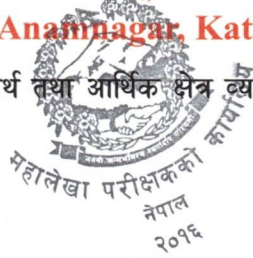




महालेखापरीक्षकको कार्यालय Office of the Auditor General

बबरमहल/अनामनगर, काठमाडौं, नेपाल
Babarmahal / Anamnagar, Kathmandu, Nepal

(अर्थ तथा आर्थिक क्षेत्र व्यवस्थापन विभाग)



पत्र संख्या: २०८२।८३

चलानी नं: १८८

मिति: २०८२।११।१०

श्री अध्यक्षज्यू
नगर विकास कोष,
नयाँ बानेश्वर, काठमाडौं ।

विषय: स्वतन्त्र लेखापरीक्षण प्रतिवेदन ।

कैफियत सहितको राय

हामीले नगर विकास कोषको यसै प्रतिवेदन साथ संलग्न २०८२ आषाढ मसान्तको वित्तीय स्थितिको विवरण, सोही मितिमा समाप्त भएको आर्थिक वर्षको नाफा/नोक्सान तथा अन्य आयको विस्तृत विवरण, नगद प्रवाह विवरण, इक्विटीमा भएको परिवर्तन सम्बन्धी विवरण एवं वित्तीय विवरणसँग सम्बन्धित प्रमुख लेखा नीतिहरू तथा लेखा सम्बन्धी टिप्पणीहरू समावेश भएको वित्तीय विवरणको लेखापरीक्षण सम्पन्न गरेका छौं।

हाम्रो रायमा, कैफियत सहितको रायका आधारहरूमा उल्लेख गरिएका विवरणहरूले वित्तीय विवरणमा पर्ने असर बाहेक संलग्न वित्तीय विवरणहरूले कोषको २०८२ आषाढ मसान्तको वित्तीय स्थिति र सो मितिमा अन्त्य भएको आर्थिक वर्षको वित्तीय कार्यसम्पादन र नगद प्रवाहको अवस्था प्रचलित कानूनका अधिनमा रही कोषलाई लागु हुने नेपाल वित्तीय प्रतिवेदनमान अनुसार सारभुत रूपमा यथार्थ चित्रण गर्दछ ।

कैफियत सहितको रायका आधार

१. नेपाल वित्तीय प्रतिवेदनमान: कोषले नेपाल वित्तीय प्रतिवेदनमान अनुसार लगानी भएका कर्जाहरूको Incurred Loss Model अनुसार क्षयीकरण गणना गरेको छ। यो वर्षसम्म कोषले ऋण तथा सापटीको क्षयीकरणको मूल्याङ्कन गर्दा Incurred Loss Model अनुसार रु. ९०,७१,३८,२७५ क्षयीकरणको व्यवस्था गरेको छ। कोषले नेपाल वित्तीय प्रतिवेदनमान-९ अनुरूप Expected Credit Loss Model (ECL) अनुसारको क्षयीकरणको गणना गर्नुपर्दछ ।
२. कोषले सम्बन्धित आयोजनासँग भएको सम्झौता अनुसार सहूलियत अवधि सहित विभिन्न आयोजनालाई प्रवाह भएको ऋणमा सहूलियत अवधिको व्याज तथा अन्य निर्णय बमोजिमका रकम वार्षिक रूपमा पुँजीकृत गर्ने गरिएको छ । कोषले २०८१/८२ मा १० आयोजनाको सहूलियत अवधिको व्याज रु. १५,२२३,९००.४७ तथा अन्य निर्णय बमोजिमको १ आयोजनाको व्याज रु. ५,८६६,२२४.५९ गरी कुल रु. २१,१००,१२५।०६ व्याज पुँजीकृत गरेको छ। साथै कोषले २०८१/८२ मा २ आयोजनाको २ वटा ऋण पुनर्संरचना गरेको छ। सो अवधिमा भाखा

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“जनहितका लागि जवाफदेहिता, पारदर्शिता र निष्ठा प्रवर्धनमा विश्वसनीय लेखापरीक्षण संस्था”

नाघेको व्याज रकमको कम्तिमा २५ प्रतिशत असुलउपर गरी ऋण पुनर्संरचना गर्नुपर्नेमा यस वर्षमा खानेपानी उपभोक्ता संस्थामा रु.५,८६६,२२४।५९ भाखा नाघेको व्याज र रु. ४०,३५६,४३०।३२ को भाखा नाघेको साँवा पुनर्संरचना गरेको देखियो । यसरी व्याजको पूँजीकरण र ऋणको पुनर्संरचना गर्दा कोषको वित्तीय स्थितिमा प्रभाव पार्न सक्छ ।

३. भाखा नाघेको साँवा: रत्ननगर नगरपालिकामा लगानी भएको BusBays परियोजनाको (२०६६/०५/२९ गते लगानी भएको तथा २०७१/१०/०१ गतेदेखि भाखा नाघेको) सडक लेन लगायतका संरचना विस्तारको क्रममा नष्ट भएकोले उक्त BusBays परियोजना हाल संचालनमा रहेको छैन। उक्त परियोजनाको रु.१,३५,६३,३३७ साँवा भाखा नाघेको देखिएको छ। उक्त परियोजनाको लगानी, जोखिममा परेको छ।

४. आयोजनाहरूको मौज्जात समर्थन (Balance Confirmation) प्राप्त नभएको: नगर विकास कोषको कार्य सञ्चालन निर्देशिका -TDF Standard Operating Procedures – SOP_, २०६९ मा आर्थिक वर्ष समाप्त भएको ६० दिन भित्र आफ्ना ऋणीहरूसँग भुक्तानी गर्न बाँकी साँवा व्याज रकमको आँकडा सम्बन्धित ऋणीहरू समक्ष पठाई सोको मौज्जात समर्थन गराउनु पर्ने व्यवस्था गरिएको छ। कोषले ऋण लगानी उठाउन बाँकी रहेका १४६ वटा सम्बन्धित नगरपालिका तथा खानेपानी उपभोक्ता संस्थाहरूलाई मौज्जात समर्थन पत्र पठाएकोमा, ३३ वटा संस्थाबाट मात्र मौज्जात समर्थन प्राप्त भएको पाइयो। बाँकी ११३ वटा नगरपालिका तथा खानेपानी उपभोक्ता संस्थाहरूबाट रु.८,२८,५९,१०,६०३।०० को समर्थन प्राप्त भएको देखिएन् । यसर्थ उक्त मौज्जात रकम यकिन गर्न सकिएन् ।

हामीले नेपाल सरकारी लेखापरीक्षणमानको आधारमा लेखापरीक्षण सम्पन्न गरेका छौं। ती मान अनुरूपको हाम्रो दायित्व वित्तीय विवरणको लेखापरीक्षण प्रति लेखापरीक्षकको जिम्मेवारी शीर्षक अन्तर्गत उल्लेख गरिएको छ। कोषको वित्तीय विवरणको लेखापरीक्षणसँग सम्बन्धित आचार संहिता अनुसार हामी स्वतन्त्र छौं र हामीले हाम्रो उत्तरदायित्व निर्वाह गरेका छौं। हामीले व्यक्त गर्न कैफियत सहितको रायको लागि हाम्रो लेखापरीक्षणले यथोचित आधार प्रदान गरेकोमा हामी विश्वस्त छौं ।

लेखापरीक्षणका मुख्य मामिलाहरू(Key Audit Matters)

मुख्य लेखापरीक्षण विषयहरू ती विषयहरू हुन् जुन हालको अवधिको वित्तीय विवरणहरूका लेखापरीक्षणमा सबैभन्दा महत्वपूर्ण छन् । यी विषयहरू हाम्रो लेखापरीक्षणको सन्दर्भमा र राय गठन गर्दा सम्बोधन गरीएको छ । हामी यो मामिलाहरूमा छुट्टै राय प्रदान गर्दैनौं। कैफियत सहितको राय व्यक्त गर्ने आधारखण्डमा उल्लेखित व्यहोरा बाहेक सञ्चार गर्नु पर्ने कुनै पनि मुख्य लेखापरीक्षणका विषयहरू छैन ।

व्यवस्थापन पत्र

व्यवस्थापनले सुधार गर्नुपर्ने थप व्यहोराहरू यसै प्रतिवेदनसाथ संलग्न व्यवस्थापन पत्रमा उल्लेख गरिएको छ।

