

# PRASAD & ASSOCIATES

## Chartered Accountants

Vat No. 103483351

New Baneshwor-10, Kathmandu, Nepal

Tel. : - +977-01-4105001

Email- [caamunnsprasad@gmail.com](mailto:caamunnsprasad@gmail.com)

### 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 2023 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.

A handwritten signature in black ink, appearing to read "Prasad".





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, 2023 (Ashad 31, 2080), and its financial performance and its cash flow for the year then ended With applicable general accepted accounting principles.

CA Munna Prasad  
(Chartered Accountant)  
COP:-845  
Date: 2080/06/17




Udin No.:- 231004CA00839YsdRQ

**Music Royalty Collection Society Nepal**  
Anamngar-29, Kathmandu  
Statement of Financial Position  
As at 31 Ashad, 2080 (16th July, 2023)

Particular	Schedule	As at 31.03.2080	As at 32.03.2079
<u>Source of fund</u>			
Net Fund	1	(1,424,777.79)	(8,140,465.22)
Current Liabilities & Provisions	4	14,254,139.35	20,520,531.50
<b>Total Sources of fund</b>		<b>12,829,361.56</b>	<b>12,380,066.28</b>
<u>Application of Funds</u>			
<u>Non-Current Assets</u>			
Property, Plant & Equipment			
Gross Block	5	5,421,712.04	2,305,978.00
Less: Depreciation		(297,724.77)	(86,321.95)
<b>Net Fixed Assets</b>		<b>5,123,987.27</b>	<b>2,219,656.05</b>
Current Assets , Loans & Advances			
Cash and Cash Equivalents	2	7,705,374.29	7,780,182.12
Advance, Prepaid, Depodits & Receivables	3	-	2,380,228.11
		<b>7,705,374.29</b>	<b>10,160,410.23</b>
<b>Total Application of Funds</b>		<b>12,829,361.56</b>	<b>12,380,066.28</b>

Significant Accounting Policies and Notes to Account Schedules 1-8 form an integral part of this Balance Sheet

9


  
Mr. Suresh Chandra Adhikari  
Chairman

  
Mr. Basanta Sapkota  
Treasurer

Mr. Badri Pandey  
General Secretary



Mrs. Sita Bhusal  
Finance Officer

  
Date: 2080/06/15  
Place: Kathmandu

Munna Prasad  
Chartered Accountant





Music Royalty Collection Society Nepal

Anamngar-29, Kathmandu

Statement of Profit & Loss A/c

For the period from 16 July 2022 to 16 July 2023

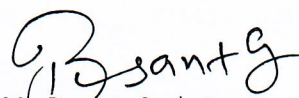
	Particular	Schedule	As at 31.03.2080	As at 32.03.2079
A.	Income	6	13,538,846.18	1,532,283.82
			13,538,846.18	1,532,283.82
B.	<b>Less: Expenditure</b>			
	Employee Cost	7	2,472,790.65	1,493,612.50
	Administrative Cost	8	4,052,643.33	3,657,008.59
	Depreciation	5	297,724.77	86,321.95
	Total expenditure for the year		6,823,158.75	5,236,943.04
C.	Net expenditure transferred to Balance Sheet		6,715,687.43	(3,704,659.22)

Significant Accounting Policies and Notes to Account 9

Schedules 5-9 from an integral part of this statement of income and Expenditure



Mr. Suresh Chandra Adhikari  
Chairman



Mr. Basanta Sapkota  
Treasurer

Mr. Badri Pandey  
General Secretary



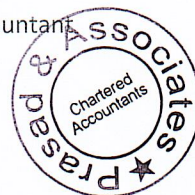
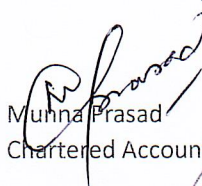
Date: 2080/06/15  
Place: Kathmandu



