



K.B. GHIMIRE & COMPANY

Shantinagar-34, Kathmandu
Phone: (M) 01-4108715

ICAN No. 2755/060
PAN No. 300373503
COP No. 'D' 0549/059
Membership No. 3221

AUDITOR'S REPORT

The Board of Directors,
Music Royalty Collection Society Nepal.

We have audited the accompanying balance sheet of Music Royalty Collection Society Nepal, Anamnagar as of Ashad 31st 2072, and the related statements of income and cash flows for the year then ended. These financial statements are the responsibility of the firm's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Nepal Standards on Auditing or relevant practices. Those Standards or relevant practices require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements give a true and fair view of the financial position of the firm as of Ashad 31st 2072, and of the result of its operations and its cash flows for the year then ended in accordance with Nepal Accounting Standards or relevant practices.

For K.B. Ghimire & Co.
Registered Auditors

Khagda Bahadur Ghimire



Khagda Bahadur Ghimire
Registered Auditor
Place: Kathmandu
Date: 1 March 2016

MUSIC ROYALTY COLLECTION SOCIETY NEPAL

Anamnagar, Kathmandu

Balance Sheet

As at 16 July 2015


Particulars	Schedule	Amount NPR	
		Current Year	Previous Year
Sources of Fund			
Fund from NORCODE	1	924,260	1,220,987
Total Sources of Fund		924,260	1,220,987
Application of Funds			
Fixed Assets			
Gross Block	5	1,540,341	1,363,752
Less: Accumulated Depreciation		(908,808)	(708,079)
Net Fixed Assets		631,533	655,673
Current Assets, Loans & Advances			
Cash and Cash Equivalents	2	3,574,330	1,260,902
Advance, Prepaid & Deposits	3	323,631	317,240
		3,897,961	1,578,142
Less: Current Liabilities & Provisions			
Accrued Expenses and Other Payable	4	3,605,235	1,012,828
Net Current Assets		292,726	565,314
Total Application of Funds		924,260	1,220,987

Significant Accounting Policies and Notes to Account
Schedules 1 - 5 & 9 form an integral part of this Balance Sheet

9


Chairman
Suresh Chandra Adhikari


Treasurer
ShreeKrishna Bam Malla


General Secretary
Ramesh B.G.


Auditor
Khadga Bahadur Ghimire



Date : 1 March 2016
Place: Kathmandu



MUSIC ROYALTY COLLECTION SOCIETY NEPAL

Anamnagar, Kathmandu

Statement of Income and Expenditure

For the period from 17 July 2014 to 16 July 2015

Particulars	Schedule	Amount NPR	
		Current Year	Previous Year
A. Income	6	178,298	366,932
B. Less: Expenditure		178,298	366,932
Employee Cost	7	1,938,283	1,625,177
Administrative Cost	8	1,807,213	2,244,273
Depreciation	5	200,729	201,559
Total expenditure for the year		3,946,225	4,071,009
C. Net expenditure transferred to Balance Sheet		(3,767,926)	(3,704,077)

Significant Accounting Policies and Notes to Account 9
Schedules 5-9 form an integral part of this Statement of Income and Expenditure


Chairman
Suresh Chandra Adhikari


Treasurer
Shree Krishna Bam Malla


General Secretary
Ramesh B.G.


Auditor
Khadga Bahadur Ghimire



Date : 1 March 2016
Place: Kathmandu

MUSIC ROYALTY COLLECTION SOCIETY NEPAL


Anamnagar, Kathmandu

Statement of Cash Flows

For the period from 17 July 2014 to 16 July 2015

Particulars	Current Year	Previous Year
	NPR	NPR
Cash Flow from Operating Activities		
Profit/(Loss) Before Tax	(3,767,926)	14,843
Adjustment for:		
Depreciation	200,729	185,778
Operating Profit Before Changes in Working Capital	(3,567,197)	200,621
(Increase)/Decrease in Advance, Prepaid & Deposit	(6,391)	178,885
Increase/(Decrease) in Other Current liabilities	2,592,407	60,529
Increase/(Decrease) in Head office Account	3,471,199	
Remittance from NORCODE		
Net Changes in Working Capital	6,057,215	239,414
Net Cash Flow from Operating Activities (A)	2,490,017	440,035
Cash Flow from Investing Activities		
Purchase of Fixed Assets	(176,589)	(76,437)
Net Cash Flow from Investing Activities (B)	(176,589)	(76,437)
Cash Flow Financing Activities		
Net Cash Flow from Financing Activities (C)		
Net Cash Flow (A+B+C)	2,313,428	363,598
Opening Cash and Cash Equivalent	1,260,902	897,303
Closing Cash and Cash Equivalent	3,574,330	1,260,901

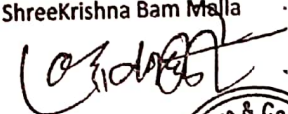

Chairman
Suresh Chandra Adhikari


General Secretary
Ramesh B.G

Date : 1 March 2016
Place: Kathmandu

MRCN
MUSIC ROYALTY COLLECTION SOCIETY NEPAL


Treasurer
Shree Krishna Bam Malla


Auditor
Khadga Bahadur



MUSIC ROYALTY COLLECTION SOCIETY NEPAL
Anamnagar, Kathmandu

Schedules annexed to and forming part of Balance Sheet as at 16 July 2015

Particulars	Schedule-1	
	Current Year	Previous Year
Net Fund from previous year	1,220,987	1,122,892
Fund received during this year	3,471,199	3,802,172
Transferred from statement of Income & Expenditure	(3,767,926)	(3,704,077)
Total (A + B)	924,260	1,220,987

