

# M. Khanal & Co., Chartered Accountants

Naya Bato, Dhobighat  
P.O. Box : 13364  
Kathmandu, Nepal.

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## INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF TOTAL TRANSPORT SYSTEMS PVT. LTD.

We have audited the accompanying Financial Statements of Total Transport Systems Pvt. Ltd., which comprise the Statement of Financial position as at 31<sup>st</sup> March 2020, Statement of Profit or Loss and Statement of Cash Flows for the year then ended, and a Summary of Significant Accounting Policies and Other Explanatory Notes.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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



## Opinion

In our opinion, the accompanying financial statements give a true and fair view, in all material respects, the financial position of Total Transport Systems Pvt. Ltd, as at 31<sup>st</sup> March 2020 and of the results of its financial performance and its cash flows for the year then ended in accordance with Nepal Accounting Standards so far as applicable in compliance with the prevailing Laws and comply with Company Act 2063.

On the basis of our audit, we further report that:

- a) We have obtained all the information and explanations, which were considered necessary for the purpose for our audit.
- b) The company has maintained books of account properly to reflect the real affairs of its business as required by the Company Act, 2063.
- c) The Statement of Financial Position, Statement of Profit or Loss, Statement of Cash Flows are in agreement with the books of account.
- d) During our examination of the books of account of the Company, we have not come across any cases where the Board of Directors or any member thereof or any representative or any office bearer or any employee of the Company has acted contrary to the provisions of law or caused loss or damage to the Company nor have we been informed of such cases by the management.

Date: 05/04/2077

Place: Kathmandu, Nepal



CA. Mahesh Khanal

for: M. Khanal & Co.,

Chartered Accountant

**Total Transport Systems Private Limited**  
**Maitidevi, Kathmandu**  
**Statement of Financial Position**  
**As at 31st March, 2020**

| S.N. | Particulars   | Schedule No. | Current Year (NPR.) | Previous Year (NPR.) |
|------|---|--------------|---------------------|----------------------|
| 1    | <b>Sources of Fund :</b>                            |              |                     |                      |
|      | Share Capital                                       | 1            | 2,500,000.00        | 2,500,000.00         |
|      | <b>Profit/(Loss) Account:</b>                       |              |                     |                      |
|      | Profit/(Loss) Account: Profit upto last year        |              | 1,450,803.87        | 520,715.43           |
|      | Profit / (Loss) for this year                       |              | 934,386.09          | 930,088.44           |
|      | <b>Grand Total</b>                                  |              | <b>4,885,189.96</b> | <b>3,950,803.87</b>  |
| 2    | <b>Applications of Fund:</b>                        |              |                     |                      |
|      | <b>Fixed Assets</b>                                 | 2            |                     |                      |
|      | Gross:  |              | 374,436.34          | 488,998.21           |
|      | Less: Depreciation                                  |              | (87,458.94)         | (114,561.87)         |
|      | <b>Net Fixed Assets</b>                             |              | <b>286,977.40</b>   | <b>374,436.34</b>    |
|      | <b>Current Assets, Loans and Advances (A)</b>       |              |                     |                      |
|      | Advances and Prepays                                | 3            | 991,108.87          | 900,000.00           |
|      | Sundry Debtors                                      | 4            | 5,364,257.33        | 5,230,573.48         |
|      | Deposits  | 5            | 7,000.00            | 7,000.00             |
|      | Cash and Bank Balance                               | 6            | 608,971.51          | 413,774.29           |
|      | <b>Total (A)</b>                                    |              | <b>6,971,337.71</b> | <b>6,551,347.77</b>  |
| 3    | <b>Less: Current Liabilities and Provisions (B)</b> |              |                     |                      |
|      | Sundry Creditors                                    | 7            | 2,172,054.74        | 2,773,810.59         |
|      | Provisions  | 8            | 201,070.42          | 201,169.65           |
|      | <b>Total (B)</b>                                    |              | <b>2,373,125.15</b> | <b>2,974,980.24</b>  |
|      | <b>Net Working Capital (A - B)</b>                  |              | <b>4,598,212.57</b> | <b>3,576,367.53</b>  |
|      | <b>Grand Total</b>                                  |              | <b>4,885,189.96</b> | <b>3,950,803.87</b>  |

