R. Khatri & Associates
Chartered Accountants

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF
NEXGEN MANAGEMENT AND EQUITY SOLUTIONS LTD.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **Nexgen Management and Equity Solutions Ltd. ("the Company"),** which comprise the Statement of Financial Position as at Ashad 32, 2083, (July 16, 2026), the Statement of Income and Other Comprehensive Income, the Statement of Change in Equity and the Statement of Cash Flows for the year then ended on that date, and a summary of the significant accounting policies and other explanatory information (hereafter referred to as "the financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid the financial statements presents fairly, in all material respects, the financial position of the Company, as at Ashad 32, 2083, (July 16, 2026), and its Statement of Income and Other Comprehensive Income, changes in equity, cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, in accordance with Nepal Financial Reporting Standards (NFRS) and comply with Company Act, 2063, 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 Company 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.

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Management is responsible for the preparation of the other information. The other information comprises the information included in the Management report, Report of the Board of Directors and Chairman's statement but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained during our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

R. Khatri & Associates Chartered Accountants Kathmandu

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Key Audit Matters

Key Audit matters are those matters that in our professional judgment, were of most significance in our audit of the financial statements for the year ended Ashad 32, 2083. These matters were addressed in the context of our audit of the financial statements, and in forming opinion thereon, and we do not provide a separate opinion on these matters.
We have determined that there are no key audit matters to communicate in our report.

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 Financial Reporting Standards (NFRS), 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 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.
The Board of Directors 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 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 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

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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.

We communicated 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.

Report on Other Legal and Regulatory Requirements

Based on our examination, we would like to further report that:

i. We have come across the fact that there has been a change in the control of the entity. Hence the provisions of section 57 of the Income Tax Act,2058 shall be applicable. However, the entity is yet to file the return till the reporting date and is in the process to file the same as per explanation given to us.

ii. We have obtained all the information and explanations, which were considered necessary for the purpose for our audit.
   a. The Company has kept proper books of accounts as required by law, in so far as it appears from our examination of those books of account.
   b. The Statement of Financial Position, Statement of Income, the Statement of Change in Equity and the Statement of Cash Flows and attached Schedules dealt with by this report agree with the books of account maintained by the Company.
   c. During our examination of the books of account of the Company, we have not come across the cases where the Board of Directors or any member thereof or any representative or any office holder or any employee of the Company has acted contrary to the provisions of law or caused loss or damage to the Company and
   d. We have not come across any fraudulence in the accounts, based on our sample examination of the books.

For, R. Khatri & Associates
Chartered Accountants
Anamnagar 29, Kathmandu

R. Khatri & Associates Chartered Accountants Kathmandu

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CA. Rajesh Khatri
Proprietor

Place: Kathmandu
Date: 27th July, 2026 (Shrawan 11,2083)
UDIN: 260727CA020728DXwk

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Nexgen Management And Equity Solutions Ltd.
Kathmandu, Nepal
Statement of Financial Position
As at Ashadh 32nd, 2083 (July 16, 2026)

(Figures in NPR)

Particulars	Note	32nd Ashad 2083 Amount (Rs.)	Restated* 32nd Ashad 2082 Amount (Rs.)	Restated* 1st Shrawan 2081 Amount (Rs.)
ASSETS				
NON CURRENT ASSETS				
Property, Plant & Equipment	4	750,703	15,547	23,321
Intangible Assets	5	-	-	-
Financial Assets				
Investment in Securities	6	304,500,000	-	-
Financial Assets at amortized cost	7	100,000,000	10,100,000	7,500,000
Other Non-Current Assets	8	-	-	-
Deferred tax assets	15	32,257	-	-
TOTAL NON CURRENT ASSETS		405,282,960	10,115,547	7,523,321
CURRENT ASSETS				
Inventories	9	-	-	-
Financial Assets				
Investment in Securities	6	-	2,395,985	131,187
Financial Assets at amortized cost	7	-	-	-
Trade & Other Receivables	10	465,000	919,866	-
Cash & Cash Equivalents	11	182,807,635	36,107,411	3,811,196
Bank Balance other than cash and cash equivalent	12	-	-	-
Other Financial Assets	13	158,395	1,642,020	148,820
Other Current Assets	14	-	5,436	36,198
Current Tax Assets (Net)	15	-	-	1,212
TOTAL CURRENT ASSETS		183,431,030	41,070,718	4,128,613
Assets Held for Sale		-	-	-
TOTAL ASSETS		588,713,990	51,186,265	11,651,934
EQUITY AND LIABILITIES				
Equity Share Capital	16	500,000,000	50,000,000	10,000,000
Other Equity	17	81,668,810	954,975	519,036
TOTAL EQUITY		581,668,810	50,954,975	10,519,036
LIABILITIES				
NON CURRENT LIABILITIES				
Financial Liabilities				
Long Term Debt	18	-	-	-
Other Financial Liabilities	19	-	-	-
Deferred Tax Liabilities	15	-	10,080	-
Other Non-Current Liabilities	20	-	-	-
TOTAL NON CURRENT LIABILITIES		-	10,080	-
CURRENT LIABILITIES				
Financial Liabilities				
Borrowings	18	-	-	-
Trade Payables	22	-	-	-
Other Financial Liabilities	18	4,750	4,750	550,000
Provisions	20	84,654	-	-
Other Current Liabilities	21	6,759,524	141,715	582,898
Current Tax Liability (Net)	15	196,251	74,745	-
TOTAL CURRENT LIABILITIES		7,045,179	221,210	1,132,898
TOTAL LIABILITIES		7,045,179	231,290	1,132,898
TOTAL EQUITY & LIABILITIES		588,713,990	51,186,265	11,651,934

Devendra Pratap Shah
Chairman

Ramesh Kumar Bhattarai
Managing Director

Ajaya Kumar Mishra
Director

Vijaya Bahadur Shah
Director

Ganesh Prasad Lath
Director

As per our report of even date attached

CA. Rajesh Khatri
Proprietor
R. Khatri & Associates
Chartered Accountants

Date : 2083 Shrawan 11
Place: Kathmandu

Nexgen Management And Equity Solutions Ltd.

Kathmandu, Nepal

Statement of Income and Other Comprehensive Income

For The Year Ended 32nd Ashadh 2083 (16 July 2026)

(Figures in NPR)

Particulars	Note	2082-83	Restated* 2081-82
Revenue from Operations	23	1,750,000	1,200,000
Other Income	24	5,498,208	811,957
Net Revenue from Operations		**7,248,208**	**2,011,957**
Cost of Services/Sales	25	-	-
Employee Benefits Expenses	26	1,041,584	330,260
Lease Rent & Power Expenses	27	431,700	25,000
Advertisement & Business Promotion Expenses	28	-	21,244
Repair & Maintenance	29	7,300	6,500
Other Expenses	30	914,182	424,063
Foreign Exchange Fluctuation Loss		-	-
Finance Cost	31	-	-
Depreciation & amortization expenses		113,906	7,774
Impairment Charges/ (Reversal) of Assets			
Total Expenses		**2,508,673**	**814,841**
Profit Before Tax		**4,739,536**	**1,197,116**
Income Tax Expenses		-	-
Current Tax	15	(1,215,438)	(298,229)
Defferred Tax Credit/Charge	15	30,554	1,703
Profit for the year		**3,554,652**	**900,590**
Other Comprehensive Income:			
Items that will not be reclassified to profit or loss		-	-
-Changes in Fair Value of FVOCI Equity Instruments		-	47,132
-Remeasurement of Post-Employment Benefit Obligations (Actuarial Gains/Losses under NAS 19)			
-Income Tax relating items that will not be reclassified to profit or loss		-	(11,783)
Other Comprehensive gain/(loss) for the year, net of tax		**-**	**35,349**
Total Comprehensive gain/(loss) for the year, net of tax		**3,554,652**	**935,939**
Earning Per Share		**1.24**	**5.20**
Diluted Earning Per Share		**1.24**	**5.20**

Devendra Pratap Shah
Chairman

Ramesh Kumar Bhattarai
Managing Director

Ajaya Kumar Mishra
Director

Vijaya Bahadur Shah
Director

Ganesh Prasad Lath
Director

As per our report of even date attached

CA. Rajesh Khatri
Proprietor
R. Khatri & Associates
Chartered Accountants

Date : 2083 Shrawan 11
Place: Kathmandu

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Nexgen Management And Equity Solutions Ltd.

