



CHHITO PAISA PVT. LTD.

Lalitpur -02, Sanepa, Lalitpur

FINANCIAL STATEMENTS FOR F.Y 2078-79



Independent Auditor's Report

To,
The Shareholders of,
Chhito Paisa Pvt. Ltd.
Sanepa, Lalitpur, Nepal

Report on the Audit of the Financial Statements Opinion

We have audited the financial statements of Chhito Paisa Pvt. Ltd., which comprise the statement of financial position as at Ashadh 32, 2079, and the statement of income & Expenditure, and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the organization as at Ashadh 32, 2079, and of its financial performance and its cash flows for the year then ended in accordance with Nepal Accounting Standards.

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 organization in accordance with the Nepal's Code of Ethics for Professional Accountants, 2018 together with the ethical requirements that are relevant to our audit of the financial statements in Nepal, and we have fulfilled our other 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.

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 of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.




Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Nepal Accounting Standards, 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 Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the organization or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the organization 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.


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Suraj Ghimire, CA



Proprietor

Ghimire S. Associates,

Chartered Accountants

Kathmandu, Nepal

Date: 2022/08/21

UDIN: 220914CA01194g9fx0


Chhito Paisa Pvt. Ltd.
Statement of Financial Position
As at 32 Ashad 2079 (16th July 2022)


Amount in NRS

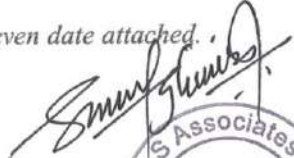
Particulars	Schedule	Current Year	Previous Year
		Rs.	Rs.
Non-Current Assets			
Plant, Property and Equipment		1,812,225.84	-
Tangible Assets		-	-
Intangible Assets	4	1,812,225.84	-
Capital Work in Progress		-	-
Non-Current Investment		-	-
Long Term Loans and Advances		-	-
Other Non-Current Assets		-	-
Current Assets		4,615,469.17	9,939,250.00
Sundry Debtors & Other Receivable	5	307,771.70	-
Cash & Bank Balance	6	4,249,197.47	9,865,750.00
Prepaid & Advance	7	58,500.00	73,500.00
Inventories		-	-
Total Assets		6,427,695.01	9,939,250.00
Equity and Liabilities			
Shareholder's Fund		6,392,270.01	9,914,250.00
Share Capital	1	10,000,000.00	10,000,000.00
Reserve and Surplus	2	(3,607,729.99)	(85,750.00)
Non-Current Liabilities			
Secured		-	-
Unsecured		-	-
Current Liabilities		35,425.00	25,000.00
Sundry Creditors & Other Payable	3	35,425.00	25,000.00
Short Term Loan		-	-
Provisions		-	-
Total Equity and Liabilities		6,427,695.01	9,939,250.00

This is the same statement of financial position referred to our report of even date attached.


 Deepak Thapa
 Chairman


 Suraksha Hamal
 Chief Executive Officer


 Neha Dahal
 Finance Officer


 CA. Suraj Ghimire
 Proprietor
 Ghimire S Associates
 Chartered Accountants



Date: 21-Aug-22
Place: Kathmandu, Nepal

Chhito Paisa Pvt. Ltd.
Statement of Comprehensive Income and retained earnings
for the year ended on Ashad 32, 2079 (16th July 2022)

Figures in NPR

Particulars	Sch.	Current Year	Previous Year
Revenue from Operations		-	-
Less: Cost of Sales		-	-
Gross Profit		-	-
Other Business Income		-	-
<u>Business Expenditure</u>			
Selling & Distribution Expenses		-	-
Administrative Expenses	8	3,068,923.53	85,750
Profit from Operations		(3,068,923.53)	(85,750)
Depreciation Expenses	4	453,056.46	-
Gain/Loss on Sale of Assets/Materials		-	-
Extraordinary Income/Expenses		-	-
Finance Cost		-	-
Profit before Bonus & Income Tax		(3,521,979.99)	(85,750.00)
Bonus		-	-
Profit before Income tax		(3,521,979.99)	(85,750)
Provision for Income Tax:		-	-
Net Profit		(3,521,979.99)	(85,750)

The accompanying notes along with schedules are an integral part of Financial Statements.

This is the same statement of financial position referred to our report of even date attached.


