

**Model Financial Statements for NPOs**  
**(Based on NAS for NPOs)**

## Model Financial Statements for NPOs (Based on NAS for NPOs)

**Background:** Fiscal transparency is very paramount for non-profit organizations to promote a healthy contribution culture to support it. It is also important to enhance social recognition. There is need of common accounting standard for NPOs so that the financial statements prepared by NPOs can be easily understood by users familiar with general purpose financial statements. The users may also compare the financial statements prepared by different NPOs.

Therefore, financial reporting of non-profit organizations are required to meet the information needs of different stakeholders, therefore this model gives the typical format of the Financial Statements of NPO in a common minimum basis in the following section.

# NAS for NPOs 2018

## 1. STATEMENT OF FINANCIAL POSITION

**XYZ - NPO NEPAL**  
**STATEMENT OF FINANCIAL POSITION**  
**As at ..... Ashadh 20XX (..... July 20XX)**

(NRs. in '000)

Particulars	Notes	Current Year	Previous Year
<b>ASSETS</b>			
<b>Non - Current Assets</b>			
Property, Plant and Equipment	4.1	XXXX	XXXX
Intangible assets	4.2	XXXX	XXXX
Investment Property		XXXX	XXXX
Long term Investments		XXXX	XXXX
Other noncurrent assets		XXXX	XXXX
<b>Total Non - Current Assets</b>		<b>XXXXX</b>	<b>XXXXX</b>
<b>Current Assets</b>			
Inventories	4.3	XXXX	XXXX
Accounts receivable	4.4	XXXX	XXXX
Cash and cash equivalents	4.5	XXXX	XXXX
<b>Total Current Assets</b>		<b>XXXXX</b>	<b>XXXXX</b>
<b>Total Assets</b>		<b>XXXXX</b>	<b>XXXXX</b>
<b>LIABILITIES &amp; RESERVES</b>			
<b>Accumulated Reserves</b>			
Unrestricted Funds/accumulated surplus	4.6	XXXX	XXXX
Designated Funds	4.7	XXXX	XXXX
Restricted Funds	4.8	XXXX	XXXX
Endowment Fund	4.9	XXXX	XXXX
Other Capital Reserves	4.10	XXXX	XXXX
<b>Total Accumulated Reserves</b>		<b>XXXXX</b>	<b>XXXXX</b>
<b>Non - Current Liabilities</b>			
Loans and borrowings		XXXX	XXXX
Employee benefit liabilities		XXXX	XXXX
Deferred Revenue		XXXX	XXXX
Other non-current liabilities		XXXX	XXXX
<b>Total Non - Current Liabilities</b>		<b>XXXXX</b>	<b>XXXXX</b>
<b>Current Liabilities</b>			
Accounts payable	4.11	XXXX	XXXX
Loans and borrowings		XXXX	XXXX
Provisions	4.12	XXXX	XXXX
Bank overdrafts	4.13	XXXX	XXXX
<b>Total Current Liabilities</b>		<b>XXXXX</b>	<b>XXXXX</b>
<b>Total Liabilities</b>		<b>XXXXX</b>	<b>XXXXX</b>
<b>Total Liabilities and Reserves</b>		<b>XXXXX</b>	<b>XXXXX</b>

*The Notes on accounts form an integral part of the financial statements.*

## 2. STATEMENT OF INCOME &amp; EXPENDITURE

**XYZ - NPO NEPAL**  
**STATEMENT OF INCOME AND EXPENDITURE**  
**For the Year Ended ..... Ashadh 20XX (..... July 20XX)**

(NRs. in '000)

Particulars	Notes	Current Year	Previous Year
<b>INCOME</b>			
Incoming Resources	4.14	XXXX	XXXX
Financial Income		XXXX	XXXX
Other Income		XXXX	XXXX
<b>Total Income</b>		<b>XXXXXX</b>	<b>XXXXXX</b>
<b>EXPENDITURE</b>			
Staff Cost/Expenses	4.15	XXXX	XXXX
Program Expenses	4.16	XXXX	XXXX
General Administrative Expenditure		XXXX	XXXX
Depreciation		XXXX	XXXX
Other Expenditure		XXXX	XXXX
<b>Total Expenditure</b>		<b>XXXXXX</b>	<b>XXXXXX</b>
<b>Net surplus/(deficit) before Taxation</b>		XXXX	XXXX
Income Tax Expenses	4.17	XXXX	XXXX
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>XXXXXX</b>	<b>XXXXXX</b>
<b>APPROPRIATION OF SURPLUS FOR THE YEAR</b>			
Allocation to Reserves		XXXX	XXXX
Allocation to Endowment Fund		XXXX	XXXX