Notes to Account and Significant Accounting Policies 10

As per our Report of even date

  
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Ishwor Timsina  
Accountant



  
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Hariпати Lal Shrestha  
Executive Director

  
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CA. Mahesh Khanal  
For: M. Khanal & Co.,  
Chartered Accountants



Date:  
Address: Kathmandu, Nepal

**Total Transport Systems Private Limited**  
**Maitidevi, Kathmandu**  
**Statement of Profit or Loss**  
**For the period from 1st April 2019 to 31st March 2020**

| Particulars                               | Schedule No. | Current Year (NPR.)  | Previous Year (NPR.) |
|---|--------------|----------------------|----------------------|
| Revenue (Freight Income)                  |              | 20,010,565.35        | 24,910,304.00        |
| Miscellaneous Income                      |              |                      |                      |
| <b>Total Operating Income</b>             |              | <b>20,010,565.35</b> | <b>24,910,304.00</b> |
| Direct Expenses (Costs For Cargo)         |              | 15,600,502.97        | 20,588,861.95        |
| <b>Total Expenses</b>                     |              | <b>15,600,502.97</b> | <b>20,588,861.95</b> |
| <b>Gross Profit/(Loss) from Operation</b> |              | <b>4,410,062.38</b>  | <b>4,321,442.05</b>  |
| Depreciation Expenses                     | 2            | 87,458.94            | 114,561.87           |
| General & Administrative Expenses         | 9            | 3,187,146.93         | 3,076,646.12         |
| <b>Profit/Loss Before Tax</b>             |              | <b>1,135,456.51</b>  | <b>1,130,234.06</b>  |
| Less: Provision for Tax                   |              | 201,070.42           | 200,145.61           |
| <b>Net Profit/(Loss) for the year</b>     |              | <b>934,386.09</b>    | <b>930,088.44</b>    |

As per our Report of even date

*Ishwor Timsina*



*Haripati Lal Shrestha*

*CA. Mahesh Khanal*



Ishwor Timsina  
Accountant

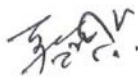
Haripati Lal Shrestha  
Executive Director

CA. Mahesh Khanal  
For: M. Khanal & Co.,  
Chartered Accountants

**Total Transport Systems Private Limited**  
**Maitidevi, Kathmandu**  
**Statement of Cash Flows**  
**For the period from 1st April 2019 to 31st March 2020**

| S.N. | Particulars   | Current Year<br>(NPR.) | Previous Year<br>(NPR.) |
|------|---|------------------------|-------------------------|
| A)   | <b>Cash Flow From Operating Activities:</b>                     |                        |                         |
|      | Net Profit  | 934,386.09             | 930,088.44              |
|      | <b>Adjustments</b>  |                        |                         |
|      | Depreciation  | 87,458.94              | 114,561.87              |
|      | Preliminary Expenses  | -                      | -                       |
|      | <b>Increase / (Decrease) in Current Assets and Liabilities:</b> |                        |                         |
|      | (Increase) / Decrease in Current Assets                         | (224,792.72)           | (996,296.01)            |
|      | Increase / (Decrease) in Current Liabilities                    | (601,855.09)           | 6,813.93                |
|      | <b>Total (A)</b>  | <b>195,197.22</b>      | <b>55,168.24</b>        |
| B)   | <b>Cash Flow from Investing Activities:</b>                     |                        |                         |
|      | Sales of Fixed Assets   |                        | -                       |
|      | Purchase of Fixed Assets  | -                      | -                       |
|      | <b>Total (B)</b>  |                        |                         |
| C)   | <b>Cash Flow from Financial Activities:</b>                     |                        |                         |
|      | Paid up Capital Increase/(Decrease)                             | -                      | -                       |
|      | Long term loan paid   | -                      | -                       |
|      | <b>Total (C)</b>  |                        |                         |
| D)   | <b>Net Cash Flow This year = (A+B+C)</b>                        | <b>195,197.22</b>      | <b>55,168.24</b>        |
| E)   | <b>Cash &amp; Cash Equivalents at the beginning of the Year</b> | <b>413,774.29</b>      | <b>358,606.05</b>       |
| F)   | <b>Cash &amp; Cash equivalents at the end of the Year (D+E)</b> | <b>608,971.51</b>      | <b>413,774.29</b>       |

