balance	(18,250.44)	(18,000.00)
Net profit for the year	(178,774.00)	(250.44)
Dividend paid	-	-
Closing balance	(197,024.44)	(18,250.44)






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Schedule Forming Part of Financial Statement

3.9 Loans and Borrowings

The details of value of loans and borrowing are as follows:

Particulars	As At 31 Ashadh 2081	As At 31 Ashadh 2080
Non-Current		
<i>Bank Loans</i>		
Secured	-	-
Unsecured	-	-
Total	-	-
Current		
Overdrafts	-	-
<i>Bank Loans</i>		
Secured	-	-
Unsecured	-	-
Total	-	-
Total Loans and Borrowings	-	-

3.10 Liability for Employee Benefits

Particulars	As At 31 Ashadh 2081	As At 31 Ashadh 2080
Defined benefits schemes	-	-
Defined Contribution schemes	-	-
Other employee benefits payable	-	-
Total	-	-
Categorized as:		
Due within one year or less	-	-
Due after more than one year	-	-
Total	-	-

3.11 Trade and other payables

Particulars	As At 31 Ashadh 2081	As At 31 Ashadh 2080
Trade payables	-	-
Other Payable	1,000.00	-
Audit Fee Payable	4,925.00	5,575.00
TDS Payables	-	-
Audit Fee	75.00	75.00
SST	-	480.00
Remuneration	18,000.00	-
Vehicle Rent	12,000.00	-
Rent	6,000.00	-
Total	42,000.00	6,130.00

3.12 Revenue from Operations

Particulars	As At 31 Ashadh 2081	As At 31 Ashadh 2080
Sales Revenue	-	265,274.00
Total	-	265,274.00

 
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Schedule Forming Part of Financial Statement

3.13 Materials consumed expenses

Particulars	As At 31 Ashadh 2081	As At 31 Ashadh 2080
Opening Stock	-	-
Purchase	-	211,233.44
Direct Project Expenses		
MTEF Program Cost (Tarkeshwar Municipality)	355,104.00	-
Nagarjun Municipality Meditation Program Cost	400,000.00	-
Research About Bankariya Language Program Cost	402,000.00	-
Less: Closing Stock	-	-
Total	1,157,104.00	211,233.44

3.14 Employee Benefit expenses

Particulars	As At 31 Ashadh 2081	As At 31 Ashadh 2080
Wages and Salaries	-	48,000.00
Total	-	48,000.00

Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, including the director NPR

Particulars	As At 31 Ashadh 2081	As At 31 Ashadh 2080
Salary	-	-
Total	-	-

3.15 Administrative Expenses

Particulars	As At 31 Ashadh 2081	As At 31 Ashadh 2080
Electricity Expenses	-	750.00
Telephone & Communication	-	285.00
Printing & Stationery Expenses	-	134.00
Office Operation Cost	23,600.00	-
Rent Expenses	60,000.00	-
Refreshment Expenses	-	122.00
Audit Fee	5,000.00	5,000.00
Total	88,600.00	6,291.00

3.16 Selling and Distribution Expenses

Particulars	As At 31 Ashadh 2081	As At 31 Ashadh 2080
Transportation Expenses	-	-
Sales Commission	-	-
Total	-	-

3.16 Interest Expenses

Particulars	As At 31 Ashadh 2081	As At 31 Ashadh 2080
Interest Expenses	-	-
Total	-	-


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Schedule Forming Part of Financial Statement

3.17 Other Expenses

Particulars	As At 31 Ashadh 2081	As At 31 Ashadh 2080
Loss on sale of investments		
Total	-	-

3.18 Tax Expenses

Particulars	As At 31 Ashadh 2081	As At 31 Ashadh 2080
Tax on profit for the Year	-	-
Previous Year Tax	-	-
Total	-	-


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Schedule Forming Part of Financial Statement

3.19 Change in Accounting Policies

An entity shall change an accounting policy only if the change results in the financial statements providing reliable and more relevant information about the effects of transactions, other events or conditions on the In the current financial year the company changes in accounting policies. This change has been accounted for by restating comparatives and adjusting the opening balance of retained earnings at 01 Shrawan 2080. The changes in accounting policy, when applied consistently to 2081 had the following impact: On Opening Retained Earnings: On Net profit.

