

P.R.S.H. & Associates

Chartered Accountants

Corporate Office:

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INDEPENDENT AUDITOR'S REPORT TO THE GENERAL MEMBERS OF SOWERS ACTION NEPAL

Opinion

We have audited the financial statements of **SOWERS ACTION NEPAL**, which comprises of Statement of Financial Position as at 32nd Ashadh, 2082 (16th July, 2025) the Statement of Income and Expenditure during the year then ended on that date, Statement of Cash Flows for the year ended 32nd Ashadh, 2082 (16th July, 2025), and a summary of the significant accounting policies and notes to financial statements. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements present fairly, in all material respects, the financial position of the Organization, as at 32nd Ashadh, 2082 (16th July, 2025), and its financial performance, and a summary of significant accounting policies and notes to financial statements, in accordance with Nepal Accounting Standards and other explanatory information, in accordance with Nepal Accounting Standards (NAS) for Non -Profit Organizations (NPOs) and other prevailing laws.

Basis for 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 Organization 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.

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 the 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 Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

The Board of Members are responsible for overseeing the Organization'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 throughout 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 a 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 Organization'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 uncertainty exists related to events or conditions that may cast significant doubt on the Organization'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 our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.

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 relevant ethical requirements 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.

For P.R.S.H. and Associates
Chartered Accountants



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

Place: Kathmandu, Nepal

Date: 2025/06/08

Subash Poudel, FCA

(Partner)

UDIN No: 250924CA009917MT6V

SOWERS ACTION NEPAL

ANANDAPUR MARG, GOKARNESHWOR - 08, KATHMANDU, NEPAL

Statement of Income & Expenditures for the year ended on 32nd Ashadh, 2082 (Corresponding to 16th July, 2024 to 16th July, 2025)

Particulars	Notes	2081-82	2080-81
<u>INCOME</u>			
Incoming Resources	4.13	33,579,002.81	68,579,336.44
Financial Income		-	-
Other Income		-	-
Less: Transfer to Capital Reserves		-	-
Less: Transfer to Unrestricted Reserve		(5,410,417.81)	-
Less: Transfer to Designated Reserve		-	(190,921.00)
Total Income		28,168,585.00	68,388,415.44
<u>EXPENDITURE</u>			
Program Expenses	4.14	23,530,527.62	67,609,840.33
General Administrative Expenditure	4.15	4,405,955.57	3,198,279.76
Depreciation & Amortization	4.1	77,179.81	370,945.65
Total Expenditure		28,013,663.00	71,179,065.74
Foreign exchange gain/ (loss)		-	-
Net surplus/(deficit) before Taxation		154,922.00	(2,790,650.30)
Income Tax Expenses		38,730.50	-
SURPLUS/(DEFICIT) FOR THE YEAR		116,191.50	(2,790,650.30)
<u>APPROPRIATION OF SURPLUS FOR THE YEAR</u>			
Allocation to Unrestricted Reserves		116,191.50	(2,790,650.30)
Allocation to Restricted Fund		-	-

The Notes on accounts form an integral part of the financial statements.

For P.R.S.H Associates
Chartered Accountants



On behalf of Member

Subash Poudel, FCA
(Partner)

Pasang Wandi Sherpa
(Chairman)

Place: Kathmandu, Nepal
Date: 2082/06/06

Tshring Dorjay Sherpa
(Treasurer)

SOWERS ACTION NEPAL

ANANDAPUR MARG, GOKARNESHWOR - 08, KATHMANDU, NEPAL

Statement of Financial Position as on Ashadh 32nd, 2082

(Corresponding to 16th July, 2025)

Particulars	Notes	2081-82	2080-81
ASSETS			
Non - Current Assets			
Property, Plant and Equipment	4.1	984,268.50	272,530.56
Intangible assets	4.2	-	-
Total Non - Current Assets		984,268.50	272,530.56
Current Assets			
Inventories	4.3	-	-
Accounts Receivable and Prepaid	4.4	152,165.79	879,598.04
Grant receivable		-	-
Cash and cash equivalents	4.5	8,185,265.40	2,237,006.41
Total Current Assets		8,337,431.19	3,116,604.45
Total Assets		9,321,699.69	3,389,135.01
LIABILITIES & RESERVES			
Accumulated Reserves			
Unrestricted Funds/accumulated surplus	4.6	8,057,329.53	2,339,799.22
Designated Funds	4.7	-	-
Restricted Funds		-	190,921.00
Endowment Fund		-	-
Deferred Income	4.8	779,870.59	-
Other Capital Reserves	4.9	-	694,520.00
Total Accumulated Reserves		8,837,200.11	3,225,240.22
Non - Current Liabilities			
Loans and borrowings		-	-
Employee benefit liabilities		-	-
Other non-current liabilities		-	-
Total Non - Current Liabilities		-	-
Current Liabilities			
Accounts payable	4.10	445,769.08	163,894.79
Loans and borrowings	4.11	38,730.50	-
Provisions	4.12	-	-
Total Current Liabilities		484,499.58	163,894.79
Total Liabilities		484,499.58	163,894.79
Total Liabilities and Reserves		9,321,699.69	3,389,135.01

The Notes on accounts form an integral part of the financial statements.