As per our Report of even date



Ishwor Timsina  
Accountant




Haripati Lal Shrestha  
Executive Director



CA. Mahesh Khanal  
For: M. Khanal & Co.,  
Chartered Accountants



**Total Transport Systems Private Limited**  
**Maitidevi, Kathmandu**  
**Schedules to Financial Statements**  
**For the period from 1st April 2019 to 31st March 2020**

**Share Capital**

**Schedule 1**

| Particulars                                | Current Year<br>(NPR.) | Previous Year<br>(NPR.) |
|--|------------------------|-------------------------|
| <b>Authorized Share Capital</b>            |                        |                         |
| 25,000 Equity Shares @ Rs. 100 per share   | 2,500,000.00           | 2,500,000.00            |
| <b>Issued and Subscribed Share Capital</b> |                        |                         |
| 25,000 Equity Shares @ Rs. 100 per share   | 2,500,000.00           | 2,500,000.00            |
| <b>Total</b>                               | <b>2,500,000.00</b>    | <b>2,500,000.00</b>     |

**Advances and Prepaids**

**Schedule 3**

| Particulars                      | Current Year<br>(NPR.) | Previous Year<br>(NPR.) |
|----------------------------------|------------------------|-------------------------|
| Advance to Haripati Lal Shrestha | 900,000.00             | 900,000.00              |
| Advance Tax                      | 84,433.50              | -                       |
| VAT Receivable                   | 6,675.37               | -                       |
| <b>Total</b>                     | <b>991,108.87</b>      | <b>900,000.00</b>       |



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## Sundry Debtors

## Schedule 4

| Particulars   | Current Year<br>(NPR.) | Previous Year<br>(NPR.) |
|---|------------------------|-------------------------|
| Himalayan Freight Pvt. Ltd                                  | 44,330.00              | 15,104.00               |
| Tripureswor Conductor-Jaya Durge Engineering J/V            | 267,244.00             | -                       |
| Zip Integrates Shipping Services Pvt. Ltd.                  | 87,107.37              | -                       |
| Siris Express Pvt. Ltd                                      | 69,335.00              | -                       |
| Nepalaya Logistics Pvt. Ltd.                                | 78,408.00              | -                       |
| Hercules Aviation Pvt. Ltd                                  | 847,971.00             | -                       |
| Gold Star Line Ltd.   | 230,922.34             | -                       |
| Bridge Logistics Pvt. Ltd                                   | 70,546.00              | 45,365.00               |
| Smooth Cargo Movers Pvt. Ltd                                | 175,866.00             | 215,558.00              |
| Nepal Shipping & Air Logistics Pvt. Ltd. NPSAL              | 454,890.99             | 171,660.06              |
| K.K.S Overseas Concern Pvt. Ltd                             | -                      | 274,970.00              |
| I.I.I Nepal Cargo Pvt. Ltd                                  | -                      | 383,800.00              |
| Continental Trading Enterprises Pvt.Ltd                     | 2,034.23               | 2,034.23                |
| President Cargo Pvt. Ltd                                    | 25,845.00              | 192,561.00              |
| World Freight International Pvt. Ltd                        | 51,177.00              | -                       |
| Global International Freight Logistics                      | -                      | 112,182.00              |
| Cargo World Pvt.Ltd   | 20,978.00              | 72,709.00               |
| Evergreen Air Couriers Pvt. Ltd.                            | 546,701.27             | 86,893.56               |
| Legend Cargo Pvt.Ltd  | 795,183.52             | 681,939.13              |
| Public Freight Pvt Ltd                                      | 305,016.61             | 707,455.00              |
| Atlas De Cargo Pvt.Ltd                                      | -                      | 22,529.00               |
| Global Packers & Movers P. Ltd.                             | 61,455.00              | 113,899.00              |
| Himalayan Travel & Tours P. Ltd.                            | 551,899.00             | 454,473.00              |
| Kapileswor Cargo Pvt. Ltd                                   | 182,713.00             | 348,802.00              |
| Globe Shipping & Logistics Pvt Ltd. ( Npr Account)          | 281,767.00             | 288,167.00              |
| Highland Air & Ocean Logistics Pvt Ltd. ( Npr Account)      | -                      | 23,983.00               |
| Sayapatry Nepal International Pvt. Ltd. ( Npr Account)      | -                      | 186,937.00              |
| United Shipping And Forwarding Service Pvt. Ltd. ( Npr A/c) | -                      | 365,151.00              |
| Teamasia Cargo Group  | -                      | 337,308.50              |
| Moon Light Cargo Pvt.Ltd                                    | 183,823.00             | -                       |
| Pan Pacific Shipping & Logistics Services Pvt Ltd.          | 29,044.00              | 127,093.00              |
| <b>Total</b>  | <b>5,364,257.33</b>    | <b>5,230,573.48</b>     |




