



## K.B. GHIMIRE & COMPANY

Baneshwor, Kathmandu Nepal



### Independent Auditors' Report

We have audited the accompanying financial statements of Music Royalty Collection Society Nepal, which comprises the Balance Sheet as at 32<sup>nd</sup> Ashadh, 2075, Income Statement, Cash Flow Statement, related Schedules and summary of significant accounting policies and other explanatory notes for the year then ended. Management is responsible for the preparation and fair presentation of these financial statements in accordance with Nepal Accounting Standards (NAS). 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. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit includes examining on 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 the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion. We express our opinion that:

1. We have obtained all information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
2. In our opinion, proper books of account as required by law have been kept by the company in so far as it appears from our examination of the books of account.
3. The Balance Sheet and Income Statement dealt with by this report agree with the books of account of the company.
4. In our Opinion and to the best of our information and according to the explanations given to us, the said Statement of Accounts read with the notes give true and fair view:
  - a. In the case of the Balance Sheet, of the state of affair of the company as at 32<sup>nd</sup> Ashdh, 2075.
  - b. In the case of Income Statement, the Cash Flow Statement for the period ended on that date.
5. In our opinion and to the best of our information and according to the explanation given to us and from our examination of the books of account of the company, we have not come across the cases where board of directors or any member thereof or any employees of the company has acted in contravention of the existing laws, neither have they misappropriated fund nor caused any loss to the company so far as it appears from our audit.

Date: 11 Jan 2019  
Place : Kathmandu, Nepal

  
  
Khadga Bahadur Ghimire  
K.B. Ghimire & Company  
Registered Auditor

# MUSIC ROYALTY COLLECTION SOCIETY NEPAL

Anamnagar, Kathmandu

Balance Sheet


As at 16 July 2018

Amount NPR


Particulars	Schedule	Current Year	Previous Year
<b>Sources of Fund</b>			
NET FUND	1	892,232	(989,965)
Less: Current Liabilities & Provisions			
Accrued Expenses and Other Payable	4	11,535,597	4,083,021
<b>Total Sources of Fund</b>		<b>12,427,829</b>	<b>3,093,055</b>
<b>Application of Funds</b>			
Fixed Assets			
Gross Block	5	3,581,497	1,573,966
Less: Accumulated Depreciation		(1,326,541)	(1,193,401)
<b>Net Fixed Assets</b>		<b>2,254,956</b>	<b>380,565</b>
Current Assets, Loans & Advances			
Cash and Cash Equivalents	2	9,156,680	1,697,121
Advance, Prepaid & Deposits	3	1,016,194	1,015,369
		<b>10,172,873</b>	<b>2,712,490</b>
<b>Total Application of Funds</b>		<b>12,427,829</b>	<b>3,093,055</b>


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  
Lok Raj Adhikari

  
General Secretary  
Mahesh Kumar Khadka

  
Auditor  
Khadga Bahadur Ghimire



Date : 11 Jan 2019  
Place: Kathmandu

# MUSIC ROYALTY COLLECTION SOCIETY NEPAL

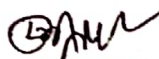
Anamnagar, Kathmandu

Statement of Income and Expenditure  
For the period from 16 July 2017 to 16 July 2018

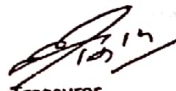
Particulars	Schedule	Amount NPR	
		Current Year	Previous Year
A. Income	6	2,552,681	921,355
		2,552,681	921,355
B. Less: Expenditure			
Employee Cost	7	2,070,924	1,973,043
Administrative Cost	8	2,869,689	2,929,439
Depreciation	5	133,141	122,957
		5,073,753	5,025,440
Total expenditure for the year			
		(2,521,072)	(4,104,085)
C. Net expenditure transferred to Balance Sheet			

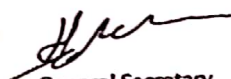
Significant Accounting Policies and Notes to Account  
Schedules 5-9 form an integral part of this Statement of Income and Expenditure

