

Independent Auditor's Report

Report on the Financial Statements

We have audited the accompanying financial statement of Music Royalty Collection Society Nepal (PAN No. 303304739), which comprise the Statement of Financial Position as at 16th July 2022 and a summary of significant accounting policies and other Explanatory Notes.

**Basis of opinion:**

We conducted our audit in accordance with the Nepal Standards on Auditing. We Are independent of the Entity in accordance with the Code of Ethics issued by the institute of chartered Accountants of Nepal with the ethical requirements that the Rules there under, and we have Fulfilled our other requirements in accordance with these requirements and the code of ethics. We believe that the audit evidence have obtained is sufficient and appropriate to provide a basis of opinion.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of this financial statement in accordance with Nepal Accounting Standards. This responsibility also included maintenance of adequate accounting records for safeguarding the assets of the Entity and for preventing and detection frauds and other irregularities; selection and application of appropriate accounting policies; making Judgements and estimates that are reasonable and prudent and design, implementation and maintenance of adequate internal financial control , that are operation effectively for ensuring the accuracy and completeness of the accounting records, relevant to preparation and effectively for ensuring the accuracy and completeness of the accounting are free from material misstatement, whether due to fraud or error. In preparing the financial statement management is responsible for assessing the company's 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 entity or cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the entity's financial reporting process.

**Auditor's Responsibilities for the Audit of the Financial Statement**

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole are free from material misstatement assurance is 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 exist.

Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably expect to influence the economic decision of user taken on the basis of these financial statements.



As a part of audit in accordance of NSAs, we exercise professional judgment and maintain professional scepticism throughout the audit we also:


- Identify and assess the risk of material misstatement of the financial statement whether due to fraud or error, design and perform audit procedure to those risks, and obtain audit evidence that is sufficient and appropriate to provide an opinion. The risk of not detection a material misstatement 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.
- Obtain an understanding of internal control relevant to the audit in order design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control.
- Conclude an appropriateness of management use of going basis of accounting and, basis in audit evidence obtained, whether a material uncertainty exist related to events or condition that may cast significant doubt on the company ability to continue as going concern . If we conclude that a material uncertainty exist, we are required to draw attention in our auditor report to related disclosures in the consolidated financial statement or obtained up to the date of our auditor report However, future events or condition may cause the Company to cease to continue as going concern.

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosure made by management.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosure made by management.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities to express an opinion on the financial statement with governance regarding, among other matters, the planned control that we identify during our audit opinion.
- We communicate 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 identify during our audit.

#### Opinion

In our opinion, based on the information and explanation provided to us and our audit, the financial statements present fairly, in all material respects, the financial position of Music Royalty Collection Society Nepal as at July 16, 2022 (Ashad 32, 2079), and its financial performance and its cash flow for the year then ended With applicable general accepted accounting principles.

  
CA Munna Prasad  
(Proprietor)

Date: 2079/08/22

Place:-Kathmandu

Udin No.:- 221208CA00839iFtTo



**Music Royalty Collection Society Nepal**  
Anamngar-29, Kathmandu  
Statement of Financial Position  
As at 32 Ashad, 2079 (16th July, 2022)

Particular	Schedule	As at 32.03.2079	As at 31.03.2078
<b>Source of fund</b>			
Net Fund	1	(8,140,465.22)	(4,435,806.00)
LESS: Current Liabilities & Provisions	4	20,520,531.50	24,516,682.00
<b>Total Sources of fund</b>		<b>12,380,066.28</b>	<b>20,080,876.00</b>
<b>Application of Funds</b>			
<b>Non-Current Assets</b>			
Property, Plant & Equipment			
Gross Block	5	2,305,978.00	2,181,862.00
Less: Depreciation		(86,321.95)	(73,604.00)
<b>Net Fixed Assets</b>		<b>2,219,656.05</b>	<b>2,108,258.00</b>
Current Assets , Loans & Advances			
Cash and Cash Equivalents	2	7,780,182.12	17,599,380.00
Advance, Prepaid, Depodits & Receivables	3	2,380,228.11	373,238.00
		<b>10,160,410.23</b>	<b>17,972,618.00</b>
<b>Total Application of Funds</b>		<b>12,380,066.28</b>	<b>20,080,876.00</b>

Significant Accounting Policies and Notes to Account 9  
Schedules 1-4 & ( From an integral part of this Balance Sheet

