

**1. Background**

The consolidated financial statements comprise financial statements of Star Hospital Limited ("the Company") and its subsidiaries (hereinafter referred to as "the Group") for the year ended 32nd Ashad, 2079.

The group includes fully subsidiary companies of Star Hospital Limited i.e., Modern Technical College Limited, and Star Academy Lalitpur Limited as well as subsidiary companies with holding of 50% or more that are Star Nuwakot Aspatal Private Limited and Innovative College Private Limited. Innovative College Private Limited is a subsidiary of Modern Technical College over which Star Hospital Limited holds complete control.

**1.1 Reporting Group**

Star Hospital Limited (hereinafter referred to as "The Company") is limited liability company domiciled in Nepal registered under Company Act, 2063. The address of its registered office is Ward No.2 Sanepa, Kathmandu, Nepal. The company is registered as public limited company on 15th Baisakh 2067 with registration number 1232/066/067.

The principle aim for establishment of the hospital is to provide quality health care facility in the people. It aims to establish well equipped superficiality hospital with all services under the same roof so that people from every walk of life can get these services at reasonable cost. It also aims to train allied health professionals needed for the country.

The principal activities of subsidiaries are as follows:

**Modern Technical College Limited**

The principle aim for the establishment of Modern Technical College is to provide the world class education by good academic management, research activities, and evidence-based practices. It aims to provide extensive practical exposure opportunities to gain adequate skill by using cutting age scientific approaches.

**Star Academy Lalitpur Limited**

The principle aim for the establishment of Star Academy is to provide quality education to students.

**Innovative College Private Limited**

The principle aim for the establishment of college is to provide quality education to nursing students.

**Star Nuwakot Aspatal Private Limited**

The principle aim for the establishment of hospital is to provide quality health care facility to people in Nuwakot.

**1.2 Board of Directors**

The composition of Board of Directors as on 32nd Ashad 2079 is as follow:

Name	Position
Kishor Kumar Maharjan	Executive Chairman
Er. Basanta Chandra Marahatta	Director
Navaraj Pokharel	Member Secretary
Dr. Shail Rupakheti	Medical Director
Arun Lal Shrestha	Director
Chandra Maharjan	Director
Tirtha Lal Maharjan	Director
Santa Man Maharjan	Director
Kiran Maharjan	Director
Dr. Rajeev Shetha	Independent Director
Dr. Sailesh Pradhan	Independent Director



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**Star Hospital Limited**  
**Notes to the Consolidated financial statements for FY 2078/79**  
 All amount in Nepalese Rupees

**1.3 Substantial Shareholders**

Following are the shareholders of the hospital having shareholding exceeding 1% of the total paid up capital as on 32nd Ashad 2079:

S. No.	Name of Shareholders	Value
1	Subha Shree Holding Private Limited	57,505,000.00
2	Dr. Binita Pradhan	8,450,000.00
3	Tirtha Lal Maharjan	40,763,000.00
4	Samundra Kaji Maharjan	10,000,000.00
5	Ramesh Maharjan	10,000,000.00
6	Chandra Maharjan	33,703,000.00
7	Santa Man Maharjan	11,903,900.00
8	Kishore Kumar Maharjan	10,489,000.00
	<b>Total</b>	<b>182,813,900.00</b>

**2. Basis of Preparation**

The group while complying with the reporting standards, makes critical accounting judgement as having potentially material impact on the consolidated financial statements. The significant accounting policies that relate to the consolidated financial statements as a whole along with the judgements made are described herein.

Where an accounting policy is generally applicable to a specific item, the policy is described within that relevant note. NFRS requires the group to exercise judgement in making accounting estimates. Description of such estimates has been given in the relevant sections wherever they have been applied.

**2.1 Statement of compliance**

The consolidated financial statements have been prepared in accordance with Nepal Financial Reporting Standards (NFRSs).

The Board of Directors acknowledges the responsibility of preparation of consolidated financial statements of the group.

**2.2 Reporting Pronouncements**

The group has, for the preparation of financial statements, adopted the NFRS pronounced by ASB. NFRS conform, in all material respect, to Nepal Financial Reporting Standards (NFRS) as issued by the Nepal Accounting Standards Board (NASB).

**2.3 Going concern assumption**

The consolidated financial statements have been prepared on a going concern basis where the accounting policies and judgements as required by the standards are consistently used and in case of deviations disclosed specifically.

**2.4 Basis of measurement**

The Consolidated Financial Statements have been prepared on an accrual basis except for cash flow information and financial instrument measured at fair value.

**2.5 Presentation**

The Consolidated financial statements have been presented in the nearest Nepalese Rupees. For presentation of the statement of financial position assets and liabilities have been bifurcated into current and non-current distinction.

The Consolidated statement of profit or loss and other comprehensive income has been prepared using classification 'by nature' method.

The cash flows from operation within the Consolidated statement of cash flows have been derived using the indirect method.



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**2.5.1 Functional and presentation currency**

Consolidated Financial statements are denominated in Nepalese Rupees, which is the functional and presentation currency of the group.

**2.5.2 Current and Non-Current distinction**

**Assets**

Except property plant and equipment, intangible assets investment in subsidiaries, and deferred tax assets, all the assets are taken as current assets unless specific additional disclosure is made in the notes for current and non-current distinction.

**Liabilities**

Except long-term borrowings and defined benefit plan obligations all the liabilities assets are taken as current liabilities unless specific additional disclosure is made in the notes for current and non-current distinction.

**2.6 Accounting policies, accounting estimates and judgements**

The group, under NFRS, is required to apply accounting policies to most appropriately suit its circumstances and operating environment. Further the group is required to make judgement in respect of items where the choice of specific policy, accounting estimate or assumption to be followed could materially affect the Consolidated financial statements. This may later be determined that a different choice could have been more appropriate and actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively.

Further, management uses valuation techniques to determine the fair value of financial instruments. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions in observable data as far as possible. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

Accounting policies have been included in the relevant notes for each item of the Consolidated financial statements. The effect and nature of the changes, if any, have been disclosed.

NFRS requires the group to make estimates and assumptions that will affect the assets, liabilities, disclosure of contingent assets and liabilities, and profit or loss as reported in the financial statements.

The group applies estimates in preparing and presenting the consolidated financial statements. The estimates and underlying assumptions are reviewed periodically. Revision to accounting estimates are recognized in the period in which the estimates are revised and applied prospectively.

Disclosures of the accounting estimates have been included in the relevant section of the notes wherever the estimates have been applied along with the nature and effect of changes of accounting estimates, if any.

**2.7 Determination of fair values**

The Groups's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. When applicable, further information about the assumptions made in determining fair values is disclosed in the respective notes.

**2.8 Financial Periods**

The group follows the Nepalese financial year based on the Nepalese calendar.



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**2.9 Basis of consolidation**

**Business combination**

The Group's financial statement comprise consolidation of the financial statements of the company and its subsidiaries in accordance with the Nepal Accounting Standard – NFRS 10 (Consolidated Financial Statements).

The Group measures goodwill as the fair value of the consideration transferred including the recognized amount of any non-controlling interest in the acquiree less the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of acquisition date. When the excess is negative, a bargain purchase gain is recognized immediately in profit or loss, if controlling power is acquired.

**Goodwill**

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the cash-generating units or group of cash-generating units that is expected to benefit from the synergies of the combination.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the statement of profit and loss on disposal.