*The Notes on accounts form an integral part of the financial statements.*

## NAS for NPOs 2018

### 3. STATEMENT OF CHANGES IN RESERVES

**XYZ - NPO NEPAL**  
**STATEMENT OF CHANGES IN RESERVES**  
**For the Year Ended ..... Ashadh 20XX (..... July 20XX)**

(NRs. in '000)

Description	Restricted Reserves	Designated Fund	Unrestricted Reserves	Endowment Funds	Capital Reserves	Result for the Year	Total
<b>Balance as at ..... Ashadh 20X9</b>	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXXX
Result for the Year						XXXX	XXXXX
Allocation of results to Restricted Reserves	XXXX					(XXXX)	XXXXX
Allocation of results to Designated Fund		XXXX				(XXXX)	XXXXX
Allocation of results to Unrestricted Fund			XXXX			(XXXX)	XXXXX
Allocation of results to Endowment Fund				XXXX		(XXXX)	XXXXX
Allocation of results to Capital Fund					XXXX	(XXXX)	XXXXX
<b>Balance as at 01 Shrawan 20X0</b>	XXXX		XXXX	XXXX	XXXX	XXXX	XXXXX
Result for the Year						XXXX	XXXXX
Allocation of results to Restricted Reserves	XXXX					(XXXX)	XXXXX
Allocation of results to Designated Fund		XXXX				(XXXX)	XXXXX
Allocation of results to Unrestricted Fund			XXXX			(XXXX)	XXXXX
Allocation of results to Endowment Fund				XXXX		(XXXX)	XXXXX
Allocation of results to Capital Fund					XXXX	(XXXX)	XXXXX
<b>Balance as at ..... Ashadh 20X1</b>	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXXX

*The Notes on accounts form an integral part of the financial statements.*

4. STATEMENT OF CASH FLOWS

XYZ - NPO NEPAL  
STATEMENT OF CASH FLOWS  
For the Year Ended ..... Ashadh 20XX (..... July 20XX)

(NRs. in '000)

Particulars	Current Year	Previous Year
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Surplus/ (deficit) for the year (Before Tax)	XXXX	XXXX
<b>Adjustments to reconcile surplus/(deficit) to net cash flows:</b>		
<b>Non-cash items:</b>		
Depreciation and impairment of property, plant and equipment	XXXX	XXXX
Amortization and impairment of intangible assets	XXXX	XXXX
Provision and losses on inventories	XXXX	XXXX
Movement in provisions, receivables and specific risks	XXXX	XXXX
Interest and securities income	(XXXX)	(XXXX)
Losses/ (gains) on securities	(XXXX)	(XXXX)
Gains from disposal of fixed assets	(XXXX)	(XXXX)
<b>Working capital adjustments:</b>		
Accounts receivable	(XXXX)	(XXXX)
Prepayments	XXXX	XXXX
Inventories	XXXX	XXXX
Other financial assets	(XXXX)	(XXXX)
Accounts payable	XXXX	XXXX
Accrued expenses and deferred income	(XXXX)	(XXXX)
Other financial liabilities	XXXX	XXXX
Less:		
Income Tax Paid	(XXXX)	(XXXX)
Interest paid	-	-
<b>Net cash from/(used in) operating activities</b>	<b>XXXXXX</b>	<b>XXXXXX</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Property Plant and Equipment	(XXXX)	(XXXX)
Purchase of intangible assets	(XXXX)	(XXXX)
Proceeds from sale of equipment	XXXX	XXXX
Purchase of securities	(XXXX)	(XXXX)
Interest received	XXXX	XXXX
Income from securities, net	XXXX	XXXX
<b>Net cash from/(used in) investing activities</b>	<b>XXXXXX</b>	<b>XXXXXX</b>