9

  
Chairman  
Suresh Chandra Adhikari

  
MUSIC ROYALTY COLLECTION SOCIETY NEPAL

  
Treasurer  
Lok Raj Adhikari

  
General Secretary  
Mahesh Kumar Khadka

  
Auditor  
Khadga Bahadur Ghimire



Date : 11 Jan 2019  
Place: Kathmandu

# MUSIC ROYALTY COLLECTION SOCIETY NEPAL

Anamnagar, Kathmandu

## Statement of Cash Flows

For the period from 16 July 2017 to 16 July 2018

Particulars	Current Year	Previous Year
	NPR	NPR
<b>Cash Flow from Operating Activities</b>		
Profit/(Loss) Before Tax	(2,521,072)	(4,104,085)
Adjustment for:		
Depreciation	133,141	122,957
<b>Operating Profit Before Changes in Working Capital</b>	<b>(2,387,931)</b>	<b>(3,981,127)</b>
(Increase)/Decrease in Advance, Prepaid & Deposit	(825)	(513,642)
Increase/(Decrease) in Other Current liabilities	7,452,576	1,035,450
Increase/(Decrease) in Head office Account		
Remittance from NORCODE	4,403,269	2,796,950
<b>Net Changes in Working Capital</b>	<b>11,855,021</b>	<b>3,318,758</b>
<b>Net Cash Flow from Operating Activities (A)</b>	<b>9,467,090</b>	<b>(662,369)</b>
<b>Cash Flow from Investing Activities</b>		
Purchase of Fixed Assets	(2,007,531)	(4,000)
<b>Net Cash Flow from Investing Activities (B)</b>	<b>(2,007,531)</b>	<b>(4,000)</b>
<b>Cash Flow Financing Activities</b>		
<b>Net Cash Flow from Financing Activities (C)</b>		
<b>Net Cash Flow (A+B+C)</b>	<b>7,459,558</b>	<b>(666,369)</b>
Opening Cash and Cash Equivalent	1,697,121	2,363,490
<b>Closing Cash and Cash Equivalent</b>	<b>9,156,679</b>	<b>1,697,121</b>

Chairman  
Suresh Chandra Adhikari

General Secretary  
Mahesh Kumar Khadka

Treasurer  
Lok Raj Adhikari

Auditor  
Khadga Bahadur Ghimire



Date : 11 Jan 2019  
Place: Kathmandu

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MUSIC ROYALTY COLLECTION SOCIETY NEPAL

**MUSIC ROYALTY COLLECTION SOCIETY NEPAL**  
Anamnagar, Kathmandu

Schedules annexed to and forming part of Balance Sheet as at 16 July 2018

Particulars	Schedule-1	
	Current Year	Previous Year
Net Fund from previous year		317,169
Fund received during this year	(989,965)	
NORCODE	4,403,269	2,796,951
NCRO	2,244,714	2,496,951
Government	207,889	300,000
Transferred from statement of Income & Expenditure	1,950,666	
	(2,521,072)	(4,104,085)
<b>Total (A + B)</b>	<b>892,732</b>	<b>(989,965)</b>

Particulars	Schedule-2	
	Current Year	Previous Year
Cash at Bank		1,666,343
Nabil bank ltd 3101017500166	9,154,596	11,157
Nabil bank ltd 3101017500325	206,362	330,351
Nabil Bank ltd c3101017500126	2,102,815	1,292,617
Agricultural Dev Bank 021020053599011	3,331,238	32,217
Rastriya Barnijya Bank Ltd	431,982	
Cash in Hand	3,082,200	
	2,083	30,778
<b>Total</b>	<b>9,156,680</b>	<b>1,697,121</b>

Particulars	Schedule-3	
	Current Year	Previous Year
Advance of Staff	896,194	297,968
Advance of Board member	120,000	120,000
Ncell	-	597,401
<b>Total</b>	<b>1,016,194</b>	<b>1,015,369</b>

Particulars	Schedule-4	
	Current Year	Previous Year
Royalty	11,447,052	3,999,543
Providend fund to staff	6,917	6,917
Audit Fee Payable	18,700	18,700
TDS payable	41,000	54,882
Other payable	21,928	2,979
<b>Total</b>	<b>11,535,597</b>	<b>4,083,021</b>