**Non-controlling interest**

Nepal Accounting Standard 27 (NAS 27) defines non-controlling interest as "the equity in subsidiary not attributable, directly or indirectly to a parent". The similar term "minority interest" was previously used in standards. Non-controlling interest (NCI) refers to ownership of a company which does not give shareholder the control of the company. There are non-controlling interest in Star Nuwakot Aspatal Private limited and Innovative College Private Limited.

**Subsidiaries**

Subsidiaries are the entities that are controlled by the company. The company is presumed to control an entity when it is exposed or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. At each reporting date the company reassesses whether it controls an entity, if facts and circumstances indicate that there are changes to one or more elements of control mentioned above.

The Financial Statements of subsidiaries are fully consolidated from the date on which control is transferred to the company and continue to be consolidated until the date when such control ceases. The Financial Statements of the company's subsidiaries are prepared for the same reporting year as the company, using consistent accounting policies.

The following subsidiaries were consolidated as at Ashad 32, 2079:

Name of the subsidiary	Country of incorporation	% of holding	
		32 Ashad, 2079	31 <sup>st</sup> Ashad, 2078
Star Academy Ltd.	Nepal	100%	100%
Modern Technical College	Nepal	100%	100%
Star Nuwakot Aspatal Private Limited	Nepal	50%	50%
Innovative College Private Limited**	Nepal	81%	81%

\*\* Innovative College Private Limited is a subsidiary of Modern Technical College over which Star Hospital Limited holds complete control.

**Loss of control**

The loss of control of a subsidiary is a transaction or another event in which a parent company sells its controlling interest in a subsidiary to another party.



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If a parent loses control of a subsidiary, the parent:

- derecognizes the assets and liabilities of the former subsidiary from the Consolidated Statement of Financial Position
- recognizes any investment retained in the former subsidiary when control is lost and subsequently accounts for it and for any amounts owed by or to the former subsidiary in accordance with relevant IFRSs. That retained interest is re-measured and the re-measured value is regarded as the fair value on initial recognition of a financial asset in accordance with NFRS 9 Financial Instruments or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture.
- recognizes the gain or loss associated with the loss of control attributable to the former controlling interest.

**Transaction elimination on consolidation**

All the intergroup transactions between subsidiary and parent are eliminated on preparing consolidated financial statements.

**2.10 Property, plant and equipment**

Property, plant and equipment are tangible items that are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes; and are expected to be used during more than one period.

Property, plant and equipment are stated at the cost less accumulated depreciation and accumulated impairment losses.

**a. Basis of Recognition**

Property, plant and equipment are recognized as per NAS 16, when it is probable that future economic benefits associated with the assets will flow to the Group and cost of the asset can be reliably measured.

**b. Basis of Measurement**

An item of property, plant and equipment that qualifies for recognition as an asset is measured at its cost. Cost includes expenditure that is directly attributable to the acquisition of the asset and cost incurred subsequently to add to, replace part of, or service it. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the asset to a working condition for their intended use and the costs of dismantling and removing the items and restoring the site on which they are located.

Land has been revalued as on 1<sup>st</sup> Shrawan 2075 to its fair value and has been assumed as deemed cost on that date as provided by NFRS 1.

**c. Subsequent costs**

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within that part will flow to the Group and its cost can be measured reliably. The costs of day-to-day servicing of property, plant and equipment are charged to the statement of profit or loss as incurred.

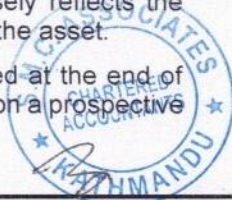
**d. Depreciation**

Depreciation is calculated over the depreciable amount, which is the cost of an asset plus and incidental costs related to acquisition. Depreciation is recognized so as to write off the cost of asset less their estimated residual values over their estimated useful life using the straight-line method of each item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful life, residual value and depreciation methods are revised at the end of each reporting period, with the effect of any change in estimates accounted for on a prospective basis.



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**Star Hospital Limited**  
**Notes to the Consolidated financial statements for FY 2078/79**  
 All amount in Nepalese Rupees

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The estimate life of various classes of assets are as follow:

S.N.	Types of assets	Estimated useful lives
1	Building	30 Years
2	Furniture & fixture	6 years
3	Office Equipment	6 Years
4	Computers & Printers	6 Years
5	Vehicle	7 Years
6	Plant & machinery	10 Years

**e. De-recognition**

The carrying amount of an item of property, plant and equipment is derecognized on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the de recognition of an item of property, plant and equipment is included in statement of profit or loss when the item is derecognized. When replacement costs are recognized in the carrying amount of an item of property, plant and equipment, the remaining carrying amount of the replaced part is derecognized. Major inspection costs are capitalized. At each such capitalization, the remaining carrying amount of the previous cost is derecognized

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**2.11 Intangible assets**

An intangible asset is an identifiable non monetary asset without physical substance held for use in the production or supply of goods or services, or for administrative purpose.

**a. Basis of recognition**

Intangible assets are recognized if it is probable that the future economic benefits that are attributable to the asset will flow to the entity and the cost of the assets can be measured reliably.

**Intangible asset acquired separately with finite lives**

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates.

**b. Amortization**

Intangible assets amortized over their estimated useful economic life on a straight-line basis. They are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

Amortization methods, useful lives and residual values are reviewed at each reporting date.

The estimate life of various classes of assets are as follow:

S.N.	Types of assets	Estimated useful lives
1	Software	5 Years

**c. De-recognition**

An intangible asset is derecognized on disposal or when no future economic benefits are expected from its use and subsequent disposal.

**2.12 Deferred tax**

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period to cover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that the future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized, based on the level of future taxable profit forecasts and tax planning strategies.

Deferred tax liabilities are recognized for all taxable temporary differences.

The component of Deferred Tax is created applying current tax rate @ 25%.



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**Star Hospital Limited**  
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All amount in Nepalese Rupees

**2.13 Inventories**

Inventories of all medicine's items, stores (like lab material and other consumables) including stationeries and housekeeping are measured at cost. Cost of inventories includes cost of purchase and other cost incurred in bringing the inventories to their present location and conditions.

**2.14 Employee benefits**

**a. Defined contribution plan**

A defined contribution plan is a post-employment plan under which an entity pays fixed contribution into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognized as an employee benefit expense in the statement of profit or loss in the periods during which services are rendered by employees. Employees are eligible for Employees' Provident Fund Contributions in accordance with the respective statutes and regulations.

Contributions to defined contribution plans are recognized as an expense in the statement of profit or loss as incurred.

**Employees' provident fund**

The Group contribute 10% of the salary of each employee to the Employees' Provident Fund managed by government of Nepal. Regular monthly contributions are made to provident fund and are deposited with the Employees' Provident Fund (Organization), which are charged to revenue.

**b. Defined benefit plan**

The new Labor Act 2074 is applicable from Bhadra 19, 2074 which requires payment of minimum Gratuity of at least 8.33% of basic salary to all staff (equal to one month salary per year). The Group has not yet decided for the revision of its Employees policies as per New Labor Act. As the act is already in force, the Group has decided to provide gratuity to old staff who are in service now on the basis of existing policy of the group till Ashad End, 2079. After that the group is in process to provide 8.33% of basic salary as gratuity for all staff for gratuity benefit (both nature of staff and period of service). Since, the liability and expenditure of gratuity is not significantly material and for current year, the group has not carried out actuarial valuation.