## NAS for NPOs 2018

Particulars	Current Year	Previous Year
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Borrowing of government loans	XXXX	XXXX
Repayments of government loans	(XXXX)	(XXXX)
<b>Net cash from/(used in) financing activities</b>	<b>XXXXX</b>	<b>XXXXX</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>XXXXX</b>	<b>XXXXX</b>
<b>CASH AND CASH EQUIVALENTS AT 01 Shrawan 20X0</b>	<b>XXXXX</b>	<b>XXXXX</b>
<b>CASH AND CASH EQUIVALENTS AT ..... Ashadh 20X1</b>	<b>XXXXX</b>	<b>XXXXX</b>

*The Notes to accounts form an integral part of the financial statements.*

**5. FUND ACCOUNTABILITY STATEMENT**

**XYZ NPO Nepal**  
**Fund Accountability Statement of ABC Fund**  
**Financial Year: 20X0/20X1**

Project

Project Code:

Village/Municipality:

District:

(NRs. in '000)

A	Sources of Fund	Previous Year Actual	Current Year Budget	Fund Received During the Period				
				Q1	Q2	Q3	Q4	Total to Date
	Opening Fund Balance							
	Fund Received during the Period							
	Less: Unused fund refund							
	<b>Total Fund Available (A)</b>							

B	Expenditure (As per Budget Line)	Previous Year Actual	Current Year Budget	Expenditure During the Period				Total to Date
				Q1	Q2	Q3	Q4	
1	Activity 1.1							
2	Activity 1.2							
3	Activity 1.3							
4	Activity 1.4							
5	Activity 1.5							
	<b>Total Expenditure (B)</b>							
	<b>Fund Balance (A-B)</b>							
<b>Fund Balance Represented by:</b>								
<b>SN</b>	<b>Particulars</b>	<b>Closing Fund Balance for the Period</b>						
1	Cash Balance							
2	Bank Balance							
3	Advance & Receivables							
4	Payables							
	<b>Total</b>							-
<b>Prepared By:</b>		<b>Reviewed by:</b>			<b>Approved by:</b>			
<b>Date:</b>								

6. STATEMENT OF BUDGET AND EXPENDITURE

XYZ NPO Nepal

Statement of Budget and Expenditure (Variance Analysis) of ABC Fund

<b>Year:</b>							
<b>Period:</b>							
<b>Project Title:</b>							
<b>Donor:</b>							
<b>Currency:</b>							
<b>Activity Description</b>	<b>Source of Fund/ Donor</b>	<b>Budgeted Expenditure for the Period</b>	<b>Actual expenditure for the Period</b>	<b>Over/ Under spent in NPR</b>	<b>Actual Spent %</b>	<b>Percentage of Over/ Under spent</b>	<b>Explanation for over/ Under spent</b>
<b>Output 1</b>							
Activity 1.1							
Activity 1.2							
Activity 1.3							
<b>Output 2</b>							
Activity 2.1							
Activity 2.2							
<b>Total</b>		-	-	-			

## 7. STATEMENT OF ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENTS

### XYZ - NPO NEPAL

#### Statement of Accounting Policies and Notes to Financial Statements For the year ended ..... Ashadh 20X1 (..... July 20XX)

#### 1. General Information

XYZ - NPO Nepal is a non-governmental not for profit organization established under Institute Registration Act (“Sanstha Darta Air”) ..... It is established on ----- and affiliated with Social Welfare Council/District Administration Office. Its registered office is in ----- as principle place of activities.

It is domiciled in Nepal and is the local representation of XYZ - NPO in the foreign country.

Except for certain activities that will conclude on the realization of their relevant activities in accordance with the relevant terms of reference, the financial statements have been prepared on going concern basis.

#### 2. Basis of Preparation

##### 2.1 Statement of Compliance

The Statement of Financial Position, Statement of Income & Expenditure, Statement of Changes in Reserves, Statement of Cash Flows together with the Accounting Policies and Notes to the financial statements as at ..... Ashadh 20X1 and for the year then ended comply with the Generally Accepted Accounting Principles to the extent applicable and the Nepal Accounting Standards for NPOs (NAS for NPOs) issued by Accounting Standard Board of Nepal.

The Financial Statements were authorized for issue as per decision of the Board or Executive Committee dated.....

##### 2.2 Basis of measurement

The financial statements have been prepared using the historical cost convention or at Fair value wherever specifically disclosed.

##### 2.3 Functional and presentation currency

The financial statements are presented in Nepali Rupees (NRs.), which is the organization’s functional and presentation currency. All financial information presented in Rupees has been rounded to the nearest rupees/thousands/million, except when otherwise indicated.