**Deposits****Schedule 5**

| Particulars                    | Current Year<br>(NPR.) | Previous Year<br>(NPR.) |
|--------------------------------|------------------------|-------------------------|
| Deposit for Telephone          | 3,000.00               | 3,000.00                |
| Deposit for Foreign Investment | 4,000.00               | 4,000.00                |
| <b>Total</b>                   | <b>7,000.00</b>        | <b>7,000.00</b>         |

**Cash and Bank****Schedule 6**

| Particulars        | Current Year<br>(NPR.) | Previous Year<br>(NPR.) |
|--------------------|------------------------|-------------------------|
| Laxmi Bank Limited | 533,838.51             | 382,077.24              |
| Nepal SBI Bank     | -                      | 14,469.67               |
| Cash In Hand       | 75,133.00              | 17,227.38               |
| <b>Total</b>       | <b>608,971.51</b>      | <b>413,774.29</b>       |

**Sundry Creditors****Schedule 7**

| Particulars                                    | Current Year<br>(NPR.) | Previous Year<br>(NPR.) |
|--|------------------------|-------------------------|
| Moon Light Cargo Pvt.Ltd                       | -                      | 6,275.00                |
| Total Transport Systems Kolkata                | 120,667.08             | 551,402.27              |
| SADA Associates Pvt. Ltd                       | -                      | 12,750.00               |
| Goodluck Transport Service India A/C           | 503,396.55             | 756,327.53              |
| Expo Express Service Nepal Pvt. Ltd.           | 169.54                 | 7,690.03                |
| Megha Creation , India                         | 757,682.12             | 743,378.38              |
| Laxmi Transport Company, India                 | 602,695.75             | 286,291.50              |
| Ningbo Dashing International Logistics Co. Ltd | -                      | 138,917.00              |
| B.K.M.S International Services                 | -                      | 104,640.88              |
| Quality Freight Service (P) Ltd.               | 19,923.00              | 166,138.00              |
| Total Transport System Mumbai                  | 167,520.70             | -                       |
| <b>Total</b>                                   | <b>2,172,054.74</b>    | <b>2,773,810.59</b>     |

**Other Provisions****Schedule 9\8**

| Particulars                | Current Year<br>(NPR.) | Previous Year<br>(NPR.) |
|----------------------------|------------------------|-------------------------|
| Provision for Income Taxes | 201,070.42             | 200,145.61              |
| Exchange Rate Difference   | -                      | 1,024.04                |
| <b>Total</b>               | <b>201,070.42</b>      | <b>201,169.65</b>       |

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**General and Administrative Expenses**

**Schedule 9**

| Particulars                      | Current Year<br>(NPR.) | Previous Year<br>(NPR.) |
|----------------------------------|------------------------|-------------------------|
| Salary expenses                  | 1,647,597.00           | 1,363,632.00            |
| Exchange Loss                    | 1,398.17               | -                       |
| House Rent Expenses              | 186,660.00             | 186,660.00              |
| Printing & Stationary Expenses   | 113,072.00             | 62,920.00               |
| Conveyance & Travelling Expenses | 462,970.00             | 367,003.00              |
| Water & Electricity Expenses     | 51,298.00              | 40,424.00               |
| Business Promotion Expenses      | 135,788.00             | 127,822.00              |
| Insurance Expenses               | 3,413.00               | 3,436.00                |
| Telephone & Fax Expenses         | 77,986.00              | 94,016.00               |
| Repair and Maintenance           | -                      | 48,706.80               |
| Bank Charge expenses             | 38,239.93              | 38,782.20               |
| Miscellaneous                    | 154,766.83             | 65,578.00               |
| Internet                         | 22,589.00              | 20,902.00               |
| Courier Charges                  | 23,468.00              | 20,800.00               |
| Membership                       | 58,400.00              | 45,500.00               |
| Staff Welfare                    | 94,039.00              | 77,967.00               |
| Other Operating Expenses         | -                      | 109,267.00              |
| Non-Operating Expenses           | -                      | 224,800.00              |
| Legal Charges                    | 15,000.00              | 50,000.00               |
| Fines and Penalties              | 14,417.00              | 13,240.12               |
| Bad Debt                         | -                      | 50,860.00               |
| Audit Fee                        | 75,000.00              | 56,500.00               |
| Renewal Charges                  | 11,045.00              | 7,830.00                |
| <b>Total</b>                     | <b>3,187,146.93</b>    | <b>3,076,646.12</b>     |