Suresh Chandra Adhikari  
Chairman



Basanta Sapkota  
Treasurer



Badri Pandey  
General Secretary



Munna Prasad  
Chartered Accountant



Date: 2079/08/20  
Place: Kathmandu



**Music Royalty Collection Society Nepal**  
Anamngar-29, Kathmandu  
Statement of Income and Expenditure  
For the period from 16 July 2021 to 16 July 2022

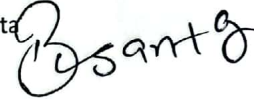
	Particular	Schedule	As at 32.03.2079	As at 31.03.2078
A.	Income	6	1,532,283.82	912,482.00
			1,532,283.82	912,482.00
B.	<b>Less: Expenditure</b>			
	Employee Cost	7	1,493,612.50	1,300,044.00
	Administrative Cost	8	3,657,008.59	1,410,669.00
	Depreciation	5	86,321.95	73,604.00
	<b>Total expenditure for the year</b>		<b>5,236,943.04</b>	<b>2,784,317.00</b>
C.	<b>Net expenditure transferred to Balance Sheet</b>		<b>(3,704,659.22)</b>	<b>(1,871,835.00)</b>

Significant Accounting Policies and Notes to Account 9  
Schedules 5-9 from an integral part of this statement of income and Expenditure

Suresh Chandra Adhikari  
Chairman



Basanta Sapkota  
Treasurer



Badri Pandey  
General Secretary



Munna Prasad  
Chartered Accountant



Date: 2079/08/20  
Place: Kathmandu

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**Music Royalty Collection Society Nepal**  
**Anamngar-29, Kathmandu**  
**Cash Flow Statement**  
**For the period from 1st Shrawan 2078 to 32 Ashad 2079**

Particulars	As at 32.03.2079 Rs.
<b>A. Cash flow from Operating Activities</b>	
Net Profit/Loss	(3,704,659.22)
Add:	
Depreciation	86,321.95
Interest expenses	
Preliminary Expenses written off	
Less:	
Interest Income	
Gain in Sale/Written off of Fixed Assets	
<b>Operating Profit Before Working Capital Changes</b>	<b>(3,618,337.27)</b>
<b>Working Capital Changes</b>	
Decrease/(Increase) in Current Assets	(2,006,990.11)
Increase / ( Decrease) in Current Liabilities and Provisions	(3,996,150.50)
Interest Payments	-
<b>Increase/(Decrease) In Working Capital</b>	<b>(6,003,140.61)</b>
<b>Cash Used(-)/(+)Generated For Operating Activities (A)</b>	<b>(9,621,477.88)</b>
<b>B. Cash flow from Investing Activities</b>	
Sale/(purchase) of Fixed Assets	(197,720.00)
Interest/Dividend Received	-
<b>Cash Used(-)/(+)Generated For Investing Activities (B)</b>	<b>(197,720.00)</b>
<b>C. Cash flow from Financing Activities</b>	
Proceeds from Issue of Shares	
Dividend Distribution	
Increase/(Decrease) in Loan (Liability)	
Increase/(Decrease) in Unsecured Loan	
<b>Cash Used(-)/(+)Generated For Financing Activities (C)</b>	<b>-</b>
<b>Net Increase(+)/Decrease (-) In Cash And Cash Equivalents (A+B+C)</b>	<b>(9,819,197.88)</b>
<b>Cash And Cash Equivalents Opening Balance</b>	<b>17,599,380.00</b>
<b>Cash And Cash Equivalents Closing Balance</b>	<b>7,780,182.12</b>

Significant Accounting Policies and Notes to Accounts  
Schedules I to 11 form integral part of financial statements.

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Music Royalty Collection Society Nepal

Anamngar-29, Kathmandu

Balance Sheet

Schedules annexed and forming part of Balance Sheet as At 16 July 2022

Net Fund

Particular	Schedule-1	
	As at 32.03.2079	As at 31.03.2078
Net Fund Previous Year	(4,435,806.00)	(2,763,115.00)
Fund received during thid year		
NORCODE		
NCRO	-	199,144.00
Government	-	-
Public/Artist	-	-
Transferred From Statement of Income & Expe	(3,704,659.22)	(1,871,835.00)
<b>Total</b>	<b>(8,140,465.22)</b>	<b>(4,435,806.00)</b>

Cash And Cash Equivalent

particulars	Schedule-2	
	As at 32.03.2079	As at 31.03.2078
Nabil Bank Ltd 3101017500166	239,361.97	162,384.00
Nabil Bank Ltd 3101017500325	3,690,480.01	275,099.00
Nabil Bank Ltd c3101017500126	2,459,225.32	5,972,752.00
Agricultural Dev Bank 021020053599011	89,381.90	2,123,082.00
Rastriya banijya Bank	1,291,565.32	9,066,063.00
Cash in Hand	10,167.60	-
<b>Total</b>	<b>7,780,182.12</b>	<b>17,599,380.00</b>

