

**Independent Auditor's Report
To the Shareholders of
Association for Rural Development (ARD)**

Report on the Audit of the Financial Statements:

Opinion

We have audited the financial statements of **Association for Rural Development (ARD)** herein referred to as "*Organization*", which comprise the Statement of Financial Position as at 31st Ashadh 2080, and the Statement of Profit and Loss and Other Comprehensive Income, statement of changes in equity and statement of cash flow for the year then ended and Significant accounting policies and notes to accounts

In our opinion, the accompanying financial statements read together with the notes attached thereon present fairly, in all material respects the financial position of the Company as at 31st Ashadh 2080 and its financial performance, its cash flows, changes in equity for the year then ended in accordance with applicable Generally Accepted Accounting Principles and relevant practices.

Basis for opinion

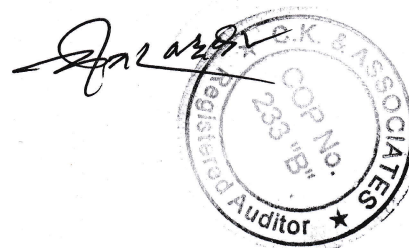
We conducted our audit in accordance with Nepal Standards on Auditing (NSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit on the Financial Statements section of our report. We are independent of the Company in accordance with the ICAN's Handbook of Code of Ethics for Professional Accountants together 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 and the ICAN's handbook of The Code of Ethics for Professional Accountants. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for opinion.

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 NAS, and for such internal control as management determines is necessary to enable that 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 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 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 NSA's 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. Further responsibilities of the auditor have been mentioned in **Appendix-1**.

Report on Other Legal and Regulatory Requirement

- We have obtained information and explanations asked for, which, to the best knowledge and belief, were necessary for the purpose of our audit.
- In our opinion, Statement of Financial Position, Statement of Profit or Loss and Other Comprehensive Income, Statements 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 maintained by the Company including relevant records relating to preparation of the aforesaid financial statements have been kept so far as it appears from our examination of those books and record of the Company.
- To the best of our information and according to explanation given to us and so far appeared from our examination of the books of account of the Company, we have not come across cases where Board of Directors or any employees of the Company have acted contrary to the provisions of law relating to the accounts, or committed any misappropriation or caused loss or damage to the Company.

Place: Kathmandu

Date: 2080-06-19

UDIN No: 231009RA02956m3M60


Chitra Khadka
Proprietor
C.K. & Associates
Registered Auditor



Appendix - 1

As a part of audit in accordance of NSAs, we exercised professional judgment and maintain professional skepticism throughout the audit. We also:

- Identified and assessed the risk of material misstatement of the financial statement whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide an opinion. The risk of not detecting material misstatements 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.
- Obtained 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.
- Concluded an appropriateness of management use of going concern basis of accounting and, based in audit evidence obtained, whether a material uncertainty exists related to events or condition that may cast significant doubt on the company ability to continue as going concern. If we concluded that a material uncertainty exists, we were required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosure were inadequate, to modify our opinion. Our conclusions were based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as going concern.
- Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Evaluated the overall presentation, structure, and content of financial statement including the disclosures, and whether the financial statement represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities to express an opinion on the financial statements. We remain solely responsible for our audit opinion.
- We communicated with those charges 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.
- We also provided those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicated with them all relationships and other matter that may reasonably be though to bear on our independence, and where applicable, related standards.



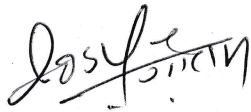
**Association for Rural Development(ARD)
Bethanchok-03,Dhungkharka, Kavre, Nepal**

**Balance Sheet
As on 31st Ashad 2080**

Capital & Liabilities	Schedule	Current Year Amount (Rs)	Previous Year Amount (Rs)
Capital Fund			
Unrestricted Fund	1	(400,334.89)	(367,968.79)
Restricted Fund		14,446,749.15	6,521,925.78
Current Liabilities & Provision			
Current Liabilities	2	688,824.42	834,743.41
Provision			
Grand Total		14,735,238.68	6,988,700.40
Fixed Assets			
Investment	3	281,529.53	345,395.62
Current Assets			
Cash & Bank Balance	4	14,448,709.15	6,613,304.78
Advance & Receivable	5	5,000.00	30,000.00
Grand Total		14,735,238.68	6,988,700.40

Significant Accounting Policy & Notes to Accounts - 19
Schedules 1 to 18 form the integral part of the Balance Sheet.

As per our report of the even date.



