

**A STUDY ON NEPAL ACCOUNTING STANDARDS
PRACTICES IN NEPAL**

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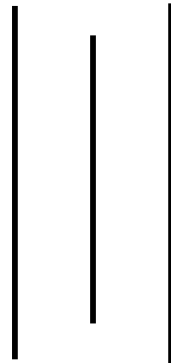
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RECOMMENDATION

This is to certify that the thesis

Submitted by:

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**A STUDY ON NEPAL ACCOUNTING STANDARDS
PRACTICES IN NEPAL**

*has been prepared as approved by this Department in the prescribed format of
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DECLARATION

I hereby declare that the work reported in this thesis entitled “**A Study on Nepal Accounting Standards Practices in Nepal**” submitted to Office of the Dean, Faculty of Management, Tribhuvan University, is my original work done in the form of partial fulfillment of the requirement for the degree of Master of Business Studies (MBS) under the supervision of **Shankar Raj Joshi** and **Shree Bhadra Neupane** of Shanker Dev Campus, T.U.

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Nepal Accounting Standards are the accounting standards developed by Accounting Standard Board (ASB) of Nepal. Application of accounting standards are important than their development. Due to relative smaller size of Nepalese Economy, the size of the business organizations in Nepal is predominantly smaller. Small and medium size organizations cannot practically implement it in the full-form. Only some few business organizations have applied these standards, but there are also many problems in the implementation. It shows the gap of the standards and its implementation which this thesis has tried to identify and show broader perspective in implementation and fulfill its objectives.

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ABBREVIATION

AASB:	Australian Accounting Standard Board
ACS:	Associate Company Secretary
AICPA:	American Institute of Certified Public Accountants
ASB:	Accounting Standard Board
AuSB:	Auditing Standard Board
CICA:	Canadian Institute of Chartered Accountants
EU:	European Union
FASB:	Financial Accounting Standard Board
FCA:	Fellow Chartered Accountants
GAAP:	Generally Accepted Accounting Principles
GASAB:	Government Accounting Standard Advisory Board
GDP:	Gross Domestic Product
IAS:	International Accounting Standards
IASB:	International Accounting Standard Board
IASC:	International Accounting Standards Committee
IB:	Insurance Board
ICAEW:	Institute of Chartered Accountants of England & Wales
ICAN:	Institute of Chartered Accountants of Nepal
ICFAI:	International Federation of Commercial Arbitration Institutions
IEDI:	Industrial Enterprise Development Institute
IFAC:	International Federation of Accountants
IFRS:	International Financial Reporting Standards
IPSAS:	International Public Sector Accounting Standards
LIC:	Life Insurance Corporation
MBS:	Master of Business Studies
NA:	Not Applicable
NEPSE:	Nepal Stock Exchange
NRB:	Nepal Rastra Bank
SEBON:	Securities Board of Nepal
USA:	United States of America
W.T.O.	World Trade Organization

CHAPTER-I

INTRODUCTION

1.1. Introduction of Geo-physical Condition & The Economy of Nepal

Nepal is a Land-locked country by China in North and India in South, East and West. It is located between 26.22' to 30.27' Northern Latitude and 80.4' to 88.12' Eastern Longitude. The area of country is 147181 S.q. K.M. The country stretches from east to west with mean length of 885 K.M. & widens from North to West with mean breath of 193 K.M. The altitude of the country ranges from 70 M. to 8848 M. "It occupies only 0.03% and 0.3% of the total land area of World and the Asian continent respectively" (Nepal in Figures, 2008). Geographically the country is divided into three east-west geographical zones, the northern Range-Mountain, the Mid Range-Hills and the Southern Range-Terai.

"Nepal ranks among the world's poorest countries with the per capita income of around \$470 in 2006. Agriculture remains Nepal's principle economic activity, employing over 71% of the population and providing 32.12% G.D.P. and Industry only 7.6% of G.D.P". (www.traveldocs.com/np/economy) In April 2004, Nepal become the 147th member of the W.T.O. "The G.D.P. of the country in (2007/2008) was \$12.69 billion. The trade deficit for the fiscal year 2007/2008 was \$2.7 billion. According to the revised estimates of the central bureau of statistics G.D.P grew by 4.68% in fiscal year 2003/2004 & slipped to 3.12% in fiscal year 2004/2005, but again marginally increased to 3.72% & slipped to 3.19% in fiscal year 2006/2007" (www.traveldocs.com/np/economy).

The nearest port of the Nepal is the Fulbari-Banglabanda but mostly used one is Calcutta port of India. Very few business organizations are running in the country. "159 business organizations are registered with NEPSE, most of them are banks and financial institutions. Only 14 trading company, 4 manufacturing

and 3 Hydropower Companies are listed up to 15th august 2009” (www.nepalstok.com). “Up to 16th Dec 2009, 389123 industries are registered in Department of Industries, among them 71076 are large, 112945 are medium and 205102 are small industries. During the fiscal year 066-67, 90 industries are registered which estimates 7466.87 million for its project cost” (MOI, 2010).

1.2. Accounting Practices

There are different types of accounting practices existing in the world. System of Accounting differs as per the need of the financial information. Following are the some of the accounting systems practiced:

i. Mahajani Accounting System

This type of accounting is a well-known accounting system in Nepal. This type of accounting is prepared by the entrepreneurs themselves. There is no legal ground for this type of accounting. It is for the personal use of the entrepreneurs. In Nepal, most of the businesspersons use this type of accounting. Entrepreneurs use this system to be secured themselves. They also adopt the statutory accounting system to meet the legal requirement.

ii. Single Accounting System

Single accounting system is the accounting system, which ignores the two side effects of the transactions. It is simply recording the transactions. Single accounting system only describes the one side effect of the financial transactions. This system only prepares personal accounts of debtors and creditors but not impersonal accounts like sales a/c, purchase a/c, rent a/c e.t.c. Single accounting system is a system of book-keeping in which only records of cash and personal accounts are maintained. It is always incomplete. This system of accounting is also known as traditional system of the accounting.

iii. Double Accounting System

Double Accounting System is the modern system of accounting which realizes that every transaction have double effect. Now, it is accepted all over the world. The fundamental principle of it is “for every debit, there must be a corresponding credit.”

iv. Expenditure Accounting System based on Double Accounting System.

It is prevailing in government accounting system, which is a set of different forms prescribed by the Auditor General. It was developed with the help of the U.S Agency for International Development. Nepal government has adopted it starting in 1962 for expenditures. This accounting system was implemented for revenues from 1974. It is the set of forms prescribed by office of the Auditor General.

1.3 General Back-Ground of Accounting

Accounting is the recording of financial transactions in the books of accounts properly. The purpose of accounting is to have financial information. It is the art of recording, classifying and summarizing in significant manner and in terms of money, transactions and events which are, in part, at least of a financial character and interpreting the results thereof. It is recorded in terms of monetary value. Some people have defined it as the process of identifying, measuring, communicating and summarizing the transaction. These summaries give the information for the judgments and decisions. It is the language of business, to communicate the financial results of an enterprise to various interested parties by means of financial statements which have to exhibit a "true & fair" view of its state of affairs.

One of the important job of any organization is the accounting. Development of businesses could not be achieved without the development of accounting. The accounting system emerged after the emergence of the transactions. In the early

days accounting was not advanced. In those days single accounting system was the system of accounting. Accounting was simply recoding the transactions. “Accounting history spans at least 10000 years dating back to the first human settlement in Mesopotamia”. (Waymire & Basu, 2008). Its development stage could be characterized by, (i) the emergence of record keeping, (ii) the effect of double-entry book-keeping on the scale and scope of economic organization, (iii) the emergence of norms of practice in accounting, (iv) the impact of law, regulation, and taxation on accounting, (v) the demand for broad principles in evaluating accounting method choices (vi) the relationship between economic crisis and major discontinuities in accounting practice. In the passage of time, it has developed a lot and has achieved the current level.

1.4 Types of Accounting

During the development of accounting, different types of the accounting emerged to satisfy the information requirement of organizations and businesspersons. It is realized that only one kind of account cannot fulfill the need of different stake-holder of the organization such as government, managers, investors’ e.t.c. Because of this reason different types of accounting emerged, such as, 1. Private or Industrial Accounting 2.Public Accounting 3.Government Accounting 4.Fiduciary Accounting 5.National Income Accounting 6.Managerial Accounting 7.Cost Accounting 8.Financial Accounting e.t.c. Some important accounting systems are,

- Management Accounting
- Cost Accounting
- Financial Accounting

Management Accounting

Management accounting is a tool to support management by providing information to make managerial decision. It is a composite form of the

financial accounting, cost accounting, economics and so on. It was introduced for good management and prompt decision.

Cost Accounting

Cost Accounting is the accounting for costs. It classifies analyses and interprets cost. It includes the accounting procedures relating to recording of all incomes and expenditures and the preparation of periodical statements and reports with the object of ascertaining and controlling costs. Thus, cost accounting is the tool to ascertain and control the cost of products and services.

Financial Accounting

Financial Accounting is accounting which gives the financial status of the company. It gives financial picture and the state of affairs of a business in totality. It based on historical information. On the base of such information, profit and loss and the financial position of the business can be identified. It provides the information about the firms' performance to external parties such as investors, creditors and tax authorities.

1.5 Evolution of Accounting in Nepal

Accounting practices started after the emergence of the economic transactions. There is not authentic proof of Accounting in Nepal in ancient time. Lichhavi period and Malla Period was important for financial administration. In the period of Lichhavi, the main source of revenue were Bhag, Bhog and Kaar. The expenses were incurred in war and construction of the temple. There was also private sector in the economy, but at that time, they used single accounting system. In the Malla period, Nepali businesspersons conducted business in Tibet and India, which was described by Hu Yan Sang and Kautilya in their books. One of the Nepali businessmen, Sankhadar had paid all the public debt of the public of the Kathmandu which proved that there must be the some accounting system but there is no evidence. Some evidence of public sector

accounting has been found. It was introduced to record the revenues and expenditures of the government. At that time income tax was not introduced. So there was no need for the comparable and transparent accounting practices. Accounting was only government accounting. Businesses were operated in small volume so accounting of those days was simply recording the transactions. After Lichhavi period the source of government revenues increased, but the accounting system remain the same as in Lichhavi period.

In Shah Period, accounting system was introduced in the name of Washi Baki Srestha Pranali as Laldhaddha in 1871 B.S. & Mothadda in 1879 B.S. Laldhaddha was introduced to record revenues and administrative expenses and Mothadda was introduced to recording details about land and its revenue. It contains (a) Job complete Washil Baki Srestha Pranali & (b) Time complete Washil Baki Srestha Pranali. These two books of accounts were the important steps in the development of accounting in Nepal. Kharidar Gunawanta, a senior professional propounded Syaha Srestha Pranali. (Pradhan & Munakarmay; Ninth Edition: HMG Accounting System). It was the first accounting system of Nepal. It contains three accounts, (a) Syaha (b) Arwaja & (c) Dhapot.. In 1968 Pharam Srestha Pranali was introduced to determine the revenue of the government. It consists of 50 forms.

In the period of Rana Nepalese business sector started to rise. In 1993 Biratnagar Jute Mills was established as the first company. In the period of Second World War many industries were established in Nepal. It promoted the authentic accounting practices for the entrepreneurs as well as to government. As a result businesses started to use double entry system and government introduced Bhukutani Srestha Pranali in 2017 B.S. Actually the importance of accounting was realized from that period. After Bhuktani Srestha Pranali, New Accounting System was introduced. “On chaitra 2, 2018, the system of accounting for the public sector was introduced after it was endorsed by the King.” (Bista & Shrestha, 2061: "Government Budgeting & Accounting in Nepal).

The development of accounting can be presented as,

- Washil Baki Srestha Pranali
- Syaha Srestha Pranali
- Pharam Srestha Pranali
- Bhuktani Srestha Pranali
- Government New Accounting System
- Double Entry + Mahajani

1.6 Types of Accounting in Nepal

1. Washil Baki Srestha Pranali

The main principle of this system is, "Jamma Najodanu, Kharcha Nachhadanu," This is a simple account book to record revenue and expenditure. In this system, first, some pages are provided for income and some last pages are left for expenses. It is simply recording of transactions. There are two kinds of Washil Baki Srestha Pranali, i) Job complete Washil Baki Srestha Pranali and ii) Time complete Washil Srestha Pranali.

2. Syaha Srestha Pranali

Kharidar Gunawanta introduced it in 18th century. There are mainly three forms and accounts in this system, i) Syaha ii) Awarja & ii) Dhopot. Syaha is the book of the primary recording of transactions. It is also known as Shoratoda Syaha. It contains date, particulars, income, expenditure, signature of receiver and signature of giver column in the form. In this pranali income is recorded in the left side and expenditure is recorded in the right side of the form. Awarja is the second important form. It can be taken as a ledger of double entry system. Dhopot is also important which is prepared after the closing of the year or the job. Stated another way, it is a final financial statement of the system.

3. Pharam Srestha Pranali

It is an improved version of the Syaha Srestha Pranali. This system was determined for the government revenue in 1968 B.S. It is the set of 50 forms for the land administration of the Terai. It was also named as Terai Mal Pharam Srestha. Basically it was designed for the revenue.

4. Bhuktani Srestha Pranali

It is based on the government expenditure act, 2016. It is concerned with payment of the government so it is named as Bhuktani or payment in English. It divided into three group i) central level- Ministry and department ii) operating level- concerned department and offices & iii) Financial Controller office- Account General Office.

5. Government New Accounting System

It is the accounting system based on double entry system. This system, was developed with the help of U.S. Agency for International Development. It is set of the forms designed by the Auditor General.

6. Double entry+ Mahajani System

This is the accounting system prevailing in the country. Both private sector and government sector adopts double entry system. Mahajani system is adopted by the businesses operated in small volume and it has less legal burden. Medium and large businesses use double entry system and the small businesses use single entry system or Mahajani Accounting system.

1.7 Development of Accounting Standard in Nepal

In the global arena, the need for comparable standards of financial reporting has become paramount because of the dramatic growth in the number, reach,

and size of multinational corporations, foreign direct investment, cross border purchase and sales of securities, as well as the number of foreign securities listing on the stock exchanges. However, because of the social, economic, legal, and cultural differences among countries, the accounting standards and practices emphasized. It is advocated for the credibility of financial reports. To improve the comparability of financial statements, harmonization of accounting standards is advocated.

Due to the globalization and need of the capital, Nepal also tried to practice Accounting Standard in the name of Nepal Accounting Standard (NAS). Furthermore, accounting scandals at European giants, such as Pamolat, American giant like Enron exposed the vulnerability of the principle based standards. Nepal has taken the advantages of drawing on the experience of compress. NAs

1.8 Accounting Standard Board

The Accounting Standard Board (ASB) is an independent statutory body with the responsibility to set and issue accounting standards for preparation and presentation of financial statements in Nepal. The ASB was established in March 2003 with an amendment to the Institute of Chartered Accountants of Nepal Act 1997 incorporating the provision for its establishment and operation. The ASB is primarily responsible for setting accounting and financial reporting standards for business enterprises in line with the International Financial reporting standards. The followings are the members of the ASB.

- | | | |
|----|--|----------|
| 1) | Fellow Chartered Accountant (appointed by the govt.) | Chairman |
| 2) | Representative, Finance Ministry | Member |
| 3) | Representative, Auditor General | Member |
| 4) | Representative, Financial Controller General Office | Member |
| 5) | Registrar, Office of the Company Registrar | Member |

6)	Director, Inland Revenue Department,	Member
7)	Chairman, Securities Board	Member
8)	5 Chartered Accountants nominated by Nepal Govt. on the approval of Executive Committee	Member
9)	Registered Auditor nominated by govt. of Nepal	Member

1.9 Statement of the problem

After the introduction of New Accounting System based on double entry principle in government sector as well as in private sector, there arises many discrepancies in the system. In order to eliminate these discrepancies ASB started to publish NAS since 2003, suitable for entities with an objective of profit making. Existing NAS is not suitable for public organizations, which have not profit making motive. Further-more, it is difficult for small entities to adopt NAS, so necessary amendment is needed. Hence, following points will be considered for study.

- Whether or not the enterprises are implementing NAS
- What are the problems faced by the enterprises to adopt NAS?
- What reforms NAS needs?

1.10 Objectives of the Study

Based on the problem this study has the objective of analyzing existing application of NAS by the businesses. Besides the main objectives the following are the other objectives:

- To explore the status of the Mandatory Nepal Accounting Standard, applied by the selected companies.
- To examine, inapplicable provisions of Nepal Accounting Standard in the Nepalese businesses.

1.11 Significance of the Study

As we know, accounting standards are the important subject of study but very few studies have done on it. It shows our attitude toward the accounting standards. Very few studies have done on accounting means giving least importance to it. As we know, it plays the vital role for the development of the economy by attracting direct foreign investment by making the accounts reliable. In this context this subject is chosen by the study for the fulfillment of the partial requirement of Master of Business Studies (M.B.S.)

Every organization prepares the financial statements to fulfill the statutory requirements. Of course, organization prepares financial statements but most of managers of the organization are not acquainted with the mandatory accounting standards. It is the irony for the development to the accounting profession itself. We have entered in the World Trade Organization (WTO) so it is necessary to adopt the accounting standard accepted globally. This study has been conducted to find out the attitude towards accounting standards of government, investors and the managers of the Nepali business organizations.

There are different institutions, which are engaged in monitoring of the accounting standard practices as per the prevailing law. Securities Exchange Board of Nepal (SEBON) regulates the institutions registered with the SEBON, Nepal Rastra Bank (NRB) regulates the banks and financial institutions, Co-operative Board regulates the Co-operatives operating in the country, Insurance committee of Nepal regulates the insurance companies, Company Register Office monitors the companies in the country. These regulating bodies examine whether the institutions under their preview are practicing accounting standard or not. The study aims to dig out whether these institutions are performing their job well or not. It is necessary because on the base of their jobs (monitoring of the practices of accounting standards) people do invest in these institutions.

It is important to make aware that accounting standard ensures the good financial health of the company, which shows the standard of the company among the companies.

1.12 Limitations of the Study

The complex business world has left the Nepalese Business society far behind. As its development is in the process so is the practice of accounting standard. It is also in infancy stage in Nepal. This study is strongly related to achieve the above mentioned objectives even though its area is broad. So it is not a comprehensive study and limits analysis of the implementation level of accounting standards. In this complex business-world each and every organization should follow the accounting norms and standard, which this study critically aims to analyze. The study is limited due to the following reasons.

- The study is based on the secondary data, annual reports of the selected companies.
- The study is not related to International Accounting Standards.
- Time and finance constraints are the limitations of the study.
- The study covers the time span of specific period, for the fiscal year 2008-2009
- The study is not related to managerial interest.
- The study concerned on specific types of business organizations not on all types of organizations operating in the country such as co-operative, small sole trade concern etc,
- The study ignores the constraints of regulating authorizes and the concerned organizations.

1.13 Organization of the Study

The study report has been divided into the following chapters:

1. Introduction
2. Review of the Literature
3. Research Methodology
4. Data Presentation and Analysis
5. Summary, Conclusion and Recommendation

1. Introduction

The introduction chapter covers Introduction of Geo-physical Condition & The Economy of Nepal, Accounting Practices, General Back-ground of Accounting, Types of Accounting, Evolution of Accounting in Nepal, Types of Accounting in Nepal, Development of Accounting Standards in Nepal, Accounting Standard Board, Statement of the problem, Objectives of the Study, Significance of the Study, Limitations of the Study and Organization of the Study.

2. Review of Literature

The second chapter, Review of literature, contains, Conceptual Framework, Accounting Concept, Types of Accounting Standards, International Accounting Standards, Review of Nepal Accounting Standards, Review of Related Case Studies, Journals & Articles and the Review of Related Thesis.