##### 2.4 Changes in Accounting Policies and Disclosures

The Accounting policies have been consistently applied, unless otherwise stated, and are consistent with those used in previous years.

## 2.5 Significant Accounting Judgments, Estimates and Assumptions

The preparation of the financial statements requires the use of certain critical accounting estimates and judgments. It also requires management to exercise judgment in the process of applying the accounting policies. The management makes certain estimates and assumptions regarding the future events. Estimates and judgments are continuously evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual result may differ from these estimates and assumptions.

(The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are to be disclosed).

## 3. Summary of significant accounting policies

### 3.1 Property Plant and Equipment

#### a. Cost and Valuation

All items of property, plant and equipment are initially recorded at cost. Subsequent to the initial recognition of an asset, property plant and equipment are carried at cost less any subsequent depreciation. Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the item of property and equipment. All other expenditure is recognized in the Statement of Income & Expenditure as an expense as incurred.

Buildings owned are used for purposes of XYZ - NPO Nepal only and not for income generating purpose and therefore do not fall under the definition of Investment Property.

#### b. Depreciation

Depreciation is provided for on all Property Plant and Equipment on the straight-line basis and is calculated on the cost of all property, plant and equipment other than land, in order to write off such amounts less any terminal value over the estimated useful lives of such assets.

The annual rates of depreciation currently being used by XYZ - NPO Nepal based on useful life less residual/terminal value are:

<u>Assets</u>	<u>Rate pa.</u>
Buildings	2 ½%
Motor Vehicles	20%
Computer equipment	33%
Computer software	33%
Office Equipment	20%
Furniture and Fittings	10%

*[Please note these rates are for purpose of the illustrative statements only and not recommendations]*

**Donated Assets**

Where property plant and equipment is purchased as a part of a project through restricted funds which initially written off as project cost with corresponding income, if on conclusion of the project, the asset is not handed over to the beneficiary or returned to the original donor, the asset is valued on the conclusion of the project with the approval from funding agencies and brought into the financial statements under property plant and equipment with corresponding credit to a Capital Reserve. Depreciation provided on such assets will be charged against such capital Reserve. For purpose of depreciation the date of valuation for inclusion in the financial statements is considered the date of purchase.

**3.2 Intangible Assets**

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost minus any accumulated amortization, except for assets with indefinite useful lives. Internally generated intangible assets are not capitalized; expenditure is therefore reflected in the Statement of Income & Expenditure in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite useful lives are amortized over their useful economic life. The amortization period and method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Accordingly, straight line amortization over the useful life is carried out.

Intangible assets with indefinite useful lives are tested for impairment annually. Such intangibles are not amortized. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

**3.3 Foreign-currency transactions**

Transactions in currencies other than Nepal Rupees are converted into Nepal Rupees at rates which approximate the actual rates at the transaction date. At the reporting date, monetary assets (including securities) and liabilities denominated in foreign currency are converted into Nepal Rupees at the rate of exchange at that date. Realized and unrealized exchange differences are reported in the Statement of Income & Expenditure.

**3.4 Cash and cash equivalents**

XYZ - NPO Nepal considers and classifies cash in hand, amounts due from banks and short-term deposits with an original maturity of three months or less under the category of "Cash and cash equivalents". Bank borrowings that are repayable on demand and form an integral part of the XYZ - NPO Nepal's cash management are included as a component of cash and cash equivalents for the purpose of the Statement of Cash flows.

## **NAS for NPOs 2018**

### **3.5 Inventories**

Inventories are valued at the lower of cost and net realizable value. Net realizable value is the price at which inventories can be reasonably expected to be sold in the market place, less any estimated cost necessary to make the sale.

The cost is determined on first-in first-out (FIFO) method and includes expenditure incurred in acquiring the inventories and bringing them to their present location and condition.

Items donated for distribution or resale are not included in the financial statements until such time they are distributed or resold.

### **3.6 Provisions**

A provision is recognized in the statement of financial position when XYZ - NPO Nepal has a legal or constructive obligation as a result of a past event, it is probable that an outflow of assets will be required to settle the obligation, and the obligation can be measured reliably.

### **3.7 Employee Benefits Liabilities**

The organization's obligation in respect of the defined future benefit plans is calculated separately for each benefit plans by estimating the amount of future benefit that employees have earned in the current and prior periods. The calculation of the defined benefit obligations is performed annually.