Advance, Prepaid, Deposits & Receivables

Particular	Schedule-3	
	As at 32.03.2079	As at 31.03.2078
Advance of Staff	-	238,238.00
Mangesh Dutta (Avance for Wipo Connect software)	2,200,000.00	
Narottam Ghimire	30,000.00	
Saroj Pandey	50,228.11	
Advance of Board member	-	35,000.00
House Rent Deposit (F.Y. 2075-076)	100,000.00	100,000.00
<b>Total</b>	<b>2,380,228.11</b>	<b>373,238.00</b>

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Accrued Expenses And Other Payable

Schedule-4

Particular	As at 32.03.2079	As at 31.03.2078
Royalty	19,787,047.29	23,500,209.00
Performers Society of Nepal	292,322.77	470,577.00
Music Producer Society Nepal	292,322.76	470,577.00
Provident Fund To Staff	(4,973.26)	6,916.00
House rent payable	-	-
Salary Payable	-	-
Audit Fee Payable	100,000.00	40,000.00
Other payable	4,499.96	4,500.00
TDS payable	49,311.98	23,903.00
<b>Total</b>	<b>20,520,531.50</b>	<b>24,516,682.00</b>

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Music Royalty Collection Society Nepal

Anamgar-29, Kathmandu

Schedules to Balance Sheet as at Ashadh 32, 2079

Schedule-5 Property, Plant & Equipment

Particulars	Gross Block		Depreciation Base			Depreciation		Closing WDV As on 32 Ashadh 2079		
	Opening Balance (A)	Additions During the Year (B)	Total A+B	1.00	0.67	0.33	Total		Rate	Amount
Land	1,950,666	-	1,950,666.00	-	-	-	-	-	-	1,950,666
<b>Sub-Total</b>	<b>1,950,666.00</b>	<b>-</b>	<b>1,950,666.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,950,666.00</b>
<b>Block A Assets</b>	-	-	-	-	-	-	-	5%	-	-
<b>Block B Assets</b>	-	-	-	-	-	-	-	25%	-	-
Furniture & Fixture	20,831.00	2,000.00	22,831.00	2,000.00	-	-	2,000.00	-	5,707.75	17,123
Other office Assets:	27,244.00	5,500.00	32,744.00	5,500.00	-	-	5,500.00	-	8,186.00	24,558
Computer And Accessories	72,730.00	184,450.00	257,180.00	184,450.00	-	-	184,450.00	-	64,295.00	192,885
Musical instruments	3,976.00	3,976.00	3,976.00	-	-	-	-	-	994.00	2,982
<b>Sub-Total</b>	<b>124,781.00</b>	<b>191,950.00</b>	<b>316,731.00</b>	<b>191,950.00</b>	<b>-</b>	<b>-</b>	<b>191,950.00</b>	<b>-</b>	<b>79,182.75</b>	<b>237,548.25</b>
<b>Block C Assets</b>	-	-	-	-	-	-	-	20%	-	-
Vehicle	11,670	-	11,670.00	-	-	-	-	-	2,334.00	9,336
<b>Sub-Total</b>	<b>11,670.00</b>	<b>-</b>	<b>11,670.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,334.00</b>	<b>9,336.00</b>
<b>Block D Assets</b>	-	-	-	-	-	-	-	15%	-	-
Kitchen Equipment	-	5,770.00	5,770.00	-	-	-	5,770.00	-	577.00	5,193
<b>Sub-Total</b>	<b>-</b>	<b>5,770.00</b>	<b>5,770.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,770.00</b>	<b>-</b>	<b>577.00</b>	<b>5,193.00</b>
<b>Block E Assets</b>	-	-	-	-	-	-	-	SLM	-	-
Computer software	21,141	-	21,141.00	-	-	-	-	-	4,228.20	16,913
<b>Sub-Total</b>	<b>21,141.00</b>	<b>-</b>	<b>21,141.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,228.20</b>	<b>16,912.80</b>
<b>Total</b>	<b>2,108,258.00</b>	<b>197,720.00</b>	<b>2,305,978.00</b>	<b>191,950.00</b>	<b>5,770.00</b>	<b>-</b>	<b>197,720.00</b>	<b>-</b>	<b>86,321.95</b>	<b>2,219,656.05</b>

