

**AUDIT REPORT
OF
KATHMANDU UNIVERSITY**

Fiscal Year 2067/68

Submitted By

G. B. & Co.
Chartered Accountants
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January 2012

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Chartered Accountants

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INDEPENDENT AUDITORS' REPORT

Financial Statements and Management's Responsibility

We have audited the accompanying financial statements of Kathmandu University (KU) which comprise the Balance Sheet as at 32nd Ashad 2068 (Corresponding to July 16, 2011), the Income Statement, Cash Flow Statement, Changes in Equity for the year ended, and a summary of Significant Accounting Policies and Other Explanatory Notes.

Management is responsible for the preparation and fair presentation of these financial statements in accordance with General Accepted Accounting Principle and relevant practices. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit in accordance with Nepal Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

With regards to the **Kathmandu University Act, 2048** and all others relevant laws of Nepal, we report that:

- i. We have obtained all the information and explanations, which to the best of our knowledge and belief are necessary for the purposes of our audit;
- ii. In our opinion, proper books of account as required by law have been kept by the University so far as appears from our examination of those books;



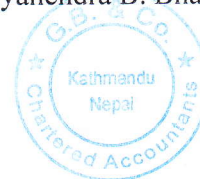
- iii. In our opinion the Balance Sheet, Income Statement and Cash Flow Statement dealt with by this report have been prepared in accordance with General Accepted Accounting Principle and relevant practices;
- iv. In our opinion, the business of the University has been conducted within its authority;
- v. In our opinion and to the best of our information and according to the explanations given to us and from our examination of the books of account of the University, we have not come across cases where the Executive Committee or any member thereof or any employee of the University has acted contrary to the provisions of law or caused loss or damage to the University or committed any misappropriation or acted in a way to jeopardize the interest and security of the University, its stakeholder;
- vi. Fee incomes from Kathmandu University School of Medical Science (KUSMS) and Affiliation Fee NRs. 20, 943, 1349.60 and expenditure of KUSMS NRs.197, 532,629.77 have been incorporated in the financial statement of KU as part of the income and expenditure of University. Separate books of accounts of the KUSMS program have not been kept.

Auditor's Opinion

The financial statements read together with the notes appended in schedule present fairly, in all material respects the financial position of the University as of Ashadh 32, 2068 (corresponding to July 16, 2011) the results of operations and its cash flows for the year then ended in accordance with Generally Accepted Accounting Principles, comply with the provisions of Kathmandu University Act, 2048 and comply with all relevant laws.

Date : January 16, 2012
Place : Kathmandu, Nepal

CA. Gyanendra B. Bhari



Kathmandu University
Balance Sheet
As at 32 Ashadh 2068 (16 July, 2011)

Capital & Liabilities	Schedule	This Year Amount (NRs.)	Last Year Amount (NRs.)
Fund			
Capital Fund	1	437,772,189.38	367,978,700.94
Land Re-evaluation Reserve		40,530,379.09	40,530,379.09
General Reserve	2	337,440,682.57	312,440,682.57
Reserve Fund (KUSMS)		17,098,633.06	17,098,633.06
Building Construction Fund	3	258,903,071.00	233,500,000.00
Building Construction Fund (KUSMS)	3	80,000,000.00	80,000,000.00
Corpus Fund		55,000,000.00	40,000,000.00
Corpus Fund (KUSMS)		19,474,220.83	7,575,501.00
Human Resources Development Fund		5,000,000.00	4,500,000.00
Ford Foundation Endowment Fund	4	35,953,088.89	33,700,322.18
Scholarship Fund	5	13,986,661.15	13,514,341.46
Loan Scholarship Provision		2,295,895.23	-
Medal Fund	6	2,844,746.52	1,787,662.63
Income Over Expenses (Surplus)		17,052,725.70	12,112,660.77
Total		1,323,352,293.42	1,164,738,883.70
Fixed Assets	7	733,603,065.04	723,891,733.10
Fixed Assets (From Projects)	8	47,399,815.38	-
Fixed Assets (KUSMS)		4,112,470.00	4,838,200.00
Investment	9	216,268,952.28	212,364,702.28
Current Assets:			
Cash & Bank Balance		372,022,865.71	283,237,623.89
Cash & Bank Balance (KUSMS)		110,210,383.89	97,585,934.06
Advance & Deposit	10	12,634,865.88	40,809,354.89
Inventory Stock		1,295,927.62	1,303,045.69
Prepaid Expenses		127,125.00	127,125.00
Receivable		2,254,078.00	4,583,099.00
Total Current Assets (A)		498,545,246.10	427,646,182.53
Current Liabilities & Provision:			
Payable & Deposit	11	108,142,103.42	86,731,967.81
Research & Development program (Balance amount)	16	68,435,151.96	117,269,966.40
Total Current Liabilities & Provision (B)		176,577,255.38	204,001,934.21
Net Current Assets C = (A - B)		321,967,990.72	223,644,248.32
Total		1,323,352,293.42	1,164,738,883.70

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

As per our report of even date

Dr. Bhadra Man Tuladhar
Registrar

Members
Executive

Dr. Suresh Raj Sharma
Vice-Chancellor

CA. Gyanendra B. Bhari
G.B. & Co.
Chartered Accountants

Chandeswor Shrestha
Officer, Finance Division

Date: 2068/10/02
Place: Kathmandu, Nepal



Kathmandu University

Income Statement

For the period from 1 Shrawan 2067 to 32 Ashadh 2068 (17 July, 2010 to 16 July, 2011)


Income	Schedule	This Year Amount (NRs.)	Last Year Amount (NRs.)
Students Fee	12	303,985,482.85	261,583,194.72
Students Fee (KUSMS)		196,931,349.60	143,259,768.00
Affiliation Fee		21,451,200.00	17,313,100.00
Affiliation Fee (KUSMS)		12,500,000.00	3,750,000.00
Research & Development Income	16	142,887,710.35	56,634,039.22
Miscellaneous Income	13	22,959,977.45	14,776,880.87
Total Income (A)		700,715,720.25	497,316,982.81
Expenditure			
Staff Expenses	14	134,670,088.32	119,118,626.65
Administrative Expenses	15	81,943,254.99	69,625,015.22
Research & Development Expenses	16	142,887,710.35	56,634,039.22
Medical Program Expenses	17	197,532,629.77	143,734,267.00
Medical Program Grant		10,050,000.00	-
Exchange Loss		7,398,041.52	3,943,508.50
Depreciation Expenses	7,8	41,455,052.54	38,420,569.88
Amortization of Leasehold Property	7	440,158.00	440,158.00
Total Expenses (B)		616,376,935.49	431,916,184.47
Total Surplus (A-B)		84,338,784.76	65,400,798.34
i. Surplus (Other than KUSMS)		72,440,064.93	62,125,297.34
ii. Surplus (KUSMS)		11,898,719.83	3,275,501.00


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

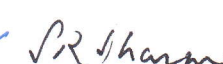
Significant Accounting Policies and Notes to Accounts

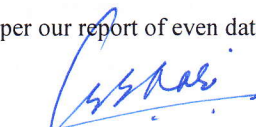
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Date: 2068/10/02
Place: Kathmandu, Nepal

