

R. D. ASSOCIATES

REGISTERED AUDITOR

COP NO: 1520

ICAN NO: 5632

Email: rpdhungana500@gmail.com



INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF SNOWBALL CAPITAL PRIVATE LIMITED

Opinion

We have audited the accompanying financial statements of **Snowball Capital Private Limited** which comprise statement of financial position as at Ashadh 31, 2077 (July 15, 2020) and statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and a summary of significant accounting policies and notes to the financial statements.

Basis for Opinion

We conducted our audit 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 company in accordance with the Ethical requirements that are relevant to our audit of the financial statements in Nepal, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with relevant Nepal Accounting Standards (NASs) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, 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 Company or to cease operations, or has no realistic alternative but to do so., those charged with governance are responsible for overseeing the Company'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 certain 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 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 judgement 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 control 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 Company'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 Company'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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

R P Dhungana
Registered Auditor



Date:

Place: Kathmandu

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.

Report on Other Legal and Regulatory Requirements

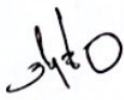
We have examined the attached Financial Statements and report that:

1. We have obtained all the 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 accounts as required by law have been kept by the Company so far as it appears from our examination of such books;
3. In our opinion, on the Balance Sheet, Income Statement and Cash Flow Statement dealt with by this report are in agreement with the books of accounts;
4. To the best of our information and according to explanation given to us and from our examination of the books of account of the Company necessary for the purpose of our audit, we have not come across cases where the Directors or any Employees thereof have acted contrary to the provisions of laws relating to accounts or committed any misappropriation or caused loss or damage to the Company.

Snowball Capital Private Limited
Kathmandu, Nepal
Balance Sheet
As at Ashad 31, 2077 (Corresponding to July 15, 2020)

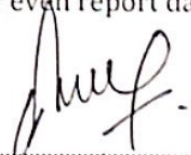
	Schedule	Figures in NRs. As at 31st Ashadh 2077
ASSETS		
Non-Current Assets		
Property, plant and equipment	1	4,500
Less: Accumulated Depreciation		(1,125)
Net Non-Current Assets		3,375
Current Assets		
Inventories of Shares	9	1,360,137
Cash and bank balances	2	2,260,818
Advances & Other Receivables	6	921,449
Total Current Assets		4,542,404
Total Assets		4,545,779
EQUITY AND LIABILITIES		
Equity		
Share capital	3	3,000,000
Advance for share capital		1,250,000
Reserve & Surplus	4	(87,496)
Total Equity		4,162,504
Current liabilities		
Account and other payables	5	383,275
Total current liabilities		383,275
Total Equity and Liabilities		4,545,779
Significant Accounting Policies and Notes to Accou	10	

As per our even report date

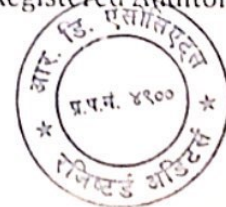


 Director
 Date:
 Place:

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 SNOWBALL CAPITAL
 PVT. LTD.



 Registered Auditors



Snowball Capital Private Limited
Kathmandu, Nepal
Profit and Loss account
For the period ended Ashadh 31, 2077

	Sch.	Figures in NRs.
Gain/(loss) on sale of Shares		2076-77
Other Income	7	104,196
Dividend income		71,623
Total operating income		175,819
Employee benefits		-
Administrative expenses	8	248,810
Operating profit		(72,991)
Finance costs		-
Depreciation Expense		1,125
Extraordinary income/(expenses)		-
Profit before provision for possible losses		(74,116)
Provision for possible losses		13,380
Profit before staff bonus and income taxes		(87,496)
Provision for staff bonus		-
Profit before income taxes		(87,496)
Provision for Income Tax		-
Current income tax expenses		-
Current income tax expenses of earlier years		-
Deferred tax income/(expenses)		-
Net profit for the year		(87,496)


Significant Accounting Policies and Notes to Accounts

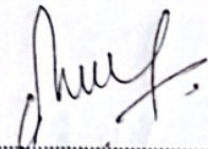
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As per our report of even date



Director
Date:
Place:


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Snowball Capital Private Limited
Kathmandu, Nepal
Statement of Cash Flows
For the period ended Ashadh 31, 2077

	Figures in NRs. 2076-77
CASH FLOW FROM OPERATING ACTIVITIES	
Profit for the year	(87,496)
Adjustments for:	
Depreciation on property, plant and equipment	1,125
Finance cost	-
Provision for Income Tax	-
Provision for probable losses	-
Profit/loss on disposal of property, plant and equipment	-
Working capital adjustments:	
(Increase)/Decrease in Current Assets except Cash	(2,281,586)
Increase/(Decrease) in Current Liabilities except borrowings	383,275
Cash generated from operations	(1,984,682)
Income tax paid	-
NET CASH FLOWS FROM OPERATING ACTIVITIES	(1,984,682)
CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES	
Acquisition of property, plant and equipment	(4,500)
Sale of investment	-
NET CASH FLOWS FROM INVESTING ACTIVITIES	(4,500)
CASH FLOWS FROM FINANCING ACTIVITIES	
Issue of share capital	3,000,000
Advance for Share Capital	1,250,000
Borrowing (repaid) / taken (net)	-
Interest Paid	-
Dividend paid	-
NET CASH FLOWS FROM FINANCING ACTIVITIES	4,250,000
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENT:	2,260,818
CASH AND CASH EQUIVALENTS, Beginning of Period	-
CASH AND CASH EQUIVALENTS, End of Period	2,260,818

Significant Accounting Policies and Notes to Accounts

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As per our report of even date

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Director

Date:

Place:



SNOWBALL CAPITAL
PVT. LTD.

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Registered Auditors



Snowball Capital Private Limited
Kathmandu, Nepal
For the period ended Ashadh 31, 2077
Schedules forming integral part of financial statements

Schedule - 2	Cash and bank balances	<u>Figures in NRs.</u>
		<u>2076-77</u>
Cash Balance		-
Bank of Kathmandu		2,260,818
	Total	<u><u>2,260,818</u></u>

Schedule - 3	Share capital	<u>Figures in NRs.</u>
		<u>2076-77</u>
Authorized capital		
30,000/- ordinary shares of Rs. 100/- each		30,000,000
Issued capital		
30,000/- ordinary shares of Rs. 100/- each		30,000,000
Paid up capital		
10,000/- ordinary shares of Rs. 100/- each		1,000,000
20,000/- Preference shares of Rs. 100/- each		2,000,000
	Total	<u><u>3,000,000</u></u>

Schedule - 4	Reserve & Surplus	<u>Figures in NRs.</u>
		<u>2076-77</u>
Balance at the Beginning of the year		-
Profit for the year		(87,496)
	Total	<u><u>(87,496)</u></u>

Schedule - 5	Account and other payables	<u>Figures in NRs.</u>
		<u>2076-77</u>
TDS Payable - Audit Fee		750
TDS Payable - Rent		-
TDS Payable - Subscription		3,075
Payable to Director		150,095
Advance from Investors		225,000
TDS Payable - Consultancy		105
Audit fee payable		4,250
	Total	<u><u>383,275</u></u>

Schedule - 6	Advances & Other Receivables	<u>Figures in NRs.</u>
		<u>2076-77</u>
Trade Receivable		310,575
Interest Receivable		14,156
Advance to Shree Krishna Securities		500,000
Prepaid Subscription Charges		83,125
Advance Tax		13,594
	Total	<u><u>921,449</u></u>

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SNOWBALL CAPITAL
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Snowball Capital Private Limited
Kathmandu, Nepal
For the period ended Ashadh 31, 2077
Schedules forming integral part of financial statements

Schedule - 7

Other Income

Interest Income
Other Income

Total

Figures in NRs.

2076-77

42,684

28,939

71,623

Schedule - 8

Administrative expenses

Office rent
Consultancy Expenses
Software Subscription
Audit Fees
Registration Charges
Bank Charges

Total

Figures in NRs.