For P.R.S.H Associates
Chartered Accountants



Subash Poudel, FCA
(Partner)

On behalf of members



SOWERS ACTION

Narsing Wandi Sherpa
(Chairman)

Tshring Dorjay Sherpa
Tshring Dorjay Sherpa
(Treasurer)

Place: Kathmandu, Nepal

Date: 2082/06/06

SOWERS ACTION NEPAL

Statement of Change in Reserves

For the Year Ended on 32nd Ashadh 2082 (16 July 2025)

Description	Restricted Fund	Designated Fund	Unrestricted Reserves	Endowment Funds	Capital Reserves	Other Reserves	Result for the Year	Total
Balance as at 01 Shrawan 2081	-	190,921.00	2,339,799.22	-	694,520.00	-	-	3,225,240.22
Result for the Year	-	-	-	-	-	-	116,191.50	116,191.50
Grant received for Fund	-	-	5,410,417.81	-	(694,520.00)	779,870.59	5,495,768.40	5,495,768.40
Amount Spent out of the fund	-	(190,921.00)	190,921.00	-	-	-	-	-
Allocation of results to Unrestricted Fund	-	-	116,191.50	-	-	-	(116,191.50)	-
Allocation of results to Endowment Fund	-	-	-	-	-	-	-	-
Allocation of results to Capital Fund	-	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-	-
Balance as at 32nd Ashadh 2082	-	-	8,057,329.53	-	-	779,870.59	-	8,837,200.11

(NRs.)

The Notes on accounts form an integral part of the financial statements.

For P.R.S.H Associates
Chartered Accountants
Subash Fouzel, FCA
(Partner)



Place: Kathmandu, Nepal
Date: 2082/06/06

On behalf of member

SOWERS ACTION
Nepal



Pasang Wandi Sherpa
(Chairman)

(Treasurer)

Kshring Dorjay Sherpa

SOWERS ACTION NEPAL

ANANDAPUR MARG, GOKARNESHWOR - 08, KATHMANDU, NEPAL

Statement of Cash Flow for the year ended 32nd Ashadh 2082 (16th July 2025)

Particulars	2081-82	2080-81
CASH FLOWS FROM OPERATING ACTIVITIES		
Surplus/ (deficit) for the year (Before Tax)	154,922.00	(2,790,650.30)
Adjustments to reconcile surplus/(deficit) to net cash flows:		
Non-cash items:		
Depreciation and impairment of property, plant and equipment	77,179.81	370,945.65
Amortization and impairment of intangible assets	-	-
Gains from disposal of fixed assets	-	-
Working capital adjustments:		
Accounts receivable	727,432.25	3,120,401.96
Accounts payable	281,874.29	135,966.76
Accrued expenses and deferred income	-	-
Other financial liabilities	779,870.59	-
Interest paid	-	-
Net cash from/(used in) operating activities	2,021,278.94	836,664.07
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property Plant and Equipment	(788,917.76)	-
Purchase of intangible assets	-	-
Income from securities, net	-	-
Net cash from/(used in) investing activities	(788,917.76)	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Borrowing of government loans	-	-
Repayments of government loans	-	-
Transfer to Unrestricted Reserves	5,601,338.81	-
Increase / (Decrease) of Restricted Reserves	(190,921.00)	190,921.00
Increase / (Decrease) of Capital Reserve	(694,520.00)	694,520.00
Loans and Borrowings	-	-
Net cash from/(used in) financing activities	4,715,897.81	885,441.00
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	5,948,258.99	1,722,105.07
CASH AND CASH EQUIVALENTS AT 01 Shrawan 2081	2,237,006.41	514,901.34
CASH AND CASH EQUIVALENTS AT 32 Ashadh 2082	8,185,265.40	2,237,006.41

The Notes to accounts form an integral part of the financial statements.