**2.15 Provisions and contingent liabilities**

- a. Provisions are recognized when the Group has a present obligation (legal or constructive as a result of as past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking in to account the risks and uncertainties surrounding the obligation.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

- b. A contingent liability exists when there is a possible but not probable obligation, or a present obligation that may, but probably will not, require an outflow of resources, or a present obligation whose amount cannot be estimated reliably. Contingent liabilities do not warrant provisions but are disclosed unless the possibility of outflow of resources is remote. Contingent assets are neither recognized nor disclosed in the consolidated financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognized in the period in which the change occurs.

- c. There are no reportable contingent liabilities or commitments as at the year end.

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**Star Hospital Limited**  
**Notes to the Consolidated financial statements for FY 2078/79**  
All amount in Nepalese Rupees

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**2.16 Income tax**

Income tax on the profit for the year comprises current and deferred tax. Income tax is recognized directly in the statement of profit or loss except to the extent that it relates to items recognized directly in equity.

**a. Current tax**

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the reporting date, and any adjustment made to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any.

**b. Deferred tax**

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period to cover or settle the carrying amount of its assets and liabilities.

The component of Deferred Tax is created applying current tax rate @ 25%. Detailed presentation and calculation have been shown in note 8.

**2.17 Revenue**

Sales are recognized as and when services are rendered to the patients and invoices are generated. Revenue is measured at the value of the consideration received or receivable, net of refunds, trade discounts and service taxes.

The services rendered but invoice not being raised during the cut-off period is of immaterial value.

Pharmacy sales is recognized when risk and reward of ownership is transferred to customer and are recognized net of return, trade discount and including VAT, if applicable.

**2.18 Cost of sales**

All the expenses that are directly related to generating revenue are classified as cost of sales.

**2.19 Employee expenses**

All the service cost, long term and short-term benefits given to employee are classified as employee cost.

**2.20 Administrative and other expenses**

Expenses incurred for the group during the reporting period for administrative purpose are classified under administrative expenses.

At the commencement date, the group measures the right-of-use asset at cost as well as the lease liability. Then the right-of-use assets are depreciated on useful life over the period of lease term. Similarly, finance expenses are recognised on lease liability. However, for short term leases, direct lease expenses has been booked.





**Star Hospital Limited**  
**Notes to the Consolidated financial statements for FY 2078/79**  
All amount in Nepalese Rupees

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**2.21 Net finance cost**

All the interest expenses against the loans and advances and the unwinding of discount on financial liabilities are net off against interest income and presented as net finance cost.

**2.22 Staff Bonus**

Provision for staff bonus is made as per the prevalent practices at ten percent of accounting net profit including such bonuses. As the group is in loss, no amount has been provided for staff bonus.

**2.23 Foreign currency transaction**

In preparing the consolidated financial statements of the group, transaction in currencies other than the Group's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the date. Non-monetary items carried at the fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in foreign currency are not retranslated.

**3. Impairment**

At the end of each reporting period, the Group reviews the carrying amount of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss, if any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash generating units, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit.

If the recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the statement of profit and loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognized immediately in the statement of profit and loss.

**4. Financial Instruments**

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instrument.



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**Star Hospital Limited**  
**Notes to the Consolidated financial statements for FY 2078/79**  
All amount in Nepalese Rupees

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

**(i) Financial assets**

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through income statement, transaction costs that are attributable to the acquisition of the financial asset. Financial assets are classified, at initial recognition, as financial assets measured at fair value or as financial assets measured at amortized cost.

**(a) Impairment of financial assets**

Financial assets, being loans and receivables, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For all financial assets, objective evidence of impairment could include:

- Significant financial difficulty of the issuer or counterparty; or
- Breach of contract, such as a default or delinquency in interest or principal payments; or
- It becoming probable that the borrower will enter bankruptcy or financial re-organization; or
- The disappearance of an active market for that financial asset because of financial difficulties.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets.

**(b) Derecognition of financial assets**

The group de-recognizes financial asset only when the contractual right to the cash flows from the assets expire, or when it transfers the financial asset and substantially all the risk and rewards of ownership if the asset to another entity. If the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss.

**(ii) Financial liabilities and equity**

**(a) Financial Liabilities**

Financial liabilities are classified as either financial liabilities "at fair value through profit and loss" or "other financial liabilities". Of these categories, the Group only has "other financial liabilities".

**(b) Derecognition of financial liabilities**

The group derecognizes financial liabilities when, and only when, the Group obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.



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
**STAR HOSPITAL LIMITED**  
Consolidated Statement of Financial Position as at 32nd Ashad, 2079 (16th July, 2022)


		Notes	32nd Ashad, 2079	31st Ashad, 2078
<b>ASSETS</b>				
<b>A. Non Current Assets</b>				<b>1,175,351,543</b>
(a) Property, plant and equipment	5		1,314,636,118	69,138,161
(b) Intangible assets	6		68,041,154	-
(c) Financial Assets			-	-
(i) Investment in associates			-	-
(ii) Investment in subsidiaries	7		-	-
(d) Deferred tax assets	8		-	-
<b>Total Non Current Assets (A)</b>			<b>1,382,677,272</b>	<b>1,244,489,704</b>
<b>B. Current Assets</b>				<b>29,398,893</b>
(a) Inventories	9		58,104,127	108,952,408
(b) Financial Assets			145,581,550	27,839,025
(i) Trade Receivables	10		18,915,587	51,945,858
(ii) Cash and cash equivalents	11		53,816,178	218,136,185
(iii) Other Current Assets	12		276,417,442	-
<b>Total Current Assets (B)</b>			<b>1,659,094,714</b>	<b>1,462,625,888</b>
<b>Total Assets (A+B)</b>				
<b>EQUITY AND LIABILITIES</b>				
<b>A. Equity</b>				<b>683,672,200</b>
(a) Share capital	13		683,672,200	-
(b) Advance for share capital			13,664,150	(82,754,716)
(c) Reserve and surplus	14		(155,834,572)	4,235,508
(d) Non Controlling Interest			4,041,029	-
<b>Total Equity (A)</b>			<b>545,542,806</b>	<b>605,152,992</b>
<b>B. Non Current Liabilities</b>				
(a) Financial Liabilities				387,046,626
Borrowing	15		512,969,986	6,494,895
(b) Employee benefit liability	16		8,001,018	-
(c) Other non current liabilities			-	-
(d) Provisions			-	11,207,078
(e) Deferred tax liability	8		22,086,904	-
<b>Total Non Current Liabilities (B)</b>			<b>543,057,909</b>	<b>404,748,599</b>
<b>C. Current Liabilities</b>				
(a) Financial Liabilities				208,882,149
(i) Short term loan	17		186,094,085	144,819,294
(ii) Trade Payables	18		212,938,369	78,853,051
(iii) Other Current Liabilities	19		156,266,830	18,583,003
(b) Employee benefit liability	16		15,194,716	1,586,799
(c) Provisions			-	452,724,297
<b>Total Current Liabilities (C)</b>			<b>570,493,999</b>	<b>1,462,625,888</b>
<b>Total Equity &amp; Liabilities (A+B+C)</b>			<b>1,659,094,714</b>	<b>1,462,625,888</b>

The accompanying notes form an integral part of the financial statements.