Mrs. Sita Bhusal  
Finance Officer



Muhna Prasad  
Chartered Accountant





**Music Royalty Collection Society Nepal**  
**Anamngar-29, Kathmandu**  
**Cash Flow Statement**  
**For the period from 1st Shrawan 2079 to 31 Ashad 2080**

Particulars	As at 31.03.2080 Rs.	As at 32.03.2079 Rs.
<b>A. Cash flow from Operating Activities</b>		
Net Profit/Loss	6,715,687.43	(3,704,659.22)
Add:		
Depreciation	297,724.77	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>7,013,412.20</b>	<b>(3,618,337.27)</b>
<b>Working Capital Changes</b>		
Decrease/(Increase) in Current Assets	2,380,228.11	(2,006,990.11)
Increase / ( Decrease) in Current Liabilities and Provisions	(6,266,392.15)	(3,996,150.50)
Interest Payments	-	-
<b>Increase/(Decrease) In Working Capital</b>	<b>(3,886,164.04)</b>	<b>(6,003,140.61)</b>
<b>Cash Used(-)/(+)Generated For Operating Activities (A)</b>	<b>3,127,248.16</b>	<b>(9,621,477.88)</b>
<b>B. Cash flow from Investing Activities</b>		
Sale/(purchase) of Fixed Assets	(3,202,055.99)	(197,720.00)
Interest/Dividend Received	-	-
<b>Cash Used(-)/(+)Generated For Investing Activities (B)</b>	<b>(3,202,055.99)</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>-</b>
<b>Net Increase(+)/Decrease (-) In Cash And Cash Equivalents (A-</b>	<b>(74,807.83)</b>	<b>(9,819,197.88)</b>
<b>Cash And Cash Equivalents Opening Balance</b>	<b>7,780,182.12</b>	<b>17,599,380.00</b>
<b>Cash And Cash Equivalents Closing Balance</b>	<b>7,705,374.29</b>	<b>7,780,182.12</b>

Significant Accounting Policies and Notes to Acc 9  
Schedules 1 to 11 form integral part of financial statements.

**MRCN**  
**MUSIC ROYALTY COLLECTION SOCIETY**

**Prasad & Associates**  
Chartered Accountants

**Music Royalty Collection Society Nepal**  
**Anamngar-29, Kathmandu**  
**Balance Sheet**

Schedules annexed and forming part of Balance Sheet as At 16 July 2023

**Net Fund**

**Schedule-1**

Particular	As at 31.03.2080	As at 32.03.2079
Net Fund Previous Year	(8,140,465.22)	(4,435,806.00)
Fund received during thid year		
NORCODE		
NCRO	-	
Government	-	-
Public/Artist	-	-
Transferred From Statement of Income & Expe	6,715,687.43	(3,704,659.22)
<b>Total</b>	<b>(1,424,777.79)</b>	<b>(8,140,465.22)</b>

**Cash And Cash Equivalent**

**Schedule-2**

particulars	As at 31.03.2080	As at 32.03.2079
Nabil Bank Ltd 3101017500166	426,033.71	239,361.97
Nabil Bank Ltd 3101017500325	3,063,268.60	3,690,480.01
Nabil Bank Ltd c3101017500126	404,667.56	2,459,225.32
Agricultural Dev Bank 021020059599011	311,681.90	89,381.90
Rastriya banijya Bank	473,059.55	1,291,565.32
Nabil Bank Ltd.04801217501284	3,026,662.97	
Cash in Hand	-	10,167.60
<b>Total</b>	<b>7,705,374.29</b>	<b>7,780,182.12</b>

**Advance, Prepaid, Deposits & Receivables**

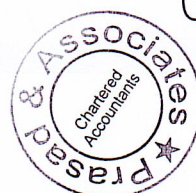
**Schedule-3**

Particular	As at 31.03.2080	As at 32.03.2079
Advance of Staff (Saroj Pandey;	-	50,228.11
Mangesh Dutta (Avance for Wipo Connect software)		2,200,000.00
Narottam Ghimire		30,000.00
House Rent Deposit (F.Y. 2075-C76)	-	100,000.00
<b>Total</b>	<b>-</b>	<b>2,380,228.11</b>