Gratuity, medical facilities & accumulated leave provision has been provided as per By-Laws, assuming that all the staffs will be retired at the reporting date.

### **3.8 Loans and Borrowings and Account Payables**

Loans and Borrowings and Accounts payables are stated at their cost.

### **3.9 Accounting for the receipt and utilization of Funds/Reserves**

#### **Reserves**

Reserves are classified as either restricted or unrestricted reserves.

#### **a. Unrestricted Reserves/Funds/accumulated surplus**

Unrestricted funds are those that are available for use by XYZ - NPO Nepal at the discretion of the Board, in furtherance of the general objectives of XYZ - NPO Nepal and which are not designated for any specific purpose.

Surplus funds are transferred from restricted funds to unrestricted funds in terms of the relevant Donor Agreements or with the prior approval of the Donor.

Contributions received from the general public are recognized in the Statement of Income & Expenditure on a cash basis.

**b. Designated Reserves/Funds**

Unrestricted funds designated by the Board to a specific purpose are identified as designated funds. The activities for which these funds may be used are identified in the financial statements.

Where grants are received for use in an identified project or activity, such funds are held in a restricted fund account and transferred to the Statement of Income & Expenditure to match with expenses incurred in respect of that identified project. Unutilized funds are held in their respective Fund accounts and included under accumulated fund in the Statement of Financial Position until such time as they are required.

Funds collected through a fund raising activity for any specific or defined purpose are also included under this category.

Where approved grant expenditure exceeds the income received and there is certainty that the balance will be received such amount is recognized through Debtors in the Statement of Financial Position.

**c. Restricted Fund**

The activities for which these restricted funds may and are being used are identified in the notes to the financial statements Restricted Reserves/Funds. Such restricted fund may include conditions for refund should there be balance of fund at the end of the project.

**d. Endowment Reserves/Funds**

Where assets are received as an endowment, which are not exhausted, only the income earned from such assets may be recognized and used as income.

**e. Investment Income and other gains realized from funds available under each of the above categories are allocated to the appropriate funds, unless the relevant agreement or minute provides otherwise. Where such income can be used for general purpose, same shall be treated as income in the Statement of Income & expenditure.****3.10 Grants and Subsidies**

Grants and subsidies are recognized in the financial statements at their fair value. When the grant or subsidy relates to an expense it is recognized as deferred income necessary to match it with the costs over the accounting years, which is intended to compensate for on a systematic basis.

Grants and subsidies in the form of PPE (Fixed assets) are generally shown as deferred income in the Statement of Financial Position and credited to the Statement of Income & Expenditure over the useful life of the asset by the amount of depreciation with corresponding debit to deferred income over more than one accounting period.

In the case of grants received to fund an entire project or activity, which includes the purchase of an asset, and the cost of such asset is charged with the project costs to the Statement of Financial Performance, the grant value is recognized as income in the same period as the cost of the asset is charged to the Statement of Income & Expenditure. At

## NAS for NPOs 2018

the end of the project, when there is certain fair value remains of such assets charged to Statement of Income & Expenditure, same will be recognized as capital reserve at fair value with corresponding value of PPE. Each year and over its useful life, the depreciation will be charged to capital reserve with corresponding credit to related PPE.

### 3.11 Income recognition

#### a. Contributions/Incoming Sources

Income realized from restricted funds is recognized in the Statement of Income & Expenditure only when there is certainty that all of the conditions for receipt of the funds have been complied with and the relevant expenditure that it is expected to compensate has been incurred and charged to the Statement of Income & Expenditure. Unutilized funds are carried forward as such in the Statement of Financial Position.

Gifts and donations received in kind are recognized at fair value at the time that they are distributed to beneficiaries, or if received for resale with proceeds being used for the purpose of XYZ - NPO Nepal at the point of such sale. Items not sold or distributed are inventoried but not recognized in the financial statements.

All other income is recognized when XYZ - NPO Nepal is legally entitled to the use of such funds and the amount can be quantified. This would include income receivable through fund raising activities and donations.

#### b. Financial Income

Interest earned is recognized on an accrual basis when there is certainty of receipt.

Dividend received is recognized when the right to receive dividend is established.

Revenues earned on services rendered are recognized in the accounting period in which the services were rendered and accepted by the clients.