For P.R.S.H Associates
Chartered Accountants



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SOWERS ACTION
Nepal

On behalf of Member



[Signature]
Subash Poudel, FCA
(Partner)

[Signature]
Pasang Wandi Sherpa
(Chairman)

[Signature]
Tshring Dorjay Sherpa
(Treasurer)

Place: Kathmandu, Nepal

Date: 2082/06/06

SOWERS ACTION NEPAL

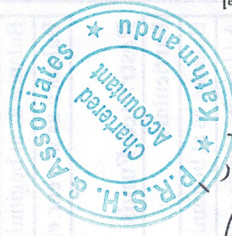
ANANDAPUR MARG, GOKARNESHWOR - 08, KATHMANDU, NEPAL

Fund Accountability Statement for the year ended on 31st Ashadh, 2082

Particulars	SAN hostel and Education Support programme	Padmal gatsal Nutrition Support 25-26	Jajarkot	Second kavre Relief	Internal Donation	SAN 2023	LCP	Flood relief
Opening balance	-	-	936,141.00	-	-	1,222,237.43	1,066,861.79	-
Capital Fund & Surplus	-	-	-	-	-	-	-	-
Donation in Kinds	-	-	-	-	-	-	-	-
Add: Adjustment of Previous Year	370,817.61	(694,520.00)	-	-	-	1,222,237.43	409,052.98	-
Less: Transferred to SAN hostel and Education Support System	-	-	-	-	-	-	-	-
Grant Income	5,888,220.00	4,750,515.00	3,260,950.00	1,135,542.00	11,121,258.60	53,683.86	2,370,962.00	-
Fund Received	5,888,220.00	4,750,515.00	3,260,950.00	980,620.00	11,121,258.60	53,683.86	2,370,962.00	-
Donation in Kind Received	-	-	-	154,922.00	-	-	-	-
Expenditure:	4,703,477.71	-	3,391,916.78	318,366.50	10,815,512.74	1,258,806.65	2,369,377.00	-
Administrative Expenses	20,202.02	197,067.00	104,822.38	279,636.00	3,626,525.62	25,104.78	152,600.00	-
Program Expenses	4,683,275.69	-	3,287,094.40	-	7,120,854.48	1,224,654.70	2,216,777.00	-
Depreciation Expenses	-	-	-	-	-	-	-	-
Tax Expenses	-	-	-	-	38,730.50	-	9,047.17	-
Closing Balance of Fund	1,555,559.90	4,750,515.00	44,554.00	(130,966.78)	817,175.50	1,527,983.29	270,791.98	1,585.00
Assets:	1,708,544.81	4,750,515.00	44,554.00	21,190.36	1,239,051.07	1,663,906.90	409,052.98	9,103.00
Cash in Hand	24,675.00	-	-	-	29,303.72	-	-	-
Cash at Bank	1,224,969.66	4,750,515.00	44,554.00	17,689.78	1,239,051.07	846,054.17	8,453.00	650.00
Inter Project Receivable	80,000.00	-	-	-	-	-	-	-
Short Term Advance & Deposits	8,082.54	-	-	-	-	-	-	-
Prepaid Insurance	370,817.61	-	-	-	-	-	-	-
Fixed Assets	-	-	-	-	-	-	-	-
Liabilities:	(152,984.91)	-	-	(152,157.14)	(421,875.57)	(135,923.62)	(138,261.00)	(7,518.00)
Less: Account Payable	(152,984.91)	-	-	(1,082.21)	(38,730.50)	(135,923.62)	(138,261.00)	(7,518.00)
Less: Inter Project Payable	-	-	-	(141,074.93)	(383,145.07)	-	-	-
Less: Provision for Tax	-	-	-	-	-	-	-	-
Closing Balance of Fund	1,555,559.90	4,750,515.00	44,554.00	(130,966.78)	817,175.50	1,527,983.28	270,791.98	1,585.00

The Notes on accounts form an integral part of the financial statements.