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**MRC&N**  
**EST. 2007**  
**MUSIC ROYALTY COLLECTION SOCIETY NEPAL**



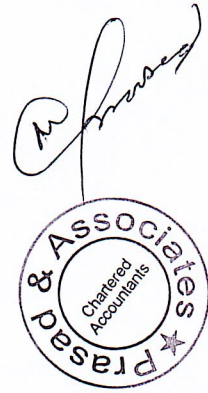


Accrued Expenses And Other Payable

Schedule-4

Particular	As at 31.03.2080	As at 32.03.2079
Royalty payable to MRCSN member	10,915,047.86	19,787,047.29
Performers Society of Nepal	778,752.02	292,322.77
Music Producer Society Nepal	778,752.02	292,322.76
Provident Fund To Staff		(4,973.26)
House rent payable		-
Others Payable (Staff)	1,174,278.44	-
Audit Fee Payable	59,204.00	100,000.00
Other payable	-	4,499.96
TDS payable	548,105.01	49,311.98
<b>Total</b>	<b>14,254,139.35</b>	<b>20,520,531.50</b>

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Music Royalty Collection Society Nepal

Anamgar-29, Kathmandu

Schedules to Balance Sheet as at Ashadh 31, 2080

Schedule-5 Property, Plant & Equipment

Particulars	Gross Block				Depreciation Base			Depreciation		Closing WDV As on 31 Ashadh 2080	
	Opening Balance (A)	Date of Purchase	Additions During the Year (B)	Total A+B	1.00	2/3	1/3	Total	Rate		Amount
Land	1,950,666			1,950,666.00				1,950,666.00			1,950,666
Sub-Total	1,950,666.00			1,950,666.00				1,950,666.00			1,950,666.00
<b>Block A Assets</b>											
<b>Block B Assets</b>											
Furniture & Fixture	17,123.25		146,365.00	163,488.25		17,300.00	129,065.00	163,488.25		17,919.56	145,569
Other office Assets:	24,558.00			24,558.00				24,558.00	25%	6,139.50	18,419
Computer And Accessories	192,885.00		116,160.99	309,045.99		5,805.00		309,045.99		76,777.75	232,268
Musical instruments	2,982.00			2,982.00				2,982.00		745.50	2,237
<b>Sub-Total</b>	237,548.25		262,525.99	500,074.24		23,105.00	129,065.00	500,074.24		101,582.31	398,491.93
<b>Block C Assets</b>											
Vehicle	9,336			9,336.00				9,336.00	20%	1,867.20	7,469
<b>Sub-Total</b>	9,336.00			9,336.00				9,336.00	15%	1,867.20	7,468.80
<b>Block D Assets</b>											
Kitchen Equipment	5,193			5,193.00				5,193.00		778.95	4,414
Lease Hold Assets-Tahara	5,193.00		351,295.00	351,295.00			351,295.00	351,295.00		17,564.75	333,730
<b>Sub-Total</b>	5,193.00		351,295.00	356,488.00			351,295.00	356,488.00	SLM	18,343.70	338,144.30
<b>Block E Assets</b>											
Computer software	16,913		2,588,235.00	16,912.80			2,588,235.00	16,912.80		3,382.56	13,530
WIPO Connect	16,912.80		2,588,235.00	2,605,147.80			2,588,235.00	2,605,147.80		172,549.00	2,432,598.80
<b>Sub-Total</b>	16,912.80		2,588,235.00	2,605,147.80			2,588,235.00	2,605,147.80		175,931.56	2,429,216.24
<b>Total</b>	2,219,656.05		3,202,055.99	5,421,712.04		23,105.00	3,068,595.00	5,421,712.04		297,724.77	5,123,987.27

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**Music Royalty Collection Society Nepal**