3.20 Contingencies

There were no any contingent liabilities of the organization

3.21 Related Party Transactions

Identity of related parties

There were no any related party transaction during the year.

3.22 Current/Non Current Assets and Liabilities

Current Assets are expected to be realized within the normal operating cycle of the entity or within twelve months after the reporting period or are intended for sale or consumption within the normal operating cycle of the entity or are held primarily for the purpose of trading or are cash and cash equivalents. All other assets are classified as Non-current Assets.

Current Liabilities are expected to be settled in the entity's normal operating cycle or are primarily held for trading or are due to be settled within a period of twelve months after the reporting period. All other liabilities are classified as non-current liabilities.

3.23 Prior Period Errors

Prior Period Errors are omissions or misstatements in an entity's financial statements. Such omissions may relate to one or more prior periods. Correction of an error is done by calculating the cumulative effect of the change on the financial statements of the period as if new method or estimate had always been used for all the affected prior years' financial statements. Sometimes such changes may not be practicable, in such cases it is applied to the latest period possible by making corresponding adjustment to the opening balance of the period.



Panchashikha Consulting Pvt. Ltd.

Anamnagar-29, Kathmandu

Significant Accounting Policies And Notes to Accounts

1. General Information

Panchashikha Consulting Pvt Ltd. (The "Company") was incorporated in Nepal as a Private Limited Company in the office of Company Registrar on 2078.08.15 with Registration number 278433/078/079. The company had obtained its PAN 610155879 from Inland Revenue Office Kathmandu on dated 2078.08.15 for the purpose of Consulting of Technologies, Building Construction and any other consulting related work.

2. Significant Accounting Policies

2.1 Basis of Preparation

2.1.1 Statement of Compliance

The Financial Statements have been prepared in accordance with Nepal Accounting Standard for Micro entities (NAS for MEs) as mandated by Accounting Standard Board (ASB) through its meeting no. 258 to be applicable from Financial Statement to be prepared after 1st of Shrawan, 2080 .

2.1.2 Basis of Measurement

The Financial Statements have been prepared on the historical cost basis except investments held for trade is measure at fair value.

2.1.3 Critical Accounting Estimates

The preparation of financial statements in conformity with Nepal Accounting Standard for Micro Entities (NAS for MEs) requires the use of certain critical accounting estimate and judgements. The Firm makes certain estimates and assumptions regarding the future events. In the future, actual result may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are to be disclosed.

2.1.4 Functional and Presentation Currency

The financial statements are prepared in Nepalese Rupees, which is the Firm's functional currency. All the financial information presented in Nepalese Rupees has been rounded to the nearest rupee, except otherwise indicated.

2.2 Accounting policies

The principal accounting policies adopted in the preparation of financial statements are set out below. The policies have been consistently applied to all the year presented, unless otherwise stated.

2.2.1 Impairment of non-financial assets (excluding inventories)

Non-financial assets are subject to impairment tests whenever or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount, the assets is written down accordingly Impairment charges are included in profit or loss.

2.2.2 Foreign currency

Transactions entered into by company entities in a currency of the primary economic environment in which they operate (the " functional currency" is NPR) are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the reporting date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognized immediately in profit or loss.

2.2.3 Property, plant and equipment

Items of property, plant and equipment are initially recognized at cost. Cost includes the purchase price and other directly attributable costs. Subsequently, items of property, plant and equipment are measured at cost less depreciation less impairment.



2.2.4 Depreciation

Freehold land is not depreciated. Depreciation on assets under construction does not commence until they are complete and available for use. Depreciation is provided on all other items of property, plant and equipment so as to write-off their carrying value over the expected useful economic lives.