For P.R.S.H Associates
Chartered Accountants
[Signature]
Subash Poudel, FCA
(Partner)



Date: 2082/06/06
Place: Kathmandu, Nepal



SOWERS ACTION
Nepal

On behalf of Member
[Signature]
Pasang Wandi Sherpa
(Chairman)
[Signature]
Tshering Dorjay Sherpa
(Treasurer)

4.8 Endowment Funds

Particulars	2081-82	2080-81
Balance at beginning of the year	-	-
Surplus/deficit for the year	-	-
Balance at end of the year	-	-

4.9 Other Capital Reserves

Particulars	2081-82	2080-81
Balance at beginning of the year	694,520.00	-
Received for Capital Reserve	-	694,520.00
Less: Adjusted in Deficit Income from Donor	(694,520.00)	-
Balance at end of the year	-	694,520.00

4.10 Accounts Payable

Particulars	2081-82	2080-81
Other Payables	2,757.96	-
Salary Payable	85,536.00	-
Consulting Fee Payable	11,150.00	-
Accrued Expenses	32,205.00	-
Other Payables	314,120.12	163,894.79
SST Payable on Salary	40,252.66	15,658.00
Audit Fee Payable	111,500.00	55,750.00
TDS on wages	7,302.52	1,475.35
TDS on Service Charges	52,923.16	81,196.40
TDS on Audit Fee	1,500.00	1,200.00
TDS on Transportation	5,354.21	8,615.04
TDS on Rent	95,287.57	-
Total	445,769.08	163,894.79

4.11 Provisions

Particulars	2081-82	2080-81
Allocations during the year	38,730.50	-
Total	38,730.50	-



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4.13 Incoming Resources

Particulars	2081-82	2080-81
Grants - Restricted Funding		11,461,500.00
Local Donation	1,092,789.79	915,068.00
Grants - Unrestricted Funding	9,047.17	-
Grants - Designated Funding	27,324,372.50	51,069,693.70
Donation in kind	4,997,871.35	5,133,074.74
Profit from trading or other activities	154,922.00	-
Total	33,579,002.81	68,579,336.44

(a) Profit from trading activities

Particulars	2081-82	2080-81
Sale Proceeds	499,049.00	-
Cost/Fair value of items	344,127.00	-
Profit earned	154,922.00	-

4.14 Program Expenses

Particulars	2081-82	2080-81
Sowers Action Nepal 2023		
Property	-	41,987,166.00
100's Group	3,049,123.02	1,843,836.00
Cafe	13,961.70	924,378.78
CWARDS	2,075,340.55	1,660,068.00
Tax Expenses	-	10.00
Jhirpu School	1,657,679.75	906,000.00
Library	97,339.46	2,533,783.81
SAN 2023 SWC Fee	-	270,000.00
Sanitary Pads	227,410.00	423,741.00
Vocational Training	-	171,867.00
Total of Sowers Action Nepal 2023	7,120,854.48	50,720,850.59

Language Class Project

Salary		832,800.00
Class Rent Tax	1,045,200.00	55,309.00
Tax Expenses	-	20.00
Field Expenses	11,350.00	28,240.00
Teaching Materials	168,104.70	113,656.00
Total of Language Class Project	1,224,654.70	1,030,025.00



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SOWERS ACTION
Nepal

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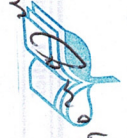
Jajarkot Earthquake Relief 2024		
Tarpaulin	-	3,790,500.00
Blanket	-	2,869,200.00
Bucket	-	377,250.00
Jug	-	142,920.00
Sanitary Pad	-	114,800.00
Towel	-	2,147,500.00
Cloth Washing Soap	-	95,400.00
Bathing Soap	-	105,020.00
Tooth Brush	-	190,900.00
Tooth Paste	-	133,400.00
Transportation Expenses	-	649,000.00
SWC Fee	-	110,000.00
Total of Jajarkot Earthquake Relief 2024 Project	-	10,725,890.00
Education Support For Shree Laxmi Narayan Secondary		
Laxmi Narayan School	546,255.00	-
Total of Education Support for shree Laxmi Narayan Secondary School	546,255.00	-
Education Support Program at Sowers Action Hostel		
Furnishing 30	663,013.96	-
Human Resources	413,166.66	-
IT 30	99,000.00	-
Maintenance and Repairs 30	679,416.70	-
Meals and Hygiene 30	713,013.00	-
Misc 30	172,884.00	-
Operating Supplies	82,365.00	-
Rent	1,055,287.56	-
Staff Medical Insurance	2,723.79	-
SWC Fee-ESSA	80,000.00	-
Utilities 30	176,150.02	-
Total of Education Support Program at Sowers Action Hostel	4,137,020.69	-
Flood Relief Program		
Banner and Sticker	26,550.00	-
Blanket	595,498.37	-
Bucket	32,000.11	-
Contingency	4,170.00	-
Detergent	135,573.41	-
Fooding and Lodging	48,151.21	-
Lentils	134,980.00	-
Oil	85,355.00	-
Packing	19,850.00	-
Rice	794,000.00	-
Soap	21,834.99	-
Sugar	42,875.93	-
Team Transportation	40,931.00	-
ToothBrush	15,870.00	-
Toothpaste	29,775.00	-
Towel	39,701.98	-
Transportation of Materials	149,660.00	-
Total of Flood Relief	2,216,777.00	-