वित्तीय विवरण उपर व्यवस्थापनको जिम्मेवारी



नेपाल वित्तीय प्रतिवेदनमान अनुसार वित्तीय विवरण तयार गर्न जिम्मेवारी कोषको व्यवस्थापनको हो। साथै, वित्तीय विवरणहरू गहन रूपले गलत प्रस्तुती हुनबाट बञ्चित छन् भन्ने विश्वस्त हुनको लागि आवश्यक पर्ने आन्तरिक नियन्त्रण प्रणाली स्थापना गर्नको लागि पनि व्यवस्थापन जिम्मेवार हुन्छ।

वित्तीय विवरणहरू तयार गर्दा व्यवस्थापनले कोषको अविच्छिन्न व्यवसाय गर्न सक्ने अवस्थाको आँकलन गर्नुपर्दछ र सो सम्बन्धी आवश्यक कुराहरूको खुलासा गर्नुपर्दछ साथै कोषलाई लिक्विडेट गर्न वा संचालन बन्द गर्ने नियत भएको वा सो बाहेकको कुनै यथार्थपरक विकल्प नभएको अवस्थामा बाहेक अविच्छिन्न फर्मलाई लेखापालनको आधारको रूपमा प्रयोग गर्नुपर्दछ। कोषको व्यवस्थापनको लागि उत्तरदायी पक्षले कोषको वित्तीय सम्प्रेषण प्रकृत्यालाई निरीक्षण गर्नुपर्दछ।

वित्तीय विवरणको लेखापरीक्षण उपर लेखापरीक्षकको जिम्मेवारी

हाम्रो उद्देश्य समग्र वित्तीय विवरणहरू, गलत विवरण, जालसाजी वा भूलबाट मुक्त रहे नरहेको सुनिश्चित गरेर उपयुक्त निष्कर्षमा पुगी मनासिव आश्वस्तता प्राप्त गरी आफ्नो राय सहित लेखापरीक्षण प्रतिवेदन जारी गर्नु हो। मनासिव आश्वस्तता प्राप्त भएता पनि नेपाल लेखापरीक्षणमान अनुसार लेखापरीक्षण गर्दा वित्तीय विवरणहरूमा कुनै किसिमको त्रुटी भएमा सो त्रुटी सधैं पत्ता लाग्छ भन्ने छैन। त्रुटीहरू जालसाजी वा गल्तीबाट निम्तिन्छ र त्यस्ता त्रुटीहरू सरोकारवालाहरूले त्रुटीपूर्ण वित्तीय विवरणलाई आधार मानी गरिएको निर्णयलाई प्रभाव पार्न सक्दछ, सोलाई प्राथमिकता दिइन्छ। लेखापरीक्षकको जिम्मेवारी सम्बन्धी अन्य कुराहरू:

१. वित्तीय विवरणहरूमा उल्लेख गरिएका रकमहरू तथा खुलासा गरिएका सूचना लगायत अन्य विवरण बारे पुष्ट्याइएका येथेष्ट प्रमाण संकलन गर्ने, प्रमाणको पूर्ण वा आंशिक वा छड्के परीक्षण गर्ने कार्यविधि लेखापरीक्षणमा समावेश हुन्छ। यसरी अवलम्बन गरिएका लेखापरीक्षण कार्यविधिमा वित्तीय विवरण जालसाजी वा त्रुटीबाट सारभूत रूपमा गलत आँकडासहित प्रस्तुत हुन सक्ने कुरामा अवलम्बन गरिने लेखापरीक्षणको जोखिम मूल्याङ्कन व्यवसायिक विवेकमा निर्भर हुन्छ। जालसाजीबाट निम्त्याइएको सारभूत गलत विवरण पत्ता नलाग्ने जोखिम त्रुटीबाट निम्तिएको भन्दा अधिक हुन्छ।
२. लेखापरीक्षणबाट जोखिम मूल्याङ्कन गर्ने क्रममा कोषको आन्तरिक नियन्त्रण प्रणालीको उपयुक्तता बारेमा परीक्षण गरिएतापनि यस्तो आन्तरिक नियन्त्रण प्रणालीको प्रभावकारिता बारे लेखापरीक्षकबाट राय व्यक्त गर्ने प्रयोजना रहेको छैन।
३. व्यवस्थापनले वित्तीय विवरण तयार गर्दा प्रयोग गरेका लेखा नीतिको सन्दर्भिकता विश्लेषण तथा लेखा अनुमानको औचित्यताको साथै वित्तीय विवरणहरूको समष्टिगत प्रस्तुतीकरणको मूल्याङ्कन पनि लेखापरीक्षणमा समावेश हुन्छ।
४. लेखापरीक्षणका क्रममा संस्थाले चालु रूपमा निरन्तरता पाउने आधारमा शंका उत्पन्न भई घटनाहरू वा परिस्थितिहरूमा सारभूत अनिश्चितता रहेको वा नरहेको बारेमा प्रमाणका आधारमा व्यवस्थापनले प्रयोग गरेको अविच्छिन्नताको आधार उचित भएको निष्कर्ष निकालिन्छ। सारभूत अनिश्चितता रहेको निष्कर्ष भएमा वित्तीय विवरणमा भएका खुलासाका बारेमा लेखापरीक्षण प्रतिवेदनमा ध्यानाकर्षण गराइन्छ र ती खुलासा अपर्याप्त भएमा हाम्रो रायलाई संशोधन गरिन्छ। हाम्रो निष्कर्ष लेखापरीक्षण प्रतिवेदन जारी भएको मितिसम्म प्राप्त भएका प्रमाणहरूमा आधारित हुन्छ। तर, भविष्यका घटनाहरू वा परिस्थितिहरूका कारण संस्था अविच्छिन्न नरहन पनि सक्दछ।



५. व्यवस्थापनले तयार पारेको वित्तीय विवरणहरूको समग्र प्रस्तुति, ढाँचा र वित्तीय विवरण सम्बन्धी खुलासाहरूका अनुसार सो वित्तीय विवरणले कोषको कारोबार र घटनाहरूलाई उचित रूपमा प्रस्तुत गरेको वा नगरेको मूल्याङ्कन गरिन्छ।

अन्य विषयका साथसाथै लेखापरीक्षण योजना अनुसारको कार्यक्षेत्र, कार्य समय र लेखापरीक्षणको क्रममा पाइएका महत्वपूर्ण कैफियतहरू शासकीय कार्यभार बहन गर्ने व्यक्तिहरूलाई सम्प्रेषण गरिन्छ। शासकीय कार्यभार बहन गर्ने व्यक्तिलाई हामीले स्वतन्त्रता सम्बन्धी आचार संहिताको परिपालना गरेको पत्र दिइन्छ र स्वतन्त्रतालाई असर गर्ने सबै सम्बन्धहरू र अन्य विषयहरू जसले हाम्रो स्वतन्त्रतालाई समग्र रूपमा असर गर्न सक्दछ, सो विषयहरूलाई निराकरण गरेको बारे पनि शासकीय कार्यभार बहन गर्ने व्यक्तिहरूलाई सम्प्रेषण गरिन्छ।



वैकुण्ठ बहादुर अधिकारी
(उप महालेखापरीक्षक)

TOWN DEVELOPMENT FUND
Statement of Financial Position
As at 32nd Asadh 2082 (16th July, 2025)

Particulars	Notes	Amount in NPR	
		32.03.2082	31.03.2081
ASSETS			
Cash and cash equivalents	4.1	3,379,301,560	786,866,140
Loans and advances to municipalities	4.2	9,977,649,620	10,019,196,029
Loans and advances to others	4.3	16,334,127	20,456,893
Investments	4.4	500,000,000	2,750,000,000
Current tax asset	4.5	54,669,282	3,526,216
Property and Equipment	4.6	145,018,974	143,440,166
Intangible assets	4.7	532,458	51,751
ROU Assets	4.8	10,021,769	-
Deferred tax assets	4.10	181,135,742	184,720,856
Contributions receivable	4.11	15,286	15,286
Other assets	4.12	544,385,280	469,410,177
Total Assets		14,809,064,098	14,377,683,513
LIABILITIES AND EQUITY			
Liabilities			
Grant Advance	4.13	36,193,479	36,193,479
Borrowing liabilities	4.14	7,593,995,304	7,344,535,366
Lease Liability	4.9	9,835,299	
Other liabilities	4.15	29,756,934	3,622,305
Total liabilities		7,669,781,016	7,384,351,150
Equity			
Share capital	4.16	2,762,979,794	2,762,979,794
Restricted Funds	4.17	2,066,242,715	2,067,150,399
Special reserves	4.18	153,078,287	155,056,605
Retained earnings	4.19	2,156,982,287	2,008,145,566
Total equity		7,139,283,082	6,993,332,364
Total Liabilities & Equity		14,809,064,098	14,377,683,513