Deepak Thapa
Chairman


Suraksha Hamal
Chief Executive Officer


Neha Dahal
Finance Officer


CA. Suraj Ghimire
Proprietor
Ghimire S Associates
Chartered Accountants
Kathmandu, Nepal

21-Aug-22

Place: Kathmandu, Nepal

Chhito Paisa Pvt. Ltd.**Statement Cash Flow**


for the year ended on Ashad 32, 2079 (16th July 2022)


Figures in NPR


Particulars	Current Year	Previous Year
<u>A Cash Flow from Operating Activities</u>		
1 Net Profit/(Loss) after Income Tax	(3,521,979.99)	(85,750.00)
<u>Adjustment</u>		
<u>Add:</u>		
a) Depreciation	453,056.46	-
b) Preliminary Expenses Writen Off	-	-
c) Interest Expenses	-	-
d) Provisions	-	-
e) Loss on sale of Fixed Assets	-	-
Cash Flow before working capital changes	(3,068,923.53)	(85,750.00)
<u>2 Cash Flow from Working Capital Changes</u>		
a) (Increase)/ Decrease in Current Assets	(292,771.70)	(73,500.00)
b) Increase/(Decrease) in Current Liabilities	10,425.00	25,000.00
Net Cash Flow Operating Activities (A)	(3,351,270.23)	(134,250.00)
<u>(B) Cash Flow from Investment Activities</u>		
a) Investment/Dividends Received	-	-
b) (Purchase)/Sale of Fixed Assets	(2,265,282.30)	-
c) (Purchase)/Sale Investment	-	-
d) (Increase)/Decrease in loans and deposits	-	-
Net Cash Flow Investment Activities (B)	(2,265,282.30)	-
<u>(C) Cash Flow from Financing Activities</u>		
a) Issue of share capital (except bonus share)	-	10,000,000.00
b) Long term loan paid	-	-
c) Secured loan taken	-	-
d) Payment of Dividends	-	-
Net Cash Flow from Financing Activities (C)	-	10,000,000.00
Increase /(Decrease) in cash and Cash equivalent (A+B+C)	(5,616,552.53)	9,865,750.00
Balance of Cash and Bank at the beginning of the year	9,865,750.00	-
Balance of Cash and Bank at the close of the year	4,249,197.47	9,865,750.00

This is the same statement of financial position referred to our report of even date attached.


Deepak Thapa
Chairman


Suraksha Hamal
Chief Executive Officer


Neha Dahal
Finance Officer


CA. Suraj Ghimire
Proprietor
Ghimire S. Associates
Chartered Accountants
Kathmandu, Nepal

21-Aug-22

Place: Kathmandu, Nepal

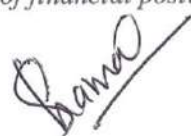
Chhito Paisa Pvt. Ltd.
Statement of changes in equity
for the year ended 32 Ashad 2079 (16 July 2022)


Figures in NPR

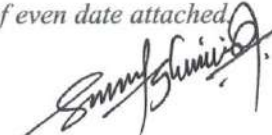
Particulars	Share Capital	Retained Earnings	Total
At Year Before last year			-
Profit / (Loss) for the year	-	-	-
Dividends	-	-	-
Shares issued	10,000,000.00	(85,750.00)	9,914,250.00
At Last Year	-	-	9,914,250.00
Profit / (Loss) for the year	-	(3,521,979.99)	(3,521,979.99)
Dividends	-	-	-
Shares issued		-	-
At Current year	-	(3,521,979.99)	6,392,270.01

This is the same statement of financial position referred to our report of even date attached


 Deepak Thapa
 Chairman


 Suraksha Hamal
 Chief Executive Officer


 Neha Dahal
 Finance Officer


 CA. Suraj Ghimire
 Proprietor
 Ghimire & Associates
 Chartered Accountants

21-Aug-22

Place: Kathmandu, Nepal



NOTES TO THE FINANCIAL STATEMENTS**Note 1: Corporate Information**

Chhito Paisa (the 'Company') is a mobile wallet, payment gateway & service provider in Nepal founded in 2020. Chhito Paisa offers a wide range of payment services and convenient way to transfer money from wallet-to-wallet, pay utility bills and make purchases online or offline instantly with just a few easy clicks.