Particulars	Schedule-4	
	Current Year	Previous Year
Namaste Enterprise	3,600	3,600
Nepal Telecom	1,778,279	2,153,843
Nepal Television	85,000	85,000
Radio Nepal	76,561	76,561
Butwal FM	9,761	9,761
Music Nepal	128,599	133,738
Excellent Mobile	11,129	11,129
Internet Radio HD	55,212	46,356
Internet Radio HD MODERN	22,680	22,680
Media Space Solution	10,258	10,258
Music Research Development Forum Nepal	501	501
Nepal Tunes	12,000	12,000
Bro Sis Mobile Hub	6,000	6,000
Free Nepali Songs	10,258	10,258
Tulsi Parajuli	1,500	3,000
Hidden Treasure	16,760	16,020
NCELL	4,844,020	1,327,359
Lekhnath Udhyog Banijya Sangh	12,500	25,000
Royalty from Public Hall	75,065	46,480
FM	60,188	-
Television	5,663	-
Transportation	4,119,990	-
Performer Society of Nepal	28,489	-
Kathmandu Fun Valley Water Park	37,500	-
Music Producer Society Nepal	28,489	-
Restaurant	7,051	-
<b>Total</b>	<b>11,447,052</b>	<b>3,999,543</b>

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MUSIC ROYALTY COLLECTION SOCIETY NEPAL  
Schedules annexed to and forming part of Balance Sheet as at 15 July 2018

Schedule 5 Fixed Assets and Depreciation

Particulars	Gross Block		Opening WDV		DEPRECIATION			As at 16/07/2018
	Gross Block	Addition	Total	Opening	Addition during the year	Total	Percentage till previous year	
Furniture and fixture	394,114	1,950,666	394,114	119937	1,950,666	1,19937	23%	314831
Land	991,859	10,199	402,058	149931	3,319,73	149930	23%	800146
Other Office Assets	519,817	40,000	86,866	160742	48066	160742	23%	371135
Computers and Accessories	83,278	144,900	83,278	18849	38849	67146	8 YEARS	23816
Computer software				37883		38849		69140
Musical Instruments						37883		114511
Vehicle						37883		7997
<b>Grand Total</b>	<b>1,578,966</b>	<b>2,007,511</b>	<b>3,581,497</b>	<b>503,528</b>	<b>2,000,792</b>	<b>2,504,295</b>		<b>1,193,401</b>
								<b>1,326,543</b>
								<b>6,799</b>
								<b>2,234,958</b>

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**MUSIC ROYALTY COLLECTION SOCIETY NEPAL**  
**Anamnagar, Kathmandu**

Schedules annexed to and forming part of Statement of Income and Expenditure for the period from July 2017 to 16 July 2018

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**Income**

**Schedule-6**

Particulars	Current Year	Previous Year
Service charge	2,412,662	776,100
Membership fee	87,600	115,500
Bank Interest	22,569	11,254
Card Charge	5,850	4,500
MIS Income	24,000	14,000
<b>Total</b>	<b>2,552,681</b>	<b>921,355</b>

**Employee Cost**

**Schedule-7**

Particulars	Current Year	Previous Year
Salaries and Allowances	2,070,924	1,973,043
<b>Total</b>	<b>2,070,924</b>	<b>1,973,043</b>

**Administrative Cost**

**Schedule-8**

Particulars	Current Year	Previous Year
Electricity Expenses	19,820	19,330
Telephone and Internet Expenses	73,094	57,543
House Rent	359,659	340,909
Stationary and Printing	174,721	81,790
Audit Fee <u>1252</u>	83,500	83,500
Refreshment & Hospitality	303,068	255,203
Website and maintenance	38,710	47,700
Fuel and Maintenance	50,795	45,751
Awareness Program Expenses	515,396	333,939
Licensing Program	16,173	72,000
Communication and Transportation	41,500	84,040
Meeting Allowance and Expenditure	193,000	112,500
Miscellaneous Expenses	28,163	63,185
Guest Hospitality	182,702	150,208
Advertisement Expenses <u>813</u>	54,250	28,500
Postage and Courier	7,783	3,000
Bank Charges	1,790	60
Special Event Expenses	278,536	250,418
Renew Charges	171,129	140,778
AGM Expenses	90,862	745,705
Office-Accessories	15,538	13,380
Legal Fees <u>2542</u>	169,500	169,500
<b>Total</b>	<b>2,869,689</b>	<b>2,929,439</b>

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ESTD 2007  
MUSIC ROYALTY COLLECTION SOCIETY NEPAL



**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**

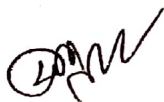
The financials are prepared for the period from 16<sup>th</sup> July 2017 to 16<sup>th</sup> July 2018. The accounting policies have been consistently applied by the organization. All figures are rounded off to the nearest rupee. Previous period's figures have been regrouped/rearranged wherever necessary.

**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.



**MRCSN**  
ESTD 2007  
MUSIC ROYALTY COLLECTION SOCIETY NEPAL