Net gains and losses on the disposal of property, plant and equipment and other non-current assets, including investments, are recognized in the Statement of Income & Expenditure after deducting from the proceeds on disposal, the carrying value of the item disposed of and any related selling expenses.

#### c. Other income is recognized on an accrual basis except otherwise categorically explained to be on cash basis.

### 3.12 Expenditure recognition

Expenses in carrying out the projects and other activities of XYZ - NPO Nepal are recognized in the Statement of Income & Expenditure during the period in which they are incurred. Other expenses incurred in administering and running XYZ - NPO Nepal and in restoring and maintaining the property plant and equipment to perform at expected levels are accounted for on an accrual basis and charged to the Statement of Income & Expenditure.

### 3.13 Taxation

#### a. Current Taxes

Income tax is provided in accordance with the provisions of the Income Tax Act on the profits earned by XYZ - NPO Nepal subject to exemptions referred to in Note xx to the financial statements.

#### b. Deferred Taxes

Deferred Tax is provided on the difference between the values of assets and liabilities as per the Statement of Financial Position and as listed for the purpose of Income Tax as at the date of the Statement of Financial Position adjusting for any differences that will not reverse in the foreseeable future.

The carrying amount of such deferred taxes will be reviewed at each date of the Statement of Financial Position and will be increased by virtue of any new assets being included or be reduced by the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Or

XYZ - NPO Nepal has got tax exempted status and accordingly no provision for tax has been made.

#### c. Value added taxes

Value added taxes (VAT) that are payable on services and goods purchased are normally included in the cost of such item. An exception would be where XYZ - NPO Nepal is exempted and entitled to refund, in such case, same would be reflected as receivable in the Statement of Financial Position.

Or

In case of NPO is VAT registered and required to file returns, in such case, VAT paid on services and goods will be shown as receivable. Generally, in such VAT NPO, income will also be vatable hence will be required to issue VAT invoices. In such case, VAT invoices are shown as payable and on monthly filing difference between payable and receivable will be swapped and difference if payable is settled.

### 3.14 Borrowing costs

Borrowing costs that are attributable to the acquisition, construction or production of a qualifying asset, are charged off to Statement of Income & Expenditure as expense. Other borrowing costs are treated as an expense in the period in which it is incurred.

### 3.15 Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only on the occurrence or non-occurrence of one or more uncertain future events that are not wholly within the control of XYZ - NPO Nepal. It may also be a present obligation that arises from past events but in respect of which an outflow of economic benefit is not probable or which cannot be measured with sufficient

## NAS for NPOs 2018

reliability. Such contingent liabilities are recorded under Note xx. For certain operational claims reported as contingent liabilities, it is not practical to disclose detailed information on their corresponding nature and uncertainties.

**Note: Each entity is entitled to provide additional information on accounting policies or rewrite the above narrative to reflect more realistic information.**

### 4. Notes to the Financial Statement

#### 4.1 Property Plant and Equipment

Item	Opening balance	Additions during the year	Disposals during the year	Balance at ...03.20X1
Land	XXXX	XXXX	XXXX	XXXX
Buildings	XXXX	XXXX	XXXX	XXXX
Vehicles	XXXX	XXXX	XXXX	XXXX
Computer equipment	XXXX	XXXX	XXXX	XXXX
Office Equipment	XXXX	XXXX	XXXX	XXXX
Furniture and Fittings	XXXX	XXXX	XXXX	XXXX
	<b>XXXXX</b>	<b>XXXXX</b>	<b>XXXXX</b>	<b>XXXXX</b>
Capital work in progress	XXXX	XXXX _	XXXX _	XXXX _
<b>Total</b>	<b>XXXXX</b>	<b>XXXXX</b>	<b>XXXXX</b>	<b>XXXXX</b>

#### Depreciation

Item	Balance as at 01.04.20X0	Charge for the year	Disposals during the year	Balance as at ...03.20X1
Land	XXXX	XXXX	XXXX	XXXX
Buildings	XXXX	XXXX	XXXX	XXXX
Motor Vehicles	XXXX	XXXX	XXXX	XXXX
Computer Equipment	XXXX	XXXX	XXXX	XXXX
Office Equipment	XXXX	XXXX	XXXX	XXXX
Furniture and Fittings	XXXX	XXXX	XXXX	XXXX
	<b>XXXXX</b>	<b>XXXXX</b>	<b>XXXXX</b>	<b>XXXXX</b>
Capital work in progress	XXXX	XXXX _	XXXX _	XXXX _
<b>Total</b>	<b>XXXXX</b>	<b>XXXXX</b>	<b>XXXXX</b>	<b>XXXXX</b>