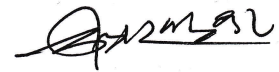
Khadananda Gautam
Treasurer





Dal Nath Timalina
Act. Chairperson





Chitra Khadka, RA
Proprietor
C.K. Associates
Registered Auditors

Date: 2080-06-19
Kavre, Nepal

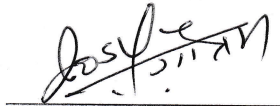
Association for Rural Development(ARD)
Bethanchok-03,Dhungkharka, Kavre, Nepal
Income Statement
For the period from 1 Shrawan 2079 to 31st Ashad 2080

Particular	Schedule	Current Year Amount (Rs)	Previous Year Amount (Rs)
Direct Income	6	-	345,167.00
Grant Support	7	44,939,440.98	47,812,681.81
Other Income(Bank Interest,Membership Fees)		135,000.00	56,903.76
Total Income		45,074,440.98	48,214,752.57
Expenditure			
Program Expenses			
Post Implementation Program/Fund Board	8	-	79,680.00
Local Adpatation Plan Of Action (LAPA)	9	-	265,487.00
Achieving SDGs through youth change makers in action and youth exchange from nepal and Luxembourg/AEIN	10	2,167,541.00	698,855.00
TDHG/Youth Empowerment Project/Mandandeupur	11	3,433,380.75	3,245,789.00
AEIN/Quality Education & Livelihood Enhancement Project/Panauti & Bethanchowk	12	15,706,007.00	14,381,341.00
AEIN/Solu Watree Project	13	11,799,956.00	13,871,055.00
Towards Climate Smart Villages Project: Kavre & Bhaktapur	14	-	11,493,901.81
Towards Climate Smart Villages Project: Kavre -II	15	11,463,729.00	2,282,472.00
German Embassy/Happy Mensuration Project	16	360,732.00	1,839,268.00
Post ODF	17	8,095.23	-
Office Expenses	18	103,500.00	3,500.00
Depreciation	3	63,866.10	79,864.72
Total Expenditure		45,106,807.08	48,241,213.53
Surplus			
Surplus (Deficit) During the Year		(32,366.10)	(26,460.96)
Surplus (Deficit) Up to previous Year		(367,968.79)	(341,507.83)
Transferred to Balance Sheet		(400,334.89)	(367,968.79)

Significant Accounting Policy & Notes to Accounts

19

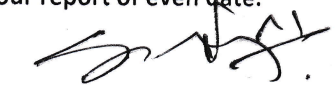
Schedules 1 to 18 form the integral part of the Income Statement.



Khadananda Gautam
Treasurer

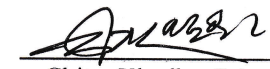


As per our report of even date.



Dal Nath Timalsina
Act.Chairperson



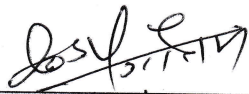


Chitra Khadka, RA
Proprietor .
C.K. Associates
Registered Auditors

Date:2080-06-19
Kavre, Nepal

Association for Rural Development(ARD)
Bethanchok-03,Dhungkharka, Kavre, Nepal
Cash Flow Statement as on 31st Ashad end 2080

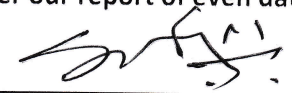
Particulars	Current Year Amount (Rs)	Previous Year Amount (Rs)
Net Surplus during the period	(32,366.10)	(26,460.96)
Increase in Capital Fund/Restricted fund	7,924,823.37	(7,048,055.78)
Adjustment For:		
Depreciation	63,866.10	79,864.72
Operating Surplus Before change in working Capital	7,956,323.37	(6,994,652.02)
Increase (Decrease) in Current assets	25,000.00	165,000.00
(Increase) Decrease in Current Liabilities	(145,919.00)	35,991.43
Change in Working Capital	(120,919.00)	200,991.43
Net Cash from operating activities	7,835,404.37	(6,793,660.59)
From Investing Activites		
Purchase of Fixed Assets	-	-
Sales of Fixed Assets	-	-
Interest received from Investment	-	-
Net Cash used in investing activities	-	-
From Financing Activities		
Increase/(Decrease in Fixed Assets Fund)	-	-
Increase Loans	-	-
Re-payment of Loans	-	-
Net Cash From Financing Activities	-	-
Net Increase (decrease) in cash & cash Equivalent	7,835,404.37	(6,793,660.59)
Cash & Cash Equivalent at the beginning of the period	6,613,304.78	13,406,965.37
Cash & Cash Equivalent at the end of the period	14,448,709.15	6,613,304.78



Khadananda Gautam
Treasurer

As per our report of even date.