As per our report of even date

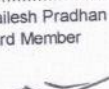
  
Kishore Kumar Maharjan  
Executive Chairman

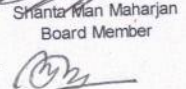
  
Dr. Shail Rupakheti  
Medical Director

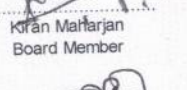
  
Bishnu Prasad Dahal  
Head of Finance

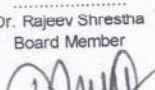
  
Tirtha Lal Maharjan  
Board Member

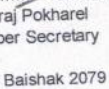
CA. Ashes Aryal  
SMC Associates  
Chartered Accountants

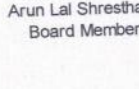
  
Dr. Shailesh Pradhan  
Board Member

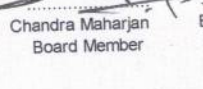
  
Shanta Man Maharjan  
Board Member

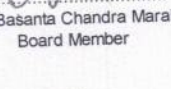
  
Kiran Maharjan  
Board Member

  
Dr. Rajeev Shrestha  
Board Member

  
Navraj Pokharel  
Member Secretary

  
Arun Lal Shrestha  
Board Member

  
Chandra Maharjan  
Board Member

  
Er. Basanta Chandra Marahatta  
Board Member


Date: 22 Baishak 2079  
Place: Lalitpur, Nepal

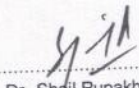


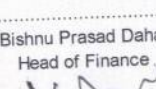
**STAR HOSPITAL LIMITED**  
**Consolidated Statement of Profit or Loss and Other Comprehensive Income**  
**For the Period from 1st Shrawan, 2078 to 32nd Ashad, 2079 (16th July, 2021 to 16th July, 2022)**

Particulars	Notes	For the Year Ended on 32nd Ashad, 2079	For the Year Ended on 31st Ashad, 2078
Revenue	22	831,395,845	995,763,252
Cost of sales	23	431,822,201	539,442,912
<b>Gross profit / (loss)</b>		<b>399,573,644</b>	<b>456,320,340</b>
Other income	24	8,448,081	4,234,413
Employee expense	25	182,099,133	154,626,428
Depreciation	5	75,957,737	50,303,839
Amortization	6	2,227,007	2,038,996
Administrative expenses and other expense	26	140,434,076	168,626,954
Impairment loss		-	-
<b>Operating profit / (loss)</b>		<b>7,303,772</b>	<b>84,958,537</b>
Net finance costs	27	66,360,265	52,111,138
<b>Profit / (loss) before staff bonus</b>		<b>(59,056,493)</b>	<b>32,847,399</b>
Staff bonus		-	3,113,993
<b>Profit / (loss) before tax</b>		<b>(59,056,493)</b>	<b>29,733,406</b>
Income tax expenses of current year		(740,504)	(858,156)
Income tax expenses of previous years		(86,763)	-
Deferred tax-income (Expense)	8	(10,879,826)	(9,980,499)
<b>Net profit / (loss) for the year</b>		<b>(70,763,586)</b>	<b>18,894,751</b>
<b>Other comprehensive income</b>			
(i) Items that will not be reclassified in statement of profit and loss			
(a) Remeasurement of defined benefit liabilities		-	-
(ii) Income tax relating to items that will not be reclassified to profit or loss		-	-
<b>Total other comprehensive income / (loss) for the year</b>		<b>(70,763,586)</b>	<b>18,894,751</b>
<b>Total comprehensive income</b>		<b>(70,763,586)</b>	<b>18,894,751</b>
<b>Total Comprehensive Income attributable to:</b>		<b>(70,569,106)</b>	<b>18,734,252</b>
Equity holders of the company		(194,480)	160,499
Non-controlling interest		-	-


The accompanying notes form an integral part of the financial statements.

  
 Kishore Kumar Maharjan  
 Executive Chairman

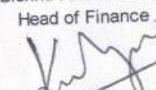
  
 Dr. Shail Rupakheti  
 Medical Director

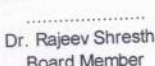
  
 Bishnu Prasad Dahal  
 Head of Finance

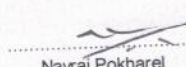
As per our report of even date  
  
 Ritha Lal Maharjan  
 Board Member  
 CA. Ashes Aryal  
 SMC Associates  
 Chartered Accountants  

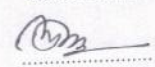

  
 Dr. Shailesh Pradhan  
 Board Member

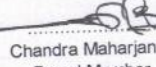
  
 Shanta Man Maharjan  
 Board Member

  
 Kuran Maharjan  
 Board Member

  
 Dr. Rajeev Shrestha  
 Board Member

  
 Navraj Pokharel  
 Member Secretary

  
 Arun Lal Shrestha  
 Board Member

  
 Chandra Maharjan  
 Board Member

  
 Er. Basanta Chandra Marahatta  
 Board Member

Date: 22 Baishak 2079  
 Place: Lalitpur, Nepal

  
**STAR HOSPITAL**  
 Compassionate care with comfort



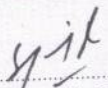
**STAR HOSPITAL LIMITED**  
Consolidated Statement of Cash Flow

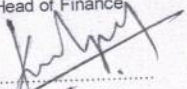
For the Period from 1st Shrawan, 2078 to 32nd Ashad, 2079 (16th July, 2021 to 16th July, 2022)

Particulars	NPR	
	For the Year Ended on 32nd Ashad, 2079	For the Year Ended on 31st Ashad, 2078
<b>A. Cash Flow from Operating Activities</b>		
Net Profit before Tax	(59,056,493)	29,733,406
Adjustments for:		
Depreciation expenses	78,184,744	52,342,834
Net finance cost	66,360,265	52,111,138
Provision for gratuity	1,770,698	4,014,923
Change in other non current assets	-	-
Change in inventories	(28,705,234)	(16,493,491)
Change in Other Current Assets	(4,509,719)	(19,095,256)
Change in trade receivables	(36,629,142)	(80,891,820)
Change in other non current liabilities	-	-
Change in short term loan	(22,788,065)	106,271,041
Change in employee benefit liabilities	(3,388,287)	257,269
Change in trade payables	66,532,276	85,148,435
Change in other current liabilities	77,413,779	49,959,703
Payemnt of gratuity	(264,575)	(2,444,790)
Prior period expense	-	(9,132,541)
Income tax Paid	-	-
<b>Net Cash Flow from Operating Activities (1)</b>	<b>134,920,247</b>	<b>251,780,851</b>
<b>B. Cash Flow from Financing Activities</b>		
Changes in Share Capital	13,664,150	59,642,000
Changes in Long Term Loan	125,923,360	(21,888,186)
Net finance cost	(66,360,265)	(52,111,138)
Dividend Paid	-	-
<b>Net Cash Flow from Financing Activities (2)</b>	<b>73,227,245</b>	<b>(14,357,323)</b>
<b>C. Cash Flow from Investing Activities</b>		
Sale/(Purchase) of Tangible Fixed Assets	(215,940,928)	(220,692,375)
Sale/(Purchase) of Intangible Assets	(1,130,000)	(1,911,015)
Sale/(Purchase) of investments	-	-
<b>Net Cash Flow from Investing Activities (3)</b>	<b>(217,070,928)</b>	<b>(222,603,390)</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents (1+2+3)</b>	<b>(8,923,438)</b>	<b>14,820,138</b>
Cash and Cash Equivalents at beginning of the year/period	27,839,025	13,018,887
<b>Cash and Cash Equivalents at end of the year/period</b>	<b>18,915,587</b>	<b>27,839,025</b>
<b>Components of Cash and Cash Equivalents</b>		
Cash in hand	18,915,587	27,839,025
Balance with Banks	2,091,894	2,675,873
	16,823,694	25,163,152