Kathmandu, Nepal

Statement Of Cash Flows

For The Year Ended 32nd Ashadh 2083 (16 July 2026)

(Figures in NPR)

Particulars	Note	2082-83	2081-82
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit Before Tax		4,739,536	1,197,116
Adjustment for:			
Depreciation on property, plant and equipment		113,906	7,774
Amortization of Intangible Assets		-	-
Interest Received		(5,228,686)	(420,173)
Interest Paid		-	-
Dividend Income		-	(12,100)
Working Capital Adjustments:			
(Increase)/Decrease in Trade Receivables		454,866	(919,866)
(Increase)/Decrease in other financial assets		3,879,610	(3,710,866)
(Increase)/Decrease in other assets		5,436	30,762
(Increase)/Decrease in Inventories		-	-
Increase/(Decrease) in trade payables		-	-
Increase/(Decrease) in Provisions		84,654	
Increase/(Decrease) in financial liabilities		-	(545,250)
Increase/(Decrease) in other current liabilities		6,617,809	(441,183)
Cash generated from operations		**10,667,131**	**(4,813,785)**
Income Tax Paid		(1,093,932)	(222,272)
Prior year adjustment			
NET CASH FLOWS FROM OPERATING ACTIVITIES		**9,573,199**	**(5,036,057)**
CASH FLOWS FROM /(USED IN) INVESTING ACTIVITIES			
Interest/ Dividend Received		5,228,686	432,273
Acquisition of Property, plant and Equipment		(849,062)	-
(Increase) / Decrease in Non-Current Investment		(394,400,000)	(2,600,000)
Bank balance other than cash and cash equivalents		-	-
NET CASH FLOWS FROM INVESTING ACTIVITIES		**(390,020,376)**	**(2,167,727)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase /(Decrease) in Borrowings		-	-
Proceeds from Long Term Loan		-	-
Proceeds from Share Capital		527,147,400	40,000,000
Dividend Paid		-	(500,000)
Increase/(Decrease) in Other non-Current Financial Liabilities		-	-
NET CASH FLOWS FROM FINANCING ACTIVITIES		**527,147,400**	**39,500,000**
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**146,700,223**	**32,296,215**
Net foreign exchange difference on cash and cash equivalents		-	-
CASH AND CASH EQUIVALENTS, Beginning of Year		**36,107,411**	**3,811,196**
CASH AND CASH EQUIVALENTS, End of Year		**182,807,635**	**36,107,411**

The accompanying notes are integral part of these financial statements

Devendra Pratap Shah
Chairman

Ramesh Kumar Bhattarai
Managing Director

Ajaya Kumar Mishra
Director

Vijaya Bahadur Shah
Director

Ganesh Prasad Lath
Director

As per our report of even date attached

CA. Rajesh Khatri
Proprietor
R. Khatri & Associates
Chartered Accountants

Date : 2083 Shrawan 11
Place: Kathmandu

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Nexgen Management And Equity Solutions Ltd.

Kathmandu, Nepal

Statement Of Changes In Equity

For The Year Ended 32nd Ashadh 2083 (16 July 2026)

(Figures in NPR)

Particulars	Equity Share Capital	Share Premium	Fair Value Reserve	Retained Earning	Total
Balance at 1 Shrawan 2081	**10,000,000**	**-**	**-**	519,036	**10,519,036**
Profit for the year				900,590	**900,590**
Other Comprehensive Income			47,132	-	**47,132**
Deferred tax relating to items appearing in OCI			(11,783)		
Total Comprehensive Income			**35,349**	**1,419,626**	**1,454,975**
Dividends to shareholders				(500,000)	**(500,000)**
Share Issued	40,000,000				
Prior year adjustment				-	-
Balance at 32nd Ashadh 2082	**50,000,000**	**-**	**35,349**	**919,626**	**50,954,975**
Profit for the year				3,554,652	**3,554,652**
Other Comprehensive Income			-		-
Deferred tax relating to items appearing in OCI			-		
Transfer of cumulative FVOCI reserve to retained earnings on disposal			(35,349)	35,349	
Reversal of deferred tax on disposal				11,783	
Total Comprehensive Income	-	-	-	4,521,410	**3,554,652**
Share Issued	450,000,000	77,147,400			**527,147,400**
Dividends to shareholders				-	-
Balance at 31nd Ashadh 2083	**500,000,000**	**77,147,400**	**-**	**4,521,410**	**581,668,810**

The accompanying notes are integral part of these financial statements

As per our report of even date attached

Devendra Pratap Shah
Chairman

Ramesh Kumar Bhattarai
Managing Director

Ajaya Kumar Mishra
Director

Vijaya Bahadur Shah
Director

Ganesh Prasad Lath
Director

CA. Rajesh Khatri
Proprietor
R. Khatri & Associates
Chartered Accountants

Date : 2083 Shrawan 11
Place: Kathmandu

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Nexgen Management And Equity Solutions Ltd.

Kathmandu, Nepal

Reconciliation of Equity

As at 1st Shrawan, 2081

(Figures in NPR)

Particulars	Note	Previously reported balance	Reconciliation	NFRS Balance
ASSETS				
NON CURRENT ASSETS				
Property, Plant & Equipment		23,321	-	23,321
Intangible Assets		-	-	-
Investment in Securities		-	-	-
Financial Assets at amortized cost		7,500,000		7,500,000
Other Non-Current Receivables		-	-	-
Deferred Tax Assets		-	-	-
CURRENT ASSETS				
Inventories		-	-	-
Loan & Advances			-	-
Investment in Securities		131,187	-	131,187
Financial Assets			-	-
Trade & Other Receivables		-	-	-
Cash & Cash Equivalents		3,811,196	-	3,811,196
Bank Balance other than cash and cash equivalent		-	-	-
Other Financial Assets		148,820	-	148,820
Other Current Assets		36,198	-	36,198
Current Tax Assets (Net)		1,212	-	1,212
TOTAL ASSETS		**11,651,934**	-	**11,651,934**
EQUITY AND LIABILITIES				
Equity Share Capital		10,000,000	-	10,000,000
Other Equity		519,036	-	519,036
LIABILITIES				
NON CURRENT LIABILITIES				
Financial Liabilities				
Borrowings		-	-	-
Other Financial Liabilities		-	-	-
Net Advance Billing		-		
Deferred Tax Liabilities		-	-	-
Other Non-Current Liabilities		-	-	-
CURRENT LIABILITIES				
Financial Liabilities				
Borrowings		-	-	-
Trade Payables		-	-	-
Other Financial Liabilities		550,000	-	550,000
Accounts payables		-	-	
TDS Payable		-	-	
Provisions		-	-	-
Other Current Liabilities		582,898	-	582,898
Provisions for Income Tax		-	-	-
Current Tax Liability (Net)		-	-	-
TOTAL EQUITY & LIABILITIES		**11,651,934**	-	**11,651,934**

NexGen Management and Equity Solutions Ltd. Kathmandu

Khatri & Associates Chartered Accountants Kathmandu

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Nexgen Management And Equity Solutions Ltd.

