

# **Kathmandu University Dhulikhel, Nepal**



## **Financial Statements Fiscal Year: 2078/079 (2021/022)**

M.B. SHRESTHA & CO.  
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G.P.O. Box: 720  
Kathmandu, Nepal

19 Jestha 2080 (2 June 2023)

## INDEPENDENT AUDITOR'S REPORT TO THE SENATE OF KATHMANDU UNIVERSITY

### Report on the Audit of Financial Statements

#### A. Opinion

1. We have audited the accompanying financial statements of **Kathmandu University** (hereinafter "KU" or "Organisation") comprising of the Balance Sheet as at 16 July 2022 (Corresponding to 32 Ashad 2079), Income Statement, Cash Flow Statement and Statement of Change in Net Assets for the year then ended and a summary of Significant Accounting Policies and Notes to Accounts.
2. In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organisation as at 16 July 2022, and its financial performance and its cash flows for the year then ended in accordance with the accounting policies as summarised in the Notes to Accounts.
3. As the financial statements of Organisation have not been prepared in compliance with the Nepal Financial Reporting Standards (NFRS) issued by the Accounting Standards Board of Nepal, no opinion is expressed on the same.

#### B. Basis for Opinion

4. 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 Organisation 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 ethical responsibilities in accordance with the ICAN's Handbook of The Code of Ethics for Professional Accountants.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide basis for our opinion.

#### C. Emphasis of Matter

##### 6. Emphasis of Matter – Basis of Accounting

- 6.1 We draw attention to Notes to Accounts to the financial statements which describe the basis of accounting and significant accounting policies. The financial statements are prepared to assist to meet the requirements of section 19 of Kathmandu University Act, 2048. The financial statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

##### 7. Emphasis of Matter-Gratuity Provision Expenses of the University

- 7.1 We draw attention to Note 3.13 of the financial statements, which describes the gratuity provision expenses of the University. Our opinion is not modified in respect of this matter.




**8. Emphasis of Matter-Income and Expenses of KUSMS Program of the University**

- 8.1 We draw attention to Note 3.17 of the financial statements, which describes the Income and Expenses relating to the KUSMS Program of the University. Our opinion is not modified in respect of this matter.

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

9. Management is responsible for the preparation and fair presentation of these financial statements in accordance with the basis of accounting and accounting policies as summarised in Notes to Accounts to the financial statements 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.
10. In preparing the financial statements, the management is responsible for assessing the Organisation'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 Organisation or to cease operations or has no realistic alternative but to do so.
11. Those charged with governance are responsible for overseeing the Organisation's financial reporting process.

**E. Auditor's Responsibilities for the Audit of Financial Statements**

12. 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 aggregate, they could reasonably be expected to influence the economic decision of users taken on the basis of these financial statements.
13. As part of an audit in accordance with NSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:
- 13.1 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 omission, misrepresentations, or the override of internal control.
- 13.2 Obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the organization's internal control.
- 13.3 Evaluate appropriateness of accounting policies used and reasonableness of accounting estimates and related disclosures made by the management.
- 13.4 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 entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up-to the date of our auditor's report. However, future events or conditions may cause the Organisation to cease to continue as a going concern.

- 13.5 Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
14. 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.
15. 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 our independence and where applicable, related safeguards.