Note 2: Significant Accounting Policies**a Basis for preparation of Financial Statements**

The financial statements of the Company have been prepared in accordance with the Nepal Financial Reporting Standards (NFRS) and others laws applicable. The financial statements have been prepared on an accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those adopted in the previous year.

b Use of Estimates

The preparation of the financial statements in conformity with NFRS requires the management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognized in the periods in which the results are known / materialize.

c Cash and Cash Equivalents

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

d Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

e Depreciation and Amortization

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost. The estimated residual value for assets is taken as Nil. Depreciation on tangible Property Plant and Equipment has been provided on the straight-line method as per the useful life except in respect of the following categories of assets, in whose case the life of the assets has been assessed as under based on management internal/






technical evaluation, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc.

Depreciation on tangible Property Plant and Equipment provided on the straight-line method as per the useful life prescribed in Nepal Accounting Standard on Intangibles. The amortization of intangibles is made as per the Nepal Accounting standard on Intangibles.

f Revenue Recognition

Revenues from contracts, are recognized when rendered; and there is reasonable certainty of ultimate realization for the same.

Revenue is measured at the fair value of the consideration received or receivable, net of discounts and sales-related taxes collected on behalf of the government of Nepal.

g Other Income

(i) Profit/ Loss on sale of Property Plant and Equipment is recognized on transfer of significant risks and rewards of ownership of the asset to the buyer.

(ii) Interest on fixed deposits recognized on time proportion basis, having regard to the amount outstanding and the rate applicable.

(iii) Dividend income is accounted when such dividend is declared and the Company's right to receive payment is established.

h Property, Plant and Equipment

(i) Property, Plant and Equipment including intangible assets are stated at cost of acquisition less accumulated depreciation, amortization and impairment, if any. The cost of Property, Plant and Equipment includes all incidental expenses related to acquisition and installation and other pre-operation expenses until the asset is ready to put to use for its intended purposes.

(ii) Capital work in progress also includes software related expenses that are under developmental stage or have not been given clearance for going live.

i Foreign Currency Transactions

Transactions in foreign currencies entered into by the Company are accounted at the exchange rates prevailing on the date of the transaction or at rates that closely approximate to the rate on the date of the transaction. Foreign currency monetary items of the Company, outstanding at the Balance Sheet date are restated at the year-end rates (except for the investment in the wholly owned subsidiary).

j Investments

Investments are accounted for and valued as per Nepal Accounting Standard (NAS) 40 "Investment Property".

Cost of Investments include acquisition charges such as brokerage, fees and other incidental expenses. Long Term Investments are carried individually at cost less provision for diminution, other than temporary diminution, in the value of such Investments.

Current Investments are carried individually, at cost or fair value, whichever is less.

k Employee Benefits

Employee Benefits include provident fund and gratuity.



Defined-contribution plans

The Company's contribution to provident fund is considered as a defined contribution plan and is charged as an expense as they fall due, based on the amount of contribution required to be made and when services are rendered by the employees.

Defined-benefits plans

For defined benefit plans in the form of gratuity, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at the date of the Balance Sheet. Actuarial gains and losses are recognized in the Statement of Profit and Loss in the period in which they occur. Past service cost is recognized immediately to the extent that the benefits are already vested and otherwise is amortized on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognized in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognized past service cost, as reduced by the fair value of scheme assets.

Other Employee Benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognized during the year when the employees render the service. These benefits include performance incentive which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

l Leases

Where the Company as a lessor leases asset under finance leases, such amounts are recognized as receivables at an amount equal to the net investment in the lease and the finance income is recognized based on a constant rate of return on the outstanding net investment.

Assets leased by the Company in its capacity as a lessee, where substantially all the risks and rewards of ownership vest in the Company are classified as finance leases. Such leases are capitalized at the inception of the lease at the lower of the fair value and the present value of the minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost so as to obtain a constant periodic rate of interest on the outstanding liability for each year.

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognized as operating leases. Lease rentals under operating leases are recognized in the Statement of Profit and Loss on a straight-line basis over the lease term.

m Earnings per Share

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive instruments.

n Taxes on Income





Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 2058 and other applicable tax laws.

Deferred tax is recognized on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognized for all timing differences. Deferred tax assets are recognized for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realized. However, if there are unabsorbed depreciation and carry forward of losses and items relating to capital losses, deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that there will be sufficient future taxable income available to realize the assets. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each Balance Sheet date for their realizability.

Current and deferred tax are directly recognized in reserves and not in the Statement of Profit and Loss.

o Provisions, Contingent Liabilities and Contingent Assets

In accordance with NAS 37, "Provisions, Contingent Liabilities and Contingent Assets", the Company recognizes provisions when it has a present obligation 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 when a reliable estimate of the amount of the obligation can be made.