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**Total Transport Systems Private Limited**

Maitidevi, Kathmandu

Schedule of Fixed Assets

For the period from 1st April 2019 to 31st March 2020

Schedule 2

| S.N. | Particulars              | Opening Dep. Basis | Addition during the Year | Allowable Portion | Allowable Amount | Disposal | Dep. Basis For The Year | Dep. Rate  | Dep. for the Year | Dep. Basis at end | Unabsorbed Addition | Unabsorbed Repair | Total Dep. Basis for next Year |
|------|--------------------------|--------------------|--------------------------|-------------------|------------------|----------|-------------------------|------------|-------------------|-------------------|---------------------|-------------------|--------------------------------|
|      |                          | a                  | b                        | c                 | d=bx c           | e        | f=a+d-e                 | g          | h=fxg             | i=f-h             | j=b-d               | k                 | i=j+k                          |
| 1)   | <b>Block B</b>           |                    |                          |                   |                  |          |                         |            |                   |                   |                     |                   |                                |
|      | 1. Furniture and fixture | 142,621.23         |                          |                   | -                | -        | 142,621.23              | 25%        | 35,655.31         | 106,965.92        | -                   | -                 | 106,965.92                     |
|      | 2. Office Equipments     | 108,812.23         |                          |                   | -                | -        | 108,812.23              | 25%        | 27,203.06         | 81,609.17         | -                   | -                 | 81,609.17                      |
|      | <b>Total</b>             | <b>251,433.46</b>  |                          |                   |                  |          | <b>251,433.46</b>       | <b>25%</b> | <b>62,858.36</b>  | <b>188,575.09</b> |                     |                   | <b>188,575.09</b>              |
| 2)   | <b>Block C</b>           |                    |                          |                   |                  |          |                         |            |                   |                   |                     |                   |                                |
|      | Vehicle                  | 123,002.88         |                          |                   | -                | -        | 123,002.88              | 20%        | 24,600.58         | 98,402.30         | -                   | -                 | 98,402.30                      |
|      | <b>Total</b>             | <b>123,002.88</b>  |                          |                   |                  |          | <b>123,002.88</b>       | <b>20%</b> | <b>24,600.58</b>  | <b>98,402.30</b>  |                     |                   | <b>98,402.30</b>               |
|      | <b>Grand Total</b>       | <b>374,436.34</b>  |                          |                   |                  |          | <b>374,436.34</b>       |            | <b>87,458.94</b>  | <b>286,977.40</b> |                     |                   | <b>286,977.40</b>              |



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**Total Transport Systems Private Limited**  
**Maitidevi, Kathmandu**  
**Significant Accounting Policies and Notes relating to the Financial Statements**  
**For the period from 1st April 2019 to 31<sup>st</sup> March 2020**

Schedule 10

**1. Incorporation and Legal Status of the Company:**

The Company is incorporated as a Private Limited company under Companies Act 2063. The registered office of the company is at Maitidevi, Kathmandu with PAN no: 303691273. The company is registered in VAT as well.

**2. Nature of business**

The primary objective of the company is operating as a multi model transport operator. As per MOA, the operation of the organization is only limited to International Cargo forwarding & Movement. The organization is working as Non-Vessel Operating Common Carrier (NVOCC).

**3. Significant Accounting Policies**

**3.1 Basis of Presentation**

The Financial Statements are prepared in accordance with the historical cost convention, on an accrual basis of accounting (except disclosed otherwise) and in accordance with Nepal Accounting Standards and other generally accepted Accounting Principles to the extent compatible with the Companies Act 2063 of Nepal.

