SWASTIK AGRO INDUSTRIES LTD.

Lahan-8, Siraha, Nepal

Audit Report
Annual Accounts
F/Y 2079/80 (2022/23)

Sanjay Kumar Chaudhary
(FCA, ISA, FAFD, MBS, LLB)
S.U.M. Associates
Chartered Accountants
Aloknagar-31, Kathmandu, Nepal

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF SWASTIK AGRO INDUSTRIES LIMITED

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the accompanying financial statements of Swastik Agro Industries Ltd. (hereinafter referred to as "the Company") which comprise the Statement of Financial Position as at Ashad 31, 2080, the Statement of Profit & Loss, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended on that date, and a summary of the significant accounting policies and other explanatory information (hereafter referred to as "the financial statements").

In our opinion, and to the best of our information and according to the explanations given to us, and subject to the effect of matters mentioned in the Basis of Qualified Opinion paragraph, the aforesaid financial statements presents fairly, in all material respects, the financial position of the Company as at Ashad 31, 2080 and its financial performance, changes in equity, cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, in accordance with Nepal Accounting Standards (NAS) and comply with Companies Act, 2063.

Basis of Qualified Opinion

We conducted our audit of the financial statements in accordance with Nepal Standards on Auditing (NSAs). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Handbook of the Code of Ethics for Professional Accountants issued by the Institute of Chartered Accountants of Nepal (ICAN) and we have fulfilled our other ethical responsibilities in accordance with 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 our audit opinion on the financial statements.

On review of the financial statements of the Company, we noted major issues described below which are not rectified by the management of the Company. Considering the effects of these issues, we consider to issue qualified audit report.

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1. The company has acquired Land (details are given in the Note no. 3.2) amounting Rs. 13,386,750.00. However, the company needs to confirm the cost or value of land in accordance with legal and other required documents. Ownership of Land Kitta No. 130 of area 5367.36 sq. meter is yet to be transferred in the name of the company.
2. The company needs to obtain confirmation from various parties for receivable and payables.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significant in the audit of the financial statements of the current period. During our audit of the financial statements, we observed that there were no key audit matters that are to be addressed in the context of our audit as a whole and would affect in forming our opinion thereon.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the preparation of the other information. The other information comprises the information included in the Management Report, Report of the Board of Directors and Chairman's Statement but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements of our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibility of Management and those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Nepal Accounting Standards, 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 and error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as 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 the operations, or has no realistic alternative but to do so.

The Board of Directors is 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 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.

As part of an audit in accordance with NSAs, we exercise professional judgment and maintain professional skepticism through the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide the basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal controls 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 the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained whether a material on uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the business activities within the Company to express an opinion in the financial statements. We are responsible for the direction, suspension and performance of the Company audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



We also provide those charged with governance with a statement that we have complied with the relevant ethical requirement regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

Based on our examination, we would like to further report that:

i. We have obtained all the information and explanations, which were considered necessary for the purpose for our audit.
ii. The financial statements are in agreement with the books of account maintained by the Company.
iii. The proper books of accounts are required to be maintained under the prevailing laws.
iv. During our examination of the books of account of the Company, we have not come across any cases where any office holder of the Company has acted contrary to the provisions of law or caused loss or damage to the Company.
v. The company has been functioning within its jurisdiction.
vi. We have not come across any fraudulence in the accounts, based on our sample examination of the books.

For, S.U.M. Associates
Chartered Accountants



Sanjay Kumar Chaudhary, FCA
Managing Partner

Dated: 2080-06-25
Kathmandu, Nepal
UDIN: 231012CA00508ikebp

Swastik Agro Industries Ltd.

Lahan, Siraha

Statement of Financial Position

As on 31 Ashad 2080

Particulars	Schedule	Current Year	Previous Year
Assets:			
Fixed Assets	1	13,386,750.00	
Inventories	2	-	
Advances, Prepaid & Other Assets	3	1,034,000.00	
Cash and Bank	4	3,180,581.00	
Total Assets		17,601,331.00	-
Equity & Liabilities:			
Share Capital	5	18,000,000.00	
Reserves & Surplus	6	(487,327.00)	
Loans and Borrowings	7	-	
Trade & Other Payables	8	88,658.00	
Other Provisions	9	-	
Total Equity & Liabilities		17,601,331.00	-

(Director) (Director) (Chairman) (Auditor)

(Director) (Director)

Swastik Agro Industries Ltd.