Notes 1 to 9 form an integral part of financial statements

For & on behalf of TDF

As per our report of even date


 Dewan Rai
 Dy. Manager, Finance


 Er. Binod Prakash Pandit
 Executive Director




 CA. Suyogya Bhandari, Partner
 R.S.M.A. Associates
 Chartered Accountants




 Mahesh Acharya
 Board of Director


 Gopal Prasad Sigdel
 Chairman


 Baikuntha Bahadur Adhikari
 Deputy Auditor General, OAG

Date: 2082/10/15
 Place: Kathmandu



TOWN DEVELOPMENT FUND
Statement of Profit or Loss
For the year ended 32nd Asadh 2082 (16th July, 2025)

Particulars	Notes	Amount in NPR	
		32.03.2082	31.03.2081
Interest income	4.20	682,545,854	796,374,752
Interest expense	4.21	166,434,744	128,529,067
Net interest income		516,111,110	667,845,684
Fees and commission income	4.22	-	-
Fees and commission expense	4.23	8,273	6,633
Net fees and commission expense		(8,273)	(6,633)
Net Operating Income		516,102,837	667,839,051
Grant Income	4.24	32,131,287	59,882,423
Other Revenue	4.25	663,493	4,009,629
Total Revenue		548,897,616	731,731,104
Personnel expenses	4.26	36,211,422	36,127,496
Amortization on lease	4.27	3,340,590	3,920,400
Depreciation and Amortisation	4.27	1,359,185	2,465,549
Other expenses	4.28	59,642,754	36,223,314
Grant expenses	4.29	32,131,287	59,882,423
Loan loss provision expenses		162,024,693	282,527,865
Profit before tax		254,187,686	310,534,056
Income tax expense	4.30	108,654,625	175,774,511
Profit After tax		145,533,062	134,809,545

Notes 1 to 9 form an integral part of financial statements

For & on behalf of TDF

As per our report of even date


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Mahesh Acharya
Board of Director


Gopal Prasad Sigdel
Chairman


Baikuntha Bahadur Adhikari
Deputy Auditor General, OAG



Date: 2082/10/15
Place: Kathmandu

TOWN DEVELOPMENT FUND
Statement of Cash Flows
For the year ended 32nd Asadh 2082 (16th July, 2025)

	Amount in NPR	
Particulars	32.03.2082	31.03.2081
Cash Flow from Operating Activities		
Interest Income Received	575,542,272	620,471,055
Cash Received from Other Income	663,493	691,755
Interest Expenses paid	(223,097,000)	(471,951,541)
Personnel expenses	(36,189,298)	(37,817,642)
Office Running Expenses	(52,629,543)	(42,289,101)
<i>(Increase)/decrease in operating assets</i>	264,289,924	69,104,526
Inventory	(68,462)	(274,137)
Other Advances	10,519,965	(1,518,337)
Net Cash from operating activities before tax	274,741,427	67,312,052
Income Tax paid	(166,317,899)	(193,918,562)
Net Cash Flow from Operating activities	108,423,528	(126,606,510)
Cash Flows from Investing Activities		
Purchase/Sales of Fixed Assets	(4,904,288)	(1,718,884)
Investment on Fixed Deposits	2,250,000,000	(500,000,000)
Loan disbursed from GON (ADB/STWSSSP - III & UWSSSP)	(165,554,105)	(249,377,468)
Loan disbursed from TDF Equity Fund	(96,914,574)	(206,254,047)
Loan disbursed from UIDP	(381,377,287)	(358,089,641)
Loan disbursed to Staff		(1,730,025)
Loan recovered including adjustments	544,467,806	476,217,794
Transferred to Revolving Fund		
Recovery of Loan from KfW financial contribution	(98,776,357)	(59,529,648)
Loan Recovered from Staffs	4,122,767	5,119,835
Net Cash from investing activities	2,051,063,962	(895,362,084)
Cash Flows from Financing Activities		
Fund transfer from GON (ADB Funded Program)	655,090,000	819,921,000
Fund transfer from GON - Matching Grant	38,117,063	33,132,934
Grant disbursed to municipalities and others	(70,248,350)	(93,015,357)
Grant fund recieved from donors	2,946,056	9,454,105
Increase in Revolving Fund		
Recovery of Loan from KfW financial contribution	98,776,357	59,529,648
Increase in Revolving Fund - Int. income KfW loan	18,989,884	14,676,290
Increase in Special Reserve - Int. income KfW loan	9,806,119	10,319,489
Increase in Revolving Fund - Int. income KSUTP loan	415,800	-
Reayment to GON (UEIP+STIUEIP+IUDP+STW III) loan	(320,945,000)	(281,029,315)
Unspent budget amount refund to GON (ADB/STWSSSP - III) loan		-
Transfer from Reserves		(3,232,743)
Net Cash Flow from financing activities	432,947,930	569,756,051
Net increase in Cash and Cash equivalents	2,592,435,420	(452,212,543)
Cash and Cash equivalents at beginning of the year	786,866,140	1,239,078,683
Cash and Cash equivalents at end of the year	3,379,301,560	786,866,140

Notes 1 to 9 form an integral part of financial statements

For & on behalf of TDF

As per our report of even date

Dewan Rai
Dy. Manager, Finance



Er. Binod Prakash Pandit
Executive Director

CA. Suyogya Bhandari, Partner
R.S.M.A. Associates
Chartered Accountants



Mahesh Acharya
Board of Director

Gopal Prasad Sigdel
Chairman

B.B. Adhikari
Baikuntha Bahadur Adhikari
Deputy Auditor General, OAG



Date: 2082/10/15
Place: Kathmandu

TOWN DEVELOPMENT FUND
Statement of Changes in Equity
For the year ended 32nd Ashadh 2082 (16th July, 2025)

Particulars	Share capital	General Reserve	Actuarial Reserve	Capital Grant Fund	Deferred Tax Reserve	Retained Earnings	Amount in NPR
							Total
Balance at 1st Shrawan 2080	2,762,979,793	2,081,097,987	(36,759,957)	6,932,977	189,508,575	1,834,089,972	6,837,849,347
Total Comprehensive Income							
Profit for the year 2080/81	-	-	-	-	-	-	-
Other Comprehensive Income:							
Remeasurement of defined benefit liability (asset) (gratuity)	-	-	8,346,158	-	-	134,809,545	134,809,545
Tax on other comprehensive income	-	-	(2,086,540)	-	-	-	-
Total other comprehensive income	-	-	6,259,619	-	-	134,809,545	141,069,163
Transaction related to Capital Grant Fund							
Property, Equipment and Intangible Assets received	-	-	-	-	-	-	-
Depreciation, Amortization and Impairment	-	-	-	-	-	-	-
Transaction related to other restricted funds	-	-	-	-	-	-	-
Changes in fund status	-	(19,337,988)	-	(1,542,578)	(3,951,631)	3,951,629	2,107,855
Transactions with equity owners	-	-	-	-	-	-	-
Contributions and Distributions	-	-	-	-	-	-	-
Issue of shares	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-
Total Contributions and Distributions	-	-	-	-	-	-	-
Prior Period Adjustments	-	-	-	-	-	35,294,421	35,294,421
Balance at 31st Ashadh 2081	2,762,979,793	2,061,759,999	(30,500,339)	5,390,399	185,556,944	2,008,145,567	6,993,332,364
Total Comprehensive Income							
Profit for the year 2081/82	-	-	-	-	-	145,533,062	145,533,062
Other Comprehensive Income:							
Remeasurement of defined benefit liability (asset) (gratuity)	-	-	1,606,795	-	-	-	1,606,795
Tax on other comprehensive income	-	-	(401,699)	-	-	-	(401,699)
Total other comprehensive income	-	-	1,205,096	-	-	145,533,062	146,738,158
Transaction related to Capital Grant Fund							
Property, Equipment and Intangible Assets received	-	-	-	-	-	-	-
Depreciation, Amortization and Impairment	-	-	-	-	-	-	-
Transaction related to other restricted funds	-	-	-	-	-	-	-
Changes in fund status	-	(324,401)	-	(583,283)	(3,183,414)	3,183,414	(907,684)
Transactions with equity owners	-	-	-	-	-	-	-
Contributions and Distributions	-	-	-	-	-	-	-
Issue of shares	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-
Total Contributions and Distributions	-	-	-	-	-	-	-
Prior Period Adjustments	-	-	-	-	-	120,244	120,244
Balance at 32nd Ashadh 2082	2,762,979,793	2,061,435,598	(29,295,243)	4,807,117	182,373,530	2,156,982,287	7,139,283,082