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Sec Kavre Flood Relief 2024		
Banner & Sticker 27	19,600.00	-
Blanket-27	900,000.00	-
Revist and Evaluation-27	8,750.00	-
SWC Fee Kavre Flood Relief	60,000.00	-
Tarpaulin	885,000.00	-
Thapa Family House	1,210,744.40	-
Towel 27	90,000.00	-
Transportation of Materials 27	113,000.00	-
Total of Second Kavre Flood Relief 2024	3,287,094.40	-
Clothes Distribution (Sending Warm Love)	4,997,871.35	5,133,074.74
Total	23,530,527.62	67,609,840.33
4.15 General Administrative Expenditure		
Particulars	2081-82	2080-81
Sowers Action Nepal 2023		
Maintenance Cost	139,710.00	268,479.50
Accountant/Consultant	90,400.00	
Salary Expenses	1,902,166.00	733,000.00
Tax Expenses	9,731.34	51,587.10
Bank Charge	2,019.55	-
Utilities	177,405.00	50,872.36
Miscellaneous	1,305,318.08	
Refreshment Expenses	134,513.25	108,659.05
Office Utilities	721,041.52	582,453.32
Office Expenses	264,351.65	213,541.79
Meeting Expenses	44,019.54	35,558.74
Audit fee	113,000.00	56,500.00
Insurance Expenses	20,584.58	-
Other Expense	7,807.54	22,935.00
Total of Sowers Action Nepal 2023	3,626,749.97	2,123,586.86
Language Class Project		
Electricity	-	20,994.10
Furnishing	-	88,891.49
Garbage	-	5,000.00
IT	1,017.00	132,399.00
Tax Expenses	-	21,697.15
Medical	7,075.00	27,560.00
Network	-	28,016.00
Office Supplies/Stationary	16,512.78	35,462.00
Organizational Renewal	-	80,778.00
Phone	-	34,809.00
Transportation	500.00	82,892.60
Water	-	17,550.31
Bank Charge	-	4,654.25
Total of Language Class Project	25,104.78	580,703.90

Signature



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SOWERS ACTION
Nepal



<u>Jajarkot Earthquake Relief 2024</u>		
Project Visibility Banner	-	41,000.00
Insurance Expenses	-	29,960.00
Donation to Volunteers Corps Nepal For Hr	-	210,000.00
Travelling Expenses	-	177,800.00
Revisit And Revaluation	197,067.00	-
Project Audit Fee	-	33,900.00
Bank Charge	-	1,329.00
Total of Jajarkot Earthquake Relief 2024 Project	197,067.00	493,989.00
Flood Relief		
Exposure, Visibility and Documentation	5,650.00	-
HR Cost	30,000.00	-
Media Coverage Expenses	50,000.00	-
Miscellaneous(Flood Relief)	16,950.00	-
SWC Fee(Flood Relief)	50,000.00	-
Total of Flood Relief	152,600.00	-
Second Kavre Flood Relief 2024		
Exposure & Visibility 27	14,950.00	-
Food & Lodging 27	29,894.77	-
Misc- 27	6,100.00	-
Tax Expenses	11,097.61	-
Transport and Communication	20,000.00	-
Need Assessment	22,780.00	-
Total of Second Kavre Flood Relief 2024	104,822.38	-
Education Support Program for Sowers Action Hostel		
Administrative Cost	20,202.02	-
Total of Education Support Program at Sowers Action Hostel	20,202.02	-
Utilities 34 Expenses	141,898.42	-
Donation for Inverter to 100 Group	49,321.00	-
Donation for Socks to NMS	88,190.00	-
Total	4,405,955.57	3,198,279.76

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4. Notes to Financial Statement

4.1 Property Plant and Equipment

Item	Opening balance	Additions during the year	Disposals during the year	Balance at 32.03.2082
Land	-	-	-	-
Buildings	-	-	-	-
Vehicles	-	-	-	-
Computer equipment	-	212,368.06	-	212,368.06
Office Equipment	240,734.69	176,316.20	-	417,050.89
Furniture and Fittings	402,741.52	386,926.07	-	789,667.59
Plant and Machinery	-	13,307.43	-	13,307.43
Capital work in progress	-	-	-	-
Total	643,476.21	788,917.76	-	1,432,393.97