Dal Nath Timalsina
Act. Chairperson





Chitra Khadka, RA
Proprietor
C.K. Associates
Registered Auditors

Date:2080-06-19
Kavre, Nepal

Association for Rural Development(ARD)
Bethanchok-03,Dhungkharka, Kavre, Nepal

Schedule Forming the Integral Part of Balance Sheet as of Ashad end 2080

Capital Reserve

Schedule 1

Particular	Amount (Rs)
Surplus (Deficit) During The Year	(32,366.10)
Surplus up to Previous Year	(367,968.79)
Total	(400,334.89)

Current Liabilities

Schedule 2

Particular	Amount (Rs)
Audit Fee Payable	98,500.00
Audit Fee TDS	1,500.00
VAT Payable	-
Project and other Payable Account	588,824.42
Total	688,824.42

Cash & Bank Balance

Schedule 4

Particular	Amount (Rs)
Bank Balance(RBB-1810100000527001)	2,149,642.00
NCC Bank (006000861401)	958,951.12
Nabil Bank Limited(4201017500866)	5,544,749.29
Bank Balance(SBL 01719826730)	1,615.53
Nepal bank Limited(0100100045268000001)	5,793,751.21
Cash	-
Total	14,448,709.15

Advance & receiveable

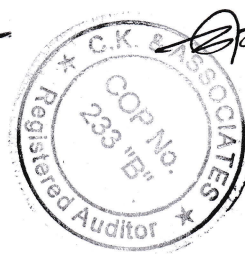
Schedule 5

Particular	Amount (Rs)
Telephone Deposit	5,000.00
Project Receivable Account	-
Total	5,000.00

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Association for Rural Development(ARD)
Bethanchok-03, Dhungharka, Kavre, Nepal
Schedule Forming the Integral Part of the Financial Statement as of Ashad end 2080

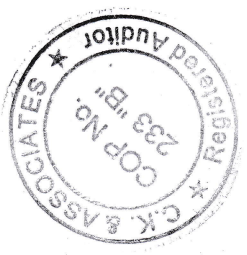
Fixed Assets Schedule - 3

S.N	Particulars	Gross Value			Rate	Depreciation	Net Value
		Opening	Addition	Total			
Group "B"							
1	Furniture & Fixture	7,120.39	-	7,120.39	25%	1,780.10	5,340.29
2	Computer & Equipments	113,447.14	-	113,447.14	25%	28,361.79	85,085.36
3	Camera & Other Assets	45,783.60	-	45,783.60	15%	6,867.54	38,916.06
4	Vehicle(Motorcycle)	179,044.49	-	179,044.49	15%	26,856.67	152,187.82
	Grand Total	345,395.62	-	345,395.62		63,866.10	281,529.53

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**Association for Rural Development(ARD)
Bethanchok-03,Dhungkharka, Kavre, Nepal**

Schedule Forming the Integral Part of Income Statement for the period ended Ashad 2080

Direct Income

Schedule - 6

Particular	Amount (Rs)
Post Implementation Program/Fund Board	-
Local Adpatation Plan Of Action (LAPA)	-
Total	-

Grant Support

Schedule - 7

Particular	Amount (Rs)
Achieving SDGs through youth change makers in action and youth exchange from nepal and Luxembourg/AEIN	2,167,541.00
Post ODF	8,095.23
TDHG/Youth Empowerment Project/Mandandepur	3,433,380.75
AEIN/Quality Education & Livelihood Enhancement Project/Panauti & Bethanchowk	15,706,007.00
AEIN/Solu Watree Project	11,799,956.00
Towards Climate Smart Villages Project: Kavre & Bhaktapur	-
Towards Climate Smart Villages Project: Kavre -II	11,463,729.00
German Embassy/Happy Mensuration Project	360,732.00
Total	44,939,440.98

Office Expenses

Schedule - 18

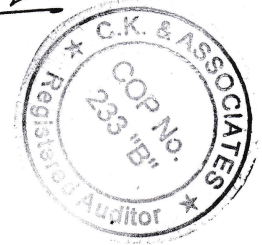
Particular	Amount (Rs)
Renewal Fee	3,500.00
Audit Fee	100,000.00
Total	103,500.00

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Association for Rural Development
Post Implementation Program/Fund Board
Fund Accountability Statement
For the period of [Shrawan 1 2079 to Ashadh 31 2080]