Notes 1 to 9 form an integral part of financial statements

For & on behalf of TDF :


Dewan Rai
Dy. Manager, Finance


Mahesh Acharya
Board of Director


Gopal Prasad Sigdel
Chairman


Er. Binod Prakash Pandit
Executive Director


CA. Suyogya Bhandari, Partner
R.S.M.A. Associates
Chartered Accountants


B.S. Acharya
Baikuntha Bahadur Adhikari
Deputy Auditor General, OAG



Date: 2082/10/15
Place: Kathmandu

TOWN DEVELOPMENT FUND
Statement of Other Comprehensive Income
For the year ended 32nd Asadh 2082 (16th July, 2025)

Particulars	Notes	Amount in NPR	
		32.03.2082	31.03.2081
Profit After Tax		145,533,062	134,809,545
Items that will not be reclassified to profit or loss			
Re-measurement of defined benefit liability (asset) (gratuity)		1,606,795	8,346,158
Related tax		(401,699)	(2,086,540)
		1,205,096	6,259,619
Items that are or may be reclassified to profit or loss			
Foreign currency translation differences for foreign operations		-	-
Revaluation gain/(loss) on property and equipment		-	-
Related tax		-	-
Other Comprehensive income, net of tax		1,205,096	6,259,619
Total Comprehensive Income		146,738,158	141,069,163

Notes 1 to 9 form an integral part of financial statements

For & on behalf of TDF

As per our report of even date

Dewan Rai
Dy. Manager, Finance



Er. Binod Prakash Pandit
Executive Director

CA. Suyogya Bhandari, Partner
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Deputy Auditor General, OAG

Date: 2082/10/15
Place: Kathmandu



TOWN DEVELOPMENT FUND

SIGNIFICANT ACCOUNTING POLICIES & NOTES TO THE FINANCIAL STATEMENTS

1. Reporting Entity

The Town Development Fund (hereinafter 'TDF') was established as the TDF Board, notably as a financial intermediary for providing funds to municipalities, by Formation Order 1988 under the Development Board Act 1956. In 1997, TDF was made autonomous under a new legislation called the TDF Act, 1997. The two main objectives of TDF, which remained unchanged till now, are:

- To provide financial support to municipalities to implement social infrastructure and income generating projects, and
- To strengthen the technical, managerial, and financial capabilities of municipalities in the formulation, implementation, and evaluation of urban development plans and programmes.

2. Basis of Preparation

The financial statements of TDF have been prepared on an accrual basis of accounting, except for the cash flow information, which is prepared on cash basis, using the direct method.

The financial statements comprise the Statement of Financial Position, Statement of Profit or Loss and Statement of Other Comprehensive Income, the Statement of Changes in Equity, the Statement of Cash Flows, and the Notes to the Accounts of TDF. The significant accounting policies applied in the preparation of financial statements are set out below in point number 3. These policies are consistently applied to all the years presented, except for the changes in accounting policies disclosed specifically.

2.1 Statement of Compliance

The Financial Statements of TDF, which comprises components mentioned above, have been prepared in accordance with Nepal Financial Reporting Standards (NFRS) comprising Nepal Accounting Standards (NAS), laid down by the Institute of Chartered Accountants of Nepal.

2.2 Reporting Period

The Reporting Period is a period from the first day of Shrawan (mid-July) of any year to the last day of Ashadh (mid-July) of the next year as per the Nepalese calendar.

The current year period refers to 1st Shrawan 2081 to 32nd Ashadh 2082 as per Nepalese Calendar, corresponding to 16th July 2024 to 16th July 2025 as per English Calendar, and the corresponding previous year period is 1st Shrawan 2080 to 31st Ashadh 2081 as per Nepalese Calendar, corresponding to 17th July 2023 to 15th July 2024 as per English Calendar.

Particulars	Nepali Calendar	English Calendar
Current Year Period	1 st Shrawan 2081 to	16 th July 2024 to
	32 nd Ashad 2082	16 th July 2025
Previous Year Period	1 st Shrawan 2080 to	17 th July 2023 to
	31 st Ashad 2081	15 th July 2024



2.3 Functional and Presentation Currency

The Financial Statements of the TDF are presented in Nepalese Rupees (NPR), which is the currency of the primary economic environment in which the TDF operates. Financial information is presented in Nepalese Rupees. There was no change in the TDF's presentation and functional currency during the period under review. The figures are rounded to the nearest integer, except otherwise indicated.

2.4 Use of Estimates, assumptions and Judgements

The preparation of financial statements requires the management to make estimates and assumptions that are considered while reporting amounts of assets and liabilities (including contingent assets and liabilities) as of the date of the financial statements. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Future results could differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Any revision to accounting estimates is recognized prospectively in current and future periods.

Information about assumptions and estimations that have a significant risk of resulting in a material adjustment within the next financial year is:

- Key assumptions used in discounted cash flow projections.
- Measurement of defined benefit obligations.
- Provisions, commitments, and contingencies.
- Determination of net realizable value.
- Determination of useful life of the property, plants, and equipment.
- Assessment of the TDF's ability to continue as a going concern.
- Determination of fair value of financial instruments and property and equipment.
- Impairment of financial and non-financial assets.
- Assessment of current as well as deferred tax.

2.5 Change in Accounting Policies

TDF has applied its accounting policies consistently from year to year, except that some comparatives have been grouped or regrouped to facilitate comparison, corrections of errors, and any changes in accounting policy have been separately disclosed with detail explanation.

2.6 Materiality and Aggregation

Each material class of similar items is presented separately in the Financial Statements. Items of dissimilar nature or function are presented separately, unless they are immaterial as permitted by the Nepal Accounting Standard – NAS 1 on 'Presentation of Financial Statements'.

Notes to the Financial Statements are presented in a systematic manner, which ensures the understandability and comparability of the Financial Statements.

Statement is not compromised by obscuring material information with immaterial information or by aggregating material items that have different natures or functions.



3. Significant Accounting Policies

The accounting policies applied and method of computation followed in the presentation of the financial statement are consistent with the accounting policies applied and method of computation followed in preparation of the annual financial statement.

3.1 Basis of Measurement

The financial statements are prepared on the historical-cost basis except for the required material items in the statement of financial position, where it has been disclosed as measured at fair value or otherwise.

Estimates and underlying assumptions are reviewed on an ongoing basis and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from those estimates. The estimates and judgments used in the preparation of the financial statements are continuously evaluated by TDF. Any revisions to accounting estimates are recognized prospectively in the period in which the estimates are revised and in future periods. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statement, are disclosed in notes that follow.

3.2 Grant income

Grant income is any voluntary income (or other transfer of property) received by TDF from a person or institution. The income or transfer may be for the general purposes of TDF or for a specific purpose. It may be unconditional or be subject to conditions that, if not satisfied by TDF, might lead to the reclamation by the grant-maker of all or part of the grant property acquired with the aid of the grant.

Entitlement to grant income may be subject to performance conditions, in which case the grant is classified as a performance-related grant and is recognised when the performance conditions are met.

3.3 Grant payments

Grant payments are any voluntary payments (or other transfer of property) in favour of a person or institution made by TDF in furtherance of its objectives. The payment or transfer may be for the general purposes of the recipient, or for some specific purpose such as the supply of a particular service. It may be unconditional, or be subject to conditions which, if not satisfied by the recipient, may lead to the reclamation by TDF of all or part of the grant or property acquired with the aid of the grant.

3.4 Foreign currency

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges.



3.5 Interest

For all financial instruments measured at amortised cost, interest bearing financial assets designated at FVTOCI and financial instruments designated at FVTPL, interest income or expense is recorded using the effective interest rate (EIR). The calculation takes into account all of the contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the EIR, but not future credit losses.

When the recorded value of a financial asset or a group of similar financial assets has been reduced by an impairment loss, interest income continues to be recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

3.6 Service Charges Income

Service charges are recognised as the related grants are provided.

3.7 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

3.8 TDF as lessee

TDF has adopted short term lease exemption as provided by NFRS 16 for its lease accounting. Accordingly, all the rental expenses have been charged in the Profit and Loss.

