

**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF STAR HOSPITAL LIMITED**

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the accompanying financial statements of **STAR HOSPITAL LIMITED** ("the Company"), which comprise the Statement of Financial Position as at Ashad 32, 2079, (July 16, 2022), Statement of Profit or Loss, the Statement of Change in Equity and the Statement of Cash Flows for the year then ended on that date, and a summary of the significant accounting policies and other explanatory information (hereafter referred to as "the financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the *Basis for Qualified Opinion* of our report, the accompanying financial statements presents fairly, in all material respects, the financial position of the Company, as at Ashad 32, 2079 (July 16, 2022), and its financial performance, changes in equity, cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, in accordance with Nepal Financial Reporting Standards and comply with Company Act, 2063, and other prevailing laws.

Basis for Qualified Opinion

The Company has purchased Lab Consumables of Rs. 172,381,512, Store Consumables of Rs. 13,303,023 and Pharmaceuticals of Rs. 84,993,825 during the year. Consumable Stock, Lab/PCR Stock and Pharmacy Stock shows balance of Rs. 6,954,122, Rs. 26,966,278 and Rs. 23,802,148 respectively for the Financial Year 2078-79. However, actual consumption and closing position of these stocks was not verifiable due to unavailability of requisite details related to flow of such items in and out of the company. In the absence of such details, the impact, if any, on the financial statements is currently not ascertainable.

We conducted our audit of the financial statements in accordance with Nepal Standards on Auditing (NSAs). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Handbook of The Code of Ethics for Professional Accountants issued by The Institute of Chartered Accountants of Nepal (ICAN), and we have fulfilled our other ethical responsibilities in accordance with the ICAN's Handbook of The Code of Ethics for Professional Accountants. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion on the financial statements.

Key audit matters: Our assessment of risks of material misstatement

Key audit matters are those matters that in our professional judgement, were of most significance in the audit of the financial statement and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified, including those which had the greatest effect on the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We have nothing to report in this regard.

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Management is responsible for the preparation of the other information. The other information comprises the information included in the Management report, Report of the Board of Directors and Chairman's statement but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibility of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial Statements in accordance with Nepal Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud and error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with NSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with NSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

Based on our examination, we would like to further report that:

- i. *Except for the effects described in the Basis of Qualified Opinion Paragraph, we have obtained all the information and explanations, which were considered necessary for the purpose for our audit.*
- ii. *Except for the effects described in the Basis of Qualified Opinion Paragraph, the Company has kept proper books of accounts as required by law, in so far as it appears from our examination of those books of account.*
- iii. *Except for the effects described in the Basis of Qualified Opinion Paragraph, The Statement of Financial Position, Statement of Profit or Loss, the Statement of Change in Equity and the Statement of Cash Flows and attached Schedules dealt with by this report are in agreement with the books of account maintained by the Company.*
- iv. *Except for the effects described in the Basis of Qualified Opinion Paragraph. During our examination of the books of account of the Company, we have not come across the cases where the Board of Directors or any member thereof or any representative or any office holder or any employee of the Company has acted contrary to the provisions of law or caused loss or damage to the Company and*
- v. *We have not come across any fraudulence in the accounts, based on our sample examination of the books.*

For, SMC Associates.
Chartered Accountants

Place: Kathmandu
Date: 2080/1/22
UDIN No.: 230508CA01519A5X9n


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Ashes Aryal, CA
Partner



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

1. Reporting entity

Star Hospital Limited ("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 main aim for establishment of the hospital is to provide quality health care facility in the people.

1.1 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 Shrestha	Independent Director
Dr. Sailesh Pradhan	Independent Director

1.2 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
	Total	182,813,900.00

2. Basis of Preparation

The company while complying with the reporting standards, makes critical accounting judgement as having potentially material impact on the financial statements. The significant accounting policies that relate to the 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 company 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 financial statements have been prepared in accordance with Nepal Financial Reporting Standards (NFRSs).

The Board of Directors of the company acknowledges the responsibility of preparation of financial statements of the company. The financial statements were authorized for issue by the Board of Directors on 2080/01/22.

2.2 Reporting Pronouncements

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

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

2.5.1 Functional and presentation currency

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

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 company, under NFRS, is required to apply accounting policies to most appropriately suit its circumstances and operating environment. Further the company 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 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 financial statements. The effect and nature of the changes, if any, have been disclosed.