## 4.2 Intangible Assets

Item	Balance as at 01.04.20X0	Additions during the year	Disposals during the year	Balance as at ...03.20X1
Software	XXXX	XXXX	XXXX	XXXX
Emblem	XXXX	XXXX	XXXX	XXXX
Other Intangible Assets	XXXX	XXXX	XXXX	XXXX
<b>Total</b>	<b>XXXXXX</b>	<b>XXXXXX</b>	<b>XXXXXX</b>	<b>XXXXXX</b>

### Amortization

Item	Balance as at 01.04.20X0	Charge for the year	Balance as at ...03.20X1
Software	XXXX	XXXX	XXXX
Emblem	XXXX	XXXX	XXXX
Other Intangible Assets	XXXX	XXXX	XXXX
<b>Total</b>	<b>XXXXXX</b>	<b>XXXXXX</b>	<b>XXXXXX</b>

## 4.3 Inventories

Particulars	20X1	20X0
Raw Materials and Consumables	XXXX	XXXX
Finished Goods and Goods for Sale/use	XXXX	XXXX
Work In progress	XXXX	XXXX
Stationary and printings	XXXX	XXXX
Project materials	XXXX	XXXX
General inventory	XXXX	XXXX
<b>Total</b>	<b>XXXXXX</b>	<b>XXXXXX</b>

Note: Above items of inventories are illustrative only, the classification needs to include all kind of inventories NPOs carry which could be stationary, publication materials, general materials, project materials etc.

## 4.4 Accounts Receivable

Particulars	20X1	20X0
Deposits and Advances	XXXX	XXXX
Prepayments	XXXX	XXXX
Withholding taxes	XXXX	XXXX
Other accounts receivable	XXXX	XXXX
Less: Allowance for accounts receivable	(XXXX)	(XXXX)
<b>Total</b>	<b>XXXXXX</b>	<b>XXXXXX</b>

## NAS for NPOs 2018

**Notes:** Where any amount become difficult to recover due to various reasons, then in such cases, the account receivable is considered as impaired and allowance for account receivable (previously known as doubtful receivable) will be made;

### 4.5 Cash and cash equivalents

Particulars	20X1	20X0
Cash in hand	XXXX	XXXX
Cash at bank	XXXX	XXXX
Short-term deposits	XXXX	XXXX
<b>Total</b>	<b>XXXXXX</b>	<b>XXXXXX</b>

### 4.6 Unrestricted Funds

Particulars	20X1	20X0
Balance at beginning of the year	XXXX	XXXX
Unrestricted surplus/deficit in operating activities	(XXXX)	(XXXX)
<b>Balance at end of the year</b>	<b>XXXXXX</b>	<b>XXXXXX</b>

### 4.7 Designated Funds

Particulars	20X1	20X0
Balance as at beginning of year	XXXX	XXXX
Additional Funds received during the year	XXXX	XXXX
<b>Balance as at year end</b>	<b>XXXXXX</b>	<b>XXXXXX</b>

#### Designated for

Activities 1	XXXX	XXXX
Activities 2	XXXX	XXXX
Activities 3	XXXX	XXXX
<b>Total</b>	<b>XXXXXX</b>	<b>XXXXXX</b>

#### Restricted Funds

Particulars	20X1	20X0
Balance as at beginning of year	XXXX	XXXX
Additional Funds received during the year	XXXX	XXXX
Transfer to Unrestricted Funds	(XXXX)	(XXXX)
<b>Balance as at year end</b>	<b>XXXXXX</b>	<b>XXXXXX</b>

Project wise allocation and movement in Restricted Funds

Name of Donor Organization	Project Name/ Description	Balance brought forward	Received /restricted surplus during the year	Transferred to Statement of Income & Expenditure	Interest Income on Restricted Funds	Balance carried forward shown in restricted fund balance
ABC						
PRO						
MNC						
ZTI						
<b>Total</b>						