Accumulated Depreciation

Item	Balance as at 01.04.2081	Charge for the year	Disposals during the year	Balance at 32.03.2082
Land	-	-	-	-
Buildings	-	-	-	-
Motor Vehicles	-	-	-	-
Computer Equipment	-	3,001.35	-	3,001.35
Office Equipment	194,430.84	12,572.48	-	207,003.32
Furniture and Fittings	176,514.81	61,430.98	-	237,945.79
Plant and Machinery	-	175.00	-	175.00
Capital work in progress	370,945.65	77,179.81	-	448,125.46
Total	370,945.65	77,179.81	-	448,125.46

4.2 Intangible Assets

Item	Balance as at 01.04.2081	Additions during the year	Disposals during the year	Balance at 32.03.2082
Software	-	-	-	-
Emblem	-	-	-	-
Other Intangible Assets	-	-	-	-
Total	-	-	-	-

Amortization

Item	Balance as at 01.04.2081	Charge for the year	Balance at 32.03.2082
Software	-	-	-
Emblem	-	-	-
Other Intangible Assets	-	-	-
Total	-	-	-

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expectations of future events that are believed to be reasonable under the circumstances. In the future, actual result may differ from these estimates and assumptions.

3. Summary of significant accounting policies

3.1 Property Plant and Equipment

a. Cost and Valuation

All items of property, plant and equipment are initially recorded at cost. Subsequent to the initial recognition of an asset, property plant and equipment are carried at cost less any subsequent depreciation. Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the item of property and equipment. All other expenditure is recognized in the Statement of Income & Expenditure as an expense as incurred.

Buildings owned are used for purposes of the organization and not for income generating purpose and therefore do not fall under the definition of Investment Property.

b. Depreciation

Depreciation is provided for on all Property Plant and Equipment on the straight-line basis and is calculated on the cost of all property, plant and equipment other than land, in order to write off such amounts less any terminal value over the estimated useful lives of such assets.

The annual rates of depreciation currently being used by the organization based on useful life less residual/terminal value are:

Assets	Rate
Building	5%
Computer/ Printer	25%
Office Equipment	25%
Plant and Machinery	15%
Vehicles	25%

Donated Assets

Where property plant and equipment is purchased as a part of a project through restricted funds which initially written off as project cost with corresponding income, if on conclusion of the project, the asset is not handed over to the beneficiary or returned to the original donor, the asset is valued on the conclusion of the project with the approval from funding agencies and brought into the financial statements under property plant and equipment with corresponding credit to a Capital Reserve/Deferred Income. Depreciation provided on such assets will be charged against such capital Reserve/Deferred Income. For purpose of depreciation the date of valuation for inclusion in the financial statements is considered the date of purchase.

3.2 Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost minus any accumulated amortization, except for assets with indefinite useful lives. Internally generated intangible assets are not capitalized; expenditure is therefore reflected in the Statement of Income & Expenditure in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite.



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SOWERS ACTION NEPAL

Anandapur Marg, Gokarneshwor - 08, Kathmandu, Nepal

For the Year Ended on 32nd Ashadh 2082 (16th July 2025)

STATEMENT OF ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENTS

1. General Information

Sowers Action Nepal is a non-profit organization established under Company Registration Act . It is affiliated with Income Tax Act, 2058 on 28th Chaitra, 2072. Its registered office is in Boudhdha-6, Kathmandu, Nepal as principle place of activities.

It is domiciled in Nepal. Except for certain activities that will conclude on the realization of their relevant activities in accordance with the relevant terms of reference, the financial statements have been prepared on going concern basis.

2. Basis of Preparation

2.1 Statement of Compliance

The Statement of Financial Position, Statement of Income & Expenditure, Statement of Changes in Reserves, Statement of Cash Flows together with the Accounting Policies and Notes to the financial statements as at 32nd Ashadh 2082 and for the year then ended comply with the Generally Accepted Accounting Principles to the extent applicable and the Nepal Accounting Standards for NPOs (NAS for NPOs) issued by Accounting Standard Board of Nepal.

The Financial Statements were authorized for issue as per decision of the Board or Executive Committee dated 23rd Bhadra, 2082

2.2 Basis of measurement

The financial statements have been prepared using the historical cost convention or at fair value wherever specifically disclosed.

2.3 Functional and presentation currency

The financial statements are presented in Nepali Rupees (NRs.), which is the organization's functional and presentation currency. All financial information presented in Rupees has been rounded to the nearest rupees/thousands/million, except when otherwise indicated.

2.4 Changes in Accounting Policies and Disclosures

The Accounting policies have been consistently applied, unless otherwise stated, and are consistent with those used in previous years.