NFRS requires the company 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 company applies estimates in preparing and presenting the 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 Company'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 company follows the Nepalese financial year based on the Nepalese calendar.

2.9 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 Company 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

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

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 1st 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 Company 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.

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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2.10 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.

2.11 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 Company 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
Notes to the financial statements for FY 2078/79
All amount in Nepalese Rupees

2.12 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.

2.13 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 company 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 company has not yet decided for the revision of its Employees policies as per New Labor Act. As the act is already in force, the company has decided to provide gratuity to old staff who are in service now on the basis of existing policy of the company till Ashad End, 2079. After that the company 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 company has not carried out actuarial valuation.

2.14 Provisions and contingent liabilities

- a. Provisions are recognized when the Company has a present obligation (legal or constructive as a result of as past event, it is probable that the Company 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 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 financial statements for FY 2078/79
All amount in Nepalese Rupees

2.15 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 Company 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.

2.16 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.

2.17 Cost of sales

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

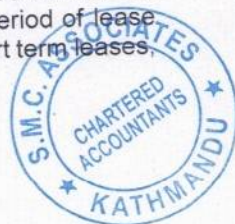
2.18 Employee expenses

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

2.19 Administrative and other expenses

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

At the commencement date, the company 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.



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STAR HOSPITAL
Compassionate care with comfort

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

2.20 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.

2.21 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 company is in loss, no amount has been provided for staff bonus.

2.22 Foreign currency transaction

In preparing the financial statements of the Company, transaction in currencies other than the Company'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 Company 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 company 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 Company becomes a party to the contractual provisions of the instrument.

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Star Hospital Limited
Notes to the 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 company 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 Company 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.

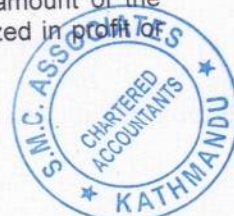
(ii) Financial liabilities and equity

(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 Company only has "other financial liabilities".

(b) Derecognition of financial liabilities

The company derecognizes financial liabilities when, and only when, the Company's 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
Statement of Financial Position as at 32nd Ashad, 2079 (16th July, 2022)


Particulars	Notes	32nd Ashad, 2079	31st Ashad, 2078
ASSETS			
A. Non Current Assets			
(a) Property, plant and equipment	5	1,258,709,365	1,117,661,908
(b) Intangible assets	6	3,795,456	4,892,463
(c) Financial Assets			
(i) Investment in associates		-	-
(ii) Investment in subsidiaries	7	103,115,334	75,094,334
(d) Deferred tax assets	8	-	-
Total Non Current Assets (A)		1,365,620,156	1,197,648,705
B. Current Assets			
(a) Inventories	9	57,722,547	29,398,893
(b) Financial Assets			
(i) Trade Receivables	10	82,875,140	79,429,099
(ii) Cash and cash equivalents	11	7,017,946	23,668,311
(iii) Other Current Assets	12	29,401,859	35,447,402
Total Current Assets (B)		177,017,492	167,943,705
Total Assets (A+B)		1,542,637,648	1,365,592,410
EQUITY AND LIABILITIES			
A. Equity			
(a) Share capital	13	683,672,200	683,672,200
(b) Advance for share capital		13,664,150	-
(c) Reserve and surplus	14	(112,769,412)	(65,609,943)
Total Equity (A)		584,566,938	618,062,257
B. Non Current Liabilities			
(a) Financial Liabilities			
Borrowing	15	462,194,672	333,571,482
	16	8,001,018	6,494,895
(b) Employee benefit liability		-	-
(c) Other non current liabilities		-	-
(d) Provisions		-	-
(e) Deferred tax liability	8	22,086,904	11,207,078
Total Non Current Liabilities (B)		492,282,595	351,273,455
C. Current Liabilities			
(a) Financial Liabilities			
(i) Short term loan	17	178,687,969	203,924,308
(ii) Trade Payables	18	197,584,088	122,000,414
(iii) Other Current Liabilities	19	80,863,854	55,773,212
(b) Employee benefit liability	16	8,652,204	14,558,766
(c) Provisions		-	-
Total Current Liabilities (C)		465,788,115	396,256,699
Total Equity & Liabilities (A+B+C)		1,542,637,648	1,365,592,410