4.8 Endowment Funds

Particulars	20X1	20X0
Balance at beginning of the year	XXXX	XXXX
Surplus/deficit for the year	(XXXX )	(XXXX )
<b>Balance at end of the year</b>	<b>XXXXX</b>	<b>XXXXX</b>

4.9 Other Capital Reserves

Particulars	20X1	20X0
Balance at beginning of the year	XXXX	XXXX
Surplus/deficit for the year	(XXXX)	(XXXX)
<b>Balance at end of the year</b>	<b>XXXXX</b>	<b>XXXXX</b>

4.10 Accounts Payable

Particulars	20X1	20X0
Refundable to donors	XXXX	XXXX
Prepayment received	XXXX	XXXX
Advances from Suppliers	XXXX	XXXX
Accrued Expenses	XXXX	XXXX
Other Payables	XXXX	XXXX
<b>Total</b>	<b>XXXXX</b>	<b>XXXXX</b>

## NAS for NPOs 2018

### 4.11 Provisions

Particulars	20X1	20X0
Balance as at the beginning of the period	XXXX	XXXX
Allocations during the year	XXXX	XXXX
Use of provisions during the year	XXXX	XXXX
Release of provisions during the year	(XXXX)	(XXXX)
<b>Total</b>	<b>XXXXX</b>	<b>XXXXX</b>

### 4.12 Bank overdrafts

Particulars	20X1	20X0
Bank 1	XXXX	XXXX
Bank 2	XXXX	XXXX
<b>Total</b>	<b>XXXXX</b>	<b>XXXXX</b>

### 4.13 Incoming Resources

Particulars	20X1	20X0
Grants - Restricted Funding	XXXX	XXXX
Grants - Unrestricted Funding	XXXX	XXXX
Income from endowments	XXXX	XXXX
Donations from the public	XXXX	XXXX
Corporate Fundraising	XXXX	XXXX
Gifts in kind	XXXX	XXXX
Profit from trading or other activities [refer (a)]	XXXX	XXXX
Other fund raising activity	XXXX	XXXX

#### (a) Profit from trading activities

Particulars	20X1	20X0
Sale Proceeds	XXXX	XXXX
Cost/Fair value of items	XXXX	XXXX
Profit earned	XXXX	XXXX

### 4.14 Staff Cost

Particulars	20X1	20X0
Wages and salaries	XXXX	XXXX
Allowances and benefits	XXXX	XXXX
Post-employment benefit costs	XXXX	XXXX
<b>Total</b>	<b>XXXXX</b>	<b>XXXXX</b>

#### 4.15 Program Expenses

Particulars	20X1	20X0
Program 1	XXXX	XXXX
Program 2	XXXX	XXXX
Program 3	XXXX	XXXX
Program 4	XXXX	XXXX
<b>Total</b>	<b>XXXXXX</b>	<b>XXXXXX</b>

#### 4.16 Income Tax Expense

Applicable rates of tax and the relevant tax regimes

**As per the Nepalese Income Tax Act XYZ, NPO Nepal is liable to be taxed at x% for any surplus during the accounting period where it fails to receive income tax exemption status.**

**Or alternatively**

XYZ - NPO Nepal has got tax exempted status and accordingly no provision for tax has been made. However, income tax deducted at sources of income has been charged to such revenue and reflected net of such withholding tax. Total of such withholding tax amounts to.

#### 4.17 Capital Commitments

XYZ - NPO Nepal has committed to building 10 houses in ..... in ..... District at a cost of Rs. xxx of which a sum of Rs. xxx has been expended as at the date of the Statement of Financial Position.

#### 4.18 Contingent Liabilities

XYZ - NPO Nepal has committed to provide equipment to a value of Rs. xxx to other beneficiaries on the basis of funds to be provided by Donor X. In the event that these funds are not received XYZ - NPO Nepal would be required to meet this cost.

#### 4.19 Related Party Transactions

XYZ - NPO Nepal has entered into a contract with P and Sons to provide computer equipment to a value of Rs. xxx. Owner of P and Sons is also director or executive members or employees of XYZ NPO Nepal.

Disclosure of remuneration paid to CEO/GM and top and management team including those paid to Executive members. Those executive members involved in the activities of NPO and remuneration paid thereof should also be disclosed or any relevant related parties transaction should be disclosed.

**Note: Each entity is entitled to provide additional information on accounting policies or rewrite the above narrative to reflect more realistic information.**

\* \* \*