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**Music Royalty Collection Society Nepal**  
Anamngar, Kathmandu

Schedules annexed and forming part of Balance Sheet as At 16th July 2022

**Details of Royalty Payable**

Particulars	As at 32.03.2079	As at 31.03.2078
Nameste Enterprise	3,600.00	3,600.00
Nepal telecome	1,756,594.01	1,756,594.00
Nepal Television	85,000.00	85,000.00
Radio Nepal	18,569.14	76,561.00
Butwal FM	9,760.81	9,761.00
Music Nepal	128,599.43	128,599.00
Excellent Mobile	11,128.77	11,129.00
internet Radio HD	-	55,213.00
Internet radio HD Modern	-	38,876.00
Media Space Solution	10,257.51	10,258.00
Music Reserch Development Forum Nepal	501.12	501.00
Nepal Tunes	12,000.00	12,000.00
Bro Sis Mobile Hub	6,000.00	6,000.00
Free Nepal songs	10,257.51	10,258.00
Tulsi Parajuli	1,500.00	1,500.00
Hidden Treasure	16,760.00	16,760.00
NCELL	7,594,171.48	7,518,019.00
Lekhnath Udhoyog Banijya Sangh	12,500.00	12,500.00
Royalty From Pulbic Hall	108,247.38	108,247.00
FM	1,444,402.89	697,474.00
television	1,515,821.04	920,850.00
Transportation	6,603,620.98	11,789,960.00
Kathmandu Fun Valley Water parjk	37,500.00	37,500.00
Resaurant	85,800.00	78,300.00
Radio Nepal 070/71	22,470.78	
Radio Nepal 069/070	12,461.13	
Internet radio HD 2014	43,212.59	
Internet Radio HD 2015	12,000.00	
Internet Radio HD Modern 2015	12,000.00	
Internet Radio HD modern 2016	26,876.05	
Radio Nepal 071/72	23,059.67	
Radio Audio Pvt. Ltd	37,500.00	
Classis F.M.	5,625.00	
Program	114,750.00	114,749.00
other liabilities	4,500.00	
<b>Total</b>	<b>19,787,047.29</b>	<b>23,500,209.00</b>

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Music Royalty Collection Society Nepal

Anamngar-29, Kathmandu

Schedules Annexed to and Forming part of Statement of income and Expenditure  
for the period from 16th July 2021 to 16 July 2022

INCOME

Schedule-6

Particulars	As at 32.03.2079	As at 31.03.2078
Service charge	950,842.56	865,852.00
Membership Fee	181,600.00	15,000.00
Bank interest	10,256.26	21,930.00
Other Income	359,035.00	
Card Charge	18,550.00	2,700.00
MIS Income	12,000.00	7,000.00
Total	1,532,283.82	912,482.00

Employee Cost

Schedule-7

Particulars	As at 32.03.2079	As at 31.03.2078
Salary And Allowances	1,493,612.50	1,300,044.00
Total	1,493,612.50	1,300,044.00

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## Administrative Cost

## Schedule-8

Particulars	As at 32.03.2079	As at 31.03.2078
Electricity Expenses	39,114.51	27,644.00
Telephone And internet Expenses	13,770.00	42,193.00
Internet Expenses	21,390.52	
House Rent	439,999.97	413,333.00
Stationary And Priting	112,600.13	60,222.00
Audit Fee	100,000.00	40,000.00
Staff Welfare & Hospitality	111,453.00	112,180.00
Website charges And Computer Maintenance	561,015.00	73,337.00
Fuel And Maintenance	94,073.23	18,568.00
Administration cost	916,621.29	
Awareness Program Expenses	209,654.91	199,145.00
Transportation Royalty Management	2,600.00	1,400.00
Transprotation Licensing Expenditure	1,017.00	
Staff Recuirment	2,250.00	-
Repair & Maintenance-Computer	14,006.00	-
Communication And transportation	52,190.00	14,155.00
Meeting Allowance And Expenditure	269,000.00	21,000.00
Miscellaneous Expenses	756.70	
Office Expenses	-	10,295.00
Guest Hospitality	19,150.00	22,970.00
Busines Promotion Expenses	96,815.00	
Joint Meeting Expenses	65,845.00	
Refreshment expenses	81,655.00	
Advertisement Expenses	19,093.50	28,994.00
bank Charges	17,477.03	1,290.00
Royalty Distribution Expenses	10,000.00	-
Renew Charges	-	309,100.00
AGM Expenses	330,674.80	5,570.00
Office Utensil-electronic goods	500.00	
Office accessories	10,786.00	9,273.00
Legal Fees	43,500.00	-
	-	
<b>Total</b>	<b>3,657,008.59</b>	<b>1,410,669.00</b>