3. Research Methodology

The third chapter contains, Introduction, Research Design, Population & Sample Size, Source of Data, Tools and Techniques of Analysis and Implementation/Disclosure Checklist for NAS Implementation.

4. Data Presentation and Analysis

This chapter, has analyzed the implementation status of NAS. It contains, NAS 01: Presentation of Financial Statements, NAS 02: Accounting Policies, Changes in Accounting Estimates & Errors, NAS 03: Cash Flow Statement, NAS 04: Inventories, NAS 05: Events after the Balance Sheet Date, NAS 06: Property, Plant & Equipment, NAS 07: Revenue, NAS 08: Borrowing Cost, NAS 09: Income Tax, NAS 11: Foreign Exchange Rates, NAS 12: Provisions, Contingent Liabilities and Contingent Assets and The Major Findings.

5. Summary, Conclusion and Recommendation

This fifth chapter, Summary Conclusion and Recommendation is the very important part of the Study. It is divided in to the Summary, Conclusion and Recommendation parts.

CHAPTER-II

REVIEW OF LITERATURE

2.1 Conceptual Framework

Conceptual Framework is to establish the issue of practicing the accounting standard. It lets us open our eyes to the study. Stated another way conceptual framework gives the concept, which the study tries to dig out. It is the way to be clear before starting the detail study.

Accounting Standards are normally accepted standards for the preparation and presentation of financial statements. It gives the credibility of financial statements. It seeks rules and criteria of accounting measurements. It always has to keep in view the set of rules, social needs, legal requirements and technological developments. To make possible the comparability of financial statements, harmonization of financial standards is needed.

Comparable, transparent and reliable financial information is the basis of the development of business. The credibility of financial reports becomes questionable if similar transactions are treated differently in different organizations. In this context accounting standard increases the credibility by accepting the standards. It is said as a principle that governs current accounting practices & that is used as a reference to determine the appropriate treatment of complex transactions.

U.S. G.A.A.P., "U.S. G.A.A.P. is generally accepted principles used by companies based in the U.S.A. or listed at Wall Street. U.S. G.A.A.P. comprises a massive volume of interpretations, opinions, bulletins, and are developed by FASB (Financial Accounting Standard Board), the accounting profession (AICPA) and the SEC (Securities Exchange Commission)." (http://www.valuebasedmanagement.net/methods_usgaap.html Nov 2010)

Application of Tiers of Australian Accounting Standards, (2010): page-4, "The Australian Accounting Standards Board (AASB) makes Australian Accounting Standards, including Interpretations, to be applied by: (a) entities required by the *Corporations Act 2001* to prepare financial reports; (b) governments in preparing financial statements for the whole of government and the General Government Sector (GGS); and (c) entities in the private or public for-profit or not-for-profit sectors that are reporting entities or that prepare general purpose financial statements."

Nepal Act Collection; (2059): Page-43, "the accounting standards means those accounting standards and guidelines and interpretations pertaining thereto as provided or recommended by the Accounting Standard Board in order to systematize and regulate the accountancy and auditing."

International Accounting Standard Board (IASB) defined accounting standard as, "standards, interpretations and the framework adopted by International Financial Reporting Standards (IFRS)" (www.wikipedia;2010)

For Nepali perspective accounting standards are International Financial Reporting Standards (IFRS), & Nepal Accounting Standards (**NAS**).

2.1.1 Accounting Concept

Accounting concept deals with the different accounting concepts and the general concept for the accounting. Accounting is based on some assumptions. Such assumptions are the fundamental bases for the accounting. Some main assumptions for the accounting are as follows,

1 Accrual and Cash Basis

In accrual basis, the effect of transactions and other events are recognized as and when they occur. It is not necessary to receive or pay cash or its equivalent. Cash basis of accounting recognizes transactions when cash or its equivalent is received or paid.

2. Going Concern

It is based on the assumption that financial statements are normally prepared by assuming that an entity is a going concern. It will continue in operation for the foreseeable future. This has important implications for the valuation of assets and liabilities.

3. Understandability

An essential quality of the information is that it is readily understandable by users. For this purpose, users are assumed to have a reasonable knowledge of business and economic activities.

4. Relevance

This implies that, to be useful accounting information must be relevant to the decision making process. Accounting information must assist a user to form, confirm or revise a view usually in the context of making decision (e.g. should invest, should lend money to business or should work for certain business).

5. Materiality

The preparation of accounts involves a high degree of judgments, where decision is required about the appropriateness of a particular accounting judgment. The materiality convention suggests that this should only be an issue if the judgment is significant or material to a user of the accounts.

6. Reliability

This implies that the accounting information that is presented is trustful, accurate, complete and capable of being verified. If the validity and amount of a claim for damages under a legal action

are disputed, it may be inappropriate for the entity to recognize the full amount in the balance sheet.

7. Consistency

Transactions and valuation methods are treated the same way from year to year, period to period. Users of accounts can therefore, make more meaningful comparison of financial performance from year to year.

8. Prudence

It is the inclusion of a degree of caution in the exercise of the judgment needed in making the estimates required under the condition of uncertainty, such that assets or income are not overstated and liabilities or expenses are not understated.

9. Comparability

It implies that the ability for users to be able to compare similar companies in the same industry group and to make comparisons of performance over the time. Much of the work that goes into setting accounting standards is based around the need for comparability.

10. Neutrality

This implies the information contained in financial statements is prepared and reported in a neutral way. It must not be biased towards particular user group. If financial statements are not neutral, the influence on making decision or judgments in order to achieve a predetermined result or outcome be realized.

11. Monetary Measurement

Accountants do not account for items unless they can be quantified in monetary terms. There is no accounting for the quality management, brand recognition, market-leadership, morale e.t.c.

12. Separate Entity

This says that private transactions and matters relating to the owners of a business are segregated from transactions that relate to the business. It ensures the clear picture of the business.

13. Realisation

Accountants, recognize transactions at the point of transfer of legal ownership rather than just when cash actually changes hands. For example a company that makes a sales to a customer can recognize the sales when the transaction is legal-at the point of contract.

14. Historical cost concept

Accounting is done on historical cost basis. Financial Accounting cannot be prepared before transactions. It must be made after the transactions are made. It is the past records in the monetary term.

2.1.2. Types of Accounting Standards

Different types of Accounting Standards have been developed, to meet the need of different entities. Generally three types of Accounting Standards are in practice in the accounting world. They are:

- a) Accounting Standards for entities whose securities are publicly traded;**

- b) Accounting Standards for SMEs;**
- c) Public Sector Accounting Standards;**

- a) Accounting Standards for entities whose securities are publicly traded;**

Publicly accountable entities have to follow this type of accounting standards. IASB defines it, "If an entity files or is in the process of filing, its financial statements with a securities commission or other regulatory organizations for the purpose of issuing any class of instruments in public market, or it holds assets in a fiduciary market, or it holds assets in a fiduciary capacity for a broad group of outsiders as one of its primary businesses" (Adhikari; 2010: Page-11). It is taken as the full fledged accounting standards. The examples of the full fledged Standards are, IFRS, NAS, IAS, e.t.c.

- b) Accounting Standards for SMEs;**

This is simplification of full version of accounting standards. The final standards of IFRS for SMEs were issued in 9th July 2009 and more than 40% of jurisdictions have already planned to or require permit for entities that do not have public accountability. IASBE defined & explained small and medium-sized entities are entities that; a) do not have public accountability and b) publish general purpose financial statements for external users, i.e. owners who are not involved in managing the businesses, existing and potential creditors and credit rating agencies. Nepal Accounting Standards Board is also working for the development of Accounting Standards for small and medium size entities.

c) Public Sector Accounting Standards;

Public Sector Accounting Standards are the Standards for the public entities which have not profit making objectives. There are two types of Public Sector Accounting Standards in practice; I) based on the cash basis and II) based on the accrual basis. Nepal Accounting Standards Board has also recognized the development of public sector accounting standards in line with cash basis.

2.1.2 International Accounting Standards

International accounting standards are accounting standards issued by the International Standards Board (IASB) and their predecessors. The history of international accounting standards really began in 1966, with the proposal to establish an International Study Group comprising the Institute of Chartered Accountants of England & Wales (ICAEW), American Institute of Certified Public Accountants (AICPA) and Canadian Institute of Chartered Accountants (CICA). After 2001, April accounting standards published by this board are named as International Financial Reporting Standards (IFRS).

An older set of standards states how particular types of transactions and other events should be reflected in financial statements. It means that older set of standards was concerned on the presentation of specific types of transactions. In the past International Accounting Standards (IAS) were issued by the board of the International Accounting Standards Committee (IASC). Now the IASB issues such standards. Till date following accounting standards have been published in the name of International Accounting Standards: (<http://www.articlesbase.com/finance-articles/list-of-international-accounting-standards-666373.html>/2010);

- **IAS 1-** Presentation of Financial Statements
- **IAS 2-** Inventories
- **IAS 3-** Consolidated Financial Statements Originally issued 1976, effective 1 Jan 1977. Superseded in 1989 by IAS 27 and IAS 28.
- **IAS 4 -** Depreciation Accounting Withdrawn in 1999, replaced by IAS 16, 22, and 38, all of which were issued or revised in 1998.
- **IAS 5 -** Information to Be Disclosed in Financial Statements Originally issued October 1976, effective 1 January 1997. Superseded by IAS 1 in 1997.
- **IAS 6-** Accounting Responses to Changing Prices Superseded by IAS 15, which was withdrawn December 2003
- **IAS 7 -** Statement of Cash Flow
- **IAS 8 -** Accounting Policies, Changes in Accounting Estimates and Errors
- **IAS 9 -** Accounting for Research and Development Activities Superseded by IAS 38 effective 1.7.99
- **IAS 10-** Events After the Reporting Period
- **IAS 11 -** Construction Contracts
- **IAS 12-** Income Taxes
- **IAS 13-** Presentation of Current Assets and Current Liabilities Superseded by IAS 1.
- **IAS 14-** Segment Reporting
- **IAS 15-** Information Reflecting the Effects of Changing Prices Withdrawn December 2003
- **IAS 16-** Property, Plant and Equipment
- **IAS 17-** Leases
- **IAS 18-** Revenue
- **IAS 19-** Employee Benefits
- **IAS 20-** Accounting for Government Grants and Disclosure of Government Assistance
- **IAS 21 -** The Effects of Changes in Foreign Exchange Rates

- **IAS 22-** Business Combinations Superseded by IFRS 3 effective 31 March 2004.
- **IAS 23-** Borrowing Costs
- **IAS 24-** Related Party Disclosures
- **IAS 25-** Accounting for Investments Superseded by IAS 39 and IAS 40 effective 2001.
- **IAS 26-** Accounting and Reporting by Retirement Benefit Plans
- **IAS 27-** Consolidated and Separate Financial Statements
- **IAS 28-** Investments in Associates
- **IAS 29-** Financial Reporting in Hyperinflationary Economies
- **IAS 30-** Disclosures in the Financial Statements of Banks and Similar Financial Institutions Superseded by IFRS 7 effective 2007.
- **IAS 31-** Interests In Joint Ventures
- **IAS 32-** Financial Instruments: Presentation Disclosure provisions superseded by IFRS 7 effective 2007.
- **IAS 33-** Earnings Per Share
- **IAS 34-** Interim Financial Reporting
- **IAS 35-** Discontinuing Operations Superseded by IFRS 5 effective 2005.
- **IAS 36-** Impairment of Assets
- **IAS 37-** Provisions, Contingent Liabilities and Contingent Assets
- **IAS 38 -** Intangible Assets
- **IAS 39 -** Financial Instruments: Recognition and Measurement
- **IAS 40-** Investment Property
- **IAS 41 -** Agriculture

2.2. Review of Nepal Accounting Standards

Nepal Accounting Standards are the accounting standards developed by the Accounting Standard Board of Nepal. Standards pronounced by the Board are applicable to all Nepalese profit oriented enterprises. Nepal Accounting Standards are designed to apply to the general purpose financial reporting of all

profit-oriented entities and are based on International Accounting with least modifications to suit local practices. The board has issued and will issue accounting standards based on international accounting standards or more recently to have known as International Financial Reporting Standard (IFRSs).

For the formulation and revision of NAS the ASB employs specific procedures. The sources of ASB for the formulation of the standards are IFRS. Besides this, the board has assigned the responsibility to develop the accounting standards for the public enterprises and it is planning to develop the standards for the small enterprises. The board is working to the develop cash basis accounting standard for public sector. It also has been working on; to develop a separate and simplified set of accounting standards for small and medium sized entities.

As of now Nepal Accounting Standard Board have developed 26 Nepal Accounting Standards out of which 19 are mandatory by 1st Shrawan 2065 and remaining 7 are in voluntary Compliance stage. These standards are:

Table No: 2.1
Mandatory Compliance

I) Mandatory Compliance Name			
NASs	IASs	Name of Standards	Effective Date
1	1	Presentation of Financial Statements	1 Shrawan 2065
2	8	Accounting Policies, Changes Accounting Estimates & Errors	„
3	7	Cash Flow Statements	„
4	2	Inventories	„
5	10	Events After the Balance Sheet Date	„
6	16	Property, Plant and Equipment	„
7	18	Revenue	1 Shrawan 2065
8	23	Borrowing Costs	„
10	20	Accounting for Government Grants and Disclosure of Government Assistance	1 Shrawan 2065 (17 July 2008)
11	21	The Effects of Changes in Foreign Exchange Rates	„
12	37	Provisions, Contingent Liabilities and Contingent Assets	„
13	11	Construction Contract	„
9	12	Income Taxes	1 Shrawan 2064
15	17	Leases	1 Shrawan 2065
16	24	Related Party Disclosures	1 Shrawan 2065
17	34	Interim Financial Reporting	1 Shrawan 2065
18	36	Impairment of Assets	1 Shrawan 2065
19	40	Investment Property	1 Shrawan 2065
20	IFRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 Shrawan 2065 (17 July 2008)

Source: Nepal Accounting Standards, 2008

Table No: 2.2
Voluntary Compliance

ii) Voluntary Compliance			
NASs	IASs	Name of Standards	Effective Date
14	19	Employee Benefits	1 Shrawan 2064
21	IFRS 3	Business Combinations	1 Shrawan 2064
23	14	Segment Reporting	1 Shrawan 2064
24s	26	Accounting and Reporting by Retirement Benefit Plans	1 Shrawan 2064
25	28	Investment In Associates	1 Shrawan 2064
26	33	Earnings Per Share	1 Shrawan 2064
27	38	Intangible Assets	1 Shrawan

Source: Nepal Accounting Standards, 2008

2.4. Review of Related Case Studies, Journals and Articles

Roger, (1999) in his published article, “*Shame about Standard*” argues that standard setting of IFAC is not enough. He expressed that it must move for developing further and more refined standards, heavily into the area of standards compliance. On the matter of capital raising and lending IFAC itself accepted that standard setting by itself is not enough.

Sharma, (Dec. 2006), in his published article, “*Miscellaneous Expenditure vis-à-vis. Accounting Standards*”, explained that items of expenditure are included under miscellaneous expenditure when the same cannot be classified as assets. He further explained that there is a doubt as item of expenditure is an asset or an expense. In this context inclusion of such items on the assets side of the balance sheet result in overstatement of assets and in turn overstatement of profit.

Mr. Sharma in his article further said that it was about the time we have to say good-bye to the miscellaneous expenditure.

Bhayani, (Jan. 2007) in his published study, “*Accounting Standard Practices and Disclosure policies in India*”, explained that there is a need for an improvement in disclosure policies of Indian Corporate. For the purpose of study, he took 15 companies as random sample. The prime objective of the study was taken to assess the level of implementation of first AS 15. It has been analyzed form reports of 2004-05 by the companies listed as BSE 30.

UNCTAD, (2007) *Case Study of South Africa*; gave the conclusion that the adoption of IFRS has clearly increased South Africa's role as a global player in the accounting field and has strengthened uniformity in the application of IFRS in South Africa. Listed Companies and the accounting practice have tackled the task of implementing IFRS diligently and have achieved great successes. The study further cleared that the challenges facing South Africa are to create a process of legal backing for accounting standards by proper monitoring and enforcement structures and to implement a system of differential reporting.

UNCTAD, (2007) *Case Study of Pakistan*, described the different types of compliance gaps between IFRS and local statutes of Pakistan. The study has described the gaps in the following points:

- 1) There were certain requirements of compliance ordinance, 1984 & its fourth schedule and SECP directives that are in conflict with the requirements of IFRS.
- 2) Study further explained that ICAP, as part of its strategy, has been persuading both SECP & SBP to eliminate barriers in adopting IAS/IFRS.
- 3) Again the study explained that ICAP has developed & issued two sets of accounting & financial reporting standards for SME's and SSE's. The Standards has awaited SECP notification for their application on SMEs.

Adhikari, (March 2009) in his published article "*IFRS, Revolution in Financial Reporting*" explained that International Financial Reporting Standard (IFRS) is going to be considered as the official financial reporting standard for the entire world which harmonized accounting system between the countries. It

has become the mean to do the business easier internationally and raise funds in global market. The revolution is increasing the number of the countries which follows the IFRS.

This article showed that In June 2002 the E.U. published, E.U. financial Reporting Strategy, which proposed all the listed companies prepare their accounts in accordance with IAS, the single set of accounting standards latest by 2005. Non-adoption of IFRS by listed companies could be the result of delisting from the stock exchange. In Sept. 18 2002 a joint meeting of IASB & FASB was held in Norwalk, Connecticut, U.S.A. to develop the high quality compatible accounting standards that could be used for both domestic and cross-broader financial reporting. Besides this Australia, New Zealand, Russia, South Africa, Malaysia have already adopted IFRS for listed companies. Brazil has decided to adopt from 2010. Chinese govt. decided in Feb. 2006, that it would adopt IFRS beginning from Jan 2007 to all listed companies.

Nepal also formulates NAS on the base of IFRS. Till date the ASB has developed 26 Accounting Standards out of which 19 are mandatory and 7 are voluntary compliance. Nepal has targeted the date for convergence of NAS into IFRS to be 2011.

Adhikari, (Sept. 2009) in his published article, “*IPSASs in SAFA Countries*” viewed that south Asian countries are in the period of modernizing their accounting. Some countries have already undertaken reforms, others are in the process. He further explained Bangladesh has ongoing financial management reform program, which includes the standardization and compurtization of government accounting. Bhutan has passed a new public finance sector accounting and accounting profession. The Indian GASAB has pronounced both cash and accrual basis of accounting standards for central and state government and is facilitating a pilot project on accrual accounting in a number of states. Maldives aims to introduce the IPSAs formats for statements, explanatory notes, and disclosures in 2009. In Nepal The Accounting Standard

Board has developed Nepal Public Sector Accounting Standards in line with the cash basis IPSAs. The New Accounting Model, developed on modified cash basis is being implemented in Pakistan. And Srilanka has been attempting to disclose additional accrual information in financial statements.

Mr. Adhakari has categorized the countries in three groups in terms of cash basis IPSAS, i.e. Srilanka is on forefront, the next group consists of India, Pakistan, Maldives and Bhutan and he places Nepal and Bangladesh in the last group.

2.5 Review of Thesis

Pradhan, (2008) has conducted the research on “*A Case Study of Kathmandu & Lilitpur with reference to Industrial Enterprises Development Institute*”. This study aimed to identify the accounting problem faced by the small entrepreneurs existing accounting system, support of IEDI/SBPP on accounting knowledge, identify the appropriate accounting system to small businesses.