For and on behalf of

**M.B. Shrestha & Co., Chartered Accountants**



**Maheswarendra Bdr. Shrestha, FCA**  
Proprietor

Place: **Kathmandu**

UDIN: 230602CA00117JKaKE



**Kathmandu University**  
**Balance Sheet**  
**As at 32 Ashadh 2079 (16 July 2022)**

Capital & Liabilities	Schedule	This Year Amount (NRs.)	Previous Year Amount (NRs.)
<b>Fund</b>			
Capital Fund	1	1,666,553,322	1,456,671,753
Land Re-evaluation Reserve		40,530,379	40,530,379
Reserve Fund	2	923,874,359	873,874,359
Building Construction Fund	3	297,560,754	247,560,754
Corpus Fund		925,000,000	775,000,000
Staff Vehicle / House Loan Fund		100,323,885	100,323,885
Human Resources Development Fund		5,500,000	5,500,000
Grant Assets Replacement Reserve		163,409,645	140,907,227
Endowment Funds	4	342,841,739	305,266,696
Scholarship Fund	5	128,747,471	90,547,933
Balance Transferred from Appropriation Account		26,977,093	51,576,909
<b>Total</b>		<b>4,621,318,647</b>	<b>4,087,759,896</b>
<b>Fixed Assets</b>			
Fixed Assets	6	1,710,044,016	1,639,479,023
Fixed Assets (Projects)	7	198,725,585	191,911,533
Fixed Assets (KUTTC)		525,719	547,001
Investment of Funds	8	2,700,156,744	2,158,019,244
<b>Total Fixed Assets</b>		<b>4,609,452,064</b>	<b>3,989,956,801</b>
<b>Current Assets</b>			
Cash & Bank Balance		1,052,904,570	905,318,722
Advance & Deposit	9	203,960,783	115,873,427
Inventory Stock (As Certified by the Management)		499,703	499,703
Prepaid Expenses		299,124	238,680
Receivable		46,598,039	31,514,583
Inhouse Programs	17	56,659,351	39,899,399
<b>Total Current Assets ( A )</b>		<b>1,360,921,569</b>	<b>1,093,344,514</b>
<b>Less: Current Liabilities &amp; Provision</b>			
Payable & Deposit	10	1,087,994,846	801,902,854
Research & Development program	16	255,985,613	188,564,038
Contingent Liabilities		5,074,527	5,074,527
<b>Total Current Liabilities &amp; Provision ( B )</b>		<b>1,349,054,986</b>	<b>995,541,418</b>
<b>Net Current Assets C ( A - B )</b>		<b>11,866,584</b>	<b>97,803,095</b>
<b>Total</b>		<b>4,621,318,647</b>	<b>4,087,759,896</b>

Schedule 1 to 17 are integral parts of the financial statements.  
Significant Accounting Policies and Notes to Accounts

18

As per our report of even date

Prof. Dr. Achyut P. Wagle  
Registrar

Members  
Executive Council

Prof. Dr. Bhola Thapa  
Vice-Chancellor

Maheswarendra B. Shrestha, FCA  
M.B. Shrestha & Co.

Kumar Baral  
Chief, Finance Division

Chandeswor Shrestha  
Manager, Finance Division

Date: 2023 June 02  
Place: Kathmandu, Nepal



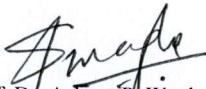
**Kathmandu University**  
**Income Statement**  
**1 Shrawan 2078 to 32 Ashadh 2079 (16 July 2021 to 16 July 2022)**

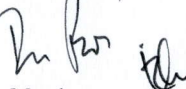
Income	Schedule	This Year Amount (NRs.)	Previous Year Amount (NRs.)
Students Fee	11	1,182,765,973	637,298,750
Students Fee ( KUSMS)		633,413,463	337,839,843
Affiliation Fee	12	69,487,770	24,620,654
Research & Development Income	16	301,143,340	263,963,909
Other Income	13	192,671,990	180,186,735
Exchange Gain		17,251,809	-
<b>Total Income ( A )</b>		<b>2,396,734,345</b>	<b>1,443,909,891</b>
<b>Expenditure</b>			
Staff Expenses	14	774,322,623	506,821,717
Administrative Expenses	15	343,231,391	192,593,931
Research & Development Expenses	16	301,143,340	263,963,909
Medical Program Expenses		633,413,463	337,839,843
Exchange Loss		-	949,232
Depreciation Expenses	6,7	114,227,716	110,975,373
Write Off Expenses		49,500	-
Amortization of Leasehold Property	6	388,128	388,128
<b>Total Expenses ( B )</b>		<b>2,166,776,162</b>	<b>1,413,532,134</b>
<b>Surplus ( A-B)</b>		<b>229,958,184</b>	<b>30,377,757</b>
<b>Total</b>		<b>2,396,734,345</b>	<b>1,443,909,891</b>


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**Kathmandu University**  
**Income Statement Appropriation Account**  
**1 Shrawan 2078 to 32 Ashadh 2079 (16 July 2021 to 16 July 2022)**

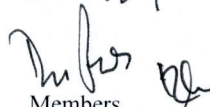
Income	Schedule	This Year Amount (NRs.)	Previous Year Amount (NRs.)
Opening Balance		51,576,909	27,199,152
Surplus during this year		229,958,184	30,377,757
<b>Total Surplus</b>		<b>281,535,093</b>	<b>57,576,909</b>
Transfer to Corpus Fund		(150,000,000)	-
Transfer to Building Construction Fund		(50,000,000)	-
Transfer to Reserved Fund		(50,000,000)	-
Transfer to Dr. Lava Deo Awasthi Endowment Fund		(1,058,000)	-
Transfer to Kedar Nath Shrestha TVET Endowment Fund		(3,500,000)	-
Transfer to Dr. Mahesh Nath Scholarship Fund		-	(6,000,000)
<b>Total Transfer</b>		<b>(254,558,000)</b>	<b>(6,000,000)</b>
<b>Net Surplus transfer to Balance Sheet</b>		<b>26,977,093</b>	<b>51,576,909</b>