2.5 Significant Accounting Judgments, Estimates and Assumptions

The preparation of the financial statements requires the use of certain critical accounting estimates and judgments. It also requires management to exercise judgment in the process of applying the accounting policies. The management makes certain estimates and assumptions regarding the future events. Estimates and judgments are continuously evaluated based on historical experience and other factors, including



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3.9 Accounting for the receipt and utilization of Funds/Reserves Reserves

Reserves are classified as either restricted or unrestricted reserves.

- a. Unrestricted Reserves/Funds/accumulated surplus
Unrestricted funds are those that are available for use by the organization at the discretion of the Board, in furtherance of the general objectives of the organization and which are not designated for any specific purpose.
Surplus funds are transferred from restricted funds to unrestricted funds in terms of the relevant Donor Agreements or with the prior approval of the Donor.
Contributions received from the general public are recognized in the Statement of Income and Expenditure on a cash basis
- b. Designated Reserves/Funds
Unrestricted funds designated by the Board to a specific purpose are identified as designated funds. The activities for which these funds may be used are identified in the financial statements.
Where grants are received for use in an identified project or activity, such funds are held in a restricted fund account and transferred to the Statement of Income & Expenditure to match with expenses incurred in respect of that identified project. Unutilized funds are held in their respective Fund accounts and included under accumulated fund in the Statement of Financial Position until such time as they are required.
Funds collected through a fund-raising activity for any specific or defined purpose are also included under this category.
Where approved grant expenditure exceeds the income received and there is certainty that the balance will be received such amount is recognized through Debtors in the Statement of Financial Position.
- c. Restricted Fund
The activities for which these restricted funds may and are being used are identified in the notes to the financial statements Restricted Reserves/Funds. Such restricted fund may include conditions for refund should there be balance of fund at the end of the project.
- d. Endowment Reserves/Funds
Where assets are received as an endowment, which are not exhausted, only the income earned from such assets may be recognized and used as income.
- e. Investment Income and other gains realized from funds available under each of the above categories are allocated to the appropriate funds, unless the relevant agreement or minute provides otherwise. Where such income can be used for general purpose, same shall be treated as income in the Statement of Income & expenditure.

3.10 Grants and Subsidies

Grants and subsidies are recognized in the financial statements at their fair value. When the grant or subsidy relates to an expense it is recognized as deferred income necessary to match it with the costs over the accounting years, which is intended to compensate for on a systematic basis.

Grants and subsidies in the form of PPE (Fixed assets) are generally shown as deferred income in the Statement of Financial Position and credited to the Statement of Income & Expenditure over the useful life of the asset by the amount of depreciation with corresponding debit to deferred income over more than one accounting period.



Intangible assets with finite useful lives are amortized over their useful economic life. The amortization period and method for an intangible asset with a finite useful life are reviewed at least at each financial year end. Accordingly, straight line amortization over the useful life is carried out.

Intangible assets with indefinite useful lives are tested for impairment annually. Such intangibles are not amortized. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

3.3 Foreign-currency transactions

Transactions in currencies other than Nepal Rupees are converted into Nepal Rupees at rates which approximate the actual rates at the transaction date. At the reporting date, monetary assets (including securities) and liabilities denominated in foreign currency are converted into Nepal Rupees at the rate of exchange at that date. Realized and unrealized exchange differences are reported in the Statement of Income & Expenditure.

3.4 Cash and cash equivalents

The Organization considers and classifies cash in hand, amounts due from banks and short-term deposits with an original maturity of three months or less under the category of "Cash and cash equivalents". Bank borrowings that are repayable on demand and form an integral part of the organization's cash management are included as a component of cash and cash equivalents for the purpose of the Statement of Cash flows.

3.5 Inventories

Inventories are valued at the lower of cost and net realizable value. Net realizable value is the price at which inventories can be reasonably expected to be sold in the market place, less any estimated cost necessary to make the sale.

The cost is determined on first-in first-out (FIFO) method and includes expenditure incurred in acquiring the inventories and bringing them to their present location and condition.

Items donated for distribution or resale are not included in the financial statements until such time they are distributed or resold.

3.6 Provisions

A provision is recognized in the statement of financial position when has a legal or constructive obligation as a result of a past event, it is probable that an outflow of assets will be required to settle the obligation, and the obligation can be measured reliably.

3.7 Employee Benefits Liabilities

The organization's obligation in respect of the defined future benefit plans is calculated separately for each benefit plans by estimating the amount of future benefit that employees have earned in the current and prior periods. The calculation of the defined benefit obligations is performed annually.