As per our report of even date

  
Kishore Kumar Maharjan  
Executive Chairman


  
Dr. Shaji Rupakheti  
Medical Director

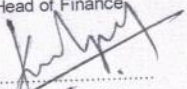
  
Bishnu Prasad Dahal  
Head of Finance

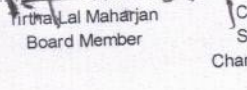
  
Niraj Lal Maharjan  
Board Member

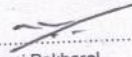
  
CA. Ashes Aryal  
SMC Associates  
Chartered Accountants

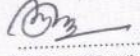
  
Dr. Shailesh Pradhan  
Board Member

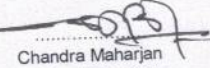
  
Shantis Man Maharjan  
Board Member

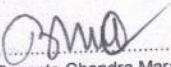
  
Kiran Maharjan  
Board Member

  
Dr. Rajeev Shrestha  
Board Member

  
Navraj Pokharel  
Member Secretary

  
Arun Lal Shrestha  
Board Member

  
Chandra Maharjan  
Board Member

  
Er. Basanta Chandra Marahatta  
Board Member

Date: 22 Baishak 2079  
Place: Lalitpur, Nepal





**STAR HOSPITAL LIMITED**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
 For the Period from 1st Shrawan, 2078 to 32nd Ashad, 2079 (16th July, 2021 to 16th July, 2022)

NPR

Particulars	Share Capital	Advance for Share Capital	Revaluation Reserve	Retained earning	Minority Interest	Total Equity
<b>Balance at 1 Shrawan 2077</b>	366,530,200	257,500,000	190,138,279	<b>(282,494,706)</b>	-	<b>531,673,773</b>
Adjustment/Restatement				(9,132,541)	4,075,009	(9,132,541)
Profit for the year				18,734,252	160,499	18,734,252
Other comprehensive income net of tax						
Addition during the year	317,142,000	(257,500,000)	190,138,279	<b>(272,892,995)</b>	<b>4,235,508</b>	<b>605,152,992</b>
<b>Balance at Ashad end 2078</b>	<b>683,672,200</b>	-	190,138,279	(2,510,750)	(194,480)	(2,510,750)
Adjustment/Restatement				(70,569,106)		(70,569,106)
Profit for the year						
Other comprehensive income net of tax						
Addition/Adjustment during the year		13,664,150				13,664,150
<b>Balance at Ashad end 2079</b>	<b>683,672,200</b>	<b>13,664,150</b>	<b>190,138,279</b>	<b>(345,972,851)</b>	<b>4,041,029</b>	<b>545,542,806</b>

As per our report of even date



Kishore Kumar Maharjan Executive Chairman	Dr. Sikkil Rupakheti Medical Director	Bishnu Prasad Dahal Head of Finance	Tirth Lal Maharjan Board Member	CA. Ashes Aryal SMC Associates Chartered Accountants
Dr. Shailesh Pradhan Board Member	Shanta Man Maharjan Board Member	Arun Maharjan Board Member	Dr. Rajeev Shrestha Board Member	
Navraj Pokharel Member Secretary	Arun Lal Shrestha Board Member	Chandra Maharjan Board Member	Er. Basanta Chandra Marahatta Board Member	

Date: 22 Baishak 2079  
Place: Lalitpur, Nepal









STAR HOSPITAL LIMITED  
CONSOLIDATED NOTES TO ACCOUNT

6 Intangible Assets

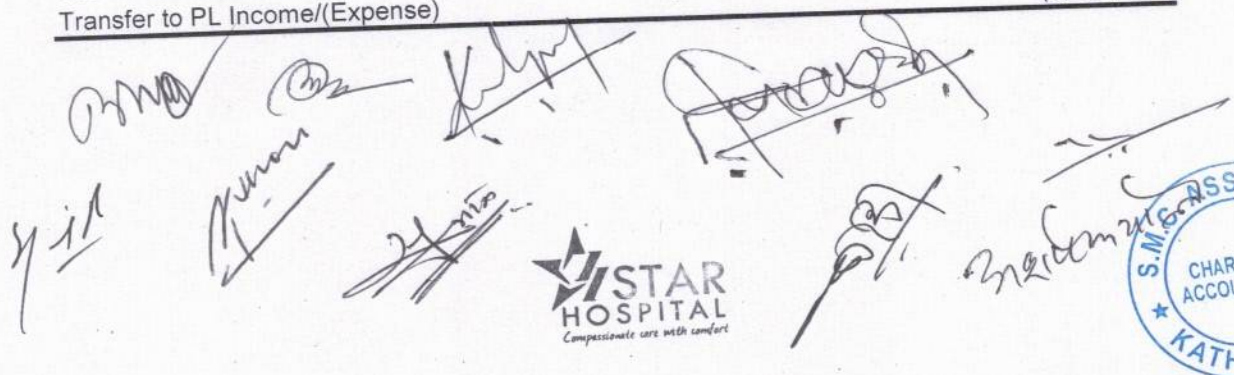
Particulars	Software	Goodwill
<b>Cost</b>		
Balance at 15 July 2020	9,627,708	41,588,987
Additions	1,911,015	22,656,711
Deletion	-	-
<b>Balance at 15 July 2021</b>	<b>11,538,723</b>	<b>64,245,697</b>
Balance at 16 July 2021	11,538,723	64,245,697
Additions	1,130,000	-
Deletion	-	-
<b>Balance at 16 July 2022</b>	<b>12,668,723</b>	<b>64,245,697</b>
<b>Amortization</b>		
Balance at 15 July 2020	4,607,264	-
Amortization for the year	2,038,996	-
Disposal	-	-
<b>Balance at 15 July 2021</b>	<b>6,646,260</b>	<b>-</b>
Balance at 16 July 2021	6,646,260	-
Amortization for the year	2,227,007	-
Disposal	-	-
<b>Balance at 16 July 2022</b>	<b>8,873,266</b>	<b>-</b>
<b>Carrying Amounts</b>		
As at 15 July 2021	4,892,463	64,245,697
As at 16 July 2022	3,795,456	64,245,697

7 Investment in Subsidiaries

Particulars	32nd Ashad, 2079	31st Ashad, 2078
<b>Total</b>		-

8 Deferred tax asset / (liability)

For FY 2077/78	Deferred Tax Asset	Deferred Tax Liability
Gratuity Provision	1,623,724	10,302,898
PPE		63,379,426
Land	60,851,523	
Accumulated Loss		
<b>Closing Assets/(Liability)</b>		<b>(11,207,078)</b>
Opening Asset/(Liability)		(1,226,579)
Transfer to OCI Income/(Expense)		-
Transfer to PL Income/(Expense)		(9,980,499)


  
 Multiple handwritten signatures in black ink are present across the bottom of the page. On the right side, there is a blue circular stamp that reads "S.M. & ASSOCIATES CHARTERED ACCOUNTANTS KATHMANDU".