Schedule-8

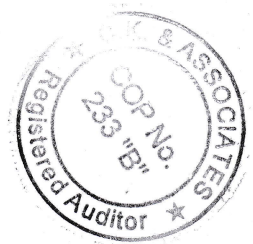
Sources of Funds	Amount Rs.
Opening balance of Fund	-
Fund receipt this year	
Grant Income	-
Interest Income	-
Other Income	-
Total Income	-
Expenditures	
	-
Total Expenditure	-
Balance	-
Balance Represented By	
Cash in hand	-
Bank Balance	-
Receivables	-
Payables	-
Balance	-

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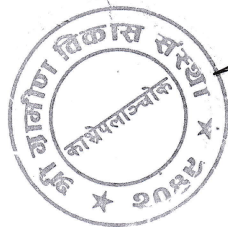


Association for Rural Development
Local Adpatation Plan of Action (LAPA)
Fund Accountability Statement
For the period of [Shrawan 1 2079 to Ashadh 31 2080]

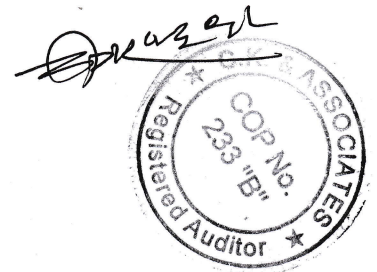
Schedule-9

Sources of Funds	Amount Rs.
Opening balance of Fund	-
<u>Fund receipt this year</u>	
Grant Income	-
Interest Income	-
Other Income	-
Total Income	-
Expenditures	
	-
Total Expenditure	-
Balance	-
Balance Represented By	
Cash in hand	-
Bank Balance	-
Receivables	-
Payables	-
Balance	-

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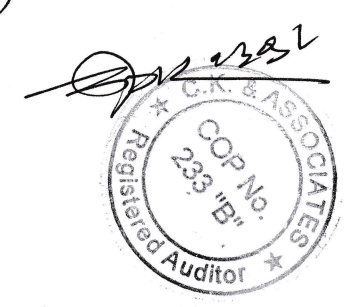
Association for Rural Development Achieving SDGs through youth change makers in action and youth exchange from nepal and Luxembourg/AEIN Fund Accountability Statement For the period of [Shrawan 1 2079 to Ashadh 31 2080]	
Sources of Funds	Amount Rs.
Opening balance of Fund	744,947.98
Fund receipt this year	-
Grant Income	1,424,208.55
Interest Income	-
Other Income	-
Total Income	2,169,156.53
Expenditures	
Procurement of services	84,000.00
Staff & Program Management Cost	665,000.00
Procurement of movable assets	27,360.00
Project Key Activities	1,336,181.00
Program monitoring & Evaluation	55,000.00
Total Expenditure	2,167,541.00
Balance	1,615.53
Balance Represented By	
Cash in hand	-
Bank Balance-(SBL 01719826730)	1,615.53
Receivables	-
Payables	-
Balance	1,615.53

Schedule -10

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Association for Rural Development

TDHG/Youth Empowerment Project/Mandandeupur Fund Accountability Statement

For the period of [Shrawan 1 2079 to Ashadh 31 2080]

Schedule -11

Sources of Funds	Amount Rs.
Opening balance of Fund	674,766.94
Fund receipt this year	-
Grant Income	3,717,564.93
Interest Income	-
Other Income	-
Total Income	4,392,331.87
Formation of youth clubs and mobilization	21,700.00
Formation and Strengthening of youth network	10,800.00
Monthly Meeting of Youth Clubs	42,185.00
Tri -Monthly meeting of youth network	29,925.00
Youth activities for environment protection	57,210.00
TOT - for youth on Climate change, Environment rights, and SDGs for youth	397,935.00
Youth Policy formation workshop	68,890.00
IEC material and Success stories development and dissemination	364,450.00
School Orientation on Environment Rights and SDGs	24,000.00
Youth video documentary	172,000.00
Community radio program development and broadcasting on youth	103,056.00
Training and Door to door Campaign of youths for dissemination of the waste and water management technique	110,950.00
Project Induction, Progress and Coordination meeting with stakeholder in Mandandeupur Municipality	37,330.00
Conduct mass awareness program on occasion of Day Celebration	43,955.00
Youth enterprise startup Ideas support	632,000.00
Youth Leadership Award	10,600.00
Program monitoring and transportation	161,528.00
Stationery & Printing	30,929.75
Communication	30,000.00
Office Rent	120,000.00
Office Suppiles, Cleaning etc	26,937.00
Youth Mobilizer	338,000.00
Accountant	195,000.00
Youth Mobilization Officer	364,000.00
External Audit Cost	40,000.00
Total Expenditure	3,433,380.75
Balance	958,951.12
Balance Represented By	
Cash in hand	-
Bank Balance-NCC Bank (006000861401)	958,951.12
Receivables	-
Payables	-
Balance	958,951.12