Depreciation has been computed on SLM/WDV Method.

2.2.5 Leased Assets

When all the risks and rewards incidental to ownership are not transferred to the company (an "operating lease"), the total rentals payable under the lease are charged to the statement of income over the lease term.

2.2.6 Investments

Investments in listed shares

Investments in listed shares held for trading are classified as current assets and are stated at quoted market price as at the date of the statement of financial position with any resultant gain or loss recognized in the statement of income.

Other Investments

Other investments are initially measured at cost and subsequently at lower of cost or market price. The provision for impairment is recognized in the statement of income.

2.2.7 Trade and other receivables

Trade and other receivables are stated at their cost less provision for impairment. The amount of provision is recognized in the income statement.

2.2.8 Inventories

Inventories are initially recognized at cost, and subsequently at the lower of cost and net realisable value. The cost is determined on first-in-first-out (FIFO) method or weighted average method and includes expenditure incurred in acquiring the inventories and bringing them to their present location and condition. In the case of manufactured inventories and work-in-progress, cost includes direct materials and labour cost and it does not include overheads which is charged to the statement of income in the period in which it is incurred.

2.2.9 Cash and cash equivalent

Cash and cash equivalent comprises cash balances, call deposits and other short term highly liquid investments. Bank overdrafts that are repayable in demand and from an integral part of the Firm's cash management are included within borrowings in current liabilities on the balance sheet.

2.2.10 Share Capital

Equity is the residual interest in the assets of an entity after deducting all its liabilities. Equity includes investments by the owners of the entity, plus additions to those investments earned through profitable operations and retained for use in the entity's operations, minus reductions to owners' investments as a result of unprofitable operations and distributions to owners.

Equity instruments are measured at the amount of cash received. If the equity instruments are exchanged for resources other than cash, the equity instruments shall be recognized at the value of those resources.

2.2.11 Borrowing Costs

Interest-bearing borrowing are recognized initially at cost, net of attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost. Borrowing costs are charged to the income statement in the period in which it is incurred.

2.2.12 Retirement Benefits

Defined Contribution Schemes

Benefits payable on contribution scheme is measured and recognized as expenses at the amount that needs to be contributed (whether or not actually contributed; i.e. on accrual basis) by the company during the reporting period.



Defined benefit schemes

Benefits payable for defined benefit scheme is measured and recognized as a liability at the amount that would be payable at the end of the reporting period, if the employees leave on that date. Employee who have not completed the minimum period of service to be entitled to the retirement benefit at the end of the reporting period of service to be entitled to the retirement benefit at the end of the reporting period are not considered in the measurement of the liability.

2.2.13 Taxation

Income tax is the expected tax payable in the taxable income for the year using tax rates at the balance sheet date and any adjustment to tax payable in respect of previous years.

Additional Income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend.

2.2.14 Government grants/ Deferred Revenue

Governments grants received for capital expenditure are generally deducted in arriving at the carrying amount of the asset purchased. Grant for revenue expenditure are netted against the cost incurred by the company. Where retention of a government grant is dependent on the company satisfying certain criteria, it is initially recognized as deferred income. When criteria for retention have been satisfied, the deferred income balance is released to the statement of income or netted against the asset purchased.

2.2.15 Trade and other payables

Trade and other payables are stated at their cost.

2.2.16 Provisions

The provisions for liabilities of uncertain timing or amount include those for warranty claims, leasehold dilapidations and legal disputes. The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date.

2.2.17 Income

Revenue

Revenue from the sales of goods or services is recognized when the company has transferred the significant risks and rewards of ownership to the buyer and it is probable that the company will receive the previously agreed upon payment.

Interest income

interest income are recognized in the statement of income using accrual method.

Dividend income

Dividend income is recognized in the income statement when the right to receive payment is established.

2.2.18 Expenses

Operating lease payments

Payments made under operating lease are recognized in the income statement on a straight-line basis over the term of lease.

Interest

interest expenses are recognized in the statement of income using accrual method.