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

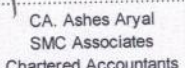
As per our report of even date

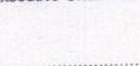

Kishore Kumar Maharjan
Executive Chairman


Dr. Shaili Rupakheti
Medical Director


Bishnu Prasad Dahal
Head of Finance

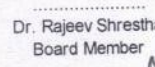

Tirtha Lal Maharjan
Board Member

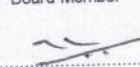

CA. Ashes Aryal
SMC Associates
Chartered Accountants


Dr. Shailesh Pradhan
Board Member


Shanta Man Maharjan
Board Member

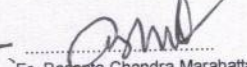

Kiran Maharjan
Board Member


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: 2080/11/22
Place: Lalitpur, Nepal



STAR HOSPITAL
Compassionate care with comfort

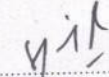


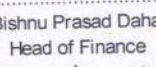
STAR HOSPITAL LIMITED
Statement of Profit or Loss and Other Comprehensive Income
For the Period from 1st Shrawan, 2078 to 32nd Ashad, 2079 (16th July, 2021 to 16th July, 2022)

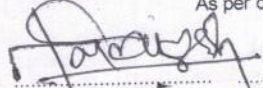
Particulars	Notes	For the Year Ended on 32nd Ashad, 2079	For the Year Ended on 31st Ashad, 2078
Revenue	22	740,014,416	897,551,884
Cost of sales	23	413,803,885	503,150,198
Gross profit / (loss)		326,210,531	394,401,686
Other income	24	8,856,563	6,969,448
Employee expense	25	143,094,942	131,088,531
Depreciation	5	65,864,914	40,815,574
Amortization	6	2,227,007	2,038,996
Administrative expenses and other expense	26	97,111,138	145,063,749
Impairment loss		-	-
Operating profit / (loss)		26,769,094	82,364,284
Net finance costs	27	60,537,986	48,110,360
Profit / (loss) before staff bonus		(33,768,892)	34,253,924
Staff bonus			3,113,993
Profit / (loss) before tax		(33,768,892)	31,139,931
Income tax expenses of current year		-	-
Income tax expenses of previous years		-	-
Deferred tax-income (Expense)	8	(10,879,826)	(8,452,275)
Net profit / (loss) for the year		(44,648,718)	22,687,656
Other comprehensive income			
(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		-	-
Total other comprehensive income / (loss) for the year		-	-
Total comprehensive income		(44,648,718)	22,687,656

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


Kishore Kumar Maharjan
Executive Chairman


Dr. Shail Rupakheti
Medical Director

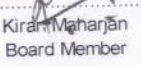

Bishnu Prasad Dahal
Head of Finance

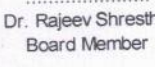
As per our report of even date

Tirtha Lal Maharjan
Board Member


CA. Ashes Aryal
SMC Associates
Chartered Accountants


Dr. Shailesh Pradhan
Board Member

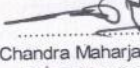

Shanta Man Maharjan
Board Member



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: 2080/11/22
Place: Lalitpur, Nepal


STAR HOSPITAL LIMITED

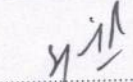
Statement of Cash Flow

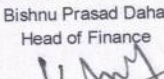
For the Period from 1st Shrawan, 2078 to 32nd Ashad, 2079 (16th July, 2021 to 16th July, 2022)