**STAR HOSPITAL LIMITED**  
**CONSOLIDATED NOTES TO ACCOUNT**

For FY 2078/79	Deferred Tax Asset	Deferred Tax Liability
Gratuity Provision	2,000,255	16,971,098
PPE		63,379,426
Land	56,263,366	
Accumulated Loss		
<b>Closing Assets/(Liability)</b>		<b>(22,086,904)</b>
Opening Asset/(Liability)		(11,207,078)
Transfer to OCI Income/(Expense)		-
Transfer to PL Income/(Expense)		(10,879,826)

**9 Inventories**

Particulars	32nd Ashad, 2079	31st Ashad, 2078
<b>Star Hospital (A)</b>		
Consumable Stores	6,954,122	4,401,438
PCR Stock	26,966,278	8,236,615
<b>Star Pharmacy (B)</b>		
Pharmacy-Sub Store	23,802,148	16,760,840
	381,580	
<b>Stock of Star Nuwakot (C)</b>		
<b>Total</b>	<b>58,104,127</b>	<b>29,398,893</b>

**10 Trade Receivables**

Particulars	32nd Ashad, 2079	31st Ashad, 2078
<b>Star Hospital (A)</b>		
Hospital Receivables	73,437,529	19,770,744
<b>Star Pharmacy (B)</b>		
Pharmacy Receivables	4,331,370	3,200,226
<b>Subsidiary Receivables (C)</b>		
	67,812,650	85,981,437
<b>Total</b>	<b>145,581,550</b>	<b>108,952,408</b>

**11 Cash and cash equivalents**

Particulars	32nd Ashad, 2079	31st Ashad, 2078
Cash in hand	2,091,894	2,675,873
Balances with Banks	16,823,694	25,163,152
<b>Total</b>	<b>18,915,587</b>	<b>27,839,025</b>

Handwritten signatures and a blue circular stamp of S.M.C. ASSOCIATES CHARTERED ACCOUNTANTS KATHMANDU are present at the bottom of the page.





**STAR HOSPITAL LIMITED**  
**CONSOLIDATED NOTES TO ACCOUNT**

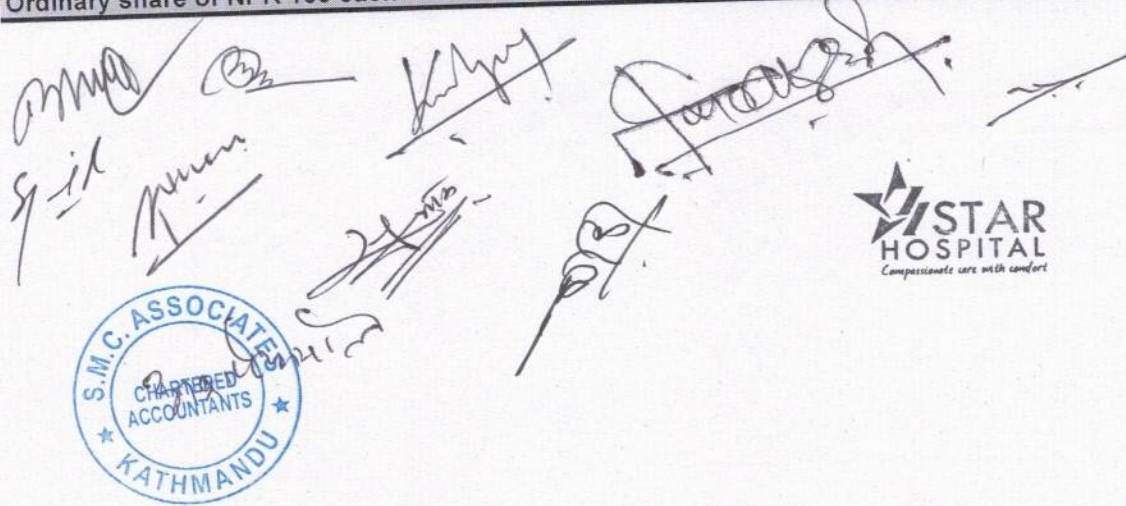
Cash in Hand		
Particulars	32nd Ashad, 2079	31st Ashad, 2078
<b>Star Hospital (A)</b>		
Cash In Hand	1,481,717	1,650,756
<b>Star Pharmacy (B)</b>		
Cash In Hand	251,642	285,097
Cheque in Hand	190,837	190,837
Counter Collection	29,701	3,200
<b>Subsidiary Cash in Hand</b>		
	137,997	545,983
<b>Total</b>	<b>2,091,894</b>	<b>2,675,873</b>

**12 Other Current Assets**

Particulars	32nd Ashad, 2079	31st Ashad, 2078
Advance Tax	2,470,970	1,915,585
Advance to Creditors	20,108,096	26,872,735
Other Advance	15,022,976	14,073,428
Prepaid Expenses	3,937,510	989,387
LC Margin	2,210,395	178,658
Bank Performance Guarantee	30,000	-
Innovative College	4,863,514	4,533,895
VAT Receivable	370,297	-
Deposits	4,802,420	3,382,170
<b>Total</b>	<b>53,816,178</b>	<b>51,945,858</b>

**13 Share Capital**

Particulars	Number of shares	
	32nd Ashad, 2079	31st Ashad, 2078
<b>Authorized</b>		
Ordinary shares of NPR 100 each	10,000,000	10,000,000
	1,000,000,000	1,000,000,000
<b>Issued</b>		
Ordinary shares of NPR 100 each	9,000,000	9,000,000
	900,000,000	900,000,000
<b>Subscribed and fully paid up</b>		
Ordinary share of NPR 100 each	683,672,200	683,672,200
	683,672,200	683,672,200


  
 S.M.C. ASSOCIATES  
 CHARTERED ACCOUNTANTS  
 KATHMANDU





**STAR HOSPITAL LIMITED**  
**CONSOLIDATED NOTES TO ACCOUNT**

**Reconciliation of shares outstanding at the beginning and at the end**

Particulars	32nd Ashad, 2079	31st Ashad, 2078
Balance as at the opening date	683,672,200	366,530,200
Issue of Share Capital	-	317,142,000
<b>Closing Share Capital</b>	<b>683,672,200</b>	<b>683,672,200</b>
Advance for share capital	13,664,150	
<b>Balance as at the closing date</b>	<b>697,336,350</b>	<b>683,672,200</b>

**Rights, preferences and restrictions attached to equity shares**

The company has a single class of equity shares. Accordingly, all equity shares rank equally with regards to dividends and shares in the Company's residual assets. The equity shares are entitled to receive dividend as declared from time to time.

**14 Reserve and Surplus**

Particulars	32nd Ashad, 2079	31st Ashad, 2078
Retained Earnings	(345,972,851)	(272,892,995)
Revaluation Reserve	190,138,279	190,138,279
<b>Total</b>	<b>(155,834,572)</b>	<b>(82,754,716)</b>

**15 Borrowing (Long Term)**

Particulars	32nd Ashad, 2079	31st Ashad, 2078
<b>Unsecured</b>		
Loan from Others	2,326,562	2,339,050.00
Loan from Shareholders	14,358,000	13,358,000.00
<b>Secured</b>		
Vehicle Loan	2,077,624	743,240.84
Term Loan	494,207,799	370,606,336
<b>Total</b>	<b>512,969,986</b>	<b>387,046,626</b>

**16 Employee benefit liability (non current)**

Particulars	32nd Ashad, 2079	31st Ashad, 2078
Payable For Gratuity	8,001,018	6,494,895
Less : Plan Assets		
<b>Total</b>	<b>8,001,018</b>	<b>6,494,895</b>

**16 Employee benefit liability (current)**

Particulars	32nd Ashad, 2079	31st Ashad, 2078
Star Hospital		
PF Payable	1,044,189	690,133
Cit Payables	685,202	659,140
Salary Payables	13,465,324	14,119,737
Staff Bonus	-	3,113,993



Handwritten signatures and initials of various individuals, likely representing management and auditors, are present at the bottom of the page.