This research pointed out the findings under, (i) efforts made for cost reduction by the entrepreneurs, (ii) common causes of not using budgeting system, difficulties of cost accounting practices in smaller enterprise and decision making system of small enterprises. In this research Mr. Pradhan found that most of the small entrepreneurs do not prepare detailed account. Small businesses are using single entry book-keeping system instead of the double entry system of Journals. He further express that many small firms do not prepare profit and loss account and balance sheet and small entrepreneurs are lacked with minimum concept of accounting principles.

Thulung (2009) has conducted a study on, “*Management Accounting Practices in Insurance Companies in Nepal*”. The research of Ms Thulung was mainly concerned to examine and study of the practice of Management Accounting Tools used in Insurance Companies in Nepal, the areas where Management Accounting tools can be applied to strengthen the insurance activities. Here

Thulung aimed to make recommendations to overcome the difficulties by applying Management Accounting tools used in insurance companies.

Some major findings are:

- Ratio Analysis, cash flow & capital budgeting are widely used, responsibility analysis, cost-volume-profit analysis and flexible are moderately used and standard costing, zero based budgeting and others are least used as the management accounting tools practiced in Nepalese Insurance Companies.
- Few insurance companies are using management accounting tools for the decision making
- Historical budgeting tools have been taken as main budgeting tools on short term basis.
- Management Accounting tools are not warmly embraced by the Insurance Companies.

2.6 Research Gap

Very few research & studies have been done on the accounting standard practices. The researcher could not find any research, thesis, or case studies on Nepal Accounting Standard. The Standard setting body is also not aware of the level of NAS implementation. The Nepalese businesses, do not consider NAS as an important subject. They normally explain that, it is the subject matters for the auditors. During the study, the researcher found only one research paper of Indian professor. In this context, this study is really the new subject matter. The researcher could claim that, this is the beginning of the study on Nepal Accounting Standards Practices.

CHAPTER III

RESEARCH METHODOLOGY

3.1 Introduction

This chapter deals with sampling technique, data gathering method, tools and techniques for the analysis, research instrument e.t.c. To achieve the stated objectives, the following methodology has been used.

3.2 Research Design

This study entitled, "Accounting Standard Practices in Nepalese Businesses" is a qualitative research that attempts to accumulate information regarding the Accounting Standard Practice. This research would utilize both analytical and descriptive research method to conduct the study. In this study, the researcher attempts to analyze the insight of Nepal Accounting Standard practices in Nepalese businesses, including banks and insurance companies.

This research has been carried out for examining the existing corporate disclosure practices in some listed companies with different requirement of Nepal Accounting Standard. For the purpose of the study, the researcher has taken 11 Nepal Accounting Standards for the purpose of the study out of 26 Nepal Accounting Standards, (19 are mandatory and 7 are voluntary compliance). For the purpose of study, first 12 standards except NAS 10, Government grant are taken. To meet the objectives of the study, data were collected from the published financial statements from the annual report of the sample companies. The sample companies were selected on the basis of random sampling method as per the requirement identified to meet the objectives of the study. To dig out the implementation status of NAS, altogether 233 questions were developed with reference of paragraph no. of NAS or IAS. The questions are arranged with the proper head questions. Most of these are in the disclosure in the NAS.

3.3 Population and Sample size

The sample size has been taken out of the 159 listed companies under the NEPSE upto the fiscal year 2008-09. Random sampling method used for the sample selection. Among the listed companies, 10 blue chip companies were selected for the study. 50% of the sample companies are under A Group and remaining 50% are under B group as per the classification of NEPSE. Sample companies were selected by representing almost group of the NEPSE like Banking, Insurance, Manufacturing Trading and Hotel.

Table No: 3.1
The size of sample from each group of companies

S.No.	Group	Total Population	Selected Sample	Percentage
1	Banks	21	4	19.05%
2.	Development Banks	29	-	0%
3.	Finance Company	61	-	0%
4.	Insurance Co.	17	2	11.76%
5.	Hotel	4	1	25%
6.	Manufacturing and Processing Co.	18	1	5.56%
7.	Trading Co.	4	1	25%
Total		159	10	6.30%

(Source: Annual Report, SEBON/2008/2009)

The companies selected for the purpose of the study are,

A. Commercial Bank

1. Global Bank Ltd.
2. NABIL Bank Ltd.
3. Standard Chartered Bank Nepal Ltd.
4. Bank of Asia Nepal Ltd.

B. Insurance Company

1. Life Insurance Corporation (Nepal) Ltd.
2. Siddhartha Insurance Ltd.

B. Trading Company

1. Bishal Bazaar Company Ltd.
2. Salt Trading Corporation Ltd.

C. Manufacturing & Processing

1. Unilever Nepal Ltd.

D. Hotel

1. Soltee Hotel Ltd.

3.4 Source of Data

For the purpose of study, data of the sample companies were collected from the annual report of the same year for the fiscal year 2065-066. The information (financial statement) of the annual reports are compared with the questionnaire and from which information is plotted. The other relevant information required for the purpose of study, collected from the relevant person of the concerned company, and the regulatory body. The collected information for the analysis is attached in the annex no.1.

3.5 Tools and Techniques of Analysis

While conducting the study, the researcher has followed the method, which provides three options for each question, yes, No, and Not Applicable. Each question carries one point, whether it fall on yes, no, or N/A categories. For each title, question subtotal system for the points awarded has been adopted. The researcher has identified the factors to be considered for each accounting standard and each factor evaluated through the points yes implemented, not implemented and not applicable. Based on factors to be considered or the head question, the researcher has briefly analyzed the NAS implementation status of

the companies. Also the researcher has prepared a final chart for each standard, which shows the points scored by the sample company. The score of the company represents the implementation level of each Nepal Accounting Standard. Based on points gained by each company, the researcher has categorized the company which has implemented the NAS as the best company by the percent secured of the company. The detail of the score marks secured by the company is presented in the annex-2.

The analysis has been carried out in three phases, the first is concerned on factors to be considered or for the head question, second for each NAS implementation and the third for the overall NAS implementation. For the purpose of analysis the chart for each head question, each NAS and the summary of the all the above have been presented.

After the completion of the above exercise, the researcher has prepared a final chart with all the NAS of the study, which shows the points scored for each accounting standard by respective companies. Based on points gained by each company, the researcher has found the best for the implementation of accounting standard.

To get the clear idea of the rating and points gained by the company and accounting standard, the researcher has applied simple method, i.e. one point for one question. The conclusion of the study has been derived from the number of points that have been gained by the company from each accounting standard. On the basis of same the highest point scorer has got 1st rank and the lowest has got the last or 10th rank for the implementation.

3.6 Disclosure Checklist for the Standards Implementation

On the basis of the annual report the check-list has been filled. The complete Checklist is in the annex-1.

CHAPTER IV

ANALYSIS AND PRESENTATION OF DATA

4.1. NAS 01: Presentation of Financial Statement

This standard has prescribed the basis for presentation of general-purpose financial statements, to ensure comparability both with the entity's financial statements of previous periods and with the financial statements of other entities. To achieve the objective the standard sets out overall considerations for the presentation of financial statements, guidelines for their structure and minimum requirements for their contents.

While going through analysis, the researcher has considered the 11 questions, & 59 sub-questions, which are concerned on the presentation and preparation of general-purpose financial statements.

Question No. 1 is related with complete set of Financial Statement, which includes Balance Sheet (statement showing the financial position), Income Statement, Cash Flow Statement, Accounting Policies and Notes to Financial Statement. Out of the total 10 samples companies, 9 samples except Bishal Bazaar Co. Ltd are preparing complete set of financial statements as per NAS and IAS. But Bishal Bazaar Co. Ltd. is not preparing Notes to Financial Statement. This simply indicates that 90% companies are aware of NAS or the set of financial statements. These companies have realized its importance. On the other hand, there is a great question, i.e. whether the listed companies are not preparing the complete set of financial statement, what about to others?

Question No. 2 & 3 are related to the information to be presented on the face of the balance sheet as line items of the balance sheet. Paragraph no. 68 of NAS 01 has explained that as a minimum the face of the balance sheet include following line items, which shall present, (a) property plant & equipment, (b) intangible assets, (c) financial assets, (d) investments, (e) inventories, (f) trade

and other receivables, (g) cash and cash equivalent, (h) trade and other payable, (i) tax liabilities (j) provisions, (k) non-current interest bearing liabilities and other long term liabilities (l) where consolidated financial statements are prepared, minority interest, and (m) issued capital and reserve. Q. No. 3 is also related to line items of the balance sheet but it is only on International Accounting Standards. It is concerned on (a) total assets classified as held for sale and assets included in disposal groups classified as held for sale and (b) liabilities included in disposal groups classified as held for sale.

These questions have been prepared whether the sample companies have presented the line item as described above. Answering to Q.No. 2, Soltee Hotel has presented all the line items of the standard, except consolidated financial statements, with minority interest. Other remaining sample did not present like Soltee. Insurance companies LIC and Siddhartha Insurance are poor for the disclosure of the line items as prescribed by standard. Remaining samples Global Bank, NABIL Bank, Standard Chartered Bank, Bank of Asia, Bishal Bazaar, Salt Trading and Unilever Nepal remain on second position for the question no. 2. Regarding the question no. 3 only Unilever has disclosed the assets classified as held for sale and assets included under the disposal group. For the liabilities included in disposal groups no any sample disclosed it.

Q.No. 4 is concerned on information to be presented on the face of the Income Statement. Paragraph 77 of NAS 02, has stated that as the minimum, the face of the income statement shall include line items as of a to h, which are on the questionnaire. Although standard is open for the additional line items, headings and subtotals on the face of the income statement, which is not the concern of the study. Answer of the questions as per the table below showed that 2 line items are not disclosed by the sample companies. Among the samples, Soltee, Unilever, NABIL and Standard Chartered have disclosed the above mentioned information. Insurance companies are poor for the disclosed as mentioned by NAS.

Q.No. 5 is concerned on statements of changes in equity. Paragraph 90 has described that, an entity shall present the Statements of Changes in Equity showing on the face of the statement as of no. a to g. Answering to the questions for the statement changes in equity, all the samples have showed the profit or loss for the period, capital transactions with owners & distributions to owners and the balance of accumulated profit or loss at the beginning of the period & at the balance sheet date, and the movements for the period. Likewise all the samples have disclosed the reconciliation between the carrying amount of each class of equity capital, share premium & each reserve at the beginning and end of the period separately. Besides this sample companies have not disclosed the cumulative effect of change in accounting policy and the correction of fundamental errors. Again the NAS-01-90-b, NAS-01-90-c are also not disclosed by the sample companies selected for the study.

Q. No. 6 is related to Notes to the financial statements. The paragraph 95 stated the notes to the financial statement. It has stated that an entity shall present the information as per no. a to e. of the paragraph. For the questions Banks and Insurance companies have disclosed the Notes to the financial statement as per the NAS. But Bishal Bazzar Co. Ltd. did not prepare the notes to financial statement. For the other samples Salt Trading, Unilever and Soltee have disclosed (NAS-01-95-a) the information about the basis of presentation of financial statement and the specific accounting policies selected and applied for significant transactions and events and (NAS-01-95-c), additional information which is not on the face of the financial statements but that is necessary for a fair presentation. These samples have not disclosed the information required by Nepal Accounting Standards that is not prepared elsewhere in the financial statement, (NAS-01-95-b).

Q.No. 7 has asked whether or not to present current and non-current assets and current and non-current liabilities, as separate classifications on the face of the balance sheet. Answering the questions Banks have not classified the items of the balance sheet as current and non-current but remaining other samples have

classified the items of balance sheet as current and non-current. The reason behind this is the financial statement disclosure policy circulated by the regulating authority.

Q.No. 8 is concerned with whether the Co. has presented the items of income statement are classified by function or by nature. Answering the questions Banks and the Unilever have presented the income statement by functions and remaining other samples have presented the income statement as per the nature of their business.

Q.No. 9 has asked on the accrual basis of accounting. It consists of two questions i.e. has the co applied accrual basis of accounting for the all transactions except revenue recognition. All the samples have disclosed as required by standard. Banks and Insurance have the policy to realize the income after the cash received. This is the result of the directives of the regulating agency.

Regarding question No.10, measurement basis of the element of the financial statement has asked. Sample companies only applied the historical cost method. Only Salt trading corporation used the revaluation method for its assets. It means measurement techniques of the element of the financial statements that are current cost method, present value method and the revaluation methods are not in practice. These have become the theoretical concept to the accountants of the companies of the Nepal.

Q.No. 11 has asked the general information should clearly be disclosed for a proper understanding of the information as per paragraph 48. Answering the questions the sample companies, Global Bank Ltd, Standard Chartered Bank Nepal Ltd, and Unilever Nepal Ltd have not disclosed the name of the reporting co. Other sample companies have disclosed the means of identification. The sub-question b is not applicable for the sample companies. For the other questions, sample companies LIC and Siddhartha Insurance have

not disclosed the reporting currency in the financial statement so as the level of precision used in presentation of figures in the financial statement.

For this question Soltee, Salt Trading, Bishal Bazzar, Bank of Asia and NABIL have fully disclosed the additional information; means 50% of the sample satisfied the disclosure of additional information.

Q.No. 12 is related to information, which should be disclosed either on the face of the balance sheet or in the notes. This question consists of the general information which are divided into 7 sub-questions. Answering when financial statements were authorized to issue, LIC, Bishal Bazzar, Salt Trading and Unilever Nepal have not disclosed. It means 40% sample didn't disclose the date to issue financial statement. All the samples have fully disclosed the other information asked in the question except, the fact that the company owner or others have power to amend the financial statement after issue.

The total figure of the NAS 01 showed that Soltee is the best among the sample, and the Bishal Bazzar Co. is the worst for the NAS implementation. It is found that among 59 questions 17 to 23 questions were not implemented by the companies. In banking group NABIL Bank & Bank of Asia stand at the same place and on the other hand Standard Chartered & Global Bank stands on the same position for NAS 01 practice. It is found that implementation or the practice of Nepal Accounting Standard remain on 61 percentage to 73 percentage. Soltee scored the 73%, means it is the best for NAS 01 practice. Not Applicable questions to the samples stands on 2% for Global Bank Ltd., Bank of Asia Nepal Ltd., Siddhartha Insurance Co. Ltd., and Bishal Bazzar co. Ltd.

Table No: 4.1
NAS 01: Preparation and Presentation of Financial Statement
(figures represents the No. of sub-questions related to NAS)

Name of the Co.	Implement	Complete Set of financial statement	Items on the face of the B/S	Line item of the B/S	Item on the face of I/S	Statement Changes in equity	Notes to financial statement	Prese ntation style of B/S	Prese ntation style of I/S	Followed accrual basis of accounting	Measure basis for the financial statement	Additional information for the financial statement	Disclose either on the B/S or in the notes.	Total	%
Global Bank Ltd	Yes	6	10		6	3	3		1	1	1	3	6	40	68
	No		3	2	1	3		1	1	S1	3	2	1	18	30
	NA				1									1	2
NABIL	Yes	6	10		6	3	3		1	1	1	4	6	41	69
	No		3	2	2	3		1	1	1	3	1	1	18	31
	NA														
Standard Chartered	Yes	6	10		6	3	3		1	1	1	3	6	40	68
	No		3	2	2	3		1	1	1	3	2	1	19	32
	NA														
Bank of Asia Ltd	Yes	6	10		6	3	3		1	1	1	4	6	41	69
	No		3	2	1	3		1	1	1	3	1	1	17	29
	NA				1									1	2
LIC	Yes	6	9		4	3	3	1	1	1	1	2	5	36	61
	No		4	2	4	3			1	1	3	3	2	23	39
	NA														
Siddhartha Insurance	Yes	6	9		4	3	3	1	1	1	1	2	6	37	63
	No		4	2	3	3			1	1	3	3	1	21	35
	NA				1									1	2
Salt Trading Corporation	Yes	6	10		6	3	2	1	1	1	2	4	5	41	69
	No		3	2	2	3	1		1	1	2	1	2	18	31
	NA														
Bishal Bazzar Co.	Yes	5	10		6	3		1	1	1	1	4	4	36	61
	No	1	3	2	1	3	3		1	1	3	1	3	22	37
	NA				1									1	2
Unilever Nepal Ltd	Yes	6	10	1	6	3	2	1	1	1	1	3	5	40	68
	No		3	1	2	3	1		1	1	3	2	2	19	32
	NA														
Soltee Hotel Ltd	Yes	6	12		6	3	2	1	1	1	1	4	6	43	73
	No			2	2	3	1		1	1	3	1	1	16	27
	NA		1												

Source: Annual Reports of the companies for the fiscal year 2008/2009

4.2. NAS 02 Accounting Policies, Changes in Accounting Estimates & Errors

This standard aims to prescribe the criteria for selecting and changing accounting policies, together with the accounting treatment and disclosure of changes in accounting estimates and corrections of errors. The standard is intended to enhance the relevance and reliability of an entity's financial statements and the comparability of those financial statements over time and with the financial statement of other entities.

The result of the questionnaire is presented in the table below. This table is divided into the five sections based on the questions and the plotting of the answers. Q. No. 1. has been asked for the disclosure of the Accounting policies which consists of 4 sub questions. The first sub-question asks that whether the accounting policy section disclosed a description of all significant accounting policies of the reporting company, presented in a clear and concise manner at one place. All the sample companies have disclosed this and other sub-question is concerned with summary of significant accounting policy and the judgments made by the management. All the samples have disclosed the measurement basis (historical cost, current cost, net realizable value, fair value e.t.c) and accounting policies which is relevant to understand the financial statement but the samples have not disclosed the judgment made by the management.

The second question is related to the accounting policies of the items of the financial statements. It deals with the definitions and the co. rules for the various elements of the financial statement. Based on the policies the treatment to the transactions could be made. It is on the paragraph 103 of NAS 01. In No. a to s. in the title, accounting policies include, but not restricted to, the given options. After analyzing the financial statement it is found that all the samples have revenue recognition, depreciation, investment properties, taxes and employee benefit cost related policies but

the questions, consolidated principle, business combination, joint ventures and geographical segment & basis for allocation to the selected companies. Research and development cost is not implemented by the companies. All together, it could be said that 10 points gainer co. are the best for the implementation of Q.No. 2, because it is the highest scorer. Standard Chartered, Bank of Asia, Bishal Bazaar and Soltee are the highest scorer for the standard implementation for the above mentioned question.

Q.No. 3 is related to change in accounting policies. This question consists of four sub-questions. Based on the information companies have not changed the accounting policies, only Global Bank and LIC have changed the accounting policies which were disclosed in their financial statements.

Q.No. 4 is related to accounting estimates, which consists of three questions. It is identified by examining the financial statements of the companies. The companies have explained in the notes that there was the need for judgment and estimation while preparing the financial statement but they were not disclosed made by the management and the estimate while preparing the financial statement. Some of the issues like matching the depreciation is very important for this question. But the annual reports have explained only the estimation is necessary while preparing the financial statement.

Q.No. 5 is concerned with the disclosures of the error. This question is related to the paragraph 49 of NAS 02 in the no. a to d. All-together five sub-questions are asked in this question. After examining the financial statement of the sample companies it is identified that no. any company has disclosed about the error. It means that company's are poor for fair presentation of financial statement as well as the NAS 02.

From, Table No. 3, it is found that all the companies follow the NAS 02, while preparing the financial statement. The company that practices the best

among the all is Global Bank limited, followed by Soltee Hotel, Bank of Asia, and LIC, whereas the companies that have poorly practice the NAS 02 are Bishal Bazzar Co, followed by Unilever, Siddhartha Insurance and Standard Chartered Bank.