Gratuity, medical facilities & accumulated leave provision has been provided as per By- Laws, assuming that all the staffs will be retired at the reporting date.

3.8 Loans and Borrowings and Account Payables

Loans and Borrowings and Accounts payables are stated at their cost.



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In the case of grants received to fund an entire project or activity, which includes the purchase of an asset, and the cost of such asset is charged with the project costs to the Statement of Financial Performance, the grant value is recognized as income in the same period as the cost of the asset is charged to the Statement of Income & Expenditure.

At the end of the project, when there is certain fair value remains of such assets charged to Statement of Income & Expenditure, same will be recognized as capital reserve at fair value with corresponding value of PPE. Each year and over its useful life, the depreciation will be charged to capital reserve with corresponding credit to related PPE.

3.11 Income recognition

a. Contributions/Incoming Sources

Income realized from restricted funds is recognized in the Statement of Income & Expenditure only when there is certainty that all of the conditions for receipt of the funds have been complied with and the relevant expenditure that it is expected to compensate has been incurred and charged to the Statement of Income & Expenditure. Unutilized funds are carried forward as such in the Statement of Financial Position.

Gifts and donations received in kind are recognized at fair value at the time that they are distributed to beneficiaries, or if received for resale with proceeds being used for the purpose of the organization at the point of such sale. Items not sold or distributed are inventoried but not recognized in the financial statements.

All other income is recognized when the organization is legally entitled to the use of such funds and the amount can be quantified. This would include income receivable through fund raising activities and donations.

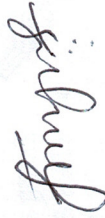
b. Financial Income

Interest earned is recognized on an accrual basis when there is certainty of receipt. Dividend received is recognized when the right to receive dividend is established.

Revenues earned on services rendered are recognized in the accounting period in which the services were rendered and accepted by the clients.

Net gains and losses on the disposal of property, plant and equipment and other non-current assets, including investments, are recognized in the Statement of Income & Expenditure after deducting from the proceeds on disposal, the carrying value of the item disposed of and any related selling expenses.

c. Other income is recognized on an accrual basis except otherwise categorically explained to be on cash basis.



3.12 Expenditure recognition

Expenses in carrying out the projects and other activities of the organization are recognized in the Statement of Income & Expenditure during the period in which they are incurred. Other expenses incurred in administering and running the organization and in restoring and maintaining the property plant and equipment to perform at expected levels are accounted for on an accrual basis and charged to the Statement of Income & Expenditure.

3.13 Taxation

a. Current Taxes

Income tax is provided in accordance with the provisions of the Income Tax Act on the profits earned by the organization subject to exemptions referred to in Note to the financial statements.

The organization

b. Deferred Taxes

Deferred Tax is provided on the difference between the values of assets and liabilities as per the Statement of Financial Position and as listed for the purpose of Income Tax as at the date of the Statement of Financial Position adjusting for any differences that will not reverse in the foreseeable future.

The carrying amount of such deferred taxes will be reviewed at each date of the Statement of Financial Position and will be increased by virtue of any new assets being included or be reduced by the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Sowers Action Nepal -NPO Nepal has got tax exempted status and accordingly no provision for tax has been made.

c. Value added taxes

Value added taxes (VAT) that are payable on services and goods purchased are normally included in the cost of such item. An exception would be where the organization is exempted and entitled to refund, in such case, same would be reflected as receivable in the Statement of Financial Position.

3.14 Borrowing costs

Borrowing costs that are attributable to the acquisition, construction or production of a qualifying asset, are charged off to Statement of Income & Expenditure as expense. Other borrowing costs are treated as an expense in the period in which it is incurred.



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3.15 Contingent liabilities

Contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only on the occurrence or non-occurrence of one or more uncertain future events that are not wholly within the control of the organization. It may also be a present obligation that arises from past events but in respect of which an outflow of economic benefit is not probable or which cannot be measured with sufficient reliability. Such contingent liabilities are recorded. For certain operational claims reported as contingent liabilities, it is not practical to disclose detailed information on their corresponding nature and uncertainties.

For P.R.S.H Associates
Chartered Accountants



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Subash Poudel, FCA
(Partner)



On behalf of members
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SOWERS ACTION
Nepal

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Pasang Wandi Sherpa
(Chairman)

A handwritten signature in blue ink, appearing to be "Tshring Dorjay Sherpa".

Tshring Dorjay Sherpa
(Treasurer)

Place: Kathmandu, Nepal

Date: 2082/06/06