Provisions are determined based on management estimate required to settle the obligation at the Balance Sheet date, supplemented by experience of similar transactions. These are reviewed at each Balance Sheet date and adjusted to reflect the current management estimates.

A disclosure of contingent liability is made when there is:

- a possible obligation arising from a past event, the existence of which will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not within the control of the Company; or
- a present obligation arising from a past event which is not recognized as it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent Assets, if any, are not recognized in the financial statements since this may result in the recognition of income that may never be realized.

p Impairment of Assets

The Company assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. Impairment loss, if any, is provided in the Statement of Profit and Loss to the extent the carrying amount of assets exceeds their estimated recoverable amount.

q Onerous contracts

Provisions for onerous contracts are recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable costs of meeting the future obligations under the contract. The provision is measured at the present value of the lower of

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the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Company recognizes any impairment loss on the assets associated with that contract.

r **Insurance claims**

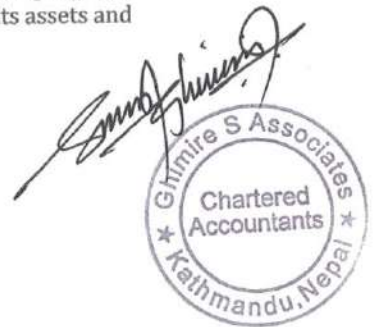
Insurance claims are accounted for on the basis of claims admitted / expected to be admitted and to the extent that the amount recoverable can be measured reliably and it is reasonable to expect ultimate collection.

s **Borrowing cost**

Borrowing costs include interest and ancillary costs incurred in connection with the borrowing of funds which are charged to the Statement of Profit and Loss, with the loan processing fee being amortized over the tenure of the loan.

t **Operating Cycle**

Based on the nature of products / activities of the Company and the normal time between acquisition of assets and their realization in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.



Notes forming part of Financial Statements

Note: 3 Share Capital

Particulars	As at 32 Ashadh 2078		As at Ashadh 31 2078	
	Number of shares	NPR	Number of shares	NPR
(a) Authorized (Equity Shares of NPR 100/- each)	100,000	10,000,000.00	100,000	10,000,000.00
	100,000	10,000,000.00	100,000	10,000,000.00
(b) Issued, Subscribed and fully paid-up (Equity Shares of NPR 100/- each)	100,000	10,000,000.00	100,000	10,000,000.00

Note: 4 Reserve and Surplus

Particulars	As at 32 Ashadh 2079	As at Ashadh 31 2078
Profit/(Loss) upto Last Year	(85,750.00)	-
Profit/(Loss) during a Current Year	(3,521,979.99)	(85,750.00)
Total	(3,60,729.99)	(85,750.00)

Note 5: Sundry Creditors and Other Payables

Particulars	As at 32 Ashadh 2079	As at Ashadh 31 2078
Sundry Creditors:		
Payable to Promoter	-	-
Other Payables:		
TDS on House Rent	-	-
TDS on Audit Fee	331.86	331.86
Social Security Tax	10,425.00	-
House Rent Payable	-	-
Audit Fee Payable	24,668.14	24,668.14
Total	35,425.00	25,000.00

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Note: 6 Sundry Debtors & Other Receivables

Particulars	As at 32 Ashadh 2079	As at Ashadh 31 2078
Sundry debtors	-	-
Vat Receivable	307,771.70	-
Total	307,771.70	-

Note 7: Cash & Bank Balance

Particulars	As at 32 Ashadh 2079	As at Ashadh 31 2078
Cash	-	-
Bank- Civil Bank Ltd.	4,249,197.47	9,865,750.00
Total	4,249,197.47	9,865,750.00

Note: 8 Prepaid & Advance

Particulars	As at 32 Ashadh 2079	As at Ashadh 31 2078
Promoter's Advance	58,500.00	73,500.00
Advance Rent	-	-
Advance Tax	-	-
Total	73,500.00	-

Note: 9 Administrative Expenses

Particulars	As at 32 Ashadh 2079	As at Ashadh 31 2078
Water Expenses	-	-
Salary Expenses	1,042,500.00	-
House Rent Exp	1,800,000.00	-
Audit Fee	25,000.00	25,000.00
Website and Data center Cost	98,649.00	-
Company Registration Expenses	-	26,500.00
Bank Charges	350.00	350.00
Office Expenses	102,424.53	33,900.00
Total	3,068,923.53	85,750.00

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