3.9 Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

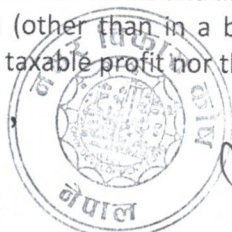
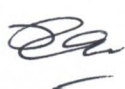
Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the income taxes are also recognised in other comprehensive income or directly in equity, respectively.

3.9.1 Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. TDF's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

3.9.2 Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profits. Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences and incurred tax losses to the extent that taxable profits will probably be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.



The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

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

3.10 Determination of fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability (exit price) in an orderly transaction between market participants at the measurement date in the principal, or in its absence, the most advantageous market to which TDF has access at that date. The fair value of a liability reflects its non-performance risk.

When available, TDF measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. If there is no quoted price in an active market, then the TDF uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction. The fair value measurement hierarchy is as follows:

Level 1: Fair value measurements are those derived from unadjusted quoted prices in an active market for identical assets or liabilities.

Level 2: Valuations are those with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where significant inputs are observable.

Level 3: Portfolios are those where there are unobservable inputs of the instruments. The inputs are not based on observable market data.

3.11 Financial assets

3.11.1 Recognition

All purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.



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3.11.2 Classification

Classification of financial assets depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

TDF classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- Those measured at amortised cost

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

A financial asset that meets the following two conditions is measured at amortised cost unless the asset is designated at fair value through profit or loss under the fair value option:

- Business model test: The objective of the Town Development Fund's business model is to hold the financial asset to collect the contractual cash flows.
- Cash flow characteristic test: the contractual term of the financial asset gives rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset that meets the following two conditions is measured at fair value through other comprehensive income unless the asset is designated at fair value through profit or loss under the fair value option:

- Business model test: the financial asset is held within a business model whose objective is achieved by both collecting cash flows and selling financial assets.
- cash flow characteristic test: the contractual term of the financial asset gives rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are measured at fair value through profit or loss.

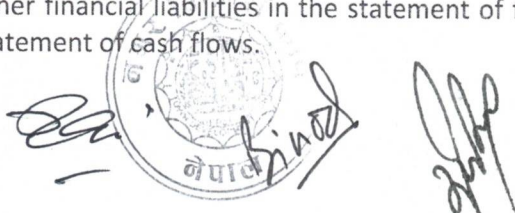
3.11.3 Financial assets measured at amortised costs

Financial assets measured at amortised costs, such as loans to municipalities and water users' associations, are initially recognised at fair value, net of transaction costs incurred. Such loans are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest rate method. EIR is calculated based on subsequent repayments estimated on the basis of the remaining tenure of the loan specified in the loan agreement.

3.11.4 Cash and cash equivalents

In the statement of cash flows, cash and cash equivalents include cash in hand, cheques and drafts in hand, balances with banks and deposits held at call with financial institutions, short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Bank overdrafts are shown within borrowings in current liabilities in the Statement of Financial Position and form part of financing activities in the Statement of Cash Flows. Book overdrafts are shown within other financial liabilities in the statement of financial position and form part of operating activities in the statement of cash flows.



3.11.5 Staff Loans at concessional rate

Staff are provided with loans at a concessional rate that is below the interest rates applied to other parties. The relevant benchmark rate is determined by identifying the effective interest rate of other loan products that provides highest return. Fair value of the loans is recognised using a discounting factor as per the benchmark rate, and subsequent amortisation is carried out using the same rate. The fair value loss is recognised as a staff related cost in the profit or loss. Interest incomes are booked as per the benchmark rates.

3.11.6 Impairment

TDF assesses impairment based on the incurred loss model to the financial assets measured at amortised cost at the end of each reporting period, whether there is any objective evidence that a financial asset or group of financial assets measured at amortised cost is impaired. The amount of loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred), discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). The effect of rescheduling or restructuring of the loan is reflected during the Effective Interest Rate calculation.

The carrying amount of the asset is reduced through the use of an allowance account, the Loan Loss Provision account. The changes in the allowances are recognised in profit or loss.

3.11.7 De recognition

A financial asset is derecognised only when TDF:

- Has transferred the rights to receive cash flows from the financial asset or
- Retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

3.11.8 Foreign exchange gains and losses

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the exchange rate at the end of each reporting period. For foreign currency denominated financial assets measured at amortised cost or fair value through profit or loss, the exchange differences are recognised in profit or loss except for those that are designated as a hedge instrument in a hedging relationship. Further change in the carrying amount of investments in equity instruments at fair value through other comprehensive income relating to changes in foreign currency rates is recognised in other comprehensive income.

3.12 Financial liabilities and equity instruments

3.12.1 Classification of debt or equity

Debt or equity instruments issued by TDF are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

3.12.2 Financial liabilities





All financial liabilities are subsequently measured at amortised cost using the effective interest rate method or at fair value through profit or loss.

3.12.3 Trade and other payables

Trade and other payables represent liabilities for goods or services provided to TDF before the end of the financial year that are unpaid.

3.12.4 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest rate method. EIR is calculated based on the repayments specified or indicated in the contract with the lender.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled, or expires. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

3.12.5 Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments and are recognised in profit or loss.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the exchange rate at the end of the reporting period. For financial liabilities that are measured as at fair value through profit or loss, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss.

3.12.6 De-recognition

TDF derecognises financial liabilities when, and only when, TDF's obligations are discharged, cancelled, or have expired.

3.13 Offsetting financial instruments

Financial assets and liabilities are offset, and the net amount is reported in the statement of financial position where there is a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency, or bankruptcy of TDF or the counterparty.



3.14 Property and equipment

3.14.1 Recognition and measurement

Property and equipment are stated at the cost of acquisition or construction less accumulated depreciation and accumulated impairment, if any. Freehold land is measured at cost and is not depreciated.

Such assets are classified into the appropriate categories of property, plant, and equipment when completed and ready for intended use.

3.14.2 Subsequent costs

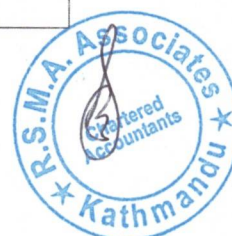
Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to TDF and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. The other repairs and maintenance of revenue nature are charged to profit or loss during the reporting period in which they are incurred.

3.14.3 Depreciation

Depreciation is calculated using the straight-line method on a pro-rata basis from the month in which each asset is put to use to allocate its cost, net of its residual values, over its estimated useful lives.

The estimated useful life of assets is as follows:

Class	Description	Useful life
Furniture and Fixture	General furniture and fixtures, such as tables, chairs, racks, cabinets, etc.	10
Motor Vehicles: two-wheelers	Motorcycles, scooters, and other mopeds	10
Motor Vehicles: four-wheelers	Motor buses and motor cars	8
Office Equipment	Electronic equipment such as printers, faxes, scanners, telephones, fans, etc.	5
Servers and networks	Servers	6
End-user devices	Desktops, laptops, mobiles, tablets, etc.	3
Electrical installation and equipment	Generators, Solar system, inverters, etc.	10
Building	Building	60
Land	Land	-



The assets' residual values, estimated useful lives, 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.

Property and equipment are derecognised on disposal or when no future economic benefits are expected from their use. Gains and losses on disposal are determined by comparing proceeds with carrying amount and are credited/debited to profit or loss.

Freehold land/Leasehold land, like perpetual lease, is not amortised.

3.15 Investment property

Investment property is initially measured at cost and subsequently at fair value, with any change therein recognised in profit or loss within other income.

When the use of a property changes such that it is reclassified as property and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

3.16 Intangible assets

3.16.1 Software

Software acquired by TDF is measured at cost less accumulated amortisation and any accumulated impairment losses.

Expenditure on internally developed software is recognised as an asset when TDF can demonstrate its intention and ability to complete the development and use the software in a manner that will generate future economic benefits, and can reliably measure the costs to complete the development. The capitalised costs of internally developed software include all costs directly attributable to developing the software and capitalised borrowing costs, and are amortised over its useful life. Internally developed software is stated at capitalised cost less accumulated amortisation and any accumulated impairment losses.

Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits embodied in the specific assets to which it relates. All other expenditure is expensed as incurred.

Software is amortised on a straight-line basis in profit or loss over its estimated useful life, from the date on which it is available for use. The estimated useful life of software for the current and comparative periods is 5 years. Amortisation methods, useful lives, and residual values are reviewed at each reporting date and adjusted, if appropriate.