Particulars	NPR	
	For the Year Ended on 32nd Ashad, 2079	For the Year Ended on 31st Ashad, 2078
A. Cash Flow from Operating Activities		
Net Profit before Tax	(33,768,892)	31,139,931
Adjustments for:		
Depreciation expenses	68,091,921	42,854,570
Net finance cost	60,537,986	48,110,360
Provision for gratuity	1,770,698	1,604,293
Change in other non current assets	-	-
Change in inventories	(28,323,654)	(16,493,491)
Change in Other Current Assets	3,406,142	(14,310,429)
Change in trade receivables	(3,446,040)	(76,154,624)
Change in other non current liabilities	-	-
Change in short term loan	(25,236,338)	108,169,350
Change in employee benefit liabilities	(5,906,562)	(1,284,273)
Change in trade payables	75,583,674	72,897,539
Change in other current liabilities	25,090,642	42,354,650
Payemnt of gratuity	(264,575)	(34,160)
Income tax Paid	-	-
Net Cash Flow from Operating Activities (1)	137,535,003	238,853,715
B. Cash Flow from Financing Activities		
Changes in Share Capital	13,664,150	59,642,000
Changes in Long Term Loan	128,623,190	(57,352,507)
Net finance cost	(60,537,986)	(48,110,360)
Dividend Paid	-	-
Net Cash Flow from Financing Activities (2)	81,749,354	(45,820,867)
C. Cash Flow from Investing Activities		
Sale/(Purchase) of Tangible Fixed Assets	(206,783,721)	(168,261,537)
Sale/(Purchase) of Intangible Assets	(1,130,000)	(1,911,015)
Sale/(Purchase) of investments	(28,021,000)	(10,044,334)
Net Cash Flow from Investing Activities (3)	(235,934,721)	(180,216,886)
Net Increase/(Decrease) in Cash and Cash Equivalents (1+2+3)	(16,650,364)	12,815,963
Cash and Cash Equivalents at beginning of the year/period	23,668,311	10,852,348
Cash and Cash Equivalents at end of the year/period	7,017,946	23,668,311
Components of Cash and Cash Equivalents	7,017,946	23,668,311
Cash in hand	1,953,896	2,129,890
Balance with Banks	5,064,050	21,538,421

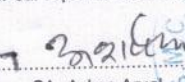
As per our report of even date

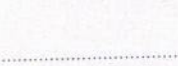

Kishore Kumar Maharjan
Executive Chairman

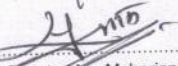

Dr. Shaif Rupakheti
Medical Director

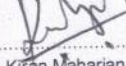

Bishnu Prasad Dahal
Head of Finance

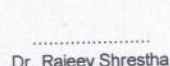

Tirtha Lal Maharjan
Board Member



CA. Ashes Aryal
SMC Associates
Chartered Accountants

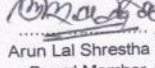

Dr. Shailesh Pradhan
Board Member

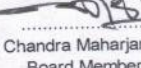

Shanta Man Maharjan
Board Member

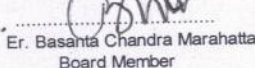

Kifan Maharjan
Board Member


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: 2080/11/22
Place: Lalitpur, Nepal



STAR HOSPITAL LIMITED
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	Total Equity
Balance at 1 Shrawan 2077	366,530,200	257,500,000	190,138,279	(278,435,879)	535,732,600
Adjustment/Restatement Profit for the year				22,687,656	22,687,656
Other comprehensive income net of tax Addition during the year	317,142,000	(257,500,000)			59,642,000
Balance at Ashad end 2078	683,672,200	-	190,138,279	(255,748,222)	618,062,256
Adjustment/Restatement Profit for the year				(2,510,750)	(2,510,750)
Other comprehensive income net of tax Addition/Adjustment during the year		13,664,150		(44,648,718)	(44,648,718)
Balance at Ashad end 2079	683,672,200	13,664,150	190,138,279	(302,907,691)	584,566,938