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Association for Rural Development
AEIN/Quality Education & Livelihood Enhancement Project/Panauti & Bethanchowk
Fund Accountability Statement
For the period of [Shrawan 1 2079 to Ashadh 31 2080]

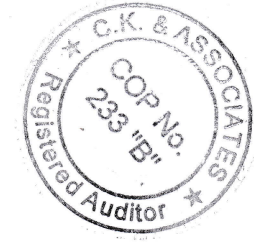
Sources of Funds	Schedule-12 Amount Rs.
Opening balance of Fund	310,555.65
Fund receipt this year	17,545,093.35
Grant Income	-
Interest Income	-
Other Income	-
Total Income	17,855,649.00
Expenditures	
Personnel Costs	3,826,410.00
Procurement of services	502,774.00
Procurement of movable assets	60,611.00
Education and Child Development Programme	6,303,918.00
Women empowerment Activities	3,059,299.00
Livelihood or income generating for women and youth	1,952,995.00
Total Expenditure	15,706,007.00
Balance	2,149,642.00
Balance Represented By	
Cash in hand	-
Bank Balance(RBB-1810100000527001)	2,149,642.00
Receivables	-
Payables	-
Balance	2,149,642.00

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Association for Rural Development
AEIN/Slou Watree Project
Fund Accountability Statement
For the period of [Shrawan 1 2079 to Ashadh 31 2080]

Schedule -13

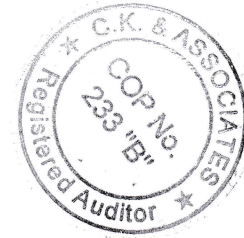
Sources of Funds	Amount Rs.
Opening balance of Fund	3,834,603.98
<u>Fund receipt this year</u>	
Grant Income	13,508,141.31
Interest Income	-
Other Income	-
Total Income	17,342,745.29
Expenditures	
Programme expenses	937,198.00
Costs of personnel	4,683,950.00
Procurement of movable assets	4,559,330.00
Training and awareness-raising costs	938,054.00
Monitoring costs	631,424.00
Audit fee	50,000.00
Total Expenditure	11,799,956.00
Balance	5,542,789.29
Balance Represented By	
Cash in hand	-
Bank Balance-Nabil BL(4201017500866)	5,544,749.29
Receivables	-
Payables	1,960.00
Balance	5,542,789.29

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Association for Rural Development
Towards Climate Smart Villages Project: Kavre & Bhaktapur
Fund Accountability Statement
For the period of [Shrawan 1 2079 to Ashadh 31 2080]

Schedule-14

Sources of Funds	Amount Rs.
Opening balance of Fund	18,185.00
Fund receipt this year	
Grant Income	-
Interest Income	-
Other Income	-
Total Income	18,185.00
Expenditures	-
Total Expenditure	-
Balance	18,185.00
Balance Represented By	
Cash in hand	-
Bank Balance	18,185.00
Receivables	-
Payables	-
Balance	18,185.00

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Association for Rural Development
Towards Climate Smart Villages Project: Kavre -II
Fund Accountability Statement
For the period of [Shrawan 1 2079 to Ashadh 31 2080]

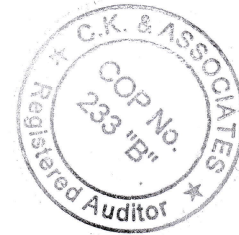
Schedule-15

Sources of Funds	Amount Rs.
Opening balance of Fund	570,039.00
Fund receipt this year	
Grant Income	16,669,256.21
Interest Income	-
Other Income	-
Total Income	17,239,295.21
Expenditures	
Procurement of services	727,658.00
Costs of personnel	4,477,575.00
Procurement of movable assets	3,916,711.00
Training and awareness-raising costs	505,585.00
Communication Costs	373,045.00
Follow up costs	1,413,155.00
Auditing Costs	50,000.00
Total Expenditure	11,463,729.00
Balance	5,775,566.21
Balance Represented By	
Cash in hand	-
Bank Balance(Nepal bank)	5,775,566.21
Receivables	-
Payables	-
Balance	5,775,566.21

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Association for Rural Development
German Embassy/Happy Mensuration Project
Fund Accountability Statement
For the period of [Shrawan 1 2079 to Ashadh 31 2080]