Lahan, Siraha

Statement of Profit & Loss

for the period ended on 31 Ashad 2080

Particulars	Schedules	Current Year	Previous Year
Revenue from Operations:			
Sales Revenue	10	-	
Less: Cost of Sales			
Gross Profit		-	-
Other Income	11	220,500.00	
Profit from Operation		**220,500.00**	-
Expenditure:			
Administrative Expenses	12	707,827.00	
Interest Expense	13	-	
Depreciation			
		707,827.00	-
Net Profit before Tax		**(487,327.00)**	-
Net Profit before Tax			
Income tax		-	
Prior year tax		-	
Deferred tax		-	
Net Profit after Tax		**(487,327.00)**	-

(Director) (Director) (Chairman) (Auditor)

(Director) (Director)

Swastik Agro Industries Ltd.

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Statement of Changes in Equity

As on 31 Ashad 2080

Particulars	Share Capital	Share Premium	Revaluation Reserves	Other Reserves	Retained Earnings	Total Rs.
Opening Balance	-	-	-	-	-	-
Restated Opening Balance	-	-	-	-	-	-
Profit for the Year	-	-	-	-	(487,327.00)	(487,327.00)
Share Issued	18,000,000.00	-	-	-	-	18,000,000.00
Closing Balance	18,000,000.00	-	-	-	(487,327.00)	17,512,673.00

(Director) (Director) (Chairman) (Auditor)

(Director) (Director)

Swastik Agro Industries Ltd.

Lahan, Siraha

Cash Flow Statement

As on 31 Ashad 2080

Particulars	Current Year	Previous Year
Net Profit (Loss) after tax	(487,327.00)	
Add: Depreciation		
Add: Interest Expenses		
Cash Flow from Operating activities before Change in working Capital	**(487,327.00)**	-
Change in Working Capital:		
Decreases/(Increases) in current Assets	(1,034,000.00)	
Increases/(Decreases) in current Liabilities	88,658.00	
Cash Flow from Operating activities	**(1,432,669.00)**	-
Investing Activities:		
Sales/(Purchase) of Fixed Assets	(13,386,750.00)	
Cash Flow from Investing activities	**(13,386,750.00)**	-
Financing Activities:		
Increase/(Decreases) in share Capital	18,000,000.00	
Increase/(Decreases) in Borrowing(Loan)		
Interest Paid		
Cash Flow from Finacing activities	**18,000,000.00**	-
Net Cash Flow During the year	**3,180,581.00**	-
Opening Cash & Bank balances & equivalents		
Closing Cash & Bank balances & equivalents	**3,180,581.00**	-

(Director)

(Director)

(Chairman)

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(Auditor)

(Director)

(Director)

Swastik Agro Industries Ltd.

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Schedules forming part of the Accounts FY 2079/80

Fixed Assets **Schedule-1**

Particulars	Dep. Rate	Gross Block				Depreciation				Net Block	
		Opening	Additions	Deletions	Total	Upto last year	During the year	Adjustments	Total	Current Year	Previous Year
Land			13,386,750.00		13,386,750.00				-	13,386,750.00	
Building	5%										
Furnitures & Fixtures	25%										
Computers & Printers	25%										
Office Equipment	25%										
Vehicle	20%										
Other Assets	15%										
Total		**-**	**13,386,750.00**	**-**	**13,386,750.00**	**-**	**-**	**-**	**-**	**13,386,750.00**	**-**

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Swastik Agro Industries Ltd.

Lahan, Siraha

Schedules forming part of the Accounts

FY 2079/80

Inventories (As taken, valued & certified by Management) — **Schedule - 2**

Particulars	Current Year	Previous Year
	-	-

Advances, Prepaid & Other Assets — **Schedule - 3**

Particulars	Current Year	Previous Year
Delawal Pvt. Ltd. (Advance for Machinery)	800,000.00	
Stone, Sand & Gitti (Construction of Cow Farm)	234,000.00	
	1,034,000.00	-

Cash & Bank — **Schedule - 4**

Particulars	Current Year	Previous Year
Cash and Cheque In Hand (Certified by Management)	100.00	
Nepal SBI Bank Ltd	2,191,481.00	
Swastik Saving & Credit Co-operative Ltd.	989,000.00	
	3,180,581.00	-

Share Capital — **Schedule - 5**

Particulars	Current Year	Previous Year
Authorized Capital :-		
10,00,000 Ordinary Equity Share @ Rs. 100/- Each	100,000,000.00	
Issued Share Capital :-		
3,00,000 Ordinary Equity Share @ Rs. 100/- Each	30,000,000.00	
Paid up Share Capital :-		
1,80,000 Ordinary Equity Share @ Rs. 100/- Each	18,000,000.00	
	18,000,000.00	-

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Schedules forming part of the Accounts