As per our report of even date



CA. Ashes Aryal
SMC Associates Chartered Accountants

Tirtha Lal Maharjan
Tirtha Lal Maharjan
Board Member

Bishnu Prasad Dahal
Bishnu Prasad Dahal
Head of Finance

Dr. Shail Rupakheti
Dr. Shail Rupakheti
Medical Director

Kishore Kumar Maharjan
Kishore Kumar Maharjan
Executive Chairman

Dr. Shailesh Pradhan
Dr. Shailesh Pradhan
Board Member

Kiran Maharjan
Kiran Maharjan
Board Member

Shanti Man Maharjan
Shanti Man Maharjan
Board Member

Dr. Rajeev Shrestha
Dr. Rajeev Shrestha
Board Member

Er. Basanta Chandra Marahatta
Er. Basanta Chandra Marahatta
Board Member



Chandra Maharjan
Chandra Maharjan
Board Member

Arun Lal Shrestha
Arun Lal Shrestha
Board Member

Navraj Pokharel
Navraj Pokharel
Member Secretary

Er. Basanta Chandra Marahatta
Er. Basanta Chandra Marahatta
Board Member

Date: 2080/11/22
Place: Lalitpur, Nepal

STAR HOSPITAL LIMITED
NOTES TO ACCOUNT

5 Property, Plant and Equipment

Particulars	Land	Building	Furniture & fixture	Office equipment	Computers & Printers	Vehicles	Leased Assets	Plant & Machinery	Total
Cost									
Balance at 15 July 2020	408,027,000	529,189,174	14,653,159	6,004,605	1,585,482	3,102,485		167,916,058	1,130,477,963
Addition		43,600,206	27,940,408	11,669,412	831,749	211,900		84,007,862	168,261,537
Deletion									
Balance at 15 July 2021	408,027,000	572,789,380	42,593,567	17,674,017	2,417,231	3,314,385		251,923,920	1,298,739,500
Addition		2,046,402	19,469,117	6,075,982	1,156,620	2,394,000		133,275,222	208,333,721
Deletion								(1,550,000)	(1,550,000)
Balance at 16 July 2022	408,027,000	574,835,782	62,062,684	23,750,000	3,573,851	5,708,385		383,649,141	1,508,623,221
Depreciation									
Balance at 15 July 2020		49,467,271	5,602,167	3,619,515	707,231	1,040,981		79,824,853	140,262,018
Depreciation for the year		18,991,996	3,726,135	1,823,533	298,378	408,568		15,566,964	40,815,574
Disposal									
Balance at 15 July 2021		68,459,267	9,328,302	5,443,048	1,005,609	1,449,549		95,391,817	181,077,592
Depreciation for the year		19,153,096	8,196,675	3,186,139	463,837	741,206		27,726,304	65,864,914
Disposal								(128,650)	(128,650)
Balance at 16 July 2022		87,612,363	17,524,977	8,629,188	1,469,446	2,190,755		122,989,471	246,813,856
Carrying Amounts									
As at 15 July 2020	408,027,000	504,330,113	33,265,265	12,230,969	1,411,622	1,864,836		156,532,103	1,117,661,908
As at 16 July 2022	408,027,000	487,223,419	44,537,707	15,120,812	2,104,405	3,517,630		37,518,722	260,659,671
As at 16 July 2022									1,258,709,365



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STAR HOSPITAL LIMITED
NOTES TO ACCOUNT

6 Intangible Assets

Particulars	Software
Cost	
Balance at 15 July 2020	9,627,708
Additions	1,911,015
Deletion	-
Balance at 15 July 2021	11,538,723
Balance at 15 July 2021	11,538,723
Additions	1,130,000
Deletion	-
Balance at 16 July 2022	12,668,723
Amortization	
Balance at 15 July 2021	4,607,264
Amortization for the year	2,038,996
Disposal	-
Balance at 16 July 2022	6,646,260
Balance at 15 July 2021	6,646,260
Amortization for the year	2,227,007
Disposal	-
Balance at 16 July 2022	8,873,266
Carrying Amounts	
As at 15 July 2021	4,892,463
As at 16 July 2022	3,795,456

7 Investment in Subsidiaries

Particulars	32nd Ashad, 2079	31st Ashad, 2078
Star Academy Ltd.	10,050,000	10,050,000
Modern Technical College	75,000,000	55,000,000
Star Nuwakot Hospital	1,250,000	1,250,000
Advance for Investment in Star Nuwakot	16,815,334	8,794,334
Total	103,115,334	65,050,000

8 Deferred tax asset / (liability)

For FY 2077/78	Deferred Tax Asset	Deferred Tax Liability
Gratuity Provision	1,623,724	
PPE		10,302,898
Land		63,379,426
Accumulated Loss	60,851,523	
Closing Assets/(Liability)		(11,207,078)
Opening Asset/(Liability)		(2,754,803)
Transfer to OCI Income/(Expense)		-
Transfer to PL Income/(Expense)		(8,452,275)

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STAR HOSPITAL LIMITED
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		
Closing Assets/(Liability)		(22,086,904)
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
Star Hospital (A)		
Consumable Stores	6,954,122	4,401,438
PCR Stock	26,966,278	8,236,615
Star Pharmacy (B)		
Pharmacy-Sub Store	23,802,148	16,760,840
Total	57,722,547	29,398,893