Kathmandu, Nepal

Reconciliation of Equity

As at 32nd Ashadh, 2082

(Figures in NPR)

Particulars	Note	Previously reported balance	Reconciliation	NFRS Balance
ASSETS				
NON CURRENT ASSETS				
Property, Plant & Equipment		15,547	-	15,547
Intangible Assets		-	-	-
Investment in Securities		-	-	-
Financial Assets at amortized cost		10,100,000		10,100,000
Other Non-Current Receivables		-	-	-
Deferred Tax Assets	A	-	-	-
CURRENT ASSETS				
Inventories		-	-	-
Loan & Advances			-	-
Investment in Securities		2,395,985	2,395,985	-
Financial Assets at fair value through other comprehensive income			(2,395,985)	2,395,985
Financial Assets at amortized cost				-
Financial Assets			-	-
Trade & Other Receivables		919,866	-	919,866
Cash & Cash Equivalents		36,107,411	-	36,107,411
Bank Balance other than cash and cash equivalent		-	-	-
Other Financial Assets		1,642,020	-	1,642,020
Other Current Assets		5,436	-	5,436
Current Tax Assets (Net)		-	-	-
TOTAL ASSETS		**51,186,265**	-	**51,186,265**
EQUITY AND LIABILITIES				
		-	-	-
Equity Share Capital		50,000,000	-	50,000,000
Other Equity	B	965,055	10,080	954,975
LIABILITIES				
NON CURRENT LIABILITIES				
Financial Liabilities				
Borrowings		-	-	-
Other Financial Liabilities		-	-	-
Net Advance Billing		-		
Deferred Tax Liabilities		-	(10,080)	10,080
Other Non-Current Liabilities		-	-	-
CURRENT LIABILITIES				
Financial Liabilities				
Borrowings		-	-	-
Trade Payables		-	-	-
Other Financial Liabilities		4,750	-	4,750
Accounts payables		-	-	
TDS Payable		-	-	
Provisions		-	-	-
Other Current Liabilities		141,715	-	141,715
Provisions for Income Tax		74,745	-	74,745
Current Tax Liability (Net)		-	-	-
TOTAL EQUITY & LIABILITIES		**51,186,265**		**51,186,265**

Notes:

A & B. Previously, the company had prepared its financial statements as per NFRS for SMEs, in which calculation & presentation of deferred tax is not required. Now, deferred tax has been calculated and accounted resulting from temporary difference arising from depreciation & unabsorbed repair & maintenance expenses.

NexGen Management and Equity Solutions Ltd. Kathmandu

Khatri & Associates Chartered Accountants Kathmandu

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Nexgen Management And Equity Solutions Ltd.

Kathmandu, Nepal

Reconciliation of Statement of Income

rehensive Income For The Year Ended 32nd Ashad 2082 (16 July 2025)

(Figures in NPR)

Particulars	Note	Previously reported balance	Reconciliation	NFRS Balance
Revenue from Operations		1,200,000	-	1,200,000
Other Income		811,957	-	811,957
Net fair value gain on financial assets at FVTPL.		47,132	47,132	-
Net Revenue from Operations		**2,059,089**	**47,132**	**2,011,957**
Cost of Services/Sales		-	-	-
Employee Benefits Expenses		330,260	-	330,260
Lease Rent & Power Expenses		25,000	-	25,000
Advertisement & Business Promotion Expenses		21,244	-	21,244
Repair & Maintenance		6,500	-	6,500
Other Expenses		424,063	-	424,063
Foreign Exchange Fluctuation Loss		-	-	-
Finance Cost		-	-	-
Depreciation & Amortization		7,774	-	7,774
Impairment Charges/ (Reversal) of Assets		-	-	-
Total Expenses		**814,841**	**-**	**814,841**
Profit Before Tax		1,244,248	47,132	1,197,116
Income Tax Expenses		(298,229)	(1,703)	(296,526)
Current Tax		(298,229)	-	(298,229)
Defferred Tax Credit/Charge	A	-	(1,703)	1,703
Profit for the year		**946,019**	**45,429**	**900,590**
Other Comprehensive Income:		-	-	-
Items that will not be reclassified to profit or loss		-		-
-Changes in Fair Value of FVOCI Equity Instruments		-	(47,132)	47,132
-Remeasurement of Post-Employment Benefit Obligations (Actuarial Gains/Losses under NAS 19)			-	
-Income Tax relating items that will not be reclassified to profit or loss			11,783	(11,783)
Other Comprehensive gain/(loss) for the year, net of tax			(35,349)	35,349
Total Comprehensive gain/(loss) for the year, net of tax		**946,019**	**10,080**	**935,939**

Notes:

A. Previously, the company had prepared its financial statements as per NFRS for SMEs, in which calculation & presentation of deferred tax is not required. Now, deferred tax has been calculated and accounted resulting from temporary difference arising from depreciation & unabsorbed repair & maintenance expenses.

B. Previously, the company has credited fair value gain directly to statement of profit or loss, now the company has changed the classification of investment to financial assets at fair value through OCI and shown the fair value gain accordingly.

NexGen Management and Equity Solutions Ltd. Kathmandu

Khatri & Associates Chartered Accountants Kathmandu

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Nexgen Management And Equity Solutions Ltd.
Kathmandu, Nepal
As at Ashadh 32, 2083 (July 16, 2026)

Note 4: Property, Plant & Equipment *(Figures in NPR)*

Particulars	Land	Building	Office Equipments & Furniture	Vehicles	Plant & Equipment	Leasehold	Total
Cost							
Balance at 1st Shrawan 2081	-	-	122,463	-	-	-	122,463
Additions	-	-	-	-	-	-	-
Disposals			-	-	-		-
Balance at 32nd Ashadh 2082	-	-	122,463	-	-	-	122,463
Additions	-	-	849,062	-	-	-	849,062
Disposals			-	-	-		-
Balance at 32nd Ashadh 2083	-	-	971,525	-	-	-	971,525
Amortization							-
Balance at 1st Shrawan 2081			99,142	-	-		99,142
Charge for the year	-	-	7,774	-	-	-	7,774
Disposals			-	-	-		-
Balance at 32nd Ashadh 2082	-	-	106,916	-	-	-	106,916
Charge for the year		-	113,906	-	-	-	113,906
Disposals			-	-	-		-
Balance at 32nd Ashadh 2083	-	-	220,822	-	-	-	220,822
At 1st Shrawan 2081	-	-	23,321	-	-	-	23,321
At 32nd Ashad 2082	-	-	15,547	-	-	-	15,547
At 32nd Ashad 2083	-	-	750,703	-	-	-	750,703

a) The Company has availed the deemed cost exemption in relation to the property, plant and equipment on the date of transition and hence the net block carrying amount has been considered as the gross block carrying amount on that date. Refer table below for the gross block value and the accumulated depreciation on 1st Shrawan, 2081 under the previous GAAP.