The table No. 4.2 has given the picture of the practices of NAS 02 by the sample companies. The practice ranges to 21 percentages to 44 percentages. The samples Global Bank scored 44% for the practice and sand the first on the other hand Bishal Bazzar has scored only 21% for the standard implementation. The overall implementation level is below 50%.

Table no. 4.2

NAS 02 Accounting Policies, Changes in Accounting Estimates & Errors

Implement	Global Bank			NABIL Bank			Standard Cha			Bank of Asia			LIC			Siddhartha Ins.			Bishal Bazzar			Salt Trading			Unilever			Soliti Hotel		
	Yes	No	N.A	Yes	No	N.A	Yes	No	N.A	Yes	No	N.A	Yes	No	N.A	Yes	No	N.A	Yes	No	N.A	Yes	No	N.A	Yes	No	N.A			
Disclose of Accounting Policies	4			4			4			4			4			4			4			4			4					
Accounting Policies includes	8	11		8	11		9	10		10	9		8	11		9	10		3	16		9	10		7	12		10	9	
Change in Accounting Policies	3	1			4			4			4		2	2			4			4			4			4				
Accounting Estimate		3			3			3			3			3			3			3			3			3				
Disclose the information for Error		4			4			4			4			4			4			4			4			4				
Total	15	19		12	22		13	21		14	20		14	20		13	21		7	27		13	21		11	23		14	20	
%	44	56		35	65		38	62		41	59		41	59		38	62		21	79		38	62		32	68		41	59	

Source: Annual Reports of the companies for the fiscal year 2008/2009

4.3 NAS 03 Cash Flow Statement

The objective of this standard is to require the provision of information about the historical changes in cash and cash equivalents of an entity by means of a cash-flow statement, which classifies cash flow during the period from operating, investing and financing activities. It is useful to evaluate the ability of an entity to generate cash and cash equivalents. Company Act 2063 explained that every company should have prepared the cash flow statement. To identify the implementation of NAS 03, four questions have been asked, which are used for evaluation of the financial statements of the companies.

Q. No. 1 has asked different aspects of cash flow statement, first sub-question asked whether the co. prepares the cash flow statement report during the period classified by operating, investing and financing activities. All the samples have prepared the statement as stated in the question. 2nd sub-question is related to the direct method of cash flow statement. Global Bank, NABIL Bank, Standard Chartered and Bank of Asia Nepal prepared the cash flow statement using direct method. The remaining samples prepared the cash flow statement report using indirect method. Both methods are allowable to the companies. The fourth sub-question has asked, whether the co. reported separately major classes of gross cash receipts & payments arising from investment and financing activities except to the extent that cash flow are reported on the net basis. Analyzing the question, all the samples have applied this standard.

Q.No. 2, is related to payment & deposit on the net basis, which is related to only the financial institutions. All the banks have disclosed all the three sub-questions. These questions are extracted from IAS 7.24. These questions are not applicable to other samples, trading co. hotel, manufacturing co. and the insurance co.

Q.No. 3 has asked the cash flow from interest and dividend. This question consists of two sub-questions, (a) cash flow form interest & dividend received & paid disclosed, and (b) cash flow arising from taxes on income separately disclosed and classified as cash flows from operating activities unless they can specifically identified with financing and investing activities. Analyzing the questions with financial statements all the samples have applied for the above-mentioned provisions.

Q.No. 4 is related to the items on operating, investing and financing activities. This question is a composite of 14 sub-questions for the operating, investing and financing activities. Analyzing the cash flow statement of the samples on operating activities, all the samples have disclosed cash receipt form customers, cash generated from operations but cash paid to supplies and employees, interest paid and income tax paid, were not disclosed by all the sample companies. Regarding the cash paid to supplies and employees, samples, like Bishal Bazzar, Salt Trading, Unilever & Soltee have not separately disclosed the cash paid to suppliers & employees because these companies have prepared cash flow statement by using indirect method. Regarding interest paid, samples like LIC, Siddhartha Insurance and Soltee Hotel have not disclosed the interest paid. The reason behind this is may be due to the fact that the Cos. have not the interest expenses but the researcher has treated it as not implemented because there is no interest paid item on the face of the cash flow statement. Other question of operating activity is income tax. Analyzing the statement only Soltee Hotel has not disclosed the income tax because it has disclosed under the line-item increase / (decrease) of provision. This is the problem of uniform practice.

The other items of cash flow statements are investing and financing activities. Analyzing the financial statements of the samples for investing and financing activities, it is found that all the samples have not disclosed acquisition of subsidiaries. Net of cash acquired is not implemented by all

the samples; likewise the samples have disclosed the purchase of property plant and equipment. For the interest received, all the samples disclosed it except salt Trading and Soltee. Analyzing the financing activities of cash flow statement, proceeds from issuance of share capital, proceeds from long-term borrowing, payment of finance lease liabilities and dividend paid have been asked. It is found that all the samples have disclosed finance lease liabilities & all the samples have disclosed dividend paid, whether the co. had paid the dividend or not. For the-proceeds of long term borrowings, Unilever has not disclosed it but all other samples have disclosed it. For the proceed of share capital, Salt trading, Unilever and Soltee have not disclosed but remaining samples Banks, Insurances and Bishal Bazzar, trading co. have disclosed.

NAS 03, practices among the samples were quite satisfactory. While practicing the NAS 03, cash flow statement, Global Bank, NABIL Bank, Standard Chartered and Bank of Asia stand on first position, LIC, Siddhartha Insurance and Bishal Bazzar stand on second position. Salt Trading stands on the third position, Unilever on the fourth position and Soltee Hotel is in the bottom. The second option has contributed a lot for ranking the best. Table no 4.3 has given the picture for the NAS practice by the Nepalese organizations.

Table No. 4.3

NAS 03 Cash Flow Statement

Implement	Global Bank			NABIL Bank			Standard Cha			Bank of Asia			LIC			Siddhartha Ins.			Bishal Bazzar			Salt Trading			Unilever			Soliti Hotel		
	Yes	No	N.A	Yes	No	N.A	Yes	No	N.A	Yes	No	N.A	Yes	No	N.A	Yes	No	N.A	Yes	No	N.A	Yes	No	N.A	Yes	No	N.A			
Has the Co. Disclose the Following	3	1		3	1		3	1		3	1		3	1		3	1		3	1		3	1		3	1		3	1	
Cash flows with Net Basis	3			3			3			3					3			3			3			3			3			
Cash flows from interest taxes and dividend	2			2			2			2			2			2			2			2			2			2		
Determining composition of cash and cash equivalent	11	2		11	2		11	2		10	3		10	3		10	3		10	3		8	5		8	5		6	7	
Total	19	3		19	3		19	3		18	4		15	4	3	15	4	3	15	4	3	13	6	3	13	6	3	11	8	3
%	86	14		86	14		86	14		86	14		68	18	14	68	14	14	68	18	14	59	27	14	59	27	14	50	36	14

Source: Annual Reports of the companies for the fiscal year 2008/2009

4.4 NAS 04 Inventories

NAS 04 has prescribed the accounting treatment for inventories. A primary issue in accounting for inventories is the amount of cost to be recognized as an asset and carried forward until the related revenues are recognized. NAS 04 aims to provide practical guidance on the determination of cost and its subsequent recognition as expenses, including any write-down to net realizable value. It also provides guidance on the cost formulas that used to assign costs to inventories. The analysis of NAS 04 is based on the five questions and its sub-questions.

The questions are (1) measurement of inventories, (2) cost formulas, (3) classification of inventories, (4) accounting for different conditions of inventories and (5) conditions for recognition of inventories, which consists of 19 sub-questions. In case of inventories, Global Bank, NABIL Bank, Standard Chartered Bank and Bank of Asia Nepal are the financial service providers, so the questions are not applicable to these samples. Likewise LIC & Siddhartha and Bishal Bazzar are also service providers. So it is not applicable to these samples. For the implementation of this standard, researcher has judged Salt Trading, Unilever and Soltee as the samples.

Q.No.1 is related to measurement of inventories. Two options, lower cost and realizable value, were provided in the question. Samples have explained that inventories are measured at cost or market value whichever is lower. It means that lower value is the method for the measurement of inventories. Income tax act is also open for these methods. For the fair presentation, realizable value method is a good option for the measurement of the inventories.

Q.No. 2 is concerned with cost formula-LIFO, FIFO and Weighted Average. Salt Trading has not disclosed the cost formula but the samples, like Unilever and Soltee have applied Weighted Average method.

Accounting Standard is open for the LIFO or weighted average method. It has no option for the FIFO method.

Q.No. 3 is related to the classification of the inventories, i.e. raw material, finished goods, semi-finished goods and supplies. Researcher has selected only one manufacturing Co. So all these, are disclosed by the company. Salt Trading is a trading Co. So it has only disclosed the finished goods and Soltee has disclosed finished goods and supplies in its financial statements.

Q.No. 4 has asked the different provisions of the inventories as per paragraph 35 of NAS. After the review of financial statement it is found that Unilever and Soltee are in the same position for the implementation of this standard but Salt Trading is weak for the implementation of this question as per NAS.

Q.No. 5. has asked cost of inventories recognized as expenses in the financial statement. All the samples have disclosed the options as stated in the questions. This Means that it is fully implemented by the Nepalese companies while preparing their financial statement.

It is the evident from Table no. 4.4 that samples Banks, Global Bank, NABIL Bank , Standard Chartered Bank & Bank of Asia Nepal Limited, Insurance companies, Siddhartha Insurance & LIC and Trading Co. Bishal Bazzar are the service provider so this standard is not applicable to these companies. It gives an idea that how companies disclose their accounting policies for valuation of their inventories in their financial statements. The above table shows that companies are poor for disclosing the inventories. It is found that Unilever ranks the first for the NAS 04 practices, followed by Soltee.

Table no 4.4
NAS 04: Inventories

Implement	Global Bank			NABIL Bank			Standard Cha			Bank of Asia			LIC			Siddhartha Ins.			Bishal Bazzar			Salt Trading			Unilever			Solitee Hotel		
	Yes	No	N.A	Yes	No	N.A	Yes	No	N.A	Yes	No	N.A	Yes	No	N.A	Yes	No	N.A	Yes	No	N.A	Yes	No	N.A	Yes	No	N.A			
Measurement Basis			2			2			2			2			2			2			2	1	1		2			2		
Cost formula			3			3			3			3			3			3			3		3		1	2		1	2	
Classification of Inventories			4			4			4			4			4			4			4	1	3		4			2	2	
Do the financial statement disclose			8			8			8			8			8			8			8	3	5		4	4		4	4	
Financial Statement disclose			2			2			2			2			2			2			2	2		2			2			
Total			19			19			19			19			19			19			19	7	12		13	6		11	8	
Percentage			100			100			100			100			100			100			100	37	63		68	32		58	42	

Source: Annual Reports of the companies for the fiscal year 2008/2009.

4.5 NAS 05 Events after the Balance Sheet

The objectives of NAS 05 is to prescribe a) when an entity shall adjust its financial statement for events after the balance sheet date. and b) the disclosures that an entity shall give about the date when the financial statements were authorized for issue and about events after the balance sheet date or reporting period. For identifying the implementation status of NAS 05, three questions have been asked, 1) disclosure for dividend, 2) information disclosed for the material events occurring after the balance-sheet date, which do not affect the condition of assets or liabilities at the balance sheet and c) updated disclosure in respect of the information received after the balance sheet date about the conditions that existed at the balance sheet date.

By studying the financial statement for question no. 1, all the samples disclosed the dividend as liabilities at the balance sheet date but it is disclosed under the various items such as proposed and undistributed dividend, other provision, provisions and current liabilities and provision. This question consists of four sub-questions. The second one sub-question is related to amount of proposed dividend. Except Global Bank, all have disclosed the amount. The Global Bank has not proposed dividend. So there was no proposed dividend. Bishal Bazzar has not disclosed these information because it has not prepared notes to financial statement. For the related amount per share, Standard Chartered, LIC, Siddhartha Insurance, Salt Trading and Soltee have disclosed the information. That means 50% of the samples have implemented the standard. The last sub-question is not applicable to all the samples because no samples have pref. share.

Q.No. 2 is related to the material events occurring after the balance sheet date, which consists of two questions as of paragraph 25 of NAS 05. No samples have implemented these provisions; which means the Co's do not

disclose the material events which may affect the Co.'s status, but it is the rights of the share-holders to be aware of the company's statuses.

Q.No.3 is related to the disclosure in respect of the information received after the balance sheet about the conditions that existed at the balance sheet date. Again, for this question no any samples implemented it by disclosing the information, means implementation level is 0% for this question.

The table above, indicate the practice of events after the balance sheet date or reporting date. The company that disclosed the best among the all are Standard Chartered Bank Nepal Limited, LIC, Siddhartha Insurance Limited, Salt Trading Corporation and Soltee Hotel for the practice of NAS. These best companies scored 43 % for the practice of events after the balance sheet. It means the overall condition of the practice is not satisfactory. It is the information, which may affect the co. but is not the financial amount to the financial statement.

Table no 4.5
NAS 05: Events after the Balance Sheet

Implement	Global Bank			NABIL Bank			Standard Cha			Bank of Asia			LIC			Siddhartha Ins.			Bishal Bazzar			Salt Trading			Unilever			Solitee Hotel		
	Yes	No	N.A	Yes	No	N.A	Yes	No	N.A	Yes	No	N.A	Yes	No	N.A	Yes	No	N.A	Yes	No	N.A	Yes	No	N.A	Yes	No	N.A	Yes	No	N.A
Disclose Dividend as liability	1			1			1			1			1			1			1			1			1			1		
Disclose in the notes			3	1	1	1	2		1	1	1	1	2		1	2		1	1	1	1	2		1	1	1	1	2		1
Material events after the B/S		2			2			2			2			2			2			2			2			2			2	
Information after the Balance sheet		1			1			1			1			1			1			1			1			1			1	
Total	1	3	3	2	4	1	3	3	1	2	4	1	3	3	1	3	3	1	2	4	1	3	3	1	2	4	1	3	3	1
Percentage	14	43	43	29	57	14	43	43	14	29	57	14	43	43	14	43	43	14	29	57	14	43	43	14	29	57	14	43	43	14

Source: Annual Reports of the companies for the fiscal year 2008/2009

4.6 NAS 06 Properties, Plant and Equipment

This NAS 06 aims to prescribe the accounting treatment for property plant and equipment so that users of the financial statements can discern information about an entity's investment in the property, plant & equipment and the changes in such investment. The principal issues in accounting for property plant and equipment are recognition of the assets, the determination of their carrying amounts and the depreciation charges and impairment losses to be recognized in relation to them.

Implementation of NAS 06 is analyzed through 10 questions. Q.No. 1 has asked whether these items on property plant and equipment were disclosed with classification under appropriate sub-heads, duly item-wise or not. It has asked the question under the two sections, tangible assets and intangible assets. All the samples have disclosed the land, building, plant & machinery, furniture & fittings, vehicles and office equipment. Samples LIC, Bishal Bazaar and Soltee have not disclosed the capital work in progress. Bank of Asia, LIC & Bishal Bazaar have not disclosed development of property and Bishal Bazaar, Salt Trading, Unilever & Soltee have not disclosed it. Samples banks have disclosed others as lease hold properties and insurance companies have disclosed lease hold properties and others in the schedules of fixed assets. Samples are poor for implementation of intangible assets. Not any samples have disclosed goodwill, brand names, licenses & franchises, patents, copyright, trademark and intangible assets under development. Some samples NABIL, LIC, Siddhartha, Bishal Bazaar and Soltee have disclosed the computer software under the intangible assets.

The concern of Q.no. 2 is the different provisions for each class of property plant & equipment and the reconciliation of the carrying amount at the beginning and at the end of the period. This question is extracted from

paragraph 71 of NAS. After the review of financial statement it is found that all the samples have disclosed the measurement basis used for determining the gross carrying amount, the depreciation rates used, the useful lives or the accumulated depreciation at the beginning and end of the period. There is mixed result for a reconciliation of the carrying amount at the beginning and at the end of the period. Samples have disclosed the additions and depreciation but not disclosed the impairment losses recognized, impairment losses reversed and the net exchange differences arising on the translation of the financial statements from the functional currency into a different presentation currency.

Q.NO.3 is related to the various aspects of property plant and equipment. Sample, Soltee has disclosed the information that there is restriction on title of property, plant and equipment pledged as security for liability. Likewise Salt Trading and Soltee have disclosed the amount of expenditures recognized in the carrying amount of an item of property plant and equipment in the course of its construction.

Q.No. 4 is related to the revaluation of property plant and equipment. Only Salt Trading has disclosed the revaluation of the assets. Remaining samples have not disclosed the information for the revaluation of their assets. This means the value of the assets of the company do not present the fair value.

Q.No. 5 is concerned with the paragraph 77 of the NAS 06. This question has asked (a) the carrying amount of temporarily idle property, plant and equipment, (b) the gross carrying amount of any fully depreciated property, plant and equipment that is still in use, (c) the carrying amount of property plant and equipment retired from active use and, (d) fair value of property plant and equipment when that is materially different from the carrying amount. After the analysis of the financial statements of the companies, it is found that not any sample has disclosed the above mentioned additional information of the property, plant and equipment.

Q.No. 6 of the questionnaire is related to the name of fixed assets. It has two options, (a) fixed assets, and (b) property plant and equipment. Samples have named the fixed assets as fixed assets. Nepalese companies have not shown fixed assets as property plant and equipment in their financial statements.

Q.No. 7 is related to the measurement after recognition. It consists of three questions. It is found that the samples have applied the cost method. Only Salt Trading has applied revaluation for the valuation of its assets. There is mixed result for the grouping of the assets according to income tax act or business nature. The grouping of system of assets prescribed by income tax act is contrary to the NAS. It is identified that Soltee, Unilever, Salt Trading and LIC have grouped their assets as per income tax act and other samples have not grouped their assets according to income tax act. These companies have groped their assets as per the nature of the assets.

Q. No. 8 is related to method of depreciation. Normally two methods, Straight line and Diminishing balance method are in practice in Nepalese companies but Income tax act has prescribed the diminishing balance method. NAS is open for either method of depreciation. Samples Global Bank, Standard Chartered Bank and Bank of Asia Nepal Limited have applied Straight line method and other samples have applied diminishing balance method for the calculation of the depreciation.

Q. No. 9 is related to the base for the calculation of depreciation. Two options are provided, (a) after the annual review of useful life and (b) as per income tax act. Some sample companies have disclosed the estimated useful live but it is silent whether it is the annual review or not. Because of this reason researcher treated it as not implemented. There is mixed result for the rate of depreciation as per income tax act. Siddhartha Insurance, Bishal Bazzar, Unilever and Soltee have used provision of income tax act for the rate of depreciation in their financial statement.

Q. No. 10 is related to impairment losses. No any sample has accounted the impairment loss. It has asked whether the companies have adopted the principles for accounting the impairment loss. This is the important aspect for the companies but the Nepalese companies have not adopted this concept while preparing their financial statements.

The table below shows the overall condition for NAS 06, Property plant and equipment. It is the important part of the assets for each type of the organization. So much importance should be given to the treatment to fixed assets. It deals with the depreciation policy adopted by the companies and the estimated useful life of the assets.

The table no.4.6, below shows that, the sample, Salt Trading Corporation is the best for the practice of property plant and equipment, by obtaining 41% practice. It is followed by Unilever and Soltee Hotel. The Bishal Bazaar is the poorest for the practice of NAS 06. There were also not applicable provisions to the sample companies in the Nepal Accounting Standards. The table represented that not applicable provisions remain on 2% for the sample companies and not practicing ranges from 59% to 64%, which is the irony for the standard setters and the regulatory authority. The vital issue of the organization is not created as per Nepal Accounting Standard (NAS).