10 Trade Receivables

Particulars	32nd Ashad, 2079	31st Ashad, 2078
Star Hospital (A)		
Hospital Receivables	78,543,769	76,228,873
Star Pharmacy (B)		
Pharmacy Receivables	4,331,370	3,200,226
Total	82,875,140	79,429,099

11 Cash and cash equivalents

Particulars	32nd Ashad, 2079	31st Ashad, 2078
Cash in hand	1,953,896	2,129,890
Balances with Banks	5,064,050	21,538,421
Total	7,017,946	23,668,311

Cash in Hand

Particulars	32nd Ashad, 2079	31st Ashad, 2078
Star Hospital (A)		
Cash In Hand	1,481,717	1,650,756
Star Pharmacy (B)		
Cash In Hand	251,642	285,097
Cheque in Hand	190,837	190,837
Counter Collection	29,701	3,200
Total	1,953,896	2,129,890

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STAR HOSPITAL LIMITED
NOTES TO ACCOUNT

Balances with Banks

Particulars	32nd Ashad, 2079	31st Ashad, 2078
Star Hospital (A)		
Citizen Bank 104 (R)	97,820	97,820
Citizen Bank 38 (M)	1,530,432	2,663,098
Mahalaxmi Bikash Bank	76,915	76,915
Prabhu Bank Ltd	722,518	260,744
Progressive Finance LTD	5,000	
Rastriya Banijya Bank	662,649	
Sanima Bank Limited	70,095	10,829,600
Star Pharmacy (B)		
Citizen Bank International Ltd	1,898,621	7,610,243
Total	5,064,050	21,538,421

12 Other Current Assets

Particulars	32nd Ashad, 2079	31st Ashad, 2078
Star Hospital (A)		
Advance Tax	2,069,631	1,696,993
Advance to Creditors	12,627,586	26,610,978
Other Advance	2,669,427	721,598
Prepaid Expenses	3,896,743	972,149
LC Margin	2,210,395	4,533,895
Bank Performance Guarantee	30,000	-
Innovative College	3,295,295	-
VAT Receivable	370,297	-
Deposits	2,035,250	615,000
Star Pharmacy (B)		
Advance to Creditors	18,578	118,131
Staff Advance	178,658	178,658
Total	29,401,859	35,447,402

13 Share Capital

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

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STAR HOSPITAL LIMITED
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
Closing Share Capital	683,672,200	683,672,200

Advance for share capital	13,664,150	
Balance as at the closing date	697,336,350	683,672,200

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	(302,907,691)	(255,748,222)
Revaluation Reserve	190,138,279	190,138,279
Total	(112,769,412)	(65,609,943)

15 Borrowing (Long Term)

Particulars	32nd Ashad, 2079	31st Ashad, 2078
Unsecured		
Loan from Others	-	-
Loan from Shareholders	14,358,000	13,358,000.00
Secured		
Vehicle Loan	2,077,624	743,240.84
Term Loan	445,759,048	319,470,241
Total	462,194,672	333,571,482

Term loan

Particulars	32nd Ashad, 2079	31st Ashad, 2078
Prabhu Bank Loan	84,340,000	88,630,000
Citizen Term Loan	361,419,048	230,840,241
Total	445,759,048	319,470,241

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		
Total	8,001,018	6,494,895

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STAR HOSPITAL LIMITED
NOTES TO ACCOUNT

16 Employee benefit liability (current)

Particulars	32nd Ashad, 2079	31st Ashad, 2078
Star Hospital		
PF Payable	607,287	499,902
Cit Payables	248,902	553,900
Salary Payables	7,759,116	10,367,075
Staff Bonus	0	3,113,993
Star Pharmacy		
PF Payable	36,898	23,896
Total	8,652,204	14,558,766

17 Borrowing (Short Term)

Particulars	32nd Ashad, 2079	31st Ashad, 2078
Overdraft Loan	21,318,671	9,228,558
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
Total	178,687,969	203,924,308

Term loan

Particulars	32nd Ashad, 2079	31st Ashad, 2078
Prabhu Bank Loan	23,820,000	39,820,000
Citizen Term Loan	53,013,332	79,980,000
Total	76,833,332	119,800,000

18 Trade Payables

Particulars	32nd Ashad, 2079	31st Ashad, 2078
Star Hospital (A)		
Creditors (Hospital_Regular)	176,538,147	98,523,607
Star Pharmacy (B)		
Sundry creditors	21,045,941	23,476,807
Total	197,584,088	122,000,414