STAR HOSPITAL LIMITED  
CONSOLIDATED NOTES TO ACCOUNT

Total

15,194,716

18,583,003

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**STAR HOSPITAL LIMITED**  
**CONSOLIDATED NOTES TO ACCOUNT**

**17 Borrowing (Short Term)**

=B171	32nd Ashad, 2079	31st Ashad, 2078
Overdraft Loan	28,724,787	14,186,400
Bridge Gap Loan	63,135,669	3,500,000
Vehicle Loan (Maturing within 1 year)	400,297	395,749
Demand Loan	17,000,000	71,000,000
Term Loan (Maturing within 1 year)	76,833,332	119,800,000
<b>Total</b>	<b>186,094,085</b>	<b>208,882,149</b>

**18 Trade Payables**

Particulars	32nd Ashad, 2079	31st Ashad, 2078
Hospital Creditors	176,538,155	98,523,607
Other Creditors	36,400,214	46,295,687
<b>Total</b>	<b>212,938,369</b>	<b>144,819,294</b>

**19 Other Current Liabilities**

Particulars	32nd Ashad, 2079	31st Ashad, 2078
Deposits- Patients & Others	11,745,295	5,653,223
Ambulance Expn Payable	34,500	179,500
Audit Fee Payable	1,144,785	841,160
Consultant Payable	58,672,194	5,814,581
Electricity Exp. Payable	767,000	11,504
Provision for tax	1,076,618	-
VAT Payables	-	29,127,271
TDS Payables	22,644,947	18,733,562
Interest Payable	-	309,223
Other Payables	259,569	2,514,575
Advance from Customers	7,955,222	174,000
Others	3,586,780	6,896,651
Deposits	5,428,554	7,048,000
TDS Payables	2,615,121	1,549,800
Lease Liability	39,512,737	-
Rent Payable	823,509	-
<b>Total</b>	<b>156,266,830</b>	<b>78,853,051</b>

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**STAR HOSPITAL LIMITED**  
**CONSOLIDATED NOTES TO ACCOUNT**

**22 Revenue**

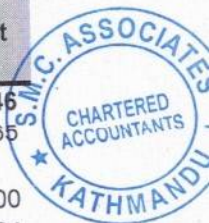
Particulars	For the Year Ended on 32nd Ashad, 2079	For the Year Ended on 31st Ashad, 2078
<b>Star Hospital (A)</b>		
Hospital Income	635,892,225	792,553,250
<b>Star Pharmacy (B)</b>		
Pharmacy Sales	104,122,191	104,998,634
<b>Subsidiary Companies (C)</b>		
Admission & Tuition Fee	70,285,041	75,005,910
Revenue from Hospital Operations	15,337,388	13,096,458
Internal Assessment	-	-
Computer & Library Fee	2,298,000	3,191,000
Students Development Fee	-	-
Laboratory Practical	3,461,000	6,918,000
<b>Total</b>	<b>831,395,845</b>	<b>995,763,252</b>

**23 Cost of Sales**

Particulars	For the Year Ended on 32nd Ashad, 2079	For the Year Ended on 31st Ashad, 2078
<b>Star Hospital (A)</b>		
Opening Stock	12,638,053	1,130,566
Hospital Purchase and direct expenses	357,138,504	438,753,346
Less: Closing Stock	33,920,400	12,638,053
<b>Sub- Total (A)</b>	<b>335,856,157</b>	<b>427,245,859</b>
<b>Star Pharmacy (B)</b>		
Opening Stock	16,760,840	11,774,836
Pharmacy Purchase and direct expenses	84,993,825	98,248,263
Less Closing Stock	23,802,148	16,760,840
<b>Sub- Total (B)</b>	<b>77,952,517</b>	<b>93,262,258</b>
<b>Subsidiary Companies (C)</b>		
Direct Expenses	18,013,526	18,934,795
<b>Sub- Total (C)</b>	<b>18,013,526</b>	<b>18,934,795</b>
<b>Total (A+B)</b>	<b>431,822,201</b>	<b>539,442,912</b>

**Purchase and Direct Expense**

Particulars	For the Year Ended on 32nd Ashad, 2079	For the Year Ended on 31st Ashad, 2078
<b>Star Hospital (A)</b>		
Purchase	357,138,504	438,753,346
Direct Expenses	180,873,719	314,452,165
Ambulance Expenses	1,616,666	750,000
Consultant Fees	142,162,391	93,359,564
ICU Expenses	-	55,090



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**STAR HOSPITAL LIMITED**  
**CONSOLIDATED NOTES TO ACCOUNT**

OT Consumable Goods	2,554,544	587,363
Service charge	21,745,021	16,770,557
Lab Test Exp	2,020,278	3,609,979
Medicine Consumption	793,237	1,156,717
Oxygen Gas	2,290,173	5,860,471
X-Ray Accessories	3,082,475	2,151,440
<b>Star Pharmacy (B)</b>	<b>84,993,825</b>	<b>98,248,263</b>
Purchase	84,993,825	98,248,263
Computer billing paper	-	-
<b>Subsidiary Companies (C)</b>	<b>18,013,526</b>	<b>18,934,795</b>
Hospital Posting Charge/OJT	1,095,400	407,600
Cost of Sales of Star Nuwakot	5,005,782	2,392,885
Affiliation Charge	1,470,000	903,000
Registration Expenses	-	1,200,000
Exam Fee Expenses	1,058,700	56,964
ECA Expenses	12,650	-
Library Expenses	55,477	-
Lab Reagent Expense	84,790	2,393,733
Salary Expenses	1,432,458	7,605,032
Study OJT expenses	902,500	-
Academic Expenses	6,895,769	3,975,581
<b>Total (A+B)</b>	<b>460,145,855</b>	<b>555,936,404</b>

**24 Other Income**

Particulars	For the Year Ended on 32nd Ashad, 2079	For the Year Ended on 31st Ashad, 2078
<b>Star Hospital (A)</b>		
Rental Income	4,890,000	240,000
Internship & OJT Income	55,500	3,000
Discount Received	-	3,325
Miscellaneous Income	2,849,469	3,582,938
Other Income	12,361	-
Hostel Income	602,750	404,500
Late Fine Fee	38,000	650
<b>Total</b>	<b>8,448,081</b>	<b>4,234,413</b>

**25 Employee Expenses**

Particulars	For the Year Ended on 32nd Ashad, 2079	For the Year Ended on 31st Ashad, 2078
Salary, Overtime, Wages & Allowances	154,946,779	116,625,767
P/F Contribution	3,758,679	1,819,810
Gratuity Expenses (Net)	1,770,698	4,014,923
Outsource Salary	18,780,909	14,856,438
Staff Welfare & Training	2,842,068	3,648,210
Covid Incentives	-	13,661,280