Table no 4.6
NAS 06: Property Plant and Equipment

Name of the Co.	Implementation	Fixed assets classified as	For each class of property plant and equipment	Financial statement disclose	revaluation of property plant and equipment	Additional information	Name of the fixed assets as	Measurement after the recognition	Method of depreciation	Rate of depreciation	Impairment Loss	Total	%
Global Bank Ltd	Yes	9	6				1	2	1			19	36
	No	7	6	4	6	4	1	1	1	2	1	33	62
	NA		1									1	2
NABIL	Yes	10	6				1	2	1			20	38
	No	6	6	4	6	4	1	1	1	2	1	32	60
	NA		1									1	2
Standard Chartered	Yes	9	6				1	2	1			19	36
	No	7	6	4	6	4	1	1	1	2	1	33	62
	NA		1									1	2
Bank of Asia Ltd	Yes	8	6				1	2	1			18	34
	No	8	6	4	6	4	1	1	1	2	1	34	64
	NA		1									1	2
LIC	Yes	9	7				1	1	1			19	36
	No	7	5	4	6	4	1	2	1	2	1	33	62
	NA		1									1	2
Siddhartha Insurance	Yes	9	6				1	2	1	1		20	38
	No	7	6	4	6	4	1	1	1	1	1	32	60
	NA		1									1	2
Salt Trading Corporation	Yes	8	6	1	3		1	2	1			22	41
	No	8	6	3	3	4	1	1	1	2	1	30	59
	NA		1									1	2
Bishal Bazzar Co.	Yes	7	6				1	2	1	1		18	34
	No	9	6	4	6	4	1	1	1	1	1	34	64
	NA		1									1	2
Unilever Nepal Ltd	Yes	8	8				1	1	1	1		20	38
	No	8	4	4	6	4	1	2	1	1	1	32	60
	NA		1									1	2
Soltee Hotel Ltd	Yes	8	6	2			1	1	1	1		20	38
	No	8	6	2	6	4	1	2	1	1	1	32	60
	NA		1									1	2

Source: Annual Reports of the companies for the fiscal year 2008/2009

4.7 NAS 07 Revenue

Revenue is income that arises in the course of ordinary activities of an entity and is referred to by a variety of different names including sales, fees, interest, dividends and royalties. The objectives of NAS 07 are to prescribe the accounting treatment of revenue arising from certain types of transactions and events. The standard identifies the circumstances in which revenue will be recognized. It provides practical guidance on the application of these criteria.

For the analysis of the implementation of NAS 07, two questions were asked, (i) significant category of the revenue and (ii) conditions of the revenue recognition for the sale of goods and rendering of services. For question no. 1, five sub-questions were asked from paragraph 34 of NAS. Regarding 1st sub-question it is related to significant category of revenue as, sale of goods. It is not applicable to service providers. Salt Trading and Unilever have disclosed the significant category of revenue as the sale of goods. Rendering of services and interest are disclosed by all the samples. No any sample has disclosed the royalties as a part of revenue. In the case of dividend LIC, Siddhartha Insurance, Salt Trading and Soltee have disclosed it as the major part of their revenue.

Q. No. 2 is related to conditions for the revenue recognition from the sale of goods and the rendering of services. All the samples have disclosed for this option. It means practicing level for this question is quite satisfactory.

Table no. 4.7 below shows the NAS 07 practices of sample companies. It is clear from the table that the practice ranges from 50% to 67%. Unilever is the best for the implementation of the Nepal Accounting Standards for Revenue. Banks are in the bottom for the practice of the NAS 07, because they only have practice of 50% provisions of revenue. This has contributed a lot for making the banks poor for the NAS Implementation.

**Table No : 4.7
NAS 07: Revenue**

Implement	Global Bank			NABIL Bank			Standard Cha			Bank of Asia			LIC			Siddhartha Ins.			Bishal Bazaar			Salt Trading			Unilever			Solitee Hotel		
	Yes	No	N.A	Yes	No	N.A	Yes	No	N.A	Yes	No	N.A	Yes	No	N.A	Yes	No	N.A	Yes	No	N.A	Yes	No	N.A	Yes	No	N.A	Yes	No	N.A
Significant Categories of the revenue	2	2	1	2	2	1	2	2	1	2	2	1	3	1	1	3	1	1	2	2	1	4	1		3	2		3	2	
Condition for revenue recognition for sale of goods & rendering services	1			1			1			1			1			1			1			1			1			1		
Total	3	2	1	3	2	1	3	2	1	3	2	1	4	1	1	4	1	1	3	2	1	5	1		4	2		4	2	
Percentage	50	33	17	50	33	17	50	33	17	50	33	17	67	17	17	67	17	17	50	33	17	83	17		67	33		67	33	

Source: Annual Reports of the companies for the fiscal year 2008/2009

4.8 NAS 08 Borrowing Cost

The objective of the standard is to prescribe the accounting treatment for borrowing costs. This standard generally requires the immediate expressing of borrowing cost. However, the standard permits as an allowed alternative treatment, the capitalization of borrowing costs that is directly attributable to the acquisition, construction or production of a qualifying asset.

The analysis of borrowing cost is depending on one question. Borrowing cost is one of the vital portions of the organizational cost. Most of the organization has the remarkable portion of the borrowing their capital structure. Investors decide the investment decision on the base of the borrowing cost on the capital structure. It has been asked whether the current year liabilities of long term loan not paid are shown as current liabilities or not. All the samples have disclosed it as the current liabilities. The table no.4.8 has presented the overall conditions for the practice of NAS 8.

The above table no. 4.8 has showed the conditions for the NAS Practice. It has shown that the practice level is 100% for the borrowing cost. All the samples have practiced the asked questions of the study.

Table No : 4.8
NAS 08: Borrowing Cost

Implement	Global Bank			NABIL Bank			Standard Cha			Bank of Asia			LIC			Siddhartha Ins.			Bishal Bazzar			Salt Trading			Unilever			Solitee Hotel		
	Yes	No	N.A	Yes	No	N.A	Yes	No	N.A	Yes	No	N.A	Yes	No	N.A	Yes	No	N.A	Yes	No	N.A	Yes	No	N.A	Yes	No	N.A			
Current year liabilities for long term loan	1			1			1			1			1			1			1			1			1			1		
Percentage	1			1			1			1			1			1			1			1			1			1		
Percentage	100			100			100			100			100			100			100			100			100			100		

Source : Annual Reports of the companies for the fiscal year 2008/2009

4.9 NAS 09 Income Taxes

The standard has prescribed the accounting treatment of income taxes. The principal of issue of NAS 09 is accounting for income tax consequences. It shall be applied in accounting for income taxes and it applies to all companies including public sector business entities except tax-exempt organizations.

The analysis of the NAS 09 is based on 7 questions. Q. No. 1 has asked whether the company has disclosed the current and deferred tax. All the samples have disclosed the current tax. For the case of deferred tax, except Bishal Bazzar co. all the samples have disclosed the deferred tax in their financial statement.

Q. No. 2 has asked the aggregate current and deferred tax relating to items that are charged or credited to equity, the numerical reconciliation between tax expenses (income) and the product of accounting profit multiplied by applicable tax rate and a numerical reconciliation between the average effective tax rate and the applicable tax rate. All the samples have disclosed the above mentioned provisions, except Bishal Bazzar co. Ltd.

Q. No. 3 has asked the explanation for the of applicable tax rate compared to the previous accounting period. This question is composite with three sub-questions. While preparing the financial statement, samples have disclosed the two provisions and have not disclosed one provision.

Q.No. 4 is concerned with the temporary differences in each type of unused tax losses and the unused tax credits. For this question, two sub-questions have been asked. Analyzing the financial statement of the samples, all the samples have disclosed the above mentioned items in their financial statements. It means implementation level is good.

The Q.No. 5 is concerned with the tax expenses with respect to discontinued operations. This is the modern concept which is adopted by NAS. Analyzing the financial statements of the companies, no any Nepali companies have disclosed the above mentioned information. The same is about the samples. It represents the poor fair presentation of the Nepalese companies.

Q. No. 6 has asked, whether the company has disclosed the amount of a deferred tax assets and the nature of evidence supporting its recognition. Samples have not disclosed this information in their financial statement.

Income tax payable at higher or lower rates is another question asked in the disclosure checklist. Again for this question no any sample has disclosed as mentioned by the standards. This is the provisions extracted from the International Accounting Standards.

The table below shows the conditions for the NAS practice to the Nepalese companies. Among the samples Bishal Bazzar co. is weak for the practice of NAS. Other samples are in the same positions. Statistically the implementation level ranges from 47% to 16%. The Highest is 47 and the lowest is 16%. Except Bashal Bazzar co. all the samples scored 47% for the practice of this standard. This means that these are in the same position.

**Table No : 4.9
NAS 09: Income Tax**

Implement	Global Bank			NABIL Bank			Standard Cha			Bank of Asia			LIC			Siddhartha Ins.			Bishal Bazzar			Salt Trading			Unilever			Solitee Hotel		
	Yes	No	N.A	Yes	No	N.A	Yes	No	N.A	Yes	No	N.A	Yes	No	N.A	Yes	No	N.A	Yes	No	N.A	Yes	No	N.A	Yes	No	N.A			
Disclose current and deferred tax	2			2			2			2			2			2			1	1		2			2			2		
Separately disclose the following	3			3			3			3			3			3			3			3			3			3		
Explanation of change in applicable tax rate	2	1		2	1		2	1		2	1		2	1		2	1			3		2	1		2	1		2	1	
Unused tax loss	2			2			2			2			2			2			2			2			2			2		
Discontinued operation		3			3			3			3			3			3			3			3				3			
Deferred tax and nature of evidence		3			3			3			3			3			3			3			3				3			
Income tax payable at a higher or lower rate		3			3			3			3			3			3			3			3				3			
Total	9	10		9	10		9	10		9	10		9	10		9	10		3	15		9	10		9	10		9	10	
Percentage	47	53		47	53		47	53		47	53		47	53		47	53		16	84		47	53		47	53		47	53	

Source: Annual Reports of the companies for the fiscal year 2008/2009

4.10 NAS 10 Foreign Exchange Rates

The objective of NAS 11 is to prescribe how to include foreign currency transactions and foreign operations in the financial statements of an entity and how to translate financial statements into a presentation currency.

Regarding the question of the foreign exchange rates all the samples have disclosed the information regarding the translation of the functional currency into the presentation currency. The table no.4.10 has given the picture of the NAS 10 practice of the companies.

Table No: 4.10
NAS 10: Foreign Exchange rates

Implement	Global Bank			NABIL Bank			Standard Cha			Bank of Asia			LIC			Siddhartha Ins.			Bishal Bazaar			Salt Trading			Unilever			Solitee Hotel		
	Yes	No	N.A	Yes	No	N.A	Yes	No	N.A	Yes	No	N.A	Yes	No	N.A	Yes	No	N.A	Yes	No	N.A	Yes	No	N.A	Yes	No	N.A	Yes	No	N.A
Translation to present currency	1			1			1			1			1			1			1			1			1			1		
Percentage	100			100			100			100			100			100			100			100			100			100		

Source: Annual Reports of the companies for the fiscal year 2008/2009

4.11 NAS 12 Provisions, Contingent Liabilities and Contingent Assets

The NAS 12 aims to ensure that appropriate recognition criteria and measurement bases have been applied to provisions, contingent liabilities and contingent assets and that sufficient information is disclosed in the notes to the financial statements to enable users to understand their nature, timing and amount.

The analysis depends upon three questions mentioned in the disclosure check-list in the Research Methodology chapter. Q. No.1 has asked five sub questions, (i) the carrying amount at the beginning and end of the period, (ii) additional provisions made in the period , including increases to existing provisions, (iii) amount used, (iv) unused amounts reversed, (v) the increase during the period in the period in the discounted amount arising from the passage of time and the effect of any change in the discount rate. Responding to the questions, samples Global Bank, NABIL Bank, Standard Chartered Bank, Bank of Asia, LIC and Siddhartha Insurance have disclosed the carrying amount at the beginning and end of the period. The provision of these samples is the provision for the loss. So it is taken as 'yes' implemented but these samples have not all the above mentioned each class of provisions. Remaining samples have only disclosed the current year provision and the previous year provision. It is taken as additional provision. So, all the samples have disclosed additional provisions and amount used. In case of reversal of unused amount Salt Trading, Unilever and Soltee have not disclosed but other have disclosed it. As per the last question (IAS 37.84 e) no any sample disclosed the information in their financial statement.

Q. No. 2 consists of three sub-questions, (a) a description of the nature of the obligation and the expected timing of any resulting outflows of economic benefit, (b) an indication of the uncertainties about the amount or timing of those outflows along with major assumptions and (c) the amount

of any expected reimbursement, stating the amount of any asset that has been recognized for that expected reimbursement. Analyzing the question it has been found that Bishal Bazzar, Salt Trading and Unilever have not disclosed the brief description of the nature of the obligation. Likewise only Global Bank and Soltee Hotel have disclosed the indication of the uncertainties about the amount. It has been found that no any sample has disclosed the amount of any expected reimbursement, stating the amount of any asset that has been recognized for that expected reimbursement.

Q. No. 3 is related to the timing for the recognition of the contingent assets and the liabilities. This question consists of two sub-questions. It has been found that all the samples have positively responded to the above mentioned questions. So the implementation level is good on the part of the question.

Table No : 4.11
NAS 012: Provisions, Contingent Liabilities and assets

Implement	Global Bank			NABIL Bank			Standard Cha			Bank of Asia			LIC			Siddhartha Ins.			Bishal Bazzar			Salt Trading			Unilever			Solitee Hotel		
	Yes	No	N.A	Yes	No	N.A	Yes	No	N.A	Yes	No	N.A	Yes	No	N.A	Yes	No	N.A	Yes	No	N.A	Yes	No	N.A	Yes	No	N.A	Yes	No	N.A
For each class of provision	4	1		4	1		4	1		4	1		4	1		4	1		3	2		1	4		2	3		2	3	
Description of provision	2	1		1	2		1	2		1	2		1	2		1	2			3			3			3		2	1	
recognition of contingent liabilities and assets	2			2			2			2			2			2			2			2			2			2		
Total	8	2		7	3		7	3		7	3		7	3		7	3		5	5		3	7		4	6		6	4	
Percentage	80	20		70	30		70	30		70	30		70	30		70	30		50	50		30	70		40	60		60	40	

Source: Annual Reports of the companies for the fiscal year 2008/2009

4.12 MAJOR FINDINGS

All the above tables give the idea as to what extent different companies have adopted the different accounting standards. On the basis of these findings, the summary of the findings is presented below. The findings of this study have been derived on the basis of total positive answer or the rating and the points that have been gained by different companies for different accounting standards.

The table below clearly shows that Soltee Hotel is the best and the Bishal Bazaar is the poorest sample for the standard implementation. Unilever got the second position and Global Bank, NABIL Bank, Standard Chartered Bank and Salt Trading follows the Soltee Hotel by standing in the third position. Likewise Bank of Asia is in the 4th position; Siddhartha Insurance is in the fifth position. LIC is in the 6th position and the Bishal Bazaar Co. captured the last position for the Nepal Accounting Standard implementation.

From the table, it can be concluded that even the companies which are listed under the NEPSE considered to be the face of Nepalese Economy and Corporates in this global competitive era have a lot to improve in terms of implementation of NAS. The implementation of NAS increases the economic environment of the country. Even among the most reputed companies' NAS implementation was not quite satisfactory. The implementation of NAS ranges from 40 percent to 53 percent, which represents the overall picture but after being the member of WTO Nepal is going to fully adopt IFRS since 2012.

The Major Findings in points are:

- The NAS Implementation level is poor.
- NAS 03 Cash Flow Statement, NAS 07 Revenue, NAS 08 Borrowing Cost, NAS 09 Income Taxes, NAS 10 Foreign Exchange

Rates and NAS 12 Provisions, Contingent Liabilities and Contingent Assets are commonly implemented Accounting Standards.

- NAS 05 Inventories, NAS 01 Preparation of Financial Statement, NAS 02 Accounting Policies, Changes in Accounting Estimates & Errors, NAS 05 Events after the Balance Sheet, NAS 06 Property Plant and Equipment are negligee Accounting Standards by the Nepalese Companies.
- By the table, Soltee Hotel Ltd. Stands on the first position by securing 53% on NAS implementation, followed by Unilever Nepal Ltd with 51%.
- Bishal Bazzar Co. Ltd stands in the bottom for the NAS implementation and followed by Life Insurance Corporation (Nepal) Ltd with 47% for implementation.
- NRB has issued the separate format for the preparation of the financial statement to the banks and financial institution as well as other directives on preparation of the financial statements.
- Insurance Board the regulatory Board has issued the directives and the format for the basis for the financial statement.
- Manufacturing organization lacks specialized regulatory authority for the preparation and presentation of the financial statement.
- Trading Company lacks specialized regulatory authority for the preparation and presentation of the financial statement.

Table No 4.13
Nepal Accounting Standard Implementation Status

Name of the Co.	Global Bank Ltd.			NABIL Bank Ltd.			Standard Chartered Bank Nepal Ltd.			Bank of Asia Nepal Ltd.			Life Insurance Corporation (Nepal) Ltd.			Siddhartha Insurance Ltd.			Salt Trading Corporation Ltd.			Bishal Bazaar Company Ltd.			Unilever Nepal Ltd.			Soltee Hotel Ltd.		
	Yes	No	NA	Yes	No	NA	Yes	No	NA	Yes	No	NA	Yes	No	NA	Yes	No	NA	Yes	No	NA	Yes	No	NA	Yes	No	NA	Yes	No	NA
NAS 01:	40	18	1	41	18		40	19		41	17	1	36	23		37	21	1	41	18		36	22	1	40	19		43	16	
NAS 02:	15	19		12	22		13	21		14	20		14	20		13	21		13	21		7	27		11	23		14	20	
NAS 03:	19	3		19	3		19	3		18	4		15	4	3	15	4	3	13	6	3	15	4	3	13	6	3	11	8	3
NAS 04:			19			19			19			19			19			19	7	12				19	13	6		11	8	
NAS 05:	1	3	3	2	4	1	3	3	1	2	4	1	3	3	1	3	3	1	3	3	1	2	4	1	2	4	1	3	3	1
NAS 06:	19	33	1	20	32	1	19	33	1	18	34	1	19	33	1	20	32	1	22	30	1	18	34	1	20	32	1	20	32	1
NAS 07:	3	2	1	3	2	1	3	2	1	3	2	1	4	1	1	4	1	1	3	2	1	5	1		4	2		4	2	
NAS 08:	1			1			1			1			1			1			1			1			1			1		
NAS 09:	9	10		9	10		9	10		9	10		9	10		9	10		9	10		3	16		9	10		9	10	
NAS 11:	1			1			1			1			1			1			1			1			1			1		
NAS 12:	8	2		7	3		7	3		7	3		7	3		7	3		3	7		5	5		4	6		6	4	
Total	116	90	25	115	94	22	115	94	22	114	94	23	109	97	25	110	96	26	116	109	6	93	113	25	117	109	5	123	103	5
Percentage	50	39	11	50	41	9	50	41	9	49	41	10	47	42	11	48	41	11	50	47	3	40	49	11	51	47	2	53	45	2

Source : From the above eleven tables of different Accounting Standards.