Particulars	Land	Building	Office Equipments & Furniture	Vehicles	Plant & Equipment	Leasehold	Total
Gross Block as at 1st Shrawan 2081	-	-	122,463	-	-	-	122,463
Accumulated Depreciation as at 1st Shrawan 2081		-	(99,142)	-	-	-	(99,142)
Deemed Cost as at 1st Shrawan 2081	-	-	**23,321**	-	-	-	**23,321**

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Nexgen Management And Equity Solutions Ltd.
Kathmandu, Nepal
As at Ashadh 32, 2083 (July 16, 2026)

Note 5: Intangible Assets *(Figures in NPR)*

Particulars	Computer Software	Others	Total
Balance at 1st Shrawan 2081	-	-	-
Additions	-	-	-
Adjustment during the year	-	-	-
Balance at 32nd Ashadh 2082	-	-	-
Additions	-	-	-
Adjustment during the year	-	-	-
Balance at 32nd Ashadh 2083	-	-	-
Amortization			
Balance at 1st Shrawan 2081	-	-	-
Charge for the year	-	-	-
Adjustment during the year	-	-	-
Balance at 32nd Ashadh 2082	-	-	-
Charge for the year	-	-	-
Adjustment during the year	-	-	-
Balance at 32nd Ashadh 2083	-	-	-
At 1st Shrawan 2081	-	-	-
At 32nd Ashad 2082	-	-	-
At 32nd Ashad 2083	-	-	-

a) The Company has availed the deemed cost exemption in relation to the property, plant and equipment on the date of transition and hence the net block carrying amount has been considered as the gross block carrying amount on that date. Refer table below for the gross block value and the accumulated depreciation on 1st Shrawan, 2081 under the previous GAAP

Particulars	Computer Software	Others	Total
Gross Block as at 1st Shrawan 2081	-	-	-
Accumulated Depreciation as at 1st Shrawan 2081	-	-	-
Deemed Cost as at 1st Shrawan 2081	-	-	-

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Nexgen Management And Equity Solutions Ltd.
Kathmandu, Nepal
Notes forming part of Statement of Financial Position as at 32nd Ashad 2083

(Figures in NPR)

Note 6: Investment in Securities

Particulars	As at 32nd Ashad 2083	As at 32nd Ashad 2082	As at 1st Shrawan 2081
A. Investment in quoted Shares	-	2,395,985	131,187
B. Investment in unquoted Shares	304,500,000	-	-
Total	**304,500,000**	**2,395,985**	**-**

A. Investment in quoted Shares

Particulars	As at 32nd Ashad 2083	As at 32nd Ashad 2082	As at 1st Shrawan 2081
Opening Balance	2,395,985	131,187	
Additions	-	4,629,855	131,187
Disposals	(2,395,985)	2,412,189	
Closing Balance		**2,348,853**	**131,187**
Gain/(loss) on subsequent measurement at the date of statement of financial position		47,132	-
Net Carrying Amount		**2,395,985**	**131,187**
Less: Non-Current portion		-	
Current Portion		**2,395,985**	**131,187**

B. Investment in unquoted Shares

Particulars	As at 32nd Ashad 2083	As at 32nd Ashad 2082	As at 1st Shrawan 2081
Opening Balance	-	-	
Additions	304,500,000	-	-
Disposals		-	
Closing Balance	**304,500,000**	**-**	**-**
Gain/(loss) on subsequent measurement at the date of statement of financial position	-	-	-
Net Carrying Amount	**304,500,000**	**-**	**-**
Less: Non-Current portion	304,500,000	-	
Current Portion	-	-	-

The Company has designated its investments in equity instruments as financial assets measured at fair value through other comprehensive income (FVOCI) in accordance with NFRS 9.

These investments comprise equity shares of unlisted companies for which an active market does not exist. Accordingly, the fair value of these investments has been determined in accordance with the principles of NFRS 13, using available information at the reporting date.

The audited financial statements of the investee companies for the year ended 32 Ashadh 2083 (F.Y. 2082/83) were not available as at the date of authorization of these financial statements. Management considered the use of the latest available audited financial statements for F.Y. 2081/82; however, in its judgment, the net asset value derived therefrom did not appropriately reflect the fair value of the Company's investments as at the reporting date due to developments subsequent to that reporting period and the limitations of the available valuation inputs.

In the absence of sufficient and reliable information to determine a more representative fair value, management has concluded that the transaction price (cost) represents the best estimate of fair value at the reporting date. Accordingly, these investments have been

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Nexgen Management And Equity Solutions Ltd.
Kathmandu, Nepal
Notes forming part of Statement of Financial Position as at 32nd Ashad 2083

(Figures in NPR)

Note 6: Investment in Securities

Particulars	As at 32nd Ashad 2083	As at 32nd Ashad 2082	As at 1st Shrawan 2081
A. Investment in quoted Shares	-	2,395,985	131,187
B. Investment in unquoted Shares	304,500,000	-	-
Total	**304,500,000**	**2,395,985**	**-**

A. Investment in quoted Shares

Particulars	As at 32nd Ashad 2083	As at 32nd Ashad 2082	As at 1st Shrawan 2081
Opening Balance	2,395,985	131,187	
Additions	-	4,629,855	131,187
Disposals	(2,395,985)	2,412,189	
Closing Balance		**2,348,853**	**131,187**
Gain/(loss) on subsequent measurement at the date of statement of financial position		47,132	-
Net Carrying Amount		**2,395,985**	**131,187**
Less: Non-Current portion		-	
Current Portion		**2,395,985**	**131,187**

B. Investment in unquoted Shares

Particulars	As at 32nd Ashad 2083	As at 32nd Ashad 2082	As at 1st Shrawan 2081
Opening Balance	-	-	
Additions	304,500,000	-	-
Disposals		-	
Closing Balance	**304,500,000**	-	-
Gain/(loss) on subsequent measurement at the date of statement of financial position	-	-	-
Net Carrying Amount	**304,500,000**	-	-
Less: Non-Current portion	304,500,000	-	
Current Portion	-	-	-

The Company has designated its investments in equity instruments as financial assets measured at fair value through other comprehensive income (FVOCI) in accordance with NFRS 9.

These investments comprise equity shares of unlisted companies for which an active market does not exist. Accordingly, the fair value of these investments has been determined in accordance with the principles of NFRS 13, using available information at the reporting date.

The audited financial statements of the investee companies for the year ended 32 Ashadh 2083 (F.Y. 2082/83) were not available as at the date of authorization of these financial statements. Management considered the use of the latest available audited financial statements for F.Y. 2081/82; however, in its judgment, the net asset value derived therefrom did not appropriately reflect the fair value of the Company's investments as at the reporting date due to developments subsequent to that reporting period and the limitations of the available valuation inputs.