F.Y. 2079/080

Details to and forming part of Annexure 5 of Income Form

Annexure

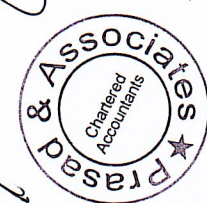
Computation of Depreciation u/s 19:

S.N.	Pool Rate Particulars	A		B		C		D		E		Total
		5%	Land	25%	Furniture & Equipment	20%	Vehicles	15%	Other Assets	5 Year	Software	
1	Opening WDV	1,950,666.00	-	237,548.25	-	9,336.00	-	5,193.00	-	16,912.80	-	2,219,656.05
2	Addition upto Pouch	-	-	110,355.99	-	-	-	-	-	-	-	110,355.99
3	Allowable for Depreciation (100%)	-	-	110,355.99	-	-	-	-	-	-	-	110,355.99
4	Addition from Magh to Chaitra	-	-	23,105.00	-	-	-	-	-	-	-	23,105.00
5	Allowable for Depreciation (2/3)	-	-	15,403.33	-	-	-	-	-	-	-	15,403.33
6	Addition from Baisakh to Ashad	-	-	129,065.00	-	-	-	351,295.00	-	2,588,235.00	-	3,068,595.00
7	Allowable for Depreciation (1/3)	-	-	43,021.67	-	-	-	117,098.33	-	862,745.00	-	1,022,865.00
8	Sales	-	-	-	-	-	-	-	-	-	-	-
9	Total Depreciation Basis (1+3+5+7-8)	1,950,666.00	-	406,329.24	-	9,336.00	-	122,291.33	-	879,657.80	-	3,368,280.37
10	Depreciation Calculation	-	-	101,582.31	-	1,867.20	-	18,343.70	-	175,931.56	-	297,724.77
11	Additional 1/3rd Depreciation	-	-	-	-	-	-	-	-	-	-	-
12	Total Depreciation	-	-	101,582.31	-	1,867.20	-	18,343.70	-	175,931.56	-	297,724.77
13	WDV before unabsorbed expenses & additions (9-12)	1,950,666.00	-	304,746.93	-	7,468.80	-	103,947.63	-	703,726.24	-	3,070,555.60
14	Unabsorbed Repair/R & D/Pollution expenses	-	-	-	-	-	-	-	-	-	-	-
15	Unabsorbed Fixed Assets Additions	-	-	93,745.00	-	-	-	234,196.67	-	1,725,490.00	-	2,053,431.67
16	Balance WDV (13+14+15)	1,950,666.00	-	398,491.93	-	7,468.80	-	338,144.30	-	2,429,216.24	-	5,123,987.27

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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 2023

**INCOME**

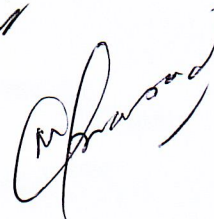
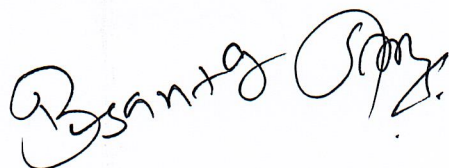
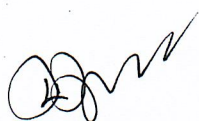
**Schedule-6**

Particulars	As at 31.03.2080	As at 32.03.2079
Service charge		950,842.56
Membership Fee	161,550.00	181,600.00
Royalty 50% (MRC SN)	13,336,433.46	
Bank interest		10,256.26
Other Income		359,035.00
Card Charge	17,150.00	18,550.00
Miscellaneous Income	23,712.72	12,000.00
<b>Total</b>	<b>13,538,846.18</b>	<b>1,532,283.82</b>

**Employee Cost**

**Schedule-7**

Particulars	As at 31.03.2080	As at 32.03.2079
Salary And Allowances	2,472,790.65	1,493,612.50
<b>Total</b>	<b>2,472,790.65</b>	<b>1,493,612.50</b>