3.17 Impairment of non-financial assets

At the end of each reporting period, TDF reviews the carrying amounts 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 to determine the extent of the impairment loss (if any).

Recoverable amount is the higher of fair value less costs of disposal 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 for which the estimates of future cash flows have not been adjusted.




3.18 Deposits, debt securities issued, and subordinated liabilities

NA

3.19 Provisions and contingencies

Provisions are recognised when there is a present obligation as a result of a past event, and an outflow of resources embodying economic benefits will probably be required to settle the obligation, and there is a reliable estimate of the amount of the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessment of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of TDF or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

3.20 Reserves

Reserves are a term used for that portion of those retained funds that can be used for any objective of TDF, which has been held back at the discretion of the Board of Directors to cover future financial uncertainties or is held as part of the day-to-day working capital of TDF. Restricted funds are not included within reserves.

3.21 Restricted Funds

3.21.1 Capital Reserve Fund

Capital Reserve Fund represents the balance of the fund created by capitalization of property, plant, and equipment, and intangible assets received through a grant from donor partners.

Each year, the portion of the capital fund is transferred to the Statement of Profit or Loss as Grant Income based on the proportion of depreciation on such property, plant, and equipment.

3.21.2 Development Finance Fund

Development Finance Fund comprises the Loan Fund and the Revolving Fund. Loan fund represents the outstanding balance of loans disbursed out of the KFW Disposition fund. The revolving fund represents the balance of funds collected from part of the interest on the loan and principal recovered from the loan disbursed out of the Disposition fund, which was intended to be used in financing new investment projects in town development.








3.21.3 Disposition Fund

Disposition Fund represents the balance of the fund transferred from donors after utilization for the intended purposes. The fund transferred from the donors as a disposition fund in foreign currency is booked at spot rates. The balances with the bank in foreign currency are reinstated at the closing rate of the financial statement date. Similarly, the interest income in the balance of the fund in foreign currency accounts with banks is also transferred to the disposition fund.

3.22 Employee benefits

3.22.1 Defined contribution plans

TDF has defined contribution plans for postemployment benefit, namely the employee provident fund, which is recognised by the income tax authorities. TDF's contribution thereto is charged to profit or loss every year. TDF has no further payment obligations once the contributions have been paid. TDF also maintains an insurance policy to fund a post-employment medical assistance scheme, which is a defined contribution plan. TDF's contribution to the Social Security Fund is charged to the statement of profit and loss every year.

3.22.2 Defined benefit plans

TDF has defined benefit plans, namely gratuity and medical benefits. The fund is recognised by the income tax authorities and is administered by CIT (or Social Security Fund). Any shortfall in the size of the fund maintained is additionally provided for in profit or loss.

The liability or asset recognised in the statement of financial position in respect of benefits plans is the present value of the defined benefit obligation at the end of the reporting period, less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in profit or loss.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the statement of financial position. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

3.22.3 Other long-term employee benefits

Liabilities for leave encashment and compensated absences, which are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service, are measured at the present value of the estimated future cash outflows, which are expected to be paid using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period.

Termination benefits



A liability for the termination benefit is recognised at the earlier of when TDF can no longer withdraw the offer of the termination benefit and when TDF recognises any related restructuring costs.

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled within 12 months after the end of the period in which the employees render the related services, are recognised in the period in which the related services are rendered and are measured at the undiscounted amount expected to be paid.

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4. Annexures to the Financial Statements

4.1. Cash and cash equivalents

Particulars	32.03.2082	31.03.2081
Balance in Call Deposits (Rupees)	3,379,301,560	786,866,140
Total	3,379,301,560	786,866,140

4.2. Loans and advances to Municipalities

Particulars	32.03.2082	31.03.2081
KFW Financial Contribution - Phase II	131,245,455	168,836,659
KFW Financial Contribution - Phase III	339,654,465	399,159,393
GON (IDA) Loan- UGDP: ETP	91,910,808	98,970,633
GON (ADB) Loan	-	-
Small Town Water Supply I	359,450,860	376,016,625
Urban Environment Improvement	16,563,338	18,793,885
Small Town Water Supply II	1,413,807,711	1,514,088,204
STUEIP	882,930,159	905,694,475
ADB IUDP	805,933,448	854,715,445
ADB STWSSSP III	1,637,414,261	1,668,948,858
KSUTP	44,188,967	44,188,967
Urban Water Supply Project	2,387,404,555	2,244,646,655
Urban Development Project	-	-
Co Fin Municipal Loan	60,620,503	54,028,829
STW III Enhancement	-	-
TDFSTW & EF Loan	137,393,533	164,033,307
TDF Capitalized Loan (KFW - II)	-	1,680,225
Co-Finance	835,791,149	805,865,611
UIDP Loan	1,740,478,685	1,444,641,842
Less: Impairment Allowances	-	-
Collective Impairment	(620,529,878)	(577,722,965)
Individual Impairment	(286,608,397)	(167,390,618)
Total	9,977,649,620	10,019,196,029

Explanatory Notes:

- The loans are valued at amortized cost basis, calculated based on the effective interest rates of individual loans. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset to the carrying amount of the financial asset. The effective interest rates were calculated on an individual loan basis, semi-annually. While calculating the effective interest rate, the future cash flow, remaining grace period of the loans were considered.
- Impairment losses are measured on an "incurred loss" basis for the loans valued at amortized costs. Collective impairment on such a loan has been calculated. 5 years of loan data were taken for calculating collective impairment. The carrying amount of the asset is reduced through the use of an allowance account, the Loan Loss Provision account. The changes in the allowances are recognized in the statement of profit or loss.
- Carve Out for recognizing impairment loss as per the expected credit loss model has been opted for.



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4.3. Loans and advances to others**Non- Current loans and advances to others**

Particulars	32.03.2082	31.03.2081
Staff Loan	16,334,127	20,456,893
Less: Impairment Allowances	-	-
Collective Impairment	-	-
Individual Impairment	-	-
Total	16,334,127	20,456,893

Explanatory Notes:

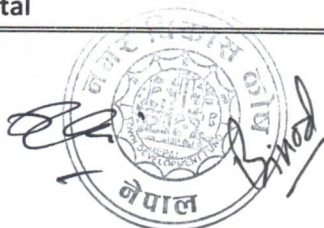
- Staff are provided with loans at a concessional rate of 2.5%, calculated on a monthly basis, which is below the interest rates applied to other parties. The relevant benchmark rate is determined as 1% per month, i.e. approx. 12% per year for the new loan disbursed in the current year. Fair value of the loans is recognised using a discounting factor as per the benchmark rate of 1%, and subsequent amortisation is carried out using the same rate. The rate has been as previously for the staff loan amortized in previous years.
- The fair value loss is recognised as a staff related cost in the profit or loss, calculated as the difference in changes in value of the loan at the time of initial recognition. The fair value loss is deferred but booked at the date of disbursement.

4.4. Investments

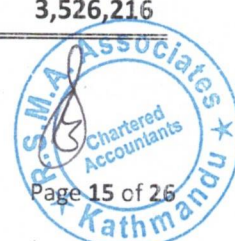
Particulars	32.03.2082	31.03.2081
In Fixed Deposits with:		
Laxmi Sunrise Bank Ltd.	-	200,000,000
Global IME Bank	50,000,000	175,000,000
Prabhu Bank Ltd.	-	175,000,000
NIC Asia Bank Ltd.	200,000,000	550,000,000
Nabil Bank Limited	150,000,000	320,000,000
Nepal Investment Bank	-	280,000,000
Nepal SBI Bank	-	500,000,000
Kumari Bank Ltd.	-	550,000,000
Citizen Int Bank Ltd	50,000,000	-
Machhapuchre Bank Ltd	50,000,000	-
Total	500,000,000	2,750,000,000

4.5. Current tax asset

Particulars	32.03.2082	31.03.2081
Advance Income Tax	333,215,639	176,599,549
Income Tax Provision	105,471,210	152,183,792
Less: Income Tax Provision- Previous Year	173,075,147	20,889,542
Total	54,669,282	3,526,216



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4.6. Property and equipment

Particulars	32.03.2082	31.03.2081
Property and equipment acquired from Equity	141,297,436	139,154,937
Property and equipment acquired from the Capital Grant	3,721,538	4,285,228
Total	145,018,974	143,440,166

Explanatory Notes

Details have been presented separately in the Statement of Property and Equipment above.