In the absence of sufficient and reliable information to determine a more representative fair value, management has concluded that the transaction price (cost) represents the best estimate of fair value at the reporting date. Accordingly, these investments have been

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Note 7: Financial Assets at amortized cost

Particulars	As at 32nd Ashad 2083	As at 32nd Ashad 2082	As at 1st Shrawan 2081
Fixed Deposit with B/FI			
Opening Balance	10,100,000	7,500,000	
Additions	89,900,000	2,600,000	7,500,000
Disposals		-	
Closing Balance	**100,000,000**	**10,100,000**	**7,500,000**
Provision for Impairment			
Opening Balance	-	-	-
Movement during the year	-	-	-
Closing Balance	-	-	-
Net Carrying Amount			
Carrying Amount at Year End	**100,000,000**	**10,100,000**	**7,500,000**
Less: Financial Assets at amortized cost-Non-Current	100,000,000	10,100,000	7,500,000
Financial Assets at amortized cost- current		-	

Note 8: Other Non-Current Assets

Particulars	As at 32nd Ashad 2083	As at 32nd Ashad 2082	As at 1st Shrawan 2081
Deposits & Long-Term Advances			
Staff Advance	-	-	-
Other Advance	-	-	-
Deposit	-	-	-
Total	-	-	-

Note 9: Inventories

Particulars	As at 32nd Ashad 2083	As at 32nd Ashad 2082	As at 1st Shrawan 2081
Inventory (valued at lower of Cost or Net Realizable Value)	-	-	-
Total	-	-	-

Note 10: Trade & Other Receivables

Particulars	As at 32nd Ashad 2083	As at 32nd Ashad 2082	As at 1st Shrawan 2081
Sundry Debtors	465,000	919,866	-
Provision for Impairment of Receivables			
Opening Balance	-	-	-
Provided during the year	-	-	-
Receivable written off charged to provision and/ or unused amounts reversed	-	-	-
Closing Balance	-	-	-
Trade Receivables net of provision	**465,000**	**919,866**	-

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Note 11: Cash & Cash Equivalents

Particulars	As at 32nd Ashad 2083	As at 32nd Ashad 2082	As at 1st Shrawan 2081
Local Currency Bank Account			
In Current Accounts	176,849,580	34,526,658	3,811,196
In Call Accounts	5,958,055	1,580,753	
Cash on Hand	-	-	-
Cheque on Hand	-	-	-
Cheque Issued but Not Cleared			-
Convertible Currencies Bank Account			
In Current Accounts			
In Call Accounts			
Total	**182,807,635**	**36,107,411**	**3,811,196**

Note 12: Bank Balance Other Than Cash And Cash Equivalents

Particulars	As at 32nd Ashad 2083	As at 32nd Ashad 2082	As at 1st Shrawan 2081
Embarked balance with bank	-	-	-
Margin Money	-	-	-
Total	-	-	-

Note 13: Other Financial Assets

Particulars	As at 32nd Ashad 2083	As at 32nd Ashad 2082	As at 1st Shrawan 2081
Receivable from Related Parties	-	1,500,000	-
Other receivable	158,395	142,020	148,820
Total	**158,395**	**1,642,020**	**148,820**

Note 14: Other Current Assets

Particulars	As at 32nd Ashad 2083	As at 32nd Ashad 2082	As at 1st Shrawan 2081
VAT Receivable	-	5,436	36,198
Other Deferred Cost	-	-	-
Prepaid Expenses	-	-	-
Total	-	5,436	36,198

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Note 15: Current Tax Assets/Liabilities (Net)

Particulars	As at 32nd Ashad 2083	As at 32nd Ashad 2082	As at 1st Shrawan 2081
A. Tax expense recognised in the Statement of Profit or Loss			
Current Tax			
Current Income Tax Charge	1,215,438	298,229	154,119
Deferred Tax Credit			
Origination and reversal of temporary differences	(30,554)	(1,703)	-
Adjustments/(Credit) related to previous years - (Net)		-	
Income tax expense reported in statement of Profit or Loss	1,184,884	296,526	154,119
B. Current tax asset/(liability) - net			
Advance Income Tax	1,019,187	223,484	155,331
Less: Income Tax Liability	(1,215,438)	(298,229)	(154,119)
Total	(196,251)	(74,745)	1,212
C. Reconciliation of tax liability on book profit vis-a'-vis actual tax liability			
Accounting Profit/(Loss) before Income Tax	4,739,536	1,197,116	616,478
Enacted tax rate	25%	25%	25%
Computed tax expense	1,184,884	299,279	154,119
Difference due to:			
Tax effect due to non-taxable income	-	(3,025)	-
Effect due to non deductible expenses	21,164	272	-
Tax effect due to difference in depreciation rate	9,390	486	-
Unabsorbed Repair & Maintainance	-	1,217	
Provision for Bad Debts	-		
Fair Value Gain	-	-	-
Opening Accumulated losses	-	-	-
Closing Accumulated losses	-	-	-
Interest/Penalty U/S 117, 118 & 119	-	-	-
Income tax expense charged to the statement of Profit or Loss	1,215,438	298,229	154,119

D. i. The movement in deferred tax assets and liabilities during the year ended 32 Ashadh 2082	As at 1st Shrawan, 2081	Credit/(Charge) in the Statement of Profit or Loss	As at 32nd Ashadh 2082
Deferred tax assets/(liabilities)			-
Provision for post retirement benefits and other employees benefits	-	-	-
Unabsorbed Repair & Maintainance	-	1,217	1,217
Depreciation	-	486	486
Fair Value Gain	-	-	(11,783)
	-	1,703	(10,080)

ii. Movement during the year ended 32nd Ashadh, 2083	As at 1st Shrawan, 2082	Credit/(Charge) in the Statement of Profit or Loss	As at 32nd Ashadh 2083
Deferred tax assets/(liabilities)	-	-	-
Provision for post retirement benefits and other employees benefits	-	21,164	21,164
Unabsorbed Repair & Maintainance	1,217	(1,217)	-
Depreciation	486	10,607	11,093
Fair Value Gain	(11,783)	-	-
	(10,080)	30,554	32,257

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Note 16: Equity Share Capital

Particulars	As at 32nd Ashad 2083	As at 32nd Ashad 2082	As at 1st Shrawan 2081
Authoried Capital			
(Ordinary Shares 10,000,000 of Rs 100 each)	1,000,000,000	1,000,000,000	1,000,000,000
Issued Capital			
(Ordinary Shares 6,250,000 of Rs 100 each)	625,000,000	500,000,000	20,000,000
Subscribed & Paid Up Capital			
(Ordinary Shares 5,000,000 of Rs 100 each)	500,000,000	50,000,000	10,000,000
	500,000,000	50,000,000	10,000,000

Note 17: Other Equity

Particulars	Share Premium	Retained Earnings	Fair Value Reserve
Balance at 1st Shrawan 2081	-	519,036	-
Profit for the year	-	900,590	-
Dividend Paid	-	(500,000)	-
Addition during the year	-		35,349
Balance at 32nd Ashadh 2082	-	919,626	35,349
Profit for the year	-	3,554,652	-
Transfer of cumulative FVOCI reserve to retained earnings on disposal		35,349	(35,349)
Reversal of deferred tax on disposal		11,783	
Addition during the year	77,147,400	-	-
Balance at 32nd Ashadh 2083	77,147,400	4,521,410	-

Total of Other Equity as at 1st Shrawan 2081	**519,036**
Total of Other Equity as at 32nd Ashadh 2082	**954,975**
Total of Other Equity as at 32nd Ashadh 2083	**81,668,810**

Note 18: Borrowings

Particulars	As at 32nd Ashad 2083	As at 32nd Ashad 2082	As at 1st Shrawan 2081
Non-Current Borrowings			
Secured Loans	-	-	-
Unsecured Loans	-	-	-
Add: Interest Payable on Borrowing	-	-	-
	-	-	-
Current Borrowings			
Overdraft	-	-	-
Working Capital Loan	-	-	-
Cash Credit	-	-	-
Total	-	-	-

Note 19: Other Financial Liabilities

Particulars	As at 32nd Ashad 2083	As at 32nd Ashad 2082	As at 1st Shrawan 2081
Non-Current Other Financial Liabilities			
Liability for Employee's benefit	-	-	-
Advance from Director	-	-	-
Total	-	-	-

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Current Other Financial Liabilities