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**Music Royalty Collection Society Nepal**  
Anamgar-29, Kathmandu

Salary Sheet for F.Y. 2078-079

S.N	Name	Designation	Pan No	Gross Annual Basic Salary	P.F Contribution from employer	Dashain Allowance	Other Allowance	Total Salary	PF Contribution	Taxable salary	SST	Salary Paid
1	Bikash Chandra Lohani	LO	113372715	327300	32730	26400	122960	509,390.00	65460	443930	4439.3	439490.7
2	Narottam Ghimire	JDO	104191307	216000	0	0	12000	228,000.00	0	228000	2280	225720
3	Dip Bahadur Giri	AFO	123482116	194167	0	0	12000	206,167.00	0	206167	2061.67	204105.33
4	Rupali Mishar	AO	115062063	199000	0	0	10000	209,000.00	0	209000	2090	206910
5	Saroj Pandey	AFO		105600	10560	26400	26400	168,960.00	21120	147840	1478.4	146361.6
6	Anita Rai	AA	114423256	257837.1	25783.71	20048.16	103221.54	406,890.51	51567.42	355323.09	3553.2309	351769.8591
7	Januka Adhikari	OA	114372435	171000	17100	13000	37300	238,400.00	34200	204200	2042	202158
	<b>TOTAL</b>			<b>1470904.1</b>	<b>86173.71</b>	<b>85848.16</b>	<b>323881.54</b>	<b>1,966,807.51</b>	<b>172347.42</b>	<b>1794460.09</b>	<b>17944.601</b>	<b>1776515.489</b>

Sharing staff salary among PSN & MPSN

S.N	Name	Designation	Pan No	Gross Annual Basic Salary	P.F Contribution from employer	Dashain Allowance	Other Allowance	Total Salary	PF Contribution	Taxable salary	SST	Salary Paid
1	Bikash Chandra Lohani	LO	113372715	327300	32730	26400	122960	509,390.00	65460	443930	4439.3	439490.7
2	Narottam Ghimire	JDO	104191307	216000	0	0	12000	228,000.00	0	228000	2280	225720
3	Rupali Mishar	AO	115062063	199000	0	0	10000	209,000.00	0	209000	2090	206910
				Total for sharing Salary				946,390.00				
				Sharing for PSN & MPSN (25% and 25%)				473,195.00				
				<b>Net Salary for Music Royalty</b>				<b>1,493,612.51</b>				

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# Music Royalty Collection Society Nepal

Anamngar-29, Kathmandu

## Schedule 9: Significant Accounting Policies & notes to Accounts for F.Y. 2078-09

### 1) Significant Accounting Policies

#### I. General information

MRCSN is registered in Nepal Copyright registration Office, certificate No. 01/063/064.

The Main objective of the organization is to protect and administer the right of authors and composers. It is administered by people like authors and composers, whose solo interest is to collectively ensure that the works concerned, negotiate with the prospective users, provide them Licenses against appropriate fees and under appropriate conditions such fees and distribute among the owners of right.

#### 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 Estimate

The preparation of financial statement in conformity with Nepal Accounting Standard requires management to make estimates and assumption that affect the reported amount of assets and liability, disclosure contingent assets and liability at the date of the financial statements and expenses used during in the preparation of the financial statement and expenses during the reporting period. The organization management believe that the estimates used in the preparation of the financial statements are prudent and reasonable. Actual result could differ from this estimate.

#### IV. Financial Period and Comparative Information

The financial are prepared for the period from 16th July, 2021 to 16th July, 2022. 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.



  
**MRC<sup>SN</sup>**  
EST 2007  
MUSIC ROYAL COLLECTION SOCIETY NEPAL



**VI. Depreciation**

Land is not depreciated. Depreciation is charged on the Fixed Assets on diminishing balance method at the rates determined by the management. The depreciation rates used for different categories of assets are as follows:-

Land	0%
Furniture and fixtures	25%
Other office Assets:	25%
Computer and Accessories	25%
Musical instruments	25%
Motor vehicles	20%
Kitchen Equipment	15%

**VII. 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 account.

**VIII. Income tax provision**

The provision for income tax has not been made due to loss on statement of income and expenditure. The Entity has not obtained tax exemption certificate from Inland Revenue Department.