FY 2079/80

Reserve & Surplus

Schedule - 6

Particulars	Current Year	Previous Year
Balance at the beginning of the year	-	
Add: Profit for the year	(487,327.00)	
Balance at the end of the year	(487,327.00)	-

Loans & Borrowing

Schedule - 7

Particulars	Current Year	Previous Year
	-	-

Trade & Other Payables

Schedule - 8

Particulars	Current Year	Previous Year
Audit Fee Payable	33,900.00	
Staff Salary Payable	42,020.00	
TDS Payable on Salary	2,980.00	
TDS Payable on House Rent	3,608.00	
Office Rent Payable	6,150.00	
	88,658.00	-

Other Provision & Payable

Schedule - 9

Particulars	Current Year	Previous Year
	-	-

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Swastik Agro Industries Ltd.

Lahan, Siraha

Schedules forming part of the Accounts

FY 2079/80

Sales Revenue — **Schedule - 10**

Particulars	Current Year	Previous Year
	-	-

Other Income — **Schedule - 11**

Particulars	Current Year	Previous Year
Promotor Entry Fee	150,500.00	
Miscellaneous Income	70,000.00	
	220,500.00	-

Administrative Expenses — **Schedule - 12**

Particulars	Current Year	Previous Year
Staff Salary	298,000.00	
Office Rent	36,077.00	
Travelling Expenses	95,750.00	
Legal Expenses	157,000.00	
Stationery & Printing	400.00	
Bank charge	2,500.00	
Pooja Expenses	29,000.00	
Miscellaneous Expenses	45,200.00	
Advertising Expense	10,000.00	
Audit Fee	33,900.00	
	707,827.00	-

Interest Expense — **Schedule - 13**

Particulars	Current Year	Previous Year
	-	-

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Swastik Agro Industries Ltd.

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Schedule forming part of the financial statements for F.Y. 2079/80

Schedule 14

Significant Accounting Policies & Notes to Accounts

1. The Company and Its Operations:

The company has been incorporated under the Companies Act, 2063 (Registration No. 303798/079/080, Date 2079-09-01) as a public limited company having registered office at Lahan-08, Siraha, Nepal.

The company's principal activity comprises production and trading of various agro products and livestocks.

2. Significant Accounting Policies:

2.1 Accounting Convention:

The financial statements have been prepared following historical cost convention, on accrual accounting system in accordance with the requirement of Nepal Accounting Standards and as per the provisions of prevailing statutes.

2.2 Fixed Assets and Depreciation:

a) Fixed Assets have been valued at cost inclusive of all cost incurred up to the installation/erection of fixed assets.

b) Depreciation on Fixed Assets has been provided on written down value method as per rates followed by the company as per its own policy.

2.3 Income Recognition:

The Company follows the accrual basis of accounting for all revenue transactions. Revenue from the sale of goods is recognized in the Statement of Profit & Loss when the significant risks and rewards of ownership have been transferred to the buyer and are stated at net of Value Added Tax, Rebates and Discounts.

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3. Notes To Accounts:

3.1 Promotor shareholding details is as follows:

S.N.	Name	Address	No. of Shares	Amount Rs.
1	Satrya Narayan Jha	Samsi-5, Mahottari	42000	4,200,000.00
2	Saroj Kumari Jha	Janakpur-4, Dhanusha	42000	4,200,000.00
3	Heera Ghimire	Mithila-10, Dhanusha	42000	4,200,000.00
4	Nitesh Kafle	Mithila-10, Dhanusha	6000	600,000.00
5	Prasanna Kumar Jha	Janakpur-4, Dhanusha	11000	1,100,000.00
6	Pramod Kumar Jha	Rautahat	11000	1,100,000.00
7	Bipin Kumar Jha	Janakpur-2, Dhanusha	11000	1,100,000.00
8	Ram Babu Mahaseth	Siraha-8, Siraha	10000	1,000,000.00
9	Nimisha Kafle	Mithila-10, Dhanusha	5000	500,000.00
	Total		**180000**	**18,000,000.00**

3.2 Land details of the company is as follows:

S.N.	Name	Location	Kitta No.	Area (sq. meter)
1	Saroj Kumari Jha & Heera Ghimire	Dhanusha,Tallo Godar-6	130	5,367.36
2	Swastik Agro Industries Ltd.	Dhanusha,Tallo Godar-6	161	541.79
3	Swastik Agro Industries Ltd.	Dhanusha,Tallo Godar-6	159	541.79
4	Swastik Agro Industries Ltd.	Dhanusha,Tallo Godar-3	544	1,693.20

3.3 All amounts are stated in Nepalese Rupees.

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