4.7. Intangible assets

Particulars	32.03.2082	31.03.2081
Intangible assets acquired from Equity	532,458	51,751
Intangible assets acquired from the Capital Grant	-	-
Total	532,458	51,751

4.8. ROU Assets

Particulars	32.03.2082	31.03.2081
ROU Assets	13,362,359	-
Less: Depreciation on ROU Assets	(3,340,590)	-
Total	10,021,769	-

Explanatory Notes:

Right-of-Use (ROU) Assets have been recognized during the year in accordance with the requirements of NFRS 16, Leases. The initial recognition represents the present value of lease commitments arising from operating lease arrangements for assets brought into use during the year, discounted at a rate of 10%. The ROU Assets are subsequently depreciated over the lease term using the straight-line method. As presented in the schedule, the ROU Assets have been recognized for the first time in the current financial year, and depreciation has been charged accordingly, resulting in the net carrying amount reported in the financial statements.

4.9. Lease Liability

Particulars	32.03.2082	31.03.2081
Lease Liability	13,362,359	-
Less: Lease Payments	(3,527,060)	-
Total	9,835,299	-



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Explanatory Notes:

Lease liabilities have been recognized during the year in accordance with the requirements of NFRS 16, Leases. The lease liability represents the present value of future lease payments arising from operating lease arrangements commenced during the year, discounted at a rate of 10%. Lease payments made during the year have reduced the outstanding balance, resulting in the closure of the lease liability disclosed in the financial statements.

4.10. Deferred tax assets

Particulars	32.03.2082	31.03.2081
Deferred Tax Assets / (Liabilities)	181,135,742	184,720,856
Total	181,135,742	184,720,856

4.11. Contributions receivable

Particulars	32.03.2082	31.03.2081
GPOBA/ Grant	15,286	15,286
Total	15,286	15,286

4.12. Other assets

Particulars	32.03.2082	31.03.2081
Accrued and Outstanding Interest of loan	498,484,604	413,869,340
Inventory	694,616	626,154
Advance to Staff	361,044	313,874
Deferred Staff Cost	8,818,972	10,154,996
Advance to the other	1,379,091	12,319,721
Prepaid expenses and deposits	575,819	584,783
Plan Assets	33,882,664	31,352,838
Matching Fund Advance to Municipalities	188,470	188,470
Total	544,385,280	469,410,177

Net Plan assets include the following:

Particulars	32.03.2082	31.03.2081
Defined Benefit Obligation	50,908,254	59,612,075
Long Service Leave Liabilities	5,482,897	10,133,403
Less: Plan Assets		
CIT Swikrit Abakash Kosh Dakhila	(68,845,283)	(77,646,718)
CIT Laganikarta Abakash Kosh (Leave and Medical)	(21,428,532)	(23,451,598)
Total	(33,882,664)	(31,352,838)



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Explanatory Notes

1. Interest receivable forms a part of the amortized cost of the financial assets; hence, accrued interests are not shown separately.
2. The plan assets are calculated based on actuarial valuation. The details on the actuarial valuation of employee benefits are provided in Note 5 below.

4.13. Grant Advance

Particulars	32.03.2082	31.03.2081
GON Matching Grant	36,193,479	36,193,479
Total	36,193,479	36,193,479

4.14. Borrowing liabilities

Particulars	32.03.2082	31.03.2081
From GON (ADB)		
ADB STWSSSP - II	-	-
ADB UEIP	10,100,000	33,939,000
ADB STUEIP	620,447,097	693,447,097
ADB – IUDP	694,813,863	767,413,863
ADB STWSSSP - III	1,369,779,000	1,459,279,000
GON UIDP Loan	2,035,897,000	1,549,735,000
Urban Water Supply Project	2,375,498,000	2,375,498,000
IDA/UGDP: ETP	121,486,939	130,164,939
Urban Resilience & Liability Improvement Project	115,600,000	-
Borrowings EIR Adjustments	250,373,405	335,058,467
Total	7,593,995,304	7,344,535,366

Explanatory Notes

- The borrowing liabilities are valued at amortized cost basis, calculated based on the effective interest rates of individual loans.
- The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial liability to the carrying amount of the financial liability.
- The effective interest rates are calculated based on the future cash flows on the outstanding borrowing amount as on 2082 Ashad End.







4.15. Other liabilities

Particulars	32.03.2082	31.03.2081
Audit fee Payable	1,136,360	1,131,833
Accounts Payable	132,104	1,992,792
VAT Deduction Payable	6,180	6,179
Interest Payable UIDP	24,339,579	-
Retention Money Deposit DHP Contractors	459,483	491,500
Interest Payable	3,683,227	-
Total	29,756,934	3,622,305

Explanatory Notes

Interest Payables form a part of the amortized cost of the financial liabilities; hence, the interest payables are not shown separately.

4.16. Share capital

Particulars	32.03.2082	31.03.2081
Share Capital in the form of Equity Contribution (All the shares have been subscribed, issued to, and paid up by the Government of Nepal)	2,762,979,794	2,762,979,794
Total	2,762,979,794	2,762,979,794

4.17. Restricted Funds

I. Capital Grant Fund

Particulars	32.03.2082	31.03.2081
Capital Grant Fund	4,807,117	5,390,400
Total	4,807,117	5,390,400

II. Development Finance Fund

Particulars	32.03.2082	31.03.2081
GTZ	13,456,344	13,456,344
Revolving Fund (KFW - I, II & III)	1,335,751,167	1,220,523,034
Special Reserve (KFW -II & III)	184,868,610	172,451,619
Loan Disposition Fund	410,627,630	509,403,987
Interest Reserve Fund KSUTP	11,503,033	11,503,033
Total	1,956,206,784	1,927,338,017



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III. Disposition Fund – TDP

Particulars	32.03.2082	31.03.2081
Disposition Fund – TDP	-	7,936
Total	-	7,936

IV. Other Funds

Particulars	32.03.2082	31.03.2081
EU Grant Fund	28,353,914	57,539,145
ADB KSUTP Grant	76,874,901	76,874,901
Total	105,228,815	134,414,046

4.18. Special Reserves

Particulars	32.03.2082	31.03.2081
Fair Value Reserve	-	-
Deferred Tax Reserve	182,373,529	185,556,944
Actuarial Reserve	(29,295,243)	(30,500,339)
Total	153,078,287	155,056,605

4.19. Retained earnings

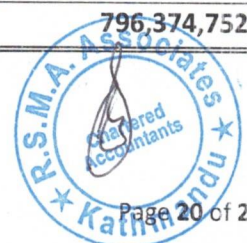
Particulars	32.03.2082	31.03.2081
Opening balance	2,008,145,567	1,834,089,972
Total Comprehensive Income for the Year	145,533,062	134,809,545
Add: Transfer to Deferred Tax Reserve	3,183,414	3,951,631
Add: Prior Period Adjustment	120,244	35,294,418
Total	2,156,982,287	2,008,145,566

4.20. Interest income

Particulars	32.03.2082	31.03.2081
Interest income from the loan	577,738,855	569,486,676
Interest on Bank Balance	103,861,843	223,809,060
Interest on Retirement Benefit Fund (CIT)	945,155	3,079,016
Income from interest expenses written back	-	-
Total of Income from FD and other	682,545,854	796,374,752
Total	682,545,854	796,374,752



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Explanatory Notes:

Interest income from loan is accounted on an effective interest-rate basis. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset to the carrying amount of the financial asset.

The effective interest rates were calculated on an individual loan basis, semi-annually. Details of the calculation are provided in Note 4.2 Loans and advances to municipalities, above.

4.21. Interest expense

Particulars	32.03.2082	31.03.2081
Interest Exp. for borrowed loan	166,434,744	128,529,067
Total	166,434,744	128,529,067

Explanatory Notes:

Interest expenses for loans are accounted on an effective interest-rate basis. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial liability to the carrying amount of the financial liability.

The effective interest rates were calculated based on the contractual agreements between GON and the lending agency on a semi-annual basis. Details of the calculation are provided in the Note 4.14 Borrowing Liabilities, above.