19 Other Current Liabilities

Particulars	32nd Ashad, 2079	31st Ashad, 2078
Star Hospital (A)		
Deposits- Patients & Others	11,745,295	5,653,223
Ambulance Expn Payable	34,500	179,500
Audit Fee Payable	788,660	565,660
Consultant Payable	6,565,072	5,741,081
Electricity Exp. Payable	767,000	11,504
Telephone Exp. Payable	-	-
VAT Payables	-	29,127,271
TDS Payables	20,547,079	12,307,603
Interest Payable	-	309,223



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STAR HOSPITAL LIMITED
NOTES TO ACCOUNT

Other Payables	198,489	9,239
Lease Liability	39,512,737	
Star Pharmacy (B)		
Advance from Customers	466,401	
Others	143,656	143,656
Deposits		1,653,000
TDS Payables	94,965	72,251
Total	80,863,854	55,773,212

22 Revenue

Particulars	For the Year Ended on 32nd Ashad, 2079	For the Year Ended on 31st Ashad, 2078
Star Hospital (A)		
Hospital Income	635,892,225	792,553,250
Star Pharmacy (B)		
Pharmacy Sales	104,122,191	104,998,634
Total	740,014,416	897,551,884

23 Cost of Sales

Particulars	For the Year Ended on 32nd Ashad, 2079	For the Year Ended on 31st Ashad, 2078
Star Hospital (A)		
Opening Stock	12,638,053	1,130,566
Hospital Purchase and direct expenses	357,133,714	421,395,426
Less: Closing Stock	33,920,400	12,638,053
Sub- Total (A)	335,851,367	409,887,939
Star Pharmacy (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
Sub- Total (B)	77,952,517	93,262,258
Total (A+B)	413,803,885	503,150,198



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STAR HOSPITAL LIMITED
NOTES TO ACCOUNT

Purchase and Direct Expense

Particulars	For the Year Ended on 32nd Ashad, 2079	For the Year Ended on 31st Ashad, 2078
Star Hospital (A)	357,133,714	421,395,426
Purchase	180,873,719	314,452,165
Direct Expenses		
Ambulance Expenses	1,616,666	750,000
Consultant Fees	142,162,391	93,359,564
ICU Expenses	-	55,090
OT Consumable Goods	2,554,544	587,363
Lab Test Exp	2,020,278	3,609,979
Medicine Consumption	793,237	1,156,717
Service charge	21,740,231	16,654,877
Oxygen Gas	2,290,173	5,860,471
X-Ray Accessories	3,082,475	2,151,440
Direct salary and Allowances	-	-
Star Pharmacy (B)	84,993,825	98,248,263
Purchase	84,993,825	98,248,263
Computer billing paper	-	-
Total (A+B)	442,127,539	519,643,689

24 Other Income

Particulars	For the Year Ended on 32nd Ashad, 2079	For the Year Ended on 31st Ashad, 2078
Star Hospital (A)		
Rental Income	2,694,000	240,000
Internship & OJT Income	5,239,500	4,341,000
Discount Received	-	3,325
Miscellaneous Income	918,244	1,007,256
Star Pharmacy (B)		
Other Income	4,819	1,377,867
Total	8,856,563	6,969,448

25 Employee Expenses

Particulars	For the Year Ended on 32nd Ashad, 2079	For the Year Ended on 31st Ashad, 2078
Salary, Overtime, Wages & Allowances	110,926,059	94,175,345
P/F Contribution	3,534,379	1,602,240
Gratuity Expenses (Net)	1,770,698	1,604,293
Outsource Salary	18,780,909	14,856,438
Staff Welfare & Training	2,829,543	709,077
Covid Incentives	-	13,661,280
Pharmacy Staff Salary	5,253,355	4,479,859
Total	143,094,942	131,088,531

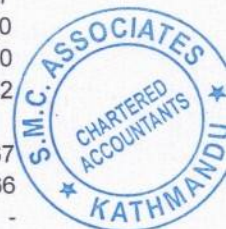


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STAR HOSPITAL LIMITED
NOTES TO ACCOUNT