Dividend Payable	4,750	4,750	-
Advance for Share Capital	-		550,000
Total	**4,750**	**4,750**	**550,000**

Note 20: Provisions

Particulars	As at 32nd Ashad 2083	As at 32nd Ashad 2082	As at 1st Shrawan 2081
Current Provisions			
Provision for Employees Retirement Funds	84,654		
Provision for Bad Debts	-		
Total	**84,654**	**-**	**-**

Note 21: Other Liabilities

Particulars	As at 32nd Ashad 2083	As at 32nd Ashad 2082	As at 1st Shrawan 2081
Non-Current			
Total	**-**	**-**	**-**
Current			
Staff Salary Payable			309,788
Audit Fee Payable	44,600	22,300	13,380
TDS Payable	8,954	1,957	1,886
VAT Payable	74,690	13,000	161,752
Other Payables	6,631,280	104,458	96,092
Total	**6,759,524**	**141,715**	**582,898**

Note 22: Trade Payables

Particulars	As at 32nd Ashad 2083	As at 32nd Ashad 2082	As at 1st Shrawan 2081
Sundry Creditors	-	-	-
Total	-	-	-

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Nexgen Management And Equity Solutions Ltd.
Kathmandu, Nepal
Notes forming part of Statement of Income & Other Comprehensive Income
For the year ended 32nd Ashadh 2083 (16 July 2026)

Note 23: Revenue from Operations *(Figures in NPR)*

Particulars	2082-83	2081-82
Revenue from Rendering of Services	1,750,000	1,200,000
Total	**1,750,000**	**1,200,000**

Note 24: Other Income

Particulars	2082-83	2081-82
Gain on Disposal of Assets	269,522	227,571
Interest Income	5,228,686	420,173
Dividend Income	-	12,100
Other Income	-	152,113
Total	**5,498,208**	**811,957**

Note 25: Cost of Services/Sales

Particulars	2082-83	2081-82
Opening Stock		
Finished Goods	-	-
Purchase	-	-
Add: Direct Expenses		-
Total Purchases	-	-
Less : Closing Stock	-	-
Cost of Services/Sales	-	-

Note 26: Employee Benefits Expenses

Particulars	2082-83	2081-82
Salary & wages	952,500	293,586
Dashain Allowance	-	-
Dearness Allowences	-	-
Incentive	-	-
Fiber Incentive	-	-
Leave Encashment & Allowance	-	-
Overtime	-	-
Special Allowance	-	-
Leave & Gratuity Provision	84,654	-
Staff Welfare Expenses		
Other Expenses	4,430	36,674
Total	**1,041,584**	**330,260**

Note 27: Lease Rent & Power Expenses

Particulars	2082-83	2081-82
Office Rent Expenses	420,000	-
Vehicle, Generator Rent Expenses	-	-
Electricity Expenses	11,700	-
Fuel Expenses	-	25,000
Total	**431,700**	**25,000**

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Note 28: Advertisement & Business Promotion Expenses

Particulars	2082-83	2081-82
Banners & Posters	-	-
Business Promotion & Advertisement	-	21,244
Digital Campaign	-	-
Commission Expenses	-	-
Total	**-**	**21,244**

Note 29: Repair & Maintenance

Particulars	2082-83	2081-82
Repair & Maintenance- Office Equipment	7,300	6,500
Repair & Maintenance- Vehicle	-	-
Repair & Maintenance-Other	-	-
Total	**7,300**	**6,500**

Note 30: Other Expenses

Particulars	2082-83	2081-82
Audit Fee	40,000.00	20,000.00
Bank Comission & Charge	5,420.00	947.00
Communication Expenses	33,472.21	27,533.00
Consultancy Expenses		
AGM Expenses	140,604.50	28,894.00
Expenses related to Board	86,674.50	
Fine & Penalty	-	1,087.00
Guest Entertainment Exps.	29,805.48	-
Non Lasting Goods	7,172.00	-
Legal Expenses	50.00	-
Office Expenses	5,565.00	7,317.00
Printing & Stationery Expenses	36,358.00	2,800.00
Registration & Renwal Charge	495,277.00	296,230.00
Travelling And Ticketing Expenses	32,583.49	35,755.00
Water Expenses	1,200.00	3,500.00
Total	**914,182.18**	**424,063.00**

Note 31: Finance Cost

Particulars	2082-83	2081-82
Bank Interest & Loan Processing Charges	-	-
Interest Cost on Lease		
Total	**-**	**-**

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NEXGEN MANAGEMENT AND EQUITY SOLUTIONS LTD.
KATHMANDU, NEPAL

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED ON 32/03/2083

Note: 1

Background

M/s Nexgen Management and Equity Solutions Ltd. had been initially registered as a Nexgen Management Solution Pvt. Ltd. (private limited company) in the Office of Company Registrar, Tripureshwor, Kathmandu on 8th June 2018 (2075-02-25 BS). Later the company's name was changed to Nexgen Management and Equity Solutions Pvt. Ltd. on 29th October 2024 (2081-07-13 BS). The company had been converted to public limited company as per the decision of Special General Meeting held on 5th May 2025 (2082-01-22 BS) and decision of Office of the Company Registrar's Office dated 2082-03-27 BS.

The company is located at Kathmandu Metropolitan City Ward No. 30, Maitidevimarg, Kathmandu. The company is established as an investment company and, within the scope of directives from the regulatory body, the Securities Board, its primary objective is to invest in the securities of organized entities operating in the energy, transportation, communications, agriculture, tourism, manufacturing and processing, information technology, and mineral extraction sectors. Additionally, if the regulatory body, the Securities Board, designates other investment sectors, the company will also invest in those sectors.

The PAN of the company is 606687858

The financial statements apply to the financial year ended 32nd Ashadh 2083 (16th July 2026).

In the Financial Statements, Nexgen Management and Equity Solutions Ltd., Nepal has been referred as "Company".

The accompanied financial statements have been approved for publication by Board of Directors dated 2083.04.11. The management acknowledges the responsibility of preparation of financial statements.

Significant Accounting Policies

2.1 Basis of Preparation and measurement

I. STATEMENT OF COMPLIANCE

The Financial statements have been prepared in accordance with applicable Nepal Financial Reporting Standards (NFRS) as issued by the Institute of Chartered Accountants of Nepal (ICAN). The Financial Statements have also been prepared in accordance with the relevant presentational requirements of the Companies Act, 2063 of Nepal.

Since the company has already passed resolution for primary issue of its shares to public and already applied for the share issue to Securities Board of Nepal, the company has prepared its financial statements by applying full NFRS issued by the Institute of Chartered Accountants of Nepal, being the entity having public accountability.

These financial statements for the year ended 32 Ashadh, 2083 are the first the Company has prepared under NFRS. For all periods up to and including the year ended 32 Ashadh, 2082, the Company prepared its financial statements in accordance with earlier issued Nepal Accounting Standards (hereinafter referred to as 'Previous GAAP') used for its statutory reporting requirement in Nepal immediately before adopting NFRS. The financial statements for the year ended 32 Ashadh, 2082 and the opening Balance Sheet as at 1 Shrawan, 2081 have been restated in accordance with NFRS for comparative information. Reconciliations and explanations of the effect of the transition from Previous GAAP to NFRS on the Company's statement of Financial Position, Statement of Profit or Loss and Statement of Cash Flows are provided in Note 3.