**3.2 Fixed Assets**

Fixed assets are stated at cost. The company capitalizes all direct costs relating to acquisition and installation of fixed assets. Additions on Fixed assets have been absorbed as per Income Tax Act. Adjustments have been on the individual groups of fixed assets in the closing value.

**3.3 Depreciation**

Depreciation rates on fixed assets have been taken as per the Income Tax Act, 2058.

**3.4 Share Capital**

The company has the issued & paid up Share Capital of NPR. 25,00,000.00.

**4. Accrual Basis of Accounting**

The financial statements have been prepared in accordance with the accrual basis of accounting. Major Income of the organization is freight income and major expense is freight expense paid to Kolkata Cargo forwarding Organizations.

**5. Regrouping of Figures**

Previous period's figures have been regrouped/ rearranged wherever necessary. Other operating and non-operating expenses are a part of Freight Expenses.



6. **Income Tax**  
Income tax has been calculated as per Income Tax Act 2058 (i.e., 25% on Net Profit before tax) for profit figure from 17<sup>th</sup> July 2019 to 31<sup>st</sup> March 2020 since Income Tax for profit figure from 1<sup>st</sup> April 2019 to 16<sup>th</sup> July, 2019 has already been paid as per Nepalese Fiscal Year.
7. **Deferred Tax**  
Deferred Tax Assets and Liabilities have not arisen in accordance with NAS.9 and Income Tax Act 2058.
8. **Value Added Tax**  
The company has VAT receivable at the end of the financial period at NPR. 6,675.37
9. **Advance Tax**  
The organization has advance tax of NPR. 75,000 and advance TDS withheld NPR. 9,433.50
10. **Advance taken by Executive Director**  
The executive director of the organization has obtained advance from the organization which at 30<sup>th</sup> September 2019 is NPR. 900,000.
11. **Bank Accounts**  
Organization's Bank Account at SBI Bank Ltd. has been closed in this period.



### **Effect of Covid-19 Outbreak on Business**

A country-wide lockdown due to Covid-19 outbreak came into effect on 24th March, 2020, and is scheduled to end on 18th May, 2020 as of the date of issue of financial statement unless extended by the government. Amid lockdown only transportations of essential items such as vegetables, LP gas bullets etc. are being carried out from India to Nepal while export is almost nil.

The company with investment holding of 64% and 36% by Total Transport Ltd. India and the Nepalese company itself respectively has income from export and import service only through India. The company earns 40% of its revenue in monsoon and summer season and 60% in winter and spring season. The lockdown as of now (date of issue of financial statement) has and is expected to affect its revenue during this season. Hence, going concern assessment is considered necessary by the management.

The company's only income is freight income and an average of annual 85% of total expenses (excluding depreciation and income tax expenses) are freight expenses (cargo). Due to direct relation of freight income and expenses (i.e., freight expenses are an average of 80% of amount of annual freight income), any decrement in freight income proportionately decreases freight expenses. But, during the period of minimal business transactions, the company still has to bear most of its General and Administrative Expenses which account for 15% of total expenses averaging around 3 million rupees annually of which 50% is salary expenses (i.e., around 1.6 million rupees). The company has free reserves of around 2.4 million rupees enough to bear the General and Administrative Expenses for the majority of the year. The management has also decided to decrease the salary of manager by 30% with effect from April 13, 2020 (i.e. Baisakh 2076). The company also has strong commitments of itself and of Total Transport Systems, India to continue the business. The company expects to gradually regain to the scale of its business after the end of lockdown.

Hence, even though the effect of lockdown till date of issue of financial statements has and is expected to affect the business of the company for several months ahead, the company as per Nepal Accounting Standard 1, 'Nepal Accounting Standard on Presentation of Financial Statements' has neither the intention nor the necessity to liquidate or cease trading. Therefore, the management does not find the event of lockdown casting significant doubt upon the entity's ability to continue as a going concern as of now.

Note: Even though the initial lockdown of 14 days was extended after the Balance Sheet date, the extension is also disclosed because an entity needs to update the disclosures in its financial statements to reflect information received after the balance sheet date, even when the information does not affect the amounts that it recognises in its financial statements as per paragraph 20 of NAS 05, 'Nepal Accounting Standard on Events after the Balance Sheet date'.

### **12. Financial Period**

Current financial period comprises from 1st April 2019 to 31st March 2020.