2076-77

55,000

7,910

148,525

5,000

32,050

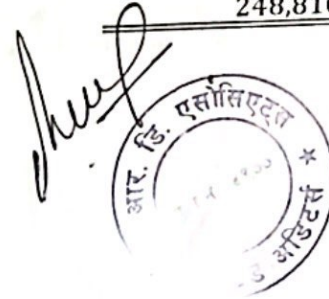
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248,810

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SNOWBALL CAPITAL
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A. Background

1. Corporate Information

Snowball Capital Private Limited (referred as "Company" hereinafter) is established and registered in bhadra 5, 2076 as a private limited company under the Company Act 2063 with the aim of investment in shares, debentures, financial instruments, land, buildings, vehicles, etc. The corporate office of the company is located at Ward no.1, Kathmandu, Nepal.

2. Responsibility for Financial Statements

The Board of Directors acknowledges the responsibility of preparation of financial statements.

B. Significant Accounting Policies

1. Statement of Compliance

The financial statements have been prepared in accordance with applicable Nepal Accounting Standards

2. Basis of Preparation

The Financial Statements are presented in Nepalese Rupees (NRs) and are prepared on historical cost convention basis. Preparation of financial statements is in conformity with NAS and GAAP requires the use of certain critical accounting estimates and also requires management to exercise judgement in process of applying the Company's accounting policies.

3. Revenue Recognition

Except otherwise separately disclosed all income are recognized on accrual basis of accounting.

4. Expenses Recognition

Except otherwise separately disclosed all expenses are recognized on accrual basis of accounting.

5. Fixed Assets and Depreciation

Fixed assets are stated at historical cost less depreciation. Historical cost includes expenditure that are directly attributable to the acquisition of the assets.

Depreciation is charged to Profit & Loss account on Written Down Value method as per the depreciation rates and methods applied for various asset categories as prescribed by Income Tax Act, 2058.

Non-consumable items having life less than one year and/or costing less than Rs. 1,000 are expensed off during the year of purchase.

6 Income Tax

a. Current Tax

Provision for current tax is recognized as per applicable provisions of Income Tax Act, 2058 & Rules, 2059 along with amendments that are applicable in particular income year. As the company is in loss for the year, no income tax has been provided for same.

b. Deferred taxes

Deferred taxes are recognized on temporary differences that arise among financial accounts and tax accounts. A deferred tax asset is recognized on future deductible difference where as deferred tax liability is recognized on future taxable difference arising as on balance sheet date. In current financial statement no deferred taxes have been recognized based on assessment of non-existence of deferred taxes.

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Calculation of Taxable Income & Income Tax for Income Year 2076/77

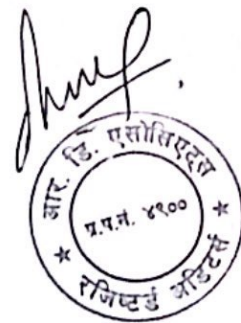
	Figures in NRs.		
	As per Income Tax Act 2058	As per PL	Difference
Revenue on Sale of shares			
Interest Income	104,196	104,196	-
Dividend Income	71,623	71,623	-
Extraordinary Income	-	-	-
Total amount to be included in Income	175,819	175,819	-
Less: Allowable Deductions :			
General deduction under section 13	248,810	248,810	-
Interest Cost under section 14	-	-	-
Cost of Trading Stock under section 15	-	-	-
Repair and Improvement under section 16	-	-	-
Pollution control cost under section 17	-	-	-
Research & Development cost under section 18	-	-	-
Depreciation under section 19	1,125	1,125	-
Provisions	-	13,380	(13,380)
Total Deductions	249,935	263,315	(13,380)
Taxable Income/ (Loss) for the Year	(74,116)	(87,496)	13,380

Calculation of Income Tax

Applicable tax rate	25%
Income tax for the year	-
Fee under section 117	-
Interest under section 119	-
Total Tax	-

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Snowball Capital Private Limited

Kathmandu, Nepal

Balance Sheet

As at Ashad 31, 2077 (Corresponding to July 15, 2020)

Particulars	Amount
Opening Stock	
Effective Buy Amount	1,938,739.29
DP Charge	25.00
Closing Stock	1,373,517.08
COGS	565,247.21
Effective sell amount	669,443.40
Profit on disposal of share	104,196.19


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