II. BASIS OF PREPARATION

The financial statements have been prepared on accrual and going concern basis. The accounting policies are applied consistently to all the periods presented in the financial statements, including the preparation of the opening NFRS Balance Sheet as at 1 Shrawan, 2081 being the 'date of transition to NFRS'. All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle. Based on the nature of products and the time between acquisition of assets of processing and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities.

The financial statement is presented in functional and presentation currency of the Company i.e. Nepalese Rupee ("NPR") which is the currency of the primary economic environment in which the Company operates.

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III. BASIS OF MEASUREMENT

These financial statements are prepared under historical cost convention except for certain material items that have been measured at fair value as required by the relevant NFRS and explained in the ensuing policies below.

2.2 Critical accounting estimates and judgments

The preparation of the financial statements in conformity with Nepal Financial Reporting Standards requires the use of certain critical accounting estimates and judgments. It also requires management to exercise judgment in the process of applying the Company's accounting policies. The Company makes certain estimates and assumptions regarding the future events. Estimates and judgments are continuously evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Future results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in current and future periods. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year primarily includes: -

USEFUL LIFE AND RESIDUAL VALUE OF PROPERTY, PLANT AND EQUIPMENT

Management reviews the useful life and residual values of property, plant and equipment at least once a year. Such life is dependent upon an assessment of both the technical life of the assets and also their likely economic life, based on various internal and external factors including relative efficiency and operating costs. Accordingly, depreciable lives are reviewed annually using the best information available to the Management.

IMPARIMENT OF PROPERTY, PLANT AND EQUIPMENT

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Recoverable amount is the higher of fair value less costs to sell and value in use. Value in use is usually determined on the basis of discounted estimated future cash flows. This involves management estimates on anticipated commodity prices, market demand and supply, economic and regulatory environment, discount rates and other factors. Any subsequent changes to cash flow due to changes in the above mentioned factors could impact the carrying value of assets.

CONTINGENCIES

In the normal course of business, contingent liabilities may arise from litigation and other claims against the Company. Potential liabilities that are possible but not probable of crystallizing or are very difficult to quantify reliably are treated as contingent liabilities. Such liabilities are disclosed in the notes but are not recognized.

FAIR VALUE MEASUREMENTS

Some of the Company's assets and liabilities are measured at fair value for financial reporting purposes. The management determines the appropriate valuation techniques and inputs for fair value measurements. In estimating the fair value of an asset or a liability, the Company uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Company engages third party qualified valuers to perform the valuation. The management works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model.

RECOGNITION OF DEFERRED TAX

Significant management judgment is required to determine the amount of deferred tax that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company.

2.3 Property, Plant and Equipment

i. On transition to NFRS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognized as at 31st Ashadh, 2081 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment as on Shrawan 1, 2081.

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ii. All the items of property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

iii. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as separate assets are derecognized when replaced. All other repairs and maintenance are charged to profit and loss during the reporting period in which they are incurred.

iv. The company identifies and determines cost of each component/part of the asset separately, if the component/ part has a cost which is significant to the total cost of the asset having useful life that is materially different from that of the remaining asset. These components are depreciated over their useful lives; the remaining asset is depreciated over the life of the principal asset.

v. The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

vi. An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognized.

2.4 Other Intangible Assets

i. Certain computer software costs are capitalized and recognized as intangible assets based on materiality, accounting prudence and significant benefits expected to flow there from for a period longer than one year.

2.5 Depreciation and Amortization

i. Depreciation is recognized so as to write off the cost of assets less their residual values over their useful lives, using the written down method.

ii. Amortization is recognized so as to write off the cost of assets less their residual values over their useful lives, using the written down method.

iii. Depreciation is provided on the written down method based on the estimated useful lives of the assets determined by the management. Depreciation on additions to fixed assets is charged on pro-rata basis in the year of purchase. The useful life of the assets and the corresponding rates at which the assets are depreciated are as follows: -

Category of Assets	Estimated useful life	Depreciation Rate
Building	50 years	2%
Office Equipment	8 years	12.5%
Furniture and Fixtures	8 years	12.5%
Vehicles	10 years	10%
Software	5 Years	20%

Computer software is amortized over an estimated useful life of 5 years on written down method.

iv. Useful life is either the period of time which the asset is expected to be used. The estimated useful life, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

v. Office furniture, equipment and vehicles costing less than NPR 2,000 per unit and plant equipment costing less than NPR 10,000 per unit is charged to the profit and loss account in the year of purchase.

vi. Cost of Dismantling (if any) has not been taken into consideration for the calculation of Value of Property, plant & Equipment due to lack of sufficient evidence in that regard.

2.6 Impairment of tangible and intangible assets

i. At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or

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otherwise they are allocated to the smallest Company of cash-generating units for which a reasonable and consistent allocation basis can be identified.

ii. Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

iii. Recoverable amount is the higher of fair value less costs of disposal and value in sue. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

iv. If the recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in Statement of Profit and Loss.

2.7 Borrowing Cost

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset until such time as the assets are substantially ready for the intended use or sale. All other borrowing costs are expensed in the period in which they occur.

2.8 Cash and Cash Equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and demand deposits with an original maturity of three months or less and highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

2.9 Inventories

Cost of inventories includes cost of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Inventories of store, spare parts and loose tools are stated at the lower of weighted average cost and net realizable value. Net realizable value represents the estimated selling price for inventories in the ordinary course of business less all estimated costs of completion and estimated costs necessary to make the sale.

2.10 Revenue Recognition

I) Income from the Operation

Revenue is recognized to the extent that it is probable that economic benefit will flow to the Company and that the revenue can be reliably measured.

Revenue is recognized at the fair value of consideration received or receivable, net of value added tax.

II) Insurance Claim Income, Fine Collected Income and Interest Income

a. Insurance claim income is recognized when the right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably).
b. Fine Collected Income is recognized when the right to receive payment has been established.
c. Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

2.11 Foreign Currency Transactions

a. The functional currency of the Company is determined on the basis of the primary economic environment in which it operates. The functional currency of the Company is Nepalese Rupee (NPR).

b. In preparing the financial statements of the Company, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

c. At the end of each reporting period, monetary items denominated in foreign currencies are translated at the

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rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined.

d. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

e. Exchange differences on monetary items are recognized in Statement of Profit and Loss in the period in the period in which they arise.

2.12 Employment Benefits

The Company has registered itself with Social Security Fund and contributed the amount as required by applicable law.

Short term and long-term employment benefits

a. A liability is recognized for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.
b. Liabilities recognized in respect of short-term employee and contractual employees, benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

2.13 Taxation

INCOME TAX

Income tax on the profit or loss for the year comprises current taxes and deferred taxes. Income tax is recognized in the profit or loss statement except to the extent that it relates to items recognized directly to equity.

CURRENT TAX

Current tax is the expected tax payable on the taxable income for the year using tax rates at the balance sheet date and any adjustment to tax payable in respect of previous years.

Income tax rates applicable to company is 30%.

DEFERRED TAX

a. Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected realization or settlement of the carrying amount of assets and liabilities using tax rates at the balance sheet date.
b. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.
c. Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

2.14 Provisions, contingencies and commitments

a. Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

b. When the Company expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain.

c. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

d. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the standalone financial statements.

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e. A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or ono-occurrence of one or more uncertain future events not wholly within the control of the entity.

f. Provisions, contingent liabilities, contingent assets and commitments are reviewed at each reporting period.

2.15 Financial Instruments

I. FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognized when the Company becomes a party to the contract embodying the related financial instruments. All financial assets, financial liabilities and financial guarantee contracts are initially measured at transaction cost and where such values are different from the fair value, at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit and loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability. Transaction costs directly attributable to the acquisition of financial assets and financial liabilities at fair value through profit and loss are immediately recognized in the statement of profit and loss.