26 Administrative and other expenses

Particulars	For the Year Ended on 32nd Ashad, 2079	For the Year Ended on 31st Ashad, 2078
Star Hospital (A)	9,445,994	9,987,383
Advertisement Expenses	45,000	184,000
AGM Expenses	282,500	791,000
AMC	226,000	141,250
Audit Fee	5,806,545	4,630,338
Bank Charges	607,500	1,423,800
Meeting Allowances	3,202,750	465,000
Business promotion expenses	5,372,369	34,821,943
Cloths	956,850	2,953,223
Commission	1,292,112	1,192,883
Computer Accessories	100,000	2,189,765
Consultancy Charge	1,687,107	550,582
Discount to customer	652,100	1,595,000
Donation Expenses	9,415,671	6,870,939
Electricity Expenses	922,290	551,106
Email and Internet	7,005,512	6,345,195
Fooding & Lodging Expenses	4,692,279	3,674,047
Fuel	-	9,000
Health Camp Expenses	-	711,272
Hotel Isolation Facility Expense	3,178,226	6,576,481
House Keeping Expenses	4,496,864	5,666,665
House Rent Expenses	2,833,467	1,817,325
Insurance Expenses	1,299,500	-
Internal Audit Fees	-	54,700
Legal Fee	793,843	1,006,381
Office Expenses	1,796,000	840,500
Patient Management Charge	419,380	608,519
Penalty & Other Charges	6,063,753	5,333,319
Printing & Stationery	1,721,674	4,434,134
Refreshment Expenses	195,520	52,050
Registration & Renewal Expenses	4,985,819	5,988,038
Repair and Maintenance	12,344,653	4,816,351
Security Expenses	802,845	666,050
Telephone, Fax Expenses	-	58,578
Uniform (Hospital)	-	2,791,147
Municipality Expenses	2,000,000	4,000,000
Patient Compensation	74,972	449,000
Quality Inspection & Rating Fees	1,806,994	3,034,482
Miscellaneous Expenses	-	-
Star Pharmacy (B)	570,060	448,767
Bank Charges	14,084	54,966
Office Expenses	-	-
Printing & Stationary	906	36,330
Miscellaneous Expenses	-	-
Total	97,111,138	145,063,749



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**STAR HOSPITAL LIMITED
NOTES TO ACCOUNT**

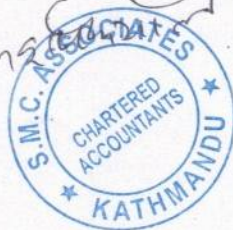
Miscellaneous Expenses

Particulars	For the Year Ended on 32nd Ashad, 2079	For the Year Ended on 31st Ashad, 2078
Star Hospital (A)	1,806,994	3,034,482
Annual Day Expenses	937,421	1,408,697
Papers & Periodicals	-	6,800
Rates & Taxes	-	200
Training & Development	105,056	62,847
Travelling & Daily Expenses	281,935	951,560
Wages	29,000	324,034
Water Expenses	10,050	104,770
Other Expenses	443,532	175,574
Star Pharmacy (B)	906	36,330
Hospital Expense	406	-
Other Expenses	-	35,330
Telephone Expenses	500	1,000
Total	1,807,900	3,070,812

27 Net finance cost

Particulars	For the Year Ended on 32nd Ashad, 2079	For the Year Ended on 31st Ashad, 2078
Interest Expenses	56,520,132	48,299,532
Finance Expenses on Leaseed Assets	4,063,032	
Interest Income	(45,178)	(189,172)
Total	60,537,986	48,110,360

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28. Segmental Information

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

29. Capital Management

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

The Company's management reviews the capital structure of the Company 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 Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyses the risks faced by the Company 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 Company's activities. The Company 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 Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

30.1 Credit risk management

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers. The management does not believe that the Company 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 Company 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 Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company'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 Company'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.



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

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

- The member of board of directors
- The key management personnel of the entity.
- The Subsidiary of the entity and its board of directors and key management personnel
- 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;

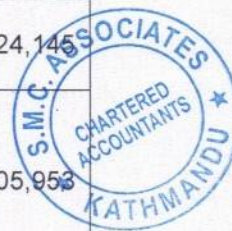
Board meeting allowance for Chairman is Rs 6000 and other members are Rs 5000.

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 Rupakheta	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 Company Transaction	41,27,181 Dr.
7.	Modern Technical College	Subsidiary Company	OJT/Inter Company 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 financial statements wherever necessary.

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



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