Schedule-16

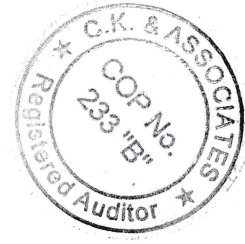
Sources of Funds	Amount Rs.
Opening balance of Fund	360,732.00
Fund receipt this year	-
Grant Income	-
Interest Income	-
Other Income	-
Total Income	360,732.00
Expenditures	300,000.00
Space Rent	60,732.00
Materials, local transportation & Refreshment	-
Total Expenditure	360,732.00
Balance	-
Balance Represented By	-
Cash in hand	-
Bank Balance(Nabil Bank)	-
Receivables	-
Payables	-
Balance	-

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Association for Rural Development
Post ODF
Fund Accountability Statement
For the period of [Shrawan 1 2079 to Ashadh 31 2080]

Schedule-17

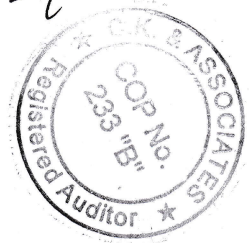
Sources of Funds	Amount Rs.
Opening balance of Fund	8,095.23
<u>Fund receipt this year</u>	
Grant Income	-
Interest Income	-
Other Income	-
Total Income	8,095.23
Expenditures	
Printing and Documentation	8,095.23
Total Expenditure	8,095.23
Balance	-
Balance Represented By	
Cash in hand	-
Bank Balance	-
Receivables	-
Payables	-
Balance	-

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Fund Reconciliation

Association for Rural Development(ARD)
Bethanchok-03,Dhungkharka, Kavre, Nepal

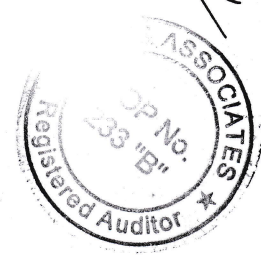
Project Name	Opening Grant Balance	Grant Received during period	Gross Grant Received during period	Balance Grant Shown in Restricted Fund	Net Grant In
Post Implementation Program/Fund Board	-	-	-	-	-
Local Adpatation Plan Of Action (LAPA)	-	-	-	-	-
Achieving SDGs through youth change makers in action and youth exchange from nepal and Luxembourg/AEIN	744,947.98	1,424,208.55	2,169,156.53	1,615.53	2,167,541.00
Post ODF	8,095.23	-	8,095.23	-	8,095.23
TDHG/Youth Empowerment Project/Mandandepur	674,766.94	3,717,564.93	4,392,331.87	958,951.12	3,433,380.75
Project/Panauti & Bethanchowk	310,555.65	17,545,093.35	17,855,649.00	2,149,642.00	15,706,007.00
AEIN/Solu Watree Project	3,834,603.98	13,508,141.31	17,342,745.29	5,542,789.29	11,799,956.00
Towards Climate Smart Villages Project: Kavre & Bhaktapur	18,185.00	-	18,185.00	18,185.00	-
Towards Climate Smart Villages Project: Kavre -II	570,039.00	16,669,256.21	17,239,295.21	5,775,566.21	11,463,729.00
German Embassy/Happy Mensuration Project	360,732.00	-	360,732.00	-	360,732.00
Total	6,521,925.78	52,864,264.35	59,386,190.13	14,446,749.15	44,939,441.00

Basu Saini



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Association of Rural Development (ARD)
Notes to Financial Statements
Period ended July 16, 2023 (Ashad 31, 2080)
(Amounts are in Nepalese Rupees, unless otherwise stated)

1. Introduction of Association of Rural Development (ARD)

Association of Rural Development (ARD)Kavre, is a Non- Governmental Organization registered under Organization Registration Act,1978 at District Administration Office and bearing registration number 58-049/50 having its office at Bethanchowk- 3 Kavre. The main objective of this NGO is to help in the Sustainable Development through the utilization of Social Activities, empowering the society. Similarly, this organization aims running of programmes related to Water Supply and Sanitation, Quality Education , Women Children and Youth Empowerment, Sustainable agriculture, Environment Protection, Livelihood Support and Accountability.

ARD has obtained PAN No. 302110210 from the Inland Revenue Department (IRD) of Nepal.

The financial statements are prepared in accordance with the historical cost convention, on accrual basis of accounting. This financial statement is approved by the Board of Directors Meeting of the organization.

2. Summary of Significant Accounting Policies

2.1. Convention

The financial statements have been prepared in accordance with Generally Accepted Accounting Principles (GAAP). A summary of significant accounting policies, which have been applied consistently, is set out below.