## Administrative Cost

## Schedule-8

Particulars	As at 31.03.2080	As at 32.03.2079
Electricity Expenses	37,012.00	39,114.51
Dike Tax and renew document	27,160.00	
Consumable Goods	208,319.00	
Repair and Maintenance-Office Equipment	26,464.00	
Joint expenses printing and Courier 50%	11,687.50	
Water EXP.	17,044.00	
Renewal expenses (CISAC/SUISA/NCRO)	153,056.25	
Telephone And communication Expenses	31,301.00	13,770.00
Internet Expenses	16,950.00	21,390.52
House Rent	466,666.00	439,999.97
Stationary And Priting	157,324.00	112,600.13
Audit Fee	73,000.00	100,000.00
Staff Welfare & Hospitality		111,453.00
Royalty Awareness 50%(MRCNS)	52,512.72	
Transportation Hire	2,500.00	
House rent Transportation Dang 50%	20,700.00	
Traning Expenses	256,241.00	
Website charges And Computer Maintenance		561,015.00
Fuel for Board member and staff	166,868.97	94,073.23
Administration cost		916,621.29
Awareness Program Expenses		209,654.91
Transportation Royalty Management		2,600.00
Transprotation Licensing Expenditure		1,017.00
Repair and Maintenance-Vehicles	16,330.00	
Repair and Maintenance-Furniture	57,865.00	
Repair and Maintenance-Lease of Assets	19,330.00	
Facebook -Commission Expenses	639,427.52	
Software, Google, MRCNS Renewal cost	88,526.51	
Staff Recuirment & Traning Exp		2,250.00
Repair & Maintenance-Computer		14,006.00
Communication And transportation		52,190.00
Meeting Allowance And Expenditure	226,500.00	269,000.00
Miscellaneous Expenses	473.30	756.70
AWS payment Exp.	569,798.54	-
Guest Hospitality		19,150.00
Busines Promotion Expenses		96,815.00
Joint Meeting Expenses		65,845.00
Refreshment expenses	320,219.00	81,655.00
Advertisement Expenses	43,844.00	19,093.50
Bank Charges	2,544.51	17,477.03
Royalty Distribution Expenses		10,000.00
AGM Expenses	135,000.40	330,674.80
Office Utensil-electronic goods		500.00
Office accessories		10,786.00
Indirect Expenses	150,228.11	
Legal Fees	57,750.00	43,500.00
	-	-
<b>Total</b>	<b>4,052,643.33</b>	<b>3,657,008.59</b>



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Music Royalty Collection Society Nepal  
Anamngar-29, Kathmandu  
Salary Sheet for F.Y. 2079-080