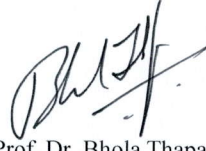
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**Kathmandu University**  
**Cash Flow Statement**  
**1 Shrawan 2078 to 32 Ashadh 2079 (16 July 2021 to 16 July 2022)**

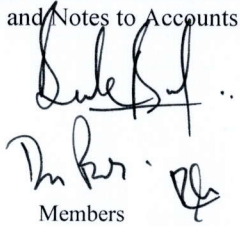
	Particulars	This Year Amount (NRs.)	Previous Year Amount (NRs.)
<b>A</b>	<b><u>Cash Flow from Operating Activities</u></b>		
	Net Surplus of this year	26,977,093	51,576,909
	<b>Add :</b>		
	Depreciation	114,227,716	110,975,373
	Amortization of Leasehold Property	388,128	388,128
	<b>Cash Flow before Change in Working capital</b>	<b>141,592,937</b>	<b>162,940,411</b>
1	Increase/Decrease in Current Assets	(119,991,208)	(41,888,833.35)
2	Increase/Decrease in Current Liabilities	353,513,567	93,507,639.90
	<b>Net Cash Flow from Operating Activities</b>	<b>375,115,296</b>	<b>214,559,217</b>
<b>B</b>	<b><u>Cash flow from Investing Activities</u></b>		
1	Purchase/Sale of Fixed Assets	(191,973,607)	(130,501,146.90)
2	Increase/Decrease in Investment	(542,137,500)	(57,200,000.00)
	<b>Net Cash Flow from Investing Activities</b>	<b>(734,111,107)</b>	<b>(187,701,147)</b>
<b>C</b>	<b><u>Cash flow from Financial Activities</u></b>		
1	Increase /Decrease in Capital Fund	506,581,658	(190,931,097.98)
	<b>Net Cash Flow from Financial activities</b>	<b>506,581,658</b>	<b>(190,931,098)</b>
	<b>Net Cash Flow During the Year (A+B+C)</b>	<b>147,585,847</b>	<b>(164,073,028)</b>
	Cash & Bank Balance at Beginning of the Year	905,318,722	1,069,391,749.88
	<b>Cash &amp; Bank Balance at the End of the Year</b>	<b>1,052,904,570</b>	<b>905,318,722</b>


Schedule 1 to 17 are integral parts of the financial statements.


Significant Accounting Policies and Notes to Accounts 18

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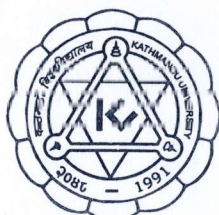
  
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# Kathmandu University

## Statement of change in Net Assets

1 Shrawan 2078 to 32 Ashadh 2079 (16 July 2021 to 16 July 2022)

Particulars	Capital Fund	Reserve Fund, Land Revaluation Reserve, Building Construction Fund, Corpus Fund, Staff Vehicle /House Loan Fund, Human Resource Development Fund, Grant Assets Replacement Reserve	Endowment Fund	Scholarship Fund	Surplus	Total
Opening Balance	1,456,671,753	2,183,696,605	305,266,696	90,547,933	51,576,909	4,087,759,896
Adjustment:						
Capital Fund	209,881,569	-	-	-	-	209,881,569
Reserve Fund, Land Revaluation Reserve, Building Construction Fund, Corpus Fund, Staff Vehicle /House Loan Fund, Human Resource Development Fund, Grant Assets Replacement Reserve	-	272,502,417	-	-	-	272,502,417
Endowment Fund	-	-	37,575,042	-	-	37,575,042
Scholarship Fund	-	-	-	38,199,539	-	38,199,539
Medal Fund	-	-	-	-	-	-
Surplus	-	-	-	-	(24,599,816)	(24,599,816)
Closing Balance	1,666,553,322	2,456,199,022	342,841,739	128,747,471	26,977,093	4,621,318,647

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Date: 2023 June 02  
Place: Kathmandu, Nepal