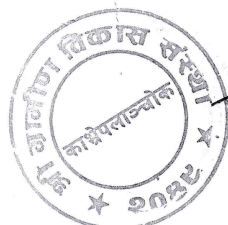
2.2. Basis of Preparation

The financial Statements have been prepared in accordance with applicable laws. The financial statements have been prepared on the basis of accounting information and explanations provided by the management during the course of our audit.

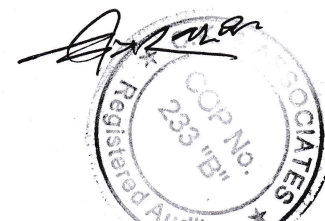
2.3. Use of estimates

The preparation of financial statements, in conformity with Generally Accepted Accounting Principles (GAAP), requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities as at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates. Any difference from those estimates is recorded in the period in which they are identified.

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2.4. Fund Balance

ARD's fund balance are classified as unrestricted, temporarily restricted and permanently restricted fund balance based on existence or absence of donor-imposed restrictions. These classifications are defined as follows:

Unrestricted Fund Balance: Contributions received from donors without specifying any restrictions and those project which are completed and the funds from the internal activities of the organization have been recognized under unrestricted fund balance.

Temporarily Restricted Fund Balance: Contributions that have been donor-imposed restrictions (other than to be held in perpetuity) are recognized under temporarily restricted fund balance.

Permanently Restricted Fund Balance: Contributions with stipulated by donor that they shall be held till perpetuity (forever, not be used up) have been recognized under permanently restricted fund balance.

2.5. Property, Plant & Equipment

The Property, Plant & Equipment have been valued at original cost inclusive of incidental expenses related to acquisition. Items of property, plant and equipment has been carried at its cost less accumulated depreciation and accumulated impairment losses as per data provided by management. All of property, plant and equipment are in existence and under organizations ownership.

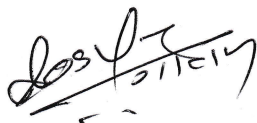
Granted assets includes office equipment received under grant from different parties. The value of assets so received is recorded separately as funds for granted assets and depreciation for the same has been calculated and shown in schedules of fixed assets and depreciation but depreciation has not been charged to Income Statement because same had already been booked as project expenditure as and when the assets were procured.

2.6. Depreciation

Each part of item of property, plant and equipment with a cost that is significant in relation to the total cost of the item has been depreciated separately using diminishing balance method. Depreciation on Property, Plant & Equipment has been provided at the rates deemed appropriate by management based on the estimated expected life of assets over its useful life as per Nepal Accounting Standard (NAS) "Property, Plant & Equipment", which are equivalent to the rates prescribed by the Income Tax Act, 2058.

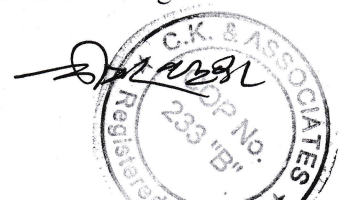
Depreciation charge for each item of property, plant and equipment for each period has been recognized in the income statement as per applicable relevant accounting standard. Likewise, depreciation method applied to the asset has been reviewed at least once in each financial year end as certified by management.

The gain or loss arising from de-recognition of an item of property, plant and equipment has been included in profit or loss account whenever the item is de-recognized. Gains thereof has not been recognized as revenue.









The fixed assets are depreciated at the following rates using diminishing balance depreciation method:

Name of Asset	Depreciation Rate
Furniture & Fixture	25%
Computer & Office Equipment	25%
Inverter and Battery	25%
Vehicle (Motorbike)	20%
Project Equipments	15%
Other Assets	15%
Software	20% SLM

2.7. Revenue and Cost Recognition

The financial statements of ARD are prepared on accrual basis of accounting.

Contributions are recognized on the basis of the fund received from the donor raised on the date of such received. Contributions received that have some form of donor stipulation attached to them are recorded as temporarily/permanently restricted fund. Once ARD satisfies the donor stipulation, either by using the funds for the approved purpose or by passage of time, contribution is released from restriction and booked as income.