CHAPTER V

SUMMARY, CONCLUDING AND RECOMMENDATION

5.1 Summary

Accounting Standards deal mainly with financial measurements and disclosures used in producing a set of financial statement. In this respect, Accounting Standards can be thought of as a system of measurement and disclosure. These systems or the Accounting Standards are issued by ASB (Accounting Standard Board) in Nepal. Different countries have different body for the standard setting purpose. It affects the quality of the corporate reporting, in order to enforce the comparable and fair presentation of the financial statements. Normally it was developed to meet the requirement of the external users of the financial statements who have no decision making power in the company

After the detail study, it could be said that companies are more or less complying with Nepal Accounting Standards. But it is not enough. ASB (Accounting Standard Board) has started to publish the NAS. But the authority to supervise the practice of the NAS is not clear. Banks and financial Institutions follow the directives of Nepal Rastra Bank which is the regulating body for such companies. These companies follow the directives of NRB, while preparing the financial statement. Insurance Board is the regulating agency for the insurance companies. So the insurance companies have to follow the directives of Insurance Board for the preparation of the financial statement. The other companies are operating under the company act. In spite of this reality Accounting Standards have given some freedom for the banks & financial companies and insurance companies. During the period of the study the standard setting body has

issued the Standard for the public entities which have not the profit making objectives.

Nepal Accounting Standards are not in wide practice. General people as well as accounting professionals are also not aware of this concept. Because of this reason the implementation level of the NAS is low among the sample. Nepal Accounting Standard implementation is taken only to meet the statutory requirement of the government organization. The voluntary application of the standard by the companies was not found. There is low implementation of the mandatory standard and nearly no implementation of the voluntary standard.

5.2 Conclusion

Of course, Accounting Standards are essential to the efficient functioning of the economy because decisions about the allocation of the resources rely heavily on the credible, concise and understandable financial information, but still some modifications are required. Some of the provisions of the NAS do not match with the Nepalese Companies. On the other hand Nepalese Economy is small so as the business organization. So there are the few organizations which do follow the NAS.

There are some contradictions with NAS and the prevailing laws of the country. For example, NAS has explained five types of financial statement but the company Act 2063 has only mentioned three types of financial statements. NAS is open for depreciation method but Income Tax Act 2058 has prescribed the diminishing balance method as well as pool system for the calculation of the depreciation. Tax authorities do not accept other systems for the calculation of the depreciation. For the case of the inventory, there are contradictory provisions in NAS and the income tax act.

5.3 Recommendations

The analysis and interpretation of NAS Practice in Nepal has helped to draw some findings. Concerned with these findings, it may be appropriate to make some suggestions and recommendations to the concerned organizations. It will be helpful to the concerned stake-holders of the company, such as the regulatory body, policy making body and the policy implementing body to bring some improvements in Nepalese Corporate-houses. Like-wise these recommendations would be useful to the academic researcher and the students of the Accounting Standards. Thus, the following recommendations are made on the basis of findings of the study.

- ❖ Users and preparers of the financial statement should be educated about the utilization and significance of the accounting standards incorporated by financial reporting.
- ❖ Training, workshop and seminars should be conducted with mass participation on NAS.
- ❖ Government should be proactive in enforcement of the accounting standard; this will help non-legalistic style of drafting accounting standards.
- ❖ Laws and regulations should be updated in line with NAS. According to Nanda Kishor Sharma, FCA, there are more than 30 acts relating to business/commerce in Nepal, which have provisions relation to accounting and auditing. Most of these acts should be updated.
- ❖ There should be a provision of participation of regulatory authority in Accounting Standard Board.
- ❖ Stock Exchange Board (SEBON) should promote the NAS by applying NAS friendly regulation.
- ❖ Courses of Universities should be updated with the provisions of the Nepal Accounting Standards.

- ❖ Information should be disclosed not only to the share holders but also to the other stake-holders like suppliers, creditors, customers, government and regulatory bodies.
- ❖ Companies should strive to active financial transparency by following the prescribed Accounting Standards, which is the mandatory requirement for the listed companies.
- ❖ The body should be established for the supervision of the practice of Nepal Accounting Standards.
- ❖ The resources of the ASB should be upgraded for the monitoring of the Accounting Standard.
- ❖ There should be the strong legal support for the Standard Accounting Practice.
- ❖ Concerned body should promote the research activities regarding the Nepal Accounting Standard and Nepal Auditing Standard.

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Annexes

Annex-1 : Disclosure Checklist/ Questionnaire

NAS 01 : Preparation and presentation of Financial Statement

	NAS Ref.	Yes	No	Not Applicable
Do the financial statements include				
• Balance Sheet	NAS-01-7-a			
• Income Statement	NAS-01-7-b			
• Cash flow statement	NAS-01-7-d			
• Changes in equity Statement	NAS-01-7-c			
• Accounting policies	NAS-01-7-e			
• Notes to the financial Statement	NAS-01-7-e			
What are the items presented in the face of balance sheet and income statement				
Balance Sheet				
• Property, plant and equipment	NAS-01-68-a			
• Intangible Assets;	NAS-01-68-b			
• Financial Assets (excluding amounts shown under (d), (f) and (g);	NAS-01-68-c			
• Investments;	NAS-01-68-d			
• Inventories;	NAS-01-68-e			
• Trade and other receivables;	NAS-01-68-f			
• Cash and Cash equivalents;	NAS-01-68-g			
• Trade and other payable;	NAS-01-68-h			
• Tax liabilities;	NAS-01-68-i			
• Provisions;	NAS-01-68-j			
• Non-current interest-bearing liabilities and other long term liabilities;	NAS-01-68-k			
• Where consolidated financial statements are prepared, minority interest; and	NAS-01-68-l			

• Issued capital and reserves.	NAS-01-68-m			
Have the following line items been included on the face of Balance sheet				
• Total assets classified as held for sales and assets included in disposal groups classified as held for sale	IAS 1.54(j)			
• Liabilities included in disposal groups classified as held for sales	IAS 1.54(p)			
What are the items presented on the face of the Income statement				
• Revenue	NAS-01-77-a			
• The result of operation activities	NAS-01-77-b			
• Finance Costs	NAS-01-77-c			
• Share of the profit or loss of associates and joint ventures accounted for using the equity method	NAS-01-77-d			
• Tax expenses	NAS-01-77-e			
• Profit or loss from or ordinary activities	NAS-01-77-f			
• Where consolidated financial statements are prepared, minority interest	NAS-01-77-g			
• Net profit or loss for the period	NAS-01-77-h			
Statement Changes in Equity				
• Profit or loss for the period	NAS-01-90-a			
▪ Each item of income and expense for the period, which, as required by other standards, is recognized directly in equity, and the total of these items	NAS-01-90-b			
▪ Total income and expenses for the period calculated as the sum of (a) and (b) showing separately the total amounts attributable to equity holders of the parent and to minority interest	NAS-01-90-c			
▪ The cumulative effect of changes in accounting policy and the correction of fundamental errors	NAS-01-90-d			
▪ Capital transactions with owners and distributions to owners. The balance of	NAS-01-90-e,f			

accumulated profit or loss at the beginning of the period and at the balance sheet date, and the movements for the period				
<ul style="list-style-type: none"> ▪ A reconciliation between the carrying amount of each class of equity capital, share premium and each reserve at the beginning and the end of the period, separately disclosing the movement. 	NAS-01-90-g			
Notes to financial Statements				
<ul style="list-style-type: none"> • Information about the basis of presentation of financial statements and the specific accounting policies selected and applied for significant transactions and events 	NAS-01-95-a			
<ul style="list-style-type: none"> • Disclose the information required by Nepal Accounting Standards that is not presented elsewhere in the financial statements 	NAS-01-95-b			
<ul style="list-style-type: none"> • Additional information which is not on the face of the financial statements but that is necessary for a fair presentation. 	NAS-01-95-c			
Presentation style of Balance sheet				
<ul style="list-style-type: none"> • Current and Non Current 	IAS 1.60			
Presentation of Income Statement				
<ul style="list-style-type: none"> • Natural 	NAS-01-72-a			
<ul style="list-style-type: none"> • Functional 	NAS-01-72-a			
Have you followed fully accrual basis of accounting				
<ul style="list-style-type: none"> • All Transaction (except for revenue recognition for bank and insurance) 	IAS 1.27			
<ul style="list-style-type: none"> • Not for selected transactions 				
Measurement of the element of financial statement	IAS1.118 a			
<ul style="list-style-type: none"> • Historical Cost 				
<ul style="list-style-type: none"> • Current cost 				
<ul style="list-style-type: none"> • Realisable cost 				
<ul style="list-style-type: none"> • Present value 				

Has the entity disclosed the followings				
• The name of the reporting co. or other means of identification	NAS-01-48-a			
• Financial statements cover the individual entity or a group of entity	NAS-01-48-b			
• The balance sheet date or the period covered by the entity	NAS-01-48-c			
• The reporting currency	NAS-01-48-d			
• The level of precision used in presentation of figures in financial statements	NAS-01-48-e			
Has the company disclosed the following information.				
The date when the financial statements were authorized for issue				
Who authorized the financial statements				
If applicable, the fact the company's owners or other have the power to amend the financial after issue Have the following been disclosed by way of notes to the financial statements				
the information about the basis of preparation of the financial statements				
the specific accounting policies selected and applied for segment transaction and events required by the Nepal accounting standards that is not presented elsewhere in the financial statement				
Has the accounting policy section of the notes to the financial statements disclosed a description of all significant accounting policies of the reporting company, presented in a clear and concise manner at one place?				
Has the company disclosed, in the summary of significant accounting policies or other notes, the judgments made by the management in applying the accounting policies that have the most significant effect on the amounts recognized in the financial statements.				

2. NAS 02 Accounting Policies, Changes in Accounting Estimates & Error

Disclose of Accounting Policies				
Has the accounting policy section of the notes to the financial statements disclosed a description of all significant accounting policies of the reporting company, presented in a clear and concise manner at one place?				
Has the company disclosed the following in its summary of significant accounting policies:	NAS-01-101			
<ul style="list-style-type: none"> the measurement basis used in preparing the financial statement (egg. historical cost, current cost, net realizable value, fair value, e.t.c) and 	NAS-01-101-a			
<ul style="list-style-type: none"> the other accounting policies used that are relevant to an understanding of the financial statements 	NAS-01-101-b			
Has the company disclosed, in the summary of significant accounting policies or other notes, the judgements (apart from involving estimates) made by management in applying the accounting policies that have the most significant effect on the amounts recognized in the financial statements.	NAS-01-106			
accounting policies include but are not restricted to, the following :				
Revenue recognition	NAS-01-103 (a)			
Consolidation principles, including subsidiaries and associates	NAS-01-103-(b)			
Business combination	NAS-01-103-(c)			
Joint ventures	NAS-01-103-(d)			
Recognition and depreciation / amortization of tangible and intangible assets	NAS-01-103-(e)			
Capitalization of borrowing costs and other expenditure	NAS-01-103-(f)			
Construction contract	NAS-01-103 (g)			
Investment properties	NAS-01-103 (h)			

Financial instruments and investments	NAS-01-103 (i)			
Leases	NAS-01-103 (j)			
Research and development costs	NAS-01-103 (k)			
Inventories	NAS-01-103 (l)			
Taxes	NAS-01-103 (m)			
Provisions	NAS-01-103 (n)			
Employee benefit costs	NAS-01-103 (o)			
Foreign currency translation and hedging	NAS-01-103 (p)			
Definition of business and geographical segments and the basis for allocation of costs between segments	NAS-01-103 (q)			
Definition of cash and cash equivalents	NAS-01-103(r)			
Government grant	NAS-01-103 (s)			
Has the company changed its accounting policy?				
• if yes is required by a standard or an interpretation	NAS-02-14-(a)			
• Results in financial statements providing reliable and more relevant information about the effects or transactions, other events or conditions on the company's position, financial performance or cash flows.	NAS-02-14-(b)			
Change in accounting policies been applied retrospective	NAS -02-22			
When it is impracticable to determine the period specific effects of changing an Accounting Policies, has the company applied the new accounting policy prospectively from the earliest practicable?	NAS-02-45			
Accounting Estimates				
To the extent that a change in an accounting estimate give rise to changes in assets and liabilities or relates to an item of equity, has it been recognized by adjusting the carrying amount of the related assets, liabilities or equity item in the period of the change?	NAS-02-37			
Has the following information been disclosed for a change in accounting	IAS 8.39			

estimates that has an effect in the current period or is expected to have an effect in future periods.				
• the nature of the change	NAS-02-39			
• the amount of change	NAS-02-39			
Has the company disclose the following information for error				
• the nature and prior period error	NAS-02-49-a			
• the amount of the correction for each financial line item affected	NAS-02-49-b			
• the amount of the correction for each prior period presented for basic and diluted earnings per share.	NAS-02-49-c			
• the amount of the correction at the beginning of the earliest period presented				
• where retrospective restatement is impracticable, the circumstances that led to the existence of that condition and a description of how and from when the error has been				

3. NAS-03 Cash flow Statement

Does the cash flow statement report, cash flows during the period classified by operating, investing and financing activities?	NAS-03-10			
The direct Does the company report cash flows from operating activities using either method, whereby major classes of gross cash receipts and gross cash payments are disclosed? Or	NAS-03-18-a			
The indirect method, whereby net profit or loss is adjusted for the effects of transactions of non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and items of income or expense associated with investing or financing cash flows.	NAS-03-18-b			
Has the company reported separately major classes of gross cash receipts and gross cash	IAS 7.21			

payments arising from investing and financing activities except to the extent that cash flow are reported on the net basis				
Has the cash flows arising from each of the following activities reported on a net basis:				
• cash receipts and payments for the acceptance and repayment of deposits with fixed maturity date;	IAS 7.24 (4a)			
• the placement of deposits with and withdrawal of deposits from other financial institutions and;	IAS 7.24 (4b)			
• Has advances and loans made to customers and the repayment of those advances and loans.	IAS 7.24 (4c)			
Cash flow from Interest and Dividend				
Are cash flows from interest and dividends received and paid disclosed separately?	IAS 7.31			
Are cash flows arising from taxes on income separately disclosed and classified as cash flows from operating activities unless they can specifically identified with financing and investing activities?	IAS 7.35			
Has the company disclosed the policy adopted in determining the composition of cash and cash equivalents?	IAS 7.45			
Operating Activities				
Cash receipts from customers	NAS-03-14-(a)			
Cash paid to supplies and employees	NAS-03-14-(c,d)			
Cash generated from operations	NAS-03-14-(b)			
Interest paid				
Income tax paid	NAS-03-14-(f)			
Investing Activities				
Acquisition of subsidiary	NAS-03-16-(c)			
Net of cash acquired				
Purchase of property, plant and equipment	NAS-03-16-(a)			
Interest received	NAS-03-(d)			

Financing Activities				
Proceeds from issuance of share capital	NAS-03-17-(a)			
Proceeds from long-term borrowings	NAS-03-17-(d)			
Payment of finance lease liabilities	NAS-03-17-(e)			
Dividends paid	NAS-03-17-(b)			

4.0 NAS 04 : Inventories

Measurements of inventories				
• At the lower cost	NAS-04-9			
• Net Realizable cost	NAS-04-9			
Cost Formula				
• LIFO				
• FIFO	NAS-04-24			
• Average	NAS-04-24			
Classification of inventories	NAS-04-36			
• Raw Materials				
• Finished Goods				
• Semi-finished goods				
• Supplies				
Are the following disclosed in financial statements				
• the accounting policies adopted in measuring inventories including cost formula used;	NAS-04-35-a			
• the total carrying amount of inventories and the carrying amount in classifications appropriate to the company	NAS-04-35-b			
• the carrying amount of inventories carried at FV less cost to sell	NAS-04-35-c			
• the amount of inventories recognized as an expense during the period	NAS-04-35-d			
• the amount of any write-down of inventories recognized as an expense in the period	NAS-04-35-e			

<ul style="list-style-type: none"> the amount of any reversal of any reversal of any write-down that is recognized as a reduction in the amount of inventories recognized as expense in the period 	NAS-04-35-f			
<ul style="list-style-type: none"> the circumstances or events that led to the reversal of a write down of inventories 	NAS-04-35-g			
<ul style="list-style-type: none"> the carrying amount of inventories pledged as security for liabilities 	NAS-04-35-h			
Do the financial statements disclose either:				
<ul style="list-style-type: none"> the cost of inventories recognized as an expense during the period? Or 	NAS-04-37			
<ul style="list-style-type: none"> the operating costs, recognized as an expense during the period, classified by their nature; 	NAS-04-38			

5.0 NAS 05 Event after Balance sheet date

Dividend has disclosed as liability at the balance sheet date	NAS-05-12			
Has the company disclosed in the notes	IAS 10.12			
<ul style="list-style-type: none"> the amount of dividends proposed or declared before the financial statements were authorized for issue but not recognized as a distribution to equity holders during the period 	NAS-05-13			
<ul style="list-style-type: none"> the related amount per share and 				
<ul style="list-style-type: none"> the amount of any cumulative preference dividends not recognized 				
Is following information disclosed for the material events occurring after the balance sheet date which do not affect the condition of assets or liabilities at the balance sheet				
<ul style="list-style-type: none"> the nature of events 	NAS-05-21-a			
<ul style="list-style-type: none"> the estimate of the financial effect, or a statement that such an estimate cannot be made 	NAS-05-21-b			

Has the company updated disclosure in respect of the information received after the balance sheet about the conditions that existed at the balance sheet date?	NAS-05-19			
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6.0 NAS 06 : Property, plant and equipment

Have the fixed assets, other than investments, been classified under appropriate sub-heads; duly item wise such as :				
Property, Plant and Equipment				
• land (distinguishing between free-hold and leasehold)	NAS-06-37-(a)			
• buildings (distinguishing between buildings on free-hold land and those on leasehold land)	NAS-06-37-(b)			
• Plant and Machinery	NAS-06-37-(c)			
• Furniture and fittings	NAS-06-37-(g)			
• Vehicles	NAS-06-37-(f)			
• Office Equipment	NAS-06-37-(h)			
• Capital work in progress indicating significant item wise details				
• Development of property and				
• Others (to be specified)				
Intangible				
• Goodwill				
• brands names				
• Computer software				
• licenses and franchises				
• Patents, copyright, trade marks and designs				
• Intangible assets under development; and				
• others (to be specified)				

whether the financial statements disclosed for each class of property, plant and equipment				
• the measurement basis used for determining the gross carrying amount	NAS-06-71-a			
• the depreciation method used	NAS-06-71-b			
• The useful lives or the depreciation rates used	NAS-06-71-c			
• The gross carrying and the accumulated depreciation at the beginning and end of the period, aggregated with accumulated impairment losses	NAS-06-71-d			
• A reconciliation of the carrying amount at the beginning an end of the period showing	NAS-06-71-e			
- Additions	NAS-06-71-e-i			
- Assets classified as held for sale or included in a disposal group classified as held for sale in accordance with IFRS 5 and other disposal.	NAS-06-71-e-ii			
- Acquisitions through business combinations	NAS-06-71-e-iii			
- Increases or decreases during the period resulting from revaluations and from impairment losses recognized or reversed directly in equity under IAS 38 Impairment of Assets (if any)	NAS-06-71-e-iv			
- Impairment losses recognized in income statement	NAS-06-71-e-v			
- Impairment losses reversed in income statement	NAS-06-71-e-vi			
- Depreciation	NAS-06-71-e-vii			
- The net exchange differences arising on the translation of the financial statements from the functional currency into a different presentation currency. Including the translation of a foreign operation into the presentation currency of the reporting entity.	NAS-06-71-e-viii			
- Other movements	NAS-06-71-e-			

	ix			
Whether the financial statements disclosed				
<ul style="list-style-type: none"> The existence and amounts of restrictions on title and property, plant and equipment pledged as security for liabilities. 	NAS-06-72-a			
<ul style="list-style-type: none"> the amount of expenditures recognized in the carrying amount of an item of property, plant and equipment in the course of its construction. 	NAS-06-72-b			
<ul style="list-style-type: none"> the amount of contractual commitments for the acquisition of property plant and equipment; and 	NAS-06-72-c			
<ul style="list-style-type: none"> if it is not disclosed separately on the face of income statement, the amount of compensation from third parties for items of property, plant and equipment that were impaired, loss or given up that is included in profit or loss. 	NAS-06-72-d			
When items of property, plant and equipment are stated at revalued				
<ul style="list-style-type: none"> The effective date of the revaluation 	NAS-06-75-a			
<ul style="list-style-type: none"> Whether an independent valuer was involved 	NAS-06-75-b			
<ul style="list-style-type: none"> the methods an significant assumptions applied in estimating the items fair values. 	NAS-06-75-c			
<ul style="list-style-type: none"> the extent to which the items fair values where determined directly by reference to observable prices in an active market or recent market transactions on arm's terms or were estimated using other valuation techniques. 	NAS-06-75-d			
<ul style="list-style-type: none"> The carrying amount of each class of property 	NAS-06-75-e			
<ul style="list-style-type: none"> The revaluation surplus, indication the movement for the period and any restrictions on the distribution of the balance to shareholders. 	NAS-06-75-f			
Has the following additional information been disclosed. if found relevant to the needs of users.				
<ul style="list-style-type: none"> The carrying amount of temporarily idle 	NAS-06-77-a			

property, plant and equipment.				
<ul style="list-style-type: none"> The gross carrying amount of any fully depreciated property, plant and equipment that is still in use. 	NAS-06-77-b			
<ul style="list-style-type: none"> The carrying amount of property, plant and equipment retired from active use and not classified as held for sale as per IFRS 5 and 	NAS-06-77-c			
<ul style="list-style-type: none"> When the cost model is used the fair value of property, plant and equipment when this is materially different from the carrying amount. 	NAS-06-77-d			
Name of fixed assets used as Property, plant and equipments				
<ul style="list-style-type: none"> Property, Plant & Equipments 				
Measurement after recognition				
<ul style="list-style-type: none"> Cost Method 				
<ul style="list-style-type: none"> Revaluation Method 				
Group of assets has been made as per income tax act or business nature				
Method of Depreciation				
<ul style="list-style-type: none"> Straight line Method 				
<ul style="list-style-type: none"> Diminishing balance Method 				
Rate of depreciation				
<ul style="list-style-type: none"> After annual review of use full life 				
<ul style="list-style-type: none"> as per Income Tax 				
Annual review of useful life of property, plant and equipment				
Impairment of Assets				
<ul style="list-style-type: none"> Accounted 				