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	Md.rafi Eraqui	CEO	106813988	297,824.00	-	-	-	297,824.00	-	297,824.00	2,978.24	294,845.76
2	Ajith Kumar Jha	CTH	102936955	35,000.00	-	-	-	35,000.00	-	35,000.00	350.00	34,650.00
3	Shibaram Bhatta	MDI	135841633	187,500.00	-	-	-	187,500.00	-	187,500.00	1,875.00	185,625.00
4	shusmita Ghimire	AA	136301697	160,000.00	-	-	-	160,000.00	-	160,000.00	1,600.00	158,400.00
5	Janita Rai	AA	114423256	547,941.67	9,400.00	23,500.00	-	580,841.67	18,800.00	562,041.67	5,620.42	556,421.25
6	Januka Adhikari	OA	114372435	406,599.98	8,000.00	16,000.00	-	430,599.98	16,000.00	414,599.98	4,146.00	410,453.98
<b>TOTAL</b>				<b>1,634,865.65</b>	<b>17,400.00</b>	<b>39,500.00</b>	<b>-</b>	<b>1,691,765.65</b>	<b>34,800.00</b>	<b>1,656,965.65</b>	<b>16,569.66</b>	<b>1,640,395.99</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 Lohane	LO	113372715	414,200.00	14,250.00	28,500.00	-	456,950.00	28,500.00	428,450.00	4,284.50	424,165.50
2	Binita Gautam	LO	124563788	90,000.00	-	-	-	90,000.00	-	90,000.00	900.00	89,100.00
3	Narottam Ghimire	JDO	104191307	162,000.00	-	27,000.00	-	189,000.00	-	189,000.00	1,890.00	187,110.00
4	Dip Bahadur Giri	AFO	123482116	195,000.00	-	30,000.00	1,000.00	226,000.00	-	226,000.00	2,260.00	223,740.00
5	Asraf Ali Ansari	Liaison Officer	113245220	40,000.00	-	-	-	68,000.00	-	68,000.00	680.00	67,320.00
6	Sita Bhusal	AFO	116181271	248,000.00	-	-	-	238,000.00	-	238,000.00	2,380.00	235,620.00
7	Rupali Mishar	AO	115062063	30,000.00	-	-	-	30,000.00	-	30,000.00	300.00	29,700.00
<b>Total</b>				<b>1,179,200.00</b>	<b>14,250.00</b>	<b>85,500.00</b>	<b>1,000.00</b>	<b>1,297,950.00</b>	<b>28,500.00</b>	<b>1,269,450.00</b>	<b>12,694.50</b>	<b>1,256,755.50</b>
<b>Total for sharing Salary</b>				<b>1,297,950.00</b>				<b>1,297,950.00</b>				
<b>Less:-Sharing for PSN&amp; MPSN (25% and 25%)</b>								<b>648,975.00</b>				
<b>Net Salary for Music Royalty</b>								<b>2,340,740.65</b>				
<b>Add:-Medical Allowance of Bikash chandra Lohani</b>								<b>132,050.00</b>				
<b>Add:-Dang Transportation Office staffs salary</b>								<b>-</b>				
<b>Total Salary of MRCSN</b>								<b>2,472,790.65</b>				

*(Signature)*

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# Music Royalty Collection Society Nepal

Anamgar-29, Kathmandu

## Schedule 9: Significant Accounting Policies & notes to Accounts for F.Y. 2079-080

### 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 recognizer 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. Going Concern

The financial statements have been prepared on a going concern basis.

#### V. Financial Period and Comparative Information

The financial are prepared for the period from 17th July, 2022 to 16th July, 2023. 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.

#### VI. 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.

**VII. 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%

**VIII. 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.

**IX. Royalty & Other income**

Revenue has recognized to the extent that it is probable that the economic benefits will flow to the entity, the revenue and associated costs incurred or to be incurred can be reliably measured. Revenue has measured at fair value of the consideration received or receivable as per Nepal Accounting Standard ("NAS 07 Revenue Recognition").

Royalty income has booked on actual realization in cash & bank. Management has decided on date 2080.02.25 to book NRs. 81,40,465.22 from royalty payable to MRCSN member to set off all accumulated losses which has already distributed to member of MRCSN on board decision date 2079.02.13.

**X. Provisions & Contingent Liability:**

A provision is recognised in the balance sheet when the firm has a legal or constructive obligation as result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates in accordance with Nepal Accounting Standards NAS 12 "Provisions, Contingent Liabilities and Contingent Assets".

A contingent liability is disclosed where there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources.

**XI. Trade Debts and other Receivables:**

Trade Debts and other Receivables are originated by the Company and are stated at cost less provisions for any uncollectable amount. Provision is made against debts considered doubtful of recovery whereas debts considered irrecoverable are written off.

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**Notes to the Accounts :**

**1) Income tax provision**

The provision for income tax has not been made due to previous loss carried forward on the basis of the Income Tax Act, 2058 and amendments thereto.

**2) Revaluation of Fixed Assets:**

No fixed Assets are revalue during the year.

**3) Previous years figures:**

Previous years figures have been regrouped/rearranged wherever necessary and practicable to facilitate comparison.

**4) Miscellaneous:**

- (i) All amounts are stated in Nepalese Rupees.
- (ii) Schedules 1 to 8 form integral part of Financial Statements.

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