II. FINANCIAL ASSETS

Financial assets at amortized cost

Financial assets are subsequently measured at amortized cost if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets measured at fair value

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows or to sell these financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets not measured at amortized cost or at fair value other comprehensive income is carried at fair value through the statement of profit and loss.

For financial assets maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the shorter maturity of these instruments.

Though the policy of the company is to recognize financial assets and financial liability at amortized cost, while preparing these financial statements, all financial assets and financial liabilities are recognized at carrying amount, as the maturity of such assets & liabilities will fall within one year.

Impairment of financial assets

Loss allowance for expected credit losses is recognized for financial assets measured at amortized cost and fair value through the statement of profit or loss.

The company recognizes impairment loss on trade receivable using expected credit loss model. For financial assets whose credit risk has not significantly increased since initial recognition, loss allowance equal to twelve months expected credit losses is recognized. Loss allowance equal to the lifetime expected credit losses is recognized if the credit risk on the financial instruments has significantly increased since initial recognition.

De-recognition of financial assets

The Company de-recognizes a financial asset only when the contractual rights to the cash flows from the financial asset expire, or it transfers the financial asset and the transfer qualifies for de-recognition under NFRS 9. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the assets and an associated liability for amounts it may have to pay.

If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On de-recognition of a financial asset in its entirety, the difference between the carrying amounts measured at the date of de-recognition and the consideration received is recognized in statement of profit or loss.

2.16 Previous Year's figures have been re-grouped or re-arranged, wherever necessary.

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Note no: 3

FIRST TIME ADOPTION OF NFRS

The financial statements have been prepared in accordance with applicable Nepal Financial Reporting Standards (NFRS) as issued by the Institute of Chartered Accountants of Nepal (ICAN) with effect from 1st Shrawan, 2081, with a transition date of 1st Shrawan, 2081. These financial statements for the year ended 32nd Ashadh, 2083 are the first the company has prepared under NFRS. For all periods up to and including the year ended 31st Ashadh 2081, the Company prepared its financial statements in accordance with earlier issued Nepal Accounting Standards (hereinafter referred to as 'Previous GAAP').

The Adoption of NFRS has been carried out in accordance with NFRS 1, First time Adoption of NFRS. NFRS 1 requires that all NFRS and interpretations that are issued and effective for the first NFRS financial statements be applied retrospectively and consistently for all financial years presented. Accordingly, the Company has prepared financial statements which comply with NFRS for the year ended 32nd Ashadh, 2083, together with the comparative information as at and for the year ended 32nd Ashadh, 2082 and the opening NFRS Balance Sheet as at 1st Shrawan, 2081, the date of transition to NFRS.

In preparing these NFRS financial statements, the Company has availed certain exemptions and exceptions in accordance with NFRS1, as explained below. The resulting difference between the carrying values of the assets and liabilities in the financial statements as at the transition date under NFRS and Previous GAAP have been recognized directly in equity (retained earnings or another appropriate category of equity). This note explains the adjustments made by the Company in restating its Previous GAAP financial statements, including the Statement of Financial Position as at 1st Shrawan, 2081 and Financial Statements as at and for the year ended 32nd Ashadh, 2082.

A. EXEMPTIONS FROM RETROSPECTIVE APPLICATION

NFRS 1 allows first-time adopters certain exemptions from retrospective application of certain requirements under NFRS. The Company has elected to apply the following optional exemptions from retrospective application:

a) **Deemed cost for property, plant and equipment and intangible assets**
The Company has elected to measure all its property, plant and equipment, intangible assets at the Previous GAAP carrying amount as its deemed cost on the date of transition to NFRS.

B. EXCEPTIONS TO RETROSPECTIVE APPLICATION

The Company has applied the following exceptions to the retrospective application of NFRS as mandatorily required under NFRS 1:

a) **Estimates**
On assessment of the estimates made under the Previous GAAP financial statements, the Company has concluded that there is no necessity to revise the estimates under NFRS, as there is no objective evidence that those estimates were in error. However, estimates that were required under NFRS but not required under Previous GAAP are made by the Company for the relevant reporting dates reflecting conditions existing as at that date.

b) **Classification and measurement of financial assets**
The classification of financial assets to be measured at amortized cost or fair value through profit or loss is made on the basis of the facts and circumstances that existed on the date of transition to NFRS.

c) **De-recognition of financial assets and liabilities**
The Company has applied the de-recognition requirements of financial assets and financial liabilities.

C. TRANSITION TO NFRS – RECONCILIATIONS

The following reconciliations provide the explanations and quantification of the differences arising from the transition from Previous GAAP to NFRS in accordance with NFRS 1:

I. Reconciliation of Equity as at 1st Shrawan, 2081.
II. Reconciliation of Equity as at 32nd Ashadh, 2082.
III. Reconciliation of Statement of Profit or Loss for the year ended 32nd Ashadh, 2082
IV. Adjustments to Statement of Cash Flows.

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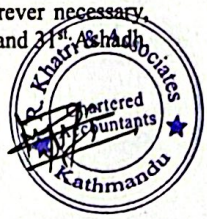
Previous GAAP information has been reclassified/ regrouped in accordance with NFRS, wherever necessary, based on the audited financial statements of the Company for the year ended 32nd Ashadh, 2082 and 31st Ashadh, 2081.





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Note no: 32
Related Party Disclosures

a. Details of Board of Directors & Payment

Name	Designation	Meeting Allowance Paid (Net of Tax)
Devendra Pratap Shah	Chairman	12,500
Ramesh Kumar Bhattarai	Managing Director	17,500
Ajaya Kumar Mishra	Director	17,500
Vijaya Bahadur Shah	Director	17,500
Ganesh Prasad Lath	Director	17,500

The company has not paid any other amount to the directors except for the payment of House Rent of Rs. 420,000 to Deepa Kumari Bhattarai (Spouse of Mr. Ramesh Kumar Bhattarai, managing director of the company.)

b. Transactions with Key Managerial Personnel

Sapana Devkota Kharel, Chief Operating Officer	Regular employee benefit NRs 502,425.

Note no: 33
Contingent Liabilities and Commitments
On the balance sheet date, the company does not have any disclosed contingent liability.

As per our report of even date attached

Devendra Pratap Shah	Chairman	CA. Rajesh Khatri
Ramesh Kumar Bhattarai	Managing Director	Proprietor
Ajaya Kumar Mishra	Director	R. Khatri & Associates
Vijaya Bahadur Shah	Director	Chartered Accountants
Ganesh Prasad Lath	Director	Date:2083 Shrawan 11
		Place: Kathmandu, Nepal

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THE INSTITUTE OF CHARTERED ACCOUNTANTS OF NEPAL
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UDIN Document

Fiscal Year: 2082/83

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Document Type: Audit	**Audit Type:** Statutory Audit
Office Type: Unlisted Public Company	**Office Name:** Nexgen Management and Equity Solutiona Ltd.
Type of Audit Opinion: Unqualified Opinion	
Client PAN: 606687858	

Financial figures

S.N.	Heading	Value
1	Total Assets/Liabilities	NRs. 588,713,990.00
2	Gross Revenue / Turnover	NRs. 7,248,208.00
3	Gross Expenses	NRs. 3,693,556.00
4	Net Profit or Loss	NRs. 3,554,652.00

Status: Active Document

Document Description:

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