7.0 NAS 07 : Revenue

significant category of Revenue				
<ul style="list-style-type: none"> sale of Goods 	NAS-07-34-b-i			

• rendering of services	NAS-07-34-b-ii			
• interest	NAS-07-34-b-iii			
• Royalties	NAS-07-34-b-iv			
• Dividend	NAS-07-34-b-v			
Conditions for revenue recognition from sales	IAS 18.35 (b, v)			
Revenue recognized for rendering service	NAS-07-20			

8 NAS 08 : Borrowing cost

Current year liabilities of long term not paid shown as Current liabilities or not ?	IAS23.26 (a)			
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9. NAS 09 : Income tax

Has the Co. disclosed the followings				
• Current tax	IAS 12.71			
• Deferred tax	IAS 12. 74(b)			
Has the company disclosed the following separately?				
• the aggregate current and deferred tax relating to items that are charged or credited to equity;	NAS-09-78-a			
• the explanation of the relationship between tax expense (income) and accounting profit in either or both of the following forms;	NAS-09-78-c			
• a numerical reconciliation between tax expense (income) and the product of accounting profit multiplied by the applicable tax rate disclosing also the basis on which the applicable tax rate is computed; or	NAS-09-78-c-i			
• a numerical reconciliation between the average effective tax rate and the applicable tax rate, disclosing also the	NAS-09-78-c-ii			

basis on which the applicable tax rate is computed;				
an explanation of changes in the applicable tax rate compared to the previous accounting period;	NAS-09-78-d			
<ul style="list-style-type: none"> the amount (and expiry date, if any) of deductible temporary differences unused tax losses, and unused tax credits for which no deferred tax asset is recognized in the balance sheet; 	NAS-09-78-e			
<ul style="list-style-type: none"> the aggregate amount of temporary differences associated with investments in subsidiaries, branches and associates and interests in joint ventures, for which deferred tax liabilities have not been recognized; 	NAS-09-78-f			
in respect of each type of temporary difference, and in respect of each type of unused tax losses and unused tax credits;	NAS-09-78-g			
<ul style="list-style-type: none"> the amount of the deferred tax assets and liabilities recognized in the balance sheet for each period presented; 	NAS-09-78-g-i			
<ul style="list-style-type: none"> the amount of the deferred tax income or expense recognized in the income statement, if this is not apparent from the changes in the amounts recognized in the balance sheet; and 	NAS-09-78-g-ii			
in respect of discontinued operations, the tax expense relating to	NAS-09-78-h			
the gain or loss on discontinuance; and	NAS-09-78-h-i			
the profit or loss from the ordinary activities of the discontinued operation for the period, together with the corresponding amounts for each prior period presented.	NAS-09-78-h-ii			
the amount of income tax consequences of dividends to shareholders of the company that were proposed or declared before the financial statements were authorized for issue, but are not recognized as liability in the financial statements.	NAS-09-78-i			
Has the company disclosed the amount of a deferred tax asset and the nature of the	NAS-09-79			

evidence supporting its recognition, when				
<ul style="list-style-type: none"> the utilization of the deferred tax asset is dependent on future taxable profits in excess of the profits arising from the reversal of the existing taxable temporary differences? and 	NAS-09-79-a			
<ul style="list-style-type: none"> the company has suffered a loss in either the current or preceding period in the tax jurisdiction to which the deferred tax asset relates? 	NAS-09-79-b			
Has the amount unrecognized deferred tax liabilities associated with investments in subsidiaries, branches and associates and interests in joint ventures for which deferred tax liabilities have not been recognized been disclosed when this disclosure has not required undue cost or effort?	NAS-09-85			
Income taxes are payable at a higher or lower rate, if part or all of the net profit or retained earnings is paid out as a dividend to shareholders of the company. In some other jurisdictions, income taxes may be refundable or payable if part or all of the net profit or retained earnings is paid out as a dividend to shareholders of the company, in these circumstances, has the company disclosed;				
<ul style="list-style-type: none"> the nature of the potential income tax consequences that would result from the payment of dividends to its shareholders, including the important features of the income tax systems and the facts that will affect the amount of the potential income tax consequences of dividends; 	IAS 12.82 A (a)			
<ul style="list-style-type: none"> the amounts of the potential income tax consequences determinable without undue cost or effort; and 	IAS 12.82 A (b)			
<ul style="list-style-type: none"> any potential income tax consequences that cannot be determined without undue cost or effort. 	IAS 12.82 A (c)			

10.0 NAS 11 : Foreign Exchange Rates

Translation to the presentation currency				
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12 NAS 12 Provision contingent liabilities and assets.

For each class of provisions, has the company disclosed;				
• the carrying amount at the beginning and end of the period?	IAS37.84(a)			
• additional provisions made in the period, including increases to existing provisions?	IAS37.84(b)			
• amount used (i.e. incurred and charged against the provision) during the period?	IAS37.84(c)			
• unused amounts reversed during the period?	IAS37.84(d)			
• the increase during the period in the discounted amount arising from the passage of time and the effect of any change in the discount rate?	IAS37.84(e)			
Has the company disclosed the following for each class of provision?				
• a brief description of the nature of the obligation and the expected timing of any resulting outflows of economic benefits ?	IAS37.85(a)			
• an indication of the uncertainties about the amount or timing of those outflows along with major assumptions made concerning future events?	IAS37.85(b)			
• the amount of any expected reimbursement, stating the amount of any asset that has been recognized for that expected reimbursement.	IAS37.85(c)			
When will the company recognized the contingent assets and liabilities?				
• when there is possibility of unplanned and unexpected economic benefits to the entity;	NAS-14-b			
• when there is possibility of unplanned and unexpected obligation for the parties to the entity;	NAS-14-a			

Annex -2 Implementation of Accounting Standard

Entity	Commercial Bank												Insurance Co.						Trading Co.						Manufacturing			Service				
	Global Bank			NABIL Bank			Standard Cha			Bank of Asia			LIC			Siddhartha Ins.			Bishal Bazzar			Salt Trading			Unilever			Soltee Hotel				
	Yes	No	N.A	Yes	No	N.A	Yes	No	N.A	Yes	No	N.A	Yes	No	N.A	Yes	No	N.A	Yes	No	N.A	Yes	No	N.A	Yes	No	N.A	Yes	No	N.A	Yes	No
1	NAS-01-7-a	Yes			Yes			Yes			Yes			Yes			Yes			Yes			Yes			Yes			Yes			
2	NAS-01-7-b	Yes			Yes			Yes			Yes			Yes			Yes			Yes			Yes			Yes			Yes			
3	NAS-01-7-d	Yes			Yes			Yes			Yes			Yes			Yes			Yes			Yes			Yes			Yes			
4	NAS-01-7-c	Yes			Yes			Yes			Yes			Yes			Yes			Yes			Yes			Yes			Yes			
5	NAS-01-7-e	Yes			Yes			Yes			Yes			Yes			Yes			Yes			Yes			Yes			Yes			
6	NAS-01-7-e	Yes			Yes			Yes			Yes			Yes				No		Yes			Yes			Yes			Yes			
	Total	6			6			6			6			6			6			5	1		6			6			6			

2. What are the items presented in the face of the balance sheet

7	NAS-01-68-a	Yes			Yes			Yes			Yes			Yes			Yes			Yes			Yes			Yes			Yes			
8	NAS-01-68-b		No			No			No			No			No			No			No			No			No			Yes		
9	NAS-01-68-c	Yes			Yes			Yes			Yes			Yes			Yes			Yes			Yes			Yes			Yes			
10	NAS-01-68-d	Yes			Yes			Yes			Yes			Yes			Yes			Yes			Yes			Yes			Yes			
11	NAS-01-68-e		No			No			No			No			No			No			Yes			Yes			Yes			Yes		
12	NAS-01-68-f	Yes			Yes			Yes			Yes			Yes			Yes			Yes			Yes			Yes			Yes			
13	NAS-01-68-g	Yes			Yes			Yes			Yes			Yes			Yes			Yes			Yes			Yes			Yes			
14	NAS-01-68-h	Yes			Yes			Yes			Yes			Yes			Yes			Yes			Yes			Yes			Yes			
15	NAS-01-68-i	Yes			Yes			Yes			Yes				No			No			No			Yes			Yes			Yes		
16	NAS-01-68-j	Yes			Yes			Yes			Yes			Yes			Yes			Yes				No		Yes			Yes			
17	NAS-01-68-k	Yes			Yes			Yes			Yes			Yes			Yes			Yes			Yes				No		Yes			
18	NAS-01-68-l		No			No			No			No			No			No			No			No			No			No		
19	NAS-01-68-m	Yes			Yes			Yes			Yes			Yes			Yes			Yes			Yes			Yes			Yes			
	Total	10	3		10	3		10	3		10	3		9	4		9	4		10	3		10	3		10	3		12	1		

3. Have the following line items presented on the face of the Balance Sheet

20	IAS 1.54(j)		No			No			No			No			No			No			No			Yes				No		
21	IAS 1.54(p)		No			No			No			No			No			No			No				No			No		
	Total		2			2			2			2			2			2			2			1	1			2		

Entity	Commercial Bank												Insurance Co.						Trading Co.						Manufacturing			Service					
Implement	Global Bank			NABIL Bank			Standard Cha			Bank of Asia			LIC			Siddhartha Ins.			Bishal Bazzar			Salt Trading			Unilever			Soltee Hotel					
	Yes	No	N.A	Yes	No	N.A	Yes	No	N.A	Yes	No	N.A	Yes	No	N.A	Yes	No	N.A	Yes	No	N.A	Yes	No	N.A	Yes	No	N.A	Yes	No	N.A	Yes	No	N.A

4. Have the following items presented on the face of the Income Statement

22	NAS-01-77-a	Yes			Yes			Yes			Yes			Yes			Yes			Yes			Yes			Yes			Yes		
23	NAS-01-77-b	Yes			Yes			Yes			Yes			Yes			Yes			Yes			Yes			Yes			Yes		
24	NAS-01-77-c	Yes			Yes			Yes			Yes			No			No			Yes			Yes			Yes			Yes		
25	NAS-01-77-d			NA		No			No				NA	No					NA			NA		No			No			No	
26	NAS-01-77-e	Yes			Yes			Yes			Yes			Yes			Yes			Yes			Yes			Yes			Yes		
27	NAS-01-77-f	Yes			Yes			Yes			Yes			No			No			Yes			Yes			Yes			Yes		
28	NAS-01-77-g		No			No			No			No		No			No				No			No			No			No	
29	NAS-01-77-h	Yes			Yes			Yes			Yes			Yes			Yes			Yes			Yes			Yes			Yes		
	Total	6	1	1	6	2		6	2		6	1	1	4	4		4	3	1	6	1	1	6	2		6	2		6	2	

5. Statement Changes in Equity

30	NAS-01-90-a	Yes			Yes			Yes			Yes			Yes			Yes			Yes			Yes			Yes			Yes		
31	NAS-01-90-b		No			No			No			No			No			No			No			No			No			No	
32	NAS-01-90-c		No			No			No			No			No			No			No			No			No			No	
33	NAS-01-90-d		No			No			No			No			No			No			No			No			No			No	
34	NAS-01-90-e,f	Yes			Yes			Yes			Yes			Yes			Yes			Yes			Yes			Yes			Yes		
35	NAS-01-90-g	Yes			Yes			Yes			Yes			Yes			Yes			Yes			Yes			Yes			Yes		
	Total	3	3		3	3		3	3		3	3		3	3		3	3		3	3		3	3		3	3		3	3	

6. Notes to the financial statement

36	NAS-01-95-a	Yes			Yes			Yes			Yes			Yes			No			Yes			Yes			Yes			Yes		
37	NAS-01-95-b	Yes			Yes			Yes			Yes			Yes			No			No			No			No			No		
38	NAS-01-95-c	Yes			Yes			Yes			Yes			Yes			No			Yes			Yes			Yes			Yes		
	Total	3			3			3			3			3			3			2	1		2	1		2	1		2	1	

7. Presentation style of the Balance Sheet

39	Current and Non current		No			No			No			No		Yes			Yes			Yes			Yes			Yes			Yes		
	Total		1			1			1			1		1			1			1			1			1			1		

8. Presentaion style of the Income Statement

40	NAS-01-72-a		No			No			No			No		Yes			Yes			Yes			Yes			No			Yes		
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Entity	Commercial Bank												Insurance Co.						Trading Co.						Manufacturing			Service		
	Global Bank			NABIL Bank			Standard Cha			Bank of Asia			LIC			Siddhartha Ins.			Bishal Bazzar			Salt Trading			Unilever			Soltee Hotel		
	Yes	No	N.A	Yes	No	N.A	Yes	No	N.A	Yes	No	N.A	Yes	No	N.A	Yes	No	N.A	Yes	No	N.A	Yes	No	N.A	Yes	No	N.A	Yes	No	N.A
41 NAS-01-72-b	Yes			Yes			Yes			Yes				No			No			No			No		Yes				No	
Total	1	1		1	1		1	1		1	1		1	1		1	1		1	1		1	1		1	1		1	1	

9. Have you followed accrual basis of accounting

42 All transactions	Yes			Yes			Yes			Yes			Yes			Yes			Yes			Yes			Yes			Yes		
43 Not for selected transactions		No			No			No			No			No			No			No			No			No			No	
Total	1	1		1	1		1	1		1	1		1	1		1	1		1	1		1	1		1	1		1	1	

10. Measurement of the element of the financial statement

44 Historical cost	Yes			Yes			Yes			Yes			Yes			Yes			Yes			Yes			Yes			Yes		
45 Current cost		No			No			No			No			No			No			No			No			No			No	
46 Realisable value		No			No			No			No			No			No		Yes				No			No			No	
47 present value		No			No			No			No			No			No			No			No			No			No	
Total	1	3		1	3		1	3		1	3		1	3		1	3		2	2		1	3		1	3		1	3	

11. Has the Company disclose the followings (general information of financial statement)

48 NAS-01-48-a		No		Yes				No		Yes			Yes			Yes			Yes				No		Yes				No	
49 NAS-01-48-b		No			No			No			No			No			No			No			No			No			No	
50 NAS-01-48-c	Yes			Yes			Yes			Yes			Yes			Yes			Yes			Yes			Yes			Yes		
51 NAS-01-48-d	yes			Yes			Yes			Yes				No			No		Yes			Yes			Yes			Yes		
52 NAS-01-48-e	yes			Yes			Yes			Yes				No			No		Yes			Yes			Yes			Yes		
Total	3	2		4	1		3	2		4	1		2	3		2	3		4	1		4	1		3	2		4	1	

12. Has the Company disclose either on the face of the balance sheet or in the notes

53 Date to issue Fina. stat	Yes			Yes			Yes			Yes				No		Yes				No			No		Yes				No	
54 Who authorise the fina	Yes			Yes			Yes			Yes			Yes			Yes			Yes			Yes			Yes			Yes		
55 Power to amend stat		No			No			No			No			No			No			No			No			No			No	
56 basis of presentation	Yes			Yes			Yes			Yes			Yes			Yes			Yes			Yes			Yes			Yes		
57 the specific accountin pol	Yes			Yes			Yes			Yes			Yes			Yes			Yes			Yes			Yes			Yes		
58 desc. Of all significant pol	Yes			Yes			Yes			Yes			Yes				No		Yes			Yes			Yes			Yes		
59 Summary of Accountin pol	Yes			Yes			Yes			Yes			Yes			Yes			Yes			Yes			Yes			Yes		
Total	6	1		6	1		6	1		6	1		5	2		6	1		4	3		5	2		5	2		6	1	

Entity	Commercial Bank												Insurance Co.						Trading Co.						Manufacturing			Service		
	Global Bank			NABIL Bank			Standard Cha			Bank of Asia			LIC			Siddhartha Ins.			Bishal Bazzar			Salt Trading			Unilever			Soltee Hotel		
	Yes	No	N.A	Yes	No	N.A	Yes	No	N.A	Yes	No	N.A	Yes	No	N.A	Yes	No	N.A	Yes	No	N.A	Yes	No	N.A	Yes	No	N.A	Yes	No	N.A

NAS 02: Accounting Policies, Changes in Accounting Estimates and Errors

60	1. Present all sign. Accounting poli	Yes			Yes			Yes			Yes			Yes			Yes			Yes			Yes			Yes		
	NAS-01-101																											
61	NAS-01-101-a	Yes			Yes			Yes			Yes			Yes			Yes			Yes			Yes			Yes		
62	NAS-01-101-b	Yes			Yes			Yes			Yes			Yes			Yes			Yes			Yes			Yes		
63	NAS-01-106	Yes			Yes			Yes			Yes			Yes			Yes			Yes			Yes			Yes		
	Total	4			4			4			4			4			4			4			4			4		