Particulars	Schedule-2	
	Current Year	Previous Year
Cash at Bank	3,571,180	1,217,747
Nabil Bank Ltd 3101017500166	229,969	674,993
Nabil Bank Ltd 3101017500325	176,059	149,188
Nabil Bank Ltd 3101017500126	3,132,935	360,149
Agricultural Dev Bank Ltd 021020053599011	32,217	33,417
Cash in Hand	3,150	43,155
Total	3,574,330	1,260,902

Particulars	Schedule-3	
	Current Year	Previous Year
Advance of Staff	293,631	307,240
Advance of Board member	30,000	10,000
Total	323,631	317,240

Particulars	Schedule-4	
	Current Year	Previous Year
Royalty	3,559,581	777,879
Provident fund to staff	6,917	24,755
Audit Fee Payable	22,000	77,580
TDS payable	7	132,614
Other payable	16,730	-
Total	3,605,235	1,012,828

Particulars	Details of Royalty payable	
	Current Year	Previous Year
Namaste Enterprise	3,600	3,600
Nepal Telecom	3,212,151	516,912
Nepal Television	85,000	85,000
Radio Nepal	58,365	20,194
Butwai Fm	9,761	12,000
Music Nepal	136,104	140,171
Excellent Mobile	6,000	-
Internet Radio HD	12,000	-
Internet Radio HD MODERN	12,000	-
Media Space Solution	12,000	-
Music Research Development Forum Nepal	600	-
Nepal Tunes	12,000	-
Total	3,559,581	777,877



USIC ROYALTY COLLECTION SOCIETY NEPAL
 Schedule annexed to and forming part of Balance Sheet as at 16 July 2015

Form No. 3 Fixed Assets and Depreciation

Particulars	Gross Value		Accumulated Depreciation		Net Book Value	Amount in NPR
	As at 16/07/2015	As at 16/07/2014	As at 16/07/2015	As at 16/07/2014		
Land	1,363,752	1,363,752	178,589	178,589	1,185,163	1,185,163
Buildings	574,688	574,688	134,381	134,381	440,307	440,307
Plant and machinery	454,317	454,317	216,764	216,764	237,553	237,553
Office equipment	8,400	8,400	55,000	55,000	63,400	63,400
Grand Total	1,363,752	1,363,752	178,589	178,589	1,185,163	1,185,163

2015

for

for

for

for



MUSIC ROYALTY COLLECTION SOCIETY NEPAL
Anamnagar, Kathmandu

Schedules annexed to and forming part of Statement of Income and Expenditure for the period from
17 July 2014 to 16 July 2015

Income	Particulars	Schedule-6	
		Current Year	Previous Year
		1,322	28,711
	Service charge	35,000	10,100
	Membership fee	39,977	-
	Bank Interest	77,000	300,000
	Card Charge	25,000	28,121
	MIS Income	178,298	366,932
Total			

Employee Cost	Particulars	Schedule-7	
		Current Year	Previous Year
		1,924,637	1,547,648
	Salaries and Allowances	13,646	77,529
	Training expenses		
Total		1,938,283	1,625,177

Administrative Cost	Particulars	Schedule-8	
		Current Year	Previous Year
		29,012	25,464
	Electricity Expenses	57,704	46,685
	Internet Expenses	313,636	297,938
	House Rent	165,631	79,012
	Stationary and Printing	83,500	81,300
	Audit Fee	209,801	214,392
	Refreshment & Hospitality	17,590	47,655
	Website and maintenance	27,172	100,645
	Fuel and Maintenance	375,811	600,497
	Awareness Program Expenses	4,950	-
	Licensing Program	36,555	31,760
	Communication and Transportation	180,000	160,500
	Meeting Allowance and Expenditure	18,513	21,445
	Miscellaneous Expenses	88,690	-
	Guest Hospitality	66,033	63,500
	Advertisement Expenses	6,955	8,340
	Postage and Courier	1,200	500
	Bank Charges	12,040	-
	Special Event Expenses	112,421	-
	Renew Charges	-	464,640
	AGM Expenses		
Total		1,807,213	2,244,273

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Music Royalty Collection Society Nepal (MRCSN)
Kathmandu, Nepal

Schedule 9: Significant Accounting Policies & Notes to Accounts

1) Significant Accounting Policies

i) General information

MRCSN is registered with the Copyright Registration Office, Nepal Government on 2064.2.2 with certificate no 01/063/064.

The main objective of the organization is to protect and administer the rights of authors and composers. It is administered by people like authors and composers, whose sole interest is to collectively ensure that copyright owner's receive every benefit provided by law. MRCSN monitor the use of the works concerned, negotiate with the prospective users, provide them licenses against appropriate fees and under appropriate conditions collect such fees and distribute among the owners of rights.

ii) Basis of accounting

Financial statements are prepared under the historical cost convention, in accordance with Nepal Accounting Standards and Generally Accepted Accounting Principles as applicable in Nepal and the requirements of Company Act 2063.

The organization follows the mercantile system of accounting and recognizes expenditure on accrual basis.

iii) Use of estimates

The preparation of financial statements in conformity with Nepal Accounting Standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and expenses during the reporting period. The organization management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Actual results could differ from these estimates.

iv) Financial Period and Comparative Information

The financials are prepared for the period from 17th July 2014 to 16th July 2015. The accounting policies have been consistently applied by the organization. All figures are rounded off to the nearest rupee. Previous period's figures have been regrouped/rearranged wherever necessary.

v) Fixed Assets

Fixed assets are recorded at cost less accumulated depreciation. All direct costs relating to the acquisition and installation of Fixed Assets are capitalized and depreciated using Written Down Method (WDV) of depreciation using the rates and method given by Income Tax Act, 2002.

vi) Cash and Cash Equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprises cash in hand and deposits held in bank in current accounts.



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