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STAR HOSPITAL LIMITED  
CONSOLIDATED NOTES TO ACCOUNT

Total	182,099,133	154,626,428
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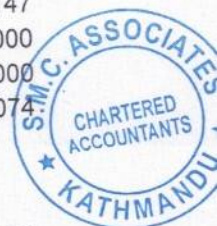




STAR HOSPITAL LIMITED  
CONSOLIDATED NOTES TO ACCOUNT

26 Administrative and other expenses

Particulars	For the Year Ended on 32nd Ashad, 2079	For the Year Ended on 31st Ashad, 2078
Advertisement	10,722,445	11,202,122
AGM Expenses	603,436	265,706
AMC	282,500	791,000
Audit Fee	505,250	420,500
Bank Charges	5,918,669	5,391,951
Meeting Allowances	1,698,673	2,380,948
Business promotion expenses	3,202,750	465,000
Cloths	5,372,369	34,821,943
Commission	1,886,056	3,306,163
Computer Accessories	1,292,112	1,192,883
Consultancy Charge	811,150	3,247,561
Discount to customer	3,000,095	550,582
Donation Expenses	793,110	1,654,250
Electricity Expenses	9,913,817	7,179,195
Email and Internet	924,550	602,406
Food Expenses	8,094,672	7,370,517
Fuel	5,163,716	3,898,044
Health Camp Expenses	-	9,000
Hotel Isolation Facility Expense	-	711,272
House Keeping Expenses	3,248,930	6,655,812
House Rent Expenses	27,071,445	26,188,697
Insurance Expenses	3,125,281	1,927,825
Internal Audit Fee	1,299,500	-
Legal Expenses	-	254,350
Lab Expenses	847,749	-
Office Expenses	1,888,174	1,255,593
Patient Management Charge	1,796,000	840,500
Penalty & Other Charges	449,707	1,405,898
Printing & Stationery	7,456,200	6,874,195
Refreshment Expenses	2,962,141	5,529,646
Registration & Renewal Expenses	828,573	297,570
Repair and Maintenance	5,727,544	7,564,889
Security Expenses	12,344,653	4,816,351
Telephone, Fax Expenses	1,225,590	1,020,157
Uniform (Hospital)	-	58,578
Municipality Expenses	-	2,791,147
Patient Compensation	2,000,000	4,000,000
Quality Inspection & Rating Fees	74,972	449,000
Miscellaneous Expenses	2,200,198	3,276,074
Bank Charges	570,060	-
Office Expenses	14,084	-
Miscellaneous Expenses	906	-
Cleaning Expense	96,121	66,404
Medical/Inspection Expenses	218,986	25,366



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**STAR HOSPITAL LIMITED**  
**CONSOLIDATED NOTES TO ACCOUNT**

Labor Charge	-	24,973
Research Expense	10,000	20,000
TADA	33,170	474,329
Rates and Taxes	35,500	342,815
Travelling Expense	551,333	413,330
IT Expenses	-	116,500
Water Expense	182,002	167,992
Training and Extra Activity	516,080	1,552,195
Painting Expense	44,325	5,730
Hazard Allowance Expenses	2,354,984	2,019,998
Bad Debts	1,074,500	2,730,000
<b>Total</b>	<b>140,434,076</b>	<b>168,626,954</b>

**27 Net finance cost**

Particulars	For the Year Ended on 32nd Ashad, 2079	For the Year Ended on 31st Ashad, 2078
Interest Expenses	62,342,412	52,315,487
Finance Expenses on Leased Assets	4,063,032	
Interest Income	(45,178)	(204,349)
<b>Total</b>	<b>66,360,265</b>	<b>52,111,138</b>

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**28. Segmental Information**

The Group is engaged in providing quality medical facilities to patients. The executive committee of the Group (being the chief operating decision maker) assesses performance and allocates resources for the business of the Group as a whole and hence the management considers group's business activities as a single operating segment and no segment disclosures have been made in these consolidated financial statements.

**29. Capital Management**

The group manages its capital to ensure that the Group will be able to continue as a going concern while maximizing the returns to stakeholders. Currently, the group is not subject to any externally imposed capital requirements.

The Group's management reviews the capital structure of the Group on a regular basis. As part of this review, the management considers the cost of capital and the risk associated with the capital.

**30. Risk Management Framework**

The Group's board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyses the risks faced by the Group to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and Group's activities. The Group aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board of Directors oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

**30.1 Credit risk management**

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers. The management does not believe that the Group has any exposure to credit risk.

**30.2 Market risk management**

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The Group currently has no transactions which expose it primarily to the financial risks of changes in interest rates, equity prices etc.

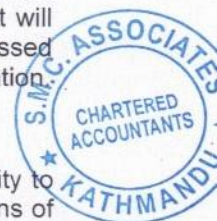
**30.3 Liquidity risk management**

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

**31. Related party transactions**

Disclosure has been made in respect of the transactions in which one party has the ability to control or exercise significant influence over the financial and operating policies / decisions of the other, irrespective of whether a price is charged.

The group identifies the following as the related parties under the requirements of NAS 16.



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**Star Hospital Limited****Notes to the consolidated financial statements for FY 2078/79**

All amount in Nepalese Rupees

- (a) The member of board of directors  
 (b) The key management personnel of the entity.  
 (c) The Subsidiary of the entity and its board of directors and key management personnel  
 (d) The close member of the family of any individual referred to in (a) or (c) or entity in which the close member holds interest in;

Board meeting allowance for Chairman is Rs 6000 and other members are Rs 5000.

Following related party transaction have been observed:

S.N.	Name of Related Parties	Relation	Transaction Type	Transaction Amount (NRs.)
1.	Kishore Kumar Maharjan	Chairman	Salary Expenses	5,670,000
2.	Dr. Shail Rupakheti	Medical Director	Salary Expenses	3,440,000
3.	Star Academy	Subsidiary Company	OJT Income	5,184,000
4.	Idea Shop Medica & Entertainment Pvt. Ltd	Entity in which the close member of the family of key management personnel holds interest in.	Service Charge/Printing Expenses/Advertisement	1,58,59,267

Balances from related party have been observed as follows:

S.N.	Name of Related Parties	Relation	Transaction Type	Closing Amount (NRs.)
1.	Dr. Sandesh GC	Chief Operating Officer (COO)	Loan Taken	30,00,000 Cr.
2.	Govinda Akela Poudel	Subsidiary Principal (Modern Technical College)	Loan Taken	40,00,000 Cr.
3.	Prabin Kumar Tegi	Chief Administration Officer (CAO)	Loan Taken	30,00,000 Cr.
4.	Tirtha Lal Maharjan	Director	Loan Taken	20,00,000 Cr.
5.	Arun Lal Shrestha	Director	Loan Taken	20,00,000 Cr.
6.	Star Academy	Subsidiary Company	OJT/Inter Co. Transaction	41,27,181 Dr.
7.	Modern Technical College	Subsidiary Company	OJT/Inter Co. Transaction	6,49,24,145
8.	Idea Shop Medica & Entertainment Pvt. Ltd	Entity in which the close member of the family of key management personnel holds interest in.	Service Charge/Printing Expenses/Advertisement	1,005,953

**32. Events after the reporting date.**

The materiality of the events after the reporting date has been considered and appropriate adjustments and provisions have been made in the consolidated financial statements wherever necessary.

The board of directors has not proposed any dividend during the year.