2. Accounting polices includes but not restricted to the followings

64	NAS-01-103-a	Yes			Yes			Yes			Yes			Yes			No			Yes			Yes			Yes		
65	NAS-01-103-b		No			No			No			No			No			No			No			No			No	
66	NAS-01-103-c		No			No			No			No			No			No			No			No			No	
67	NAS-01-103-d		No			No			No			No			No			No			No			No			No	
68	NAS-01-103-e	Yes			Yes			Yes			Yes			Yes			No			Yes			Yes			Yes		
69	NAS-01-103-f		No			No			No			No			No			No			No			No			No	
70	NAS-01-103-g		No			No			No			No			No			No			No			No			No	
71	NAS-01-103-h	Yes			Yes			Yes			Yes			Yes			Yes			Yes			No			Yes		
72	NAS-01-103-i	Yes			Yes			Yes			Yes			Yes			No			No			No			Yes		
73	NAS-01-103-j		No			No		Yes			Yes			Yes			No			Yes			Yes			Yes		
74	NAS-01-103-k		No			No		Yes				No			No			No			No			No			No	
75	NAS-01-103-l		No			No			No			No			No			No		Yes			Yes			Yes		
76	NAS-01-103-m	Yes			Yes			Yes			Yes			Yes			Yes			Yes			Yes			Yes		
77	NAS-01-103-n	Yes			Yes			Yes			Yes			Yes			No			No			No				No	
78	NAS-01-103-o	Yes			Yes			Yes			Yes			Yes			Yes			Yes			Yes			Yes		
79	NAS-01-103-p	Yes			Yes			Yes				No		Yes			No			Yes			Yes			Yes		
80	NAS-01-103-q		No			No			No			No			No			No			No			No			No	
81	NAS-01-103-r		No			No			No			No			No			No		Yes				No		Yes		
82	NAS-01-103-s		No			No			No			No			No			No			No			No			No	
	Total	8	11		8	11		9	10		10	9		8	11		9	10		3	16		9	10		7	12	

3. Has the company changed its accounting policy

83	NAS-02-14-a	Yes				No			No		Yes				No			No			No			No			No	
84	NAS-02-14-b	Yes				No			No		Yes				No			No			No			No			No	

Entity	Commercial Bank												Insurance Co.						Trading Co.						Manufacturing			Service		
	Global Bank			NABIL Bank			Standard Cha			Bank of Asia			LIC			Siddhartha Ins.			Bishal Bazzar			Salt Trading			Unilever			Soltee Hotel		
	Yes	No	N.A	Yes	No	N.A	Yes	No	N.A	Yes	No	N.A	Yes	No	N.A	Yes	No	N.A	Yes	No	N.A	Yes	No	N.A	Yes	No	N.A	Yes	No	N.A
85	NAS-02-22		No				No				No				No				No				No				No			
86	NAS-02-45	Yes					No				No				No				No				No				No			
	Total	3	1				4				4				2	2			4				4				4			

4. Accounting Estimates

87	NAS-02-37		No				No				No				No				No				No				No		
88	NAS-02-39		No				No				No				No				No				No				No		
89	NAS-02-39		No				No				No				No				No				No				No		
	Total		3				3				3				3				3				3				3		

5. Has the Company disclose the following information for error

90	NAS-02-49-a		No				No				No				No				No				No				No		
91	NAS-02-49-b		No				No				No				No				No				No				No		
92	NAS-02-49-c		No				No				No				No				No				No				No		
93	NAS-02-49-d		No				No				No				No				No				No				No		
	Total		4				4				4				4				4				4				4		

NAS 03: Cash Flow Statement

1. Has the Co. disclose the followings

94	NAS-03-10	Yes				Yes				Yes				Yes				Yes				Yes				Yes			
95	NAS-03-18-a	Yes				Yes				Yes				Yes				No		Yes				No			No		
96	NAS-03-18-b		No				No				No				No			Yes			No		Yes			Yes			
97	NAS-03-21	Yes				Yes				Yes				Yes				Yes			Yes			Yes			Yes		
	Total	3	1			3	1			3	1			3	1			3	1			3	1			3	1		

2. Has the cash flows arising from each of the follwong activities reported on a net basis (for financial Institutions)

98	IAS 7.21 (4a)	Yes				Yes				Yes				NA				NA				NA				NA			
99	IAS 7.21 (4b)	yes				Yes				Yes				NA				NA				NA				NA			
100	IAS 7.21 (4c)	Yes				Yes				Yes				NA				NA				NA				NA			
	Total	3				3				3				3				3				3				3			

3. Cash flow from interest, taxes and dividend

101	IAS 7.31	Yes				Yes				Yes				Yes				Yes				Yes				Yes			
102	IAS 7.35	Yes				Yes				Yes				Yes				Yes				Yes				Yes			
	Total	2				2				2				2				2				2				2			

4. Has the company disclosed the policy adopted in determining the composition of cash and cash equivalents

Entity	Commercial Bank												Insurance Co.						Trading Co.						Manufacturing			Service					
	Global Bank			NABIL Bank			Standard Cha			Bank of Asia			LIC			Siddhartha Ins.			Bishal Bazzar			Salt Trading			Unilever			Soltee Hotel					
	Yes	No	N.A	Yes	No	N.A	Yes	No	N.A	Yes	No	N.A	Yes	No	N.A	Yes	No	N.A	Yes	No	N.A	Yes	No	N.A	Yes	No	N.A	Yes	No	N.A	Yes	No	N.A
amount of cumulative pref. div			NA			NA			NA			NA			NA			NA			NA			NA			NA			NA			NA
Total	1		3	2	1	1	3		1	2	1	1	3		1	3		1	2	1	1	3		1	2	1	1	3		1			

2. Is the following information disclosed for the material events occurring after

139	NAS-05-21-a		No			No			No			No			No			No			No			No			No			No		
140	NAS-05-21-b		No			No			No			No			No			No			No			No			No			No		
	Total		2			2			2			2			2			2			2			2			2			2		

141	3. NAS-05-19		No			No			No			NO			No			No			No			No			No			No		
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6. NAS-06 Property Plant and Equipment

1. Have the fixed assets, other than investments, been classified under appropriate sub-heads, duly wise such as:

	Property, Plant & Equipment																															
142	NAS-37-a	Yes			Yes			Yes			yes			Yes			Yes			Yes			Yes			Yes			Yes			
143	NAS-37-b	Yes			Yes			Yes			Yes			Yes			Yes			Yes			Yes			Yes			Yes			
144	NAS-37-c	Yes			Yes			Yes			Yes			Yes		No	Yes			Yes			Yes			Yes			Yes			
145	NAS-37-g	Yes			Yes			Yes			Yes			Yes			Yes			Yes			Yes			Yes			yes			
146	NAS-37-f	Yes			Yes			Yes			Yes			Yes			Yes			Yes			Yes			Yes			Yes			
147	NAS-37-h	Yes			Yes			Yes			Yes			Yes			Yes			Yes			Yes			Yes			Yes			
148	Capital work in progress	Yes			Yes			Yes			Yes			Yes			Yes		No	Yes			Yes			Yes			Yes			
149	Development of Property	Yes			Yes			Yes		No			No		Yes			No	Yes			Yes			Yes			Yes				
150	Others (to be specified)	Yes			Yes			Yes			Yes			Yes			Yes		No			No			No			No				
	Intangible Assets																															
151	Goodwill		No		No			No			No			No		No		No		No			No			No			No			
152	brand names		No		No			No			No			No		No		No		No			No			No			No			
153	computer software		No		Yes			No			No		Yes		Yes		Yes			Yes			No			No		Yes				
154	licences and franchises		No		No			No			No			No		No		No		No			No			No			No			
155	Patents, copyright, trade mark		No		No			No			No			No		No		No		No			No			No			No			

Entity	Commercial Bank												Insurance Co.						Trading Co.						Manufacturing			Service				
	Global Bank			NABIL Bank			Standard Cha			Bank of Asia			LIC			Siddhartha Ins.			Bishal Bazzar			Salt Trading			Unilever			Soltee Hotel				
	Yes	No	N.A	Yes	No	N.A	Yes	No	N.A	Yes	No	N.A	Yes	No	N.A	Yes	No	N.A	Yes	No	N.A	Yes	No	N.A	Yes	No	N.A	Yes	No	N.A	Yes	No
156	Intangible assets under develop		No				No			No				No				No				No				No						
157	Others (to be specified)		No				No			No				No				No				No				No						
	Total	9	7		10	6		9	7		8	8		9	7		9	7		7	9		8	8		8	8		8	8		

2. Whether the financial statements disclosed for each class of property, plant and equipment

158	NAS-06-71-a	Yes			Yes			Yes			Yes			Yes			Yes			Yes			Yes			Yes					
159	NAS-06-71-b	Yes			Yes			Yes			Yes			Yes			Yes			Yes			Yes			Yes					
160	NAS-06-71-c	Yes			Yes			Yes			Yes			Yes			Yes			Yes			Yes			Yes					
161	NAS-06-71-d	Yes			Yes			Yes			Yes			Yes			Yes			Yes			Yes			Yes					
	NAS-06-71-e (A reconciliation of the carrying amount at the beginning and end of the period)																														
162	NAS-06-71-e (i)	Yes			Yes			Yes			Yes			Yes			Yes			Yes			Yes			Yes					
163	NAS-06-71-e (ii)		No			No			No			No			No			No			No			Yes				No			
164	NAS-06-71-e (iii)			NA			NA			NA			NA			NA			NA			NA			NA			NA			
165	NAS-06-71-e (iv)		No			No			No			No			No			No			Yes				No			No			
166	NAS-06-71-e (v)		No			No			No			No			No			No			No			No			No				
167	NAS-06-71-e (vi)		No			No			No			No			No			No			No			No			No				
168	NAS-06-71-e (vii)	Yes			Yes			Yes			Yes			Yes			Yes			Yes			Yes			Yes					
169	NAS-06-71-e (viii)		No			No			No			No			No			No			No			No			No				
170	NAS-06-71-e (ix)		No			No			No			No	Yes			No			No			No			Yes			No			
	Total	6	6	1	6	6	1	6	6	1	6	6	1	7	5	1	6	6	1	6	6	1	6	6	1	8	4	1	6	6	1

3. Whether the financial statements disclosed

171	NAS-06-72-a		No			No			No			No			No			No			No			No			Yes			
172	NAS-06-72-b		No			No			No			No			No			No			Yes			No			Yes			

Entity	Commercial Bank												Insurance Co.						Trading Co.						Manufacturing			Service				
	Global Bank			NABIL Bank			Standard Cha			Bank of Asia			LIC			Siddhartha Ins.			Bishal Bazzar			Salt Trading			Unilever			Soltee Hotel				
	Yes	No	N.A	Yes	No	N.A	Yes	No	N.A	Yes	No	N.A	Yes	No	N.A	Yes	No	N.A	Yes	No	N.A	Yes	No	N.A	Yes	No	N.A	Yes	No	N.A	Yes	No
173	NAS-06-72-c		No			No			No			No			No			No			No			No			No			No		
174	NAS-06-72-d		No			No			No			No			No			No			No			No			No			No		
	Total		4			4			4			4			4			4			4		1	3			4		2	2		

4. When items of property, plant and equipment are stated at revalued

175	NAS-06-75-a		No			No			No			No			No			No		Yes				No			No	
176	NAS-06-75-b		No			No			No			No			No			No			No			No			No	
177	NAS-06-75-c		No			No			No			No			No			No			No			No			No	
178	NAS-06-75-d		No			No			No			No			No			No			No			No			No	
179	NAS-06-75-e		No			No			No			No			No			No		Yes				No			No	
180	NAS-06-75-f		No			No			No			No			No			No		Yes				No			No	
	Total		6			6			6			6			6			6		3	3			6		6	6	

5. Has the following additional information been disclosed, if found relevant to the needs of users.

181	NAS-06-77-a		No			No			No			No			No			No			No			No			No	
182	NAS-06-77-b		No			No			No			No			No			No			No			No			No	
183	NAS-06-77-c		No			No			No			No			No			No			No			No			No	
184	NAS-06-77-d		No			No			No			No			No			No			No			No			No	
	Total		4			4			4			4			4			4			4			4			4	

6. Name of fixed assets used as Property, Plant and Equipments

185	Fixed Assets	Yes			Yes			Yes			Yes			Yes			Yes			Yes			Yes			Yes		
186	Property Plant & Equipment		No			No			No			No			No			No			No			No			No	
	Total	1	1		1	1		1	1		1	1		1	1		1	1		1	1		1	1		1	1	

7. Measurement after recognition

187	Cost Method	Yes			Yes			Yes			Yes			Yes			Yes			Yes			Yes			Yes		
188	Revaluation Method		No			No			No			No			No		Yes				No			No			No	
189	Grouping assets as income tax	Yes			Yes			Yes			Yes			Yes			Yes				No			No			No	
	Total	2	1		2	1		2	1		2	1		2	1		2	1		2	1		1	2		1	2	

8. Method of Depreciation

190	Straight line Method	Yes				No		Yes			Yes				No			No			No			No			No	
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Entity	Commercial Bank												Insurance Co.						Trading Co.						Manufacturing			Service		
	Global Bank			NABIL Bank			Standard Cha			Bank of Asia			LIC			Siddhartha Ins.			Bishal Bazzar			Salt Trading			Unilever			Soltee Hotel		
	Yes	No	N.A	Yes	No	N.A	Yes	No	N.A	Yes	No	N.A	Yes	No	N.A	Yes	No	N.A	Yes	No	N.A	Yes	No	N.A	Yes	No	N.A	Yes	No	N.A
191	Diminishing balance Method																													
	1	1		1	1		1	1		1	1		1	1		1	1		1	1		1	1		1	1		1	1	

9. Rate of depreciation

192	After annual review of useful life																													
193	as per income tax																													
	2			2			2			2			2			1	1		1	1		2			1	1		1	1	

10. Impairment of Assets

194	Accounted																													
	No			No			No			No			No			No			No			No			No			No		

7. NAS07 Revenue

1. Significant category of Revenue																														
195	NAS-07-34-b-i																													
196	NAS-07-34-b-ii																													
197	NAS-07-34-b-iii																													
198	NAS-07-34-b-iv																													
199	NAS-07-34-b-v																													
	2	2	1	2	2	1	2	2	1	2	2	1	3	1	1	3	1	1	2	2	1	4	1		3	2		3	2	

2. Cond. of Revenue recognition form sale

200	NAS-07-20																													
	Yes			Yes			Yes			Yes			Yes			Yes			Yes			Yes			Yes			Yes		

8. NAS 08 Borrowing Cost

201	1. IAS 23.26 (a)																													
	Yes			Yes			Yes			Yes			Yes			Yes			Yes			Yes			Yes			Yes		

9. NAS 09: Income Tax

1. Has the Co. disclose the followings

202	IAS 12.71																													
203	IAS12.74 (b)																													
	2			2			2			2			2			1	1		2			2			2			2		

2. Has the Company disclosed the following separately

Entity	Commercial Bank												Insurance Co.						Trading Co.						Manufacturing			Service				
	Global Bank			NABIL Bank			Standard Cha			Bank of Asia			LIC			Siddhartha Ins.			Bishal Bazzar			Salt Trading			Unilever			Soltee Hotel				
	Yes	No	N.A	Yes	No	N.A	Yes	No	N.A	Yes	No	N.A	Yes	No	N.A	Yes	No	N.A	Yes	No	N.A	Yes	No	N.A	Yes	No	N.A	Yes	No	N.A	Yes	No
204	NAS-09-78-a	Yes			Yes			Yes			Yes			Yes			Yes			Yes			Yes			Yes			Yes			
	NAS-09-78-c																															
205	NAS-09-78-c-(i)	Yes			Yes			Yes			Yes			Yes						No			Yes			Yes			Yes			
206	NAS-09-78-c-(ii)	Yes			Yes			Yes			Yes			Yes						No			Yes			Yes			Yes			
	Total	3			3			3			3			3									3			3			3			

3. The Explanation of Applicable tax rate compared to the previous accounting period

207	NAS-09-78-d	Yes			Yes			Yes			Yes			Yes			Yes			Yes			Yes			Yes		
208	NAS-09-78-e	Yes			Yes			Yes			Yes			Yes			Yes			Yes			Yes			Yes		
209	NAS-09-78-f		No			No			No			No			No			No			No			No			No	
	Total	2	1		2	1		2	1		2	1		2	1		2	1		2	1		2	1		2	1	

4. In respect of each type of temporary difference, and in respect of each type of unused tax losses and unused tax credits

210	NAS-09-78-g (i)	Yes			Yes			Yes			Yes			Yes			Yes			Yes			Yes			Yes		
211	NAS-09-78-g (ii)	Yes			Yes			Yes			Yes			Yes			Yes			Yes			Yes			Yes		
	Total	2			2			2			2			2			2			2			2			2		

5. In respect of discontinued operations, tax expenses relating to'

212	NAS-09-78-h (i)		No			No			No			No			No			No			No			No			No	
213	NAS-09-78-h (ii)		No			No			No			No			No			No			No			No			No	
214	NAS-09-78-i		No			No			No			No			No			No			No			No			No	
	Total		3			3			3			3			3			3			3			3			3	

6. Has the Company disclosed the amount of a deferred tax asset and the nature of the evidence supporting its recognition, when

215	NAS-09-79-a		No			No			No			No			No			No			No			No			No	
216	NAS-09-79-b		No			No			No			No			No			No			No			No			No	
217	NAS-09-85		No			No			No			No			No			No			No			No			No	
	Total		3			3			3			3			3			3			3			3			3	

7. Income tax payable at higher or lower rates

218	IAS-12.82A-a		No			No			No			No			No			No			No			No			No	
219	IAS-12.82A-b		No			No			No			No			No			No			No			No			No	
220	IAS-12.82A-c		No			No			No			No			No			No			No			No			No	
	Total		3			3			3			3			3			3			3			3			3	

11. NAS 11: Foreign Exchange Rates

Entity	Commercial Bank												Insurance Co.						Trading Co.						Manufacturing			Service					
Implement	Global Bank			NABIL Bank			Standard Cha			Bank of Asia			LIC			Siddhartha Ins.			Bishal Bazzar			Salt Trading			Unilever			Soltee Hotel					
	Yes	No	N.A	Yes	No	N.A	Yes	No	N.A	Yes	No	N.A	Yes	No	N.A	Yes	No	N.A	Yes	No	N.A	Yes	No	N.A	Yes	No	N.A	Yes	No	N.A	Yes	No	N.A

1. Translation to the the presetaion currency

221		Yes			Yes			Yes			Yes			Yes			Yes			Yes			Yes			Yes			Yes		
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12. NAS 12 Provision contingent liabilities and assets

1. For each class of provisions, has the company disclosed

222	IAS 37.84 (a)	Yes			Yes			Yes			Yes			Yes				No			No			No			No			No	
223	IAS 37.84 (b)	Yes			Yes			Yes	No		Yes			Yes			Yes			Yes			Yes			Yes			Yes		
224	IAS 37.84 (c)	Yes			Yes			Yes	No		Yes			Yes			Yes				No		Yes			Yes			Yes		
225	IAS 37.84 (d)	Yes			Yes			Yes	No		Yes			Yes			Yes				No			No			No			No	
226	IAS 37.84 (e)		No			No			No			No			No			No			No			No			No			No	
	Total	4	1		4	1		4	1		4	1		4	1		4	1		3	2		1	4		2	3		2	3	

2. Has the company disclosed the following for each class of provision?

227	IAS 37.85 (a)	Yes			Yes			Yes			Yes			Yes				No			No			No			No		Yes		
228	IAS 37.85 (b)	Yes				No			No			No			No			No			No			No			No		Yes		
229	IAS 37.85 (c)		No			No			No			No			No			No			No			No			No			No	
	Total	2	1		1	2		1	2		1	2		1	2		1	2		3	3		3	3		3	3		2	1	

3. When will the company recognized the contingent assets and liabilities?

230	NAS-14-b	Yes			Yes			Yes			Yes			Yes			Yes			Yes			Yes			Yes			Yes		
231	NAS-14-a	Yes			Yes			Yes			Yes			Yes			Yes			Yes			Yes			Yes			Yes		
	Total	2			2			2			2			2			2			2			2			2			2		