4.22. Fees and commission income

Particulars	32.03.2082	31.03.2081
Service Charge on TDP/KFW	-	-
Service Charge on DHP/KFW	-	-
Service Charge on GPOBA	-	-
Total	-	-

4.23. Fees and commission expense

Particulars	32.03.2082	31.03.2081
Bank Charge	8,273	6,633
Total	8,273	6,633



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4.24. Grants Income

Particulars	32.03.2082	31.03.2081
Grant GPOBA/IDA	-	-
Grant Income (ADB)	2,946,056	9,454,105
Grant Income (GIZ)	-	-
Grant Income (EU)	29,185,231	50,428,318
Grant Income-Others	-	-
Total	32,131,287	59,882,423

4.25. Other income

Particulars	32.03.2082	31.03.2081
Interest on Staff Loans	555,289	3,968,877
Sales Exam forms and Bid documents	-	-
Miscellaneous	27,204	40,752
Vacancy Form Fee	81,000	-
Total	663,493	4,009,629

4.26. Personnel expenses

Particulars	32.03.2082	31.03.2081
Salary from own source	24,611,519	25,906,741
Allowances (Medical, Clothing, and Others) own source	6,011,179	6,110,463
Leave encashment	1,817,594	2,233,433
Gratuity & Other Pension	3,552,101	1,187,318
Insurance	219,029	271,728
Staff cost	-	417,814
Total	36,211,422	36,127,496

4.27. Lease expenses and Depreciation

Particulars	32.03.2082	31.03.2081
Office Rent	-	3,920,400
Depreciation	1,344,190	2,406,083
Amortization of Intangible Asset	14,995	59,466
Amortization on ROU Assets	3,340,590	-
Total	4,684,780	6,385,949



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4.28. Other expenses

Particulars	32.03.2082	31.03.2081
Anniversary Expenses	2,997,466	2,780,947
Board and Sub-Committee Meeting Expenses	7,727,806	6,151,110
Travel Expenses - TDF	1,594,211	1,281,658
Water and Electricity	670,465	633,048
Communication Expenses	593,760	690,821
Repair and Maintenance	6,769,181	5,583,489
Printing and Stationery	1,842,058	2,151,388
Office Supplies	1,307,679	1,263,978
Books and Periodicals (Own source)	65,825	45,370
Fuel	3,928,718	3,821,017
Audit Fee	1,211,607	1,068,805
Consultancy/Professional Service	4,442,547	2,505,698
Local conveyance	12,317	19,176
Office Cleaning Charge	497,923	495,174
Trainings and Education	986,027	297,211
Advertisement own source	925,889	630,910
Miscellaneous	1,760,923	1,243,733
Rent and tax	344,575	284,114
Interest expenses for unwinding of lease liability	372,940	-
Insurance for a vehicle	202,320	231,155
Security Charges	473,696	441,915
Research & Development Expenses	4,084,586	2,199,150
Business Pro & Cap Dev Exp	-	806,543
COVID-19 Prevention Expense	47,460	43,505
Institutional Dev Exp	5,743,127	1,553,400
Amortization of Deferred Staff Expenses	1,336,024	-
Tax Assessment and Tax Paid or Fiscal Year 2074/75, 2075/76 & 2077/78	9,703,623	-
Total	59,642,754	36,223,314

Dr. Bimal

Dr.



4.29. Grant Expenses

Particulars	32.03.2082	31.03.2081
EU		
EU Advertisement	-	391,545
Training & Workshop	5,841,025	1,460,318
EU Travel Expenses	345,419	7,020,539
EU Allowances	11,103	17,677
EU House Rent	842,566	1,516,218
EU Other Office Supplies	-	45,200
EU Security	229,735	520,377
EU Water, Electricity, Communication, and Bank charges	127,562	285,164
EU Repair & Maintenance	342,089	200,575
EU Fuel for Vehicle	382,937	655,180
EU Miscellaneous	84,681	454,542
EU Salary	195,937	392,603
EU Consultancy	20,782,176	37,468,380
ADB		
Travel Expenses	-	-
Salary	2,946,056	9,454,105
Total	32,131,287	59,882,423

4.30. Income tax expense

Particulars	32.03.2082	31.03.2081
Current tax expense/(income) – current period	105,471,210	152,183,792
Current tax expense/(income) – prior periods	-	20,889,542
Deferred tax expense/(income)	3,183,414	2,701,178
Total	108,654,625	175,774,511

4.31. Current tax Liabilities

Particulars	32.03.2082	31.03.2081
Advance Income Tax	-	-
Less: Income Tax Provision- Current Year	-	-
Less: Income Tax Provision- Previous Year	-	-
Less: Prior Period Adjustment	-	-
Total	-	-

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5. Employee benefit plans

TDF has defined benefit plans, namely gratuity and medical benefits. The fund is recognised by the income tax authorities and is administered by CIT (or Social Security Fund). Liabilities for leave encashment and compensated absences are other long-term benefits. The employee benefit plans were valued with support from an actuary, and the results of the valuation are given below:

Particulars	Medical Benefit	Gratuity	Compensated Absence	Sick Leave	Total
Obligation					
Opening Balance	17,729,414.00	41,244,865.00	3,437,953.00	6,695,450.00	69,107,682.00
Interest Cost	1,701,220.00	3,352,491.00	285,953.00	270,187.00	5,609,851.00
Service Cost	523,662.00	4,318,107.00	277,923.00	287,449.00	5,407,141.00
Actual Plan Participants' Contributions Acquisition/Business Combination/Divestiture					
Benefits Paid	(1,434,421.00)	(15,439,913.00)	(1,156,853.00)	(1,472,164.00)	(19,503,351.00)
Benefits paid by the company					
Losses / (Gains) on Curtailments/Settlements					
Actuarial (Gains)/Losses	(11,453,754.00)	9,846,959.00	555,913.00	794,176.00	(256,706.00)
Defined Benefit Obligation, End of Period	6,281,414.00	39,198,012.00	3,157,739.00	6,171,034.00	54,808,199.00
Plan Assets					
Fair value of Plan Assets, Beginning of Period	8,369,244.00	78,111,997.00	5,441,435.00	8,537,844.00	100,460,520.00
Return on Plan Assets Excl. Interest Income	(784,707.00)	(4,124,497.00)	(243,150.00)	(404,064.00)	(5,556,418.00)
Interest Income Plan Assets	784,707.00	7,215,703.00	243,150.00	404,064.00	8,647,624.00
Actual Company Contributions	390,071.00	3,529,976.00	163,391.00	559,050.00	4,642,488.00
Actual Plan Participants' Contributions Acquisition/Business Combination/Divestiture					
Benefits Paid	(1,434,421.00)	(15,439,913.00)	(1,156,853.00)	(1,472,164.00)	(19,503,351.00)
Assets extinguished on Settlements / Curtailments.					
Fair value of Plan Assets, End of Period	7,324,894.00	69,293,266.00	4,447,973.00	7,624,730.00	88,690,863.00
Actuarial Assumptions					
Discount Rate	9%	9%	9%	9%	9%
Rate of increase in compensation	5%	5%	5%	5%	5%
Expected average remaining service	11.80	11.74	11.74	11.74	11.75



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Mortality	Nepali Assured Lives Mortality (2009)	Nepali Assured Lives Mortality (2009)	Nepali Assured Lives Mortality (2009)	Nepali Assured Lives Mortality (2009)	Nepali Assured Lives Mortality (2009)
Age (in Years)					
20	0.10%	0.10%	0.09%	0.09%	0.10%
30	0.12%	0.12%	0.11%	0.11%	0.12%
40	0.22%	0.22%	0.18%	0.18%	0.20%
50	0.57%	0.57%	0.49%	0.49%	0.53%
60	1.44%	1.44%	1.15%	1.15%	1.30%
Employee Attrition Rate					
PS: 0-10	2%	2%	2%	2%	2%
PS: 10-15	5%	5%	5%	5%	5%
PS: 15-40	1%	1%	1%	1%	1%
PS: 20 & above	1%	1%	1%	1%	1%

6. Related party transactions

According to the existing TDF Act, seven Board Members are Mayors representing municipalities, and municipalities are entitled to receive investment funds from the Town Development Fund. Additionally, there are no related party transactions from TDF.

7. Key management personnel compensation

- Executive Director received salary and other benefits according to the board's decision, as mentioned below.

Yearly Salary & Allowance: NPR.2,425,867.96

- Vehicle, office equipment, and communication facility: Vehicle and office equipment, such as a computer, laptop, iPad, and cell phone has been provided for office use, and communication facilities are provided as per the actual bill.
- Board and Sub-Committee expenses: It includes the meeting allowances, Travel and Daily allowances of board members, and other logistic support expenses. Actual Board and Sub-Committee expenses of Fiscal Year 2081/82 (2024/25) were NPR. 7,727,806.39.

8. Capital commitments

NA

9. Contingent Liabilities

NA