Interest income from bank has been recognized as certified by related Bank & Financial Institution. During the year the organization has collected funds from the following sources:

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21/11/17



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Non VAT Project Grants

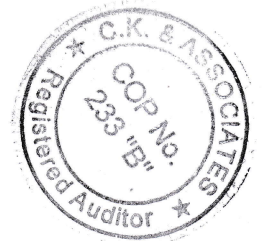
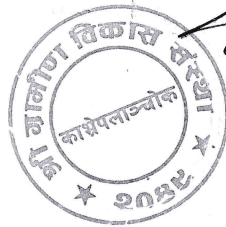
Particulars	Amount
Achieving SDGs through youth change makers in action and youth exchange from nepal and Luxembourg/AEIN	2,167,541.00
Post ODF	8,095.23
TDHG/Youth Empowerment Project/Mandandepur	3,433,380.75
AEIN/Quality Education & Livelihood Enhancement Project/Panauti & Bethanchowk	15,706,007.00
AEIN/Solu Watree Project	11,799,956.00
Towards Climate Smart Villages Project: Kavre & Bhaktapur	-
Towards Climate Smart Villages Project: Kavre -II	11,463,729.00
German Embassy/Happy Mensuration Project	360,732.00
Total Fund Received	
Add: Liability transfer from last year	6,521,925.78
Less: Unutilized fund transfer in next year	14,446,749.15
Net Fund Received and booked as income	44,939,440.98

Total Fund Received and booked as income	44,939,440.98
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2.8. Accounting for Provisions, Contingent Liabilities and Contingent Assets:

Contingent liabilities are recognized only where there is a possible obligation arising from past events due to the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the project or where any present obligation cannot be measured in terms of future cash flow of recourses or where a reliable estimate of the obligation cannot be made. Obligations are assessed on an ongoing basis and only those having a largely possible outflow of resources are provided for.

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Notes to The Financial Statements

3.1 Cash and Cash Equivalents

Cash and cash equivalents represent cash on hand and balance in bank accounts as certified by the management.

Particulars	Amount (NRs.)
Bank Balance(RBB-1810100000527001)	2,149,642.00
NCC Bank (006000861401)	958,951.12
Nabil Bank Limited(4201017500866)	5,544,749.29
Bank Balance(SBL 01719826730)	1,615.53
Nepal bank Limited(0100100045268000001)	5,793,751.21
Total	14,448,709.15

3.2 Account Receivable and Deposit

The amount recoverable from receivable, deposit and loans & advances are stated at book value subject to confirmation from related parties as certified by the management.

3.3 Account Payable

Account payable has been recorded at their estimated payable value subject to confirmation from respective party if any.

3.4 Grant Received

The organization has recorded grant income as and when they were received

3.5 Temporary Restricted Fund Balance

The following temporarily restricted fund balance are available at the end of this fiscal year 2079/80.

Project Name	Amount NRs.
Achieving SDGs through youth change makers in action and youth exchange from nepal and Luxembourg/AEIN	1,615.53
Post ODF	-
TDHG/Youth Empowerment Project/Mandandepur	958,951.12
AEIN/Quality Education & Livelihood Enhancement Project/Panauti & Bethanchowk	2,149,642.00
AEIN/Solu Watree Project	5,542,789.29
Towards Climate Smart Villages Project: Kavre & Bhaktapur	18,185.00
Towards Climate Smart Villages Project: Kavre -II	5,775,566.21
German Embassy/Happy Mensuration Project	-
Total	14,446,749.15

Note: Negative fund balance, if any means the fund to be received from the donor as per donor agreement.

3.6 Project Expenses






The details of total project expenses based on the donor of Association for Rural Development(ARD) is as follows:

Particulars	Amount (NRs.)
Achieving SDGs through youth change makers in action and youth exchange from nepal and Luxembourg/AEIN	2,167,541.00
TDHG/Youth Empowerment Project/Mandandeupur	3,433,380.75
AEIN/Quality Education & Livelihood Enhancement Project/Panauti & Bethanchowk	15,706,007.00
AEIN/Solu Watree Project	11,799,956.00
Towards Climate Smart Villages Project: Kavre & Bhaktapur	-
Towards Climate Smart Villages Project: Kavre –II	11,463,729.00
German Embassy/Happy Mensuration Project	360,732.00
Post ODF	8,095.23
Total	44,939,440.98

3. Commitments and Contingencies

There are no any commitments and contingencies of Association for Rural Development(ARD) to be settled as on balance sheet date.

4. Opening Balances of Financial Statements

Correct opening figures are brought down where necessary in this fiscal year so as necessary to comply with NAS 8 (New) **Accounting Policies, Changes in Accounting Estimates and Errors.**

5. Previous Period Figures

The previous year figures have been regrouped, rearranged and reclassified wherever necessary. Amounts and other disclosures for the preceding year are included as an integral part of the current year financial statements and are to be read in relation to the amounts and other disclosures relating to the current year.

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